

## Mining for Energy: China's Relations with Niger

By Andrew McGregor

A latecomer to the exploitation of foreign energy resources, China has resorted to developing economic relationships with high-risk yet energy-rich nations like Niger in order to maintain its extraordinary pace of development. According to the International Energy Agency, with China's demand for energy resources steadily increasing, it faces the possibility of having to import 80 percent of its energy needs by 2030 [1]. Demand for oil products in China is expected to grow by at least 5.6 percent each year for the next five years (Xinhua, October 25, 2005). For several years now, China has looked to Africa for its energy future, and the continent already supplies 25 percent of China's oil needs. Niger, an impoverished former French colony, has been targeted by China for energy resource development due to its potential reserves of petroleum and its vast confirmed reserves of uranium. Uranium production in Niger (until recently dominated by France) represents 8-10 percent of the world's supply (3,400 tons in 2006) and accounts for nearly 70 percent of the country's exports. Given China's recent emphasis on developing additional nuclear power plants, such a supply of uranium has proven to be incredibly attractive for China's state-owned energy companies.

### THE DIPLOMATIC FRONT

China and Niger first established diplomatic relations in 1974. After a four-year hiatus due to Niger's short-lived diplomatic recognition of Taiwan, China resumed official relations with Niger in 1996. Since then, Nigerien and Chinese leaders have been frequent visitors to each other's capitals. The groundwork for the resumption of relations between the two nations was laid during meetings between Niger's President Mamadou Tandja and Chinese President Jiang Zemin in 2001. During the same visit, Tandja became the first foreign head of state to visit the Ningxia Hui Autonomous Region of northwest China, a largely Muslim province that has had experience in anti-desertification and irrigation techniques (*People's Daily*, June 6, 2001).

China's main exports to Niger include textiles, communications equipment and rice. Niger, like most other African countries, supplies China with raw materials but has had great difficulty in establishing a Chinese market for its own manufactured goods. China's booming export industry tends to suppress the manufacturing sector in many African countries, hindering local development. Sino-Nigerien economic relations are governed by a bilateral trade agreement and a joint economic and trade commission. China also provides scholarships for Nigerien students to Chinese universities and medical assistance in the form of a 36-member medical team. In addition, Chinese goodwill has also been expressed through

prestige development efforts like the Zinder water supply project, completed in May 2006.

### A STRATEGIC ENERGY SUPPLY

Niger presents the most promising source of uranium to fuel China's program to dramatically increase its use of nuclear power. China's current reliance on coal-powered energy plants is quickly choking its cities in layers of toxic smog. To remedy this, China plans to build one nuclear plant a year until 2020, mostly in the rapidly expanding industrial centers along the Chinese coast. The project will increase China's nuclear generating capacity from its current nine gigawatts (GW) to 40 GW (Reuters, September 20). China's attempt to develop cleaner energy sources, however, could come at a cost to Niger's environment, a cost Niger seems willing to bear given its desperate need for capital.

Chinese firms active in Niger's energy sector include the China National Petroleum Corporation (CNPC), the China Nuclear International Uranium Corporation (Sino-Uranium), the China National Uranium Corporation (CNUC) and the Société des Mines d'Agelik, a Chinese prospecting company owned by the China Nuclear Engineering and Construction (Group) Corporation. The CNUC is developing two sites in the Agadez region of Niger, Teguidda and the smaller Madaouela. Production was scheduled to begin in 2010, though this is now threatened by rebel activity. The CNPC is currently exploring for oil in the Agadez region's Bilma and Tenere concessions.

### DOMESTIC INSTABILITY

Rebel activity in Niger's resource-rich north has threatened the short-term development of its resource industry and has made it much more difficult for Chinese firms to operate in the region. A Tuareg-led rebel group, Le Mouvement des Nigériens pour la Justice (MNJ), is demanding an end to economic marginalization, environmental degradation and ethnic discrimination. Under pressure from the elusive rebels, the northern region of the country has reverted to military rule. While President Tandja has attempted to stifle all news coming out of the north, Niger's rebel movement has been effective in capitalizing upon modern communications technology as a medium for public relations [2].

