

# China's Quest For Oil In Africa: An Ethical Perspective

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## INTRODUCTION BUSINESS ETHICS

Business Ethics (A.C. Fernando, 2001) are applied ethics that studies moral standards and shows how these apply to the systems and organizations involved in business. Business ethics deals with ethics in businesses, dilemmas and conflicts in decision making, accountability and transparency to shareholders/ stakeholders and is consistent with sustainable development. Business in the long term should be sustainable with environmental, social and economic concerns. It has a proven effect on the long term sustainability of modern day businesses. Thus the study of Business ethics is of prime importance in the present business environment. Any ethical issue involves the different stakeholders like the owners, customers, investors, society etc. An ethical dilemma occurs when the interests of any one of these stakeholders is compromised. So, any ethical issue should be analyzed in the light of the above mentioned stakeholders.

The basic principles of Business ethics are the following:

✿ **Utilitarianism:** It is a general term for any view that holds that actions and policies should be evaluated on the basis of the benefits and costs they impose on society. In any situation, the "right" action or policy is the one that produces the greatest net benefits or the lowest net costs (when all alternatives have only net costs).

✿ **Rights:** In general, a right is a person's entitlement to something; one has a right to something when one is entitled to act in a certain way or to have others act in a certain way towards oneself. An entitlement is called a **legal right**. Entitlements can come from laws or moral standards; the latter are called **moral rights** or **human rights**. They specify, in general, that all humans are permitted to do something or are entitled to have something done for them.

✿ **Justice And Fairness:** They are essentially comparative. They are concerned with the comparative treatment given to the members of a group when benefits and burdens are distributed, when rules and laws are administered, when members of a group cooperate or compete with each other, and when people are punished for the wrongs they have done or compensated for the wrongs they have suffered. Justice generally refers to matters that are more serious than fairness, though some philosophers maintain that fairness is more fundamental.

✿ **Ethics Of Care:** It is an approach to ethics that many feminist ethicists have recently advanced. According to this method, we have an obligation to exercise **special care** towards the people with whom we have valuable, close relationships. Compassion, concern, love, friendship, and kindness are all sentiments or virtues that normally manifest this dimension of morality.

This case study has made an effort to discuss the ethical/ unethical issues involved in "China's quest for oil" keeping in mind the different stakeholders involved and in the light of the above mentioned basic principles of Business Ethics.

## CHINA'S QUEST FOR OIL

*"The passport on Yang Hua's desk is stamped with visas that would alarm immigration clerks around the world. He showed up in Indonesia two days after the Bali nightclub bombings in 2002. He's logged trips on a moment's notice to Iran, Yemen and Qatar, as well as to the U.S., Australia, Canada, England and Brazil. But Yang doesn't try to hide the substances contained in little glass vials that he brings home from his travels. They're lined up on the windowsill of his Beijing office, affixed with labels such as "Saudi sweet." As senior vice president of China National Offshore Oil Corp. (CNOOC), Yang is responsible for the state-owned company's efforts to secure oil and gas supplies all over the globe. The samples of crude are souvenirs that testify how far he must roam in his search. "I'd like it if there was oil under Paris," he says, "but I spend my time in less comfortable places."*

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*Yang isn't the only one made uncomfortable by his globetrotting. CNOOC's aggressive efforts to secure reliable supplies of oil and natural gas around the world reflect just how strong China's thirst for fossil fuels has become.”* (<http://www.time.com>)

