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CHINA IN AFRICA: IMPLICATIONS FOR U.S. POLICY

HEARING

BEFORE THE

SUBCOMMITTEE ON AFRICAN AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

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CONTENTS

	Page
Christensen, Thomas J., Deputy Assistant Secretary of State for East Asian and Pacific Affairs, Department of State, Washington, DC	4
Prepared statement	8
Economy, Elizabeth C., Director of Asia Studies, Council on Foreign Relations, New York, NY	25
Prepared statement	27
Feingold, Hon. Russell D., U.S. Senator From Wisconsin	1
Isakson, Hon. Johnny, U.S. Senator From Georgia	3
Morrison, J. Stephen, Executive Director, Africa Program, Center for Strategic and International Studies, Washington, DC	30
Prepared statement	32
Swan, James, Deputy Assistant Secretary of State for African Affairs, Department of State, Washington, DC	6
Prepared statement	8

APPENDIX—Additional Material Submitted for the Record

RESPONDING TO CHINA IN AFRICA, *by David Shinn and Joshua Eisenman*	49

CHINA IN AFRICA: IMPLICATIONS FOR U.S. POLICY

WEDNESDAY, JUNE 4, 2008

U.S. SENATE,
SUBCOMMITTEE ON AFRICAN AFFAIRS,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:33 a.m., in room SD–419, Dirksen Senate Office Building, Hon. Russ Feingold, chairman of the subcommittee, presiding.

Present: Senators Feingold, Nelson, Casey, Webb, Lugar, and Isakson.

OPENING STATEMENT OF HON. RUSSELL D. FEINGOLD, U.S. SENATOR FROM WISCONSIN

Senator FEINGOLD. We'll call the committee to order. Thank you all for being here. The hearing will come to order.

I have had the privilege of traveling to Africa many times over the 16 years that I've served in this subcommittee, and I've often noted the tangible, prominent signs of China's activities on the continent—new roads, sometimes ornate government buildings, crowd-pleasing soccer stadiums, and the growing numbers of Chinese-run factories and retailers.

Through its no-strings-attached approach and ability to deploy state-owned assets, China has rapidly increased its trade, investment, and influence in many sub-Saharan African countries in recent years. I'm pleased to hold this hearing to further examine this issue as China makes its interest in Africa abundantly clear and as other emerging economies follow its lead.

Two years ago, China held the Beijing Summit of the Forum on China-Africa Cooperation, which served as a clear indication of China's commitment to this part of the world. With leaders of 48 African countries—including Sudan's Omar al-Bashir and Zimbabwe's Robert Mugabe—in attendance, Chinese President Hu Jintao noted that China wants to be Africa's partner and pledged to double his country's assistance to the continent by 2009 through a raft of new loans, development projects in health, education, and agriculture, and debt cancellations.

The 2006 Sino-African Summit sparked concern in some Western countries, where donors feared their efforts to improve economic and political governance would be undermined by China's unconditioned support.

Now, in theory, there should be no problem with this type of increased cooperation and engagement. It is no secret that many Af-

rican nations are in great need of assistance when it comes to building infrastructure and strengthening their economies. However, this engagement does become more problematic when it appears, and often is, devoid of the critical underpinnings that help build robust, open societies.

To this end, it has not gone unnoticed that as the Chinese identify and seize development and investment opportunities across Africa, they are doing so to help secure their own economic objectives, but often without concern for national political dynamics and the consequences their engagement may have on local populations.

Nonetheless, the United States must not fall into the trap of believing that, simply because China is willing to provide a package of assistance, enter into some partnership, or make some investment, we need to try to beat the Chinese to the punch. In some cases, it may not be economically feasible or prudent for American companies to compete with Chinese state-subsidized firms. In many other instances, loosening or abandoning historic U.S. standards for democracy, governance, and human rights to seize an opportunity would weaken our most potent and unique leverage: Our fundamental values. Compromising these principles will leave us with less influence, over the long term, and limit our ability to build lasting, productive partnerships for the pursuit of shared objectives on the continent.

Where the Chinese are providing critical infrastructure development, we should not attempt to compete with or obstruct these efforts, but rather, we should seek to empower African governments and communities to demand internationally recognized standards with respect to the environment, human rights, and product quality.

There are times, however, when China's actions need to be condemned—for example, when they sell weapons to Sudan that could be used to prolong the conflict in Darfur, or build new power plants that support Robert Mugabe's repressive regime in Zimbabwe. We, as an international community, should not tolerate such reckless behavior, as it undermines global efforts to bring peace and security to these countries. We should be clear about the need to uphold international norms and responsibilities and not provide soft loans as a substitute.

So, in sum, I believe that the appropriate response to China's rising role in Africa is more United States engagement with both Africans and Chinese to show that we acknowledge the growing strategic importance of this continent and are committed, over the long term, to its stability, development, and prosperity.

This morning's hearing will explore these issues in great depth—what China is doing in African countries, why, and how, as well as what implications this has for African and Western countries, particularly the United States.

On our first panel, we will hear from the Deputy Assistant Secretaries of State responsible for East Asia and Africa, respectively. Tom Christensen will offer historical context for China's economic, commercial, and political engagement on the African Continent and insights from ongoing United States-China senior dialogue. James Swan will follow with an Africa-focused analysis of how Chinese ac-

tivities on the continent affect countries and United States interests there.

Our second panel will offer expert analysis, again from both the Chinese and African viewpoints. Dr. Elizabeth Economy, the senior fellow and director for Asia studies at the Council on Foreign Relations, has written widely on Chinese domestic and foreign policy and United States-China relations. She will offer insights on the motivations behind China's growing involvement in Africa and the challenges this presents for China, African countries, and the United States. Next, Steve Morrison, the executive director of the Africa Program at the Center for Strategic and International Studies, who has recently returned from one of many trips to China to discuss that country's Africa policy, will assess where Chinese and United States interests converge in Africa, where they clash, and what this means for United States foreign policy.

Thank you all for being here today. I am looking forward to your testimony and engaging with you in a discussion of this timely and complex issue.

At this time, I will invite my esteemed colleague and the ranking member of the subcommittee, Senator Isakson, to make his opening remarks.

STATEMENT OF HON. JOHNNY ISAKSON, U.S. SENATOR FROM GEORGIA

Senator ISAKSON. Well, thank you, Senator Feingold. And at the risk—so I won't be redundant, I would just like to echo, verbatim, the comments that you made with regard to Africa and China and the very importance of the United States relationship.

I just returned, in January, from a trip to Africa, and saw firsthand both increased Chinese investment in its embassies and engagement in Africa, as well as great efforts on behalf of the United States of America in many countries in Africa, as well. Africa is of critical interest to the United States, not just strategically, not just because of its assets, because of its great future. The promise of Africa is obviously ahead of it. The American people have made a tremendous investment in the AIDS initiative, the Millennium Challenge account and other investments in Africa to improve the quality of life.

And I echo again what Chairman Feingold said with regard to my disappointment with some of the engagements of the Chinese in places like the Sudan and Darfur, where they've had some engagement, without any strings attached. That's not in the best interest either of those countries or of humanity.

So, I welcome our esteemed guests for being here today. I look forward to the information we learn from them, and I thank the chairman for calling this hearing.

Senator FEINGOLD. Thank you, Senator Isakson.

We'll begin with the first panel.

Mr. Christensen. Thank you.

STATEMENT OF THOMAS J. CHRISTENSEN, DEPUTY ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC

Mr. CHRISTENSEN. Thank you. The Department welcomes the opportunity to address the implications of China's engagement in Africa and the implications of that engagement for U.S. foreign policy.

My colleague, Jim Swan and I, have submitted lengthy written testimony, and we'll make some brief comments this morning.

We believe China has multiple goals in its Africa policy, much like many nations who trade and invest in Africa, but we believe that three major objectives stand out over the last several years in China's policy toward Africa. First, to secure supplies of natural resources and markets for Chinese exports in Africa. Second, to increase China's power and prestige on the international stage as a leader of the developing world. And third, to compete with Taiwan for diplomatic recognition by African states.

I'd say, at the outset, that China's role has been, for the most part, in our perspective, a positive one. On an abstract level, China's own domestic economic reforms and opening up to the outside world provide a good example for some of the more insulated economies on the continent. And on a more concrete level, we believe that China's investment in infrastructure and in building businesses in Africa provide positive results for the African people.

We neither perceive nor seek a zero-sum competition with the Chinese in Africa. In fact, as elsewhere in the world, we're encouraging China to do more in Africa, albeit in coordination with the United States, major donors, and international institutions, like the IMF and World Bank.

To date, we believe that Chinese aid and investment policies are not transparent, and generally lack the conditionality that's been attached by leading donors and international institutions. Conditionality is designed to encourage good governance, and we believe that good governance in Africa is the foundation of sustained economic development. We believe we share the views of most economic development experts in pushing that approach.

We engage the Chinese on their Africa policy in all our major dialogues, including the Strategic Economic Dialogue led by Secretary Paulson, at Treasury, and the Senior Dialogue on security and political affairs, led by Deputy Secretary of State John Negroponte. At the State Department, we also have a regional subdialogue on African affairs, led by Assistant Secretary Jendayi Frazer and her Chinese counterpart, Assistant Foreign Minister Zhai Jun. We also have dialogues on Sudan with our special envoy, Ambassador Williamson, and his Chinese counterpart, Ambassador Liu Guijin.

We plan to start a very important dialogue, this fall, on assistance policy in general, of which Africa policy will be an important part. And that will be led by Director of U.S. Foreign Assistance Henrietta Fore and her counterparts in the Chinese Ministry of Commerce.

I would like to say something about China's own efforts in Africa to date, where they have pushed their agenda through various channels. Senator Feingold mentioned the most prominent one, the

Forum on China-Africa Cooperation, a large summit held every 3 years, most recently in November 2006.

China's engagement in Africa has grown very quickly, and there's no doubt that this is an impressive rate of increase, but we should keep things in perspective. First of all, China's aid to Africa is somewhere between $1–$2 billion a year. It's not very transparent, but that's the best estimate we can come up with. This is significantly lower than figures for United States aid of $5 to $6 billion a year, and European aid, which is upwards of $18 billion a year.

In terms of investment, China's total investment stock to date in Africa amounts to about 1 percent of the total stock, according to our latest figures, which come from 2006. This is several times less than the U.S. stock.

And to put things in perspective in the energy sector, which has drawn a lot of attention in the scholarly community and among pundits, we believe that China's overall production in Africa is about one-third of the total production of one U.S. firm—ExxonMobil. So, I think we need to keep those figures in perspective, even as we appreciate the growth rates in China's activities.

So, what's our task, moving forward, from a U.S. Government policy perspective? We're trying to encourage better aid and investment practices that will not only better assist African development, but will actually help China's own reputation on the continent. So, we don't believe we're asking China to do anything for our benefit; we believe we're asking China to do something that will actually assist China, as well, over the long term if they put the proper conditionality on their assistance programs and on their investments, if they're more transparent, and if they encourage good governance.

We first need to better understand China's own policies. There's a tendency in the United States to ascribe to China a great deal of grand strategizing and integration within the Chinese Government on Africa policy, yet we are under the impression that this view is not accurate. We believe that there are multiple Chinese Government agencies involved in aid and investment to Africa; and that these agencies are not particularly well coordinated at this time. Relevant agencies include the Ministry of Commerce, the Ministry of Finance, the National Development and Reform Commission, as well as state-owned enterprises involved in investment and assistance programs. And we would like to get a better handle on exactly what China is doing there, so that we can try to assist the Chinese Government in making better choices and in coordinating its own policies toward Africa in a positive direction.

So, we hope to learn more in our dialogues about the nature of China's activity, and to steer them, again, in a direction that makes China's policies more compatible with the leading donors, with the United States, and with international institutions.

While many are concerned about competition between the United States and China in Africa, I'd like to point out that our own economic activity and aid programs to Africa have grown very quickly this decade, just as China's have. I think this underscores the point that there is no zero-sum competition between the United States and China in Africa. We will continue to work with the Chinese to try and help make their policies, investments, and assistance pro-

grams in Africa more effective for the long-term. The best way to do that is to have the Chinese and others encourage African governments to adopt good-governance practices and create the foundations for long-term stability.

The ultimate goal of U.S. foreign policy in Africa is to create a better environment and better prospects for the future for Africans, not to compete with the Chinese for influence.

Thank you very much.

Senator FEINGOLD. Thank you very much, Mr. Christensen.

Mr. Swan.

STATEMENT OF JAMES SWAN, DEPUTY ASSISTANT SECRETARY OF STATE FOR AFRICAN AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC

Mr. SWAN. Mr. Chairman, Senator Isakson, thank you very much for the opportunity to testify this morning.

My colleague obviously has presented much of the background with respect to China's motivations in Africa and the nature of the United States dialogue with the Chinese on African issues.

I want to stress that China's engagement with Africa is not new. Beijing initiated bilateral assistance to Africa in 1956, and, as you mentioned in your opening remarks, Senator, on the continent there is no place where there is not a gleaming showplace that has been built by the Chinese.

Estimates of Chinese development assistance this decade, again, are in the range of $1 to $2 billion a year, which is significantly overshadowed by the over $30 billion in assistance from the European Union, the United States, and multilateral institutions.

But, there's no question that China's economic and commercial engagement in Africa has increased dramatically and been diversified in the last several years. Bilateral trade rose from about $10 billion in 2000 to some $70 billion in 2007, and China is now Africa's second largest trading partner, after the United States.

As my colleague mentioned, China's direct investment stock, albeit starting from quite a low base of less than half a billion dollars, has ballooned to some $2.5 billion over the last 3 years, and it continues to grow. And Africa is becoming a more important export market for Chinese consumer goods.

China's increased economic and commercial activity in Africa raises a variety of issues that Chinese and American and outside experts, but also Africans themselves, are examining. Among the primary concerns—and some of these have already been touched upon, Mr. Chairman—are that the influx of low-cost goods from China will undercut local industries as they develop in Africa; that Chinese infrastructure projects and other investments underutilize indigenous labor, finance, and resources, and oftentimes ignore labor and environmental standards; and, finally and perhaps most importantly, that China's assistance efforts in Africa, which emphasize no strings and eschew conditionality that is typical of Western donor programs, is going to endanger progress that has been achieved in promoting good governance and market reform in Africa.

In our view, Africans themselves ultimately will largely shape the terms of their relations with China, and it is apparent that,

while welcoming increased Chinese engagement, Africans are also increasingly signaling the importance to them of business practices and investments that reinforce African Union and New Partnership for African Development principles on good governance and transparency.

My colleague spoke about the methods that we have for senior-level dialogue with the Chinese, both on global issues and on African issues, and I have spoken about some of the concerns that we have with respect to China's engagement in Africa, but I also want to speak briefly about a number of areas that we believe could benefit from additional cooperation and burden-sharing between us and the Chinese.

For example, with some 1,500 Chinese peacekeepers and military and police and other observers serving on peacekeeping missions throughout the continent, we think that China could play a growing role in partnering on post-conflict security-sector reform on the continent. And we've seen some initial efforts at collaboration with the Chinese. One example is Liberia, where we've collaborated in trying to improve bases for the newly created Liberian military. And this is an example, frankly, where very close collaboration between our embassies in the field has been critical to moving forward on this project.

Let me, in my brief time remaining, say a word about our engagement with China on Sudan. It's been mentioned by the chairman and others.

Our dialogue with the Chinese on Darfur continues and is producing results. After years of acting primarily to protect Khartoum from international pressure, since late 2006 China is showing an increased willingness to engage with the international community on Darfur and to apply diplomatic pressure on the Government of Sudan to change its behavior. China voted for the Security Council resolution that created the hybrid United Nations-African Union mission in Darfur. It has contributed engineering corps to this mission, interestingly, making China the first non-African troop-contributing country to deploy in Darfur. And China has become somewhat more involved in responding to the humanitarian crisis in Darfur.

We've welcomed these positive trends in Chinese policy on Sudan, but we've also told the Chinese, frankly, that we think they could do a lot more. The Sudanese Government continues to use violence against civilians and rebels in Darfur, and to renege on key elements of the UNAMID deployment.

China, as we've discussed, has significant influence with the Government of Sudan, and we've asked China to exercise that leverage to pressure Khartoum to work toward a negotiated settlement in Darfur.

Elsewhere on the continent, we've pushed the Chinese Government to reconsider its close military relations with repressive regimes. Perceptions of Chinese support for African leaders, such as Zimbabwe's Robert Mugabe, harm China's public profile and detract from its ability to play the role of a responsible stakeholder in Africa.

The recent case of an allegedly routine arms shipment set to arrive 2 weeks after the March elections in Zimbabwe was recalled

due to international and, importantly, regional pressure on the Chinese.

Finally, as we look for opportunities in our relationship with China in Africa, we note that there may be some possibilities in nonsecurity sectors such as health and agriculture. For example, China and the United States are pursuing potentially complementary programs to eradicate malaria, polio, and other endemic diseases, and we have encouraged our embassy teams across the continent to identify potential areas of cooperation with the Chinese and to engage with them to try to promote the benefit of the African population.

We'll continue to pursue these opportunities with the Chinese while also seeking to influence their actions on African issues to encourage good governance, democracy, human rights, and transparency, issues that we would like to see play a yet more prominent role in Chinese policy toward Africa.

Thank you, Senator.

[The joint prepared statement of Mr. Christensen and Mr. Swan follows:]

PREPARED JOINT STATEMENT OF JAMES SWAN, DEPUTY ASSISTANT SECRETARY, BUREAU OF AFRICAN AFFAIRS AND THOMAS J. CHRISTENSEN, DEPUTY ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC

Mr. Chairman, Senator Isakson, and members of the committee, thank you for the opportunity to address the subject of China's growing engagement with Africa and its ramifications for U.S. foreign policy.

China's growing presence in Africa has generated significant discussion during the last several years. This attention reflects the reality that China has important and growing interests in Africa, including access to resources and markets, development of diplomatic ties, and Chinese claims of leadership in developing world. These objectives are not inherently incompatible with U.S. priorities and, in fact, may offer important opportunities for the continent. In general, we see China's growing activity on the continent as a potentially positive force for economic development there, which is a goal we share with China and many others. As President Bush has said, we do not see a "zero-sum" competition with China for influence in Africa. Nor do we see evidence that China's commercial or diplomatic activities in Africa are aimed at diminishing U.S. influence on the continent.

As Deputy Secretary Negroponte recently noted in testimony before the full Senate Foreign Relations Committee, policy differences in some areas should come as no surprise given the two countries' very different demographic and economic conditions, histories, and political systems. Our goal, as with other areas of the world, is to engage Chinese officials to try to define and expand a common agenda for Africa that ultimately will serve both our national interests and maximize the benefit Africa derives from U.S. and Chinese economic investment in the continent. We are actively looking for areas of complementarity and cooperation with the Chinese, while engaging at multiple levels on differences in approach to specific issues.

Our regular high-level dialogues with China include the "Senior Dialogue" led by Deputy Secretary of State Negroponte, which focuses on political and security issues and the Treasury-led "Strategic Economic Dialogue," which addresses bilateral and global economic issues. We also plan to begin this autumn a bilateral dialogue on development assistance led by the Director of U.S. Foreign Assistance Henrietta Fore and her counterpart in China's Ministry of Commerce.

The State Department holds a regional subdialogue on Africa as part of the United States-China Senior Dialogue on security and political affairs. The subdialogue is led on our side by Assistant Secretary Jendayi Frazer. In addition to these formal dialogues, Assistant Secretary Frazer talks with her Chinese counterparts on an ongoing basis on a variety of issues, most recently hosting China's Special Representative Liu Guijin in May. Special Envoy to Sudan Richard Williamson also regularly communicates with Ambassador Liu on Sudan. In September 2007, Ambassador Ruth Davis, Chief of Staff of the Bureau of African Affairs, traveled to China for a series of high-level meetings and public appearances aimed at explaining

United States-Africa relations. And, of course, our diplomats in Africa are in regular contact with their Chinese counterparts on the full range of issues on the continent.

