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"Testimony before the U.S.-China Economic and Security Review Commission"
China's Strategic Aims in Africa[1]

Introduction

Thank you to the Commissioners and staff of the US-China Economic and Security Review Commission for the opportunity to testify before you today. I lead research at Horizon Advisory, a firm dedicated to parsing China's international strategies and analyzing their commercial and security implications. We leverage unprecedented open-source empirics on China's strategic discourse and resource allocations to support private sector and government decision-makers.

My remarks today will outline Beijing's strategic ambitions with respect to Africa's markets and resources; the manner in which those serve the Chinese Communist Party's (CCP's) larger geopolitical agenda; and implications for US security and economic strength. I will focus on China's application of "Two Markets, Two Resources" to Africa. Beijing seeks asymmetrically to access and shape foreign markets and resources while protecting its own. In so doing, it acquires one-sided, enduring advantage and leverage. On the African continent, this means that Beijing works not just to grab, but rather to *control* resource reserves, markets, industrial supply chains, and standards. Beijing translates control over Africa's markets, resources, and standards to influence over the world's.

Already, China's positioning in Africa threatens American industrial capacity, autonomy, and competitive strength: Beijing's consolidating control over Africa's mineral and energy resources is likely to leave the US dependent – albeit indirectly – on Beijing for critical inputs with few other suppliers. More subversively, Beijing's ultimate ambition for Two Markets, Two Resources and for Africa is to set global standards. These threaten to create a world in which advanced technological domains, the geo-economic systems that they shape, and America's role within them, operate on China's terms.

I caution that Beijing is likely to accelerate its ambition in the face of COVID-19, a global crisis that the CCP has diagnosed as a window of strategic opportunity. In conclusion, I offer a series of thematic policy recommendations for Congress. Immediate actions that align with these suggestions include:

- Initiating a prioritization logic defining US strategic goals and relative standing, vis-à-vis China, across geographic and functional domains of competition with Beijing, able to inform US public and private investment in Africa and beyond.
- Guaranteeing that costs are imposed on Beijing in the narrative domain of competition. China regularly overplays its hand in relations with Africa and disregards international norms as it expands its commercial interests. Congress should task US diplomatic, intelligence, and defense agencies to seize opportunities to complicate China's efforts where they clearly violate human rights norms and corruption standards.

[1] I would like to thank Zachary Shevin for his research assistance and feedback on this testimony.

- Broadening discourse about US portfolio planning – defense and otherwise – to compete with the CCP. China's global ambitions demand a comprehensive strategic response. Reflexively increasing budget shares for directly responsive geographic security missions and/or basic research risks playing into Beijing's asymmetric approach, in Africa and elsewhere. The COVID-19 crisis should accelerate the invigoration of the US strategic approach to China. Such a reorientation should be informed by the prioritization logic and narrative recommendations cited above.

Thank you for this opportunity to contribute to today's timely and important dialogue alongside an august crew of expert witnesses.

China's Strategic Aims & Evolving Economic Activity in Africa

Beijing sees investment in the African continent as a means to propel its larger national strategy. "It is no mere rhetoric that China needs Africa," wrote Zhang Hongming (张宏明), Deputy Director of the Chinese Academy of Social Sciences's African Studies Institute, in 2017. "Africa has political, economic, and even strategic resources that China uses in order more effectively to expand its interests – thus turning operations in Africa into a strategic outer line for China's geopolitical strategy of great power relations."[2]

The Chinese Communist Party's (CCP's) interests revolve around three, key, economic[3] priorities:

- Africa's energy and mineral resources,
- China's market share in African goods and services, and
- Chinese standards for Africa's rapidly developing foundational systems – of trade, infrastructure, industry, and politics.[4]

China's strategic vision for Africa is a function of both the continent's natural endowments[5] and its particular stage of development. Beijing sees in Africa's relatively underdeveloped economic, industrial, and governance environments the chance to acquire, at low cost, strategic footholds with the potential for high returns. "Most African countries," explains Zang, "are in the initial stage of industrialization, with abundant natural and human resources, coupled with unresolved industrial and market demand. Huge development space creates huge opportunities."[6]

Access to Africa's markets and resources propels China's economic growth model. Beijing's industrial program requires raw materials from abroad. It also requires markets abroad able to absorb China's excess goods and capacity, therefore both fueling the PRC's industrial machine and developing dependence. Beijing in turn uses such dependence – this is a mutually-reinforcing process – to ensure continued access to global resources and markets.