The above citation shows the increasing energy requirements of a fast growing China. The estimated demand for oil in China in 2009 was 8.32mn b/d, up from 8.0mn b/d in 2008. In 2010, the estimated demand for oil is 8.65mn b/d, although this 4.0% growth forecast may prove conservative if economic activity recovers more quickly than expected and fuel pricing changes do not undermine consumption trends. By 2014, China's oil demand is expected to reach at least 10.32mn b/d, reflecting a likely average 4-5% annual growth rate. On the other hand, the scope for rising domestic oil output over the near term with estimated volumes is, in 2009 of 3.85mn b/d heading for 3.95mn b/d by 2013 and easing to 3.91mn b/d in 2014. The import requirement is, therefore, expected to be no less than 6.41mn b/d by 2014. A steadily galloping economy of China can only be sustained in the long term if and only if China can be assured of its oil supply. Since the last decade, China's GDP has been increasing at a frantic pace of around 8 % a year, which is exerting huge pressure on its dwindling oil resources at home. Thus, China is trying to import oil from abroad to meet its current requirement as well as trying to secure productive capacity to ensure a steady supply, keeping in mind its future energy demand. In its endeavour to forge new relationships with countries endowed with the “Black Gold” and to compete with international oil companies vying a share of the same pie, China is reportedly crossing the lines of standard business ethics and using its new found economic clout. China is being accused of using its permanent status and veto power at the United Nations Security Council to slacken the sanctions/ punitive actions processes against law and human rights violating nations like Sudan and Iran. It is also being accused of practising the “Weapons for Oil” trade policy with some politically unstable African countries like Sudan and Chad. While competing with international oil companies, China is said to use its economic clout and financial muscle to stay ahead of the competition. The Chinese government owned oil companies like CNOOC, CNPC and SINOPEC have the backing of an economic and political heavyweight i.e. the Chinese government, while the international oil companies are left to compete on their own. This is creating unfair and unethical competition in the energy sector. These are some of the unethical issues involved in China's quest for oil which have been studied in this case. The case has analysed each of these unethical issues from the point of view of the stakeholders involved and the four governing principles of Ethics namely Utilitarianism, Basic Rights, Justice and Fairness and Ethics of care.

## **ETHICAL/UNETHICAL ISSUES INVOLVED IN 'CHINA'S QUEST FOR OIL'**

### **ISSUE 1: UNFAIR MARKET ENTRY AND COMPETITION BY CHINESE OIL COMPANIES**

China's economy has been growing at a robust rate of 8% per year during the last three decades, making it the fastest growing economy in the world. This fast growth has been propelled by an ever increasing export sector which is in turn dependent on the industrial output. But, industrial output is heavily dependent on the availability of energy in the form of oil, gas coal and other forms of energy. While China has huge deposits of coal, its domestic oil reserves are dwindling. To grow at the current rate and sustain its economy, China is thus increasingly looking outward for its crude oil supply. This thirst for oil has made China's government to forge new ties with oil rich foreign countries.

China National Offshore Oil Company (CNOOC), China Petroleum Corporation (SINOPEC) and China National Petroleum Corporation (CNPC) are three of the largest oil companies in China, with CNPC being the largest one of them. In all these companies, the Chinese government holds the majority stake. Thus, the Chinese energy sector and its politics are intertwined with each other. Thus, there is a strong support by the Chinese government whenever one of these companies go on a shopping spree abroad.

China is increasingly looking towards Africa, Latin America and Middle East to quench its thirst for oil. But, among the above locations, Africa attracts China the most as it produces 10% of the world's oil. China has been late in entering with the west and mainly the U.S. companies already present there. So, China's President Mr. Hu Zintao prefers to travel along with his delegates whenever a Chinese company goes for oil shopping in Africa. Mr. Zintao comes with what it takes to tempt the African leaders. If an investment is made by the Chinese oil companies in the country, then the Chinese government promises to set up the Telecom system, Railway system, new ports and all other infrastructure projects at absolutely no costs to the domestic government. This it does to tempt the domestic government of the poor African countries so that they share their oil resources primarily with China. This kind of a

strategy cannot be employed by other MNC oil companies like BP or Total as they do not have the same amount of resources as the Chinese government to tempt the African leaders. The result being, most of the contracts are going to the Chinese oil companies and the MNC oil companies are losing out in this battle for oil. This unfair competition and market entry strategy of the Chinese companies is highly unethical and unprofessional.

