

BLACK GOLD AND CHINESE INFLUENCE
A hegemonic study of China's role in the Angolan oil industry.

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Declaration

I, (name), declare that this thesis is a result of my research investigations and findings. Sources of information other than my own have been acknowledged and a reference list has been appended. This work has not been previously submitted to any other university for award of any type of academic degree.

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Date.....

Abstract

China has since the end of the Angolan civil war in 2002 been an important partner in rebuilding Angola and expanding the infrastructure throughout the country, making Angola a more integrated and predictable country. The Chinese economy has at the same time experienced a thriving economic growth while the US has been experiencing the opposite. This has led to a shift in the international system in which the US hegemony is challenged while China gains momentum as a growing world power. In light of the Neo-Gramscian theory of hegemony, this study examines these shifts in the international state structure as well as the rise of a Chinese hegemony in Africa, particularly in Angola and its oil industry in which China has high stakes as an investor and importer. However, despite the intense Chinese investment in the oil industry in Angola, this research shows, in line with the issue-area assumption about foreign policy, that China does in fact not exert significant power or influence in the oil industry in Angola.

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Abbreviations

ANIP - National Agency for Private Investment

AU – African Union

BOPD – Barrels of Oil Per Day

BP – British Petroleum

BRICS – Brazil, Russia, India, China, and South Africa

CAD-fund – China-Africa Fund

CAN – Coupe d'Afrique des Nations (Africa Cup of Nations)

CDB – China Development Bank

CIF – China International Fund

CNOOC - China National Offshore Oil Corporation

EITI - Extractive Industries Transparency Initiative

EEC – European Economic Community

EximBank – The Export Import Bank of China

FDI – Foreign Direct Investment

FOCAC - Forum on China-Africa Cooperation

FNLA - Front National de Libération de l'Angola (National Liberation Front of Angola)

GAT - Gabinete de apoio tecnico de gestão da linha de crédito da China

GATT – General Agreement on Tariffs and Trade

GDP – Gross Domestic Product

GRN - Gabinete de Reconstrução Nacional

IMF – International Monetary Fund

IR – International Relations

ISS – Sonangol Sinopec International

MINFIN – Angolan Ministry of Finance

MINPET – Angolan Ministry of Industry and Petroleum

MPLA - Movimento Popular de Libertação de Angola - Partido do Trabalho (People's Movement for the Liberation of Angola)

NATO - North Atlantic Treaty Organization

OPEC - Organization of the Petroleum Exporting Countries

PLA - People's Liberation Army

PRC – People’s Republic of China

PSA – Production Sharing Agreement

PWYP – Publish What You Pay

UN – United Nations

UNITA - Portuguese: União Nacional para a Independência Total de Angola (The
National Union for the Total Independence of Angola)

WB – World Bank

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1. Introduction

Since the end of the Cold War and the bipolar world structure dominated by the United States and the Soviet Union, the US has been dominating the unipolar international system by influencing, dominating, and running the political affairs and popular culture based on consensus from the other members of the international community. In this way the US has become a hegemon just as the British empire of the 19th century. However, scholars seem to have predicted a recession or downfall of the US hegemony due to various unpopular actions of war and economic despair, leading popular consent and support from other nations to shift, seeking new and better options for their cultural leadership, investments, trade, and military patronage.

The potential leader that seems to be the focus of the dynamic changes in the world structure is the People's Republic of China¹. Since the end of the Cultural Revolution – in which China was isolated from the outside world – China has been opening up and engaging in capitalist economic trade and investments, and consequently experienced an excessive economic growth that is difficult to envision. With this they have become a target and the focus of much of the US's foreign policy and military strategy created by competition, and fear that with the Chinese arms buildup they will use military means in securing their hegemonic goals:

“China seems to be determined to flex its muscles. It sees an advanced military force as an essential element of great power status, and it is the Intelligence Community's view that any Chinese government, even a more democratic one, would have similar nationalist goals” (Central Intelligence Agency, 2008)

Europe and the US has for many years been providing development aid to Africa. However, with the entry of China into Africa, a new type of development aid has entered the scene with credit lines to governments earmarked for infrastructure and development projects, which has been coupled by steady, and positive economic growth. This also creates competition as China is gaining leverage and influence in a region that has historically been western dominated, further contributing to Chinese world hegemony.

¹ 'China' will be used for further simplification.

The Neo-Gramscian theory of International Relations implies that in addition to material capabilities like military power and economic resources, a hegemon also needs to possess ideas and institutions that are widespread, commonly supported, and compatible with the interests of the states in proximity to the hegemon (Cox, 1993, s. 61). China's efforts in Africa have gained widespread support. This is true not only in Africa; countries in Europe also acknowledge that China's way of doing business and development has a foothold and are looking to implement some of the same means of aid and investment in Africa². With this, China fits into Gramsci's notion of a hegemon as a leader with moral attributes in which they want to contribute towards the development of Africa through shared ideas on development, interests and institutions. China also presents itself as a leader in Africa through strong diplomatic ties and mutual understanding of a pragmatic relationship in which both parts gain. The China-Africa bond is an intricate and complex venture, and each country that China is involved with has its own distinct relationship depending on the political structure of a country, its development needs, and the resource it can offer China. Based on this, Beijing makes an assessment about how to approach a country.

Even though China is on its way to becoming a leading world hegemon with support from Africa, there are certain areas in which they are not a preferred leader, do not have wide spread support in the population, have the necessary material capabilities, nor can they transfer their power from the areas in which they have progress – the oil sector. Although China has capital to enter into the oil industry, they are by no means a leader or “hegemon” in that sense. They lack technology as well as experience, and practice in upstream oil production. Although they are good partners in the production blocks on the continental shelf, the Chinese companies are followers and not leaders when it comes to negotiating agreements, determining policies, and constructing procedures for extracting oil. This supports Keohane and Nye's idea of issue-area structure of hegemonic theory in that a hegemon cannot provide leadership in all areas of international political importance due to the fact that they simply not qualify to make central decisions or to provide leadership.

There exists a shared and widespread common knowledge of China as being “all about the oil” and that they are approaching Angola with the intention to extract their resources. If this

² See Paust, T. (2011, December 1). *Vi må slutte å stemple kineserne*. Recovered May 3, 2012 from Nettavisen: <http://www.nettavisen.no/nyheter/article3284825.ece> (Article in Norwegian).

is true, they will have to be a big and powerful player in the industry, and act as a hegemon in this area. However, this is not the case, and this particular study is a case study of China not as a hegemon, but as a minor player in a field that is becoming increasingly important politically and economically as the world gradually becomes more dependent on oil. China is considered a hegemonic power in many aspects of the Angolan business and industry, and by using Angola as a case study, we can gain insight into China's aspirations in one of the worlds largest oil-producing countries.

1.1 Aim

It is argued that China is increasingly becoming a new world hegemon in place of the US. The purpose of this paper is to explore the dynamics of the relationship between China and the Angolan oil industry, while trying to uncover the role China plays in an industry in which they are not the dominant actor. By employing the Neo-Gramscian notion of hegemony and structural issue-area model developed by Keohane and Nye as a segment of hegemonic stability theory in order to guide the argumentation of this study.

1.2 Research Question

In order to guide the research, and to keep the content of the paper within the subject area, one main research question has been developed:

What is China's role as an international actor in the Angolan oil and gas industry, and how does this correspond to China as a hegemon in an Angolan context?

In light of this main question, several sub-questions arise that also will be answered during the course of this project that pertain to the topic. These are:

- 1. What defines the overall relationship between China and Angola?*
- 2. What is the collective image of China in the Angolan oil business?*

3. Who are the main actors in the Angolan oil industry?

1.3 Thesis Structure

In the quest towards answering the research questions this paper will have a specific logical structure that will give direction to the reader as the research unfolds. It will start by giving a methodological account of the research design and the specific values qualitative research carries. Included in this chapter are also the methods for gathering information that was used, fieldwork experience in addition to weaknesses and limitations of the study. The following chapter will be a relatively short overview of the theoretical references that will be used in explaining and illuminating the answers to the research questions and will include the Gramscian and Neo-Gramscian concepts of hegemony followed by an account of what is meant by Keohane and Nye's 'issue-area structure theory'. The next chapter is an account of the current hegemonic struggle that is taking place providing sound background and setting the scene for the analytical chapter that follows. This chapter is an extensive and thorough presentation of the information gathered during the fieldwork; it also includes an investigation into the literature surrounding the subject of this study guided by the theoretical references presented in the theory chapter. This chapter describes China at three levels of involvement and includes a section about China's involvement in Africa, followed by a more specific section on China's contributions in Angola, before China's role in the Angolan oil industry is described. This paper is concluded by a discussion chapter, in which the importance and implications of this subject is explained, ending with a conclusion chapter specifically answering the research questions and suggesting future research of this subject.

2. Methodological Approaches

This methodological chapter will provide first and foremost a comprehensive account for the methods that have been used to acquire information during this study. However, approaches and methods to research are not neutral tools, and the different methods are linked to different theories “about the nature of social reality and how it should be examined” (Bryman, 2008, p. 4). Thus, this chapter also includes an explanation in regards to the underlying theories that have provided a framework and guided this specific research, their limitations, and why it is suitable for this case study.

The basis for this research in Angola is laid out with specific epistemological considerations often associated with critical realist theory stating “generative mechanisms are not directly observable, since they are admissible on the grounds that their effects are observable” (Bryman, 2008, p. 15), and the ontological reflection of constructivism implying that social phenomenon are collectively constructed by social actors, and that they are dynamic and always revised.

2.1 Research Design

Recognizing that most research is most often a blend of qualitative and quantitative methods, this research project can be described as a highly qualitative study. The design used in order to explore the dynamics in the Angolan society is the case study. Bryman explains that conducting a case study design “entails the detailed and intensive analysis of a single case” (Bryman, 2008, p. 52). In most social sciences a case is associated with a specific location, institution or group, and the factors effecting group originate at the individual level therefore:

“to make a comprehensive study of any individual, group, or institution, a method must be applied which can be used with equal success by the economist, the psychologist, the anthropologist, the political scientist, the historian, and the sociologist. Such a technique is the case method by which each individual factor, whether it be an institution, a community, a neighborhood, a family, an individual, or just one episode in the life of an

individual or a group, is analyzed in its relationship to every factor in the group” (Jocher, 2006, p. 204).

A case study’s goal is to develop a holistic and in-depth understanding of the unit or situation in which one is studying, and this component is considered as unique and scientifically interesting in itself without being investigated in relation to a larger context (Grønmo, 2004). In this research the case in question is the oil industry in Angola. By illuminating the distinct characteristics of Angola, this idiographic approach will give an insight into the Angolan culture, community, and institutions that will provide insight to the Angolan oil industry and Chinese influence that other research designs could not.

2.2 Semi-Structured Interviews

A case study design is viewed as an intensive and comprehensive study that requires a large amount of information. However, it does not limit the researcher to a single category of sources, and information can be derived from interviews, observation, archives and other methods of obtaining data (Hird, 2003). The main method employed in this case is semi-structured interviews with various people primarily in Angola and Norway.

Due to its free and unstructured form, semi-structured interviews are popular and probably the most applied strategies in qualitative research (Bryman, 2008). With an interview guide to set the outline for the interview and to state the objective of the interview, the interviewer stands free to structure the interview as he or she sees fit, and “to probe beyond the answers” as the dialogue evolves (May, 2001). The interview guide is only a guideline, and can be altered as the object states its point of view in his or her own terms. As the semi-structured interview continues, it may become clear that some of the questions do not pertain to this specific candidate, and questions can be added or deducted from the initial interview guide as the interviewer sees fit (Bryman, 2008).

In qualitative research, the focus of the interview is most often on the interviewee, and how that person perceives its surroundings, environment, and conditions that define that person’s role in society. While a quantitative interview is outcome-orientated with specified questions that are to be answered, the qualitative interview is process-oriented in which the dialogue is a

way for the researcher to see the world through the eyes of the interviewee, making the interview process itself essential to understanding the underlying mechanisms of society (Bryman, 2008; May, 2001).

2.2.1 Sampling

Qualitative research and case studies tend to take the form of an inductive approach to the relationship between research and theory (Bryman, 2008), and in this case the same is true in this theory and idea about the oil industry in Angola since it is derived from subjective findings from conducting interviews with people involved in the oil industry and the civil society in Angola. However, in order to be able to get a hold of these people, an extensive network in Angola had to be built. In contrast to quantitative research in which sampling is done at random in order to sustain reliability, sampling in qualitative research is most often purposive in that the people chosen to be interviewed are chosen because they are relevant or convenient to the study, and are considered to hold important information about the topic at hand (Bryman, 2008). One of these sampling methods, the “snowball” sampling strategy, was used in order to get as many of these people from the various groups mentioned above to interview. In practice this signifies asking the interviewee if they have anyone in mind that also should be interviewed on the topic, often at the end of an interview. This method is known to be time efficient, and an effective way of acquiring interview objects. However, one disadvantage with snowball sampling is that one can easily get “stuck” in interviewing people with the same opinions because of their high rate of interaction with each other in the same field. The best way to avoid this and to get a more diverse view is to have more than one snowball rolling among the different stakeholders in the field at the same time. The snowball strategy also entails initial contact with one individual, a “gatekeeper”, in a group that again will establish a portal, and permit contact with others in the same group or field widening the initial pool of contacts. In any field study in which one travels outside your own community, it is important to identify and communicate with a “gatekeeper” preferably prior to the travel. This is often a person that has an extensive contact network that he or she can introduce you to and has relevant information and data for your specific study.

