

China

The Development Challenge: The People's Republic of China (PRC) sprawls across East Asia. Its sheer size and economic power dominate the region. For the United States, seeing China fully integrated into the global economic and trading system is critical for regional security, prosperity, environmental protection, and peace. Not only does China play a key role in international security affairs through its permanent membership in the United Nations Security Council, but it also is a major U.S. trading partner. Trade between the two countries totaled almost \$150 billion in 2002. For these economic and security reasons, the United States actively seeks a good relationship with China.

Currently, there is no USAID presence in the PRC. The United States, however, maintains principled and purposeful engagement with the Government and people of China. Although significant differences remain, this engagement has led to important gains in a number of critical areas, such as human rights and tariff reductions. The Chinese Government does not share core American values on human rights, religious freedom, or democracy, and the United States and China also disagree on the best policies for Taiwan. To narrow these differences and take advantage of the many areas where U.S. and Chinese interests coincide, the United States undertakes regular contacts and dialogue.

Since 1979, China has been engaged in an effort to reform its economy. China has tried to combine central planning with market-oriented reforms to increase productivity, living standards, and technological quality without exacerbating inflation, unemployment, and budget deficits. The United States firmly supports this effort. In addition to reducing the role of ideology in economic policy, the Chinese leadership has emphasized political and social stability and economic productivity. This has included increased support for market-based personal income growth and consumption. In the last 20 years, China has taken more people out of poverty than any country. Yet challenges remain. More than 200 million Chinese live on less than \$1 a day, many of them in poor and remote regions of the country. The number of urban poor is also on the rise.

The Chinese Government's efforts to promote rule of law are significant and ongoing, but rule of law is still weak. After the Cultural Revolution, China's leaders worked to develop a legal system to restrain abuses of official authority and revolutionary excesses. In 1982, the National People's Congress adopted a new state constitution that emphasized the rule of law under which even party leaders are theoretically held accountable. Since 1979, when the drive to establish a functioning legal system began, more than 300 laws and regulations, most of them in the economic area, have been enacted.

With its entry into the World Trade Organization (WTO) in 2001, China agreed to lower tariffs and ease import and export restrictions for Chinese and foreign business people. This opens up new opportunities for U.S. industries and service providers, particularly in the banking, insurance, and telecommunications fields. However, hundreds of laws and regulations still need to be put into place, and enforcement of existing laws and regulations needs to be strengthened before China can comply fully with WTO requirements. Over the years, China has come to rely more upon foreign financing and imports, but modernizing the banking and legal systems to accommodate increased foreign ties remains a major hurdle.

The USAID Program: USAID's program in China is focused around two objectives:

- Improve China's legal infrastructure so that it is more compatible with a market economy and better protects its citizens' rights; and
- Assist Tibetan communities to preserve their cultural traditions, promote sustainable development, and conserve the environment.

The first objective is being met through a cooperative agreement to Temple University that is introducing key members of the Chinese legal and judicial system to the constitutional principles that support the rule of law -- due process, transparency, and equal access to justice. The program also teaches critical thinking and advocacy skills to support the application of those principles in the Chinese judicial system.

The second objective is being met through activities that directly assist Tibetan communities in China. This program is implemented through NGOs headquartered outside China that provide Tibetan communities with access to the financial, technical, marketing, environmental, and educational resources they need to sustain their traditional livelihoods, unique culture and environment and to avoid economic marginalization as China develops its western regions.

Other Program Elements: Department of State's Bureau for Democracy, Human Rights and Labor (State/DRL) manages a number of activities that support rule of law in China. USAID efforts complement these activities. As part of its Greater Mekong HIV/AIDS strategy, USAID will work on a limited scale with NGOs in two southern provinces in China, Guangxi and Yunnan. Over the past eight years, USAID's American Schools and Hospitals Abroad (ASHA) program has supported the construction and equipment of the Center for American Studies. ASHA has also supported the Johns Hopkins Center for Chinese-American Studies in Nanjing and provided a grant to Project Hope to support training for the Shanghai Children's Medical Center.

Other Donors: China does not have a formal aid group. Important donors include Japan, Germany, and the United Kingdom. Sweden, the United Nations, Australia, Italy, New Zealand, and Canada also provide support. Multilateral donors include the World Bank, the European Union, the Asian Development Bank, and the United Nations Development Program.

**China
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Economic Support Fund	5,000	5,961	3,976	0
Total Program Funds	5,000	5,961	3,976	0

STRATEGIC OBJECTIVE SUMMARY

435-003 Selected Foreign Policy Objectives Achieved				
ESF	5,000	5,961	3,976	0

Data Sheet

USAID Mission:	China
Program Title:	Selected Foreign Policy Objectives Achieved
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	435-003
Proposed FY 2004 Obligation:	\$3,976,000 ESF
Prior Year Unobligated:	\$2,981,000 ESF
Proposed FY 2005 Obligation:	\$0
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2006

Summary: This program has two elements, a rule of law program and assistance to Tibetan communities. Temple University established a Master of Laws (L.L.M.) program in Beijing, China in 1999 to educate well-placed Chinese judges, government officials, prosecutors and lawyers in U.S. and international legal principles. This program operates in partnership with the law faculty of Tsinghua University and is the only foreign law degree-granting program approved by the Chinese Ministry of Education.