Most of the oil rich African countries like Chad, Sudan etc. are political unstable. While investments by the World Bank comes with clauses of respect for transparency, democracy and human rights and strict directives to use the oil revenues for poverty alleviation, the Chinese government promises to invest in the countries with no strings attached. China promises to invest and provide loans at highly competitive rates and without any clauses attached and without any interference in the domestic politics of the country. This indifference to the violation of democracy, human rights and transparency, though loved by the autocratic rulers of the African countries is highly unethical. China being a considerable political and economic power in the world arena should act more responsibly towards the global issues. China tends to invest in those countries where the current political leaders have an aversion towards U.S.A. and its ideologies of democracy, freedom, human rights, free markets and transparency. Thus, China tends to forge close relationships with countries like Iran, Sudan, and Venezuela etc. where the current government are at loggerheads with the U.S.A. China uses this stance of the governments of the above countries as its advantage for entering in them. It does not consider the implications of supporting these governments on the world order of peace and harmony. China only acts in its self-interests in its quest for oil. This issue is also unethical.

On 23<sup>rd</sup> June 2005, China's largest offshore oil and gas producer CNOOC Ltd signaled a take-over battle with Chevron by offering a US\$18.5-billion all-cash bid for Unocal, the United States' ninth-largest oil and gas producer. The U.S.A. congress saw this not as not a takeover of one company by another but, as one country trying to take over one strategic resource of another country. This was due to the fact that the Chinese government had 70% stake in CNOOC and in case of war between U.S.A. and China, the latter can cut the supply of oil by UNOCAL to the U.S.A. After many rounds of discussion in the U.S. senate, CNOOC had to finally put off the deal. Though this bid for acquisition was not unethical in sense but, if the doubts rose by the U.S. government were to be true, then it would have been a highly unethical issue.

## **STAKEHOLDERS INVOLVED**

✿ **Owners Or The Chinese Government Owned Oil Companies:** The Chinese government holds a majority stake in China National Offshore Oil Company (CNOOC), China Petroleum Corporation (SINOPEC) and China National Petroleum Corporation (CNPC). The owner of these companies is mainly the Chinese government. The case clearly shows that in the above issue, the Chinese government and its oil companies have behaved unethically by using unfair means of market entry and competition, completely overlooking the plight of the local population in the oil rich countries of Africa, Middle East and Latin America and using its economic and political clout to acquire other companies with sinister motives.

✿ **Investors Or Shareholders Of The Chinese Oil Companies:** The ownership of the major Chinese oil companies is with the Chinese government. The Government of China is behaving unethically by supporting the unethical practices adopted by its oil companies in its quest for oil. The minority shareholders again do not have the right to interfere in the decisions of the company and hence, the entire situation becomes one of lack of investor activism.

✿ **Customers Or The Chinese Consumers:** The Chinese consumers of oil -be it the Chinese public or the industries are dependent on the foreign oil imports. In case the foreign oil imports dry up, China's galloping economy which is more production and export oriented would come to a grinding halt. This would directly affect the Chinese people. Hence, for their own self-interests they are overlooking the unethical practices adopted by the Chinese oil companies in its quest for oil. Again, China being an autocratic country, not much of this negative information is passed onto its people and this lack of awareness may also be a reason for the consumers to overlook the current unethical practices.

✿ **Society:** The local population of the oil producing countries are mainly the poor and the suppressed. Most of the oil rich African countries are ruled by autocratic rulers, who are least bothered about the plight of the local people. While entering these countries, the Chinese oil companies promise to invest in the country and alleviate the poverty of the local people in the process. But, as evidence suggests, these claims are far from the reality and not much is done for

the local population who are impacted the most. Thus, the local population became mere spectators of their own misfortune. The impact on the world population on the other hand is of increasing lack of security. The Chinese people, though, are gaining from this quest for oil by China as this is indirectly increasing their standards of living.

## PRINCIPLES OF ETHICS

✿ **Utilitarianism:** If the above issue is considered in the light of the principle of Utilitarianism, then the costs of this quest for oil by the Chinese oil companies are much more than its benefits. While the benefits are an economically advanced China, high standards of living in China and Chinese population coming out of poverty, the costs involved are lack of benefits generated by the petroleum dollars to the local population of the oil rich countries, lack of security of both- the local population of these countries as well as the world as a whole, support for dictatorship, neglect for human rights and transparency etc. Thus clearly, the costs are much more than the benefits and hence, this quest for oil by China is clearly unethical.