The main “gatekeeper” for this research was Vibeke Skauerud, the country representative at the Norwegian Church Aid office in Angola. She has lived in Angola for an extensive time

period in different work places, acquiring a wide network base. She provided a long list of telephone numbers of contacts that she thought appropriate to interview, and with that she got the “snowball” rolling. In addition to Vibeke Tako Koning, an oil geologist at Tullow Oil Angola, was of great assistance as he personally introduced relevant interview objects to the research in Luanda. These two people represent two different parts of society in Angola. Vibeke works in civil society, and provided contacts within this sector, while Tako provided contacts within the oil industry, and business sector. With these two different entrances to the Angolan people and society a vast amount of area was covered in terms of people to interview for this research.

2.3 Secondary literature

In developing a sound background for this master thesis it has been fundamental to read up on the different aspects of the research in order to prepare questions for the field study, to eliminate questions easily acquired through literature as to not further constrain limited time and legitimacy in the interview process, and to create sound knowledge to facilitate profound research questions that are appropriate for the study. This secondary literature includes, but is not limited to, reports on Angola from international financial institutions and organizations monitoring the status quo of the world such as the World Bank, the IMF, and Human Rights Watch, EITI, PWYP; books and articles on the Angolan history; and academic papers; and critically investigating every written account available on Angola, China in Angola and/or Africa, and the oil industry in Angola.

The main obstacle this research encountered was the lack of availability of written information on the subject of this study. Angola holds its cards close, and so do the Chinese. Very little information is published or available in Angola, and the material that is accessible is not very informative, or updated, and lacks important details. For instance, the income from Sonangol’s oil revenues are published on the MINPET’s website. However, expenditures are non-existent, and they are rarely updated. In some instances one also has to pay to get a hard copy of published details.

2.4 Fieldwork in Angola

In order to obtain the most accurate and in-depth data about the subject of study, it was required that Angola be visited. The fieldwork was carried out in Luanda, the capital of Angola, over a period of two months with logistical support from the Norwegian Church Aid's office in Luanda that provided office space, accommodation, and some limited transport. Although it would have been insightful to travel to other places in Angola as Luanda's infrastructure and construction activity is not representative for the whole of the country, due to time and transport constraints this was not possible. However all the main oil companies have their offices in Luanda in addition to most of the civil society organizations and the think tanks in academia. Therefore, the lack of travelling did not limit the research given that Luanda is the centre for all business in Angola. What was limiting, however, was the poor access to private and public transport in Luanda. It happened several times that scheduled meetings had to be cancelled or postponed due to lack of transport. White females were warned to avoid walking alone even during the daytime, and as a foreigner in an unfamiliar country, certain risks were not taken in order to obtain an interview. As in most research and field studies this study also encountered time constraints. Due to the fact that it had been budgeted with a three-month field study in Angola, because of a lengthy and intricate VISA application and renewal process, the visit in Angola lasted only two months. With language constraints, this limited time frame made time even scarcer.

2.4.1 Recording and Transcribing the Interviews

Most of the interviews in this study were conducted with a digital recorder in order to get the most accurate account of the interview when going through them at a later time. A recorder also gives the interviewer more freedom to concentrate on the conversation, as opposed to taking notes. However, in some cases the interview object was reluctant to be recorded due to the sensitivity of the information. It is also important to recognize that some interview objects can feel restricted in their conversation – intentional or not – when they talk with a recorder present, especially in cases in which sensitive subjects are discussed.

With the time restrictions encountered in Angola, high priority was not given to transcribing the interviews during the fieldwork there. They were, however transcribed by the researcher

upon returning to Norway. Furthermore, some of the interviews were done in Norwegian, such as the interview with the Norwegian Ambassador Jon Vea, and Statoil employee Stein Bøgwald. The quotes that have been used from these interviews have been translated at large by using Google Translate³.

2.5 Acknowledging Weaknesses and Limitations

All researchers meet limitations during their field work in the form of economic scarcity, time restraints, cultural and language difficulties, and transport restrictions. However, there are also weaknesses that limit the methodological scope depending on the qualitative or quantitative approach one chooses to guide the research. As mentioned, this is a qualitative study, and with this strategy follows certain limitations set by the design and method also applicable to this specific investigation that set the guidelines for critique of qualitative research. And, in order for a study to be legitimized, valid, and reliable, it is important to be aware of these issues and address them.

Because the qualitative researcher often enters into dialogue and discussion with a person in an interview developing a relationship with this person, qualitative researchers often criticize them for being too subjective and losing sight of what is important and relevant for the study. Qualitative interviewing also allows for more than one interview with the same person adding to the critique (Bryman, 2008). Being in a country for an extended period of time does provide the researcher with certain biases, and subjective viewpoints, and as this research was conducted, it was difficult to stay objective at times. One develops a relationship with the country and the people living in it, skewing the objectivity that one may have had before travelling, and during the initial phases of the research process. However, by being aware of these circumstances, one can in some way avoid a bias. Nevertheless, this is also what makes qualitative research unique: the researcher's characteristics and interests are reflected in the research.

Another critique of the typical qualitative study is that it is in most cases very difficult to replicate. Some say it is important to be able to replicate a study in order to investigate any mistakes that could have been made and to uncover any potential researcher's bias. Bryman

³ <http://translate.google.com/>

explains “because it is unstructured and often reliant upon the qualitative researcher’s ingenuity, it is almost impossible to conduct a true replication, since there are hardly any standard procedures to be followed” (Bryman, 2008, p. 391). In this case, by using semi-structured interviews that have been altered as a specific interview has progressed, it will be near impossible for another researcher to follow the same procedures and produce the same results – despite there being written accounts of the interview. The process was varied and relied on the subjective intuition, impulsiveness, and character of the researcher producing data that she believes to be relevant for the study.

Maybe the main critique of qualitative study that is applicable in this case is that there is often a generalization problem. The issue is that by investigation of only one case intensively, one cannot say that the findings are applicable to any other case. Can for example the case of Angola also be applicable for Nigeria, which also are highly reliant on oil researches as the main source of income and also a country in which China is investing? No. The dynamics of Nigeria are different: their oil is mainly onshore; they have an unstable political base; violence and internal conflict is prevalent; and the big international oil companies are not involved in Nigerian oil production (List of Subsea Oil and Gas Companies in Nigeria).

3. Theoretical References

Highlighting the dynamic mechanisms defining the relationship between Africa and China and how it affects the hegemonic western society requires a theoretical background investigation into the concepts of hegemony and the Neo-Gramscian theory of International Relations (IR). The following chapter will introduce Gramsci's theory of hegemony, followed by a passage dedicated to Neo-Gramscian theory in which the original Gramscian theory is applied to IR. Issue-area structure theory taking on the behavior of states in specific policy areas will conclude this chapter.

3.1 Gramsci and his theory of hegemony

Within a state or society there are different social classes, and the dynamics between these classes is the core of Gramsci's studies. In the realist theory of IR the term hegemony is used in terms of states and their respective power, in which one actor is the dominant state coarsely controlling the majority of the power and influence in the system of states. It is often a negatively loaded term frequently associated with colonial and coercive forces, and countries identified as a hegemony today tend to play down this role or deny this status. Gramsci, whom includes social class divisions within a state, and structuralism to the discussion, supplements this realist method of linking hegemony merely to states.

Gramsci talks about hegemony as a historical concept in that history helps shed light on present developments and current historical circumstances. Robert W. Cox says he derives history from "his own reflections upon these periods of history which he thought helped to throw an explanatory light upon the present, and from his personal experience of political and social struggle" (Cox, 1993). Gramsci also believes that humans are historical beings in that they create history through their actions as they also consider themselves as part of history. This view of the individual actor as a function of history sets him apart from Marx who had a more deterministic view of hegemony suppressing humans as dynamic actors in history (Fontana, 1993). Marx also viewed society as two-fold in that there was a base (the driver of society), economics, and a superstructure, which includes ideas and political, social, moral, and cultural relationships. However, Gramsci could not relate this dualistic view to the Italian circumstances in which he believed society and politics play an equal role to economics and

the capitalist structures in society and the historic bloc, maintaining that they include “mutually reinforcing and reciprocal relationship between the socioeconomic relations (base) and political and cultural practices (superstructure) that *together* underpin a given order” (Hobden & Jones, 2008). In order to change and create an alternate historic bloc, subordinate groups have to create counter-hegemony based on other political values by undermining the integrity and support of the current hegemony.

3.1.1 Social Historical Actors

Fundamental to Gramsci’s theory of hegemony is the notion of intellectuals. He believes that everybody is an intellectual:

”although one can speak of intellectuals, one cannot speak of non-intellectuals, because non-intellectuals does not exist. (...) Each man finally, outside his professional activity, carries some form of intellectual activity, that is, he is a ‘philosopher’, and artist, a man of taste, he participates in a particular conception of the world, has a conscious line of moral conduct, and therefore contributes to sustain a conception of the world or to modify it, that is, to bring into being new models of thought” (Gramsci, 1971, p. 9).

However, not everyone has the same level of intellectual activity, and this is what set the intellectuals apart from the ‘people-nation’. Gramsci also distinguishes between two types of intellectuals, organic and traditional. The traditional intellectual includes a pre-existing and unchanging group of intellectuals already present in a class parallel and distinct to economic, political, and social change, and are often defined by their profession. The organic intellectuals represent ideas and thoughts of the class in which they belong; they are not defined by profession but rather by the organic structure of its own function (Gramsci, 1971). These types of intellectuals are important to Gramsci’s theory of hegemony as they distinguish who belongs to what class. The intellectuals belong to the dominant class. They are the rulers and the leaders, and the people-nation is the follower, the ruled, and the led (Gramsci, 1971, s. 418)

In the realist notion of hegemony, the dominating hegemon is coercive in its demonstration of power. The realists define power exclusively in materialistic terms with military force and

economic resources as the main means of controlling and protecting national interest. For Gramsci, hegemony has a more soft definition, and he condemns hegemony only through coercive power in that this type does not find support throughout society. Cohn explains to “attain hegemony, a dominant class must gain the active consent of subordinate classes on the basis of shared values, ideas, and material interests” (Cohn, 2008). This takes place through civil society institutions such as welfare structures, media, church, and the school system in capitalist cultures. The dominant class can only lead through the support of its inferior counterpart. By having the concessional behavior satisfy the social and political needs of its counterparty, the intellects’ power is legitimated, creating stability and shielding the people-nation from being cognizant that they are even being oppressed. Levy and Egan also support this, when they state that:

“Hegemony is rooted in the institutions of civil society such as the church, the academy, and the media, which play a central role in ideological reproduction, providing legitimacy through the assertion of moral and intellectual leadership and the projection of a particular set of interests as the general interest. The institutions of civil society therefore represent a key source of stability” (Levy & Egan, 2003).

Although Gramsci does not explain much of hegemony in states-terms as he focuses more on civil society and the domestic dynamics, his theory of hegemony can be seen in terms of international relations covering states, and recently as including international organizations, groups and agencies. This concept of introducing Gramscian theory to international relations is often termed as Neo-Gramscian theory, and mainly developed by Robert W. Cox (Hobden & Jones, 2008).

3.2 Neo-Gramscian theory

Neo-Gramscian theory, developed by intellectuals such as Robert W. Cox, is a critical theory to International Relations that incorporates the Gramscian notion of hegemony to the international scene and the world order with the social, moral, and cultural traits of internal and domestic hegemony emulated on a global scale. First, in order to become a hegemony a state has to have had experienced social and economic revolution before it can become a

guardian of a universal notion that is widespread, commonly supported, and compatible with the interests of the states in proximity to the hegemon (Cox, 1993, s. 61).

”Theory is always *for* someone, and *for* some purpose” (Cox, 1981, s. 128), and as theory is bounded in history as a specific point in time and as a dynamic continuum, concepts need to be adapted or discarded in order to verify the political and social changes in societal perspectives. In theorizing the Neo-Gramscian concept, Cox distinguishes between two types of theories that serve different purposes. The first is the problem-solving theory, which acts as a value-free guide to solving issues within. In contrast to problem-solving theory, there is critical theory that serves the purpose of finding out what lies behind the theories, and how world order has come to be what it currently is, thus providing direction to an alternative arrangement. Compared to problem-solving theory, which supports current arrangement and concentrates on the parts and components, critical theory focuses on including the small parts as well as the whole picture into consideration. In addition, whereas problem-solving theory is stagnant in time, and applies theory regardless of time and history, critical theory is ever-changing, and always adapting to the dynamics in society and the objects in which it is concerned (Cox, 1981). Cox himself being a critical theorist seeks to understand the development of world orders, its stability, and the changes that occur in the system of states.

When analyzing the dynamics of the state system, and the hegemonies that have existed in history, he recognizes that there are three different forces that make up what he calls a historical structure – the course of action – that imposes pressure and constraints to other states in the system. He identifies these forces as material capabilities, ideas, and institutions that represent an ideal type providing a simplified representation of an intricate reality (Cox, 1981). Cox describes material capabilities as the physical and tangible resources. They “are productive and destructive potentials” in that “their dynamic form these exist as technological and organizational capabilities, and in their accumulated forms as natural resources which technology can transform, stocks of equipment (*e.g.* industries and armaments), and the wealth which can command these” (Cox, 1981). Ideas are distinguished as two kinds. The first includes those shared concepts that are likely to enable certain habits and expected behavior, and Cox includes examples such as diplomatic behavior among states - that states rule over defined territory - and expected behavior in war and negotiation in his description of these intersubjective meanings. While the first kind of idea is commonly recognized, the second kind, collective images, are different and distinct in various groups of people

representing different “views as to both the nature and the legitimacy of prevailing power relations, the meanings of justice and public good, and so forth” (Cox, 1981). Adding the last force are institutions that include those structures that stabilize, and control the order of power relations and internal conflicts by exerting the minimum use of force. These forces make up an historical structure that can be applied to three activity levels, and are presented by Cox as 1) social forces that are production processes; 2) forms of state; and 3) world orders. The three are interrelated, and changes at one level will bring about changes in the next two levels regardless of at which level the change is initiated.

