

China's Growing Role in Africa: Implications for U.S. Policy

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I thank Chairman Kerry of the Senate Foreign Relations Committee and Chairman Coons of the Subcommittee on African Affairs for inviting me to participate in this hearing. I have been researching China-Africa relations intensively over the past five years in connection with a book scheduled for publication next spring. Unless noted otherwise, the statistics and analysis contained in this testimony refer to all fifty-four countries in Africa. China tends not to make a distinction between Sub-Saharan Africa and North Africa as the U.S. government often does.

China's Interests in Africa

China generally does not discuss its “hard” interests in Africa. Rather, it emphasizes several general themes such as respect for African countries’ sovereignty and development policies, support for African development, cooperation with Africa in the United Nations and multilateral forums, and learning from each other. China also urges African countries to accept the “one China” principle by recognizing Beijing.

Based on my analysis, China has four “hard” interests in Africa:

- Maintaining or increasing access to energy, minerals, timber, and agricultural products.
- Developing good relations with all African countries so that China can count on their support in regional and international forums.
- Increasing significantly China’s exports to Africa, especially as the economies of African states become more robust and Africans increase their disposable income.
- Ending Taiwan’s official diplomatic presence in Africa and replacing it with recognition of Beijing.

I should point out that you can substitute the United States for China in each of the first three interests; they apply as much to the United States as they do to China. I would argue that the

United States has several additional interests that do not yet apply in a meaningful way to China. First, the United States has an interest in military aircraft over flight and landing in African countries and access to their ports by U.S. naval vessels. Second, the United States puts a high priority on countering a series of issues—terrorism, piracy, drug trafficking, money laundering, etc.—that pose a threat to American interests. While these issues may eventually become important Chinese interests, they have not yet reached that level.

Current Dimensions of Chinese Engagement in Africa

While China is not new to Africa, the magnitude of its engagement with the continent has grown exponentially since the mid-1990s. This period has coincided with enormous industrial growth in China, the need to import increasing quantities of raw materials to support China's manufacturing sector, and China's ability to export significantly more competitively priced products to Africa. China's interest in access to raw materials reinforced its long-standing policy of developing strong political relations with as many countries as possible in Africa.

China has diplomatic relations with fifty of the fifty-four African countries. Four—Burkina Faso, Swaziland, Gambia, and São Tomé and Príncipe—recognize Taipei. Beijing has an embassy in all but one of the fifty countries. The exception is Somalia where the security situation in Mogadishu precludes a physical presence. All fifty African countries that recognize China except the Comoro Islands and recently independent South Sudan have embassies in Beijing. Although the United States has diplomatic relations with all fifty-four African countries, it too has embassies in only fifty. It closed embassies in the Seychelles and Comoro Islands to save money and never opened in São Tomé and Príncipe. Like China, it is not in Somalia for security reasons. China has more consulates in Africa than does the United States.

China is especially effective at state-to-state relations and attaches particular importance to high-level personal contact. Hu Jintao has made six trips to multiple African countries—two as vice president and four as president. China's premier is a frequent visitor to Africa. Each year since 1991, China's foreign minister has made his first visit abroad, usually in January, to an African country. China has a layer of high-level contact—senior Communist Party of China officials—that frequently visits Africa to expand relations with African party and executive branch officials. The United States has no similar counterpart nor does it rely as heavily on presidential and vice presidential visits to Africa. If you exclude annual visits to the United Nations' headquarters in New York by African leaders, where some do have meetings with the American president, Chinese leaders extend more invitations to African leaders to visit China than the United States extends to visit Washington. The Communist Party of China frequently invites leaders of African political parties to visit China.

China has no military bases in Africa but has some security interaction, however modest, with all fifty countries that recognize Beijing. China's share of the conventional arms market in Sub-Saharan Africa is about 15 percent. The percentage is higher for small arms and light

weapons. High level military visits are an important part of the security relationship. Twenty-eight African countries have defense attachés in Beijing while sixteen Chinese defense attaché offices in Africa are accredited to some thirty African countries. China has about 1,600 military/police personnel serving in six of the United Nation's peacekeeping operations in Africa. Most of the personnel are in Darfur, South Sudan, Liberia and the Democratic Republic of the Congo. It has small numbers in Côte d'Ivoire and the Western Sahara. Since 2008, China has positioned two frigates and a tender in the Gulf of Aden to combat Somali piracy. Following a lapse in naval visits to African ports since 2002, this engagement in the Gulf of Aden has led to a recent increase in Chinese visits to African ports.

