

## **Africa's Resource Battle: Has the China–US Contest Already Been Decided?**

*By Shen Yue – Lianhe Zaobao, 30 November 2025*

On November 11, the small port of Morebaya in Guinea, West Africa, was bustling with activity. People braved the scorching sun, waiting for the launch of the world's largest greenfield iron ore project—Simandou. Despite technical glitches delaying the ceremony, nothing could hide the fact that this was a stage for global geopolitical rivalry.

China's Vice Premier Liu Guozhong attended on behalf of President Xi Jinping, underscoring Beijing's commitment to this "Pilbara challenger." Many believe that bringing this project—dormant for nearly 30 years—into production will reshape global trade in the world's second-most traded commodity and challenge Australia's Pilbara region's dominance.

In contrast to China's high-profile presence, the United States was absent from both the Simandou launch and the G20 summit. The summit, held in Africa for the first time, saw the U.S. skip attendance after a fallout with South Africa. Commentators say the script is now led by China, with minerals as the absolute theme.

At the summit, Chinese Premier Li Qiang stressed that China will promote mutually beneficial cooperation in critical minerals, optimize benefit-sharing, and better safeguard the interests of developing mineral-rich nations. Singapore's Prime Minister Lawrence Wong remarked that while the U.S. remains the most influential power in a multipolar world, if it chooses not to participate, it should not prevent others from exploring new paths forward.

After several rounds of moves, it is clear Africa now occupies the center stage in global diplomacy and resource competition.

**Amit Jain, Director of the NTU–SBF Centre for African Studies, told Lianhe Zaobao that Africa is resource-rich, and foreign direct investment (FDI) flows are concentrated in extractive industries.**

According to UNCTAD, Africa holds 30% of global mineral resources. Last year, Africa attracted \$97 billion in FDI—a 75% surge—with over 14% of greenfield projects in mining.

### **U.S. Trade and Investment Shrinking**

In 2023, the U.S. was Africa's third-largest source of FDI stock, China ranked fifth, and Singapore eighth. Research from Johns Hopkins University's China Africa Research Initiative shows China contributed nearly US\$3.4 billion in FDI last year, while U.S. investment was negative US\$2 billion, indicating American firms were selling equity rather than investing.

Furthermore, US-Africa trade is also shrinking. **Jain said, "Fifteen years ago, US-Africa trade exceeded US\$120 billion (approximately S\$156 billion), but now it's less than US\$67 billion, accounting for less than 5% of total trade with Africa."** In contrast, China-Africa trade surged to US\$295 billion last year. **Jain stated that for most African countries, the US is a small export market, while China is their largest trading partner.**

## **China has spent many years positioning itself in Africa, with supply security being a key consideration**

Magnus Ericsson, visiting professor at Sweden's Luleå University of Technology, noted that Chinese control over African resources has slowed since 2018. Between 2014 and 2023, global mining investment (excluding China) totaled US\$1.5 trillion; China's overseas investment was about US\$100 billion—6–7% of the total.

Ericsson explained that Chinese firms are driven mainly by profitability, citing Congo's high-quality copper mines. Among non-fuel minerals, iron and copper rank highest in global value—about 29% and 14%, respectively. Supply security and geopolitical tensions are key considerations.

Chinese firms control about 5% of global non-fuel minerals and 7% in Africa; combined with domestic holdings, they account for roughly 19% globally—far below China's consumption of over 50% of global metals.

Ericsson pointed out that compared to Western enterprises, Chinese companies have less control. In the iron and copper mining sector, Australian mining giant BHP has a 4.1% share, which is about ten times that of the largest Chinese mining company. He said, “Considering the actual control by Chinese companies and their dependence on imports, China does not yet dominate global mineral resources. However, it wields significant influence over key raw materials.”

He calculated that companies like CMOC and Zijin Mining control approximately 30% of Africa's copper production and up to 50% of its cobalt production in countries such as the Democratic Republic of Congo and Zambia. Ericsson expects Chinese influence to keep growing, though at a slower pace than the past decade.

### **Belt and Road: Closing the Loop**

Through African mining, China's Belt and Road Initiative is entering a consolidation phase. In October, China Mineral Resources Group struck a deal with BHP to settle 30% of spot iron ore purchases in yuan starting Q4. As the world's largest mining company, it derives over half of its profits from iron ore. The agreement involves approximately 88.5 million tons of production, which, based on the current price of US\$105 per ton, amounts to around US\$9.3 billion annually. In 2023, the global iron ore production value was approximately US\$301.6 billion.

INSEAD professor Ma Juan said this was no surprise. She stated “China, as the world's largest iron ore buyer, has long relied on a few sellers like BHP, Rio Tinto, and Vale, limiting bargaining power. Simandou's diversification will reduce dependence and strengthen China's currency influence, thereby strengthening its currency dominance.”

Ma Juan mentioned that China's bargaining power—its ability to influence transaction terms—has increased. In the long run, China aims to pursue pricing power and currency-denomination power, seeking to dominate commodity price formation and determine which currency is used for pricing.

Morningstar equity analyst Jon Mills analyzed that as production increases at the Simandou project and other mines, global seaborne iron ore supply is projected to grow by 25% by 2029.

"With China's steel production peaking and the use of scrap steel rising, iron ore prices are expected to fall to US\$72 per ton by 2029."

