Ekonomik ve Sosyal Düşünce Araştırma Geliştirme Vakfı

POLITICS OF ENERGY RESOURCES (IV)

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PART 4- GLOBAL ASSAULT ON AFRICA'S VITAL RESOURCES

Author: Michael T. Klare

Title: The Global Assault on Africa's Vital Resources, *Chapter 6 in Klare, Michael T. (2008) "Rising Powers, Shrinking Planet: How Scarce Energy is Creating a New World Order", Oneworld Publications, Oxford*

SUMMARY

This chapter of the book mainly deals with how competition for exploiting the vital energy resources turned to an assault to Africa. The author first starts with the structure of Africa and then mentions the differences of Africa than other resource rich areas. Having recalled the term "The Scramble for Africa" which referred to dividing Africa continent between Great Powers of Europe before until World War II in order to extract and exploit vital resources such as copper, iron, rubber, timber, coffee and cotton, Klare argues that the new scramble in Middle Eastern oil resources after decolonization has switched to Africa again. Even though Africa is not as rich as Middle East in terms of oil resources, it still has prospecting oil and gas deposits and disadvantages in Middle East makes it easier for oil exploiting companies to focus on Africa.

With Klare's own words, "…(*B)ecause of its tortured history, Africa lacks the sorts of defenses against foreign resource exploitation that other previously colonized regions have established over time.*"[1] The politically chaotic and divided structure and weakened state system has been seen as an opportunity for big companies and countries in order to focus on Africa's vital resources such as oil, gas, titanium and uranium. Besides, tight government supervision and big state-owned oil companies in the Middle East and Central Asia has been enough to see Africa more profitable. Klare here mentions that newly developed reserves of the Africa make it a promising continent in energy play even though its total reserves are not as much as Persian Gulf.

It is no doubt that African oil resources are to strategic importance for World's Great Powers. Klare gives the change in US oversea Command system as an example for that strategic

[1] Michael T. Klare, The Global Assault on Africa's Vital Resources, *Chapter 6 in Klare, Michael T. (2008) "Rising Powers, Shrinking Planet: How Scarce Energy is Creating a New World Order"*, Oneworld Publications, Oxford, p147

importance. US Commands, in President George W. Bush administration, was reorganized and establishment of U.S. Africa Command (AFRICOM) was seen as a sign for the strategic importance of African oil for the US that should be protected by the army.

Not only United States but also China has seen similar interest over Africa in which China used high profile meetings and economic instruments rather than a strong military presence like the US. Klare here notes that China and India, as today's predators, were also victims once in earlier periods, and they claim that their resource extraction is increasing living conditions of normal people. Having considered the 117 billion barrels of proven oil reserves in Africa, 105 billion of which is concentrated within Algeria, Angola, Libya, Nigeria and Sudan, Africa is seen as important target because it consumes very little than its reserves and its land is quite proper for further deposit explorations. Especially the North Africa (Algeria, Libya and Sudan) and West Africa (Angola, Chad, Gabon, Nigeria, Equatorial Guinee and Congo) has been the main focus of Western colonizers and suffered from ethnic and religious conflicts for long time.

France's interest in its former colony Algeria, Italy's interest in Libya, Great Britain's and later China's interest in Sudan, America's, China's and Britain's focus on Angola and Nigeria are elaborated by Klare in order to show the road to ethnic and religious conflicts and political instability arising from competition on resources. Besides, due to historical and geographical ties, European companies still seem to play the most influential and major role in Africa thanks to the governmental support they get considering the Europe's desire to reduce their dependency on Russian energy resources. French company Total S.A., Italian Eni, British and Dutch company BP and Royal Dutch Shell are given as examples for European companies that are major actors in African reserves.

After summarizing the initial domination of African reserves by former colonies, the rest of the chapter mainly focuses on which Klare calls US invasion and Chinese assault on Africa's natural resources.