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[2] 张宏明 [Zhang Hongming]. 中国对非洲战略运筹研究 [China's Strategic Operations Research on Africa]. 西亚非洲 [West Asia and Africa], 2017.

[3] Or at least those are the "priority demands" in what Zhong describes as "normal situations." Under "abnormal situations," when China faces emergent threats or opportunities, the CCP uses Africa to strengthen its international image and multilateral standing. Zhong cites attacks on China's human rights abuses in the last decade of the 20th century: "At that time, China made the most of its diplomatic resources in Africa, obtaining international support from African countries." More recently, he notes, "African countries have expressed their approval for and support of China's position in the South China Sea issue." (张宏明 [Zhang Hongming]. 中国在非洲利益层次分析 [An Analysis of China's Interest Level in Africa]. 西亚非洲 [West Asia and Africa], 2016.)

[4] Ibid.

[5] The vast area of Africa contains unique mineral resources and enjoys the reputation of the world's 'treasure chest of mineral resources,'" wrote Yao Guimei of the Chinese Academy of Social Sciences in 2003. (姚桂梅 [Yao Guimei]. 关于开发利用非洲矿产资源的战略思考 [Strategic Consideration on Exploitation and Utilization of African Mineral Resources]. 西亚非洲 [West Africa], 2003.)

[6] 张宏明 [Zhang Hongming]. 中国在非洲利益层次分析 [An Analysis of China's Interest Level in Africa]. 西亚非洲 [West Asia and Africa], 2016.

But Beijing is not simply buying up Africa's resources or shipping off labor to the continent. In Africa as globally, China deploys a more nuanced strategy premised on unilateral influence as well as access. It is not enough to use Africa's resources. The CCP also aims to govern them, therefore the global supply – and the industries built on it. Similarly, while the PRC values the immediate returns derived from Africa's developing markets and industry, those are first-order ambitions. At the next level, the CCP works to determine the supply chains, systems, and standards – whether rail gauges or fintech – according to which the African continent develops.

Two Markets, Two Resources

The strategic effort to influence foreign markets and resources – and to use those to enhance the power of the CCP's own – is embedded in a decades-old Chinese principle of "Two Markets, Two Resources" (两个市场两种资源). First made official strategy in the late 1990s, "Two Markets, Two Resources" refers to the delineation between domestic and international markets and resources.[7] Its intellectual lineage dates back to the CCP's founding economic leaders. The Chinese market is to be insulated and the global one penetrated; domestic resources are to be protected and foreign ones siphoned. **This is one-sided integration.** It promises asymmetric leverage over a globalized system, the ability to obtain without sharing and shape without being shaped. Two Markets, Two Resources relies on Beijing's centralized control over its market and commercial players. The CCP can insulate and guide those according to national strategy where the rest of the global ecosystem operates in a fragmented fashion according to short-term interests.[8]

With this bid to influence global systems – to control global markets and resources – Beijing positions to circumvent the inherent vulnerabilities of its economic model. The CCP's industrial program fails when prices for imports rise, its export markets dry up, or a challenger with lower costs improves on its approach. But if Beijing can shape global markets, it can protect against that. If Beijing can shape global standards, it can set the terms according to which the international economic system operates so that its dominance becomes self-fulfilling.

Though seldom discussed in Western sources, the call to leverage "Two markets, Two Resources" is near-ubiquitous in China's strategic planning. It appears across the Strategic Emerging Industries (战略性新兴产业) Initiative, Made in China 2025 (中国制造 2025), and the lineage of five year plans. The much-hyped Belt and Road (一带一路) Initiative (BRI) is explicitly framed as a tool in the global proliferation of Two Markets, Two Resources approach. Africa is a testbed.