CHINA IN AFRICA

China's engagement with Africa is not new. Beijing initiated bilateral assistance to Africa in 1956 and, by its own account, has funded over 800 projects between 1957 and 2008. There are few capitals in Africa where China has not built a showpiece building, from a national sports stadium to a gleaming new ministry headquarters. Estimates of Chinese development assistance to Africa in this decade vary, but tend to fall around $1–$2 billion per year. This amount is still relatively modest in comparison to the annual contributions of $18 billion (including debt relief) provided by the European Union (EU) and member countries, $9 billion from multilateral institutions, and about $5 billion from the United States Government.

China's economic and commercial engagement in Africa has dramatically increased and diversified during the last several years. Bilateral trade rose from $10 billion in 2000 to $70 billion in 2007, and China is now Africa's second largest trading partner after the United States. Africa ran an overall trade surplus with China between 2004 and 2006, as it did with the United States, and it is clear that China, like the United States, has become an important source of both export revenue and investment for the continent. China's direct investment in Africa increased from $491 million in 2003 to over $2.5 billion 3 years later and continues to grow. Africa is also becoming an important export market for Chinese consumer goods. Small, private Chinese investors have invested millions of dollars into opening enterprises in Africa that operate in textiles, light manufacturing, construction and agriculture. Recent media attention has focused on high-profile Chinese investments in Africa, such as the Industrial and Commercial Bank of China's October 2007 purchase of a 20-percent stake in South Africa's Standard Bank, or a $9 billion loan and investment package for Congo that will be repaid in cobalt and copper from Congolese mines.

China's economic and commercial engagement in Africa should be understood in a broad context. Its activity has increased dramatically in recent years, but started from a relatively low base. As of 2006, the value of China's trade with Africa was lower than with the Middle East or Latin America and was a minute percentage of its trade with the rest of Asia. On the investment side, China's investment flow into Africa constituted only 2.9 percent of its global outward direct investment. China's total direct investment stock in Africa accounted for only 1 percent of global foreign direct investment in Africa.

The composition of China's involvement in Africa has changed greatly over the past decade. Whereas the foundation for China's early interaction with Africa was the promotion of a shared leftist, anticolonial ideology, the common ground now is mostly a convergence of economic interests in a global trading system. In many ways, China's successful embrace of market-based economics and openness to most aspects of globalization can be a positive example for African nations. There also have been significant increases in two-way tourism, academic and nongovernmental exchanges, and diplomatic initiatives. China has even modeled many of its engagement programs after very successful U.S. exchanges on the continent. For example, historically, the United States has identified young emerging political and economic African leaders for exchange programs in the United States under something known as the "international visitors program." China is now doing the same thing—identifying Members of Parliament, local entrepreneurs, and well-placed government officials in such key ministries as Foreign Affairs, Internal Affairs, and Trade and Commerce for training and exchange programs in Beijing. China also funds trips by local traders and businesspeople to Africa to source Chinese consumer products. It funds sports teams and provides equipment for aspiring African Olympians. Since the year 2000, China's primary public relations vehicle for promoting its African presence is the Forum on China-Africa Cooperation (FOCAC), which is held every 3 years.

China's increased economic and commercial activity in Africa raises a variety of issues that African, Chinese, and other international experts are examining. Some Africans worry that the influx of low-cost goods from China undercuts local industry. We also hear concerns that Chinese infrastructure projects underutilize indigenous labor, finance, and resources. Chinese projects often employ imported Chinese workers and utilize imported raw materials. Observers have warned that China's assistance efforts in Africa, which emphasize "no strings" and are not predicated on the same kinds of conditionality as other countries' aid programs, could endanger progress in promoting good governance and market reform in Africa. As Chinese companies' presence on the continent expands, they will increasingly be expected to bolster indigenous capacity and contribute to long-term development. The U.S. Gov-

ernment would like to engage the Chinese on how their economic policies in Africa can help produce better results for sustainable economic development if they conform to the international community's broader initiatives for Africa. We remain steadfast in our belief that strong democratic institutions and protection of fundamental human rights are the foundations for sustainable economic growth.

We remain concerned with a general lack of transparency regarding China's foreign assistance practices in Africa, and are encouraging Beijing to more fully engage with other major bilateral and multilateral actors to ensure that aid supports the efforts of responsible African governments to be responsive to their people's needs. As the U.S. and other creditor countries implement the enhanced Heavily-Indebted Poor Countries (HIPC) initiative and provide debt relief to qualifying countries, transparency is key to understanding how creditors' assistance packages fit with a borrowing country's debt sustainability framework developed with the International Monetary Fund (IMF) and World Bank. By its reluctance to coordinate with groups like the IMF and World Bank, we believe China misses an opportunity to make the most of its aid, loans, and investment in Africa. On occasion, it appears that China's policies serve to undercut the efforts of others to use investment and development assistance to produce improved governance, which almost all credible research about development point to as essential to long-term, stable economic growth.

The international community has expressed similar concerns about the Chinese use of foreign assistance as a trade tool, as when African governments grant favorable treatment to Chinese project bids because such bids are tied directly to Chinese Government development assistance packages. It is in China's interest to demonstrate to the international community that its policies in Africa are not driven solely by the desire to secure natural resources and access to markets and access to major infrastructure projects, and that the Chinese Government is committed to improving the long-term welfare of people across the continent.

When discussing China's presence in Africa, it is important to highlight that China's economy has become increasingly diversified and has numerous public and private economic actors that influence the African market. Chinese companies are active in financial markets, telecommunications, manufacturing, textiles, agro-business, and a variety of extractive industries. For example, we must distinguish between Chinese energy companies' pursuit of exploration agreements and the Chinese Government's Africa policy. Certainly the Chinese Ministries of Commerce and Foreign Affairs promote access to natural resources and export markets for Chinese firms as part of their policies. But observers sometimes ascribe too much coordination and grand strategizing to the Chinese leadership's policies toward the developing world. There are often exaggerated charges that Chinese firms' activities or investment decisions are coordinated by the Chinese Government as some sort of strategic gambit in the high-stakes game of global energy security. In reality, Chinese firms compete for profitable projects not only with more technologically and politically savvy international firms, but also with each other.

Contrary to what many assume, China's large oil companies are not dominant players in Africa's energy industry. With the important exception of Sudan, where the China National Petroleum Company (CNPC) is the major operator, Chinese oil companies are relatively minor players in Africa. In 2006, total output by all Chinese producers was approximately one-third of a single U.S. firm's (ExxonMobil) African production. Some energy assets now held by Chinese companies were in the past run by international oil companies that found more profitable opportunities elsewhere in Africa.

Africans themselves will, of course, largely shape the terms of their relations with China. While welcoming increased Chinese engagement, Africans have also signaled the importance of business practices that reinforce African Union and New Partnership for African Development principles on good governance. Chinese labor, environmental and quality-control standards have drawn extra scrutiny from many Africans. In Zambia, for example, anti-Chinese sentiment became an important election issue in 2005 when the opposition mobilized voters from the country's copper belt following a deadly explosion at a Chinese-owned copper mine.

UNITED STATES-CHINA ENGAGEMENT

Within the context of our senior- and policy-level discussions with the Chinese, we have identified a number of areas that would benefit from additional cooperation and burden-sharing. For example, with 1,452 Chinese military, police, and observers serving on peacekeeping missions throughout Africa, China could play a greater role in coordinating with us on post-conflict security sector reform activities and in equipping and supporting African peacekeepers. In Liberia, for example, China has contributed to the U.S.-led rebuilding of that nation's army. The U.S. Government

trained staff and refurbished the Ministry of Defense headquarters while China provided vehicles and computer equipment. The United States is in the process of recruiting, vetting, training, and equipping a 2,000-man army and has rebuilt three military bases around Monrovia. China is providing some specialty training and is rebuilding at least one base up-country. Good communication between the U.S. and Chinese Embassies on the ground has helped each party identify areas for inputs. We want to build on that success elsewhere in Africa.

Our dialogue on Darfur is ongoing and is producing important results. After years of acting primarily to protect Khartoum from international pressure, since late 2006 China has shown an increased willingness to engage with the international community on Darfur, and has applied diplomatic pressure on the Government of Sudan to change its behavior, as well as to engage in a political process for a peaceful negotiation to the Darfur conflict. China voted for UNSC Resolution 1769 that created the hybrid United Nations African Mission in Darfur, but has at times acquiesced in the Government of Sudan's opposition to its full implementation. China has pledged up to 300 military engineers, of whom 140 have been dispatched, making China the first non-African Troop Contributing Country to deploy in Darfur. China has also become more involved in responding to the humanitarian crisis, providing some direct assistance and donating $1.8 million U.S. dollars to the Darfur region and the African Union Special Mission.

We have welcomed this positive change in Chinese policy, but have also told China frankly that it could do a lot more. The Sudanese Government continues to use violence against civilians and rebels in Darfur, and renege on key elements of the UNAMID deployment. China enjoys significant influence with the Government of Sudan due to its investments in the country's energy sector, and we have asked China to exercise its leverage to pressure Khartoum to work toward a negotiated solution in Darfur.

We have also asked the Chinese Government to halt its companies' substantial arms trade with Sudan because of the likelihood that some Chinese-origin armaments are being used by the Sudanese Government in Darfur, in contravention of UNSCR 1591. The proliferation of lethal conventional weapons in Africa contributes to instability and endangers China's long-term interests on the continent. In the same spirit we have pushed the Chinese Government to reconsider the wisdom of retaining close military relations with repressive regimes on the continent. Perceptions of Chinese support of African leaders such as Zimbabwe's Robert Mugabe, who rule through guns and intimidation, harms China's image and undermines it ability to play the role of responsible stakeholder in Africa's affairs.

In nonsecurity areas such as health, China and the United States are pursuing potentially complementary programs to eradicate malaria, polio, and other endemic diseases. In agriculture, the U.S. and Chinese Ambassadors in Ethiopia arranged exchanges to observe demonstration farms each country had built to increase agricultural capacity. The U.S. and Chinese Ambassadors in Angola have also agreed to identify a joint development project in the agriculture sector. We have encouraged our Embassy country teams all over Africa to identify potential areas of cooperation in the multiple sectors and engage with Chinese counterparts to the benefit of African populations.

The State Department has also attempted to bring Chinese, United States, and African civil society together by supporting conferences and symposiums. For example, the NGO Vital Voices held a summit for African Women in Cape Town, South Africa, in January 2007, in which a small contingent of Chinese women participated. A followup symposium for Chinese and African women entrepreneurs in Shanghai was held in September 2007 to further cooperation.

CONCLUSION

International concerns about China's increasing commercial and diplomatic presence in Africa must be considered within the wider context of questions about the ramifications of China's rise as a global economic and political actor. These questions are particularly acute because of our bilateral trade deficit with China and the perception that China's growing demand for natural resources is contributing upward pressure on global commodity prices during a potential global economic slowdown.

But the big questions for the United States in discussions of China-in-Africa are not based in concerns about the United States-China bilateral economic relationship but rather in our foreign policy priorities for Africa, which are promoting democracy, human rights, political stability, good governance, and sustainable economic development to improve the health, education, and living standards of the continent's population. China already is making a substantial contribution to the continent's

economic development, and we believe that it can play an even more important role in the future. In that spirit, we engage at multiple levels to influence Chinese actions on issues such as good governance, human rights, and transparency—issues that we believe should play as prominent a role in Chinese Africa policy as in ours.

Senator FEINGOLD. Thanks, Mr. Swan, and to the panel.

We've been joined by the ranking member of the committee, Senator Lugar, who, of course, has a very long career and is very devoted to all the issues that come up with regard to Africa, and Senator Bob Casey, Pennsylvania, who, of course, is a new colleague, but this time last week Senator Casey and I were in India, holding meetings with top Indian officials. And I would just note that India has significant involvement in Africa, as well, and that is the subject of some interest, as well, even though the focus today is on China and Africa.

Let me begin with 7-minute rounds.

Thank you for your remarks. I'm glad to hear that the State Department appreciates both the potential for cooperation with the Chinese in some areas, as well as the need for more concerted efforts to change current Chinese policy in others.

I agree that China's commercial and diplomatic activities in Africa are not aimed at diminishing U.S. influence on the continent, but, of course, as you've both suggested, if repressive rulers or abusive militaries know they can rely on Chinese support, that will undermine efforts of the international community to bring about reform through isolation or conditional assistance.

Now, Mr. Swan, as you pointed out, China's arms sales to Sudan are an excellent example of the Chinese Government directly defying the will of the international community, as expressed in U.N. Security Council Resolution 1591. I appreciate that you have asked the Chinese to halt such sales. What more can the United States do to hold China accountable for its violation of international law and norms?

Mr. SWAN. Thank you, Senator.

The Security Council resolution prohibits arms shipments into Darfur, and the concern that we have raised with the Chinese is that their sales to Sudan, in general, pose the risk that those armaments could be transferred to Darfur and add to the instability in that region. This is an issue that obviously we continue to raise with the Chinese. We have a very active dialogue with them on Sudan issues. The special envoy for Sudan, Richard Williamson, is in frequent contact with his counterpart. His predecessor as special envoy also met frequently with his Chinese counterpart, and, indeed, traveled to Beijing on, I believe, twice for consultations on these issues. So, on the whole range of subjects related to how to influence Sudanese behavior with respect to Darfur, we are working very closely with the Chinese.

Obviously, there are other vehicles for us to continue to engage the Chinese on this subject. We are in frequent contact with them through the Security Council, which, of course, is active not only on Sudan issues, but on other peace and security issues throughout the continent. So, this issue is going to remain very much at the top of our agenda with the Chinese.

I would like to point out that, at the last Assistant Secretary level meeting with her counterpart in the PRC Government last

March, Sudan was very much on the agenda, and, indeed, as part of those discussions, our Assistant Secretary emphasized the importance of a Chinese contribution to proceeding with the heavy support package as a bridge to deployment of UNAMID. And partly as a result of those conversations, we did see the Chinese commit to a deployment of 400 engineers to Darfur, of which I believe about 140 are currently in place in Darfur. We also pressed, during those conversations, for the Chinese to take a greater interest in the humanitarian situation in Darfur, and, as a consequence partly of those conversations, Assistant Secretary Frazer's counterpart, Zhai Jun, personally traveled to Darfur as part of a multilateral humanitarian mission, and we've subsequently seen some modest contributions from the Chinese in the humanitarian sector in Darfur. So, our engagement is showing results, in terms of influencing Chinese behavior, and, on the full range of issues related to Sudan, we will continue to try to exercise that pressure.

Senator FEINGOLD. Thank you.

Let me get Mr. Christensen's view. Why aren't we doing more to hold the Chinese Government accountable for its irresponsible policies in Sudan, Zimbabwe, and elsewhere, where its economic ties seem to trump wider governance and security objectives? And what, in your view, are our points of leverage here?

Mr. CHRISTENSEN. Thank you very much.

I think it's an excellent question, and, as Jim Swan just pointed out, we have been engaging the Chinese on these issues for some time. I started this job in July 2006, and at that time China's policy on Sudan, in particular, was about as bad as one could imagine, where they were basically telling the international community, "If you want to put pressure on Sudan, you have to come through China; China will stand in the way and protect Khartoum." And it really has evolved quite a bit in that period, from July 2006 to the present, to include deployment of engineering troops, et cetera. And we believe that our dialogue system and basically holding China to account for its reputation around the world for its policies has been effective in getting China to move in a positive direction.

On the issue of arms sales, we're not at all satisfied, obviously, with the policy. And one of the things we're trying to drive home to the Chinese is that there's more to being a responsible stakeholder in the world than following the letter of the law in U.N. Security Council resolutions. So, if you look at 1591, China can come back and say, "Well, we're selling weapons to Khartoum, we're not selling weapons to the Darfur region." But, China needs to recognize that selling weapons to Khartoum at this time, while Khartoum is involved in the activities in the Darfur region that it's involved in, is a negative outcome for the international community, for humanitarianism, and also for China's own reputation on the international stage.

In the case of Zimbabwe, you saw China get a lot of pushback, again, not just from the United States and the EU, but also from regional actors, about its arms sales to Zimbabwe, particularly just after just after the election debacle there. I think that sends a message to China, that they need to learn, over time and through these types of dialogues, that it's really their own interests that are on the line when they adopt these policies because their reputation is

harmed. And they do seem to care quite a bit about their reputation.

Senator FEINGOLD. As you both know, today is the 19th anniversary of the infamous Tiananmen Square massacre. On that note, one issue that was glaringly absent from your testimonies is China's poor human rights record, which we see reflected in its activities in Africa.

Mr. Christensen, I understand that after being stalled for a number of years, the United States-China Human Rights Dialogue was restarted last week in Beijing, and that you were a participant in these discussions. I'm curious why this dialogue was reopened now, despite no observable progress with respect to human rights. In fact, China has recently violated its own promises to improve its record in advance of the summer's Beijing Olympics. So, what was the impetus for this meeting? And what were the intended deliverables from the meeting?

Mr. CHRISTENSEN. The meeting was agreed upon this February by Secretary Rice and Chinese Foreign Minister Jang Jiechi. They talked at great length about the importance of human rights and why restarting the dialogue was a good way to try to push the ball forward on this issue.

In terms of the types of topics that we dealt with in the dialogue, it was precisely the types of topics that you raised, Senator: freedom-of-the-press issues that are supposed to be linked to the Olympics—China's implementation of its own commitments in January 2007 to open up China to the foreign press corps. We're urging China to abide by those commitments, to implement them around the country, and also to apply those commitments, after the Olympics, to foreign and Chinese journalists.

Senator FEINGOLD. Just a quick followup. Were any of these deliverables achieved?

Mr. CHRISTENSEN. We'll have to see whether they're achieved. The nature of these dialogues is that we present our concerns and our analysis of trends in China, and then we wait to see how the Chinese Government responds. We deal with programmatic issues, like freedom of the press, rule of law, the court system, and various laws that have been passed. We also deal with specific lists of dissidents and prisoners, and issues like the Tiananmen prisoners. Then we have to wait and see.

The way we present this to the Chinese, to get at the question of what might move the Chinese, is, to say that we are committed to the idea that China should have a successful Olympics. That's something the United States would like to see. The President has committed to go to the Olympics. For the Olympics to be successful, however, China has to show progress, not just on the economic front, but on the social and human rights fronts as well. That's the approach that we've taken. I think it's an approach that leads the Chinese to listen to our concerns in a more attentive fashion because they know that when we raise these human rights concerns that we wish China well. We want China to adopt these reforms, because we think it'll make China stronger and more stable.

I think that's the spirit of the dialogue. We hope that the dialogue will produce results. We think this type of dialogue is the

way to go. And we're glad that it's been restarted after a 6-year hiatus.

Senator FEINGOLD. Thank you, sir.

Senator Isakson.

Senator ISAKSON. Thank you, Mr. Chairman.

I have not traveled to Africa nearly as extensively as the chairman has, but I've traveled there a little bit, and I know the issue of the no-strings-attached approach of China, versus the United States approach; we focus on human rights, we focus on democracy, we focus on infrastructure.

I was in Equatorial Guinea in January. They have a newfound wealth, in terms of natural gas in abundance. And I noted with interest that they were building hospitals. They brought the Israeli Government in to build and staff hospitals. They were building facilities. They were really investing not only in their infrastructure, but their people, which is, of course, what we would like to see every countrydo. Is there a move—as Africa is beginning to prosper in certain areas, is there a movement—a positive movement toward what we seek, which is helping the people, reinvesting in the people in the country, and human rights? Do you see a trend going that way and away from the old Africa?

Mr. SWAN. Thanks very much for the question, Senator.

Yes; overall, I think our Government is Afro-optimistic. I think that we believe that there is a very strong and positive future for the continent, and that we've seen tremendous progress in Africa in recent years, with some unfortunate exceptions——

Senator ISAKSON. Right.

Mr. SWAN Overall, certainly we've seen high levels of economic growth, averaging more than 5 percent for the continent in recent years. We have seen a wave of democratic reform on the continent, from fewer than five countries that were classified by Freedom House as free in the late 1980s, to a majority, at this point. So, we're seeing steady progress on the continent in a whole variety of areas.

Equatorial Guinea is a unique example, in many ways, because of the very rapid increase in its wealth as a consequence of the oil discoveries, oil discoveries that were primarily undertaken by U.S. private-sector firms when a number of other governments, parastatals, and private foreign companies were not interested in Equatorial Guinea. So, I think this is an example of a strong and successful private-sector-led investment in Africa.