✿ **Rights:** As discussed in the above issue, there is a complete disregard for the human and moral rights by the Chinese oil companies, which turn a blind eye towards the violation of rights by the domestic governments of the oil rich African and Middle East nations. While investments by the World Bank comes with clauses of respect for transparency, democracy and human rights and strict directives to use the oil revenues for poverty alleviation, the Chinese government promises to invest in the countries with no strings attached. China promises to invest and provide loans at highly competitive rates and without any clauses attached and without any interference in the domestic politics of the country. This indifference to the violation of democracy, human rights and transparency, though loved by the autocratic rulers of the African countries, is highly unethical.

✿ **Justice and Fairness:** The benefits of this quest for oil by the Chinese companies is only restricted to the Chinese population whereas the costs involved in it is shared by the entire world including the local population of the oil producing countries. While China is enjoying the benefits, it is clearly relinquishing its responsibility to check whether the petroleum dollars invested by it are used properly for the betterment of the local people and whether democracy, transparency and human rights are respected by the local government. Thus, judging by this parameter, China is behaving unethically in its quest for oil.

✿ **Ethics of Care:** Ethics of Care is the obligation to to exercise special care towards the people with whom we have valuable, close relationships. While China is trying to forge close relationships with the oil rich countries, it is completely overlooking the condition of the local people of these countries. It maintains a strictly business relationship with these countries and does not care for the overall development of its people. Hence this issue is unethical from the perspective of the principle of Ethics of Care.

## ISSUE 2: WEAPONS FOR OIL TRADE

The *Darfur Conflict* began in Darfur, Sudan, in February 2003 when the Sudan Liberation Movement/Army (SLM/A) and Justice and Equality Movement (JEM) in Darfur took up arms, accusing the government of oppressing black Africans in favour of Arabs. The Darfur conflict led to the Darfur genocide and mass expulsion of the people from the oil rich region. In the name of non- interference, China turns a blind eye to the atrocities of the Sudanese government which terrorizes its own people. First, it was southern Sudan and now it is the Darfur region. The people in the Darfur region are terrorized by malicious setups which are armed by the Sudanese government. Many of these Sudanese people have left Darfur to neighbouring Chad. Also, some of the Darfur rebels have set up their bases there. The Sudanese government uses the weapons and aircrafts supplied by China to these rebels to keep away the Sudanese people from the oil rich Darfur region. Thus, China can show its economic and military muscle indirectly to Chad as well.

China has become substantially involved in Sudan. China is now Sudan's largest investor, with total stakes estimated at \$4 billion. Apart from the governance and human rights issues in Khartoum, Beijing's weapons-exporting policy and its involvement in Sudan's long-running civil war have been particularly criticized. It should be noted that China is the only major arms-exporting power that has not entered into any multilateral agreement setting out principles, such as respect for human rights, to guide arms export licensing decisions. Instead, Chinese actors have pursued a policy that is entirely based on narrow economic interests and have been keen to supply the Sudanese government with fighter aircrafts and an assortment of weaponry. Reports say that the Sudan Air Force is equipped with \$100