Realist theories tend to reduce the international relations between states and the concept of hegemony down to the material capacity and physical power, making the examples of Great Britain in the nineteenth century and the US in the post-war era after 1945 ideal. However, these forces are not enough to explain the restructure of power relations. By adding social and normative dimensions and differentiating between various means of power, one can get an insight as to other aspects of power such as influence and ideology that can clarify why hegemonies can succeed even though their material power and economic resources are exhausted.

3.4 Issue Area Structure Theory

Another structure that can explain formation of power and influence, the role of different actors, and changes in international regimes is the differentiation of specific issue-areas. For many years during the later part of the 20th century the US was considered to be a hegemon with dominance and influence enough to sustain a somewhat secure world structure and hegemonic stability. However, Keohane and Nye introduce specific issue-areas in which a small state or actor can be a leader in one sector without necessarily being a world superpower; a “dominant rule-making power in one area does not necessarily imply effective control over other areas as well” (Keohane & Nye, 1989, p. 49).

James Rosenau wrote an essay in 1966, and was according to William C. Potter the first “to suggest the need for an issue area typology in order to better understand the external behavior of states” (Potter, 1980). In his paper, Potter re-phrases Rosenau’s definition of an issue area:

“In other words, different categories of issues are assumed to evoke the participation in the decision-making process of different numbers of actors, who vary in their motivation and ability to act as well as in their readiness to engage in political bargaining and compromise” (Ibid, 1980).

There are different ways of categorizing different issue-areas, and Rosenau distinguishes them by the actual policy goals and the means used in order to obtain these objectives. He defines four different categories of issue-areas: status area, human resources area, territorial area, and non-human resources area (Ibid, 1980). Much like Rosenau, Michael Brecher divides issue-areas into four categories: “military-security, political-diplomatic, economic-developmental, and cultural-status” (Ibid, 1980). During the period of Rosenau, little attention however was given to the issue-area theory of foreign policy due to the domination of the realist theory during this time that treated the issue of struggle for power as the single most important issue in international politics (Vasquez, 1983).

A frequently mentioned example of an issue-area is the oil industry. This is an area of great international political importance, and can for some countries determine the “external behavior of states”. Within this issue the US is not a leading actor. Nor is China, the country that is predicted to be the next world leader⁴. In this issue, in contrast to other issues in which these countries possess power, these countries will have to take another route, adapt, and modify their political approach in order to accommodate the perimeters set forth by others.

Keohane and Nye “assume that there is a hierarchy of issues, with military security at the top”, and that the threat of force by powerful states will resolve disputes about who is the dominant actor in an area (Keohane & Nye, 1989). However, oil and petroleum production challenge this assumption. In this case, the use of force and military capabilities carry less weight compared to economic and technological capabilities⁵. Oil is increasingly becoming more valuable as the demand for its products are intensifying, and the technology used to explore and extract is adding to the life span of the industry. In addition, the power distribution in the oil industry differ significantly from other issue-areas such as military, technology, and economic matters due to the fact that most of the oil producing countries are countries that have little or no power in these important areas. They are often “third world”

⁴ See for example article by Layne

⁵ Excluding the US military presence in oil producing countries in the Middle East.

countries that are otherwise poor, and with few other sectors that they can rely on: “Syria, Libya, Iran, and Kuwait may be very important on petroleum issues but virtually inconsequential on questions relating to the international regime for the oceans, world food problems, or GATT rules for trade in manufactured products” (Keohane & Nye, 1989, p. 50). These small oil producing and exporting countries have come together in OPEC (Organization of Oil Exporting Countries) and have the power to restrain oil prices in the world by limiting the production of member countries, thus affecting the supply to the world market. In this way, small states can have significant power in this issue-area of foreign policy and international relations. In a lecture on Foreign Policy, Iver B. Neumann also mentions Norway as an example in the area of peace and conflict resolution. Norway is a small country with little international power, but in this issue-area Norway is known for its success as a negotiator in international conflicts facilitating the mediation between parties. Many countries turn to Norway when they need the help of a neutral third party to resolve differences and conflicts (Neumann, 2012).

4. Hegemonic Struggle

This section will provide an account with investigative findings of literature that have been uncovered before, during, and after the fieldwork in order to supplement the empirical findings. By applying the theoretical framework from the previous chapter, this will guide the topics relevant towards the following chapters. This background account includes the US hegemony and the discourse of the Chinese emergence.

The United States have since the end of the cold war been the super-power of the unipolar hegemonic world system (Layne, 2009). However, there are theories and signs that suggest this is changing and that China is now the one to watch as a rising super-power due to its exceptional economic growth since the opening up of the economy in the 1970's. Other factors that support this notion include its inauguration into the World Trade Organization, China's military expansion and buildup, their technological advances, and increasing green policy. In addition, they are implementing a softer foreign policy toward the UN and other international organizations, and their foreign and outward strategy is more in line and identifiable with a western democratic state. China has in addition hosted the summer Olympics, a sign of a growing and dominant actor on the world stage, and they are also looking to expand into fields and industry that are not traditionally the Chinese's strong suit. These are all signs that China is looking towards getting international approval, and they seem to be preparing to take over the role as the world hegemon, a role that the US has been occupying for some decades now. This has been on the radar of the United States since the 1990s. They fear the challenge and threat that China would present if they catch up to US's economic, military, and technological standards. A report sponsored by the US Air Force in 1999 states that:

“A China that approached or equaled the United States in power would presumably seek to vindicate its territorial claims and could strive to attain regional hegemony, increase its status in global terms, and alter the rules of the international system to its advantage” (Khalilzad, et al., 1999).

China has in recent years expanded their activities in Africa, and trade, investment, and development aid has increased by several hundred percent. At the same time, the US and

Europe has experienced an economic recession, leading to a decrease in aid and attention to Africa, giving China leeway to go practically uncontested in their quest for African accord.

This chapter will provide a thorough examination of the US and China as contending hegemonies while the US faces a decline in its power, influence, and domination on the world scene and China experiences an economic boom and increased international weight.

4.1 The Chinese Hegemony

A hegemon is not created nor does it exist in a vacuum. Therefore, in order to examine the hegemonic role of China in an international context and from an Angolan perspective, it is first necessary to look at the US and its hegemonic creation, glory period, turning point, and downfall and compare them to the reasons that has led the world to look to Asia, and China in particular, as the new super-power on the rise.

4.1.1 US Hegemony

The rise of the American hegemony came in the 1920's when paradoxically the US was under political protectionism. Peter J. Taylor (2001) mentions two reasons for the rise of political power and civil society. The first was the growing corporations (expanding behind protectionism) of American consumer goods that soon became popular. Second, America presented a new culture with movies, skyscrapers, and music communicated to Europe through "letters from immigrants, and reports from visitors" (Taylor, 2001, p. 290).

"America was now in a special position to project itself across the spectrum of social relations, - political, cultural and economic. This is high hegemony, the period when the rest of the world is offered a package" (Taylor, 2001, p. 290). In the aftermath of World War II, the US acknowledged that in order to keep Western Europe strong, and capable of withstanding the Soviet Union from occupying and forcing communism upon them, they had to strengthen the war torn Western Europe. In doing so they provided and initiated several economic institutions such as the Marshall Plan in 1947, and the European Economic Community (EEC) that would open up the world economy to committing to a liberal market economy and strengthen the European financial system. The US also initiated the North

Atlantic Treaty Organization (NATO), “and thereby communicated to the Soviet Union that an attack on Western Europe would be tantamount to an attack on the United States itself” (Gilpin, 2002, pp. 170-171). European countries were obliged to cooperate and integrate both domestic and collective economic reforms and to adopt a more effective production method based on the American experience (Gilpin, 2002). In Asia the US also faced the same challenge: “World War II and its aftermath had strengthened the position of the Soviet Union in East Asia, while China and North Korea had become communist countries and political allies of the Soviet Union” (Gilpin, 2002, p. 172). It was vital for the US to secure Japan as an ally, and therefore included them in treaties and organizations such as the World Bank and IMF. This American system (the American-Japanese, and American-European links) was at some level held together by the US dollar, as it acted as the global reserve and transaction currency. However, as the US faced an increasing deficit and inflation in the 1960s caused by the Vietnam and Korean wars, their allies became anxious:

“America’s Cold War allies, fearing that a collapse of the dollar would force the United States to withdraw its forces from overseas and to retreat into political isolation, agreed to hold over-valued dollars to prevent the monetary system from breaking down” (Gilpin, 2002, p 178).

Consequently, it was the US’s fear of communism and the Soviet Union that led to the expanded influence in Europe and East Asia, and “thus its effort to contain Soviet expansion, the United States itself became a highly successful expansionist power” (Gilpin, 2002, p. 173).

As Japan and the Western European countries (with help from the US) became more economically independent and their companies were able to compete against the American corporation’s productivity and efficiency, the decline of the American economic regime started to present itself in 1971. However, the American way of life has embedded itself so within the European society that it has become hard to let it go; the American culture is just as prevalent in the world today through TV-shows, movies, McDonalds, Coca Cola, and so on, than it was during the US hegemonial climax (Taylor, 2001). The continued success of the US - in line with Gramscian theory – was due to cultural, moral, and social dimensions in addition to economic and military capabilities. Therefore, with the collapse of the Soviet Union in 1991, who had been the other super-power in a bipolar international structure, the United

States could claim the throne as the only super-power in economical, political, and cultural terms. This changed in the early twentyfirst century when:

”by late 2007 (...) whispers of American decline, doubts about the dollar’s long-term prospects as the international system’s reserve currency, and murmurings about incipient multipolarity began to creep into the foreign policy debate. As a result of the anancial and economic meltdown that hit with full force in the fall of 2008—plunging the U.S. and global economies into the worst downturn since the Great Depression—these *sotto voce* doubts have given way to open speculation that the era of U.S. hegemony is waning” (Layne, 2009, p 151-152).

4.1.2 A Declining US Hegemony and the Rise of China.

In addition to the economic downfall and financial crisis in 2008, earlier developments that were key to the declining image of US hegemony were war and combat activities characterized by hidden agendas, and severe loss of civilian life, especially in the Middle East. When the US entered Afghanistan in 2001 looking to take down the terrorist group al Qaida and its leader Osama bin Laden, the US and world population stood behind its troops. However, with no success in finding Osama bin Laden or the terrorist group, and the invasion in Iraq two years later to take down Saddam Hussein, the collective image of the US was negative. It was seen as a world police that entered a country as it pleased without UN consent in order to remove a man that they had previously cooperated with in Iraq’s struggle against Iran in the 1980s; this damaged US legitimacy as a moral world leader. The economic constraints of operating two prolonged wars have together with increasing debt coupled with a massive trade deficit also contributes towards an image of the US as a fading world leader.

China has in the meantime risen to the hegemonic challenge and has become “the biggest threat to US hegemony” (Watson, 2008). Economically they have had a high but steady growth since the change of their economic policy to an open market economy in 1978, experiencing growth of around 10 per cent of GDP per year since the 1980s. China has also ”successfully weathered not only the 1997-98 Asian financial crisis but also the 2008-09 global financial crisis” better than most other nations (Lieberthal & Jisi, 2012). In addition, China has already surpassed Japan as the number two economy in the world, and it is

projected that China will take over the first spot currently held by the US in just few years as the economic gap between China and the US is dwindling: “In 2003 when America launched the Iraq War, its GDP was 8 times as large as China’s, but today it is less than 3 times larger” (Lieberthal & Jisi, 2012). China has also increased trade and investment, improving diplomatic relations with countries outside Asia and Australia in continents such as South America, Africa, and Europe. Due to the fact that Chinese manufacturing sector is highly effective, cheap countries are importing more and more Chinese goods. Thus the ties with China are strengthening, and good relations are promoted in order to sustain the good trade relationship:

“In the past several years (...) China’s conduct of official bilateral exchanges has appeared to be more active than that of the United States, especially with smaller developing countries. Through these meetings, the PRC has asserted itself as a global leader” (Congressional Research Service, 2008).

Chinese PLA (Peoples Liberation Army) is currently the world’s largest army, and in light of the general growth of China, they have also been modernizing and expanding their military, concentrating their buildup in the South China Sea, an area strategically important to China as well as the US due to the concern of Taiwan, and because the US has security agreements with some of the countries in the area including Japan, South Korea, Thailand, Australia, and New Zealand (U.S.-China Economic and Security Review Commission, 2011). The U.S.-China Economic and Security Review Commission presents three main developments that stand out confirming the PLA’s reform. The first is the test run of a J-20 fighter aircraft in January of 2011. Though difficult to confirm by Beijing, “the plane appears to have a sufficient combat radius to operate beyond China’s borders and will likely have midair refueling capabilities” (Ibid., 2011). Other capabilities such as speed, altitude, and thrust depend on its engine. However the weakness of the aviation industry in China can put limitations on the aircraft. The aircraft design also raises questions about the aircraft’s ability to evade advanced radars (Ibid, 2011). The second addition to the military expansion is an aircraft carrier. The carrier was purchased from Ukraine and is a restored vessel used during the Soviet regime. Rumors have it that China is also building its own original aircraft carriers in order to maintain a fleet. There are, however, no signs that as of now the carrier will be used for anything other than “scientific research, experiment and training” even though the “carrier could be used for offensive or defensive purposes as well as for disaster relief” (Ibid, 2011).