As Yao Guimei of the Chinese Academy of Social Sciences wrote in 2003, "the development and use of African mineral resources is a major strategy to solve the safety and long-term stable supply of China's mineral resources under the guidance of the Central Government's principle of 'using Two Resources and opening Two Markets.' Those principles are an important part of

[7] Emily de La Bruyère and Nathan Picarsic, *Viral Moment: China's Post-COVID Planning, Horizon Advisory,* March 15, 2020, https://www.horizonadvisory.org/news/coronavirus-series-report-launch-viral-moment-chinas-post-covid-planning
[8] Beijing describes its approach as "State-led, enterprise-driven."

implementing China's global resource strategy. Therefore, we must attach great importance to it and take the initiative to attack."[9] He is explicit about what this entails:

> China is objectively in a vortex of fierce competition for international resources. In this case, if we do not consider China's economic development of global resources, if we are only satisfied with the random purchase of mineral products on the international market, we will have to pay higher prices for imported mineral products on the international market. That price will be readily controlled by others. It is a better policy to go to African countries for exploration, to establish independent mining companies, and to gradually set up our own global mineral resources supply guarantee system. Only by actively governing the allocation of international resources and breaking the control of Western countries over the world's strategic resources can we ensure the sustained and stable development of China's social economy.[10]

In other words, the idea is not just to trade or purchase Africa's resources. Doing so would make Beijing vulnerable to an international market outside of its control. Rather, China is to invest in governance over African resource reserves and their production, in doing so to establish Beijing-controlled "global supply chains and production bases."[11] The ultimate goal is to leapfrog the US-led international system. Zhang writes of Beijing's interests in Africa that "this is a political game between China and Western powers."[12]

International industry, especially advanced technology, hinges on access to critical mineral and energy inputs. Many of those have consolidated supply in Africa. Influence over that supply promises outsized influence on the international industry built on top of it. Africa accounts for approximately 10 percent of global oil production. It accounts for a supermajority of global cobalt production. A single African territory accounts for nearly all of global platinum capacity. This resource endowment provides unique opportunity, latent potential, and – with geopolitical risk discounted – an absolute, low-hanging, market inefficiency. In rare earths, Beijing's near monopoly of global supply and processing, a function of natural endowments and regulatory arbitrage, grant economic and security leverage. If Beijing's is able to secure sufficient dependence through engagement with select African states, the PRC may be able to apply its rare earths playbook to their resources – to critical reserves outside of its borders. Beijing seeks to do so for defensive reasons; for supply chain and resource security. But it also seeks offensive ends: Pricing and market-making power over producers and consumers of critical supplies.

And thanks to Africa's scale, choices of systems and standards on the continent promise to affect global systems and standards. At present, Beijing uses the support of African countries in the United Nations to resolve multilateral disputes in its favor. If those countries adopt China's

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[9] 姚桂梅 [Yao Guimei]. 关于开发利用非洲矿产资源的战略思考 [Strategic Consideration on Exploitation and Utilization of African Mineral Resources]. 西亚非洲 [West Africa], 2003.

[10] 姚桂梅 [Yao Guimei]. 关于开发利用非洲矿产资源的战略思考 [Strategic Consideration on Exploitation and Utilization of African Mineral Resources]. 西亚非洲 [West Africa], 2003.

[11] Ibid.

[12] 张宏明 [Zhang Hongming]. 中国在非洲利益层次分析 [An Analysis of China's Interest Level in Africa]. 西亚非洲 [West Asia and Africa], 2016.

fintech standards, Beijing might take the same approach to ensuring global adoption of its digital currency regime. The US ability to produce new-energy vehicles already hinges on access to resources that Beijing increasingly controls. Tomorrow, that new energy vehicle risks having to be produced according to technological and environmental standards that Beijing sets, sold according to systems and rules defined by the CCP.

Harvesting the African Continent's Resources

Beijing's bid for asymmetric control – and the implications for the US – are particularly evident as they apply to Africa's energy and mineral resources. China's particular priorities, as reflected in investment and import patterns as well as long-standing strategic discourse,[13] include oil and natural gas, iron ore, copper, cobalt, niobium, aluminum, uranium, manganese, and platinum.

Beijing develops access to Africa's resources through a two-step approach. First, China establishes trade relations of asymmetric dependence. The PRC is currently the top export market for African countries including Angola, Congo, the Democratic Republic of the Congo (DRC), Eritrea, Mauritania, and Sudan. It is the top supplier of imports to Ethiopia and Sudan.