And as I hope you noted, Senator, while you were there, although we are starting from quite a small base, in terms of our own presence, our post in Malabo was closed for a number of years, but we have a very dynamic Ambassador there now who is building up a staff. We have identified a new property, and look forward to construction of a new embassy in the coming years, and are very actively engaged with the Equatoguineans.

There is also an innovative program there, the Social Development Fund, in which the United States is actually helping the Equatoguineans and the Equatoguinean government in determining how best to manage its own social investment programs within Equatorial Guinea to ensure maximum benefit to its people.

Senator ISAKSON. Well, on that subject, Ambassador Johnson is doing a great job. And I had enjoyed meeting with him. The Chinese are building a huge embassy compound there. And the Equatoguineans gave the United States a good site. I want to commend you—if you had anything to do with it—moving forward, by a year, the funding for both the residence, as well as the embassy, which I think is going to be critically important. This is not to compete with China or anybody else, but because a lot of the European countries are doing the same thing, as well, and we have a tremendous American investment—private investment in Equatorial Guinea.

One comment you made, I was interested in. You said, "Some Africans worry that the influx of low-cost goods from China undercuts local industry." Did you say that, Mr. Swan?

Mr. SWAN. I did.

Senator ISAKSON. OK. What took me was that I would have thought that, as China being at the level of development they are, and Africa the level they are, that the reverse would be true. But, are the Chinese able to produce and sell in Africa, products cheaper than Africans could do it themselves?

Mr. SWAN. In some sectors and for some commodities, yes. I mean, one sees throughout Africa small, inexpensive mass-produced Chinese plastic goods. And because of the scale of production in China—I'd defer to others who know more about the Chinese economy, certainly than I do—but, because the Chinese scale of production is so massive, their ability to tap into worldwide distribution chains so good, while many African countries are still at a nascent stage, in terms of industrialization and manufacturing production, this has been an issue.

In South Africa, for example, which does have an active manufacturing sector, the threat from very inexpensive Chinese imports has been an issue in the labor sector there.

Senator ISAKSON. Well, I guess one great target for investment would be in business and manufacturing expertise. The United States has to get them competitive, in and of themselves, in Africa.

Last question. Mr. Christensen, you made an interesting comment also. You said they had three goals—China had three main goals in Africa. One was the natural resources, which the majority of their imports from Africa are natural resources; enhanced power and prestige; and then you said "to compete with the image of Taiwan and China." Did you say that?

Mr. CHRISTENSEN. To compete for diplomatic recognition from Africa——

Senator ISAKSON. What is Taiwan's presence in Africa?

Mr. CHRISTENSEN. Currently, four African nations that recognize the Republic of China—Taiwan's official name—instead of the PRC.

Senator ISAKSON. OK. That was very interesting.

Thank you, Mr. Chairman.

Senator FEINGOLD. Senator Casey.

Senator CASEY. Mr. Chairman, thank you very much. And I appreciate you calling this hearing, and enjoyed our time in India the last couple of days, and it's good to be home. Thank you so much.

I wanted to return to the discussion about Darfur—and also want to say, to Mr. Swan and Mr. Christensen, thank you for your

testimony today, and your public service—I wanted to return to some of the questions that Senator Feingold raised with regard to Darfur. In particular, let me also just quickly review what was in the testimony, as it pertains to Darfur and China.

All is good news. I don't mean to downplay or undercount what we reviewed here. But, five or six things were mentioned. Engage with the international community—that's good news. Diplomatic pressure—good news. Resolution 1716—that's good. Three hundred military engineers—good news; 1.8 million bucks—not a lot of money, frankly, but some good news.

But also, I think it's important to make sure we're on the same page, in terms of what the reality is. Let me ask—Mr. Swan might be the one to answer this. Does China continue to sell aircraft, weapons, and police equipment to the Khartoum regime?

Mr. SWAN. I don't know when the last sale would have taken place, but my understanding is there has been no commitment by the Chinese not to continue arms sales to Sudan. But, I don't know exactly when the last sale might have taken place.

Senator CASEY. But, you have no evidence that there's been any diminution in that, or the cessation of that kind of commercial activity, we'll call it.

Mr. SWAN. No; I don't think we have any indication of a cessation of that activity, that's correct.

Senator CASEY. And that's obviously very troubling. And, Mr. Christensen, you raised this issue, and it's an important one to remember, that despite all of the progress—and I know that progress doesn't come by accident—it didn't happen because they woke up one morning and decided to do it; I realize our Government and people like you have been working on this. So, we appreciate that. And I think that has to continue. And I think people are going to be watching carefully—or watching closely, I should say, the progress of that effort to ask the Chinese Government to do what it can do, because of the influence that they have on the Sudanese Government.

Let me also—in terms of what they're not doing—let me go back to a discussion about their noninterference policy. It seems that their noninterference policy is in place, but there's a—there's a big neon sign—asterisk when it comes to Taiwan. It's, "Noninterference, except you've got to do this, that, and the other thing with regard to Taiwan." And just in terms of their credibility in the international community, do you think that exception, or that asterisk on the policy, don't you think that compromises their ability to—or compromises their credibility, I should say, in the international community?

Mr. CHRISTENSEN. I think I can answer that. People say that there are no strings attached to Chinese aid and Chinese investment. Actually, there is clearly one string attached, which is whether the country in question recognizes the Mainland or recognizes Taiwan. That does affect their policies.

I think that, in general, there are optimistic trends in cross-Strait relations that may, we hope, lead to a more expansive and open policy on the Mainland toward Taiwan and cross-Strait relations, and also toward Taiwan and the international community, to provide Taiwan more international space. We have pushed for that

consistently as part of our policy. In cases where statehood is a requirement, the United States doesn't seek Taiwan's membership in international organizations, but we do support observer status and meaningful participation. In other cases, where statehood is not a requirement, we support Taiwan's full membership and active membership.

We're hopeful that the warming trends in cross-Strait relations will lead the government in Beijing to realize that it's in the long-term interest of stability across the Strait and in the long-term interests of the international community for Taiwan to play the full role that it can play on the international stage.

Senator CASEY. Mr. Christensen, before, in response to—I'm not sure what question it was—you mentioned the awareness or the sensitivity that the Chinese have to their reputation, or how they're viewed. Tell us more about that. In terms of—in a general sense, but specifically in terms of, for example, the Darfur policy. I'm thinking about psychology here as much as anything, but tell us more about that, in terms of how we can foster that.

Mr. CHRISTENSEN. Yes, I think psychology is important here. China clearly, as part of its overall policy toward the international community, wants to improve it's prestige and reputation abroad. That's been a consistent goal for decades. What we need to do is to convince the PRC that the best way to improve that reputation and to improve its prestige is to coordinate its activities with the international community. That's the whole foundation of our approach of saying, "China, we want you to do more on the international stage, we want you to have a higher profile, we want you to have more influence, but we want you to do that by becoming a responsible stakeholder."

We think that this approach has produced results, not just in Sudan, but in other countries, as well, and it's a process of debate within China. There's not a monolithic view within the Chinese Government on how China should pursue its foreign policy. We want the right people to win those debates.

One of the things we try to do is point out when China takes actions that we think are irresponsible, such as the arms sales to Sudan, but we also try to point out, in a positive and very public way, when China does the right thing, like committing to send 300 engineering troops to the UNAMID peacekeeping force, 140 of whom are deployed. And they're under threat, to be frank. There are groups in Sudan that don't want those Chinese forces there. And they've kept them in place, and they are building infrastructure.

Ultimately, we won't be satisfied in Darfur until that large peacekeeping force is in there and the people are safe, so we urge China to do more than it has in the past. But, when it does the right thing, we're very quick and very public in our congratulations of China for doing the right thing.

We think that's the way to go, in general, with China. A lot of people in China think that we're trying to contain China and keep it down, but, in fact in many ways, we're doing the opposite by encouraging China to do more on the international stage, albeit in coordination with the international community, the United States,

and the European Union, in order to achieve stability and long-term economic development.

Thank you.

Senator CASEY. Thank you very much.

Thank you, Mr. Chairman.

Senator FEINGOLD. Thank you, Senator Casey.

Senator Lugar.

Senator LUGAR. Well, thank you, Mr. Chairman. I join Senator Casey in congratulating you and Senator Isakson for this timely meeting, and, likewise, the energy you give to issues of Africa.

A group in Washington, called the Africa Society, held its fourth annual meeting honoring a specific ambassador from an African country this year. The ambassador nominated and heard was the distinguished Ambassador from Angola. And I mention her because, during her remarks to a large group of Americans and Africans, she mentioned Angola is now the seventh largest supplier of oil to the United States. This came as a revelation to many, that, first of all, there was that much oil being produced in Angola, and that we were as dependent upon Angola as we are, as a matter of fact. It also brought to the fore that a civil war occurred in Angola for well over two decades, terminating somewhere around 2002–2003, and, in some respects, the United States was perceived on the wrong side of how that turned out.

Now, this is not all bad, from our idealism; we were on the side, we felt, of human rights and of trying to diminish what we felt were Communist influences from other countries. But, at the same time, the Angolans are pointing out, this has required very special emphasis on our part, not as a rectifying our position, but of more engaged diplomacy with Angola to bridge gaps that are important, with an important country.

Now, I mention all of this because two of our staff members from the committee, Michael Phelan and Neil Brown, went to five African countries during the recent recess, and their observations jibe with what I learned during this Africa Society dinner, which also included about 20 other ambassadors from African countries. I had a very rich dialogue both before and after the speech by the Angolan.

And, essentially, what they are pointing out is, as you have, that the Chinese presence has been highly visible for a long time, for decades now, a very high visibility, and not by chance. The Chinese have attempted to enhance that visibility.

Now, I suppose, second, they observed, at least in the embassies that they visited, that there was little systematic policy engagement between the United States diplomats there and the Chinese. Now, this is differentiated from the occasional partnership or place in which we find a cooperative element. But, in terms of persons in the embassy and resources in the embassy assigned to an alliance or a—more of a coming together with the Chinese, this suffers, perhaps, as both of you know better than most, from the lack of resources in some of these embassies. And I compliment both of you for your advocacy within the Department. It's not easy.

Or, to state it another way, there is also a feeling on the part of these African ambassadors that I talked to, quite apart from observation of our staff, that high-level visitations by United States

officials in Africa clearly are well behind those of the Chinese, for example. Maybe other countries. But, the Chinese frequently devote pretty high-level folks to have high-level dialogue.

Now, we do the best we can with resourceful ambassadors in the field, and with yourselves, as you move through there. And I don't diminish your importance. But, at the same time, I would just suggest that this, you might say, is a subject that's beyond my paygrade. You know, the Secretary has to decide who goes and who doesn't, and so forth. I just observe that, as we're discussing, today, the role of China there, pretty high profile for a long time, and sort of embedded in a good number of these situations, and with some pretty stringent objectives, as they look at it, that are useful for them, as well as for the African countries—been mutually helpful—and, I would say, even in the oil business. The observation of the ambassadors, as well as our staff, is that the Chinese have not been invidious to our interests. If anything, the Chinese investment in the oil business has made available more oil in the world markets than would have been the case without their investment. So that it's a sophisticated process as to who is doing what.

My only question—and I raise it in this way—is, How can we elevate the interest, in our own government, in the African nations to a point where resources are available, that the requests come initially from the Department for these situations? And, second, organizationally, how can the embassies be configured in ways in which we are more likely to have systemic cooperation with the Chinese—sort of, week in, month out—so that—because I think that's doable—in part, because of some breakthroughs, maybe, elsewhere in the Six- Power Talks with North Korea, which have nothing to do with the Chinese specifically, but, as all of you know, brought together our diplomats at various levels with Chinese diplomats in ways that have led to cooperation elsewhere in the world, including Africa.

Do you have any general comments as to how the situation can be enhanced?

Mr. SWAN. Certainly. Thank you very much, Senator.

With respect to the level of engagement that we have with the Chinese in Africa, first of all, I think we are seeing that increase. My own observation, personally from the field, is that in recent years we've seen a new breed of Chinese diplomat, if I may put it that way, on the continent, often with a lot of regional area expertise, often with very good local language skills, and seemingly much more interested in exchange and dialogue with us. And I know that our posts in the field, our embassies, are acutely aware of the heightened interest in China in Africa. We frequently ask them to take the pulse of what's happening in those relationships.

I know that when I am out in the field personally, I try to see my Chinese colleagues. I was in Chad not too long ago, and made a point of seeing the Chinese Ambassador there for his perspective on developments in Chad. And so, I think there is a serious effort to move in that direction.

But, I take your point, absolutely, sir, that this is an important issue, and we need to continue to look to ways to step up our engagement on it.

If I might just say a word with respect to a more general premise of the question, I think, it's that United States engagement in Africa, of course, has increased and is quite robust, at this point. As someone from the Africa Bureau, of course, I would be enthusiastic about seeing it increased yet further. But, obviously, there are questions of global priorities that have to be addressed by others. But, certainly we've seen United States assistance bilaterally increase to $5½ billion; we've got the Millennium Challenge Corporation program—8 of the 16 countries that have signed a Millennium Challenge Compacts are in Africa; it's about 3 billion dollars' worth of Millennium Challenge programs; very dynamic and expansive PEPFAR, President's Emergency Program for AIDS Relief, on the continent at the $30 billion commitment level; a $1.2 billion multiyear President's Malaria Initiative and other programs. So, I think that there is a very active engagement there.

We also have been very involved in certain areas in which perhaps others are less willing to be—the patient and painstaking diplomatic work to help resolve conflicts. I think the United States has been very actively promoting peace on the continent, from Liberia to Democratic Republic of the Congo to the North-South Sudan Peace Agreement. So, I think there is very active U.S. engagement on that front as well.

In terms of high-level visits, President Bush was there in February and was, I think, extraordinarily well received in Tanzania, in Rwanda, in Benin, in Ghana, and in Liberia. And, I think, as you look at African responses, African attitudes toward the United States, remain very, very favorable. And I think that that is a testimony to the level of engagement that we've had.

That said, I support, absolutely, contining on a trajectory that leads to deeper engagement.

Senator LUGAR. Thank you.

Mr. CHRISTENSEN. If I could just add a couple of things, Senator. I think your question is an excellent one, and I would just point out that, in the case of Angola, it is a major energy supplier for China—in fact, it's the largest energy supplier in sub-Saharan Africa for China, much bigger than Sudan. China has big interests in Angola. China has invested a lot in Angola and has given assistance to Angola.

One of the things we have tried to do through our Ambassador in Angola is reach out to the Chinese in Angola to see if we can do joint projects on agricultural development. This is right along the lines of the thrust of your question.

We don't know where this is going to head. It's a new proposal. But, we think it's the right kind of proposal.

And I'll just say, as a China specialist—so I can make my own special advocacy for China specialists—I'm an academic; I'm in the government temporarily—I think it's very important for the Nation to have lots of China specialists, to have people who speak Chinese. I think it's good for the U.S. Government to have China specialists deployed not just in China, but deployed increasingly in other places, so that they can engage their Chinese counterparts in places like Southeast Asia, Africa, Latin America, and elsewhere. If more resources were put in that direction, I think it would be welcome and it would be a good idea.

Thank you.

Senator LUGAR. Thank you.

Thank you both.

Senator FEINGOLD. I'm pleased to see such good attendance for this hearing.

I'd turn now to Senator Nelson.

Senator BILL NELSON. Thank you, Mr. Chairman.

And thank you, gentlemen, for your public service.

I want to follow up more on the cooperation of the Chinese with us. And, Mr. Christensen, you state in your testimony, "We also plan to begin, this autumn, a bilateral dialogue on development assistance, led by Director of U.S. Foreign Assistance Henrietta Fore and her counterpart in China's Ministry of Commerce." And the last time that Secretary Negroponte was here, I asked him what the United States was doing to get China to cooperate—specifically, that question was to the Sudan. And he said the State Department had proposed dialogues on assistance with China. Have the Chinese agreed to discuss their assistance programs in Africa with us?

Mr. CHRISTENSEN. Yes, sir. We had a very good visit. I traveled with the Deputy Secretary in May, and we met with the Ministry of Commerce during that trip, and we discussed the assistance dialogue. The Chinese were very receptive to the idea, the only problem being that they have this small event, the Olympics, coming up in a hurry, and they're also tied down in relief work in Burma and their own earthquake problems, which are quite severe, as you know. So, they decided that it was probably best to have these meetings sometime after the Olympics.

They were quite positive in their discussions with us about this idea. They seemed to want to engage. And we had a very good meeting with one of their vice ministers in the Ministry of Commerce, and we look forward to that dialogue. It will be about more than just Africa, but obviously Africa will feature prominently in that dialogue.

Senator BILL NELSON. And in that dialogue will it be the position, the policy of the United States Government that, in the dialogue, that the Chinese position of no-strings-attached approach is not going to be good, because it helps prop up some of these brutal regimes?

Mr. CHRISTENSEN. Yes, sir. When we approach the Chinese on these issues, we try to drive home why these good-governance programs, at the heart of which is this conditionality, are important for long-term development in Africa. For either intentional or unintentional reasons, some Chinese assistance programs which have no strings attached pull in the opposite direction, and a big part of our dialogue system is simply convincing them that it's in their interest to have good governance in Africa, to have transparency, to have accountability in Africa. We believe, as they invest more and more in Africa, they're going to increasingly come to this conclusion, that they have a stake in stability and good governance there. They've run into some real problems in Africa with their investments. They've had kidnappings of Chinese workers; they've had some contractual problems. I think, over time, partially through our dialogue and partially through their own experience, they will come to different conclusions about the nature of no-

strings-attached investment. That will be very much at the front and center of our approach when we address them, as it has been in the past, in the Senior Dialogue and in the Strategic Economic Dialogue.

Thank you very much.

Senator BILL NELSON. Have you seen any evidence that they're changing their attitude about their no-strings-attached policy?

Mr. CHRISTENSEN. I wouldn't say that we have evidence that they've changed, on a principled level, the no-strings-attached policy. However, we do see some evidence that they have run into problems in Africa that have forced them to adjust their behavior toward certain countries, that they've pulled back some business deals, they've had some problems recently in Zimbabwe, like everybody else, because of the nature of the regime there. We're hopeful that the Chinese Government will draw the proper conclusions from those lessons that the best way forward over the long term is to have good governance in those countries.

Senator BILL NELSON. Well, speaking of Zimbabwe, they want to sell weapons to Zimbabwe. What's their lesson in Zimbabwe?

Mr. CHRISTENSEN. Well, here's a good example. They do sell weapons to Zimbabwe, and we have real concerns over that. Recently, there was a shipment to Zimbabwe, just following the election debacle there, and the international community and, I think, even more important still, local governments and local actors in Africa resisted that arms transfer at that time, and it's our understanding that the shipment of arms, which was worth over a million dollars, we believe, in arms, was sent back to China. They had trouble unloading the shipments in South Africa. Other countries said the shipments were unwelcome. The international community, including the United States, expressed concerns about the transfer of weapons at this time, given the civil strife in Zimbabwe, and the Chinese recalled that shipment. Whether that will become a pattern or not, we will see, but we think that the recall of that shipment was a good decision.

Senator BILL NELSON. This kind of approach to aid assistance in Africa by China, is this buying them long-term political support among the African nations?

Mr. CHRISTENSEN. I think, as with many countries' experience in the past, China's record on this is mixed. I think that governments in Africa are obviously more comfortable with unconditional aid than conditional aid, but I think that China has run into some reputational problems in Africa as a result of its economic engagement. There have been, as I said, some attacks on Chinese projects in countries like Nigeria. There have also been problems for China in electoral politics in countries like Zambia. And we think that China is running into some of the problems that former investors and outside economic actors have run into in Africa. I think they've run into some that are particular to China at this time, which is that many people in Africa seem to appreciate the fact that the international community, the United States, the major donors, the international institutions, support good governance as part of these assistance programs. Our own reputation in sub-Saharan Africa, I understand—Mr. Swan can speak more authoritatively—is quite

high, and we have kept a very strict conditionality on our assistance.

