

## CHAPTER 4

### CONCLUSION

This research has found that following the Research Question of “*How China Utilizes SOMNEs as a Political Tool in Achieving its National Interest?*” that SOMNEs has proven to be utilized as one. The entity of SOMNEs was that of a corporation that had the government to hold a minimum of 10% of its ownership. After the process of corporatization, the government would be able to affect and influence the decision-making process of the company, therefore affecting its performance. In the case of SOMNEs in China, the state's sole-political party, the CCP, had plans in continuing its autonomy over the SOEs within the state and had created a government body that supervises and regulates the firms within (SOEs) and outside (SOMNEs) of the state. The activities by which SOEs and SOMNEs would partake or implement would also require the CCP's approval, and some projects were even those that contained the government's will and interests within it. Thus it can be seen that SOMNEs in China were driven by the state, especially when it had internationalized.

The internationalization of Chinese SOEs to be a SOMNEs had purpose, it is backed by not only the government's “going-out” policy which drove firms to expand its market and increase its performance within the open-market, but also China's own interests. Within the case of African countries, the continent was considered a high-risk category, as it not only had a less developed economy, but there are plenty of security issues within it. Though China sees this as an opportunity, the untapped market, and the rich natural resources were the main

factors. As mentioned previously, the continent was categorized as high-risk, thus Private firms would hesitate to explore, as there are less safety nets for the firms to land upon. This is where SOMNEs would have the advantage, with the government's backing through the state's financial bank and an opened gate for easing the investments through the government-to-government diplomatic means, SOMNEs had little to worry about.

Within this research it can be seen that SOMNEs particularly the Oil and Construction companies, are utilized as a tool within China through the illustrated Oil-for-Infrastructure or the Angola model which China utilizes firstly in Angola, and then also Nigeria. This model utilizes oil and gas SOMNEs (such as SINOPEC, and CNOOC) to both maintain and manage the oil block contracts in order to keep the oil reserves for the state's industrial needs, whilst the Construction SOMNEs (such as the CCECC, and CSCEC) are utilized as the main builders and loaners for the Infrastructure projects in Nigeria as agreed upon. In the new model of exchange, named the Ghana Model, the utilization of SOMNEs are still very apparent, as the difference is only lies in the dynamics of the exchange (where previously, deals are done from direct government-to-government, while the new model would have a government-to-company, thus it would purely be a transactional relations, without political pressure). SOMNEs' contribution and role as the key holder to the exchange of oil and infrastructure would further contribute to China's political interest.

As SOMNEs continue to build further for the Chinese market to expand, so does China's presence as a whole would expand, as seen in Nigeria, where the

government puts China's high investments and infrastructure projects as the main consideration for reaffirming its commitment towards the One-China policy. Further interests such as maintaining the security and welfare of Chinese workers and investments were also kept, with SOMNEs' continual yearly spending for Security in regards to that interest. Therefore, this research would conclude that SOMNEs had played its role as China's political tool, especially in Nigeria, through the implementation of China's strategy of exchange (Angola, and Ghana model), utilizing SOMNEs as the vital tool for the strategy. By which has been proven, to be successful in contributing towards the achievement of China's national interest in Africa.