Second, China leverages those asymmetric relationships and the influence that comes from them to de-risk investment and build infrastructure that ensures continued resource access and control –across the commodity value chain.[14] A web of direct and indirect investment vehicles have allowed Beijing to claim refineries in Algeria, Kenya, Nigeria, South Africa, and Uganda, as well as solar, hydro, and wind power projects in Angola, Congo, Egypt, Ethiopia, Guinea, Kenya, Malawi, Morocco, South Africa, Tunisia, Uganda, Zambia, and Zimbabwe. Through similar investments in transportation systems and operations – across port, rail, pipe, and road projects – Beijing extends its control to the movement of resources both in Africa and internationally. China has built and invested in port operations and infrastructures in Angola, Cameroon, Cape Verde, Congo, Djibouti, Egypt, Guinea, Kenya, Nigeria, Mozambique, Sierra Leone, South Africa, Sudan, Tanzania, and Togo; in rail projects in Chad, Egypt, Kenya, Sudan, and Uganda; and in road projects in Ghana and Uganda, among others.

Beijing implements its economic strategy in Africa through a combination of government and ostensibly private actors, many of them claiming commercial mandates. State-owned enterprises (SOEs), sovereign investment funds, and policy banks play a major role. So do non SOEs, in many cases backed by Chinese state subsidies, export credit programs, and government investment and partners. There is no clear delineation of responsibility. As is true elsewhere Beijing is increasingly opening the playing field to State-directed but not State-owned companies. That said, investments that involve direct control of resources – mining and

[13] As early as 2003, Yao Guimei of the Africa Institute at Chinese Academy of Social Sciences outlined a prioritization plan for the "exploitation and utilization of African mineral resources" focused on oil, iron ore, manganese, copper, cobalt, bauxite, gold, platinum, and diamonds. (姚桂梅 [Yao Guimei]. 关于开发利用非洲矿产资源的战略思考 [Strategic Consideration on Exploitation and Utilization of African Mineral Resources]. 西亚非洲 [West Africa], 2003.)

[14] As Zhang Hongming writes, "China's way of obtaining African resources is a combination of trade and then investment." (张宏明 [Zhang Hongming]. 中国在非洲利益层次分析 [An Analysis of China's Interest Level in Africa]. 西亚非洲 [West Asia and Africa], 2016.)

processing for example – remain largely under the purview of State-owned enterprises, while ostensibly private Chinese companies expand their presence in Africa's less tangible infrastructure: Transportation, renewable energies, telecommunications. Where commodities trade hands, Beijing prefers to maintain direct access. Where strategic value is derived from capacity cooperation and standard proliferation, the Chinese State is content to remain on the sidelines and rely on its "State led, Enterprise driven" model.

Beijing's approaches to oil in Angola, cobalt in the DRC, and platinum in South Africa underline the nature of its resource acquisition strategy: How the PRC prioritizes commodities and country targets, as well as how it approaches the market and implications for global supply.

Oil and the Angola Model

China relies heavily, and increasingly, on oil from abroad. The PRC first became a net importer of oil in 1993. China's oil imports have grown steadily since, alongside the country's economic rise. In 2019, China imported more oil than any other single country, ever. Faced with intensifying dependence on foreign oil, Beijing has sought diversification: While Middle Eastern producers and Russia consistently provide the bulk of Beijing's imports, Brazil now figures prominently as well. So does Angola.

China has ensured access to, and growing control over, Angola's oil through a loans-for-oil scheme paired with investment in Angola's infrastructure – investment for which those loans paved the way. Between 2004 and 2007, China's Export-Import (EXIM) Bank provided Angola with more than 7.5 billion USD of loans according to China's loans-for-oil model, described in Chinese discourse as the "Angola Model."[15] Those lines of credit expanded the two countries' trading relationship and China's local influence. They also coincided with growing Chinese direct investment in Angola's oil infrastructure. In 2004, State-owned Sinopec launched its production rights grab of Angolan oil blocks.[16] Later in the decade, Beijing's State-owned enterprises accelerated the play.[17]

These moves have fostered dependence. The PRC is Angola's top export market. Angolan officials have expressed concerns about their reliance on China. They have called for diversification of the country's economy and trading partners. But dependence risks being a self-fulfilling prophesy. China accounts for over half of Angola's exports. The inertia of that reliance has proved difficult to escape.