Already, the rebels have already begun harassing Chinese companies, and the July kidnapping of a Sino-Uranium executive by the MNJ was intended as a warning to foreign mineral firms that their disregard for the environment and their present arrangements with the Niger government are unacceptable (Xinhua, July 7). (The executive was later released unharmed.) Rebels also attacked an armed supply convoy heading to a CNPC exploration camp in July, killing four soldiers. Following these incidents, the Chinese pulled out of their field operations to return under military escort

to Agadez.

The MNJ accuses China of supplying arms to Nigerien military operations in the north in exchange for mineral concessions. They also accuse the government of using mineral revenues to purchase military arms and equipment, including two Russian-made helicopter gunships. Niger's government denies the charges, and the Chinese Foreign Ministry maintains that it takes a "cautious and responsible approach" to arms exports, strictly observing "domestic laws and international obligations" [3]. Yet, rumors abound in West Africa of a Chinese military presence in the region; in January, the Nigeria's Defense Minister was forced to issue a public denial after reports of Chinese troops operating in the Niger Delta under contract from the Lagos government were published in a local newspaper (The Guardian [Nigeria], January 24).

#### FRENCH-CHINESE COMPETITION

Until recently, the French uranium company Areva had a virtual monopoly on uranium production since the material was first discovered in Niger in 1957. In early September, several Nigerien civil-society groups organized marches to demand Areva's departure from Niger for allegedly supporting the northern rebels, though no concrete proof was offered to support the charges. The leader of one of the groups involved in the protest suggested that Areva was hiring mercenaries to plant landmines (VOA, September 8). Concurrently, officials of the Niger government have accused Areva of plotting to frighten off their Chinese rivals in the uranium-rich Agadez region by financing MNJ attacks. Even the French government was pulled into the dispute, eventually offering resolution services as well as a team to demine northern Niger. After both the rebels and the French uranium miners denied the accusations of collaboration, Areva increased its payments to the Niger government and committed itself to improving environmental safety measures. It should be noted that Areva has hardly been immune to MNJ activities; on April 30, rebels attacked Areva's Imouraren exploration camp, killing one and wounding four (AFP, April 20). Areva was subsequently forced to halt operations in the area for a month.

Areva is also making efforts to enter China's nuclear development sector, but there are reports that China has recently cancelled plans for two Areva reactors to be built in Guangdong Province in favor of using domestic technology (though there is still the possibility that the Areva reactors might be relocated) (Reuters, September 20). France relies heavily on the Areva operations in Niger for uranium to supply its own reactors and nuclear weapons program. Without alternative sources of supply, France will use all of its influence to maintain its leading position in Niger's resource sector. Reflecting energy competition abroad, India has also suddenly emerged as a major competitor for undeveloped energy supplies in the West African region, though in Niger, China may have acted quickly to sideline India's offers to the Niger government (Times of India, September 23).

#### CONCLUSION

The recent international revival of interest in nuclear power has created an opportunity for Niger to break out of the neo-colonial legacy of French rule by broadening its trade and cooperation with countries like China. As Niger's Prime Minister Seyni Oumarou recently said of this shift in patrons, "Nothing is going to be as it was in Niger...Today the whole world is seeking to profit from the partnership with the Chinese and we should not isolate ourselves from that" (Reuters, August 1). Yet China's sense of urgency in locking up energy supplies makes it vulnerable to major disruptions from opposition groups, such as Niger's MNJ. Efforts to secure energy resources irrespective of market supply and demand threatens to destabilize global energy markets while perpetuating corrupt and undemocratic regimes that are able to offer protection to Chinese operations, thus leading China into a neo-colonial style relationship it has long tried to avoid in Africa.

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#### NOTES

1. Osumi, Yo, "World Energy Outlook, and Energy Security and Cooperation in Northeast Asia," presentation at IEA Conference, "The Korean Peninsula and Energy Security in Northeast Asia: Toward a Northeast Asian Energy Forum," November 27-28, 2006, available online at: [http://www.iea.org/textbase/speech/2006/yo\\_neasia.pdf](http://www.iea.org/textbase/speech/2006/yo_neasia.pdf).
2. The MNJ posts information about itself at: <http://m-n-j.blogspot.com/>.
3. The statement from the Chinese Foreign Ministry is available online at: <http://www.china-embassy.org/eng/gyzg/t339261.htm>.

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