

**Testimony of
Principal Deputy Assistant Secretary Don Yamamoto,
The Bureau of African Affairs
U.S. Department of State
before
The House Foreign Affairs Committee
Subcommittee on Africa, Global Health, and Human Rights
“Assessing China’s Role and Influence in Africa”
March 29, 2012**

Mr. Chairman and Members of the Committee, thank you for the opportunity to address the subject of China’s engagement with Africa and its ramifications for U.S. foreign policy.

China’s interests in Africa have grown dramatically over the past thirty years. In the last several years the significance of this growth has been the focus of discussions in many quarters. China’s interests in Africa reflect its need for access to resources and markets, its desire to promote cohesive South-South relations, and a desire to demonstrate leadership in the developing world. China has emerged as a leader in trade and investment in Africa, surpassing the United States for the first time as a trading partner for the region in 2009. China’s activities in Africa offer important opportunities for the continent though there are major areas where our interests do not align. In a major speech on China in March, Secretary Clinton emphasized that “We are a country that welcomes others’ success, because we believe that it’s good for everyone when people anywhere are able to work their way to better lives. If China’s rise means that we have an increasingly capable and engaged partner, that’s good news for us.” Our efforts across the continent seek to leverage the positive aspects of China’s increasing

engagement, while minimizing the negative implications for U.S. interests.

China has become an influential development actor, and directly impacting developing countries in Sub-Saharan Africa. We feel that in order to serve the people on the African continent more effectively, China and the United States should work together, as we can achieve more with our collective resources. We are actively looking for areas of development cooperation with the Chinese, while engaging at multiple levels on our differences in approach on specific issues. For example, in partnership with the World Bank, the United States and China have identified the Liberian health sector as an area for joint collaboration to support global poverty reduction and development. It is important for the United States and China to cooperate in areas of mutual interest for the benefit of Africa as a whole.

We hold many regular high-level dialogues with China, including the “Strategic and Economic Dialogue,” jointly led by the Secretary of the Treasury and the Secretary of State, which addresses bilateral and global economic and strategic issues. In particular, the State Department holds a regional sub-dialogue on Africa, led on our side by Assistant Secretary Johnnie Carson and focusing on political and security issues. In November 2011, Assistant Secretary Carson traveled to Beijing for the 5th sub-dialogue since 1995. These discussions focused on a review of our policies regarding key issues in Africa, our development goals, and areas where we can work together. We are particularly focused on the situation in the Horn of Africa, the ongoing disputes between Sudan and South Sudan, and on security concerns in the Sahel region in the aftermath of the Libya crisis.

China's engagement with Africa has had a long history, originally focused on its competition with Taiwan for international recognition and characterized by large-scale infrastructure projects. However, this dynamic is changing. At present, roughly three-quarters of China's imports from Africa are in fuels and minerals; over 90 percent of Africa's imports from China are manufactured goods. China's imports from Africa are concentrated in a few resource-rich countries that generally have a trade surplus with China; most other African countries have a significant trade deficit. China's trade is primarily with a few countries, such as Angola and South Africa. In recent years China shows a growing willingness to channel more development resources through multi-lateral aid efforts and to participate in greater debt relief initiatives.

Over the past few years, China has emerged as the clear leader in trade and investment in Africa. In 2010, China-Africa trade stood at \$127 billion, a dramatic increase from 2000, when it stood at \$10 billion. It is estimated that China provided \$2 billion of foreign assistance to Africa in 2009.

China's trade and aid investment in Africa should be understood from a comprehensive perspective. China's no-strings-attached approach to investment and aid often undermines international efforts to promote good governance, revenue transparency, and responsible natural resource management. At the same time, China's growing economic presence Africa has in many ways been positive for the continent's development. For example, China has done much to improve infrastructure and roads in many countries and recently completed the new African Union headquarters

building, at a reported cost of \$160 million. In addition, China has invested millions of dollars throughout the continent, specifically on infrastructure in the health, agriculture, and water sectors.

China's long-stayed policy has been to avoid "interference" in internal African affairs, as with other parts of the world. However, it has recently engaged productively in the tense situations affecting both the Horn of Africa and Sudan and South Sudan. China has been a contributor of humanitarian assistance in response to the Horn of Africa crisis, to which it recently donated \$90 million, and has played an important role in international counter-piracy efforts in the Horn as well. The United States and China share a common vision for Sudan and South Sudan, of two viable states at peace internally, and with each other. . We are working to deepen our cooperation with China in engaging Sudan and South Sudan. President Obama and President Hu agreed in Seoul this week to stay coordinated in our approach, and to send a clear message to both parties that they need to reach a negotiated settlement that ends the violence that is taking place in the border areas and to conclude an oil revenue-sharing agreement.