So, hopefully——

Senator BILL NELSON. Well, what——

Mr. CHRISTENSEN. I am hopeful that China will study that lesson, will care about its own reputation, as it does around the world, and will draw the right conclusions from that experience.

Senator BILL NELSON. What about debt forgiveness? Are they going to work with other nations in the forgiveness of debt among African countries?

Mr. CHRISTENSEN. That's one of the areas where we want to see coordination. It's very important, because we have debt-forgiveness programs, and we don't want Chinese money to pour in just after that and to undercut some of the efforts at, again, producing good governance and better institutional decisions on the parts of these governments.

But, again, I think I should turn to Mr. Swan, here. I'm getting a little bit in over my head, in terms of the African reality.

Mr. SWAN. With your permission, Mr. Chairman.

I would just like to pick up on a couple of points that my colleague mentioned, to stress again, it's not just those outside Africa who are concerned about the Chinese actions in Africa. It's fundamentally and primarily Africans themselves who have concerns about the direction of some of these no-strings-attached policies and nontransparent-assistance practices. And we've certainly seen concerns raised in a number of countries over the fact that a no-strings-attached policy, a lack of attention to good governance, is, indeed, contrary to principles that have now been agreed by the African Union itself as an institution, is contrary to the overall direction of the New Partnership for African Development, which includes governance and other criteria as a key element in economic development in Africa.

So, I think what we're seeing is a growing level of African concern, as well, to ensure that the Chinese behave and perform responsibly in Africa.

Similarly, on the issue of debts and nontransparency, we've seen an example recently in the Congo, where a significant Chinese offer of a loan has attracted attention within the Congolese Parliament. It's obviously attracted attention more broadly within the Congo. And so, I think we're going to see more of that with it not only being other donors concerned about how China's loan practices may influence debt relief, but the populations and the political leadership within these countries also have those same questions and will insist on a greater level of transparency.

Senator FEINGOLD. I thank the first panel very much, and we'll now turn to the second panel.

[Pause.]

Senator FEINGOLD. Dr. Economy, would you please begin with your testimony?

STATEMENT OF ELIZABETH C. ECONOMY, DIRECTOR OF ASIA STUDIES, COUNCIL ON FOREIGN RELATIONS, NEW YORK, NY

Dr. ECONOMY. Thank you. Three brief points, focusing my remarks on the China component of the equation, and then I'll certainly welcome questions.

The first point I want to make is really just that China's Africa strategy is part of a much broader global strategy that we find in Southeast Asia, as well as in Latin America, to secure resources, as Tom earlier mentioned, to limit Taiwan's international space, and, I think, really, as a hedge against any potential U.S. political or military challenge. This makes the job of addressing China in Africa more difficult in some ways, because what we're really talking about are the fundamentals of Chinese foreign policy, not simply China's engagement with several individual countries in Africa. But, I also think it offers the United States a wider range of political partners so that when we're talking about something like illegal logging, for example, we're not simply talking about Mozambique or Gabon, but also Indonesia and Brazil. This offers the United States broader opportunities, in terms of the forums for discussion and negotiation with the Chinese.

In the past few years, I've attended a couple of conferences in South Africa that have focused all of their attention, really, on this issue of China in Africa. The picture that has emerged, at least in my mind, is clearly a very mixed one, and some of what I've seen and heard has been mentioned already. But, Chinese investment, its infrastructure development in Africa, its educational assistance, its technical assistance, are very much welcomed, and often, at least in these conferences, they're discussed in the context of filling a gap that the United States and the European Union are not, in fact, addressing. At the same time, there is a lot of concern voiced among many of these academics who are at these conferences over the lack of transparency, over the environmental and labor conditions and practices of Chinese multinationals, over the competition from Chinese manufacturers, the loss of potential jobs with African labor, the export of Chinese labor to Africa, and China's reluctance to engage in broader good governance and regional security issues.

I think the good news is that over the past few years the Chinese have become highly sensitive, highly attuned to these complaints, and some officials and scholars are beginning to rethink part of their approach to Africa, and that means that there is an opportunity for the United States to assist.

But, I do think it's important to recognize that cooperation with China is hard, and that, no matter the number of dialogues, the Chinese are often very content to have dialogues or 10-year frameworks for dialogue that don't actually require change in behavior, so that sometimes it's necessary to hold Chinese feet to the fire. Dialogue can only take us so far.

But, I do think there are a few things that we can do to maximize our chances of success in working with China.

The first is to address those issues which the Chinese themselves have recognized as necessary to reform. For example, corporate social responsibility. I think this is key for the Chinese at this point. It addresses several issues of governance on the ground, where there have been many protests in Africa concerning Chinese behav-

ior. You now have officials in the Ministry of Foreign Affairs in China, in the Ministry of Environment, certainly you have NGOs in China—to a lesser extent, people in the State Forestry Administration—who are quite interested in seeing Chinese companies adopt better environmental and labor practices.

Unfortunately, for the most part, these institutions have less power, because corporate social responsibility is overseen by the Ministry of Commerce, which has no experience in this area, and not so much interest.

Nonetheless, we've seen the Chinese taking up to 200 companies to the Global Compact, to the United Nations, to talk about corporate social responsibility. I think there's opportunity in the strategy economic dialogue to address this issue. So, looking forward, it's an area where the kinds of reputational issues that Deputy Assistant Secretary Christensen raised earlier, come to the fore for the Chinese. They're very concerned, for example, in the Ministry of Foreign Affairs, about this kind of backlash on the Chinese reputation due to the poor practices of Chinese companies.

I think, too, one of the things that perhaps was missing in the earlier discussion is an opportunity to work with China in a multilateral context. We have a lot of bilateral dialogues going, but it seems to me that we have to consider China in a broader context, because, in many respects, that's where you get the most bang for the buck, when it comes to China.

So, first, I think that means engaging India—and this was raised by Mr. Chairman because India is following on the heels of China, and is going to pose many, if not all, of the same challenges to the region. It's far behind, still, in terms of level of its trade, et cetera, but has similar issues on sovereignty that the Chinese have. So, we're going to have to engage India. China's not going to trade off its short-term economic gain if it thinks that India is somehow going to be advantaged by this.

The EU already has a trilateral dialogue with Africa. Japan is becoming much more engaged in Africa. It has, now, what it's calling "rare metals diplomacy." So, I think that bringing all of these forces together to talk to China will be important.

And then, I think one of the things that was coming through earlier in the discussion, too, is that Africa itself, in many respects, has the greatest leverage, both because it holds what China wants—namely, the commodities and the reputation. To a large extent, China feels free to disregard the United States. They will call it containment, or they'll say we, ourselves, are not having best practices. So, I think that it's important to remember that Africa probably holds greater leverage on many of these issues than the United States does.

In my last 34 seconds, I'll just say that one thing that struck me, again, at these meetings in which I've participated in Africa, is that, while they will complain about China, they certainly complain as much about the United States. And, while I don't focus on U.S. policy in Africa, I'll just note that some of the complaints, such as an overwhelming focus by theUnited States on antiterrorism issues, not listening to the needs of Africa, a lack of, high-level diplomatic attention, et cetera—are very much the same kinds of complaints that I hear when I travel in Southeast Asia, as well. So, it

seems to me there's the possibility that, on a few issues, we might want to be taking a page out of China's playbook in thinking about the way that they engage more broadly strategically and deeply.

I'll stop there.

[The prepared statement of Dr. Economy follows:]

DR. ELIZABETH C. ECONOMY, C.V. STARR SENIOR FELLOW AND DIRECTOR, ASIA STUDIES, COUNCIL ON FOREIGN RELATIONS, NEW YORK, NY

THE LANDSCAPE OF CHINA IN AFRICA

China's active diplomatic, economic and military engagement in Africa dates back more than a half century. Yet over the past decade, the relationship between China and much of Africa has expanded so rapidly that both sides—not to mention the rest of the world—have been left struggling to understand the new rules of engagement.

Why Africa matters to China is no mystery. China's top priority is acquiring access to the natural resources—copper, timber and oil, among them—that are plentiful in Africa and critical to China's future economic development. China currently accounts for approximately one-fourth of world demand for zinc, iron and steel, lead, copper, and aluminum. Africa also offers a growing market for inexpensive Chinese consumer goods, such as textiles and electronics. Politically, African countries often play a pivotal role in support of China's broader interests: Supporting its case against greater international recognition for Taiwan (although this may become less important given the recent warming in Taiwan-PRC ties) and protecting it from censure in various human rights fora.

On all fronts, the relationship between China and Africa is exploding with activity. During 2001–2007, trade between China and Africa jumped from $8.92 billion to a reported $73 billion; China anticipates that bilateral trade will reach $100 billion by 2010. More than 800 Chinese companies are formally registered to do business in Africa and have officially invested $12 billion. Much of this investment is tied into larger investment, aid and loan packages structured by the Chinese Government, such as a recently inked $9 billion deal with Congo exchanging resource rights to copper, cobalt, and nickel mines for extensive assistance in infrastructure development. The Congo deal also typifies China's strategic thinking about the region: It will develop a special economic zone in Congo that will be the hub of an industrial distribution system linking Congo by rail and highway to Zambia and Angola, all of which will benefit China's export capacity.

China's economic activity is matched and supported by an extraordinary level of diplomatic initiative. There is an endless stream of highly polished diplomatic forays by China's top leaders to Africa, the establishment of an Africa+China institution, the Forum on China Africa Cooperation, and China maintains the largest number of embassies, consulates, and diplomats in Africa of any country. China is also expending significant energy in its cultural and educational diplomacy, establishing 11 Confucius institutes to promote Chinese language and culture throughout Africa and promoting a wide range of student, medical, and technical exchanges.

In contrast to its expansive economic and political efforts, China is only gradually expanding its military role and influence in Africa. As of 2006, there were only 15 permanent military attachés and 26 bilateral mil-to-mil exchanges. China's only permanent military dialogue is with South Africa.

For the United States, China's engagement in Africa poses a clear challenge to America's stated commitment to promoting good governance in the region and, according to some U.S. businesses, to American competitiveness. Importantly, China's "go out" strategy is a global not merely a regional one. China in Africa looks very much like China in Southeast Asia and Latin America, suggesting that any U.S. response to China's growing role in Africa will have broader applicability throughout much of the developing world. Second, while China is clearly at the forefront of redefining how outside powers engage in other regions of the world, India, and in some cases, Russia are close behind. Thus, a U.S. strategy designed to meet the challenges or take advantage of the opportunities posed by China's Africa initiatives should account for the future challenges and opportunities posed by other rising global powers.

EMERGING CHALLENGES FOR CHINA IN AFRICA

China's initiatives in Africa have generally been heralded by senior African officials and businesspeople for their focus on providing Africa with what it needs—namely no-strings investment and infrastructure. At the same time, there is a growing sense of disquiet among some African governments and sectors of civil society

concerning how China does business, including rampant corruption, poor environmental and labor standards, the influx of hundreds of thousands of Chinese workers, and, perhaps most importantly in some instances, a perceived mismatch between China's oft-stated principles of noninterference and not mixing business with politics and African interests in better governance and regional security.

- *Inequitable Trade and Investment Deals.*—African officials raise several concerns on the trade and investment front: (1) China imports primarily raw commodities from Africa, but exports finished textiles and electronics. Ghanaian Trade Minister Alan Kyerematen has argued that Africa needs to be far more aggressive in identifying market opportunities for finished products in China. (2) China's extraction of resources to benefit its continued industrial development will prevent African industry from developing. (3) China is undermining domestic industries in textiles and wood processing (e.g. while timber-rich countries export finished wood products to Europe and the United States, Chinese imports are 85 percent logs).
- *The Export of Chinese Labor to Africa.*—An estimated 750,000–1,000,000 Chinese now reside in Africa; Chinese infrastructure deals often mandate up to 70 percent Chinese labor. As a result, Africans complain that they receive little benefit from these large deals. In addition, within African cities and towns, Chinese often establish their own restaurants, small hotels/dormitories, and stores to serve the needs of the Chinese workers, thereby limiting the value of the new labor to the local economy.
- *Corruption.*—Complaints about Chinese corruption arise from both government and nongovernmental actors. Both raise the issue of the significant role Chinese companies play in illegal logging and mining, depriving both locals and the government of legal revenues. As Richard Behar reported in a series of articles in Fast Company, the Government of Congo, for example, revealed that as much as 75 percent of the minerals such as copper and cobalt are illegally exported via black market miners, many of whom are indentured to Chinese middlemen and financiers, who then smuggle the minerals to China on cargo ships via South Africa or Tanzania. Nongovernmental actors are also concerned about the lack of transparency in China's back-room, large-scale aid/trade and investment projects, believing that much of the potential economic windfall is siphoned off by senior government leaders in their own countries.
- *Poor Labor and Safety Standards.*—Chinese extractive resource industries in Africa have earned a reputation for weak labor and safety standards, as well as low levels of pay; a situation reflected within China itself. (More than 300 people die every day in China because of unsafe working conditions.) Cheng Siwei, vice chairman of the Standing Committee of China's National People's Congress, has warned that the lack of CSR by Chinese companies operating abroad is harming China's reputation. (In at least one case, in Zambia, the issue of Chinese business practices became an issue in the national election.)
- *Environmental Degradation.*—Chinese companies' CSR deficit extends to their environmental practices. Mining companies have come under fire in Zambia for groundwater contamination and failure to undertake mandated environmental impact assessments. The Chinese oil company, Sinopec, lost its drilling rights in Gabon for its environmentally unsound practices in a national park. Chinese timber exporters are funding extensive illegal logging in Mozambique and Gabon. (Between 70–90 percent of all exports are illegal.) International and domestic environmental nongovernmental organizations have also condemned poor environmental practices surrounding Chinese dam construction in Sudan and now Mozambique.
- *Regional Governance Concerns.*—China has generally trumpeted its principles of sovereignty, noninterference, and not mixing business with politics as a strong selling point in its relations with Africa. Increasingly, however, African leaders have begun to pressure China to play a more responsible role in regional security affairs. They have called on China to cease arms sales to Zimbabwe, for example, arguing that they are fueling an already highly explosive situation. The African Union has also argued for intervention in the case of humanitarian disasters, as well as supporting democracy, and has called on China to be supportive of its efforts.

CHINA'S NEW THINKING

Chinese officials in Africa and scholars who work on relations between China and Africa are highly attuned to these emerging problems. In speeches, writings and private discussions, these diplomats and scholars suggest that while overall they feel their Africa strategy is quite successful and should stay the course, some aspects

will require adjustment. Some of the lines of continuity and potential change include the following:

- *Continue and Expand Economic, Technical and Educational Ties.*—In 2006, Chinese President Hu Jintao set forth an eight-point proposal to support future African development, including $5 billion to support Chinese business investment in Africa, $5 billion in preferential loans and credits to establish Sino-African trade and economic zones, the doubling of 2006 levels of assistance by 2009, expanding the range of tariff-free items Beijing will import from Africa from 190–440 before the end of 2009, and the provision of technical assistance. China will also increase the number of government scholarships for African students from 2000 to 4000. (Some scholars argue that much of African elites' commitment to multiparty democratic values, etc., comes from studying in the West and that China should similarly stress its political and economic comparative advantages through educational opportunities.)
- *Overseas Development Assistance.*—There has been some debate within China over the lack of untied aid to Africa between those who believe Beijing needs to increase its efforts in this area while others argue that Western-style aid projects are not effective. One scholar has suggested that Chinese aid projects allow Africans their dignity and are more stable and equal than those offered by the West.
- *Gradual Reform of Sovereignty Principles.*—As the African Union has begun to push China to do more to ensure regional security, China is very gradually assuming a more responsible role (largely through its support of U.N. peacekeeping missions). China's official position remains that it is limited in what it can and should do as an outsider, that sovereignty must be respected and that with regard to human rights, China, as is true of other countries, has its own human rights problems and shouldn't criticize others. Still, there is now discussion within Beijing about how to adjust to the AU's belief in conditional intervention.
- *Develop a System of Corporate Social Responsibility.*—Raising the labor, safety, and environmental standards of Chinese companies in Africa has become a top priority for Ministry of Foreign Affairs officials, who believe that these corporations are seriously damaging China's reputation. (In some cases, MOFA officials must establish a temporary residence in areas where Chinese companies are based in order to help with community relations.) This will be a challenging task: Chinese companies have no tradition of CSR and introducing it in Africa will come only after they address the problem domestically; responsibility for CSR rests with the Ministry of Commerce, which has no experience in these issues; increasingly, the Chinese companies going to Africa are not simply the large state-owned enterprises with financial and political ties to Beijing but rather smaller enterprises from the provinces or private entrepreneurs over whom Beijing has virtually no leverage.
- *Rethink Security Interests.*—China has only low-level and limited military engagement with most of Africa. Several factors are prompting a growing interest in a broader security engagement: The safety of Chinese workers, who have been abducted and killed in Southern Sudan, Nigeria, Zambia, Ethiopia, and Chad; the increasing presence of India, which has a strong and growing naval presence in maritime shipping lanes; concern over the security of China's supply lines; and the U.S.'s AFRICOM initiative, which some Chinese military experts argue is directed at China's growing role in the region.

POLICY IMPLICATIONS FOR THE UNITED STATES

China's successes and its emerging challenges offer the United States the opportunity to increase its own engagement in the political and economic development of Africa. There are several avenues the United States could pursue in conjunction with China and/or Africa to enhance the U.S. role:

- Cooperate with China on issues of corporate social responsibility. China's newfound desire to improve the reputation of its businesses operating in Africa provides both the United States and African countries the opportunity to press Chinese state-owned enterprises to join the Extractive Industries Resource Initiative and/or other global corporate governance efforts such as the Global Compact. The United States could also use its Strategic Economic and Political Dialogues with China to advance cooperation on areas of joint concern, such as illegal logging and mining safety.
- Take advantage of growing Chinese Government concern over the security and stability of African states and the Chinese citizens who reside there to engage in broad security cooperation. This might include in some instances joint sup-

port for police and military; most certainly it should include the advancement of international standards on transparency and good governance.

- Assist Africa in taking a page from China's own economic development playbook. Throughout China's economic takeoff, the country's leaders have ensured that Western assistance and investment benefited Chinese companies and Chinese workers, with domestic labor and sourcing requirements. In addition, they insisted on broad corporate social responsibility, with multinationals required to fund infrastructure such as roads, schools and hotels, as part of the price of doing business.
- Recognize that Africa's leverage with China is often greater than that of the United States. China can often dismiss U.S. pressure by pointing to shortcomings in America's own governance and human rights practices or by claiming that the United States is simply trying to contain China. Africa, however, provides China with both resources and international legitimacy. There are significant costs to China's reputation when it ignores Africa's requests for good corporate governance or support for regional security.
- Ensure that America's Africa strategy is meeting Africa's perceived needs as well as those of the United States. China gets high marks across the developing world for listening to the interests of its prospective partners. Moreover, its broad and deep diplomatic and economic engagement ensures that even as it falls short in meeting African expectations and needs, it is constantly reassessing and adapting its policies. The United States could likely benefit from the type of broader and deeper political/economic and strategic integration that China's political and business leaders have brought to their Africa strategy.

Senator FEINGOLD. Thank you for your testimony, Doctor.

Dr. Morrison.

STATEMENT OF J. STEPHEN MORRISON, EXECUTIVE DIRECTOR, AFRICA PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, WASHINGTON, DC

Dr. MORRISON. Thank you very much, Senator Feingold, for the opportunity to be here today.

I'm going to offer a few focused remarks that look beyond my prepared testimony.

First has to do with China's evolving approach on Africa. There's been some discussion earlier about the scope and scale of its assistance. I think we need to acknowledge, out front, that this is not just another donor. China will surpass the United States as the lead premier trading partner with Africa no earlier—no later than 2010. When concessionary financing is being put on the table on the order of $50 billion for Nigeria, this is a different reality and a different order of engagement.

There is a reassessment, an internal reassessment ongoing within China right now with respect to its approaches to Africa, and that is a multisectoral and long-term approach that's going on. We don't understand it very well. They're reexamining their approaches on health, the way that they deal with human rights advocates and media within Africa. Corporate social responsibility is a source of active internal debate. We need to know more about that.

