Testimony before the U.S.-China Economic and Security Review Commission

China's Expanding Global Influence:
Foreign Policy Goals, Practices, and Tools
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Madam Vice Chairman, Commissioner Blumenthal, thank you for the opportunity to testify before the U.S.-China Commission today about the intersection of China's trade, aid, and political relationships with Africa.

Over the past few years, China's growing footprint in Africa has become the most potent symbol of its expanding global influence. But the China-Africa topic is no longer new. The first synthesis articles from 2004, by Stéphanie Giry and Howard W. French, identified some of the key themes that have remained central to the China-Africa discussion: China's insatiable hunger for African natural resources, its disinterest in human rights and democracy, the first stirrings of African discontent about Chinese business practices, and the effects of China's unconditional aid and loan programs on weak states.

This Commission has closely followed this matter long before it became a Washington think tank craze in late 2006, holding a hearing in July 2005, and another in the summer of 2006. In your own testimony to Congress in 2005, Madam Vice Chairman, you embedded these very themes in the context of U.S.-China relations and highlighted ways they could impact security priorities, observations that remain as valid now as then.

Since that time, Chinese trade, investment, and aid in Africa have continued to expand at a dizzying pace. So too have China's efforts to endow its African engagement with a long-term political framework, culminating with the Beijing heads of state summit in November 2006 and onwards.

This event—the largest diplomatic gathering in the history of the People's Republic—made the China-Africa story "visible" to a much wider non-specialist audience, and provoked reams of speculation about China's rise and America's decline. That this important geopolitical shift should have been popularized via Africa is surprising, given Africa's relative inconsequentiality when compared to other regions where China's reach impinges on U.S. interests, such as the Middle East, South East Asia, Latin America, and even Europe. In dollar terms, China is more invested in all of those places, yet it is Africa that has become the symbol of a globally confident China.

This is due to a number of factors. At the time of the Beijing Summit in the autumn of 2006, U.S. confidence was at a nadir as the war in Iraq seemed irretrievably lost. A storyline about China "taking over" a continent that had always been dependent on the West served to reinforce a media-driven narrative about the decline of American power in general.

In other words, the China-Africa confluence became "famous" not because it is the most important part of the larger story about China's global ambitions, but because it seemed to dramatize China's rise and America's decline in a particularly striking way, given the unique ties that historically bound Africa to Europe and America. As a result, I believe, the implications of Chinese activism on other continents have gotten less attention than they should outside of forums such as this Commission, even though they are probably of greater significance to U.S. policy in the long-term.

Just as Chinese aid and political interference in Africa is not new—the PRC had major aid and military training programs in Africa in the 1960s, and was an enthusiastic supporter of some African liberation movements (the only one still surviving is Robert Mugabe's ZANU)—neither is the essential political purpose of China's African engagement fundamentally new. Above all, China seeks to establish itself as a leader among developing nations in order to enhance its influence at the United Nations and use groupings such as the G-77 and the Non-Aligned Movement for its own benefit. This helps China both to realize its ambition to be taken for a global power, and to pursue its perennial foreign policy objective of isolating Taiwan—a task that Beijing pursued even more aggressively after the victory of DPP presidential candidate Chen Shui-Bian in 2000 and 2004.

As the largest regional block in any international organization, and often voting as a group, Africa is a key constituency in this regard. China's continued success in keeping Taiwan out of the World Health Organization has been noted in Chinese media as a useful benefit of its political relations in Africa.

Since the basic outlines of the China-Africa question have already been explored before this Commission, I would like to use this opportunity to focus attention on some perspectives that are less frequently addressed.

First, China's trade and investment with Africa have indeed dramatically expanded since 2000, but so has U.S. and European trade with Africa, and for a similar reason: energy imports. The bulk of Chinese investment in Africa is related to oil, and many Chinese "aid" efforts are concentrated in Angola, Sudan, and Nigeria, and are in fact part of "package" sovereign-to-sovereign deals—deals that U.S. firms cannot match because of OECD rules that prevent the bundling of government aid and commercial contracts.

Yet, the U.S. imports almost as large a share of its oil from Africa as China does, and American firms have been active in African energy-producing areas for decades. In fact, Chinese firms are often seeking to exploit concessions that U.S. firms avoided for good reason: the possible profits did not justify the political risks. It does not undermine U.S. interests for China to develop these resources. By adding supply to the world market, China's exploration in Africa can help stabilize oil prices over the long term. If Chinese state-owned firms wish to pay a premium for the privilege of pursuing a mercantilist policy of controlling natural resources of marginal value "at their source" in the belief that China's security in the event of a war will thereby be enhanced, why should we attempt to dissuade them from doing so? In any case, the assumption that China, or any other external investor or agency, truly "controls" anything related to energy production in such countries is questionable, as the lessons of the World Bank and ExxonMobil with the Chad-Cameroon pipeline have recently reminded us.

Second, though the focus on China's virtually unconditional support for odious regimes like Sudan and Zimbabwe is rightly a focus of attention, the truly deleterious consequences on governance of China's links with Africa will likely not come from the imposition (or willing adoption) of authoritarian Chinese values, per se, but as a natural consequence of the accumulation of resource rents, which by their nature make the executive independent of the people and the parliament. To the extent that Western efforts to force transparency with these funds had begun to achieve some consensus and results, for example in Angola, China has now rendered them ineffective.