The third advancement is the further development and testing of DF-21D, an antiship ballistic missile specifically constructed to hit moving targets at sea. As a consequence of these and further updates to the military, the Chinese are increasingly allocating more money to the defense budget. China “plans to raise its defense budget by 12.7 percent to 601 billion Yuan (91.5 billion U.S. dollars) in 2011, compared with an increase of 7.5 percent last year” (China, 2011).

The economic and military developments that occurred in China over the last few decades indicate that in realist terms China is rapidly growing into what could be identified as a hegemon. However, the next chapter will clarify how China is also becoming a hegemon in a Neo-Gramscian view by leadership not defined by coercion, but with soft power, and the extensive support by its supporters and devotees that Gramsci sees as equally important for the survival of a hegemon. In these terms China is expanding in areas of trade, involvement in international organizations, aid and development work, diplomacy, and international investment. Politically, China is also gaining more influence: “after 25 years of remarkable economic growth, Beijing has significantly elevated its capacity to influence world affairs” (Zheng, 2009, p.1). For instance, by forming the BRICS alliance with Brazil, Russia, India, and South Africa these new and emerging powers collectively play an important role in various international forums and decision-making processes in international organizations such as the UN and the IMF. Together they can promote their common interests as being developing countries on the way towards industrialization in positioning themselves as equal players against the US and Europe in matters of conflict. In doing this BRICS also gains the wide support of other developing countries with similar interests that fall short in diplomatic affairs. And, although China is seeking influence and support in many developing countries around the world, Africa seems to be the continent that China is increasingly focusing on.

5. A Pragmatic Relationship

Although China has had ties to Africa for hundreds of years through trade, in 2006 this relationship was strengthened and redefined at the Beijing Summit of the Forum on China-Africa Cooperation in which China's president, Hu Jintao, presented "a plan for a new 'strategic partnership' and a deepening of 'economic cooperation' with African countries" (Brautigam, 2009), providing that Africa support the 'One China' policy, i.e., acknowledging Taiwan as part of China.

5.1 China in Africa

In general, there are two causes to China's involvement in Africa. The first incentive is their wish "to deepen alliances with African countries to enhance its global standing and counter Western influence in world bodies like the the United Nations and the World Trade Organisation" (Idun-Arkhurst & Laing, 2007, p. 2). The other motivation for being such a strong force in Africa is due to China's increasing demand for Africa's abundant supply of natural resources. In contrast to the coercive methods the Europeans used in the previous millennium to extract resources, China is applying a much more subtle and collaborative approach through institutions, and ideas, in addition to material capabilities that present a win-win situation for the partners in Africa and mirror that of a Neo-Gramscian hegemony.

5.1.1 Chinese Investment and Development Aid

The first aspect of China's good relations in Africa is its investment and development aid. China has been able to combine these two distinct divisions into one method of contribution to African. China used this method in its own development, as well, since the 1980s when they saw that traditional development projects failed be sustained. Brautigam explains how the Chinese were at first tentative to the idea, but soon saw that: "linking aid to investment could potentially allow the Chinese to address three goals at once: a growing backlog of unpaid aid loans, consolidation of former aid projects, and experience (and maybe profits) for China's new corporations" (Brautigam, 2009, p. 62). China continues to administer "aid packages that include not only loans but also trade and investment agreements"

(Congressional Research Service, 2008, p.33). However, in China, trade, investment and development cooperation can coincide and overlap. Aid is considered in the same entity under the State Council. This entity consists of the Chinese Ministry of Foreign Affairs with the purpose of advising “the leadership in Beijing on the quantity of foreign aid for a particular African country”, the Ministry of Commerce that accommodates among others the Department of Foreign Aid, the Ministry of Finance that “manages the cancellation of foreign debt, (...) and signs off on the annual aid plans”, and the Eximbank in which aims at providing concessional loans to governments only to be used for development such as infrastructure projects (Ibid, p 107-114). This material capability that the Chinese development aid and investment projects are able to offer are often, compared to Western ones, more substantial in size both in terms of financial sums and in physical size. The infrastructure projects they take on can cover thousands of miles in railway and provide housing for over one million people. People can see results immediately, and this provides for Chinese recognition (Ibid., 2008). For this reason, China is perceived as maintaining a vast aid and development assistant budget, when in reality it is not much greater compared to countries such as Britain or the Netherlands. It is however difficult to estimate the allocations due to Chinese concealment pertaining to this area (Brautigam, 2009).

Perhaps the most important factor for Chinese acknowledged acceptance of assistance is that Chinese loans and promise of infrastructure developments do not imply policy changes in the recipient country. The IMF has been known to set certain conditions for providing loans to African countries. These are conditions of improvement in areas such inflation, transparency and accountability, poverty reduction, human rights, tax implementation, and privatization of companies. However countries like Angola, which had only been peaceful for a year when they initially tried to implement some of these policy changes, were not able to meet these requirements, and just as concessions were breaking down, China offered a \$2 billion loan to Angola towards infrastructure projects (Brautigam, 2009). China practices a non-intervention policy that distances itself from the receiving government’s internal affairs in guaranteeing that state’s sovereignty when providing credit towards development. The downside of this policy is that for many African rough governments this can be a relief and a method of avoiding scrutiny in order to obtain greater wealth when China provide credit with ‘no strings attached’. This has established a collective image of China as an uncritical donor, supporting the most authoritarian regimes in their quest for resources and wealth. It is a well-known fact that China was “fuelling war in Darfur” by selling arms and military vehicles to the Sudanese

government (Andersson, 2008). China are also heavily involved in the mining and diamond business in Zimbabwe, and with its pariah government they are undermining regional security, and human rights concerns. There are however, signs that China is improving some of their foreign policy practices, and with international pressure they terminated the cooperation with Sudan's government in 2008, just in time for the 2008 summer Olympics.

This type of aid that China has been fronting in Africa – linking development and investment – is often known as the “Angola Model”. It is in this country that they provide us with the most classic example. Angola was also amongst the first countries in which China implemented it in a significant scale. By looking at what China is doing in Africa in terms of infrastructure development, other countries are also attempting to implement some of the characteristics of the Chinese method centered around a realistic self-interested and businesslike model that distances itself from the traditional form of development aid and assistance based on idealism, altruism and charity. Norway is an example of one of these countries. The previous Norwegian minister of International Development, Erik Solheim, was a supporter of this idea that investment leads to development, and raised the debate about what is effective aid? Svein Erik Heglund, Senior Advisor in Norad's Oil for Development Project reflects on what needs to be done in order to lift Africa, and he says: “Here Solheim says two things: expertise and business development. And look at Chinese aid, they are actually very focused on this” (Interview with Heglund). The Norwegian government has recognized that in Angola for example, Statoil, the biggest Norwegian oil company, pays over double in taxes to Angola than the whole Norwegian Africa development budget. In addition, along with the Chinese method, the oil companies that have stakes in the Angolan oil blocks are required by Angolan law and also through the PSAs to implement Corporate Social Responsibility (CSR) projects that directly put responsibility on the foreign companies to give back to the society in which it operates in by implementing projects that enhance human rights, protects the environment, fights corruption, and promotes human and local business development (Speed, 2009).

The west (in this case Norway) is recognizing that the Chinese idea of combining aid and business is producing results, and visible changes and improvements in Africa since China started their endeavor in Africa has taken place. This is important for China when it comes to their quest for hegemonic dominance through support from various international actors by

establishing collective images of China as a forerunner for approaches to cooperation and development methods.

5.1.2 Chinese Diplomacy

The oldest form of cooperation between China and Africa is military assistance during the African colonial struggle. This is also true for Angola, and although China is moving away from this type of diplomatic relations there is still some training of the Angolan military force by Chinese officials (Alves, 2010). However, instead of focusing on military cooperation, China is increasingly focusing and involved with humanitarian aid, as well as having greater involvement in UN and international peacekeeping operations:

“China has broken its own past precedents on humanitarian assistance and has sent 600 peacekeepers to Liberia (a country which briefly recognized Taiwan), 218 peacekeepers in the Democratic Republic of the Congo, and joined several other missions on the continent, recognizing the importance of participating in UN-sanctioned operations that promise stability” (Alden, 2005, p. 152)

“Except for France, China sends more peacekeepers to UN missions than any other permanent member of the UN Security Council” in order to “promote a positive image that presents China as a responsible stakeholder in the international community” (Zheng, 2009, p. 4). With China’s track record with rough states the Norwegian Ambassador to Angola, Jon Veia, and long time development worker in Angola, Allan Cain both recognizes that China is actively trying to restore their previous bad reputation by researching, developing, and trying to implement corporate and social responsibility policies within their companies. Veia, who has worked together with the Chinese in CSR implementation since 2000, says that: “China sees the benefits of getting more into the main stream and not to be stigmatized as the worst in all areas” (Interview with Veia). Cain has during talks and discussions with academics from Chinese think tanks developed a sense that “China is moving towards trying to influence their companies to respect minimal international norms and compliance in different areas” (Interview with Cain), and mentions that China have recently supported UN initiatives in

Sudan and condoned Libya's old regime, both governments that they have had close links with in the past.

China's diplomatic institutions have strong and close ties to those countries in Africa that recognize the 'One China' policy. Many African government officials have been to Beijing on official visits, and when they come they are greeted with highest nobility, and greatest honor respecting the important partnership they have. Chinese Communist Party's representatives have also been to various African countries on official visits at several different occasions. Only in Angola has over 20 Chinese representatives visited Angola, while about 20 have visited China. In addition to governmental official visits, China has welcomed some private businessmen important to trade and industry strategies between the various African countries and China. This also includes the previous president of the Angolan national oil company, Sonangol. And in addition to bilateral relations to individual governments, China has taken initiatives to contribution in multilateral forums and African organizations:

“China has stepped up ties with the African Union (AU), attending key AU summits in 2006 and 2007. It is an observer in several African sub-regional organizations. In May 2007, after appointing its first Special Representative on African Affairs and Darfur, Liu Guijin (China's former ambassador to South Africa and Zimbabwe, and the former head of the PRC Foreign Ministry's African Affairs Department) China agreed to finance the construction of a \$100-\$150 million AU headquarters, fulfilling President Hu's 2006 FOCAC summit pledge” (Congressional Research Service, 2008, p.129)

Diplomatic ties are also strengthened through educational institutions such as exchange scholarship programs with the aim of increased understanding for culture, language, and cooperation. It also gives the opportunity for enhanced education that might not be available in the African home country strengthening the African capacity and competence. It is however the African student body studying in China that comprises the biggest portion of the student exchange, and although there are more African students in the US, the number of Africans traveling to China to study is increasing due to lower cost of living and because of

the intensified focus and increased funding that these programs are receiving from the Chinese government:

“The education of most African students in China is funded by the PRC. Between 2000 and 2006, an average of about 1,200 Africans received Chinese government scholarships to study in China each year. In November 2006 during the Forum on China-Africa Cooperation (FOCAC) summit, Chinese officials pledged to double the number of such scholarships by 2011. Such a rise would substantially increase the number of African students receiving such scholarships, which totaled nearly 19,000 between the early 1950s, when China began to provide them, and 2006” (Congressional Research Service, 2008, p. 119).

In 2007, sixty-eight Angolan students were studying in China, and each year as many as seventy students are presented with a scholarship from the Chinese government (Alves, 2010). In addition to funding long-term studies in China such as bachelor and master degrees, they also provide the opportunity for Angolans to participate in more short-term courses in areas such as health, management, business development, and farming and fishing for Angolan employees, and government workers contributing towards a improved and more qualified workforce in Angola. “In 2007 alone, more than 100 Angolans went to China to participate in these courses” (Campos & Vines, 2008, p. 19).

Mentioned above are some examples of material capabilities, ideas, and institutions that China is demonstrating in Africa in order to “to deepen alliances with African countries to enhance its global standing” (Idun-Arkhurst & Laing, 2007, p. 2). Structural adjustments on the international scene are something dynamic and ever changing. However, changes do not occur suddenly, and even if they do, the consequences lag behind. Therefore China will most likely not be world hegemony within the next few years, and the US will still continue to be a leader in very many aspects of world politics, economics, and cultural issues in years to come, even overlapping in some areas. However there is no doubt that there are structural changes taking place, and that China with its economic reformation, and increased support around the world, especially in Africa, is rising to become a world leader as America is struggling with a financial crisis and decrease in worldwide consensus about their military, economical, and

political approaches. By restoring its image China can gain worldwide recognition as a humanitarian actor and a leader in line with the Neo-Gramscian hegemony theory in that that to be a hegemon, consensus and support need to be in unison. With China promoting good values of humanitarian aid, ideas relating to diplomatic ties, and institutions as well as demonstrating material capabilities in Africa, they are well on their way.