I think that you can look at the Darfur instance and make the case that China's foreign policy engagement did respond, in terms of appointing an envoy, dispatching the envoy into Darfur repeatedly, and engaging a much broader spectrum of players than would have been the habit before that. That's positive.

There are very serious interagency difficulties within the Chinese approach, and embarrassing episodes like the arms sale to Zimbabwe. The Foreign Affairs Ministry struggles, I believe, to get

its arms, in the case of Sudan, around the policy with respect to Sudan, as against the interests of oil and the security alliance with Sudan.

The Olympics are a huge factor right now, heightened sensitivities on Darfur, quite a bit of outrage internally within the government over some of the actions; for instance, the decision by Steven Spielberg to step down as the director. These are issues that became very emotional and incendiary issues, and there's a—the debate, I sense, with respect to Darfur, has crept into an area of, sort of, backlash of Chinese nationalism that we saw also around Tibet and we've seen in some other issues, and in which a sort of sovereign interest and sovereign pride has crept into the discussions, that earlier, around Darfur, could be much more confined. I think we're going to have to wait until the other side of the Olympics to be able to really begin to seriously reengage around some of these, although many of these pressing matters on Darfur require immediate attention, obviously.

The Africa policy that the Chinese pursue, I believe, will enter a period of accelerated reassessment, this fall, in the lead-up to the next FOCAC Summit, in Cairo, which will be at the end of 2009. That's not that far off. So, you can expect, I believe, to see some interesting developments that will be rolled out in that November—October-November-December timeframe, whenever they actually hold that Cairo meeting.

On United States-Chinese collaboration, I think there is a general consensus around no-zero-sum competition, points of tension that need to be managed, shared interests. However—and the subdialogue that was created, I think you could be very helpful in trying to ensure that that subdialogue is carried forward into the next administration.

Very little has been achieved, in concrete terms, but a consensus is being formed that this is valuable. We should preserve that and move that forward.

I also think that the consensus that exists, and what we—and the cooperation that we've seen on Darfur recently between the United States and China, in getting to the U.N. Security Council resolution, this is very fragile, and could be easily reversed, and I'll explain in a moment what I mean by that.

The Chinese changed, in 2006 and 2007, with respect to Darfur, partly because they wanted—they were concerned about their—how their behavior within the Security Council itself was being seen; and Kofi Annan's argument that, "If you're going to be a member of this group and be influential, you have—you cannot be isolated, you need to move forward," was a convincing one. I think there were lots of reputational damages being inflicted internally within their own elite, within every Western embassy, protests of all sorts, of all forms, and within the African political community. I think we've seen a slowdown lately in that cooperation. I see a hardening of position with respect to Darfur, less interest in helping move forward a deployment of non-African troops into Darfur, less interest in helping overcome some of the slowing tactics that we see Khartoum enacting. There seems to be a position that there needs to be some—on the Chinese part—a need for some kind of longer term new thinking on this. I'm not sure where that goes.

There hasn't been any discussion around the JEM attack upon Khartoum and Omdurman. This, in my mind, was a dramatic moment. It revealed the degree to which the conflict in Darfur has become regionalized between N'Djamena and Khartoum. It shook this regime. There has been debate within the Security Council about the possibility of a Security Council-led initiative to try to broker an end to proxy border warfare between Khartoum and N'Djamena. It hasn't gone very far. However, that's another opening where you could see greater cooperation.

Within the CPA, the North-South Peace Accord, there is dramatic tension today, and, I think, as we look forward, in the next 2 years, towards the election in 2009 and the possibility of the referendum that's called for in 2011, we can expect continued tension and conflict between the North and the South. We have a terrible problem in Abia today that's unresolved. And, I think, when you look at the Chinese and the United States position, we're allied on opposite sides of the table on that. When you look at the interests that the Chinese have with respect to oil, arms, political alliance with Khartoum, opposition to a cessation within the South; you look at the United States position, which is sanctions, which alignment with the South, which is coding Khartoum as a genocide regime, on the list of State Sponsors of Terror—the potential for a polarization and divergence of approaches as the CPA moves forward in the next 2 years is very, very high, and we need to keep that in our minds and be thinking about that.

There are some other cases in which there could be greater collaboration or thinking. Nigeria being one, Angola being another.

On AFRICOM—just one closing comment on AFRICOM—the Chinese seem to be taking a quiet wait-and-see approach on AFRICOM. They are resistant to cooperating directly with us on peacekeeping. This issue was raised by Jim Swan. I support that idea. They do not see AFRICOM, I do not believe, as a threat to their interests or as motivated by Chinese entry and—they see this as a—an important United States initiative that's been beset by some difficulties around mandate, partnerships, and building legitimacy, and winning support within Africa. However, I would argue that there are openings in which the Chinese and the Americans could begin dialogue and exchanges on creating peacekeeping support within Africa.

Senator FEINGOLD. Thank you——

Dr. MORRISON. Thank——

Senator FEINGOLD [continuing]. Doctor.

Dr. MORRISON. Thank you.

[The prepared statement of Dr. Morrison follows:]

PREPARED STATEMENT OF DR. J. STEPHEN MORRISON, DIRECTOR, AFRICA PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, WASHINGTON, DC

INTRODUCTION

Senators Feingold and Isakson, I am very grateful for the opportunity to speak today at this timely hearing.

In late 2006, CSIS and the China Institute for International Studies (CIIS) hosted a conference in Beijing that examined the scope, characteristics, and drivers of China's engagement in Africa. The results were detailed in the CSIS conference report, "China's Expanding Role in Africa: Implications for the United States." In your invitation letter, Senator Feingold, you cited the conclusions of that report and asked

that I comment on new, emerging evidence and thinking on China's role in Africa, based on CSIS's ongoing work, and the implications these developments may have for U.S. policy.

To answer Senator Feingold's question, I will base my remarks largely on a subsequent major CSIS conference, held in Washington, December 5–6, 2007, in collaboration with the Stockholm International Peace Research Institute (SIPRI) and CIIS. It featured senior leaders and expert analysts from China, the United States, Kenya, Nigeria, Angola, Swaziland, and Uganda. It solicited a range of African views on the impacts of Chinese engagement in Africa, and sought to identify concrete areas for future United States-Chinese-African collaboration. The full conference report will be available on the CSIS Web site at the end of this week.

CHINA'S EXPANSIVE ENGAGEMENT IN KENYA, ANGOLA, AND NIGERIA

At the December 2007 conference, commissioned papers were tabled that examined in depth China's engagement in Kenya, Angola, and Nigeria. The authors, experts from the three focal countries, each drew on extensive in-country interviews. It was our view that this type of informed, ground-level analysis has been largely absent from most discussions of China's expanding role in Africa. Interestingly, while the authors varied considerably in their approach and focus, all three described a largely positive and pragmatic relationship with China, and emphasized that engagement is maturing as country capacities and priorities evolve. The three country studies are contained in the full conference report.

Michael Chege, UNDP advisor to Kenya's Ministry of Planning and National Development, argues that China's resounding economic entry into Africa has been poorly served by most literature on the subject, which often depicts African economies under threat of malevolent Chinese investment strategies and a flood of cheap manufactured goods. In the Kenyan instance, the Chinese-Kenyan relationship has by-and-large been mutually beneficial.

Chege challenges the assertions that increased imports from China have harmed the Kenyan economy, arguing that Kenya's manufacturing output has risen and become more diversified while imports from China have been rising to record levels. Chinese construction firms are not inherently detrimental to Kenyan interests; they are a leading source of employment, and create infrastructure at lower costs, making Kenya's economy more competitive overall. The study finds that most Kenyans are pleased with the transportation networks Chinese firms have provided, despite widespread criticism of inferior Chinese construction.

China's share of Kenya's external development assistance has increased dramatically, from .08 percent of total assistance in 2002 to 13 percent in 2005. In Kenya, there is no single predominant oil or other natural resource base. Accordingly, China's investments are spread across multiple other sectors.

Kenya will need to carefully manage its bilateral relationship if it is to be successful in the long term. Kenya continues to struggle to boost the volume of its exports to China in the face of a large surplus in China's favor, and it will continue to be tested when Chinese businesses engage in poor environmental practices or illegal activity. Protectionism or limiting its cooperation with China will only harm Kenya in the long run. Chege argues that Kenya's competent technocratic cadre and business sector have thus far been able to manage the relationship to Kenya's benefit. The larger enduring challenge, in his view, is for Kenya to come to terms with evolving global competition.

Indira Campos and Alex Vines, research assistant and head of the Africa Program at Chatham House, respectively, describe in their analysis a largely pragmatic relationship between Angola and China, which the Angolan Government has leveraged to meet the country's urgent reconstruction priorities. Angola has benefited from large quantities of Chinese financing when concessional funding from international institutions, like the IMF, was not available. Chinese financial and technical assistance has kick-started over 100 projects in the areas of energy, water, health, education, telecommunications, fisheries, and public works enabling Angola to become one of the most fast-growing economies in sub-Saharan Africa in a span of 5 years. The China-Angola relationship is unique in the China-Africa context in that Angola inconsistently runs a large trade surplus with China, owing to the rapid rise of Chinese oil importation.

In Angola there is a clear quid pro quo: China's desire for natural resources as against Angola's stark development needs. Crude oil represents over 95 percent of all Angolan exports, and it is also China's main Angolan import. Over the last 6 years, China has been the second-largest importer of oil from Angola behind the United States, consuming roughly 9.3 to 30 percent of Angola's total oil exports. Despite the U.S. lead in the imports of Angolan oil, since 2002 Angola oil exports to

China have increased seven-fold, compared to only 3.5 times to the United States. However, Angolan oil production is still dominated by Western companies such as ChevronTexaco, Total, BP, and ExxonMobil.

Despite rising Chinese investment, Angolan officials insist that China is only one of several major external partners, and they remain wary of becoming beholden to any single external partner or resource. This pattern is visible when looking at the origins of Angola's imports over the years: China's share has increased significantly, but so have the shares of India, South Africa, and Brazil. Similarly, Angola exports over the years have significantly diversified.

Angola is acutely aware of many of the challenges it faces in its relationship with China. It acknowledges that it is often unable to utilize local capacity to fill the mandated 30-percent Angolan workforce quota for infrastructure projects under Chinese credit lines. It has established a mechanism whereby it reinvests 5 percent of its oil proceeds into the nonoil sector. It seeks to improve its relations with Western institutions by agreeing to pay, on an accelerated basis, the bulk of its debt of $2.5 billion owed to Paris Club creditors and seeks greater foreign direct investment by claiming to have eased its investment laws. It has also responded to Western criticisms of opaqueness in its Chinese credit lines by issuing a statement in Luanda in October 2007 clarifying the Angolan terms for use of those funds. Although this is a welcome development, Vines and Campos argue that more disclosure on the part of the Angolans is needed.

As Angola continues developing its relationship with China, controversial issues such as local content and employment may intensify over time, and tensions may rise over the slow pace of implementation and relative decision-power in the relationship. However, Angolan officials appear confident that their efforts to diversify donors and diversify investment into nonoil sectors will succeed in the long term.

Professor Pat Utomi, a political economist and senior faculty member at the Lagos Business School-Pan African University, details in his analysis an increasingly complex, rapidly evolving relationship between Nigeria and China. He makes the case that Nigerian perspectives on that engagement, even within the government itself, are far from uniform. Utomi's study explains that many career foreign affairs officers and politicians feel that a China-Nigeria partnership could offer greater benefits than collaboration with the West, but that there were many areas of the relationship that needed increased attention and improvement: The risk of heightened dependence on China and often weak official Nigerian leverage in the relationship; quality of project implementation, and uncertainty over technology transfer. Nigeria's private business community also exhibited mixed feelings about Chinese business incursions into Nigeria. Businessmen welcomed trading with a lower cost economy, securing financing from Chinese partners, and learning from Chinese manufacturers and business models, but worried that Chinese firms might be benefiting in greater proportions than Nigerian businessmen.

In order to combat some of these challenges, Utomi calls for expanded debate within the Nigerian Government and across the business, academic, and civil society communities on how best to optimize Western and Chinese engagement. He argues that Nigerian policymakers, including national and local officials, are not setting policies that will have the strongest possible impact on Nigeria's long-term economic growth for the widest array of its citizens. To overcome this challenge, strong pressure must be placed on Nigerian leaders to effectively balance U.S. and Chinese engagement to maximize African growth and opportunity.

EMERGING THEMES

Several important cross-cutting themes emerged from the discussions held at CSIS on December 5–6, 2007.

Correct for exaggerations: First, there was a widely held view that much of the rhetoric surrounding China's engagement in Africa has been overblown, particularly the emphasis on negative impacts in terms of internal governance, business and donor practices, and environment, and the potential for a major clash with U.S. strategic interests. This is fueled by generalized uncertainty as China's engagement rapidly expands, and in part by concern about African capacities to manage and shape this engagement to their countries' ultimate benefit. While serious tensions and challenges were acknowledged, on balance there was a shared sentiment that there are several areas in which United States, African, and Chinese interests intersect and where greater collaborative efforts can yield positive results.

Need for African leadership: Second, there was a strong consensus that both African state and nongovernmental interests need to play a more proactive role in shaping and directing United States-Chinese cooperation. African states are too often discussed as the scene in which United States-Chinese strategic competition play-

outs, and African interests are frequently cast also as passive recipients of potential cooperative development or security assistance. If African governments assert themselves strategically, they will leverage competition to their countries' long-term benefit and set priorities for cooperative efforts.

African diversity: Third, there is no single "African" perspective on China's engagement in Africa. Africa features a wide diversity of actors and interests, across countries, across sectors, between governmental and nongovernmental actors, and within African governments themselves. In many countries that have enlarged the political space for civil society, these various interests and perspectives have become increasingly influential, and the demands on African governments for competent and accountable management will likely continue to increase. A priority for the international community should be to build the capacity of nongovernmental entities—the business sector, civil society, and the media—to engage their governments on a strategy to manage increasing external competition and opportunities for cooperation.

Multiplicity of Chinese interests: Fourth, China itself is not a monolithic entity, and Chinese engagement, contrary to popular rhetoric, is often not directed from Beijing. The number and types of Chinese actors engaged in Africa are rapidly diversifying, including diplomatic representatives, state-owned enterprises, private enterprises and individual families, each driven by different interests, and different modus operandi. There are instances where Chinese national interests and those of state-owned enterprises appear increasingly independent of one another. To maximize opportunities for cooperation at multiple levels, both U.S. and African actors will need a more comprehensive and nuanced understanding of these realities.

Early United States-China dialogue: Fifth, there have been tentative steps toward United States-Chinese dialogue and cooperation in Africa, conducted at the Assistant Secretary level; in the case of Sudan, between special envoys and in actions taken in the U.N. Security Council; and in the case of Liberia, generated through innovative cooperation on the ground. These have yielded concrete gains on Darfur and Liberia security sector reform. Especially important has been Chinese diplomatic leadership in the U.N. Security Council and its pressures upon Khartoum. These were essential to the U.N. Security Council authorization in July 2007 of the deployment of the 26,000-person joint UN/AU peace operation to Darfur. Much more effort, backed by high-level commitments on both sides, will however be needed to sustain the peace efforts in Darfur and address the worsening crisis within the Comprehensive Peace Agreement that ended the North-South war in Sudan in January 2005.

There is opportunity for United States-Chinese project cooperation in less politically sensitive areas like agriculture and health. There is a case for active United States-Chinese cooperation on peacekeeping in Africa, but resistance from both sides remains strong, and U.S. statutory limits (for instance, a provision contained in the National Defense Authorization Act of FY 2000 barring cooperation with the People's Liberation Army except for humanitarian purposes).

There is need for continued dialogue on areas of disagreement and tension: Most importantly, human rights, governance, donor lending and debt terms, business practices, and environmental standards, for example. In each of these areas, African regional organizations and nongovernmental players could facilitate debate and create a greater African voice. Across the board, stronger leadership from African interests is needed to drive these efforts forward on a sustained basis.

Transnational expert networks: The final cross-cutting conclusion is that much analysis concentrates too narrowly on government-to-government engagement in discussion of United States-China-Africa relations. Greater priority is needed to strengthen nongovernmental, policy-focused, transnational networks. Universities, research institutes, and advocacy groups, environmental and health policy organizations, could play a powerful role in promoting corporate social responsibility, environmental stewardship, and community development.

ENERGY SECURITY

China is sensitive to being lectured on "gobbling up" Africa's oil supplies. There is often exaggeration of the scope of Chinese energy engagement in Africa, frequently portrayed as a zero-sum "scramble" for African energy resources. China's demand for oil resources is indeed rising steeply, but in absolute terms China remains a relatively small player in African oil exploration. Today Africa accounts for 30 percent of China's overall oil imports (oil imports constitute 30 percent of China's total energy consumption) and Africa's share of oil imports is certainly set to rise. Given projected Chinese energy demands, China, like the United States and the rest of the world, has a long-term interest in both oil conservation and the development

of alternative energy sources. At present however, total Chinese oil consumption is one third that of the United States. Further, China's share of total African oil production is approximately 9 percent, versus Europe's share of 33 percent or the U.S. share of 32 percent.

The Chinese argue that China's investment in upstream oil exploration and production should not be considered threatening, but in fact be welcomed since it expands global supplies. It is important to recognize that China frequently chooses not to ship African equity oil back to China. Logistically, it is easier to ship West African oil to markets in Europe and North America, and, commercially, the incentive is to choose those markets which fetch the best price. Although approximately half of China's equity oil production worldwide come from Africa (approximately 300,000 of 600,000 barrels per day, of which 225,000 barrels derive from Sudan), the majority of that equity production is not shipped to China but sold in the global market. China, like the United States, will continue to rely overwhelmingly on the open market for years to come.

Chinese state-owned companies operate with increasing independence from the Chinese state. It is largely a myth that the Chinese Central Government directs state-owned firms where to invest, or that these companies rely overwhelmingly on financial support from Beijing. State-owned companies act largely according to commercial versus geopolitical interests. Particularly in places like Sudan, where the reputational costs of Chinese investment have been considerable, there is increasing divergence between the interests of companies and the interests of the state, and uncertainty as to how energy security is achieved for China through support for state-owned companies. China's actual imports from Sudan are less than 100,000 barrels per day. The lead Chinese company, the Chinese National Petroleum Corporation (CNPC), has been doing well financially in its Sudan operations, but the Chinese Government has been the target of massive international criticism, for what, in a global context of 85 million barrels of production per day, is a paltry volume of oil imports from Sudan.

Many African partners look to China for models of energy investment different from those of traditional Western companies. The latter have tended to operate in enclave-type settings, engaging a narrow elite, with weak connection to the rest of society or to other economic sectors. There is need in Nigeria, for example, to diversify away from the energy sector, and China through its multisectoral package deals appears engaged in a broader range of sectors, including critical infrastructure, that Western companies and donors shun. The Chinese development model is in its early stages in Africa, and positive long-term impacts on development and equity are not guaranteed. However, persistent disillusionment among Africans with Western commercial approaches has played to China's advantage.

There are several energy-related areas where United States, Chinese, and African interests intersect.

Working together on addressing climate change and developing clean and sustainable energy sources will be at least as important as managing upstream investment. While this will be a long-term challenge, cooperative efforts should be given greater priority now.

Ensuring the security of energy personnel, infrastructure, and transportation is a shared interest. Chinese workers are proving equally vulnerable to local conflict and violence as Western and often African interests, as demonstrated in attacks against oil workers in the Ogaden and Sudan and in hostage-taking in the Niger Delta.

China's principle of noninterference will be increasingly tested in unstable, conflicted settings, opening new opportunities for cooperation on conflict resolution and collective international pressure on governments in energy-producing states to invest in long-term stability and good governance. Should the Government of Nigeria become seriously engaged in addressing long-standing grievances in the Niger Delta, both the United States and China would have a shared interest in supporting an effective solution and each would bring special strengths to a potential resolution and reconstruction strategy. The protection of physical infrastructure and sealanes in West Africa's Gulf of Guinea is also of increasing common interest, and the United States may look to China to play a more active and cooperative role in ensuring maritime security, building African coast guards and establishing control over rich coastal fisheries that are now often plundered through illicit industrial harvesting.