## BIBLIOGRAPHY

### **Journals (Printed or Online Database):**

- Alden, C. "China in Africa. Survival", *Global Politics and Strategy*, Vol. 47, (2005), 147-164, DOI: 10.1080/00396330500248086
- Attia, M. "The impact of internationalization policies on Chinese State-owned Enterprises performance: A case study of Jianghuai Automobile (JAC) in Anhui province of China", *Advances in Social Sciences Research Journal*, (2016), Vol. 3, DOI: 10.14738/assrj.35.2034
- Ayantunji G. and Oniku, A. "The Strategic Implications of China's Economic Pacts with SubSaharan African Countries: The Case of Nigeria", *Conference of the International Journal of Arts and Sciences*, Vol. 1, (2009), 115-130, ISSN: 1943-6114
- Biggeri, M., & Sanfilippo, M. "Understanding China's move into Africa: an empirical analysis". *Journal of Chinese Economic and Business Studies*, (2009), Vol. 7, 31-54, DOI: 10.1080/14765280802604714
- Brautigam, D., and Xiaoyang T. "African Shenzhen : China's special economic zones in Africa", *Journal of Modern African Studies*, (2011), 27–54, DOI: 10.1017/S0022278X10000649
- Burgos, S. and Ear, S. "China's Oil Hunger in Angola: history and perspective". *Journal of Contemporary China*, (2012), Vol. 21, 351-367, DOI: 10.1080/10670564.2012.635935
- Cuervo-Cazurra, A. "Governments as owners: State-owned multinational companies", *Journal of International Business Studies*, (2014), 919-942, DOI: 10.1057/jibs.2014.43
- Denters, E. and Gazzini T. "The Role of African Regional Organizations in the Promotion and Protection of Foreign Investment", *The Journal of World Investment & Trade*, Vol. 18, (2017), 449–492, DOI: 10.1163/22119000-12340048
- Fernanda, C. "Internationalization of State-Owned Enterprises Through Foreign Direct Investment", in *Revista de Administração de Empresas, Journal of Business Management*, Vol. 55, (2015), DOI: 10.1590/S0034-759020150604.
- Chen, H., Pan, J., & Xiao, W. Chinese Outward Foreign Direct Investment and Industrial Upgrading from the Perspective of Differences among Countries, *China & World Economy*, (2020), Vol. 28, 1–28. DOI: :10.1111/cwe.12330

- Edgar Agubamah, "Bilateral Relations: Periscope Nigeria and China Relations", *European Scientific Journal*, European Scientific Institute, Vol. 10, 2014
- Gammeltoft, P. and Hobdari, B. "Emerging market multinationals, international knowledge flows and innovation", *International Journal of Technology Management*, (2018), Vol. 74, 1-22
- Gold, K., and Rasiah R, (2017), "China's Aid and Oil-for-Infrastructure in Nigeria: Resource-Driven or Development Motive?", *Contemporary Chinese Political Economy and -Strategic Relations: An International Journal Economy and Strategic Relations: An International Journal*, Vol. 3, 1197-1235.
- Gonzalez-Vicente, R. "The internationalization of the Chinese state", *Journal of political geography*, (2011), Vol. 30, 402-411, DOI: 10.1016/j.polgeo.2011.09.001
- Jiangyu, W. "The Political Logic of Corporate Governance in China's State-Owned Enterprises", *Cornell International Law Journal*, (2017), Vol. 47, SSRN: <https://ssrn.com/abstract=2574111>
- Jones, L. and Zou, Y. "Rethinking the Role of State-owned Enterprises in China's Rise". *Journal of New Political Economy*, (2017), Vol. 22, 743-760, DOI:10.1080/13563467.2017.1321625
- Karen J. Lin, "State-owned enterprises in China: A review of 40 years of research and practice", *China Journal of Accounting Research*, (2020), Vol. 13, 31-55, DOI: 10.1016/j.cjar.2019.12.001
- Lin, Bih-jawand James T. Myers, "Contemporary China in the Post-Cold War Era", *The China Journal*, Vol. 37, (1997)
- Lin, T. "Beijing's foreign aid policy in the 1990s : continuity and change, Issues & studies : a social science quarterly on China", *Taiwan, and East Asian affairs. - Singapore : World Scientific*, (1996), Vol. 32, 2-56.
- Matteo Landoni. "Corporatization and internationalization of state-owned enterprises". *International Journal of Public Sector Management*, (2018), Vol. 31, 221-240, DOI: 10.1108/IJPSM-03-2017-0076
- Osondu-Oti, A. "A Study of Chinese Construction Projects in Nigeria And Work Efficiency", *IOSR Journal Of Humanities And Social Science*, Vol. 12. (2016), 33-41, DOI: 10.9790/0837-2109103341