Several decades ago, when US companies first entered in African resource market, their main competitors were European companies with their long presence and experience. Because of the political and ideological conflicts of Cold War, US could not make its priority in exploiting African resources until end of Cold War. However, according to Klare, after end of the Cold War and continuous conflicts in Persian Gulf, US companies like Exxon Mobil and Chevron focused on West Africa's crude oil and off shore production sites. Investing in off shore oil production has its advantages than continental investment because off shore areas are far from political and violent conflicts among local communities which may be seen as a potential threat for investors. J. Robinson West (PFC Energy) tells in that respect that "*(T)he growth in oil production in the region has occurred offshore. Investors consider this safer because they are not located near or among local communities, and as a result, these companies seem confident that they will avoid the problems encountered in onshore areas such as the Niger Delta area of Nigeria*."[2]

Africa and its natural resources present another advantage for US companies in terms of trade route security. Considering the choking points of Middle Eastern and Caspian oil resources in Turkey's Bosporus and Persian Gulf's Strait of Hormuz, the trade route between resources in Africa's West coasts and oil refineries in America's East coast which is protected by the US Navy in Atlantic Ocean. This trade route and energy diversification with army protection represents the US way to protect and pursue the economic interests in which the main focus was on Caspian Sea basin in Clinton's period and Africa in Bush's administration. The third trivet in this policy is, without doubt, American diplomats which have the role for promoting US companies' interests. Their goal is summarized by Klare as persuading local governments for eliminating the unfavorable taxes, prohibitions against oversea ownership of resources and investment barriers to US companies. Deputy Assistant Secretary Broadman declared it in US Senate in 2004 with his words that "… *(O)ur ambassadors throughout West Africa are extremely active on commercial advocacy as well as investment climate advocacy with host governments*."[3]

In the chapter of the book, Klare notes the political and social unrest with violent activities arising from the corruption and inequality due to misallocation of the oil wealth in societies has been seen as major threat to US companies. For example, because US applying economic sanctions to Libya in 1986 due to its support to international terrorism and UN applying sanctions in 1988 due to Libya's alleged role in Pan American Flight 103 attack, US companies had to withdraw their personnel up until 2003 when the sanctions were lifted. However, they never totally renounced the concessions they got previously or abandoned the hope of reclaiming them. Eventually, in 2005 after the sanctions lifted, Chevron, Exxon, Hess and Occidental got major deals in Libya coasts for exploring new oil deposits. Here, Klare

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[2] Testimony of J. Robinson West, "PFC Energy on US Energy Security: West Africa and Latin America", Available at http://www.foreign.senate.gov/imo/media/doc/WestTestimony031021.pdf Last Accessed at 07/06/2016

[3] Klare, "The Global Assault on Africa's Vital Resources", p 159

importantly utters that Libya and its national oil company was happy with this deal because Libya was not equipped with new drilling technologies due to the long time sanctions.

Several decades ago, the main competition over African resources was between European and US companies but in the past few years, China has risen as a new and major challenger. Because US was so involved in political and ideological confrontation of Cold War time, its focus was more on Middle East whereas China had played well with African Third World ideology during that period. In this respect, China had developed far closer relations with African governments compared to US. Considering 90% of China's cobalt import from Democratic Republic of Congo, most of its copper import from Zambia, chromium from Zimbabwe and uranium from Niger, the main engine behind the China's rapid industrialization and fast development can be seen the Africa and its vast natural resources. That is to say, China appears as a new player in energy politics over Africa.

After China's first presence in Sudan in 1990s, Africa has seen China as a role model for their development path. Previously colonized and now developing country, China offers a successful model for Africa's to show their potential. Chinese President Hu Jintao, in 2006 Beijing Summit, declared that " *(C)hina is the largest developing country and Africa is home to the largest number of developing countries. Building strong ties between China and Africa will not only promote development of each side, but also help cement unity and cooperation among developing countries and contribute to establishing a just and equitable new international political and economic order.*"[4]

In sum, Chinese activities differ from US activities in the latter it contains more military presence whereas in the former it continues with long term contracts and financial credits. Although China, US and Europe claims that resource extraction and production sites will generate jobs for the local communities, African people have not seen it yet. Klare concludes it with a statement that resource related issues and competition finally results in insurgents and wars which finally cause civilians and local communities suffer from.