Finally, transparency and reliable rules of engagement are ultimately in the interests of oil investors and energy-producing countries. Neither China nor the United States wish to be at the mercy of oil states or see market investment opportunities subordinated to narrow political calculations and unstable, poorly governed states.

AFRICA'S PUBLIC HEALTH

China and the United States have both rapidly expanded their public health initiatives in Africa, at a time when international attention more broadly in global public health is also expanding. HIV/AIDS, malaria, avian flu, and SARS have generated greater appreciation for the internationalization of health and the need for international health diplomacy and cooperation. Major government initiatives, along with the expansion of efforts by nongovernmental organizations, multilateral institutions, foundations, and faith-based organizations, offer new opportunities for collaboration to address African public health challenges.

African challenges are many and there are ample areas for coordinated work. At least 300 million cases of acute malaria are diagnosed annually. Malaria kills over 1 million people each year in Africa and is among the leading causes of death for children under five. More than 8 million new cases of tuberculosis are detected annually, and despite the availability effective treatment, those numbers continue to rise. Sub-Saharan Africa is home to 85 percent of the world's HIV/AIDS cases, and the disease compounds other diseases and other developmental problems. New epidemics such as avian influenza could be devastating. And as Africa's urban populations expand, alcohol, drug abuse, and chronic diseases like hypertension, heart disease, and diabetes are increasing as well.

Structural challenges persist: The lack of trained health personnel and health infrastructure; weak interest internationally in tropical disease research; lack of African capacity, for example, in minimizing the influx and proliferation of counterfeit drugs.

U.S. contributions to Africa's health challenges have risen dramatically in recent years, enjoying strong bipartisan support that is likely to endure. By the end of the first 5-year phase of the President's Emergency Plan for AIDS Relief (PEPFAR) in late 2008, the United States will have expended over $19 billion on global AIDS control, roughly 60 percent in Africa. To date, these efforts have been focused primarily on tackling specific infectious diseases—first and foremost HIV/AIDS—and targeting select focal countries. In fighting HIV, there is increasing recognition that long-term management will require greater support to building health systems, and PEPFAR's next 5-year phase will almost certainly devote greater resources to the training of skilled personnel. President Bush has also launched a major $1.2 billion, 5-year initiative on malaria: In 2007 the United States spent $338 million on malaria efforts in Africa versus $1 million spent in 1997. Compared to HIV, control of malaria is more straightforward and affordable, with respect to the science of the disease as well as prevention and treatment. The challenge is to remain focused over time and to collaborate with partners to ensure maximum coverage.

Chinese contributions to Africa are gradually increasing, and are an important component of China's Africa policy overall. China will continue to send medical teams to Africa, increase cooperation with Africa on prevention and treatment and on research and application of traditional medicines. There are approximately 1,000 Chinese medical workers in 38 countries in Africa; more than half of the doctors are senior physicians and surgeons. Together they have treated an estimated 170 million patients suffering from various diseases. China has helped build numerous hospitals in Africa and has plans in the next 3 years to build 10 hospitals and 30 malaria clinics in Africa. On training, the Chinese Ministry of Health provides 15 courses each year to African participants, in the areas of HIV/AIDS, malaria, hospital management, and health reform. Malaria will remain a prominent focus of China's health engagement. China's expanding health engagement and efforts to link it to an international strategy are somewhat fresh issues. Through one promising initiative, the Ministry of Health has turned to global health experts at Peking University to help review existing Chinese programs, develop a long-term Chinese health strategy for Africa that updates the Chinese approach and ties it more effectively to African health outcomes, and identify opportunities for collaboration with the international community. These experts have recently concluded a summary review of all donor activities in the area of health in Africa. It is expected that reform of health approaches will take several years to formulate and execute.

There are promising areas for public health cooperation between China, the United States and African countries, although currently there are bureaucratic obstacles to greater dialogue and joint projects. At a minimum, there is need for greater communication to avoid duplication of efforts and identify gaps.

African countries should engage China and the United States on bilateral projects but also on multilateral efforts. Moreover, China could play a more active role in multilateral initiatives, building on its present substantial contributions to the board of the Global Fund to Fight AIDS, TB and Malaria, and its leadership of the World Health Organization. China and the United States bring complementary

strengths to the table: China places an emphasis on infrastructure and health systems, and the United States on treatment of specific diseases. African Government, with robust public health strategies in place, can push for cooperation in what they identify as priority areas.

Collaboration on malaria is a particularly promising area in which to build cooperation, given the priority African governments attach to this disease and rising commitments by both the United States and China. It is also an area that could deliver significant, rapid returns and perhaps help encourage future cooperation in more complex health efforts. Despite China's interest in malaria, the Chinese and other Asian governments were absent at the 2007 Roll Back Malaria Partnership Board meeting in Addis Ababa. China should be welcomed and encouraged to participate more fully in these and other multilateral global health fora.

Cooperation on health will require greater political will—by the United States, China, and African governments—than currently exists. This will require senior leadership that supports innovation and flexibility in the field, and minimizes political obstacles to communication and favors joint initiatives. A future priority should be strengthening African capacities to address chronic diseases as well. Cooperation should not be limited to government-to-government engagement. Linking nongovernmental organizations, research institutes, faith-based organizations, and corporate interests in active partnerships should also be a priority.

CORPORATE SOCIAL RESPONSIBILITY

While Chinese and United States firms have responded to growing pressures to pursue corporate social responsibility initiatives, these efforts often have had little meaningful impact on the ground and are often seen as exercises in public relations. Much more effort is needed to transfer adequate skills or resources to local African communities and provide for worker and community safety and environmental stewardship.

It is in the area of environmental stewardship that Chinese engagement has been most problematic. The Chinese Government's response to concerns over illegal logging has been quite limited. While China has signed resource-use agreements, it has not shown strong interest in upholding them. As an increasing number of non-state-owned companies are engaging in Africa, environmental enforcement will become an even more complex and conspicuous challenge.

Ultimately, the responsibility to set terms for enforcing effective CSR falls to African host governments. Collusion between host governments and corporations often tilt CSR projects to benefit state, not community, interests. Communities often expect corporations to deliver services and resources that are more appropriately the responsibility of the government. Weak environmental laws and labor standards, high levels of corruption, and weak governance structures hamper effective CSR. Few African governments have mandated strict operational guidelines for foreign companies within their borders. Those that have, like Angola, which mandated that at least 30 percent of an international company's workforce be Angolan nationals, have found these guidelines difficult to sustain. Violations of environmental laws or regulations are rarely pursued.

There have been positive examples of corporate social responsibility in the health field, as the threat of HIV/AIDS has generated a number of successful public-private and community partnerships. There may be lessons upon which both Chinese and U.S. companies can build.

On environmental issues, there has been positive, albeit very slow, acknowledgement of the long-term economic, developmental, and security costs of illegal logging and other harmful environmental practices. Until very recently, the United States and China appeared alike in regarding environmental issues as a second-tier priority, and solely the responsibility and problem of producing countries. This has begun to change, and nongovernmental groups and governments themselves have made more information available on the nexus among environmental degradation and conflict, food security, and long-term economic costs.

When pressed, Chinese manufacturers have shown an ability to adjust quickly. In recent years, Chinese manufacturers eliminated the use of ramin wood very rapidly, following an international agreement to control its trade and a precipitous drop in U.S. demand. Similar progress was seen in the reduction of illegal trade in rhino horn. The United States and China are negotiating bilateral agreements to address illegal timber trade.

Perhaps the most important challenge is for African governments to set up effective monitoring and enforcement structures, to establish regulations to protect African resources, and to develop African capacity for environmental governance. Here, pressure, information, and policy advice from nongovernmental actors can play a

critical role. Strengthening transnational networks of African, Chinese, United States, and international advocacy, policy, and research institutes should be a priority.

BUILDING PEACEKEEPING CAPACITY

The idea of United States-China cooperation on security engagement in Africa is new, and just a few years ago such a discussion—even on the less politically sensitive issue of building peacekeeping capacity—would have been unlikely. However, both China and the United States are becoming increasingly aware of the importance of building African security capacity. U.S. and Chinese commitments in this area coincide with increased commitments by African states, regional and sub-regional organizations, and by international organizations.

In recent years, there has been an unprecedented rise in global peacekeeping operations: Today, there are 15 U.N. peace operations, totaling 90,000 troops and another 26,000 police and other civilian personnel. Seventy percent of the U.N.'s operations, which run at $7.5 billion annually, are in Africa. An increasing number of deployments are peace enforcement operations in complex environments. Force generation and logistics are an enduring challenge. The United Nations has relied extensively on partnerships with African regional organizations, in integrated missions in Sierra Leone and Liberia, and now a hybrid operation with the African Union in Darfur. The African Union has set as a priority the standup of the African Stand-by Force—five regional brigades with rapid deployment capacity—and sought international support.

Both China and the United States have an interest in protecting their citizens and their investments in Africa and in strengthening African capacities to manage conflict, including filling key gaps: Airlift capacity; communications; command and control capacities and surveillance.

In the United States, higher commitments are seen in the establishment of the U.S. Global Peacekeeping Operations Initiative (GPOI), launched in 2004, and in 2007 the establishment of the U.S. Africa Command (AFRICOM). Having U.S. military engagement in Africa coordinated within a single command may make cooperation with other donor states (and with African regional bodies) less difficult.

China has an equal stake in African security and stability. Chinese entrepreneurs have been more willing than Western companies to go to dangerous and conflicted places, and have suffered economic and human losses at the hands of nonstate actors and reputational costs in international public opinion. Compared to U.S. and EU engagement, Chinese military involvement on the continent is limited, but growing. China has only 14 military attachés in Africa, out of the 107 it has globally. But China is increasing its U.N. peacekeeping commitments, contributing more forces to U.N. operations in Africa than any other permanent member of the U.N. Security Council, and often in interesting ways. In Liberia, for example, China has deployed 570 military engineers as part of UNAMIL, and these engineers are now working to rehabilitate the country's roads in a joint effort with the World Bank and the Liberian Government. Engineers have been deployed as part of U.N. peacekeeping operations in the Democratic Republic of Congo, in Southern Sudan, and in Darfur.

China's growing involvement in peacekeeping is an important turning point to encourage enlargement of the base of external actors participating in building security capacity in Africa. Direct United States-Chinese cooperation in this arena may be some ways off but there may be promising opportunities in nontraditional security areas such as disaster relief and humanitarian assistance.

In some instances, informal cooperation and complementary approaches of the United States and China are already yielding results. In Liberia, the United States-China relationship has been positive and mutually reinforcing. The United States has taken the lead in the recruitment and training of the Liberian Armed Forces, which was entirely disbanded after the Liberian conflict, and in strengthening the management capacity of the Liberian Ministry of Defense's civilian staff. China has been helpful in complementary ways: Assisting with hardware; refurbishing buildings; providing office equipment for the Ministry; and constructing facilities in the northern areas of the country.

At present, improved United States-China communication and coordination of efforts—if direct cooperation for now is premature—is an important first step to strengthen efforts by the AU, sub-regional organizations, state forces, and the international community. But given the complexity of conflicts and the many challenges and costs ahead in building African security capacity, direct United States-China cooperation and higher levels of commitment will be needed in the future.

CONCLUSIONS

I thank you again for the opportunity to be here today, and look forward to our discussion of these topics.

Senator FEINGOLD. Thank the panel.

I'd ask unanimous consent that the statement of the chairman of the full committee, Senator Biden, be placed in the record. Without objection.

[The prepared statement of Senator Biden follows:]

PREPARED STATEMENT OF HON. JOSEPH R. BIDEN, JR., U.S. SENATOR FROM DELAWARE

Today the Subcommittee on African Affairs of the Senate Foreign Relations Committee examines China's growing engagement with sub-Saharan Africa and its implications for U.S. policy. This hearing is a part of a series that the Foreign Relations Committee is holding to examine China's emergence as a major power not only in Asia, but also in Africa and Latin America. Future hearings will examine the United States-China bilateral economic relationship, China's internal political development, and other issues related to China's growing soft and hard power.

CHINA INVESTS IN AFRICA

China's rapid economic growth has spurred a global search for markets for Chinese exports and for the raw materials to sustain China's economic development. Chinese firms have been especially aggressive seeking energy resources to meet the nation's mounting demand for oil. Nowhere is this more evident than in Africa.

According to a recent Congressional Research Service study on China's "soft power" requested by the Foreign Relations Committee, China's imports from Africa are concentrated both in form and geographically. China mostly imports raw commodities—oil, iron ore, raw timber, cotton, and diamonds. Moreover, China conducts the vast majority of its Africa trade (almost 90 percent) with just seven countries (most of them rich in oil, ore, and diamonds)—Angola, South Africa, Sudan, Republic of Congo, Equatorial Guinea, Gabon, and Nigeria.

As China has scoured Africa for markets and resources, it has used soft credit, foreign assistance, investment, and security assistance (including both peacekeeping missions and arms sales) as tools to win influence. Although precise figures are hard to get, because China does not have a transparent foreign aid and security assistance structure, Chinese foreign aid to African nations runs somewhere in the neighborhood of $500 million/year. But this figure does not include various forms of assistance, including soft loans and state-funded development projects. The total aid package more likely is in the range of $1.5 billion per year, and Chinese President Hu Jin-tao has promised to double the 2006 foreign aid level for African nations by 2009.

KEEPING CHINA'S STAKE IN PERSPECTIVE

Still, it is important to put China's overall economic position in Africa, including its foreign assistance posture, in perspective. In 2006, China imported $26 billion in goods and services from sub-Saharan Africa, while the United States imported $59 billion. The United States imported 45 billion dollars' worth of oil from African states in 2006, compared with $19 billion for China. As for exports, in 2006 China exported $19 billion in goods and services to sub-Saharan Africa, compared with $12 billion in U.S. exports to the region.

With respect to development assistance, in 2006, the United States provided roughly $5 billion in aid to sub-Saharan African states. The United Kingdom and the European Union provided $4.7 and $3.5 billion, respectively. Japan provided more than $2.5 billion. In sum, the major OECD donors provided more than $20 billion in aid to Africa, compared with less than $2 billion from China.

All of this suggests to me that when considering the impact of China's growing economic and political ties to Africa, we should not overlook our own considerable stake in the continent, and that of our close friends and allies.

CHALLENGES AND OPPORTUNITIES

China's growing engagement in Africa presents both opportunities and challenges for the United States.

On the plus side, China's investments and burgeoning trade are helping to fuel strong growth in several African states, bringing improvements in infrastructure

and quality of life to millions and bringing more energy resources into the international marketplace. China is pursuing a comprehensive engagement strategy under the umbrella of the Forum on China-Africa Cooperation, inaugurated in October 2000 in Beijing during a summit gathering of 45 African leaders. With the urging of African leaders, China is making significant investments in health care, human resource development, and agriculture. Chinese peacekeepers serve in almost every U.N. mission in Africa, including in Darfur, Sudan, where China is the only non-African nation to contribute forces.

On the negative side, China's "no strings attached" attitude about foreign assistance has sometimes undermined efforts by the United States and other members of the international community to tie assistance to improvements in governance, protection of human rights, anticorruption initiatives, and the adoption of more sustainable environmental policies. This is particularly true in nations such as Angola, now China's second largest supplier of oil after Saudi Arabia. Worse, China's business ties and sales of military equipment to the Governments of Sudan and Zimbabwe directly contribute to the ability of these states to perpetrate atrocities against their own people. China's reluctance to criticize these governments for their human rights abuses puts China out of step with much of the international community and at odds with U.S. and European Union sanctions.

Which brings me to one of the core questions that I hope our witnesses can address during today's hearing: How can the United States convince China to become a more responsible "stakeholder" in Africa, supporting, rather than undermining, international efforts to advance good governance and respect for human rights? Must China learn the hard way, as the United States did in Iran with the overthrow of the Shah, that there is often a heavy cost to be paid down the road if one ignores questions of human rights and good governance in the pursuit of oil? Or might we be able to bring China around by sharing our own experiences and urging China to join in our efforts?

I look forward to reviewing the testimony of our witnesses.

Senator FEINGOLD. And I'll start with a 7-minute round.

Dr. Morrison, I understand that you recently returned from a meeting in Beijing with the Director of China's Sudan Policy. Do you agree with the State Department's claim that their dialogue with the Chinese on this issue, "is producing important results"? And what concrete changes in policy have been achieved, and what concerns remain?

Dr. MORRISON. Senator, your question is what—the United States-Chinese dialogue and what has been achieved with respect to——

Senator FEINGOLD. State Department——

Dr. MORRISON [continuing]. Darfur?

Senator FEINGOLD [continuing]. Claims that, in their dialogue with the Chinese, is, "producing important results." What concrete changes in policy have been achieved, and what concerns remain?

Dr. MORRISON. I think the most important changes occurred in the latter part of 2006, up through 2007, and the greatest evidence was the U.N. Security Council Resolution 1731, from last July, that authorized the deployment of the 26,000-person force. That would not have happened if the Chinese had not intervened with Bashir and pushed for acceptance of that.

Right now, the dialogue is centered around getting the Chinese to cooperate with respect to non—accelerated deployment of non-African contingents, the Nepalese and the Thais and others, into Darfur, so that you can get those numbers up close to the 20,000 troops needed. There's only 9,200 on the ground today. And also appealing to them to pressure Khartoum on the go-slow bureaucratic delaying tactics that have been put forward.

But, the Chinese, as I understand it, have been less responsive in this last phase, dating back to the, sort of, February-March pe-

riod here. And we've had—that's what I meant, was—we've had this period of close alignment, convergence, and cooperation in the late 2006-through-2007, but I see a—the tightening up and a less cooperative relationship, of late.

Senator FEINGOLD. Thank you, Doctor.

Dr. Economy, in general, what forms of influence have proven most effective in persuading the Chinese Government to change a particular policy or position? And what kind of leverage can the U.S. employ in this regard?

Dr. ECONOMY. I think, overall, the greatest leverage that we have really, as I mentioned, stems through Africa itself, because China has declared itself the brother, the friend, the partner of Africa. It sees itself as a leader of the developing world. And, to the extent that the claims are made, or that requests are made to China to reform its policy—whether we're talking about Sudan or Zimbabwe or Chad, or whether we're talking about corporate social responsibility— when it comes from Africa, it is more meaningful than when it comes from the United States.

U.S. leverage, I think, is greatest when it's in concert with other powers, as Dr. Morrison mentioned, within the U.N. Security Council, when you have the full force coming down upon China, when China is outed as not being a responsible player.

I think there is an element where quiet diplomacy can work, it's a long process. And so, the kinds of dialogues that the State Department uses are very important. It's a type of capacity-building, building understanding through dialogue. But, if you look at the trend, for example, in human rights dialogue with China, notwithstanding the 6-year hiatus, the results of that, in the larger scope of things, have been quite limited.

So, again, I think that there has to be an element of calling to China to account publicly, in conjunction with this dialogue and capacity-building, and it's most effective if it comes from those countries who matter most to China in the context, which, in this case, is Africa itself.

Senator FEINGOLD. I'd appreciate if both of you would say a word about whether you believe that the current United States-China bilateral engagement, as described by our first panel, is sufficient and effective.

Dr. Economy.

Dr. ECONOMY. I think it's an excellent start. In some respects, it's very difficult to assess whether the U.S. engagement is sufficient and effective. What we're talking about, when we're talking about almost all of these issues with regard to United States engagement with China in Africa, are really fundamental problems within China itself. So, we're talking about China's export of its worst practices. Whether you're talking about transparency, corporate social responsibility, corruption, issues of sovereignty, these are all things that are a challenge within China as well. It's not simply China's foreign policy, but it's also China's domestic policy that we're talking about. What we're trying to do, in essence, is have China reform the way it governs itself.

Again, I think that there is a long-term aspect to this. I think, for the U.S. Government, it probably is the most constructive way of engaging China, but I think there's an important role to be

played by Congress, by outside experts, by nongovernmental organizations, in ratcheting up the pressure. If you want to get China to change it's renminbi strategy, it's not all about Hank Paulson and the strategic economic dialogue. It might also be about the sets of resolutions emanating from Congress that place China under pressure and give it the sense that there will be consequences if China doesn't take action.

Senator FEINGOLD. Dr. Morrison.