In FY 2003, the Department of State asked USAID to assume the management of existing programs directed at the Tibetan community in China. USAID signed a grant with The Bridge Fund in late FY 2003 for this work. It will continue this grant in FY 2004 and start new cooperative agreements to expand assistance to Tibetan areas. The objective of this assistance will be to provide disadvantaged Tibetan communities with the resources they need to promote economic development, and sustain their unique cultural and environment, while increasing the capacity of local people to promote their own development through self-help strategies.

Inputs, Outputs, Activities:

FY 2004 Program:

Rule of law program (No FY 2004 funding requested). Under this program, Temple University and Tsinghua University will use funds previously appropriated to continue to train Chinese judges, law professors, lawyers, and other legal professionals in the content and principles of international and U.S. law, with an emphasis on treaty obligations, especially World Trade Organization (WTO) compliance, individual rights, and legal ethics. USAID and its partners will continue to promote the advancement of minorities in the Chinese legal profession by seeking out qualified minority students with leadership potential for these programs. Thirty-seven students will complete their studies and receive their L.L.M. degrees by November 2004. Roundtables will be held on environmental law and health care law curriculum planning. USAID's grantee will create a training session for senior legislative staff from the National People's Congress. Principal Implementer: Temple University.

Assistance to Tibetan Communities (\$3,976,000 ESF; \$2,981,000 ESF Prior Year Unobligated). In FY 2004, USAID will expand the reach of existing efforts which focus on rural economic growth, cultural preservation education, health care, and environmental protection. Activities in rural economic growth will include increasing the incomes of nomadic and agricultural families through better natural resource management in rangeland and agricultural areas and improved herding and farming practices; expanding economic opportunities through vocational training, microcredit, and business development services for small and medium size Tibetan-owned businesses; and encouraging integrated community development by fostering local NGO development and community professional associations such as farmer and herder associations. Also, resources will be used to support the preservation of important cultural sites, manuscripts, and works of art.

USAID funds will be used to build community schools, train teachers and school administrators, produce teaching materials in the Tibetan language, provide scholarships and other training to enable qualified students to receive higher education, and teach English to Tibetans.

Due to Kemp-Kasten restrictions on working with the Government of China, health activities will consist of support for U.S.-based NGO programs that deliver health education and other services directly to Tibetan communities. Such assistance may include construction of rural health clinics and other rural health infrastructure; production of health awareness training materials targeted towards rural communities which focus on nutrition, disease prevention, and maternal child health, and the direct provision of basic services such as eye care and specialized surgery.

Environmental protection activities will focus on sustainable natural resource management in areas on the Tibetan Plateau. Cultural preservation activities will focus on business and marketing support for artisans and their products and on the preservation of traditional fine arts. Grant-funded efforts will also support the preservation and maintenance of skills in the production of traditional fine arts, i.e. literature, architecture, music, painting, sculpture, and woodcarving. USAID and its partners will encourage activities that restore and protect buildings, works of art, and traditional texts of global or regional importance, and that provide training for Tibetans in state-of-the-art restoration and preservation techniques. Principal Implementers: The Bridge Fund and other implementers that will be selected on a competitive basis.

FY 2005 Program:

Plans for FY 2005 are still to be determined.

Performance and Results: As of November 2003, USAID's Rule of Law program has achieved significant results. One hundred and four students have graduated from the L.L.M. program so far. Thirty-seven students entered the Beijing program in the current year, and an additional 10 are studying at Temple University in Philadelphia. Qualified minority students are participating in the program. With USAID's support, Temple provided comments on the new Property Law (June 2002) and on the new Tort Code (October 2003). Temple also hosted two month-long roundtables, which brought key Chinese scholars to Philadelphia to conduct research and discussions with their U.S. counterparts. Roundtable discussions have created a community of WTO scholars who are developing WTO law in China. Two of these scholars have developed a law school course on the WTO that is being taught to Chinese law students at Tsinghua. Temple is taking a collaborative approach to programming; every component of this project involves U.S. and Chinese experts working together. Nowhere is this more apparent than in the results of the WTO and the Internet Roundtables, and the Roundtables now being planned on Environmental Law and Health Law and Policy. These types of initiatives provide an opportunity for Chinese scholars to interact with their Chinese and international peers.

USAID's grant to support Tibetan communities began in late FY 2003. To date, there are no results to report.

By the completion of this program, key Chinese lawyers and judges will be better trained in international law and practices. In addition, Tibetans living in the Tibetan plateau will have received the care and support they need to help them improve their overall well-being.

US Financing in Thousands of Dollars

China

435-003 Selected Foreign Policy Objectives Achieved	ESF
Through September 30, 2002	
Obligations	2,300
Expenditures	1,365
Unliquidated	935
Fiscal Year 2003	
Obligations	5,680
Expenditures	4,724
Through September 30, 2003	
Obligations	7,980
Expenditures	6,089
Unliquidated	1,891
Prior Year Unobligated Funds	
Obligations	2,981
Planned Fiscal Year 2004 NOA	
Obligations	3,976
Total Planned Fiscal Year 2004	
Obligations	6,957
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	14,937