5.2 China in Angola

Also, in Angola has China become a big player, and they are now considered the biggest group of foreign labor in Angola exceedingly surpassing the Portuguese in numbers (Campos & Vines, 2008). It is difficult to estimate the exact numbers of Chinese people in Angola, however to give an impression of the number; in 2008 40,000 visas were issues by Angola to Chinese citizens (Alves, 2010). Some say there are 50,000 Chinese in Angola, while others recon there can be over 100,000 (based on informal conversation during fieldwork). In any case, the Chinese have infiltrated almost every aspect of the Angolan business and industry with the construction sector being their niche with support from Chinese financial institutions. Although the China-Angolan relationship is defined by many of the same aspects as mentioned above in the China-Africa relationship, there is in addition some features that characterize this unique relationship that is known as the “Angolan Model” outlined by Chinese credit lines that presents China with a comparative advantage that is difficult to compete with for foreign and national companies. With this one can very much categorize China as a hegemon in Angola compared to other countries.

Although the Chinese have had long lasting ties with the African continent for hundreds of years, it was not until the Angolan anti-colonial struggle with Portugal in the 1960s that China entered the liberation movement with assistance to the MPLA political party. However, due to close connections to the African Union that supported the opposing UNITA, and FNLA, China soon switched sides. China changed its alliances in Angola a few more times before the MPLA come to power in 1975, and the civil war defined by Cold War politics broke out. During this time China refused to recognize the MPLA government, and it was not until 1983 that diplomatic ties between the two countries were established:

“The Chinese initially refused to recognize Angola’s independence, and formal diplomatic relations between Beijing and Luanda were only established in 1983. The first trade agreement was signed in 1984, and a Joint Economic and Trade Commission was created in 1988, but its first meeting was held as late as December 1999” (Campos & Vines, 2008, p. 3).

China’s activities in and with Angola are countless and diverse, ranging from tiny one-man photo printing businesses to multibillion-dollar construction projects managed by Chinese Export Import Bank (Eximbank) with the approval of the Angolan government. The intense complexity of the China-Angolan relationship is difficult to comprehend, and indentifying the many various components, stakeholders, and actors is a tricky business. However the next sections will provide an overview of the main Chinese commitments in Angola.

5.2.1 Credit lines

In March 2004 China’s Eximbank extended a \$2 billion oil-backed loan to Angola. This implies that oil or revenue from the oil is guaranteed as collateral and to maintain the loan. This credit is only to be used towards public development projects and was to be released in two separate phased with \$1 billion allocated to each phase. The first amount was discharged in December 2004 and the second in March 2007 (Campos & Vines, 2008). With Angola being a high-risk country, it would normally receive similar resource backed loans from European banks at a Libor (the benchmark interest rate for international finance) plus 2.5 percent. The Chinese loan however is set to a premium of plus 1.5 percent, and with the three-year grace period and considerably longer repayment time, the Chinese loan was very cheap for Angola (Brautigam, 2009).

Across the country there are over one hundred projects involving almost 50 contracts that are covered by the \$2 billion loan in areas of energy, water, agriculture, fisheries, health, education, communication, and public works sectors that have been non-existent or totally destroyed as a result of the civil war (Campos & Vines, 2008). In September 2007, the Eximbank granted another \$2 billion loan to Angola following a \$500 million loan given in July 2007 in order to “finance complementary works required to finish the projects started under the first credit line” (Alves, 2010, p.11). The terms in this agreement were relaxed with

the interest rate reduced to Libor plus 1.25, and the repayment time was more than doubled, to reach fifteen years. In addition, Angola added stricter rules for Angolan local content meaning that the Chinese companies had to make considerable adjustments to the Chinese-Angolan employment ratio. (Campos & Vines, 2008).

In deciding what development projects to complete, a joint committee consisting of the Angolan Ministry of Finance and the Chinese Ministry of Foreign and Commercial Affairs called *Grupo de Trabalho Conjunto* presented project proposals put together by each of the individual Angolan ministries based on their priorities. Campos and Vines indicated that the second phase of the first loan projects were prioritized by areas in which China had the potential to provide important experience, such as fisheries and telecommunications (Campos & Vines, 2008). In the last step before implementation, Chinese companies are chosen to execute the projects:

“the Chinese government proposes three to four Chinese companies. All projects are inspected by third parties not funded by the credit line. A multisectoral technical group, GAT (*Gabinete de apoio tecnico de gestão da linha de crédito da China*) oversees the implementation of projects financed by the EximBank credit line, ensuring fast and efficient completion of the projects” (Campos & Vines, 2008, p. 9).

In addition to the three official loans from the Eximbank, the Chinese International Fund Ltd. (CIF), a private Hong Kong based fund is also providing loans to the Angolan government. This is an institution that Chinese government is trying to dissociate itself with, due to CIF's opaqueness in financial processes and project management, and close, but blurred, ties with Sonangol. The loans from CIF are generally designed in the same way as the loans from the Eximbank, also in size, and Alves states that:

“in a press release published in October 2007, MINFIN announced that the first batch of this fund totaled \$2.9 billion and was contracted according to the same terms as those of the Exim Bank loan and was thus directed to infrastructure, tied to Chinese contractors and oil backed. According to the World Bank, CIF's credit totals \$9.8 billion” (Alves, 2010, p.13).

In 2004, when the CIF credit line was under development, the GRN (*Gabinete de Reconstrução Nacional*, the Angolan administer of community civil-engineering projects) was established due to past experiences Beijing encountered with Angolan authorities: "concern over alleged illegal rent seeking by Angolan officials involving the Exim Bank credit line" (Alves, 2010, p. 12). However, the GRN is accountable solely to the Angolan President José Eduardo dos Santos, and at the head of the office sits one of his closest friends and allies managing billions of dollars towards infrastructure projects in which individual funding allocation is not clear. This has led to several accusations of mismanagement of Chinese funds in 2007. At this time, CIF's projects are at a standstill due to unrealistic logistical planning in an Angolan underdeveloped environment, and the fund is struggling to fulfill its commitments to complete infrastructure ventures it is accountable for (Campos & Vines, 2008 and Alves, 2010).

The third Chinese financial institution to provide a credit line to Angola is the China Development Bank (CDB). In March 2007, the Chinese government approved the CDB funded China-Africa Development Fund (CAD-Fund) of \$5 billion in order to encourage and support Chinese enterprises engaged in development, investment, economic and trade activities in Africa to further invest in Africa (China Development Bank; Corkin, Burke, & Davies, 2008). In light of the economic downturn in 2008 that greatly effected the Angolan market due to a drop in oil prices, Angola and CDB signed an agreement that would guarantee Chinese infrastructure and agriculture enterprises in Angola a credit line from the CAD-Fund in the alleged amount of \$1.5 billion (Alves, 2010). This credit line differs from the former two as it is not oil-backed but rather focuses on "enhancing friendship, treating each other as equals, extending mutual support and promoting common development" (China Development Bank). The CDB has in addition committed to loans totaling \$15 billion to Portuguese speaking countries in order to enhance trade and economic development between those countries. Out of these resources the Angolans have received \$1.5 billion in loans to the Ministry of Finance as well as Sonangol (China Development Bank, 2010).

Right now Angola is experiencing an economic boom. They have vast oil resources and the investment environment in Angola is improving due to a relative stable political setting compared to many other African countries, which is due to more relaxed policies of FDI and entrepreneurship:

”The Angolan government has (...) encouraged private-sector development through a new investment law that provides equal treatment to foreign and Angolan firms, a new commercial code, and a land tenure law with the aim of clarifying property rights and customary tenure. In addition, the Angolan government through its National Agency for Private Investment (ANIP) actively promotes private investment by Angolan and foreign nationals by providing tax incentives in targeted industry sectors and development zones” (Campos & Vines, 2008, p. 14).

This has raised incentives and attracted many other countries to also extend a helping hand and to invest in Angola:

”In 2007, Spain alone provided US\$ 600 million in construction aid. Furthermore Canada’s Export Development Bank has signed an agreement with Angola’s Banco de Poupança e Crédito for US\$ 1 billion this year to finance government infrastructure projects and US\$ 16 million for private enterprise projects. Brazil’s Banco Nacional de Desenvolvimento Económico e Social (BNDES) has already disbursed US\$ 1.5 billion to fund the purchase of Brazilian construction equipment” (Corkin, *Angola Brief*, 2011, p. 3)

However, with over \$ 10 billion invested in Angola, China is by far Angola’s leading individual financial partner that invests, develops, and contributes towards economic growth in Angola. No other single country institution can compete with China’s financial institutions and material capabilities in this area.

5.2.2 Trade

Presently, China is Angola’s number one trading partner: “in 2007 China overtook America as the largest importer of Angolan oil” (Vines, et al, 2009, p. 42). Furthermore, Angola is one of the few countries in the world that runs a trade surplus with China, and in 2008 this surplus amounted to \$19 billion (Alves, 2010). The total value of Angola’s trade with China

amounts to about \$26 billion⁶. Oil is the commodity that is exported from Angola that mainly represents the trade relationship at 72%. Oil from Angola represents about 18% of all Chinese oil imports in contrast to the US, the world's biggest consumer of oil, in which Angolan oil only represents about 5%. Angola is, along with Saudi-Arabia, the largest provider of oil to China. Angola under the Portuguese colony was a diversified country in terms of agricultural goods. They were self-sufficient, and apart from wheat they exported all major crops. However, due to the destruction of the land during the colonial and civil struggles, Angola lacks industrial diversification. And with a growing population with purchasing power, they heavily rely on importing daily life necessities such as well as all types of manufacturing goods. The European market, especially products from Portugal, has traditionally been and continues to be the main source of Angolan imports. However, due to a stronger and closer relationship with the Chinese coupled with the fact that China can offer cheaper products, imports from China are drastically increasing. In turn, Angola exports food, manufacturing goods, and building materials used by Chinese construction companies that dominate the import products to Angola (Alves, 2010).

5.2.3 Construction

“Construction and infrastructure is possibly the sector in which China has made its largest commercial footprint in Africa” (Corkin, Burke, & Davies, 2008, p. 3). Since the first Eximbank loan to Angola in 2004, China has been the main contributor of reconstruction the country after the civil war. Under the Eximbank and CIF's oil back loan agreements intended for infrastructure building in Angola, the Chinese construction companies have enjoyed a political and economic advantage over other international and national companies when it comes to securing contracts of massive and expensive projects such as: upgrading the Angolan railway and road network, constructing a new international airport in Luanda, building stadiums for the 2010 CAN, and making huge housing projects intended to accommodate 1 million people (Alves, 2010). In addition to the guarantee that Chinese companies will develop the projects backed by the concessional loans, the contracts also secures that 50 percent of all materials, equipment, and technology used in the construction must be imported from China (Corkin, Burke, & Davies, 2008).

⁶ DG Trade. (2012). *Angola. EU Bilateral Trade and Trade with the World*. Available at http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122456.pdf

The process starts in China in which different construction companies tender for the opportunity to go abroad. The company that is chosen for a specific project then reviews a loan in order to cover the high initial cost of relocating and moving material, labor, and equipment to Angola. It also normally hires other Chinese companies with more specific skills to do, for example, the plumbing and electricity work. Because of the lack of competition from other international or Angolan construction companies, there is a wide market for this type of business, and once a Chinese company is established in Angola they search for other projects and areas of that need their expertise: "Once established in a specific locality, Chinese enterprises often seek to expand the scope of their operations, both geographically and in terms of the types of projects undertaken" (Corkin, Burke, & Davies, 2008, p. 4). The individual worker, family would be relocated with him and also look for business opportunities. Through interacting with other Chinese, small business enterprises are established and have become common in the streets of Luanda, offering goods that have previously been inaccessible for most Angolans (Ibid., 2008).

In addition to the financial upper hand that the Chinese companies experience over other international companies, the Chinese construction workers are extremely effective and cost efficient, also providing the Chinese companies with an advantage in that the projects are often done in less time and at a lower price:

"Chinese workers are well trained and considered skilled. The skills level of Chinese workers is recognized across the industry. They usually undergo an intensive training programme, prior to expatriation. In addition, Chinese workers are multi-skilled and will be involved in each section of construction. Whereas it is normal practice to employ tiered hierarchies of workers, it has been found that Chinese artisans can also double up as manual laborers and participate in manual labour as well as the more skilled undertakings of an artisan" (Corkin, Burke, & Davies, p. 9, 2008, p. 9)

Chinese laborers also endure more hardship and tougher living conditions than both national and other international workers as they are used to these circumstances in China. Chinese workers live on site, and this goes for the workers at the lower level, as well as management, and supervisors. And in order for the projects to be done in as little time as possible, there is

someone working at all times: "there is a 'one bed, two workers' policy whereby a night-shift worker and a day-shift worker share the same bed, ensuring double shift productivity" (Corkin, Burke, & Davies, 2008, p. 9). In their study Corkin, Burke and Davies (2008) also found that Chinese workers often have 0 percent absence from work compared to local workers whom tend to have a non-attendance of up to 20 percent. In these ways, the Chinese construction companies are able to out compete with the Brazilian and Portuguese companies that are considered to be the stronger competitors. Even though some Angolan individuals are starting their own small construction companies, they are hiring Chinese workers in order to be competitive on the market (Corkin, 2011).

These advantages that the Chinese construction companies experience with their labor force, and the fact that Angola has a nearly non-existent qualified labor force for this type of work, makes it difficult for the Chinese companies to hire Angolans. Corkin, Burke and Davies also mentions that the language barrier contributes to a low rate of local hire as few Angolans speak English, and few Chinese speak Portuguese. However, the Angolan government is pressuring the construction companies to hire more locals. The target is that 30 percent of the workers have to be Angolan workers that help contribute to valuable training and development of the Angolan work force. According to Ivar Frans Hagenlund, country director of the Norwegian People's Aid in Angola, the international construction companies now must have 30 percent local hire in their labor force: "The contracts that have been agreed upon have been looked at by outsiders, and are reasonable. However, there are elements in the contracts that have not been fulfilled in that all construction contracts shall have 30 percent local content" (Interview with Hagenlund). The Angolan government however has not established an institutional body to monitor that this policy is implemented, and the Chinese companies are still curtailing local hire.