million worth of Shenyang fighter planes, including a dozen supersonic F-7 jets. The motivation for such supplies is simple. Apart from the profits accrued from these arms sales, the policy helps consolidate and protect Chinese shares in the exploitation of Sudan's oil reserves. The state-owned CNPC owns the largest share (40 per cent) in Sudan's largest oil venture, the Greater Nile Petroleum Operating Company. CNPC's equity oil from the project is around 150,000 barrels a day. The Sino-Sudanese oilfield project covers 50,000 square miles in the non-Muslim area. Southern region of the country and is expected to produce 15 million tonnes of crude oil annually. With proven reserves of 220 million tonnes, the project is among the largest China has undertaken overseas. Problematically, during the civil war, Sudanese government forces, armed with Chinese weapons, used CNPC facilities as a base from which to attack and dislodge southerners in the vicinity of the new oilfields. Certainly, Khartoum used hard currency generated by Chinese investment in oilfields to finance its ethnic cleansing of non-Muslim insurgents and civilians in the southern part of the country. Consequently, China has been strongly criticized by various NGOs, with Amnesty International stating in June 2006 that '*China has transferred military, security and police equipment to armed forces and law enforcement agencies in countries where these arms are used for persistent and systematic violations of human rights.*' China, for its part, deployed its 'alternative' reading of human rights to block UN action in the country. For instance, the Chinese ambassador to Sudan, Deng Shao Zin, openly stated that Beijing was '*opposed to any intervention by the United Nations in the internal affairs of Sudan under the pretext of human rights violations*'. Similar is the case with Iran, which faces the international ire on its nuclear programme. While rest of the world accuses Iran for its nuclear programme, China is helping Iran in equipping its military. China and Iran have had military co-operation, drawing ire from Washington. By 2005, the George W. Bush administration had imposed 62 sanctions on Chinese firms for violating controls on the transfer of weapon technology to states, probably including missile technology to Iran. However, unlike Russia, China is not reported to be engaging in sales of sensitive military technology to Iran.

## STAKEHOLDERS INVOLVED

✿ **Owners or the Chinese Government owned Oil Companies:** The Chinese government for their own profit and self-interests are supplying these deadly weapons which are making thousands homeless and dead. It is also jeopardising international security by equipping the militaries of rogue nations like Iran and Sudan. The Chinese oil companies being a mere extension of the Chinese governments are mute spectators of the show.

✿ **Investors or Shareholders of the Chinese Oil Companies:** The ownership of the major Chinese oil companies is with the Chinese government. The Government of China is behaving unethically by supporting the rogue governments of Iran and Sudan.

✿ **Customers Or The Chinese Consumers:** The consumers of this imported oil by China are the Chinese population and the Chinese industries which are behaving unethically by indirectly supporting the Chinese government in this unethical practice. The customers of the Chinese weapons i.e. governments of countries like Iran and Sudan are highly unethical in their conduct of tyrannizing their own people as well as threatening the world security.

✿ **Society:** By these weapons for oil trade adopted by China, the world society at large is threatened. The potential security threats that this situation can result in can severely jeopardize the peace and harmony in the world. The neighbouring nations of these weapons importing countries are also at risk due to this situation. The case in point is Chad, which is forcibly embroiled in the Darfur conflict and now has no way but to acknowledge the Chinese military and diplomatic powers.

## PRINCIPLES OF ETHICS

✿ **Utilitarianism:** Utilitarianism states that the benefits of any action or policy have to be more than its costs to be morally correct. The benefits in this is the foreign oil that China gets in return of its weapons export to these politically unstable countries. The costs, on the other hand, are the threat to the security of the population of these oil producing countries, the violation of human rights and democracy in the same countries, threat to the international peace and harmony and loss of belief of people from over their governments. As the costs involved are much more than the benefits, this issue is highly unethical according to the principles of Utilitarianism.

✿ **Rights:** The weapons for oil strategy adopted by China are a direct reason for the violation of human rights in the

politically unstable oil rich countries like Sudan. The same weapons that are supplied by China to the Sudanese government are used against the local Sudanese people in the Darfur region and elsewhere. Thus, analysing the issue from the perspective of the principle of rights proves the actions of the Chinese government and the Chinese oil companies to be unethical.

✿ **Justice and Fairness:** While the benefits of these weapons for oil strategy are reaped by the Chinese oil companies, the costs of misery, poverty, war and hunger are suffered by the poor and the helpless masses of the oil producing countries. Hence, the benefits and costs are not distributed evenly, making the situation a highly unethical one.

✿ **Ethics of Care:** The obligation of the Chinese oil companies to the local population of the oil rich countries should be borne by the companies. The promises of building schools, roads, providing clean water, healthcare facilities etc. that the Chinese companies and the Government of China had made to these countries should be fulfilled. As respect and love for the local people is still a pipe dream in this issue, it brings out the unethical aspect of the issue.