Cobalt, Platinum, and the Question of Control over Emerging Domains

In Angola, China invests in a notable, but not dominant, source of a determinative resource. China's investments in the DRC's cobalt and South Africa's platinum reveal a different play: Beijing cements access to dominant global reserves, therefore developing market control of the resources on which its industrial ambitions rest and leverage over the technological value chains built on top of them. Beijing's domestic reserves and industry already make it the world's

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[15] 姚桂梅 [Yao Guimei]. 中国对非洲投资合作的主要模式及挑战 [The main models and challenges of China 's investment and cooperation in Africa], 2013.

[16] It secured a winning bid on Angola's Block 3/80 and partnered with Angola's Sonangol and other international oil companies in other production blocks, including initial stakes in Blocks 15, 17, and 18.

[17] In 2009 and 2010, respectively, Sinopec and CNOOC expanded its role in Angola's Blocks 18 and 32.

leading producer of rare earth elements and graphite. Combining those resources with cobalt and platinum creates a basket of goods essential to everything from mobile phones to new energy vehicle batteries to aeroengine superalloys to electrodes for medical equipment.

Cobalt is a critical input for emerging battery and energy storage systems. It is also a critical input for alloys required for extreme heat resistant applications, like aero-engine turbines. Cobalt is mined at non-trivial levels in Australia, Canada, China, and Russia. But the DRC dominates production: It generates the majority of the world's cobalt annually and holds the majority of the world's proven cobalt reserves.

The DRC's cobalt resource endowment is often compared to that of Saudi Arabia. As in Saudi Arabia, China has deliberately cultivated a durable relationship, backstopped by government and private sector relationships and dependencies. China's EXIM Bank spearheaded the relationship with the DRC: As early as 2000, the policy bank's concessional loans underwrote telecommunications cooperation between China and the DRC. In 2007, China's EXIM Bank provided the financial backing for China's big DRC cobalt bet: That year, a consortium of Chinese firms, led by State-owned China Railway Engineering Corporation (CREC), landed rights to mines in Katanga, DRC. The agreement was initially valued at 9 billion USD. Through this deal, and the Chinese-owned production supported by it, China's annual cobalt exports from the DRC rose from an annual value of 300 million USD prior to the deal to an annual value of over 1 billion USD by 2010. The trend lines decreased slightly thereafter, but have risen sharply since 2017.

China's domestic supply allows it to produce a small share of its annual cobalt consumption – about 3 percent of its annual consumption of cobalt ores and concentrates; 11 percent of cobalt intermediate products. Beijing's investments in the DRC have effectively extended that domestic production base, drastically increasing the cobalt production volume that China de facto controls. The production capacity that China has invested directly into the DRC is equivalent to over 10 percent of China's annual consumption of cobalt ores and concentrates and over 20 percent of intermediate products. These figures are poised to grow as Beijing cements its positioning in the DRC. China thus bolsters supply chain security in emerging industries, like new energy vehicles, directly targeted in its competitive economic planning (e.g., the Strategic Emerging Industries Initiative, Made in China 2025, China Standards 2035). More offensively, the CCP develops outsize influence over those industry chains' global markets and pricing.

The direct implications of this asymmetric control and access are difficult to measure because there are other sources of global cobalt, but none as consolidated as the DRC's. The effects, and potential risks, of Beijing's playbook are clearer in the case of South Africa and platinum. Like cobalt, platinum is critical to a diverse range of advanced and emerging industries, including fertilizer production, fuel efficiency, and various electronics products. And South Africa dominates the global platinum market: Its reserves account for more than 90 percent of the world's totals. Beijing has carefully honed a relationship with South Africa premised on access to that platinum – and South Africa's rare metals more broadly. Already, that relationship allows China to claim more than 20 percent of South Africa's platinum exports. That figure may increase as Beijing continues to cement its access and appetite.

China's big investment in South Africa's rare metal production is the Bushveld Complex. As with the Sicomines project in the DRC, China seized the Bushveld Complex through a consortium of private and public Chinese actors in 2010. A government-backed financier– in this case, the China Development Bank (CDB) – underwrote the endeavor. The Jinchuan Group and the China-Africa Development Fund, itself a vehicle of the CDB, serve as the owners and operating partners of Wesizwe Platinum, the business that oversees the China-invested deposits at the Bushveld Complex. In the ten years since investing in the Bushveld Complex, China's share of South Africa's platinum exports has increased from 8 percent in 2010 to over 20 percent in 2018. The UK and Japan are the only global players to import more. The US imports less than four percent of South Africa's platinum.