The Chinese construction companies and projects are exceptionally prominent in the Angolan society. When one walks around in Luanda and the surrounding areas, there are construction projects being developed ubiquitously. At every corner there is a new project being built, and there is a very high possibility that the billboard will state that the company in charge is Chinese (see picture in appendix). The eximbank and CIF loans were a way for the Chinese companies to establish themselves in Angola, and many have set up offices in Luanda, and take on other projects such as luxury hotels and housing compounds for the international employees in the oil business.

Because of the highly visible position the Chinese construction companies have in Angola, the Chinese are greatly exposed to the critical voice of the Angolan population at large. Anyone can see what they are doing, and when a project fails, it can have grave consequences for China's reputation. In 2010, the Chinese-built General Hospital in Luanda began to develop severe cracks. This hospital was a Chinese development project outside the realm of the concession loans, and was finished in 2006. Yet, in 2010 the patients and staff had to evacuate the hospital in fear that the building would collapse forcing them to lodge outside in tents. (Brautigam, 2011). This, in addition to other examples, such as the Chinese-built roads being full of pot holes, have given Chinese construction companies a reputation of building poor quality structures. However, there may be many reasons for the decay of buildings and roads. One can be that in fact some Chinese companies are using poor and cheap materials; but another possibility can be that Angola does not have the capacity, competence or resources to oversee or maintain the projects that the Chinese are building,. Angola has few and poor institutions to establish and secure certain standards in building structures. Because the quality of Chinese firms also varies, it is important for Angola to have strong institutional bodies to oversee project execution: in "Angola where the government authorities lack the capacity or political will to enforce building codes, structures of sub-standard quality are more common than in countries where the authorities effectively enforce the law" (Corkin, Burke, & Davies, 2008, p. 7). However, the level of quality also varies among other international companies, as well as for the Chinese, and even though the Chinese have an inferior reputation among some people, the general consensus officially and among the population at large is that China has in fact contributed like none other to the rebuilding of the infrastructure that they need so badly after the civil war; they indeed are grateful for that. Although Angola is looking towards diversifying its construction sector to include more foreign companies, as well as helping out Portuguese companies in a time of economic despair, the Chinese companies have a comparative advantage due to effective and low cost management. In addition, they have the financial backing of the Chinese institutions. As China is the main financial supplier for infrastructure development in Angola, they require that only Chinese companies work on the projects they finance. Again, China comes out above all others contributing to their growing presence as a hegemonic leader established in the sector through their material capabilities and collective images of a player with good work ethics.

5.3 China in the Angolan Oil Sector

As the previous sections suggest, Chinese credit lines, Angola-China trade, and China's role in the construction sector in Angola are all interconnected and overlap with the focal point being the Chinese concern for oil. The next section will present what kind of role China plays in the oil industry in Angola in which they so heavily rely on to satisfy the Chinese domestic demand for oil and energy. Before going into the specifics of the Chinese-Angolan oil relationship, the first few sections will provide an overview of the history, institutions, and stakeholders of the oil industry in Angola that has come to be the foundation of almost all aspects of life in Angola.

5.3.1 The Role of Oil in Angola

Today Angola is one of the biggest producers and exporters of oil in Africa.⁷ The petroleum sector in Angola accounts for almost 83 percent of its GDP, 95 percent of exports, and 83 percent of public revenues (2011-2015 Angola Country Strategy Paper, 2011). This is by far the most lucrative business in Angola, outshining the number-two diamond industry. As oil has such a distinct and important role in Angola (it was an important contributor to peace and the MLPA victory over UNITA), it is a major factor in Angola's foreign policy and international relations. As it is known to have an impact on the quality of governmental institutions in the country, it also makes Angola highly volatile to fluctuations in oil prices that have at times stagnated the country's economic growth (Hodges, 2004).

It was in 1955 that oil was discovered onshore in Cabinda, Angola, but it was not until 1968 that the industry accelerated with the discovery of offshore petroleum by Gulf Oil⁸ also in Cabinda waters (Hansen-Shino & Soares de Oliveira, 2012). At that time, Angola was also a leading exporter of coffee and other agricultural products, and diamonds as well as oil spurring the Portuguese colony's growth rate to about 10 percent (Tvedten, 1997, p. 26). However with Angola's independence, the Portuguese withdrew labor, technology, and economic resources, and destroyed much of the pastures and factories, leaving Angola increasingly dependent on the oil industry, which at that time, was largely run by international

⁷ In 2008 Angola surpassed number one Nigeria. However, Nigeria is currently number one again.

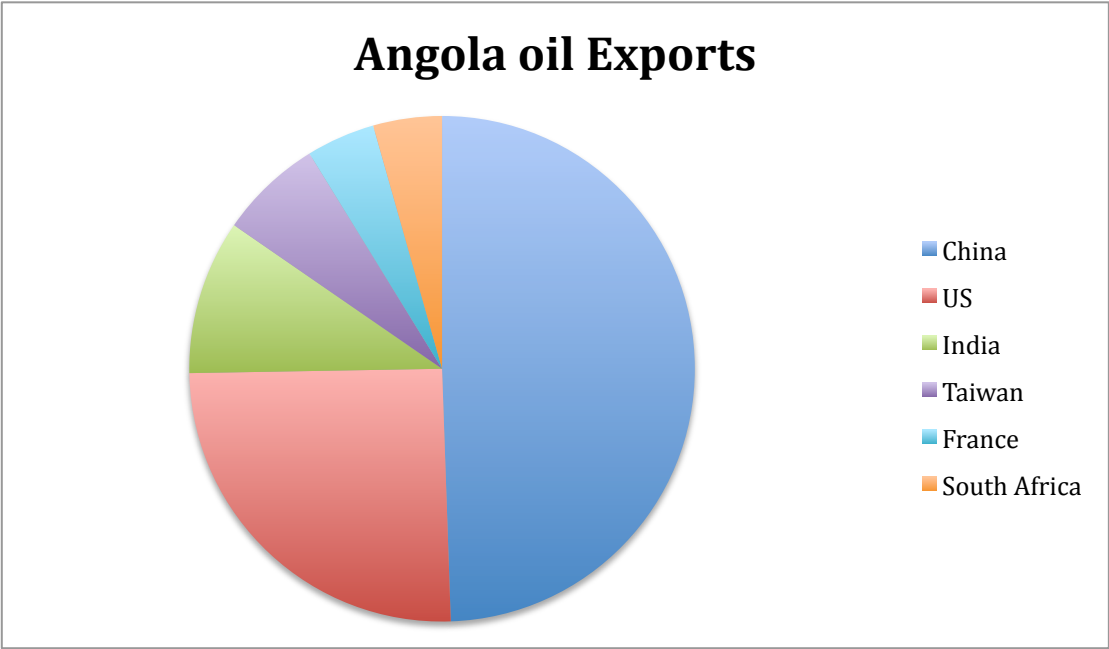
⁸ Later bought by Chevron.

companies, such as Chevron, Petrofina, and Texaco. Immediately after independence, the state-owned oil company Sonangol was founded, the petroleum law was ratified, and consequently the state took over all aspects of the oil business allowing foreign companies to explore, extract and produce oil in the 13 blocks that the continental shelf was divided into through production-sharing agreements (PSAs). Though the adventure started onshore, and continued with shallow-water production in the first 13 blocks, 17 additional blocks were defined by deep-water (200-1500m) technology in the early 1990s and by 3 ultra-deep (>1500m) water blocks in late 1990s that added further reserves, international interests, and income for Angola (Hodges, 2004). They presently continue to explore and discover oil and gas fields on the Angolan continental shelf, and the newest predictions are that there are pre-salt or sub-salt oil fields that are similar to those already discovered in Brazil. Pre-salt oil fields are oil fields beneath thick layers of salt under the ocean. In Brazil they have been making pre-salt oil discoveries; however “nobody knows yet what is under the salt in Angola” (Koning). Due to insufficient technology, they have not been able to use seismic equipment to identify any oil under the salt layers in Angola. However, because of that the geological theory that West Africa and South America were once connected during the Cretaceous era, geologists and the oil industry seem to be certain that oil exists also in Angola (Wertheim). And very recent developments show that the predictions were true: ”Maersk Oil, (...), reported the first discovery in Angola’s deep-sea pre-salt region” (Gismatullin, 2012). The future looks bright for Angola in terms of oil and gas: “Angola is now a well-established petroleum producer, with an enviable record of exploration success and associated rapid reserve and production growth, and significant remaining petroleum potential” (The World Bank, 2007, p. 40). Furthermore, the oil prices are continuing to rise and for Angola, as a net exporter of oil, this is good news. A down side to the magnitude of the oil business in Angola is that they have been somewhat neglecting the other sectors such as agriculture, fisheries, and manufacturing industries. This has skewed the distribution and allocation of funds, and these sectors have been at standstill since the civil war tore them down, creating a precarious situation if the oil prices were to drop drastically. However, it seems that these trend are turning. The Norwegian Embassy, and the Angolan government are currently working towards strengthening the fishing industry, and Pedro at the Ministry of Petroleum (MINPET), acknowledges that one of the biggest challenges that Angola faces is that it is a country with vast resources without enough people to manage them all: “The most important is to train people capable to manage all the resource in Angola”. He mentions that the

Government is starting projects to promote “diversification of the community”, and discusses programs of agriculture that can provide credit to farmers (Interview with Estevão Pedro).

Angola’s geographic location is favorable: the fields are far from land and out of conflict zones. Thus, Angola is very often preferred by other countries and international companies as a place to invest in the industry compared to other countries such as in the Middle East and Nigeria. However, the geographical location is not the only reason: “The world produces about 87 million barrels per day of which Angola produces about 2 million barrels per day or only 2% of world oil production, but Angola crude is more important than only 2%” (Interview Tako Koning). The quality of the oil in Angola’s continental shelf is high. Because – as opposed to many Middle East sour crudes – “Angola oil is ‘sweet crude’ with a minimum of sulfur and impurities and is welcomed by refineries worldwide” (Koning). The international companies have also experienced a high rate of success in exploring in the Angolan waters. The seismic technology is very effective in the West African area providing the international oil companies better odds of return on their billion dollar investments.

In 2007, Angola became a member of the Organization of Oil Exporting Countries (OPEC), thus limiting the country’s oil production to the levels set by the organization. Currently Angola produces exports just below 2 million barrels per day (BOPD) of which China imports almost half. The US imports about a quarter, and other countries make up the last quarter (Energy Information Administration, 2011).



Source: (Energy Information Administration, 2011)

Due to the high quality of the oil, the preferable geographical location of the resource, and the high rate of success, there are many international companies that are present and have an interest in the Angolan oil industry. On the up-stream side of production, you have the major international oil companies. The biggest ones are Total with a production of roughly 570,000 barrels of oil per day, Chevron with 545,000, Esso with 450,000, BP with 175,000, and Sonangol with 100,000 BOPD (Koning). There are, in addition, many smaller but still significant companies. Another reason for the various international corporations presence is that it is trying to diversify in order to not be reliant on only a few collaborations: “Angola has pursued a policy of diversification in its energy partnerships” (Vines, et al. 2009, p. 32). Angola has divided its continental shelf into smaller production blocks, and the blocks are leased out to different corporations in licensing series over three to four years. Through a bidding process the companies are awarded operational or partner status in a production block governed by Production Sharing Agreements in deep and ultra-deep waters and Concessions agreements for onshore and in shallow water blocks. Under these agreements, oil companies work together in partnerships and in a typical block one company will be the operator owning about 40 percent of the shares, and two or three others that have smaller stakes in the block. Bøgwald explains the duties of an operator, and why one would want this responsibility:

“Depending on the oil company, they will have communicated officially, and guaranteed certain goals of production, and in order to reach these objectives, oil companies will often have to expand their international reserves, and explore opportunities abroad, and Angola is one of the countries in the world with the most exciting exploration areas right now. The operator of an oil block has the sole responsibility for the exploration, development, business, export, and the conclusion of the process for the entire block providing considerable technical expertise. This is done in collaboration with the partners, however the operator has more control and influence of the operation. In such a partnership with the operator sitting on 50 percent of the shares, partner 1 with 25 percent, partner 2 with 10 percent, and partner 3, 4, and 5 with 5 percent, the costs will be distributed accordingly, and with a successful discovery the profits will also be correspondingly allocated. Costs can also be deducted before tax, which

means that when you make a discovery, you get most of your investments in return” (E-mail with Bøgwald).

There are specific responsibilities as an operator. However, all decisions about exploration, extraction and production have to be decided by all partners in order to strengthen each other’s checks and balances, and secure accountability within the collaboration, and there are “there are quite strict guidelines in cooperation agreements how to do this” (Ibid.).

The oil industry in Angola is a complex and layered venture with many Angolan and international players and stakeholders that have different interests at the various up-stream and down-stream levels of production. However, the biggest stakeholder of all is the Angolan state-owned oil holding company and group Sonangol.