By contrast, the United States has a designated military command—AFRICOM—for Africa located in Germany, a base with about 3,000 military and civilian personnel in Djibouti for countering terrorism, a new facility in Ethiopia for operating drones and significantly more defense attaché offices than does China. While the United States pays a higher proportion of UN peacekeeping costs in Africa than does China, it has less than thirty personnel assigned to the six operations in Africa. The United States has played a leading role in the anti-piracy operation in the Gulf of Aden and western Indian Ocean. U.S. military ships and airplanes regularly visit African cities and ports. The United States also engages in far more training of African military forces than does China.

China passed the United States and became Africa's most important trade partner in 2009. It continues to hold that position. China-Africa trade (exports and imports) totaled \$127 billion in 2010 compared to \$113 billion for United States-Africa trade. While China's trade with Africa has been growing at a rapid pace since the turn of the century, it constitutes only about 4 percent of China's global trade. China's trade is, however, proportionally more important for Africa and makes up about 13 percent of the continent's total trade. Except for 2009, when Africa collectively had a large trade deficit with China, its trade has been roughly in balance. This is in sharp contrast with U.S.-Africa trade, which has witnessed a large U.S. trade deficit over the past decade, primarily due to large oil imports from Africa. In 2010, the United States imported \$85 billion worth of goods from Africa and exported \$28 billion to Africa. There are huge differences in China's trade balance with individual African countries. Some eleven African oil and mineral exporters have major surpluses with China, while the remainder, which includes the poorer countries, has significant trade deficits with China or the trade is roughly in balance.

China imports about one-third of its total oil imports from Africa. Of China's ten most important trading partners in Africa, six (Angola, Sudan, Nigeria, Algeria, Libya, and the Republic of Congo) export large quantities of oil to China. In 2009, oil and gas accounted for 64 percent of all African exports to China. While that constitutes a lot of oil, it is only about 13 percent of total African oil exports. The United States and EEC countries each import almost one-third of Africa's total oil exports, significantly more than China imports. On the other hand, the United States imports relatively modest quantities of African mineral products while China

imports huge quantities of cobalt, manganese, tantalum, copper, iron ore, and other minerals. In 2009, iron ore and metals accounted for 24 percent of all African exports to China. It also imports timber and may look increasingly to Africa for agricultural products. Without these raw materials from Africa and other parts of the world, China would be unable to sustain its manufacturing capacity and maintain its high GDP growth rate. A sharp decrease in China's economic growth would be a direct threat to the current leadership of the Communist Party of China. Access to African raw materials is a long-term strategic interest.

While China continues to increase significantly its imports from Africa, it is also increasing its total exports and the value added component to Africa. In 2000, China's exports to Africa consisted largely of textiles and clothing (28 percent), machinery and transportation equipment (27 percent), and other manufactured goods (26 percent). By 2009, Chinese exports to Africa shifted to high end capital goods, especially communications equipment (20 percent), road transport vehicles (19 percent), and electronic machinery (18 percent).

China's State Council issued a white paper in December 2010 that stated China's direct investment in Africa reached \$9.33 billion by the end of 2009. There is considerable confusion surrounding this figure and on China's definition of direct investment. For reasons that are not clear, I believe most official Chinese figures for investment totals in Africa significantly understate the real amount. Even Chinese sources cannot agree on the amount of FDI that has gone into Africa. The official Xinhua News Agency reported last month that by the end of 2010, China had invested about \$40 billion in more than 2,000 enterprises in fifty African countries. This figure included investments of \$2.1 billion in 2010 alone. While the correct total FDI figure is probably much closer to \$40 billion than to \$9.33 billion, Western countries collectively have invested much more in Africa, primarily because they started earlier. By the end of 2008, for example, the United States had invested a cumulative total of \$37 billion in Sub-Saharan Africa alone.

It is possible that today China is investing more in Africa than any other single country. The primary recipients of Chinese FDI have been South Africa, Nigeria, Zambia, Sudan, Algeria and Egypt, all major oil or mineral exporters except for Egypt. Interestingly, the State Council's December 2010 white paper reported that by the end of 2009, African countries had invested \$9.93 billion in China, i.e. more than the paper reported China had invested in Africa! It is difficult to document where this much African money has been invested.

One of the other persons testifying today is far more knowledgeable than I on China's aid to Africa. I will describe this component of China's engagement.