### **ISSUE 3: UNETHICAL USE OF VETO POWER BY CHINA IN THE UNITED NATIONS SECURITY COUNCIL**

The *United Nations Security Council (UNSC)* is one of the principal organs of the United Nations and is charged with the maintenance of international peace and security. Its powers, outlined in the United Nations Charter, include the establishment of peacekeeping operations, the establishment of international sanctions, and the authorization of military action. Its powers are exercised through United Nations Security Council Resolutions. There are 15 members of the Security Council, consisting of five veto-wielding permanent members (China, France, Russia, United Kingdom, and United States) and ten elected non-permanent members with two-year terms. This basic structure is set out in Chapter V of the UN Charter. Under Article 27 of the UN Charter, Security Council decisions on all substantive matters require the affirmative votes of nine members. A negative vote, or *veto*, also known as the rule of "great Power unanimity", by a permanent member prevents adoption of a proposal, even if it has received the required number of affirmative votes. Abstention is not regarded as a veto despite the wording of the Charter. Since the Security Council's inception, China (ROC/PRC) has used its veto 6 times; France 18 times; Russia/USSR 123 times; the United Kingdom 32 times; and the United States 82 times. The majority of Russian/Soviet vetoes were in the first ten years of the Council's existence. Since 1984, China (PRC) has vetoed three resolutions; France three; Russia/USSR four; the United Kingdom ten; and the United States 43. Procedural matters are not subject to a veto, so the veto cannot be used to avoid discussion of an issue.

China used its veto power at the United Nations Security Council for its own economic interests in the oil rich countries which violate human rights or security norms of the United Nations like Sudan and Iran. China actively worked to block U.S. initiatives at the U.N. Security Council aimed at forcing Khartoum into allowing a more robust peacekeeping mission in its Darfur region. China has been careful not to endorse U.N. involvement in the domestic affairs of the host government without consent. This is a policy that arises from the fear that someday, such a standard could be used against China's own interests. China believed that its activities in Sudan were commercial in nature, and doubted foreign intervention would bring democracy and justice to that troubled nation. Both China and Russia refused to agree to a UN Security Council resolution, making it illegal for Iran to enrich uranium. Neither Russia nor China wants Iran to build a bomb, but they don't want sanctions against the Islamic Republic of Iran, either. They feared that the resolution, in its current form, would be the first step. Beijing said that it would block any attempts to refer Tehran's nuclear programme to the UN Security Council, frustrating the US in the process.

Similarly, just as western powers begin to exert a little more pressure on the Sudanese government to end killings in Darfur, Beijing draws even closer to Khartoum. In early April 2004, Sudan opened a new oil pipeline, increasing output from 300,000 to 500,000 barrels per day. The oil goes straight into tankers bound for China. The majority of shares in the pipeline company are owned by two state-owned Chinese oil companies. A few days after the pipeline inauguration ceremony, China abstained from a UN Security Council resolution imposing a travel ban and asset freeze on four prominent Sudanese accused of committing atrocities in Darfur. If the resolution had included all those initially slated for sanctions, the Chinese would have exercised their veto. Europe and the US may have done little to stop the massacres in Darfur, but China has built three arms factories in Khartoum and backed the Sudanese

government. In this way, China is unethically using its veto power to stop/ redraft any sanction against the international law breaking nations like Iran and Sudan, which are its chief oil importing countries. Iran and Sudan, on the other hand, desperately want China by their side to use its power at the U.N. Security Council and block any sanctions against them and hence, they tend to lure China with unprecedented oil and gas deals.

## STAKEHOLDERS INVOLVED

✿ **Owners Or The Chinese Government Owned Oil Companies:** The Chinese government for their narrow interests are totally neglecting the concerns over human rights violations, curbing of democracy and freedom and threat to international security by some of the oil rich countries. The Chinese oil companies being a part of the government are also to be blamed for what is happening. They are equally accountable for the incidents and keeping mum on the issues and the unethical practices of the Chinese government is not the solution.