- Ramasamy, Bala Matthew Yeung, and Sylvie Laforet, "China's outward foreign direct investment: Location choice and firm ownership", *Journal of World Business*, Vol. 47, (2012), 17-25, DOI:10.1016/j.jwb.2010.10.016
- Savant, K. and Chen V. "China's regulatory framework for outward foreign direct investment", *China Economic Journal*, (2014), Vol. 7, 141-163, 10.1080/17538963.2013.874072
- Shiitu R., and Ogunrinu, A. "Chinese Investments and Its Implications for Nigeria's Economic Security", *Revista Brasileira de Estudos Africanos: Brazillian Journal of African Studies*, (2018), Vol. 3, 123-142, DOI: 10.22456/2448-3923.87314
- Sullivan, L., China's African Policy, *South African Journal of International Affairs*, Vol. 13, (2006), DOI: 10.1080/10220460609556781
- Taylor, I. "China's Foreign Policy towards Africa in the 1990s", *The Journal of Modern African Studies*, (1998), Vol. 36, 443-460. DOI: 10.1017/S0022278X98002857
- Tull, D. "China's Engagement in Africa: Scope, Significance and Consequences", *The Journal of Modern African Studies*, Vol. 44, (2006), 459-479, DOI: 10.1017/S0022278X06001856
- Xiaodi Ye, "Rediscovering the Transition in China's national interest: A neoclassical realist approach", *Journal of Current Chinese Affairs*, (2019), Vol. 48, DOI: 10.1177/1868102619876830
- Yu, G. "Africa in Chinese Foreign Policy". *Asian Survey*, Vol. 28, (1988), 849-862, DOI: 10.2307/2644590
- Yu, H. Reform of State-owned Enterprises in China: The Chinese Communist Party Strikes Back, *Asian Studies Review*, Vol. 43, (2019), 332-351, DOI: ,10.1080/10357823.2019.1590313
- Ziya, O., "The Logic of the Developmental State." *Comparative Politics*, vol. 24, no. 1, 1991

### **Books:**

- Art, Robert. *A Grand Strategy for America*, New York: Cornell University Press, 2004
- Bogdan, R. and S. Biklen, *Qualitative Research for Education*, (Boston: 1992)

- Harris, Simon., Olli Kuivalainen, and Veselina Stoyanova, *International Business: New Challenges, New Forms and New Perspectives*, United Kingdom: Palgrave Macmillan, 2012
- Heng, Jiang. *An Evolving Framework for Outward Investment: A Chinese Approach to Conflict Sensitive Business*, Philadelphia: American Friends Service Committee, 2015
- Jiangyu, “The Political Logic of Corporate Governance in China's State-Owned Enterprises”, 2017, *Cornell International Law Journal*, Vol. 47
- Jiangyu, Wang. *Company Law in China, Regulation of Business Organizations in a Socialist Market Economy*, United Kingdom: Edward Elgar, 2014
- John H. Dunning. *Trade, Location of Economic Activity, and the MNE: A Search for an Eclectic Approach*, in Ohlin, B., et al. (eds.), *The International Allocation of Economic Activity*, (Macmillan: London), 1977
- John H. Dunning. *Multinational Enterprises and the Global Economy*, Addison-Wesley, 1993.
- Kroeber, Arthur. *China's economy : what everyone needs to know*. New York, NY: Oxford University Press, 2016
- Lam, Katy. *Chinese State-Owned Enterprises in West Africa: Triple Embedded Globalization*, London and New York: Routledge, 2017
- Viotti, Paul. and Mark Kauppi, *International Relations Theory: Edition no. 5*, Pearson Education Inc., 2012

**Specific Chapter or Article from a Book:**

- Gu, Jing. “China’s Private Enterprises in Africa and the Implications for African Development”, in *The Power of the Chinese Dragon*, edited by Henson S., Yap O.F. (eds), London: Palgrave Macmillan, 2016
- Krasner, Stephen. “Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy” in *The American Historical Review*, Vol. 84, Princeton University Press, 1979
- Thrall, Lloyd. "China’s African Interests and Strategic Perceptions.", in *China’s Expanding African Relations: Implications for U.S. National Security*, Santa Monica, Calif: RAND Corporation, 2015