The headline grabbing stories of Chinese engagement in Africa rarely involve investment or aid. More often, they concern large Chinese loans, often with concessionary financing, used by African countries to finance infrastructure projects. In recent years, China has signed loan agreements, for example, with Angola for about \$14.5 billion, Ghana for \$13 billion, and the

Democratic Republic of the Congo for \$6.5 billion. Most of this money will be used to finance roads, dams, refineries, buildings, railways, etc. by Chinese construction companies and be repaid in oil or minerals. China has become the major builder in Africa.

China has also stepped up its soft power efforts in Africa. The Xinhua news service has more than twenty bureaus in Africa and regional offices in Cairo and Nairobi. Xinhua competes directly with Reuters, AP, and Bloomberg for reporting on events in Africa. There are at least twenty-two Confucius Institutes in Africa that focus on teaching Chinese language, culture, and history and the number continues to grow. China is increasing its radio transmission to Africa in various languages, has a transmitting facility in Kenya, and has rebroadcast arrangements with countries around the continent. It trains a variety of Africans, including diplomats and journalists, and in 2009 increased to 4,000 the number of full scholarships it offers to African students each year.

Implications for U.S. Policy and Interests

This heightened engagement in Africa by China since the mid-1990s has important implications for the United States. China now offers African countries another political and especially economic alternative to the United States and the West generally. Countries such as Zimbabwe and Sudan, which have poor relations with the United States and the West, have taken maximum advantage of this situation. China does not engage in conditionality, except for the “one China” principle and tying its aid and loans to Chinese companies and materials. As a result, China (and a number of other countries) ignores Western sanctions against Zimbabwe and Sudan and continues to be one of the most important suppliers of military equipment to both countries. As a major supplier of small arms and light weapons across the continent, Chinese weapons are increasingly showing up in conflict zones. There is no evidence China is selling weapons to rebel groups, but as more weapons appear in Africa, the greater is the chance they find their way into conflicts. In fairness, weapons from all major arms manufacturing countries, including the United States, are making their way into these conflicts.

Even countries that have good relations with the United States, such as Ethiopia, Kenya, Angola, Ghana, and South Africa, find themselves in a position where they can be much more selective in taking advice from the United States. African states under pressure from the United States and the West to improve their human rights and governance practices are less likely to do so when they know they can rely on China for support. China holds a veto power in the UN Security Council and Africa has three non-permanent seats on the Council. Africa is well represented in organizations of interest to China such as the UN Human Rights Council and the World Trade Organization. China makes every effort to cultivate the maximum number of African countries on all issues of interest to Beijing that arise in international forums. In some cases, like-minded African governments use the Chinese just as the Chinese use them, for example when contentious issues affecting China or a particular African nation arise in the Human Rights Council. When Tibet became an issue in 2008, China leaned on the Africans to

remain silent or even make supportive statements. They did. African countries can depend on China to avoid raising controversial African human rights issues in the UN Human Rights Council and perhaps even to support them when they are criticized by Western countries.

China does not have a good record in Africa for worker safety and labor practices. It also receives criticism for allowing harmful and counterfeit products manufactured by private Chinese companies into African countries. The same is true for engaging in corruption although there are a few indications that China is beginning to see corruption as a negative factor for doing business in Africa. The United States generally has a good record in these areas and would prefer to see improvements in Africa. Sensitive to all of these criticisms, China is seeking ways to deal with these problems but is slow to find solutions. China's relations with strong, independent African labor unions are not cordial and labor standards in China are sometimes less stringent than in some African countries. African nations do not have the institutions to keep harmful and counterfeit products from entering and China has either not figured out or is not interested in preventing these problems at the source.

The United States and the West had a major head start over China on investment and commercial engagement with Africa. This is especially true in the energy and mineral sector where so much Western investment has gone over the years. As a result, there has not yet been much head-to-head competition except in the case of winning large commercial contracts where China is pulling ahead in many sectors. A company like Boeing continues to do well in Africa and has no Chinese competition. On the other hand, electronic giants such as Hewlett-Packard, Motorola, Siemens, and Ericsson are increasingly losing business to Chinese companies such as Huawei and ZTE. The Chinese companies offer much lower prices for products that many Africans believe are of adequate, if somewhat lower, quality compared to their Western alternatives. In addition, Huawei and ZTE are creating large sales and marketing offices in Africa.