South Africa's platinum fuels Beijing's competitive industrial strategy and risk stymying a competitive response. 60 percent of the platinum propelling Beijing's industrial apparatus comes from South Africa. More broadly, almost 90 percent of China's imports from South Africa are from extractive industries and various metals. These include other platinum group metals (e.g., rhodium, palladium), gold, molybdenum, and more common mineral ores and concentrates. And China's State plans – ranging from Made in China 2025 to China Standards 2035, the Strategic Emerging Industries Initiative to regular five-year plans – prioritize areas like fertilizers, electronics, and fuel-efficient vehicles that rely on platinum. Those plans call explicitly for "leapfrogs" (跨越) of foreign, especially US, industrial capacity. Such leapfrogs take place at all levels of the industrial chain; Beijing defines them as a combination of insulated domestic supply chains and asymmetric leverage over foreign ones. To defend against China's industrial offensive requires not just innovative and industrial capacity but also raw materials. Beijing uses it positioning in Africa to acquire asymmetric influence over the necessary raw materials.

Trend lines suggest that such influence over South Africa's resources will continue to grow. Beijing's multi-front positioning in the country all but locks in those trends. China's total trade volume with South Africa, according to UN Comtrade statistics, exceeds 20 billion USD annually. Only the EU bloc matches that scope. Once South Africa's largest market, the United States trails China (and Germany) in terms of both import and export relations, in some years by a factor of two. Xi Jinping visited South Africa in 2013, 2015, and 2018. The last time a US President visited South Africa was Nelson Mandela's memorial service seven years ago. That was two years after China accelerated its trade relations – and platinum exports – with South Africa. In November 2019, China's military cooperation with South Africa reached new heights: The two countries' navies, as well as Russia's, held a joint naval exercise in South African waters. The US has not exported significant military equipment to South Africa for eight years. The last US-South Africa joint exercise on par with China's was in 2017.

In platinum and elsewhere, Beijing's positioning in African resource markets is likely to leave the US dependent – albeit indirectly – on Beijing for critical inputs with few other suppliers. This is precisely the intention. China's strategy focuses on claiming preferential access to targeted points of supply. The Sicomines project in Angola and Wesizwe operation in the DRC offer prime examples in Africa's mining ecosystem. These examples create resource and supply chain dependence in increasingly important emerging domains for Beijing. What danger does that entail? Beijing may use preferential access to concentrated sources of global resources to expand its rare earths playbook – the security and coercive leverage that Beijing claims through its dominance in rare earth element mining and processing.[18] Of course, Beijing's influence over global resources – whether the rare earths over which it enjoys direct control or the cobalt and platinum where China increasingly enjoys indirect control and market shaping influence – does not necessarily diminish their global availability. Global commodity markets have continued to flow, prosper, and, in many cases, witness production increases and capacity surpluses alongside China's increased investment into production hubs. But the present calm obscures real risks.

First, as China slowly increases its ownership – or supply relationships akin to ownership – over commodities necessary for critical technologies, it acquires the ability to restrict access in cases of supply shocks or to coerce for non-market, geopolitical reasons (e.g., as a punitive response to recognition of Taiwan or as a means of horizontal escalation amid a security crisis). That ability is largely asymmetric vis-à-vis the United States: How to match it or respond without parallel control of the private sector? More broadly and perhaps subversively, influence over resource production and processing – amplified by the asymmetry of its State-driven system and military-civil fusion strategy[19] – grants China the potential to influence global market pricing. On the production side, increasing PRC ownership and long-term supply contracts begin to award cartel-like strength. And unlike OPEC's influence in oil, China also claims leverage through its role as a key consumer.

Second, these advantages extend along the industries built on the raw inputs that Beijing controls. China can use access to and influence over commodities to ensure that its producers – like those making mobile phone batteries from cobalt or automotive catalytic converters from platinum and palladium – benefit from advantageous economics that support their march up value chains. US consumers may profit in the short-term from the low-cost products that Chinese producers offers. This is, after all, the efficient division of labor that globalization was meant to yield. But China's players all along this value chain are a distortive presence. They are subsidized by a central government that ignores its commitments in trade agreements. They benefit from avoiding common labor and wage standards. Moreover, as China's champions seize market share, they most often do so at the expense of US competitors or those from states allied or partnered with the US.