**E-books, or Institutions Articles:**

- Cai, “The Developmental State in the Globalizing World”, E-International Relations, 2010, <https://www.e-ir.info/2010/12/22/the-developmental-state-in-the-globalizing-world/>
- Chintu, N., and Peter J. Williamson, *Chinese State-Owned Enterprises in Africa: Myths and Realities*, Ivey Business Journal, 2013 <https://iveybusinessjournal.com/publication/chinese-state-owned-enterprises-in-africa-myths-and-realities/>
- Cotula, L., Xiaoxue Weng, Qianru Ma and Peng Ren, *China-Africa investment treaties: do they work?*, International Institute for Environment and Development, 2016, <https://pubs.iied.org/pdfs/17588IIED.pdf>
- Egbula, M., and Qi Zheng, *West African Challenges - China and Nigeria: A Powerful South-South Alliance*, Sahel and West Africa Club Secretariat, 2011 <http://www.oecd.org/china/49814032.pdf>
- Grimsditch, M., *The Role and Characteristics of Chinese State-owned and Private Enterprises in Overseas Investments*, Friends of the Earth US, 2015
- Harding, H. *The Impact of Tiananmen on China's Foreign Policy*, NBR Analysis vol. 1, no. 3, National Bureau of Asian Research, 1990, <https://www.nbr.org/publication/the-impact-of-tiananmen-on-chinas-foreign-policy>
- He, X., and Lorraine Eden, *The Renaissance of State-Owned Multinationals*, Wiley Online Article, Wiley Periodicals, 2015, <https://onlinelibrary.wiley.com/doi/abs/10.1002/tie.21711>
- Jayaram, K., Omid Kassiri, and Irene Yuan Sun, *The closest look yet at Chinese economic engagement in Africa*, McKinsey & Company, 2017 <https://www.mckinsey.com/featured-insights/middle-east-and-africa/the-closest-look-yet-at-chinese-economic-engagement-in-africa#>
- Mohammed Marafa, L. *Africa's Business and Development Relationship with China*, Stockholm: Nordiska Afrikainstitutet, 2009, <https://www.diva-portal.org/smash/get/diva2:272966/FULLTEXT02.pdf>
- Nantulya, P., *Chinese Security Contractors in Africa*, Carnegie-Tsinghua, Center for Global Policy, 2020 “<https://carnegietsinghua.org/2020/10/08/chinese-security-contractors-in-africa-pub-82916>”



Song Kim, I. and Helen Milner, *Multinational Corporations and their Influence Through Lobbying on Foreign Policy*, Washington, DC: The Brookings Institution, 2019, [https://scholar.princeton.edu/sites/default/files/hvmilner/files/revised\\_manuscript\\_submission\\_2\\_march.pdf](https://scholar.princeton.edu/sites/default/files/hvmilner/files/revised_manuscript_submission_2_march.pdf)

Sun, Y., *Africa in China's Foreign Policy*, Washington, DC: The Brookings Institution, 2014, [https://www.brookings.edu/wp-content/uploads/2016/06/africa-in-china-web\\_cm7.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/africa-in-china-web_cm7.pdf)

Bob Wekesa, “African and Chinese Perspective on FOCAC”, in FOCAC Series, Fahamu, 2015

**Websites (Government Official Sites, News Articles, Organization or Institution Research, etc.):**

Abdul-Gafar Tobi Oshodi, “Nigeria-Taiwan Row: Understanding China’s Influence in Africa”, 2018, Taiwan Insight, University of Nottingham, “<https://taiwaninsight.org/2018/01/22/nigeria-taiwan-row-understanding-chinas-influence-in-africa/>”

BBC News, “Nigeria and China sign \$23bn deal for three refineries”, 2010, <https://www.bbc.com/news/10116945#:~:text=Nigeria's%20state%2Drun%20oil%20firm,a%20fuel%20complex%20in%20Nigeria>

CCPIT, Zhong Guo Zou Chu Qu Zhan Lu:e De Xing Cheng / The making of our country’s ‘Go Out’ strategy. [http://www.ccpit.org/Contents/Channel\\_1276/2007/0327/30814/content\\_30814.htm](http://www.ccpit.org/Contents/Channel_1276/2007/0327/30814/content_30814.htm)