5.3.2 Sonangol

The company that handles all aspects of the oil industry in Angola is Sonangol: It “was established in June 1976 as the Angolan oil concessionaire, sector regulator, and tax-gathering agent” (Hansen-Shino & Soares de Oliveira, 2012, p. 8). Sonangol originated as an institution to manage the oil sector in the transition into independence. In a time when all other industry, production, development came to a halt because of socialism, the only sector that escaped the Marxist-Leninist line that the MPLA settled with was the oil company Sonangol, which had capitalistic characteristics. Sonangol is the sole owner of the continental shelf offshore Angola, and the recently resigned CEO, Manuel Vicente, is the right-hand man of president dos Santos. The previous president⁹ of the company is rumored to be the best bet as the successor of dos Santos if he decides to step down. This view was strengthened by dos Santos’s decision to appoint him to the newly established position as the Minister of Economic Coordination (Laxmidas, 2012). This is only one example of what Sonangol is being criticized for – that it creates confusion about roles and spikes conflicts of interests.

Today Sonangol is a holding company known as Sonangol EP consisting of many subsidiaries both fully owned by Sonangol EP as well as joint ventures with other national and other

⁹ The newly appointed CEO of Sonangol is Francisco de Lemos Jose Maria, a chief financial officer on the Sonangol executive board. Laxmidas, S. (2012, January 30). *UPDATE 3-Angola's Dos Santos Moves Sonangol CEO to govt.* February 28, 2012, *Reuters*. <http://www.reuters.com/article/2012/01/30/angola-sonangol-idUSL5E8CU3T920120130>

international companies that are involved in almost all aspects of Angolan industry and business. A few examples include an investment company and telecommunications group; they also do insurance, and transport both in the air and maritime, and they run a private hospital for its employees, and partners. The company that handles up-stream activities is Sonangol P&P. In addition to this, Sonangol EP has established their own companies overseas in Great Britain, Brazil and the US as well as in other African countries (Sonangol). The company is working hard to establish itself as an international actor envisioning itself on the New York Stock Exchange in the near future, calling for “internationalization” of Sonangol (Interview with Pedro; Hansen-Shino & Soares de Oliveira, 2012). Sonangol EP is also highly involved in the local community and areas of public life as sponsors of cultural events, sports teams, prizes and awards, and academic scholarships (Hansen-Shino & Soares de Oliveira, 2012). However, most of their activities are concentrated and do not extend far from the capital of Luanda. This contributes to high migration to the city in search of job opportunities. Sonangol, together with the other international oil companies, are draining the Angolan job force. A majority of the educated people are drawn to the industry due to high salaries, a secure job, and because to the international corporation’s obligation to hire local employees. The market for trained personnel is being exhausted, and the country is facing a serious lack of qualified workers in all sectors – one of the main challenges that Angola is facing today (Hanson, 2008).

Internationally, Sonangol EP has a rather shady reputation as a company, with problems of transparency and accountability as it performs responsibilities far out of its intended scope with power invested to them by the presidency. They are known for taking on roles that the National Bank and the Ministry of Finance would normally not perform due to lack of qualified personnel in these institutions. This creates a company with insufficient and weak institutional structure that allows for corrupt practices to flourish. And for a corporation that intends to take on the international society, this is not acceptable. The IMF, WB, Human Rights Watch, and so on have raised these issues, and in some aspects Sonangol has taken steps towards improvement. However, in December 2011 the International Monetary Fund revealed that a payment of \$32 billion from the U.S. to Sonangol between 2007 and 2010 was unaccounted for and improperly documented in the national budget by the Ministry of Finance (IMF, 2011). In the same report, the IMF is critical to the company’s payment practices: “The fiscal authorities are concerned about unpredictable timing of the transfer of oil revenue from the state oil company to the central government budget” (IMF, 2011). Due to

the fact that the revenue from Sonangol is the major source of income for Angola, the untimely and irregular transfers to the budget can have huge repercussions in terms of domestic spending and national development.

Another aspect that has raised concerns are the multibillion dollar signing bonuses that have been paid to Sonangol by the oil companies that are awarded operator status of an oil field. The potential gains of a discovery and a successful extraction of an ultra-deep oil field are so vast that signing bonuses of billions of dollars are not uncommon¹⁰. Sonangol has been reluctant at publishing the size of these signing bonuses, and other taxes and funds that have been transferred to them by the international oil companies, and when BP as the first company in 2001 announced the expenses they had paid to Sonangol, they pressured BP “accusing the company of breaking confidentiality clauses in its agreements, and threatening to terminate BP’s contracts” (Hodges, 2004, p. 168).

Sonangol and the oil industry in Angola generally may still have a bad reputation in the mind of the general population, but according to recent IMF and World Bank reports (The World Bank, 2007; IMF, 2011), the Angolan government is assuming responsibility and taking steps towards improving the practices and policies in the industry. For example, they publish Sonangol’s financial reports on the Ministry of Finance’s website and allow external auditors review Sonangol, MINPET, and MINFIN’s activities. Angola has also relatively recently implemented new laws that should secure and control the authorized scope of all oil activities:

“The Law makes it quite clear that all oil mineral rights belong to the State and indicates that the state oil company, Sonangol, is the only Concessionaire of rights to all exploration and production activities”. It also “determines that foreign companies that desire to perform exploration and production activities can only do so in association with Sonangol and that the forms of association shall be by means of a commercial company, a consortium or through a Production Sharing Agreement” (KPMG, p.13).

¹⁰ It seems that US \$ 2.2 billion from the China-Angola ISS venture in 2006 is the largest signing bonus yet (Macauhub, 2006).

The PSA is an agreement in which the oil company acts as a contractor of Sonangol, and they are required to pay both a share of the profit oil and income tax to the Government. The income tax is set at 50 percent. It also explains how Sonangol can potentially be partner in the syndicate through Sonangol P&P (International Monetary Fund, 2005). These enforcing and regulative institutions are however, not unique to Angola, and oil producing countries around the world follow the same principles and procedures, as do the international oil companies operating in the various continental shelves.

Sonangol has, as mentioned earlier, many internal and collaborative ventures. However, the only other international oil company to go into joint enterprises with Sonangol is the Chinese company Sinopec.

5.3.3 China's Role

Previously it became clear that literature supports China as a new hegemony on the rise, and the US, as the current and declining hegemony, is apprehensive about these developments. However, in light of the theoretical perspective that a hegemony cannot provide leadership in all aspects and issues in the world, this next section will show that even though China appears to be an authority providing leadership and assistance in the African and Angolan content, there is one issue-area in which China continues to lag behind, and that is the oil industry in Angola.

In contrast to the construction sector in Angola in which the Chinese and their companies are extremely visible in the landscape, Chinese in the oil industry are not prominent at all. Bøgwald explains: “In the oil industry you will not see many Chinese. They are expanding into the oil industry, however they are only on the ownership side in several companies because they are expanding where they can” (Bøgwald). China has three major oil companies with different focus areas of the oil production process. The Chinese companies that have stakes in some of the blocks in the Angolan off shore oil fields are Sinopec (China Petroleum & Chemical Corporation Limited), and CNOOC (China National Offshore Oil Corporation), in addition to ISS (Sonangol Sinopec International), the joint venture between Sinopec, Sonangol, and Dayuan International Fund that is 99 per cent owned by the CIF. This company was established in 2004 as Sinopec obtained 50 per cent of block 18, operated by BP (Vines,

et al 2009). China has through ISS been able to establish partner status in blocks 3 (25%), 15 (20%), 17 (27.5%), and 18 (50%) (Vines, et al, 2009). CNOOC is partners in block 32 with a 20 percent share. China or Chinese oil ventures does not, however, have operator status in any Angolan blocks due to the fact that China does not have the experience nor the technology to be a major actor in the oil industry or to be awarded operator status in any of the operating blocks. In order to be considered as an operator or partner in a block, Sonangol pre-qualifies the oil companies that will be considered for the licensing rounds for a group of blocks, and those whom qualify often have long experiences handling the explorations, production and extraction processes that are necessary for a specific deep or shallow water block. It takes increasingly complex and advanced technology as the sea level rises, and also as the sediments such as pre-salt oil deposits are located deeper below the sea bed. There are only a handful of oil companies that have experience with such ultra-deep and pre-salt layers that qualify for operator status in these blocks. For example, in the licensing round for 3 ultradeep blocks in 2006, “Sonangol pre-qualified 29 companies to bid as operators and 22 firms, including locals, as non-operators” (Vines, et al., 2009, p. 34). The operator status was awarded to BP, ExxonMobile, and Shell. Experts in the Chinese oil industry claim that: “the shares awarded to Sinopec of three ultra-deepwater blocks relinquished by BP, ExxonMobil and Shell were smaller than what the company had initially bid for because it lacked the capacities that the Angolans deemed necessary for greater participation” (Downs, 2007, p. 47). Koning confirms this when he states: “in the deep-water there are no Chinese. They don’t have the technology or experience in the deep-water” (Interview with Koning). Compared to many of the big international oil companies, the Chinese oil companies operating in Angola have only been operating since the beginning of the millennium, while oil production in Angola started in the 1950s, and the first oil company Gulf Oil, an American oil company, that present in Angola already in the late 1960s. (Hansen-Shino & Soares de Oliveira, 2010). Norway has also been cooperating with Angola since the 1970s: “We [Norway] has had an oil cooperation with Angola for the past 20 years. We have a very trusted role or position as they [Angola] have confidence in Norway as one of the best managers of a natural resource like oil” (Interview with Veia). Sinopec has been operating internationally for only a few years, and in light of this they have accomplished a great deal in such a short time. Compared to other young Asian oil companies who have not been able to establish themselves in the competitive Angolan market with the same success, one can view the Chinese effort as a great achievement (Vines et al., 2009)

Although they have not been able to enter the market in line with the big international oil production companies, they do however, have the capital to be partners through PSAs, and in that way secure the Chinese demand for Angolan oil. Bøgwald talks about his own experience when he says:

“They [China] are in as owners in multiple blocks. In the block in which I am responsible for, they have just upped their share with 5 percent when they bought out Petrobras. So, it is a way for them to enter acquiring an ownership stake, because they have the capital and are interested in investing it in the oil.” (Bøgwald)

Elias Isaac, the Country Director for Open Society in Angola, is no expert in the field of petroleum, nor does he possess academic knowledge on the issue of China in Angola. However, the matter is widely known in the civil society, as he suggests that:

“China does not have big oil operations in Angola. China buys a lot of oil with the credit line, so there are no big Sinopec operations now. This industry is still in the hands of the western countries such as Chevron, BP, ExxonMobile, Statoil, and ELF. It is the western countries that are dominating the oil business” (Isaac)

Bøgwald in Statoil says that the Chinese do what they know best when he says that they are: “trading for resource. They can offer labor resources, and expertise in those areas, and in so doing, receive oil in return” (Interview with Bøgwald). And it is the Eximbank that is allowing the Chinese oil companies to continue to buy shares in the oil fields. The Eximbank subsidizes the oil companies because in terms of technical advancement and experience the Chinese oil companies are “latecomers” into the international oil industry (Downs, 2007). By subsidizing the oil companies, they are giving them an advantage compared to the other companies. With the backing of the Eximbank, China offers financial, labor and material support for infrastructure projects. The Eximbank clears the path in a way for the oil companies to enter. However, without the technology and experience that is required to survive as a big player in the oil industry, this will only get China thus far.

To sum up China's role in the oil industry in Angola it is evident that China has a significant role. However, their role is not so much on the up-stream and production side of the industry, but on the ownership and trade side, in which they are acquiring oil in the form of repayment of the oil-backed loans as well as through ownerships in joint ventures and partnerships in the production blocks. These are reasons for why China is not a world leader in the oil industry in which the big international oil companies still dominate the scene, demonstrating theory in which a hegemon cannot employ or demonstrate power nor provide leadership as easily as it usually can in other issue areas. It is also worth noting that when talking about the Chinese in the oil business, there is a big difference in attitude and approach between the people in the civil society and academics, and those in the oil business. The people in the oil business have more nonchalant view of the Chinese. They do not see China as any kind of threat or competition, while the other group are much more engaged, and concerned about China with their interests and affairs in Angola. They are critical to the methods in which they employ in development, and they fear that they are undermining good governance and human development. Whereas the business community is more open to their approach acknowledging effective and visible changes in the Angolan landscape, the existing involvement would not have been possible without them.

6. Applying Old Theories to New Issues

The issue of China in Africa is an area in which much academic literature and media attention exist. This is a result of the issue being controversy, and has transformed the concern into common knowledge. Therefore, everyone has an opinion on this subject in whom China's involvement in Africa can be seen as positive or negative for the development the African continent.

China is also a very contemporary subject today, as they are demonstrating power in many areas to an extent in which no other country can, provoking the Americans that might be in a vulnerable position as their economy is experiencing hardship, and a negative impression of the US as a "world police" is not appreciated. Realists believe that the inevitable outcome of a power struggle between two super powers is an armed conflict as was practically the case during the Cold War between the US and the Soviet Union. Hopefully this will not be the case for China and the US.

This thesis has used China's involvement and pressure in Angola as a case to study their impact as a power nation. The theoretical approaches that have been used in this regard are the Gramscian concept of hegemony, and an internationalization of this concept by Cox presented as the Neo-Gramscian theory. To supplement this, and to shed light to the Chinese involvement in the oil industry, it was important to introduce an issue-area theory in which implies that various international actors behave and make decisions differently depending on the issue areas with which they are presented.

The Neo-Gramscian idea of a hegemon is that of a state with material capabilities, ideas, and institutions used as forces to impose pressure and constraints to other states in the system. Cox describes material capabilities as the physical and tangible resources, as well as technological and organizational capabilities. Ideas are distinguished as two kinds. The first is expected behavior commonly recognized such as diplomatic behavior, and the second kind, collective images, are distinct relations among various groups of people. The last force is institutions and social structures that stabilize, and control order. Analyzing the Chinese hegemon in Africa in the context of these forces comes to show that even though China might not be a world hegemon in the same sense that the US is or was, they are a growing imminent and coming power in the African context. In Angola this is shown by China's material

capabilities, ideas, and institutions prevalence that are widely sustained among Angola's society that provide China with the active consent based on shared values, and material interest that allows a hegemon to provide leadership.