Chinese loan and infrastructure development programs in Africa have sent similar tremors through the IMF, the World Bank, and other multilateral agencies, who have seen their leverage over recipient countries erode considerably in the past few years. Unsurprisingly, World Bank President Robert Zoellick recently signed a memorandum of understanding with his Chinese counterparts in an effort to persuade them to adhere to higher standards when lending.

Third, what distinguishes the 2000s from the 1960s in Chinese African policy is the elaborate political process in which it is embedded, as expressed in the January 2006 white paper on Africa policy and the Beijing Summit later that year, along with the complementary emphasis on business, investment, and infrastructure. China has also skillfully ingratiated itself at the African Union, even paying for its new headquarters building, and demonstrating a subtle understanding of the crucial political consensus-building function that African regional organizations perform—and the influence they have over the positions that member states take in international organizations.

Fourth, the U.S. has yet to fully appreciate why Africa finds China's approach appealing. Even well-governed countries in Africa that have close relationships with the U.S. have enthusiastically welcomed China's advances. Why? In Africa today, infrastructure is by far the most valued form of aid by both leaders and populations, and also the most difficult to obtain. Infrastructure bottlenecks are the binding constraint on growth in most African economies. The U.S. got out of the infrastructure business over the past three decades, and World Bank delivery timelines for infrastructure are long and cumbersome. But without environmental NGOs to answer to, nor inquisitive legislatures, China is happy to finance crucial infrastructure projects, even in countries that are not energy suppliers—not the least because their own companies benefit from the contracts.

The Chinese approach is appealing to African officials in intangible ways, also. No matter how insignificant the country, an African minister is received by his equal rank Chinese counterpart while on a visit to China. African ministers visiting Washington are sometimes limited to meetings with desk officers. Tone matters.

From these observations, I would like to briefly draw some conclusions.

First, China's success in Africa brings into sharp relief some of the 21st century strategic challenges for the U.S., in particular the importance of enriching the content of our relationships with Africa and other nations in the developing world—in a word, making those relationships more "normal" and political. It is no accident that no African country voted with the United States on key UN management reform and Human Rights Council reform. We are not used to asking Africa for political support, and our diplomacy and development policy is not aimed at securing it. As the developing world becomes richer and more politically organized, the U.S. will have to enhance the nature of its strategic relationships with these countries if it wishes to regain the ability to set the agenda at the United Nations—or at least be better able to prevent opponents of the U.S. from being able to use the UN to create diplomatic space for themselves.

One of the most important long-term tools to this end is the Millennium Challenge Corporation, a new development agency created in 2003 to promote economic growth abroad. Infrastructure composes about 50% of its portfolio, because the recipients countries themselves design the program. As it demonstrates its value, the MCC will become an essential component of U.S. alliance building in the developing world.

Second, because Africa fears a repeat of Cold War-era superpower conflict, however unlikely that is, the United States should not frame its response to China's expansion in oppositional terms. This anxiety came to the fore particularly in the context of AFRICOM, a development that China itself did not express much concern about. Africa wants to benefit from the best that both China and the United States have to offer. Many leaders and security officials are, however, keenly aware of the risks of becoming overly dependent on China. They desire closer relations with other Asian powers, but there is as yet no real forum in which those relations can develop, and most other Asian countries do not, as yet, see the importance of an enhanced relationship. The United States can be the broker of this. In this way, Africa can benefit from what Asia has to offer (and which the U.S. on its own cannot really deliver), without becoming overly dependent on China.

There is also room here for Taiwan to enhance its relations in Africa, even with countries that no longer recognize it. The ability to buy cheap Chinese goods is a poor substitute for the prospect of being able to jumpstart your own industrial development, the most tested pathway to prosperity, and one which is increasingly closed to Africa because of insurmountable Asian competition. Taiwan's contribution to Lesotho's development has, for example, been significant even though Lesotho switched recognition to the PRC (for the second time) in 1994. Without investment by Taiwanese textile entrepreneurs, Lesotho would not have been able to dramatically expand its economy by taking advantage of the U.S. Africa Growth and Opportunity Act (AGOA). Helping Africa take full advantage of a signature U.S. program could enhance Taiwan's relationships with both African countries and the United States. Taiwan's combination of industrial know-how, rapid development success, and available investment capital is what is most desired by most African governments.

Third, the U.S. must focus much more on the security aspects of China's deepening engagement in Africa. In innumerable ways, China is already "meddling in the internal affairs of sovereign states", and changing the balance of power in local or regional conflicts in ways China itself probably does not fully comprehend. When China picks sides in a civil war, its actions become a matter for international concern. Doubly so when China funds and arms both sides in an interstate war, as between Eritrea and Ethiopia, or between Sudan and Chad. It is the United States, after all, that bears a disproportionate share of the burden for managing African security, whether bilaterally, or through its assessed contributions to UN peacekeeping operations.

It is in the U.S. interest that Chinese facilities and personnel in Africa have adequate security—provided by the host government. When Chinese ventures are attacked because political risks were not sufficiently understood beforehand, it makes Africa as a whole seem more dangerous for investors. It could also accelerate the development of Chinese security, intelligence, and military ties in Africa, as China feels compelled to protect its interests directly. This could further complicate African security environments, and create serious friction between China and the United States.