Dr. MORRISON. I have a sort of mixed response to that question. On the one hand, I think having multiple dialogues going, as they were articulated by Tom and by Jim, is very favorable, because you've got dialogues going on, on a variety of different issues at a variety of different political levels. That's good. We've seen the Chinese are receptive to these dialogues, they've been responsive to them, they've engaged, they've broadened and deepened their engagement in this. That's good. We've come around to understand that this is a long-term kind of dialogue. So, those are very positive.

What I do think we've underestimated in looking at the opening of these dialogues is the way—is the resistance that we see on both sides. And the source—to some degree, the resistance have common sources. Both the United States and China are very preoccupied with their—with moving forward their expansive engagement in Africa, which is historic for both of them. So, they're preoccupied. They also are very concerned about branding and sovereign identity, and they don't want to dilute that. The Chinese are getting into Africa with an argument they are different from the West. They're not a—you know, their motivations are not to dilute that line through too close an alignment of—or integration of their efforts with ours. We have to get smarter about how we frame this so that we can make this—the case that neither of us are going to dilute what we're really trying to do here, in terms of promotion of comparative national interests.

The United States has a certainly sensitivity also about this being—seeming a bit neocolonial. And I think that interest can be ameliorated to the degree that more and more African participants are integrating into these discussions.

To the degree that these are China and Africa's policymakers talking—I mean, China and the United States policymakers talking about Africa, it does have this odd outdated appearance to it, even while there may be important business to discuss.

Senator FEINGOLD. Thank you.

Dr. Economy, you noted that the Chinese get high marks throughout the developing world for addressing the fundamental economic investment and infrastructure needs of its prospective partner governments, something that the United States is not particularly known for. But, in the case of sub-Saharan Africa, would you say that meeting the needs of a government translates into meeting the needs of the people? What does China—to what extent does China really achieve that?

Dr. ECONOMY. Well, I think that it's probably a mixed bag. Earlier it was pointed out that we're seeing a lot of Presidential palaces, maybe a cricket stadium, a new foreign affairs building in some countries. I think the people of Africa don't necessarily recog-

nize those things as contributing directly to benefit them, and there have been complaints, for example, in Namibia, about the fact that you can't trace Chinese development assistance through the budget; you can find out how money is spent from every other country, except for China. So, I think that lack of transparency is of concern to many within civil society in Africa.

I think, too, the issues of the labor, the export of Chinese labor, are raising concern within many countries. This was brought up to me, in fact, in South Africa by somebody from Sudan. He was, at one point, nominated to be the head of the Chinese-Sudanese People's Friendship Association, back in the 1960s, and he remembered that the Chinese were very good about providing real technical assistance, and that they engaged with the Sudanese people. Now he doesn't see that kind of transfer, real transfer of technical assistance, although it's talked about, and that the Chinese tend to live in colonies, almost, where they have restaurants and hotels—little hotels and dormitories where the people stay, so that there doesn't seem to be this kind of——

Senator FEINGOLD. Yeah, I've heard that——

Dr. ECONOMY [continuing]. Benefit to the local economy.

Senator FEINGOLD [continuing]. Same description many times in Africa.

Dr. ECONOMY. Right. So, I think that there's a mixed sense for what the infrastructure development brings.

On the other hand, they're building hospitals, contributing to universities, they're training Africans in China, providing educational assistance. They have Confucius Centers. So, there are things that they are doing that the people perceive to be directly beneficial to them.

Senator FEINGOLD. Senator Isakson.

Senator ISAKSON. Thank you, Mr. Chairman.

Dr. Morrison, at—toward the end of your printed testimony, in a paragraph that cites the establishment of the Global Peacekeeping Operation Initiative in 2004 and AFRICOM in 2007, you have a statement—you said, "Having U.S. military engagement in Africa coordinated within a single command may make cooperation with other donor states and with Africa regional bodies less difficult." And then, in your verbal testimony, I heard a reference, "prospectively to future peacekeeping initiatives," vis-a-vis the United States and China. Would you—I heard you say they were taking a wait-see attitude with AFRICOM, and, on the other hand, I almost read this to be "they see that as somewhat positive."

Dr. MORRISON. Well, my point—my initial point there was having a more unified approach, institutionally within our own government, will make it potentially much easier for external partners to understand and relate to the United States, if it's not divided among three different commands.

So, I hope that clarifies the——

Senator ISAKSON. It does.

Dr. MORRISON [continuing]. The point.

I do think there are barriers to United States-China military cooperation in very benign ways in Africa, that would help support creating African peacekeeping capacity. We don't invite Chinese to come to the Africa Center for Strategic Studies and the leadership

seminars. We don't invite them to the ACOTA peacekeeping training exercises. We don't have a dialogue at the United Nations Department of Peacekeeping with other Perm-5 members, around relative security strategies for supporting. One of the factors is that, in the FY 2000 National Defense Authorization Act, there's a bar on China-United States military cooperation, with an exception for humanitarian operations. And this is a very sensitive issue. We could enlarge that—the opportunities and the incentives for cooperation if that were—if there were leadership and if there were some change, in that way. Chinese have over 2,000 of their troops deployed into U.N. peace operations globally; around 1,500 of those are in Chinese—I mean, in African peace operations. We have a very strong shared interest in building up African peacekeeping capacities.

Senator ISAKSON. Dr. Economy, on the AFRICOM question, when—at the outset of your testimony, you said, "their global strategy"—"theirs" being China's—vis-a-vis Africa, was "natural resources, Taiwan, and, third, America's strategic interests." And you directly refer to AFRICOM. How do you see the Chinese viewing AFRICOM?

Dr. ECONOMY. I think—you know, Dr. Morrison mentioned that there's not concern. My sense is—and this is really just from readings of Chinese literature, not from direct interviews with Chinese on this particular topic—is that, certainly within the military academies in China, there is exactly that concern, and it's stated quite explicitly, that AFRICOM is, in fact, at least in part, directed or designed to assert United States influence in the face of rising Chinese engagement and development in Africa. So, I think that there is, certainly in the military in China, a sense that AFRICOM has a China component to it. But, it's also true that the Chinese see that everywhere, so that no matter where you are, however the United States engages, they tend to see it as, in some way, directed at China.

Senator ISAKSON. So, sort of a paranoia?

Dr. ECONOMY. A little bit. But, some of it might, in fact, be justified. [Laughter.]

Senator ISAKSON. How do you personally view AFRICOM?

Dr. ECONOMY. You know, I don't really have an opinion of AFRICOM, except to the extent that, again, it seems to me, from listening to people in Africa, that they would prefer a broader engagement by the United States, and that this, in some way, reinforces the sense that there's a strong military component to it. But, some of what the Chinese do do on infrastructure and other things would also be welcome.

Senator ISAKSON. Well, the reason I mentioned that point is, I think that, perception wise, you're right; but in reality, in my visit to Djibouti and just what I have seen, the U.S. military initiatives have been primarily in infrastructure, well-drilling, bridge-building, roads, and infrastructure, and not in military operations, but in engineering expertise, which I think Africa needs desperately. So, I think it has the potential to be a real positive for the country, but I do understand the paranoia and the fear.

Dr. Morrison, you made reference—you said, "China is not just another donor country, and, by 2010, their investment will surpass the United States."

Dr. MORRISON. Their level of trade——

Senator ISAKSON. Their level of trade.

Dr. MORRISON [continuing]. With Africa. Their two-way trade with Africa will exceed that of the United States. The United States is the largest trade partner with Africa today, and China is rapidly approaching the point where it will overtake us.

Senator ISAKSON. And most of what China buys is petroleum, energy, natural resources, is that not correct?

Dr. MORRISON. Well, it's a mixture of energy, timber, precious minerals and metals that are—that come from Africa, coal, other hard-rock minerals. And there's an—there's a sensitivity around the need to diversify that base of imports, because of what we heard earlier about the opposition from African manufacturing interests, just seeing a flooding of markets and the sensitivities around that. And places like South Africa, where your manufacturers are quite well organized, they're quite vocal, and their unions are quite well organized.

Senator ISAKSON. I have one last question, if I could find where I wrote my note. You talked about interagency, lack of coordination within China, and referred definitely to the arms shipment. I have always had the impression China was very coordinated in their effort, but you seemed to imply, in that, that maybe there was some interagency—between military and other functions in the Chinese Government, some lack of coordination. Did I mishear that, or——

Dr. MORRISON. No; that's my strong impression. This—it's a fairly opaque system, so—making categorical statements is a little dangerous, but in talking to different parts of the government about different sensitive policies, you don't necessarily get the same answer. So, it's not quite as much a command—a sort of centrist command system as you might expect.

And I think that one of the dramas—one of the subdramas running through the Darfur question has been a reaction internally among foreign policy elites and opinion leaders within China, saying, "What are you doing, allowing our reputation to be dragged down so badly and damaged so badly in a country like Sudan, where, in the big picture, we really don't have that much at stake, in terms of national interests, but we're taking a hammering, globally, in terms of our image?" And it's going to take—and it's undermining all of the other progress that's being made in trying to build the reputation that this is an ethical, rising superpower, which is the core of their agenda. And so, you had a debate going on. And we heard this—we heard this very loud and clear in 2006 and 2007, in engaging with the Chinese. And that suggested to me that there's an internal debate.

It shouldn't surprise us that there's deep internal debates around many of these issues, and that, in the case of Sudan, it was the oil interests and the arms interests that got in—were the front edge of getting involved, and the policy oversight came much later and had to battle against that, I believe. That's just one instance.

In the health sphere, we could talk a bit about the way that the health system is trying to coordinate and update its approaches, too. It's not always all that centrally directed.

Senator ISAKSON. Thank you very much.

Senator FEINGOLD. Thank you.

On the AFRICOM point—you know, I've been a supporter of the concept of AFRICOM, and Senator Isakson is right, much of what our military does, to the extent it does things in Africa, has to do with helping developing communities. The problem is, when it's done by the military, and that's the only thing people see, then we come to Africa with a military face, and only a military face. Without broader engagement, as Dr. Economy was suggesting, without broader commitment in many other areas, including public diplomacy, and more diplomacy per se, that allows others—Chinese or others—to characterize our intentions in a way that is not accurate. And that's why it's so important to get this right.

But, I do thank the panels. Thank Senator Isakson for his commitment throughout the entire hearing and on this subcommittee.

And I have to go to the Judiciary Committee, so that concludes the hearing.

[Whereupon, at 11:14 a.m., the hearing was adjourned.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

Responding to China in Africa

by David Shinn and Joshua Eisenman

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The American Foreign Policy Council

Responding to China in Africa

David Shinn and Joshua Eisenman

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American and Chinese interests in Africa are different, but not substantially so. There are more areas where the two countries can cooperate for the benefit of Africans than there are issues of disagreement and potential competition. During his visit to Africa early in 2008, President George Bush acknowledged that the United States and China could pursue opportunities in Africa without increasing rivalry. He commented that he does "not view Africa as zero-sum for China and the United States" and believes both countries "can pursue agendas without creating a great sense of competition." A few months later during a conference at Howard University in Washington on China-Africa relations, Chinese Ambassador Zhou Wenzhong said that China appreciated President Bush's statement, adding that China and the United States need not pursue in Africa a "confrontational, or harmful rivalry, or a zero-sum game."

This paper explores the development of China's strategy in Africa with particular attention to Beijing's objectives and methods, while highlighting the implications of China's approach for United States' relations with African countries. It seeks to provide American policy makers with a comprehensive and forward-looking analysis of China's policies toward Africa's fifty-three countries as well as American policy responses to China's significantly enhanced engagement on the continent. The authors acknowledge that any attempt to generalize about Africa's fifty-three different countries is dangerous; there will almost always be exceptions to generaliza-

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tions. Nevertheless, they believe it is possible to draw some continent-wide conclusions about China's engagement in Africa and propose a number of American responses that will both improve U.S. policy and usually benefit Africans. The paper operates on the assumption that China will continue to pursue a practical approach in its policy towards Africa and that the U.S. response should be equally pragmatic.

The supporting research for this analysis includes interviews with more than 250 academics, government officials, business persons, civil society representatives, and ordinary citizens from China, Africa, Europe, and the United States. The meetings took place in China, Ethiopia, Sudan, Egypt, Nigeria, Angola, South Africa, Swaziland, and European capitals including Berlin, Brussels, Lisbon, Paris, and London. In addition, the authors attended numerous conferences in the past two years on China-Africa relations held in the United States, China, Africa, and Europe. They have also amassed an extensive collection of material on China-Africa relations written by academics, government officials, and journalists. In their research, they gave particular attention to areas of possible competition as well as cooperation between the U.S. and China for the benefit of Africa. The authors presented an earlier version of this paper at a day-long conference in Washington on Capitol Hill on 28 April 2008 sponsored by the American Foreign Policy Council and the Heinrich Böll Foundation. Panelists from the U.S., Europe, Africa, and China critiqued the draft version. This paper takes into account suggestions made by the conference participants.

FINDINGS

China's current priorities in Africa are:

- ensuring access to oil, minerals, other natural resources, and agricultural products that contribute to China's high annual GDP growth rate;

- developing good relations with all African countries so that China can count on their support in regional and international forums;

- ending Taiwan's official diplomatic presence and replacing it with recognition of Beijing; and

- significantly increasing China's exports as African economies become stronger and Africans become wealthier.

Political and Security Relations

• China has official diplomatic relations with forty-nine of Africa's fifty-three countries; Taiwan has ties with the other four. China has an embassy and ambassador in forty-eight of the forty-nine countries. Only Somalia has no Chinese embassy because of continuing security problems in the Somali capital. Of the forty-nine African countries that maintain relations with China, only the tiny Comoro Islands does not have an embassy in Beijing.

• The International Department of the Communist Party of China (CPC) manages the CPC's relations with African political parties. These relations are almost exclusively with ruling parties in one-party dominated states like Zimbabwe, Sudan, Zambia, and Angola. With a few exceptions such as South Africa's Democratic Alliance, the CPC seems reluctant to interact with opposition parties for fear it will disturb its relationship with the government in power. The CPC connection underpins the official bilateral relationship and offers a channel for China to monitor the implementation of bilateral agreements. It also provides support and training for African ruling parties. CPC delegations routinely visit Africa while the International Department regularly hosts African party leaders in Beijing. American political parties have no equivalent political outreach mechanism. The National Democratic Institute and International Republican Institute have quite different functions.

• China concentrates its attention on African government leaders, elites affiliated with them, and the business community. It has established a reputation for developing cordial and often excellent relations with African leaders in all forty-nine countries. It has made relatively little effort to cultivate Africans affiliated with civil society, labor unions, non-governmental organizations, opposition political par-

ties, etc. As a result, Chinese ties with this segment of African society are not well developed.

• China relies heavily on high-level personal contact to consolidate its relations with African leaders. President Hu Jintao has made three trips to Africa visiting multiple countries since becoming president in 2003. Premier Wen Jiabao has been equally visible in Africa. Beginning in 1991 with Qian Qichen, China's foreign minister has made his first overseas visit every year to Africa, a practice that African governments have noted and appreciated. Leaders from Beijing's key ministries including the Ministry of Commerce, the Communist Party's International Department, and the Ministry of Foreign Affairs are frequent visitors to Africa. In turn, China has an enviable record of receiving African leaders in Beijing.

• China and Africa formalized their relationship beginning in 2000 with the establishment of the Forum on China-Africa Cooperation (FOCAC). It meets at the summit level every three years, alternating between Beijing and an African capital, and ministerial level in other years. The next summit meeting will take place in Cairo in 2009. This has become an important and effective mechanism for coordinating China's policies vis-à-vis Africa.

• Increasingly, China is strengthening its ties to African regional and sub-regional organizations. It provides financial support for the peacekeeping activities of the African Union. It hosted the annual meeting of the African Development Bank in Shanghai in 2007. China has also begun to reach out to sub-regional organizations such as the Economic Community of West African States, the Common Market for Eastern and Southern Africa, and the Southern African Development Community. Rhetorically, at least, China has associated itself closely with the ideas behind the New Partnership for Africa's Development (NEPAD).

• China's reluctance to impose political conditions and its willingness to work with any African government have resulted in strong ties with Sudan and Zimbabwe, two countries considered pariahs in much of the west. China accepts African governments as they are and seems equally comfortable with an Islamist government in Sudan, a democracy in South Africa, and an autocracy in Equatorial Guinea. It also has a history of switching political loyalty with relative ease when there is regime change in an African country.

• China is an active participant in UN peacekeeping operations in Africa with large personnel commitments to the missions in Liberia, Democratic Republic of the Congo, and Sudan. It contributes more troops (almost 1,500) to UN peacekeeping missions in Africa than any other permanent member of the Security Council. China currently has military forces, police or observers in seven of eight UN peacekeeping operations in Africa. Africans and non-Africans have praised this contribution.

• Africa remains a low security priority for China compared to countries on its periphery, Europe or North America, but it is growing in importance because it serves as an important source of natural resources. In 2006, China obtained 33 percent of its oil imports from Africa. There is a loose correlation between Chinese military cooperation and resource-rich African countries. China has a security relationship, however modest, with all forty-nine countries that recognize Beijing. China's share of the sub-Saharan African arms market from 2000 through 2005 was 18 percent, much of it small arms and light weapons. Chinese arms sales to Africa have raised some alarms. The attempted April 2008 shipment of arms and ammunition to landlocked Zimbabwe following a disputed election resulted in the refusal of dockworkers in South Africa to offload the arms for overland shipment to Zimbabwe. The president of Zambia publicly criticized the shipment while the governments of Mozambique, Namibia, and Angola refused to allow the arms to be offloaded for transshipment to Harare.

Economic and Resource Relations

• Although China prides itself on being the world's largest developing nation and aligns itself with Africa as the continent with the largest number of developing countries, Africans do not necessarily see China as a development model. Most African leaders understand there are significant economic, social, and political differences between China and individual African countries. On the other hand, many, perhaps most, African leaders view China as an alternative to western development funding and investment. In recent years, China has provided, for example, Angola with $13 billion, the Democratic Republic of the Congo $9 billion, and Ethiopia $2.5 billion in low interest loans. The magnitude of China's loans to Africa is impressive. It is equally important to note that most Chinese assistance to Africa is in the form of loans while western bilateral donors generally provide grants. The loans raise important questions about debt repayment, especially in the case of countries like Ethiopia where they are not backed by oil or minerals.

• African leaders especially welcome Chinese assistance because aside from having to accept Beijing's "One China" policy, it comes with no conditions. In some cases, the loans are tied to repayment in oil or raw materials. This ensures that China will be paid in commodities it needs to maintain the growth of its domestic manufacturing sector. Most African governments are tired of western conditionality that ties aid to good governance, transparency, improved human rights practices, and economic policy reform. China does not impose these requirements. Equally important, China encourages its loans to be spent on infrastructure, which African leaders request and western aid donors generally eschew. In addition, Chinese firms have developed critical large scale capacity for implementing these projects. The Millennium Challenge Corporation has recently begun funding infrastructure projects, making the U.S. a player again.

• China-Africa trade has grown rapidly in recent years and reached $55.5 billion in 2006, up from $40 billion in 2005. It reached $70 billion in 2007 and is expected to top $100 billion no later than 2010, making China Africa's single largest trading partner, surpassing the United States. While most of the recent growth is a result of purchases of oil and raw materials from Africa, China continues to sell an impressive array of products to African countries. It has been particularly successful recently in the telecommunications sector.

• Chinese companies, largely state-controlled, are winning tenders across the continent for roads, bridges, dams, pipelines, refineries, hospitals, government buildings, telecommunications networks, and even the occasional sports stadium. These tenders are often tied to Chinese loans. Chinese companies usually underbid western companies. They have a reputation in Africa for completing the projects quickly and, according to most African government interlocutors with whom the authors met, of acceptable quality. This allows Chinese companies to expand their reach, increase their experience, and use Chinese products and labor in their infrastructure projects. Misestimating the cost of doing business in Africa has led to tension between Chinese state-run companies that bid for contracts and Chinese provincial level companies that often act as subcontractors. Some Africans criticize Chinese state-run firms for relying heavily on Chinese labor and not using a larger proportion of indigenous labor. There were two deaths and several injuries early in 2008 when striking Chinese workers in Equatorial Guinea faced local police. On the other hand, many African officials are pleased that its official bilateral relationship with China can be leveraged to ensure the timely implementation of infrastructure contracts performed by Chinese state-owned companies.