Again, these are hidden risks. During periods of economic growth and geopolitical stability, they carry low probability of impact. But the COVID-19 crisis – the absolute breakdown of critical medical device and equipment supply chains that it quickly surfaced – demonstrates that these risks merit evaluation, Congressional attention, and thoughtful remedy.

The Impact of COVID-19

This conversation is particularly important right now – as a COVID-19 environment makes this a virtual testimony and Beijing positions to make global dislocation a strategic boon. China accelerates its investments in Africa at times of global economic crisis or slowdown. "Since 2008, with the general downturn in global economic development, China's investment in Africa

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[18] Keith Bradsher "Amid Tension, China Blocks Vital Exports to Japan," *The New York Times,* September 22, 2010, https://www.nytimes.com/2010/09/23/business/global/23rare.html.

[19] Emily de La Bruyère and Nathan Picarsic, "Beijing's Innovation Strategy: Threat-informed Acquisition for an Era of Great Power Competition," Naval Postgraduate School Acquisition Research Symposium, https://event.nps.edu/conf/app/researchsymposium/home#!/page/148.

has bucked the trend and expanded steadily," wrote Yao Guimei in 2015.[20] Xu Man, also of the Chinese Academy of Social Sciences, explains that that inverse trend was the product of decline in commodity prices and low foreign competition.[21] To that, their colleague Pu Yingji adds the value of moments of global distraction: "The Nine Eleven incident in 2001 and the global financial crisis in 2008 provided strategic opportunities for the rapid development of China-Africa cooperation, which received no significant attention."[22]

As COVID-19 wreaks global havoc, international capital is once more in short supply. Commodity prices are dropping. And the world is certainly distracted. Beijing's strategic planning is explicit about the opportunity that these trends present. It is already updating the playbook that it used in 2008.[23] The effects are likely to be felt in Africa.

[20] 姚桂梅 [Yao Guimei]. 中国在非洲投资的新挑战及战略筹划 [New Challenges and Strategic Planning for Chinese Investment in Africa]. 国际经济合作 [International Economic Cooperation], 2015.
[21] [Xu Man]. 中国的引领作用与国际对非经贸合作的新特点 [China's Leading Role and New Features of International Economic and Trade Cooperation with Africa]. 国际经济合作 [International Economic Cooperation], 2018.
[22] 朴英姬 [Pu Yung Ji]. 深化中国对非投资合作的新动力与新思路 [New impetus and new ideas to deepen China's investment cooperation with Africa]. 西亚非洲 [West Afria], 2019.
[23] Emily de La Bruyère and Nathan Picarsic, *Viral Moment: China's Post-COVID Planning, Horizon Advisory*, March 15, 2020, https://www.horizonadvisory.org/news/coronavirus-series-report-launch-viral-moment-chinas-post-covid-planning

Recommendations for Congress

China's Africa strategy propels its global strategy. Beijing positions in Africa according to the larger "Go Out" agenda, deploying the "Two Markets, Two Resources" strategy to attack holistically and comprehensively across sectors and geographies. Africa offers the supplies and markets necessary for the Made in China 2025 phase of China's plan. It also offers a testbed and strategic node for the emerging China Standards 2035 phase.[24] The US response needs to understand the nuances of these strategies. It also needs to understand – and match – their scope.

That does not mean that Washington should attempt to compete directly, matching investments one-for-one on the African continent. China's tack is evolutionary and adaptive, designed asymmetrically to subvert symmetric competition. Beijing's position across Africa today is the result of deliberate planning and investment into the "State led, Enterprise driven" model. Instead, the United States Congress should develop – either on its own or through collaboration with the Executive – a prioritization logic to guide strategic resource allocations along the entire set of geographic and functional domains of competition with Beijing. This logic would define and rank US interests spanning geographic and functional domains. Within those prioritized domains, it would first assess relative standing between the US and China. It would second outline the relationships between levers of power and potential future balances in those domains, identifying in the process areas of vulnerability, existing strength, low cost, and high cost. Congress can initiate short-suspense studies, 60 days, to be conducted by Executive agencies and/or Federal boards and commissions to inform this exercise. The effort should generate a public, unclassified product able to be shared with the private sector. The framework would influence resource allocations made by the private sector as much as those made by OPIC, as well as the State and Defense Departments' aid and security cooperation tools.[25]

Such a practical guide must be paired with strong, consistent narrative. The US government should make clear to African – and other third party – audiences that it will work with the private sector to guarantee first that it has not forgotten its relationships with and interests in African countries; second that shared values and human rights will not be ignored for the sake of economic profit. Congress can play a role in informing – and amplifying – that narrative. Congress can also provide the narrative with teeth: Accounting standards, SEC oversight, and compliance with the Foreign Corrupt Practices Act (FCPA) are examples of areas where Congressional inquiry can make these rhetorical priorities tangible for private sector actors.