The easy financing offered by Chinese state banks, lower bids on projects by Chinese state-controlled construction companies and fact that the companies now have a ubiquitous presence on the ground throughout much of Africa, make it difficult for American and Western companies to compete. Private Western companies generally function independently of their governments and often find it hard to compete with the package proposals presented by the Chinese government and their state-owned or controlled companies. This is, however, a structural issue that the United States and the West will have to work around or simply become more competitive.

China's growing interest in African raw materials should not pose a problem for the United States except to the extent that Chinese demand pushes up global commodity prices. This could lead to higher prices paid by the United States and the rest of the world. So long as American companies and consumers have the money to pay for the product, African countries will continue to sell to the U.S. market. The problem is on the U.S. export side. It is not

competing well against China in Africa. This is a problem that American companies will have to solve, although agencies like the Export-Import Bank can help. In some cases, American companies just have to take more interest in African markets and accept more risk.

China's growing use of soft power in Africa should prod the United States to respond. Security concerns and fortress embassies in many African countries make outreach difficult. Numerous American libraries have been shut down. The Voice of America and government-sponsored programs for sending future African leaders to the United States are under budgetary pressure. All of these trends are in the wrong direction. This is the time to reach out on all fronts and be more accessible to African publics. These programs are not expensive and they have the potential to achieve an enormous amount of good will.

For the time being, China poses no security threat to the United States in Africa and probably will not do so over the next five years or so. China is, however, expanding its naval capacity. This year it held sea trials for its first aircraft carrier. It has significantly expanded its submarine fleet and clearly intends to build a carrier force. One reason for building this capacity is to make China less reliant on the U.S. Navy for protection of Chinese vessels in the Indian Ocean. Some 80 percent of China's imported oil comes from Africa and the Middle East and passes through the Straits of Malacca. Once China has a major naval presence in the Indian Ocean, it will bump up against the U.S. Navy and, more importantly, the Indian Navy.

Other Emerging Powers in Africa

China is only one, albeit the most important, of the emerging powers to assert itself in Africa. The European countries, Japan, South Korea, Canada, and Australia continue their long-standing engagement in Africa, but together with the United States have been somewhat more reserved since the end of the Cold War. Russia has recently returned to Africa in a major way following its retreat from the continent after the breakup of the Soviet Union. China and other emerging powers have been the big story in Africa over the past decade.

Only India approaches the ability of China to compete in Africa and it is probably a decade behind China. China's trade with Africa is two and half times that of India. China has almost twice as many embassies in Africa as India. Its investment and aid are much higher. On the other hand, India is physically closer, has a language advantage, and has stronger cultural links. India also has 7,000 UN military and police peacekeepers in Africa compared to China's 1,600. India's naval presence in the western Indian Ocean is much stronger than China's and India has been developing security agreements with countries in the Indian Ocean and along the East African coast.

Although well behind China and India, Brazil has made its presence felt throughout much of Africa, not just the Lusophone countries. Iran has focused its attention on northeastern Africa but is expanding its relations throughout the continent in an effort to escape isolation. Turkey stepped up its engagement in Africa beginning in 2005 and is an important player in North

Africa and the Horn of Africa. Its engagement is heavily business-based but also has a strong cultural, religious, and educational component. Other emerging countries that are either reengaging in Africa or arriving for the first time include Saudi Arabia, United Arab Emirates, Vietnam, Thailand, Indonesia, Malaysia, Singapore, and Cuba.

This situation is resulting in a much more crowded diplomatic playing field. While it provides more opportunities for African countries to obtain aid, investment, and trade, it complicates American diplomacy. It argues for greater understanding about the meaning of these developments and, in some cases, a reassessment of U.S. policies towards Africa and the coalitions needed for diplomatic successes.

Areas for Cooperation with China

There are several inherent challenges for U.S.-China cooperation in Africa. It is necessary to overcome long-standing suspicions between the two countries, fostered in part by different philosophies toward governance. Perhaps more important, it is necessary to convince the African countries that the United States and China are not trying to gang up on them. There is a tendency in many African countries to want to play China off against the United States in order to obtain an advantage. They often fail to distinguish that there are areas where China and the United States can cooperate and, at the same time, benefit the African country in question.

If these two concerns can be overcome, and they have been in several cases, there are areas when China and the United States can work together for the mutual benefit of African countries. This occurred in Liberia, for example, where China and the United States collaborated in construction of the military barracks at Bonga for a UN peacekeeping operation and the two countries agreed to join forces to combat malaria. Successful cooperation depends heavily on the active engagement of the American and Chinese ambassadors and key embassy staff on the ground. If they do not support the proposed collaboration, it probably will not happen. At the same time, there must be signals from Washington and Beijing that both governments are fully behind the cooperative endeavor.

