

China in West and Central Africa: railways and refineries

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Chad

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Dollar diplomacy

- Chad's diplomatic relations have oscillated between China and Taiwan: Chad recognised Taiwan from 1962 to 1972, then again starting in 1997, before reverting back to recognising Beijing in 2006.
- Since 2007, Chinese loans have funded projects including the Baoare Cement Factory, fibre optics networks and several road projects.

China-Chad at a glance:

Loans: Between 2000 and 2016, Chad received US\$637mn of loan finance from Chinese government and commercial sources.

Trade: Bilateral trade reached US\$208mn in 2016, of which 97% was Chinese exports.

FDI: Chinese FDI stocks in Chad in 2015 were US\$423mn, 1.2% of China's total investment in Africa.

Chad GDP (2016): US\$9.6bn

Oiling the Supply Chain

- The Rônier oil refinery—China's largest loan project in Chad, signed in 2007 for US\$339mn—is a joint venture between the China National Petroleum Corporation (CNPC) and the Chadian national oil company.
- Unlike Exxon and other Western firms in Chad, which export crude oil, the Chinese project is the first refinery in Chad, creating a value-added process in the resource sector.

Financial Strains

- Chad has received no new Chinese loans since 2012. In 2013, the Chadian government cancelled a US\$2bn Master Facility Agreement (MFA) that was signed in 2011 with Eximbank China. No disbursements were made, and the MFA was not formally approved by the Chadian National Assembly.

| Select Chinese Loan Financed Chad Projects | | |
|--|---|---------|
| Year | Project | US\$ mn |
| 2007 | Baoare Cement Factory | 92 |
| 2007 | Rônier Oil Refinery | 339 |
| 2012 | Djarmaya Refinery & N'Djamena transmission line | 130 |

Security

- 200 Chinese nationals were evacuated from N'Djamena during a failed coup against President Déby in 2008. China's special envoy to Africa, Li Guijin, has also visited Chad in context of China's diplomatic engagement with the Sudanese conflict.

Nigeria

Industrial Evolution

- Nigeria's large and growing middle class market is an attractive destination for Chinese investors.
- Two pilot industrial zones for manufacturing were established in collaboration between the governments of China and Nigeria after FOCAC 2006. The zones are partly owned and operated by Chinese companies. Chinese private companies are also investing in private industrial zones, with emerging clusters in construction and manufacturing.

China-Nigeria at a glance:

Loans: Between 2000 and 2016, Nigeria received US\$3.56bn of loan finance from Chinese government and commercial sources.

Trade: Bilateral trade volumes reached US\$10.6bn in 2016, of which 83% was Chinese exports.

FDI: Chinese FDI stocks in Nigeria in 2015 was US\$2.4bn, 7% of China's total investment in Africa.

Nigeria GDP (2016): US\$405.1bn

Trainspotting

- Chinese finance and firms have driven a wave of infrastructure expansion across the country, including the new Standard Gauge Rail (SGR) from Abuja, the capital, to Kaduna, which opened in 2015. This is the first completed segment of a planned SGR from Lagos to Kano. Further segments from Lagos to Ibadan are under construction, while funding for the following Kaduna-Kano segment is still unconfirmed.
- Chinese firms are also contracted for a new coastal railway from Lagos to Calabar, with Port Harcourt to Calabar proposed as the first segment for construction. Financing has been sought from China Eximbank, but is not confirmed.

| Year | Project | US\$ mn |
|------|----------------------------|---------|
| 2013 | Zungeru Hydropower Project | 975 |
| 2013 | Abuja/Idu-Kaduna Railway | 500 |
| 2017 | Lagos-Ibadan Railway | 1267 |

Oiling the Wheels

- Between 2006-2012, several Chinese national oil companies, including China National Offshore Oil Corp (CNOOC), CNPC and Sinopec invested in oil assets in the Delta and Northeast. CNOOC were involved in developing Nigeria's Akpo deepwater fields, part of a block operated by Total. Chinese oil assets, like Western oil firms, have been threatened by the Niger Delta insurgency, including kidnappings of Chinese nationals.