Regarding pricing, Jain stated that while global trade remains dominated by the US dollar, de-dollarization is no longer far-fetched. In Africa, the potential for increased use of the yuan is significant. He said, "Single-currency transactions can reduce intermediaries and costs, improving trade efficiency." Jain revealed that transactions settled in renminbi in Africa are estimated to exceed US\$11 billion.

As an alternative to SWIFT and US dollar settlement, the Cross-border Interbank Payment System (CIPS), launched in 2015, has facilitated this trend, enabling buyers and sellers to conduct direct interbank payments in RMB.

Interestingly, the Singapore Exchange (SGX) also plays a significant role; its iron ore contracts are recognized as a key commodity benchmark, becoming Asia's first globally priced commodity.

Regarding the pricing currency, a spokesperson stated that SGX's US dollar-denominated iron ore contracts and the Dalian Commodity Exchange's (DCE) RMB-denominated contracts are highly complementary, jointly providing end-to-end risk management covering the entire supply chain.

### **New resource shipping routes open, giving the maritime sector a boost**

At the same time, Africa's mineral resources are also creating ripple effects for the maritime sector. Yan Zhongbing, head of the maritime fund at Yangzijiang Maritime Development Co., Ltd., which is listed on the mainboard of Singapore Exchange, said that Africa offers significant growth opportunities, particularly in mining, energy, infrastructure, and emerging deep-sea and coastal shipping routes.

He said: "Transport demand for iron ore, bauxite, and oil continues to rise, making cooperation with local mining companies, international commodities traders, and infrastructure contractors highly promising."

He added that the commissioning of Simandou will increase maritime traffic between West Africa and East Asia, boosting demand for the construction and chartering of large bulk carriers.

Such vessels cannot transit Asia's most commonly used connecting route—the Suez Canal controlled by Egypt—and must instead detour around the Cape of Good Hope.

Pierre Morel, vice president of French maritime data services provider AXSMarine, forecasts that utilization rates for large bulk carriers could approach 100% by the third quarter of next year, with Singapore remaining a key bunkering hub.

### **Africa's Resource Curse**

Earlier this month, Lianhe Zaobao visited the bauxite mines in Boke, Guinea, where the remark "walking on this land, you're stepping on gold." by local workers left a deep impression. Despite abundant resources, local roads are dusty, and the average monthly income of local workers is only about US\$280.

Africa remains under the shadow of the “resource curse,” and most mineral-rich countries are politically unstable. For instance, Guinea is currently under military rule, while neighboring Guinea-Bissau also experienced a coup this Thursday (November 27).

Under the spotlight of great-power rivalry, Africa’s need to break through has become more urgent than ever.

Jain stated: “Competition among major powers for Africa’s resources and political influence has intensified its exploitation, as if replaying Africa’s colonial history—the players may have changed, but the plot remains the same. External forces’ involvement in competing for mineral resources weakens local sovereignty across Africa.”

It is understood that 70% of Africa’s exports are mineral resources, mainly operating under a “pit-to-port” model. While export volumes are large, their value is low; meanwhile, imports of finished goods are limited but expensive. This results in a huge trade deficit, with Africa retaining only 10% to 15% of the value of its mineral resources.

However, Jain also believes that if Africa becomes a diversified large consumer market and integrates through the African Continental Free Trade Area, the trade landscape could be transformed. This would require advancing industrialization, upgrading workforce skills, and strengthening fiscal management.

### **Singaporean Woman Explores African Opportunities**

Five years ago, Singaporean Xu Tiange never imagined working in Africa. Today, she manages business partnerships for Winning Consortium Simandou, spending a third of her time in Guinea. While being interviewed in Conakry, the capital of Guinea, Xu Tiange said that none of her friends have ever been to Africa, everyone is curious about her experiences.

As a Singaporean woman who doesn't speak much French, she believes Guinea is still relatively safe. Despite malaria, typhoid fever, pneumonia, and gastroenteritis, she said that this opportunity allowed her to "step out of her comfort zone and witness vastly different things." Limited local supplies mean she often brings pandan cake, laksa, and chicken rice to satisfy her cravings when feeling homesick.

### **Wilmar International: The greatest challenge in Africa, including regulations and culture, lies in its diversity**

Prime Minister Lawrence Wong, who recently concluded his visit to Africa, stated that Africa holds immense potential and Singapore must begin strengthening its ties with the continent. "In the long run, this will create more opportunities for Singaporean businesses and individuals seeking to expand overseas."

Beyond minerals, Africa holds 65% of the world’s arable land. Singapore agribusiness giants Olam and Wilmar derive 12% and 8% of revenue from Africa, respectively.

Wilmar International’s representative stated that the greatest challenge in Africa lies in its diversity, including varying regulations and cultures. Changes in government and exchange rate

fluctuations also impact costs and wages. She said, "Success depends on being adaptable, strengthening local management, and effectively managing foreign exchange and financial risks."

### **Enterprise Singapore has three offices in Africa**

For Singaporean companies that have never set foot in Africa, where is the best place to start? Enterprise Singapore has three African offices: Johannesburg (South Africa), Nairobi (Kenya), and Accra (Ghana).

Ho Chee Hin, Executive Director of South Asia, the Middle East, and Africa at Enterprise Singapore, introduced that South Africa serves as the gateway to Sub-Saharan Africa, boasting a strong economy along with well-developed financial and infrastructure sectors.

Kenya, as the technology hub of East Africa, offers abundant opportunities in digital technology and logistics. In West Africa, around 60 Singaporean companies are actively engaged, particularly in manufacturing and urban development.