The United States and China have particular strengths in the health sector that can collaboratively improve the situation in Africa. This is especially true in antimalarial programs where China is constructing thirty malaria treatment centers in Africa and providing antimalarial drugs such as artemisinin. USAID supports a holistic program that includes insecticide-treated bed nets and the President's Malaria Initiative has a goal of reducing mortality by half in target countries. Other areas for cooperation are neglected tropical diseases, especially hookworm and schistosomiasis, where each country has important expertise to reduce the threat. Improvement in nutrition and pandemic preparedness are other possible problems for collaboration. Both China and the United States have considerable experience with African agriculture, another area where they could combine their experience and lessons learned.

While the United States and China want to export more to Africa, they could also work to build the export capacity of African countries by building their competitiveness in global markets. Both countries could provide technical assistance for this purpose. China has shown a growing interest in improved corporate social responsibility in China and in the context of Chinese companies operating in Africa. This is also a priority goal for the United States and one where American companies have considerable experience. Both countries have demonstrated their concern in recent years over the negative impact of climate change and environmental degradation. African countries are deeply concerned about climate change's impact on the continent and might welcome a joint approach from China and the United States.

The United States provides the single largest amount of funding for UN and African Union peacekeeping operations. Washington welcomes the assignment of Chinese soldiers, mostly engineering, transportation, and medical personnel, to UN peacekeeping operations in Africa. U.S. and China's interests generally overlap when it comes to African peacekeeping operations; specific projects for collaboration should be identified. Similarly, the two countries generally have common interests in helping African coastal states to reduce piracy, smuggling, illegal fishing, drug trafficking, and threats to offshore oil facilities. Although Chinese ships operate independently in the Gulf of Aden anti-piracy operation, the United States Navy and China's Navy have a good working relationship. The U.S. Coast Guard has been particularly successful in cooperating with Chinese counterpart organizations. There may be an opportunity for extending this cooperation to Africa. Countering drug smuggling across Africa and improving disaster relief are additional areas that lend themselves to U.S.-China cooperation for the mutual benefit of Africans.

Coordinated Diplomatic Engagement in Africa

There are a number of conflicts and crises where the interests of the United States and China are similar. Both countries usually seek stability in Africa. China normally supports whatever government is in power irrespective of its pedigree or ideology. While China is quick to shift its allegiance to a new regime as occurred in recent years in Niger and Guinea, it does not want to be seen as behind regime change. As a result, China has no inclination to encourage governmental change in places such as Harare or Khartoum. If it suspects the United States is seeking regime change in any particular country, China will keep its distance. Coordinated diplomatic engagement also tends to raise suspicions among some African parties that the United States and China are ganging up against them. China is especially sensitive to this charge and will be reluctant to work with the United States on any issue where this is the perception by one or more of the African parties involved in the conflict.

On the other hand, there has been little difference in the U.S. and China's policies towards Somalia. Both countries support the Transitional Federal Government and want to counter terrorism, although China is probably not prepared to accept some of Washington's tactics. Nevertheless, Somalia is a conflict that lends itself to continuing quiet collaboration. The United

States encouraged China to play a more active role in resolving the conflict in Darfur. Eventually it did but only after some difficult episodes in U.S.-China interaction. Today, China has an interest in maintaining close ties to the Bashir government in Khartoum and the new government in South Sudan. It owns much of the oil infrastructure in the Republic of Sudan while 75 percent of the oil now originates in South Sudan. China has been surprisingly successful in building a good relationship with Salva Kiir's government in Juba. There may well be ways for China and the United States to coordinate diplomacy as they help to resolve the enormous challenges facing both countries. China will consider such collaboration, however, only if it is convinced that the United States is not seeking regime change in Khartoum.

Other troubled parts of Africa where there are no obvious differences in U.S. or China's policy include Côte d'Ivoire, Madagascar, and Guinea. They are candidates for coordinated diplomatic engagement. More complicated conflicts that might lend themselves to coordinated diplomatic engagement include the Democratic Republic of the Congo and Libya. China has or is developing significant interests in both countries and may be reluctant to team up with the United States and other Western countries, but it is worth exploring.

While the United States and China will continue to have important differences in their approach to Africa, it is in the interest of both governments to seek out those areas where they can cooperate.