On peacekeeping, China recently provided AMISOM with \$4 million worth of much needed equipment. Beyond this, China continues to expand its own peacekeeping footprint in Africa, with nearly 1,500 troops spread across the different UN peacekeeping missions on the continent.

China's increased engagement in Africa has included significant increases in two-way tourism, academic and non-governmental exchanges, and diplomatic initiatives. China has modeled some 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 leaders for exchange programs in the United States under the “International Visitor Leadership 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 its own 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 has been the Forum on China-Africa Cooperation (FOCAC), which is held every three years.

Notwithstanding this positive news, China’s practices have in some cases undermined efforts to promote progressive business practices, democracy, and good governance in Africa. Specifically, some Chinese companies either refuse to hire local labor, or sharply limit such hiring, preferring instead to bring in labor, skills, and sometimes raw materials from China. Such practices do little to build local capacity and create local employment. Although China enacted legislation criminalizing bribery of foreign public officials in 2011, some Chinese companies continue to undermine accountability and good governance by engaging in corrupt practices to win contracts and bids in Africa. Corrupt activity by Chinese companies also disadvantages U.S. companies who compete on the merits and do not engage in such illegal behavior (which is prohibited under domestic bribery laws in Africa as well as under the U.S.

Foreign Corrupt Practices Act). The United States encourages China to rigorously enforce its anti-bribery laws, accede to the OECD Anti-Bribery Convention, and subscribe to international development practices. The U.S. will also engage African leadership to hold China accountable to adhere to national and international standards and regulations.

As Chinese companies' presence on the continent expands, they will face increasing pressure to bolster indigenous capacity and contribute to long-term development. The U.S. government would like to engage the Chinese on ways that their economic policies in Africa can produce better results for sustainable economic development by conforming to the international community's broader initiatives for Africa, while making clear that negative business practices undermine long-term growth. We remain steadfast in our belief that strong, democratic institutions and protection of universal human rights are the foundations for sustainable economic growth.

We remain concerned with the general lack of transparency regarding China's foreign assistance and commercial trade practices in Africa, and are encouraging Beijing to more fully engage with other bilateral and multilateral actors to ensure that aid supports the efforts of African governments to be responsive to their people's needs. 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 undercut the efforts of others to use investment and development assistance to improve governance, which is 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 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 major infrastructure projects, and that the Chinese government is committed to improving the long-term welfare of people across the continent. Greater transparency with respect to Chinese foreign assistance and bids would go a long way in this regard.

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. Some African leaders are increasingly wary of China's growing economic influence, and have indicated a desire to see increases in investment from other regions – including the U.S. – in part to avoid a dependence on Chinese financing. The public views of Africans are more varied, with rising negative views of Chinese investment and business practices becoming more prevalent in many countries. In addition, many African entrepreneurs worry that the influx of low-cost goods from China undercuts their indigenous industry and manufacturing capacity.

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 nearly 1500 Chinese military, police, and observers serving on peacekeeping missions throughout Africa, China could coordinate with us to a greater degree on post-conflict security sector reform activities and in equipping and supporting African peacekeepers.

In non-security areas such as health, China and the U.S. are pursuing potentially complementary programs to eradicate malaria, polio, and other endemic diseases. In Gabon, for example, we are hoping to work trilaterally on a research partnership involving U.S., Chinese, and Gabonese public health experts to address the threats posed by the emergence of new deadly infectious diseases in Gabon. In Liberia, ongoing collaboration within the agricultural sector is a highlight of our overall trilateral engagement. We have encouraged our Embassy teams all over Africa to identify potential areas of cooperation and engage with Chinese counterparts to the benefit of African populations.

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.

But the big questions for the United States in discussions of China-in-Africa are based not in concerns about the U.S.-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 is already making a substantial contribution to the continent's economic development, and we believe that it can play an increasingly important role in the future. In that spirit, we are engaging at multiple levels to shape Chinese actions on issues such as good governance, human rights, and transparency – issues that we believe should play as prominent a role in China's Africa policy as in ours.