✿ **Investors Or Shareholders Of The Chinese Oil Companies:** As in the above issues, the Chinese government being the majority stakeholder in the oil companies are always supporting the unethical stance of the government at the U.N Security Council meetings.

✿ **Customers Or The Chinese Consumers:** The Chinese consumers of this imported oil are not always aware of what is happening around in the world due to the curbing of the right to free expression and print by the ruling Communist Party of China (CPC). Some may be aware of the issues discussed above but are too laid back to raise a voice against it as long as the Chinese economy is on a roll; even at the cost of international security concerns.

✿ **Society:** The International community is severely threatened by the Chinese stance to support the unethical regimes of Iran and Sudan. The misuse of the veto power by China should be pointed out by the other members (both permanent and non-permanent) and this issue has to be addressed as soon as possible for the betterment of the whole world. The local population of countries like Sudan, who live in abject poverty and misery have no choice but to bear the brunt of the Chinese and their own government's diplomacy.

## PRINCIPLES OF ETHICS

✿ **Utilitarianism:** The issue discussed by using the principle of Utilitarianism gives exactly the same conclusion as the above two issues. While the benefits are too narrow and pertain only to the economic benefits of China, the costs are too huge to ignore, making the issue a clearly unethical one.

✿ **Rights:** Apart from the denial of human rights and the right to freedom and democracy of the people in these politically unstable countries, there is also a denial of free and legitimate sanctions against the law violating countries, by the stance of China in the U.N. Security Council. These above reasons make the above stance of China in the U.N Security Council a highly unethical one.

✿ **Justice and Fairness:** Again, as the above issues, the benefits and costs are not evenly distributed. For the economic benefit of one country, the security of the entire world cannot be put to stake. As the costs are too much to ignore in comparison to the narrow benefits, the actions of China and its oil companies are unethical.

✿ **Ethics of Care:** Caring for the world and its people is an obligation that every country should fulfil. Being a permanent member of the U.N. Security Council increases that responsibility of China. On this account, the current stance of China is an unethical one.

## CONCLUSION

It is difficult to forecast in great detail the tendencies that will shape China's global energy strategy in the near future. The complexity of their energy policy-its geological, economic, social, and environmental dimensions, among others-as well as the turbulence of international change that the world is now witnessing, place such forecasts beyond the limits of any analyst. However, it is obvious that in the energy sphere, China is changing its links with the outside world. The stimuli for this change, stemming from the natural economic necessities of the most populous society in the world, will definitely continue to increase. There is little doubt that the traditional policy of self-reliance in oil-with oil being the critical energy source for the new phase of economic modernization-has passed into history. Thus, China's quest for oil is only at its initial years and much of the action is still waited. How the U.S.A and the rest of the world react to China's thirst for oil is still to be seen.

The ethical/ unethical issues involved in China's quest for oil have been highlighted in this case study with considerable emphasis on the stakeholders involved and the analysis of the four fundamental principles of ethics. The current stance adopted by China and its oil companies is one of '*Productivism*', where one is restrained by only self-interest and stockholder view. China and its oil companies need to move ahead from the current situation towards '*Ethical Idealism*' or at least to '*Progressivism*'. The case tried to analyse the ethical impacts of China's venturing out for oil on the different stakeholders. The oil producing countries, the international oil companies, the Chinese government owned oil companies, the rival nations, the local people in each of the above countries are thus the stakeholders who are all affected by China's quest for oil. As, discussed in the case, many times, this thirst for foreign oil has led to unethical practices being adopted by the Chinese government and the Chinese oil companies. How far these practices are tolerated by the rest of the world as China marches towards global supremacy is still unpredictable. The case study earnestly puts forward the moral duty of each of the above mentioned stakeholders to blow the whistle and raise their voice in the event of such unethical practices being followed by either any country or any company. To conclude, the case emphasizes the importance of business ethics in the pursuit of corporate as well as country's goals with a clear message that the standard business ethics should not be compromised even if the stakes are high.

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