And whenever Beijing's behavior contradicts local and international norms and values, narrative opportunities should be seized. In many cases, those opportunities are best seized by US allies and partners. The US should have the institutional apparatus ready to support them. The US should also have the institutional apparatus and personnel ready to seize opportunities itself

[24] Emily de La Bruyère and Nathan Picarsic, *China Standards 2035: Beijing's Platform Geopolitics and 'Standardization Work in 2020,'* Horizon Advisory, April 14, 2020. https://www.horizonadvisory.org/china-standards-2035-first-report.

[25] The legislative proposal advanced by Senator Mark Warner in S.29 and Representative Dutch Ruppersberger in H.R.618 to establish an "Office of Critical Technologies and Security" in the 116th Congress offers an admirable starting point for such an endeavor. More recently, Senator Tom Cotton's proposal for a comprehensive post-COVID-19 funding package provides another framework in which such an effort could be adopted.

where necessary and of common interest. Congress can require that budget submissions and force posture statements produced by Executive agencies and military services and combatant commands address progress on this front according to a set of pre-determined metrics.

In the process, the US and its partners should take advantage of Beijing's weaknesses in Africa. China is not invincible. There are vulnerabilities that US strategy should play on – and of which Beijing is acutely aware, making them all the riper for strategic exploitation. The CCP is concerned about growing anti-China sentiment in Africa, spurred by concerns over debt trap diplomacy, accusations of neo-colonialism, and desires for transparency and democratic principles, as well as for protected investment environments. The CCP is also concerned about growing resentment with respect to its encroachment on the prospects of African companies, labor markets, trade balances, and sustainable economic development writ large.[26] Many of these sensitivities are particularly acute right now in light of the racism that Africans have faced in China during COVID-19.

Finally, while Beijing's priorities in Africa might revolve around what is traditionally labeled the economic domain, this is not a purely economic competition. Beijing's military-civil fusion strategy explicitly combines security and commercial ambitions.[27] Beijing's positioning poses security threats just as much as commercial ones.[28] US Department of Defense force planning should recognize the security threats that Beijing's economic moves create — and that those, as much as Beijing's larger strategy, are global and holistic. Proper reckoning with that reality would demand new constructs for the US-China competition. This is not a limited geographic or functional contest. Disaggregating along those terms – whether replicating the European Deterrence Initiative for the Indo-Pacific or investing in basic research to win technology competitions that we misunderstand – risks expending resources without commensurate gain in strategic positioning.

Congress should fund, as a part of its COVID-19 recovery measures, a new, supra, bureaucratic entity tasked with designing and implementing a comprehensive, competitive strategic response to China's global offensive. That entity should report directly to the President, but otherwise be independent from the National Security Council and existing bureaucratic structures. It should be small – smaller, for example, than the White House Office of Science and Technology Policy. The strategy that this entity generates must account for Beijing's aims in Africa. It must protect against the threats inherent in China's growing resource dominance while seizing opportunities that China's approach offers.

[26] 姚桂梅 [Yao Guimei]. 中国在非洲投资的新挑战及战略筹划 [New Challenges and Strategic Planning for Chinese Investment in Africa]. 国际经济合作 [International Economic Cooperation], 2015.

[27] Emily de La Bruyère and Nathan Picarsic, The Reach of China's Military-Civil Fusion: Coronavirus and the Risks of Supply Chain Crises," *Real Clear Defense*, March 4, 2002, https://www.realcleardefense.com/articles/2020/03/04/the_reach_of_chinas_military-civil_fusion_coronavirus_and_supply_chain_crises_115092.html.

[28] See forthcoming analysis from Horizon Advisory of China's LOGINK logistics management platform at www.chinastandards2035.com.