In terms of material capabilities such as physical and tangible resources like economic wealth, technological competences, and organizational and institutional capacities China shows clear examples of this first and foremost through the credit lines provided in order to build infrastructure. Even though these loans will be paid back in cash or resources, China has the capital to provide the initial credit to build infrastructure in not just one, but also many of the African countries (as well as countries in South America, and other Asian countries). In addition to the purely economic capabilities, China presents itself with technological competencies in terms of construction work, and telecommunications. They can provide the equipment, and supplies, knowledge and experience, and effective labor resources to assemble great building structures and develop Internet and phone networks over relatively short periods of time supplying war torn countries such as Angola and DRC with the vital means of communication they need to rebuild the nation. This is also seen in other countries such as Zambia that are rich in minerals such as copper. Here, China has exported their mining experience in order to be able to make the industry more effective.

Although you can discuss the ethical aspect of this, China has also been able to provide military arms, vehicles and equipment for actors in armed conflicts in Africa such as Angola during the struggle for independence and the civil war, and also to Sudan in their internal struggles.

Approaching the ideas Cox describe as expected behavior, and collective images and values within a group he gives examples such as diplomatic behavior, and war time actions, meaning that in order for China to gain the support and acknowledgement from the African people they have to act accordingly. As mentioned earlier, China has or have had close diplomatic ties, both military and political, to most African countries that recognize Taiwan as a part of China. Many countries have changed their views to acknowledge a One China and consequently developed diplomatic ties to Beijing. These ties has presented itself apparently through the numerous visits by African officials to Beijing, and by Chinese party members visits in Africa. In addition to the increasing government visits, exchange students from Africa are frequently studying in China. These diplomatic and academic relations are also

prevalent in Angola. By creating and strengthening these diplomatic ties, China is by acting as expected also strengthening its position in Africa. With these exchanges and visits to China by Africans, it is also strengthening African's image in China. This is also significant as China has been relatively closed off from the rest of the world for many decades during the twentieth century, and many people know very little of the international society including Africa. Since many Africans do not have the means to travel like people from Europe and North America, Africans are a mysterious people with a very different culture. The export of the Chinese labor force to Angola is also a large part of the cultural exchange. As mentioned above, Chinese also exports construction workers to Angola to implement and complete the infrastructure projects, and private construction contracts set forth. Some stay for a limited time, but some also stay permanently bringing with them their customs and culture from China. With the exchanges Chinese and Angolan people have become accustomed, and more familiar to each other leading to a mutual understanding and acceptance as they strive collectively to reach their goals. This is an example of collective images Cox talks about as China and Africa have become more interconnected despite their extremely different cultures, and values.

“Institutionalisation is a means of stabilising and perpetuating a particular order” (Cox, 1981, p 136). The Chinese financial institutions, Eximbank and CIF, that organize and regulate much of the of economic cooperation in the form of the credit lines, the domestic situation in China that constitutes the rate of exchange, the joint ventures in the oil business and other industries, and the construction contracts are examples of Chinese institutions that are either regulating, managing, or supervising the different types of relationships that define the China-Angolan affiliation. However, all these aspects of the relationship are overlapping and coincide as they relate to one another because of the Chinese pursuit for petroleum: “Institutions are particular amalgams of ideas and material power which in turn influence the development of ideas and material capabilities” (Cox, 1981, p 137). Consistent with the Gramscian notion, and the Neo-Gramscian forces of a hegemon, China is in fact such a power in Africa, and specifically in Angola particularly to the infrastructure and construction industry.

However, according to the people working in the oil business in Angola, people working in civil society, and also the government, China is not considered as having any considerable influence, authority or hegemonic role in the oil industry in Angola. This is because China

lacks the technology and experiences in this area in order to exert such power consistent with issue-area theory of foreign policy.

These power relations are important to study because in order to shine light and a different perspective to the discussion on China as a new super power in which China - as opposed to what one might think - does not exert considerable influence or demonstrate power in the oil industry. Due to the fact that Angola is one of the “hottest” places for oil discovery and production in the world right now, and that Angola is also the country that exports the most oil to China, the argument can be made that this case reflects the situation in the rest of the world: that Chinese oil companies and Chinese expertise does not carry the same weight as other western oil companies or countries in any other oil producing country either. This implies that in the issue area of the petroleum industry, even though they are the second biggest oil consumers in the world, China will have to adopt their foreign policy and tactics taking on the role of a follower, a second degree player, and a rather insignificant actor. This is unlike for example within the issues of economic, military, and development cooperation sectors in which other countries look to China for approval, reassurance, and leadership. They will have to rely on other means of obtaining petroleum just like they are doing now with importing, and excepting oil as payment for infrastructure loans.

This research is important because it shows that theory used in the 1960s is still useful today in examining the complex dynamics in the world of international relations and policymaking. Although there exists many studies, and an extensive media awareness of China as a growing actor in Africa, and Chinese world hegemonic research have been done, this study employs the issue area theory in which has not been applied to the issue of China in the oil industry before. It illuminates an area of the China in Africa discourse that will add to the already existing literature, and expand the scope of it. It is highly applicable and relevant today, as China’s quest for natural resources is a controversial topic, due to the many different opinions on conditions for their development model. Because the US as a declining hegemon, it is also a “hot” topic today as they are loosing territory to China in a changing world structure. This research can contribute with an in-depth account of China as an actor in the Angolan society, and explain dynamics that have not been defined before in this context adding to the discussion on the Chinese hegemonic course, and therefore relevant for researcher and scholars looking into the issue of China in Africa, and its superior position there. This study

can also be pertinent for people interested in the oil industry in Angola, and what kind of role China players in the business.

7. Concluding Remarks

This thesis examines the Chinese hegemonic power in Africa and specifically the Angolan oil industry. This thesis is based on China as it portrays new economic and political strength on the world stage. However, even though China is becoming a new world super power by demonstrating ideas, institutions, and material capabilities, there are still areas of political and economical importance in which China does not display important characteristics. An example of this is the oil industry in Angola. Due to the lack of technological capabilities, documented lack of experience, and a modest reputation as a big international actor in the oil industry, China does not possess weight in this industry - globally nor in Angola - as they do in for example areas pertaining to questions of military, economic or developmental importance.

To come to this conclusion, this research has examined the Gramscian and Neo-Gramscian hegemonic theories in addition to the issue-area assumption, which explains that within specific issue-areas, traditional hegemonies do not exert the power in which they normally exercise. As a result, they have to adopt their foreign policy to these dynamics. Hegemony does not exist in a vacuum and is therefore always seen in relation to other countries. Due to this, it was important to include a section on the US as a world leader in order to discuss China as a new world super-power reducing US supremacy. Therefore, in the light of these theories, an analysis of the US as a hegemony, its decline, and the rise of China was performed, thus creating a backdrop for the analysis of China as a power in Angola. However, before examining China's role in Angola, the first sections of the analysis chapter looks at the overall China-Africa relationship and what determines this association, while the next sections goes further into the unique relationship between China and Angola in which China has been able to infiltrate the Angolan market, and secure it's position due to favorable conditions of the loans and a promise to develop and rebuild infrastructure. Successful or not, in this way China has gained access to oil resources and business opportunities at a greater magnitude than anyone else despite the fact that they do not provide any expertise and play a minor role in the international oil industry.

In the introduction of the paper, one main research question was presented supplemented by three sub-questions. To sum up the research, we will a look at these questions, and with the information presented throughout this paper they will be answered directly. I will, however

start by answering the sub-questions before summing up the findings in the main investigative question that has guided this study.

The first sub-question is as follows: *What defines the overall relationship between China and Angola?* In order for China to gain access to the Angolan oil, they have provided Angola with credit lines and loans backed up by oil as security and payment. The main purposes of these credit lines have been to build infrastructure in Angola that was lacking or had been destroyed during the civil war. This has resulted in a construction industry in Angola dominated by Chinese companies, and workers and has led to a China highly visible in the Angolan landscape. They have also provided Angola with labor, equipment, information, and technology that have led to high increase in Angola's development. However, this has also made Angola highly dependent on China, in which Angola is acknowledging, and thus trying to diversify its business and cooperation portfolio.

The various agreements secure China with oil, and the various business ventures are what define most of the entire relationship between China and Angola. However, in order to further explore their opportunities, China and Sinopec entered into joint ventures with Sonangol, the state owned Angola oil company, and have bought shares in many of the oil production sharing blocks in which the Chinese oil companies Sinopec and CNOOC also have their own shares in which leads to the next question.

Sub-question number two is: *What is the collective image of China in the Angolan oil business?* The collective view that the people interviewed for this research of China in the oil business is that they are not big actors. They play a rather insignificant role compared to the big international oil companies due to their lack of technology that is required for such endeavors, and due to the lack of experience and knowledge that is developed over a substantial period of time. They are, however known for being heavily economically invested in the oil industry. They have bought out other companies in various blocks, and through bidding rounds they have acquired partnerships of the PSA's in other blocks. In addition to the joint ventures with Sonangol in order to further secure the oil that China is in such high demand for.

The third and last sub-question to be answered is: *Who are the main actors in the Angolan oil industry?* The main actors in the Angolan oil industry is Sonangol and the big international oil

companies such as BP, Chevron, ExxonMobile, Statoil, Esso, Total, Shell etc. They can provide the seismic technology that is needed to explore the deep, ultra deep, and pre salt layers on Angola's continental shelf. They can provide expertise that is needed to drill under the seabed at these depths, and they have the machinery and knowledge to extract the oil. These skills are competences that the companies, and countries have accumulated over a century since the oil business began.

Now, returning to the main research question: *What is China's role as an international actor in the Angolan oil and gas industry, and how does this correspond to China as a hegemon in an Angolan context?* What this research has found is that in the overall Angolan context, China is one of the biggest, if not the biggest, in terms of financial input into the Angolan economy, physical presence, and diplomatic and business and commercial cooperation. However, contrary to beliefs, China is not a hegemonic power in the Angolan oil industry. None of their oil companies even rank among the big oil corporations in terms of production output, or shares in the production blocks. This is because China is a latecomer into the industry, and without significant knowledge or expertise on the level of western countries like France, the US, Great Britain, and Norway, China will maintain this position in the future.

China will continue to search for sources of energy for its population. The approach can take two directions providing China with an option to diversify and to chose among a couple of options. The first option is that China continues to expand in the petroleum sector, investing in technology development. However, the domestic oil companies are trying to play catch up with the big oil companies while maintaining a high level of import in order to sustain supplies. Another option is they can invest in renewable energy with the goal of being self-sufficient. However, without any investigative information on this, it is not ruled out that they are doing both. This second option will also be a popular choice and more beneficial for the total world population as a Chinese decrease in pollution would be a large contribution to the international environmental goals and prospects for the future.

Much research has been done on the impact of China on the oil rich Angola. However, it is too soon to say something about the consequences and repercussions that follow from this involvement and relationship due to the fact that it is a relatively new topic, and the complete long-term effects have not presented themselves and thus can only be speculated about. However, from the fieldwork and my time spent in Angola, it is my opinion that despite the

fruitful ties that Angola and China have, it is evident from my personal observations made from visiting Angola in the fall of 2011 that it is apparent that among the Angolan people, there is an increasing skepticism in regard to the future interaction between the countries, and if it should be as close in all areas. In other words, if Angola should be so dependent on China in the future, and instead look for other ties and countries for cooperation.

Nevertheless, future research that can be important in relations to this study and to supplement the findings can be other case studies that investigate the dynamics of other international Chinese oil endeavors in order to demonstrate validity and reliability of this research. Other recommendations within this field can be studies looking into other issue-areas of international economic and political importance in which China cannot compete with others and asking what kind of implications this will have for China as a new hegemony. Angola is a growing economy, and in order for this growth to benefit everyone, the right governmental structures and civil society institutions have to be in place to secure this. Therefore, in addition it can be fruitful to further investigate the oil industry in Angola, and what it is doing to its people and the society looking into how the oil industry is contributing towards increasing the difference between the wealthy and the poor that is highly visible in the country.

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Appendix

Participating Interviewees

Stein Bøgwald – Asset Manager, Statoil Angola

Allan Cain – Director, Development Workshop

André Carlos Mariano Da Costa – Exploration Manager, Maersk Oil & Gas

Stig Dilling – Maersk Oil & Gas

Ivar Frans Hagenlund – Country Director, Norwegian People's Aid

Svein Heglund – Senior Advisor, Oil for Development - Norwegian Agency for Development Cooperation (NORAD)

Elias Isaac – Country Director, Open Society Initiative for Southern Africa

Nelson João – Program Officer, Norwegian Church Aid

Tako Koning – Advisor and Consultant, Tullow Oil Angola

Martyn Morris – Regional President, BP Angola

Estevão Pedro – Director, Office of International Exchange – Ministry of Finance

Alves da Rocha - Professor and Researcher, Centre for Studies and Scientific Research, Catholic University of Luanda

Regina Santos – Professor and Researcher, Centre for Studies and Scientific Research, Catholic University of Luanda

Carsten Sønderskov – General Manager, Maersk Oil & Gas

Jon Veia – Ambassador, Royal Norwegian Embassy – Angola.