CRITIQUE

Competition of European, Chinese and American companies over Africa's natural resources is a good and fresh example of how and what kind of strategies are used for accessing

[4] "Chinese President Hu Jintao delivered a speech on Saturday morning at the opening ceremony of the Beijing Summit of the Forum on China-Africa Cooperation", Available at http://www.china.org.cn/english/features/focac/187678.htm Last Accessed at 07/06/2016

energy resources. Klare truly notes that Africa case is also a replay of early colonial powers' resource exploitation with only one difference. The former colonialism focused mainly on timber, copper and some other vital and valuable minerals whereas today's conflict is more about oil and gas together with trans-border water issues.

The first important point that Klare successfully mentioned is how Africa's politically, ethnically and religiously divided and chaotic structure open advantages and disadvantages to Western and Chinese companies to operate. It is true that companies prefer unprotected and divided small local competitors of Africa instead of state-owned and state-protected Middle Eastern and Russian energy companies such as Gazprom. Political disorder and conflicts among different local communities make easer for foreign investors to operate in more profitable way. However, on the other hand, destabilized and fragmented political structure also creates uncertainty and high risks for long term investments because one of the dictators may easily grasp all investments or a domestic war may easily threaten the production. Klare holds a comprehensive argument about this dichotomy about the Africa case.

Another point to be noted here is that European, American and Chinese companies follow different strategies for achieving the same goal: Accessing to secure and sustainable energy resources of Africa. While US companies benefit from diplomatic and military assistance of US government, European companies use the old colonial connections together with their political governmental support. China, on the other hand, shows itself as a successful example of how a former colony can turn into developing state thanks to strategic investments and policies. It uses the Third World idea and uses financial tools in order to develop stronger ties with African community and African governments.

Klare focuses mainly on North Africa and West Africa, as two key areas for foreign investors to invest in resources. US, Europe and China regard these areas as vital territories to control and secure in order to access vital resources. European governments, in order to decrease the energy dependency on Russian sources, support their companies in Africa by using their political ties with those African governments. Klare critically argues that long term strategies of all non-African countries are more or less the same in terms of accessing and transporting unprotected cheap oil and gas. He continuously gives examples on how US military support assistance and provide trade route security for its companies with its Navy, Air Force and Army. China, because it does not have as much military capacity as US, prefers financial and political assistance by giving state credits to both Chinese and local companies.

What might be discussed about Klare's argument on the success of those non-African governments is that he misses to make a comparative analysis on the level of success for different strategies. US, as being the late comer to African soils, uses its technological advantage in non-conventional drilling techniques and benefits from the technological disadvantage of local companies due to long term economic sanctions or past political turmoil. Because Klare published this book in 2008 when US was not oil exporter at that time, he could not mention the current developments on US companies and Africa relations. Economic sanctions were lifted only three years before that book was published and US companies were enjoying the technological advantages. Considering the fall of Qaddafi after the domestic war started following the Arab Uprising, the situation discussed in Klare's book is not same today and Libya's natural resources are under security risk.

In sum, political divisions, ethnic and religious conflicts in Africa is seen by Klare as an opportunity for big companies to operate in better competition however these conflicts are also potential threats for investors together with unexpected taxes and barriers imposed by African dictators. It is worth to say that not all conflicts are the consequences of fight for vital resources but these conflicts can be seen as externalities stemming from that competition. Military presence of US, political activities of China and economic-governmental interventions of European countries are potential sources of future conflicts in Africa. As Klare truly notes the situation of Sudan after it was divided into south and north, or the situation in Libya after the fall of Qaddafi, Africa is expected to witness more political instability on the one hand and ethnic and religious domestic conflicts on the other. Adding up the trans-border water conflicts in the continent, Africa's future is likely to shaped by the contesting war for accessing the vital resources.