CNOOC Limited, “CNOOC Limited acquires 45 % stake in offshore Nigerian oil mining license 130 for US \$2.268 billion cash”, Press Center, [https://www.cnoocld.com/art/2006/1/9/art\\_8421\\_1128201.html](https://www.cnoocld.com/art/2006/1/9/art_8421_1128201.html)

Deloitte, Africa Construction Trends Report - 2017, Report, 2017, <https://www2.deloitte.com/ke/en/pages/energy-and-resources/articles/africa-construction-trends-report-2017.html>

Deloitte, Africa Construction Trends Report - 2018, Report, 2018, [https://www2.deloitte.com/content/dam/Deloitte/za/Documents/energy-resources/za\\_africa\\_construction\\_trends\\_2018\\_report\\_022019.pdf](https://www2.deloitte.com/content/dam/Deloitte/za/Documents/energy-resources/za_africa_construction_trends_2018_report_022019.pdf)

Denmark, A., “40 years ago, Deng Xiaoping change China — and the world”, The Washington Post, 2018,

<https://www.washingtonpost.com/news/monkey-cage/wp/2018/12/19/40-years-ago-deng-xiaoping-changed-china-and-the-world/>

Emmanuel, E. “Chinese investment can boost Nigeria's industrial transformation”, China Daily, 2018, <http://www.chinadaily.com.cn/a/201811/22/WS5bf64a07a310eff30328a6d7.html>

ECOWAS, ‘ECOWAS Law - Treaties’, <https://www.ecowas.int/ecowas-law/treaties/>

Feng, E. “Chinese investment extends its influence in Nigeria”, Financial Times, <https://www.ft.com/content/14f5438e-c32b-11e8-84cd-9e601db069b8>

Fortune, ‘Global 500’ List, 2019, <https://fortune.com/global500/2019/search/?hqcountry=China>

Global Times, “African countries’ support to China in history”, 2020, <https://www.globaltimes.cn/content/1185568.shtml>

Hook, L. “China starts importing natural gas from Myanmar”, Financial Times, 2013, <http://www.ft.com/intl/cms/s/0/870f632c-f83e-11e2-92f0-00144feabdc0.html>

Hu, Z., and Mohsin S. Khan, “Why Is China Growing So Fast?”, International Monetary Fund, Issue 8, 1997, <https://www.imf.org/external/pubs/ft/issues8/index.htm>, (Accessed in December, 2020)

Michael Cole, J., “Beijing Leans on Nigeria to ‘Fully Implement’ ‘One China’ Policy, Avoid ‘Two Chinas’”, Sentinel, 2017, <https://sentinel.tw/beijing-nigeria-one-china/>

Erik Brødsgaard, K., “Can China Keep Controlling Its SOEs?”, The Diplomat, 2018, <https://thediplomat.com/2018/03/can-china-keep-controlling-its-soes/>

MacauHub, “‘Angola’ model of financing of China for infrastructure develops into ‘Ghana Model’”, 2020, <https://macauhub.com.mo/feature/pt-modelo-angola-de-financiamento-da-china-para-infra-estruturas-em-evolucao-para-modelo-gana/>

Ministry of Foreign Affairs of the People's Republic of China, China-Africa Relations, (2004), <https://www.fmprc.gov.cn/ce/ceza/eng/zghfz/zfgx/t165329.htm>