• Chinese state-owned companies are generally willing to take greater business and security risks in Africa than private western companies. This is particularly true as China seeks to increase its access to natural resources. As a consequence, Chinese nationals and companies have been exposed to kidnapping and even casualties in the Ogaden of Ethiopia, South Kordofan and Darfur in Sudan, and the Niger Delta in Nigeria. Most of these incidents happened in the past two years; it remains to be seen if they will cause China to be more selective in pursuing commercial interests in current or potential conflict zones.

• Beijing is in the process of constructing throughout Africa a series of commercial and investment hubs called Special Economic Zones (SEZ). They offer Chinese firms a variety of favorable incentives, tax breaks, and reliable power services to mitigate investment risk. The SEZs provide "infrastructure corridors" that link disparate and fragmented African producers and markets in China. Unlike the SEZs established by Deng Xiaoping during China's reform period, which established equal terms for all foreign investors, those in Africa offer special privileges and incentives to Chinese firms that are at least temporarily unavailable to other foreign firms. China's SEZs in Africa include a copper mining hub in Zambia, an investment hub in Mauritius, a logistics hub in Tanzania, and manufacturing hubs in Nigeria and Egypt.

• Chinese investment in Africa has been modest as compared to the west. As of late 2007 Chinese investment in Africa was about $13 billion and concentrated in the energy sector. China invested nearly half of that sum, about $6 billion, in Sudan's oil sector alone. Since late 2007, however, there are indications that China's investment in the continent has stepped up and that its growth trajectory may rise sharply.

• A relatively new and quickly growing area of Chinese interest in Africa is banking. Chinese banks are clearly working to build a presence in Africa. At the end of 2007, the Industrial and Commercial Bank of China purchased a 20 percent stake of Standard Bank South Africa for $5.6 billion. The China Development Bank (CDB) has signed a partnership with Nigeria's United Bank for Africa. The China Construction Bank is expanding its branch in Johannesburg. The Bank of China has a subsidiary in Zambia. The CDB and Barclays recently formed a commodities strategic alliance that will help advance CDB's entry into the African market.

Social and Education Relations

Chinese communities are growing throughout Africa. They consist of three different groups:

- The first category is professionals. It includes Chinese embassy personnel, representatives of large Chinese companies, managers of assistance projects, and specialists assigned by the government. The Chinese in this group usually speak one of the local languages and interact well with Africans. After completing their assignment, most return to China or move to another posting within their firm or agency.

- The second and probably largest category is the minimally skilled or unskilled Chinese workers sent for a fixed period of time by the government to work on one of the many infrastructure projects. They almost never speak one of the local languages, tend to live in compounds, rarely interact socially with Africans, and leave their families in China. They come because of higher salaries and are anxious to return to China when their contract ends. They frequently have unkind words about their experiences and interaction with Africans.

- The third category—Chinese traders and small business persons—is the most interesting. They come because of perceived business opportunity, often bringing their families, speak a little of the local language, live modestly among Africans, and tend to remain much longer. Some of them have become part of permanent Chinese communities in Africa. They sell affordable products sometimes supplied by a vertically integrated supply chain that links family producers and distributors in China to wholesale and retail sellers in Africa. In many cases these traders have undermined local producers and traders by undercutting their price through a combination of working long hours and illegally avoiding import taxes. So long as business is good and personal security remains satisfactory, larger numbers are likely to become permanent residents in Africa. There are "Chinatowns" today in Lagos, Dakar, Johannesburg, and Cape Town.

• There are growing numbers of Africans living in China. In Hong Kong, Chongking Mansion is the center for the African trader community. Although Africans from around the continent congregate in the area, the majority are West Africans, with a large percentage of Nigerians. In Guangzhou, one center of African activity is the Tianshi Building complex, which is home to a multi-tiered market for Chinese products targeted at African wholesale purchases and African retail outlets. Some African communities in Guangzhou, like the Ghanaians and the Senegalese, have even developed community-based civic organizations. In Nanjing, the number of Africans has grown to 200-300; most are studying on scholarship at a local Chinese university. In Beijing, accusations of drug dealing among Africans led recently to a roundup and beating of at least twenty of them along the city's famous bar street. Where there are concentrations of Africans, there is a high level of tension between them and local citizens. Cab drivers, for example, offered racist views and some said they will not pick up Africans.

• There are surprisingly few Chinese experts on Africa and even fewer African experts on China. Stellenbosch University in South Africa hosts the only center for Chinese studies in all of Africa. Increasing numbers of African diplomats are returning, however, from assignments in Beijing with knowledge about the country and a continuing interest in China. A few African think tanks and universities have a small number of African experts who are devoting more time to understanding China. PRC-sponsored Confucius Institutes, which teach the Chinese language and encourage the study of Chinese history and culture, are expanding in Africa. There is one in South Africa, Kenya, Zimbabwe, and Nigeria and several are scheduled for other African countries. Nevertheless, African elites neither have a satisfactory understanding of China nor is there any mechanism that permits Africans to share their knowledge and develop coordinated policies for interacting with China. A number of the authors' African interlocutors thought this put their countries at serious disadvantage in dealing with their Chinese counterparts, who can speak with one voice.

• China's state-run news agency, Xinhua, has offices throughout Africa and collects information on developments of interest to China and Africa. Xinhua headquarters in Beijing vets the stories to determine if they should appear on the news wire or be treated as internal documents. As a result, Xinhua operates as both a news agency and collector of information for the Chinese government. It has a regional bureau for sub-Saharan Africa in Nairobi and one for North Africa and the Middle East in Cairo. Xinhua has an English News Bulletin Service for countries worldwide and early in 2008 launched a China African News Service to meet the special demands of African subscribers. Xinhua also sponsors training programs for African journalists in Africa and at its training facilities in Beijing.

POLICY RESPONSES

Three previous studies contain useful ideas and recommendations for the U.S. and western response to China's engagement in Africa. One is the report of the Center for Strategic and International Studies' delegation that visited China in late 2006. It was published in January 2007 as *China's Expanding Role in Africa: Implications for the United States*. The second is the series of meetings sponsored by The Brenthurst Foundation, Chinese Academy of Social Sciences, Council on Foreign Relations, and Leon H. Sullivan Foundation known as the Africa-China-U.S. Trilateral Dialogue. It released an Africa-China-U.S. Trilateral Dialogue Summary Report in 2007. The third is the study resulting from a conference in Berlin in May 2007 organized by the Stanley Foundation and the Aspen Atlantic Group. It is entitled *Africa at Risk or Rising: The Role of Europe, North America, and China on the Continent*. In addition, the European Union has engaged in an extensive dialogue with China and Africa. Some of the responses suggested below are similar to those proposed by one or more of these groups.

It is essential that Africans are part of any U.S.-China dialogue aimed at suggesting collaborative policies towards Africa. It is equally important that the U.S. consult with its key allies, particularly the European Union, Japan and Canada. In some cases it will be helpful to bring countries like India, South Korea, and Brazil into the discussion. While some of the policy responses only involve action by the U.S., others depend on Chinese and African cooperation. From the American perspective, cooperation with China assumes that China will follow a generally constructive policy in Africa. Both the U.S. and China occasionally take actions in Africa that the other country views as objectionable. This will continue to occur from time to time and to some extent will limit the amount of U.S.-China cooperation. The key is for both countries to minimize these differences and follow polices that not only benefit each of them, but benefit the Africans too.

There are also issues where China and the U.S. have different approaches and may even strongly disagree but merit frank discussion if only to minimize mutual misunderstanding. Before proposing areas where the United States and China might cooperate in Africa, it is important to note those areas where Washington and Beijing have important differences. Africans should also be part of any dialogue aimed at narrowing the differences between the U.S. and China.

Difficult Issues for Discussion with China and Africa

• Encouraging democracy and good governance on the continent.

• Improving the human rights situation.

• Increasing governmental transparency.

• Reducing corruption.

• Adopting better environmental practices in connection with trade, investment, and assistance projects.

• Ending the purchase of illegally harvested African hardwoods, ivory, and endangered species.

• Improving worker safety and fair labor practices.

• Stopping harmful and counterfeit products from entering Africa.

• Implementing business standards and translating the principles into practice.

• Providing training and support to African manufacturing so that it can compete more effectively in the global market.

• Being more selective in its choice of arms partners and establishing better control over arms sales to African countries.

Unilateral U.S. Policy Responses

• High-level Chinese officials visit Africa more frequently than their American counterparts. Washington should increase its contacts with Africans at all levels of government, but especially by the executive and legislative branches. This should include more visits to Africa by American officials and increased invitations to African leaders to come to the U.S.

• The U.S. should raise the level of the U.S.-China dialogue on Africa by including the Assistant Secretary of State for African Affairs as part of a more senior U.S.-China discussion on other issues. This meeting could be followed immediately by a U.S.-China session specifically on African issues at the Assistant Secretary level.

• The U.S. needs to improve the interagency dialogue on China's growing role in Africa. There are disconnects among agencies. No office or person is in overall charge of the issue and it is not clear what is expected by way of reporting from American embassies in Africa, China, and elsewhere. A point person and clearer internal understanding of what the U.S. hopes to achieve in Africa as it considers Chinese policy towards Africa should improve the U.S. response. It is understood that the U.S. can not implement all of the recommendations from various studies aimed at responding to China in Africa. Improved interagency coordination should also prioritize those responses that are most feasible and deemed to be of greatest importance to U.S. policy.

• American embassies in Africa and China should actively solicit the views of host governments, business communities, and civil society on ways that the U.S. can more effectively cooperate with China in Africa while still encouraging American goals and principles, especially when they differ with Chinese goals and principles.

• The U.S. currently has no forum where African military personnel meet on a sustained basis with their American counterparts. The Africa Center for Strategic Studies at the National Defense University helps fill this role, but it is not funded or organized in a manner to fully accomplish the task. The U.S. should identify a permanent mechanism for this purpose. The recent establishment of AFRICOM should be able to fill this need.

• The African and/or East Asian subcommittees of the U.S. Senate and House of Representatives and the Black Caucus should add the U.S.-China-Africa issue to their agendas.

• The U.S. should host an upcoming annual meeting of the African Development Bank (ADB). This would underscore American support for African development and provide another opportunity for high level personal contact with African financial leaders. China hosted the ADB in 2007 to considerable positive effect. Although annual ADB meetings normally take place in Africa, from time to time non-African member countries host them.

• The U.S. should increase its efforts to help African countries benefit from the Africa Growth and Opportunity Act, which has not met expectations in part because the Africans have not taken full advantage of the legislation. It should also provide specialized training to African trade ministries so that they can make more effective use of World Trade Organization mechanisms for adjudicating trade disputes. Such training sessions could take place concurrently with an ADB meeting hosted by the U.S.

• Many U.S. universities have linkages with African counterparts. Most of these arrangements suffer because they are under-funded. Although USAID and the State Department have long supported some of the linkages, this is a U.S.-African relationship that should receive more government financial backing. Future African leaders are increasingly graduating from African universities rather than going overseas. Many American universities have an interest in Africa and a desire to collaborate in specialized

fields with counterpart universities on the continent. A corollary to this recommendation is an increase in funding for graduate level scholarships for Africans to study in the U.S. and to support more teacher exchanges. The U.S. should take advantage of its comparative advantage over China in higher education. According to a recent ranking by Shanghai Jiao Tong University, American universities are the finest in the world; eight of the top ten and thirty-seven of the top fifty are American.

• Another area of comparative American advantage is concern about the environment and the attention it gives to environmental impact assessments in connection with its assistance projects. USAID has devoted relatively limited resources, however, to environmental protection in Africa. Supporting improved environmental practices on the continent should receive a higher priority in USAID's budget for Africa.

U.S.-China-Africa Cooperative Proposals

• In conjunction with other appropriate donors, the U.S. should make a greater effort to engage China in a discussion of coordinating development assistance to Africa with the goal of avoiding duplication and assuring more effective distribution of limited resources. This discussion should include debt policies and might be conducted most effectively in a multilateral institution like the Organisation for Economic Co-Operation and Development (OECD) Development Assistance Committee (DAC). This would require that China join the DAC, at least as an observer. Another possibility is coordinating through the World Bank.

• One continuing area of concern that particularly lends itself to donor coordination is disaster relief. The U.S. has played a prominent role in aiding Africans subject to natural and manmade disasters since the 1960s. China has recently become a major provider globally of emergency food assistance. The time has come to combine the efforts of all donors.

• The U.S. and China should identify several assistance projects in Africa involving cooperation. The two most promising fields are public health and agriculture. China has expressed willingness to collaborate in both fields. Public health may be the best place to begin. Both the U.S. and China are active in this area. The U.S. supports health infrastructure capacity building and funding for HIV/AIDS, malaria, and TB programs while China has a history since 1963 of successful medical teams in Africa and is now focusing on malaria control. Cooperation in malaria prevention and treatment is an obvious area for cooperation. Continent-wide disease control is in the interest of all parties. It is also important to identify one or more collaborative projects in agriculture. In Angola, for example, the two countries have discussed cooperation on a joint agricultural project following a dialogue between the Assistant Secretary of State for African Affairs, Jendayi E. Frazer, and her counterpart in the Chinese foreign ministry. The American and Chinese embassies in Ethiopia have also begun a dialogue on cooperation in the agricultural sector. A looming world food crisis gives added impetus for cooperation that improves agriculture in Africa.

• In consultation with other potential investors, China and the U.S. should discuss ways to create a better environment for encouraging and protecting foreign direct investment in Africa. Investment tends to happen naturally in the case of extractive resources. This collaboration should focus on high value agro-exports, manufacturing, and sectors that create substantially more jobs in Africa.

• There should be a dialogue between the U.S. and China that involves relevant African countries on the best way to develop Africa's natural resources, especially oil, and ensure maximum benefit for all parties. This might result in collaboration in the development of oil fields as Sonangol-Sinopec International (SSI), the China-Angola oil partnership, is currently doing with BP in deep water off Angola. The discussion should include improved energy consumption efficiency in China and the U.S. Helping African oil exporters to avoid the

"Dutch disease," i.e., an appreciation of the real exchange rate which can slow the growth of a country's exports, is in the interest of all three parties. As the two largest consumers of imported oil, the U.S. and China should try to reach agreement on how the world's oil markets operate and how this situation impacts the security of supply. Working together on energy technology development and increasing the safety, efficiency, and environmental protection of oil extraction also merit discussion.

• The U.S. should actively engage with China to support the principles of the Extractive Industries Transparency Initiative (EITI), which aims to strengthen governance by improving transparency and accountability in the extractives sector. The EITI is a coalition of governments, companies, civil society groups, investors, and international organizations. The most effective way to persuade China on this issue may be to work through those African countries that are candidates for EITI compliance.

• Political stability in African countries is in the interest of Africa, China, and the U.S. The three parties should identify those areas requiring the most urgent attention and those which seem to be most opportune for U.S.-China-Africa cooperation. They can then determine on a case-by-case basis if there is a consensus on tangible steps to prevent or mitigate conflict and instability. Dispute resolution would seem to be an especially good area for cooperation.

• South Africa is seeking to ensure the success of the Comprehensive Peace Agreement (CPA) for ending the north-south conflict in Sudan. As one of the original proponents of the CPA, the U.S. has a vested interest in its implementation. China, which obtained six percent of its oil imports from Sudan in 2007, also has expressed a strong interest in its success. This would seem to be an issue where all three parties might work together.

• There has been considerable collaboration between the U.S. and China in efforts to reach an end to the conflict in Darfur. While China has pressed Sudan with some success to be more flexible, the U.S. may have exhausted the progress it will achieve vis-à-vis China using strong-arm tactics. Writing in the 30 April 2008 *Christian Science Monitor*, Mark Lange argued for an approach towards China that emphasizes China's self interest such as reinforcing the rule of law in Darfur. Rather than threatening sanctions, he urged a diplomatic and economic effort that enlists China to act constructively. He suggested this worked in obtaining Chinese support for dealing with North Korea's nuclear ambitions. The quid pro quo was U.S. support to expand China's voting rights in the International Monetary Fund. When it comes to Darfur, Mark Lange may have a point.

• Cooperation on countering terrorism in Africa will not be easy, but it is not impossible. China is currently working with African governments on countering the terrorist threat. In theory, countering terrorism should be a strong candidate for cooperation with the U.S., but China is concerned that the U.S. is too quick to take unilateral action and relies too often on a military response. A starting point might be intelligence sharing and analyzing the root causes of terrorism in Africa with African counterparts.

• Another challenging area for cooperation in Africa concerns military affairs. The Pentagon cautiously resumed military-to-military contacts with China following the 2001 EP-3 crisis. In the past two years, the Pacific Command has held high-level discussions with Chinese counterparts in the People's Liberation Army Navy. The U.S. Coast Guard has been particularly successful in cooperating with its Chinese counterpart organizations. Washington and Beijing could expand cooperation to African coastal states to help reduce smuggling, piracy, and drug shipments.

• A promising area of military cooperation concerns UN peacekeeping operations. The American and Chinese militaries have collaborated in Liberia to improve the Liberian armed forces as part of the UN peacekeeping effort. The U.S. rebuilt Liberian military facilities in Monrovia while the Chinese did the same for bases outside the capital. There are surely other African peacekeeping operations where the U.S. and China can identify innovative ways to work together. The U.S. has far more experience than China with non-combatant evacuations from Africa. China might find this experience helpful as the number of its nationals living and working in Africa increases.

• There are some indications that China is becoming increasingly concerned that small arms it supplies to African governments are showing up in conflict zones such as Darfur and the eastern Congo. For starters, China should be encouraged to add small arms and light weapons to the list of items it reports to the United Nations.

• Africa has become a location for money laundering and a transit route for illegal drugs, especially heroin that moves from South Asia across Africa to Europe and North America. Africans living in China have been identified as drug smugglers and dealers in major Chinese cities. In September 2007 Beijing police in the diplomatic quarter arrested nearly two dozen Africans for drug trafficking. It is in the mutual interest of all three parties to reduce or even eliminate this activity. There should be trilateral discussions on steps that might have this effect.

• In the 1990s, the Ford Foundation funded a program for bringing Chinese scholars to the U.S. to study African affairs at the graduate level in American universities. This program no longer exists and today there is limited contact between Chinese and American Africanists. The two countries should identify funding on both sides of the Pacific that will enhance contact among these scholars. In addition to graduate study programs, it could include funding for university and think tank representatives to attend conferences, host professor exchanges, and engage in joint research that also involves African scholars.

CONCLUSION

Although modern China's relations with Africa date back to the mid-1950s, there was a significant increase in its engagement with the continent beginning in the mid-1990s as the Chinese economy began its extraordinary growth. This heightened relationship has captured the world's attention. The summary findings and suggested policy responses in this paper are designed to better understand the dynamics of the relationship, avoid pitfalls, and enhance the possibility for U.S.-China cooperation that will also work to the advantage of Africans. While the focus of the paper is the U.S. response to the growing China-Africa relationship, the authors fully appreciate that Africa has never been central to either American or Chinese foreign policy. While this will continue to be the case into the foreseeable future, the role of Africa is changing for both the U.S. and China. It is becoming an increasingly important source of oil, minerals, and other raw materials for both countries. Africa has experienced an impressive GDP annual growth rate in recent years, making it a richer market for American and Chinese exports. At the same time, Africa continues to experience more than its share of negative challenges such as conflict, food shortages, pandemic disease, and environmental setbacks. It is in the interest of all three parties to minimize these negative developments.

The authors have factored into the policy responses their research on several issues that have previously received inadequate attention in the academic and policy communities. These include the Communist Party of China's diplomatic outreach to Africa, People's Liberation Army security relations with African militaries, the growth of Chinese communities in Africa, the role of Xinhua, and continuing efforts by Beijing to remove Taiwan diplomatically but not commercially from Africa. This paper has as its focus suggested policy responses for the United States. The authors are also working on a book that will analyze in much greater depth all aspects of China-Africa relations. The book is under advance contract with the University of Pennsylvania Press.