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Effect of Chinese “Checkbook Diplomacy” on Oil Production in Angola, Nigeria, and Sudan

China’s economic boom and incredible increase in energy consumption have recently prompted Beijing to explore Africa’s abundant oil reserves. This paper will consider whether or not China’s policy of openly using economic aid and investment to curry diplomatic favor gives an unfair advantage to Chinese oil firms entering the market in Angola, Nigeria, and Sudan. Many Western companies are concerned that the link between China’s foreign policy initiatives and its oil investments gives an edge to their Chinese competitors in the bidding process; as such, comparing changes in oil exported to China in various African nations over time and relating trends to large-scale investments in foreign aid and infrastructure development will provide key insights to US policymakers. This paper will explore the history of interaction between Angola, Nigeria, and Sudan with China, Beijing’s current policy initiatives in these countries, as well as the implications of “checkbook diplomacy.”

Finally, my paper will also contain an econometric analysis of the variables affecting oil production and exports from African nations to China. Although only preliminary research has so far been conducted, it seems likely that investment in foreign aid and infrastructure projects by Beijing has a positive effect on the amount of oil exported to China from the above-mentioned countries, accounting for growth in total factor productivity and other variables.