- Ministry of Foreign Affairs of the People's Republic of China, China's African Policy, (2006) <https://www.fmprc.gov.cn/zflt/eng/zgdfzcc/t481748.html>
- Ministry of Foreign Affairs of the People's Republic of China, China's Policy Towards Africa, (2004), <https://www.fmprc.gov.cn/ce/ceza/eng/zghfz/zfgx/t165330.html>
- Petroleum Economist, "Nigeria: Oil-for-infrastructure policy a failure", 2009, <https://www.petroleum-economist.com/articles/politics-economics/africa/2009/nigeria-oil-for-infrastructure-policy-a-failure>
- Reuters, "China willing to invest \$3 billion in Nigerian oil operations: NNPC", 2018, <https://www.reuters.com/article/us-nigeria-cnooc-corp-idUSKBN1K50MH>
- SASAC, Economic performance of State-owned and State-holding enterprises from Jan to Apr in 2018, Statistics, 2019, [http://en.sasac.gov.cn/2018/05/25/c\\_4.htm](http://en.sasac.gov.cn/2018/05/25/c_4.htm)
- SASAC, Economic performance of State-owned and State-holding enterprises in 2017, Statistics, 2018, [http://en.sasac.gov.cn/2018/01/23/c\\_311.htm](http://en.sasac.gov.cn/2018/01/23/c_311.htm)
- Seung Ho Park and Wilfried Vanhonacker, "The Challenge for Multinational Corporations in China: Think Local, Act Global", MITSloan Management Review, July 1st, 2007; <https://sloanreview.mit.edu/article/the-challenge-for-multinational-corporations-in-china-think-local-act-global/>
- The African Report, "China's Resources-for-Infrastructure deals are evolving", 2019, <https://www.theafricareport.com/21072/chinas-resources-for-infrastructure-deals-are-evolving/>
- The Africa Report, "Nigeria and China: Understanding the imbalanced relationship", Sino-Nigeria Relations, 2020, <https://www.theafricareport.com/29060/nigeria-and-china-understanding-the-imbalanced-relationship/>
- UNCTAD, International Investment Agreements Navigator, China Bilateral Investment Treaties, <https://investmentpolicy.unctad.org/international-investment-agreements/countries/42/china>
- World Bank, "What is the difference between Foreign Direct Investment (FDI) net inflows and net outflows?", in Data,

<https://datahelpdesk.worldbank.org/knowledgebase/articles/114954-what-is-the-difference-between-foreign-direct-inve>

Xinhua, "5 facts about China-Nigeria relations growing at "a very satisfactory win-win level"", Global Times, 2018, <https://www.globaltimes.cn/content/1126084.shtml>

**Others (Hearing Transcript, Constitutions Articles, Policy Briefing, Working Papers, Monograph):**

Chen, Y., "Africa's China: Chinese Manufacturing Investments in Nigeria in the Post-Oil Boom Era and Channels for Technology Transfer", Working Paper, (China Africa Research Initiative, John Hopkins: School of Advanced International Studies, 2020)

China Statistical Yearbook, Beijing: China Statistics Press, 2006

Gongsi Fa, supra note 4, article 37.

Gongsi Fa, supra note 4, article 54.

Gregory Mthembu-Salter, Chinese Investment in African Free Trade Zones: Lessons from Nigeria's Experience, Policy Briefing, SAIIA - China in Africa Project [https://www.africaportal.org/documents/1142/SAIIA\\_Policy\\_Briefing\\_no\\_10.pdf](https://www.africaportal.org/documents/1142/SAIIA_Policy_Briefing_no_10.pdf)

Said J. and Nur H. "Accountability in government linked companies: an empirical finding", A Research Paper, Procedia - Social and Behavioral Sciences, (2014), DOI: 10.1016/j.sbspro.2014.06.037

Shelton, G., and Farhana Paruk, The Forum on China–Africa cooperation: A strategic opportunity, Monograph, 2008

United States-China Economic and Security Review Commission, "China's Strategic Aims in Africa", Hearing Transcript, Washington, 2020, [https://www.uscc.gov/sites/default/files/2020-06/May\\_8\\_2020\\_Hearing\\_Transcript.pdf](https://www.uscc.gov/sites/default/files/2020-06/May_8_2020_Hearing_Transcript.pdf)

Yang, H., "Chiang Kai-shek and Africa," paper prepared for the Conference on Chiang Kai-shek and Modern China, Taipei, 1986; Wei Liang-Tsai, Peking Versus Taipei in Africa 1960-1978

Zhonggong Zhongyang Guanyu Jinyibu Jiaqiang he Gaijin Guoyou Qiye Dang de Jianshe Gongzuo de Tongzhi. [Notice of the Central Committee of the CCP

on Further Strengthening and Improving the Party Building Work in SOEs], (promulgated by the CCP Central Committee, Zhong Fa [1997] 4 Hao, Jan. 24, 1997), Part II, available at <http://cpc.people.com.cn/GB/64162/71380/71382/71383/4844844.html> [hereinafter 1997 CCP Notice on Party Building in SOEs].