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**HEARING ON CHINA'S INFLUENCE IN AFRICA
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Thank you for the opportunity to testify today before the Subcommittee on the important topic of China's influence in Africa. Thank you, also, Chairman Smith and Ranking Member Payne for your leadership and dedication on issues relating to human rights in China and so many other locations around the world. It was an honor for me to have worked with you and your able staffs on these causes during the years I worked here in the House.

The U.S.-China Commission included a panel on China in Africa in its July 22nd hearing on China's Growing Global Influence. We focused on how and why the Chinese government is strategically reaching out to developing nations – to secure natural resources and to gain diplomatic clout on the world stage. I will discuss today some of what we learned.

On July 2, 2005, hundreds of thousands of people around the world attended the Live 8 concerts designed to draw attention to African poverty before the G8 meeting. On that very day, the Chinese company, China Great Wall Industry Corp., was announcing a deal with Nigeria to cooperate on future satellite launches. The China Great Wall Industry Corporation was sanctioned by the United States in 1991 for selling missile technology to Pakistan. Its actions to secure a satellite technology pact with Nigeria are part of the Chinese government's cooperation and investment initiatives to ensure access to Nigerian oil and gas. The Chinese company beat out 21 companies from countries including the U.S., France, and the United Kingdom.

Why should this deal be of concern to the United States? This deal is one example of a trend that has implications for U.S. energy security, our diplomatic and development initiatives, and our national security. All nations conduct business deals, use diplomatic leverage and jockey for access to natural resources. What makes the Chinese strategy for energy security and its diplomatic effort in Africa of particular concern is the very nature of the government of the People's Republic of China and how that translates into its outreach in Africa.

On energy security:

In the Commission's 2004 Report to Congress, we reported that "China's approach to securing its imported petroleum supplies through bilateral arrangements is an impetus for

nonmarket reciprocity deals with Iran, Sudan, and other states of concern, including arms sales and WMD-related technology transfers that pose security challenges to the United States.” The Department of Defense’s report on China’s military power, released just last week, echoed this concern, stating China’s “dependence on overseas resources and energy supplies, especially oil and natural gas, is playing a role in shaping China’s strategy and policy. Such concerns factor heavily in Beijing’s relations with Angola, Central Asia, Indonesia, the Middle East (including Iran), Russia, Sudan, and Venezuela to pursue long-term supply agreements...”¹

The goals of China’s energy security strategy are to diversify its sources of oil and gas and to acquire control of natural resources. China works to diversify its sources by focusing on establishing relationships with suppliers that the U.S. refuses to do business with and suppliers that it can leverage access to through economic and diplomatic incentives. China obtains 25 percent of its oil from Africa, mainly from Angola and Sudan. Sudan and Angola, which are ostracized by the international community, are important strategic diplomacy targets for China.

China’s energy strategy in general is a concern for U.S. energy security because of the Chinese government’s interest in controlling oil and other natural resource production at the source rather than making investments to ensure there is a greater supply on the world market. As we stated in our 2004 Report, “while China’s direct investment into energy production could increase global energy supplies, its strategy of securing its own stake in an energy-exporting state, particularly in states of concern, does not appear on balance to contribute to the larger energy security picture for other energy-importing nations.”

Sudan is the perfect example of China’s strategy in Africa. As Ambassador Princeton Lyman testified at the Commission last week “Sudan represents the clearest example of how China comes to Africa with ... the ‘complete package:’ money, technical expertise, and the influence in such bodies as the UN Security Council to protect the host country from international sanctions.”

China controls a significant portion of the oil fields in Sudan. It obtains 7 percent of its oil from Sudan. Chinese investment in Sudan is about \$4 billion. This investment is directly related to China’s support for Sudan at the United Nations Security Council and its active opposition to efforts by the international community to stop the genocide in Darfur. The Chinese government, as you know, watered down U.S.-drafted resolutions on UN sanctions against Sudan.

In response to requests from the U.S. that Sudan limit its ties to Chinese oil companies, the Sudanese Information Minister recently stated, “we refuse such pressures. Our partnership with China is strategic. We can’t just disband them because the Americans ask us to do so.”²

¹ Department of Defense, *Annual Report to Congress: The Military Power of the People’s Republic of China 2005*” July 2005.

² Mark Magnier, “China Stakes Claim for Global Oil Access” *LA Times*, July 17, 2005.

Just last week, a Chinese People's Liberation Army official stated that Sudan and China will increase military exchanges expressing "China's appreciation of the Sudanese government's adherence to the one-China policy and its support to China on international issues such as human rights." There are also reports of Chinese security guards dressed in military-looking uniforms guarding Sudanese oil facilities.

On diplomatic and development initiatives:

China's diplomatic effort in Africa includes a large economic component. The Commission heard testimony last week that while China's trade with Africa constitutes only 3 percent of its global trade; it increased by 700 percent in the 1990s and nearly doubled between 2000 and 2004. China also provides debt relief to Africa. So far Beijing has forgiven nearly \$1.3 billion in 31 countries. And China agreed to abolish tariffs on 190 goods imported from 25 African nations.

Regarding development assistance, Chinese President Hu Jintao, in 2004, stated, "Providing African countries with aid without any political strings within our ability is an important part of China's policy toward Africa."³ China is offering a wealth of assistance in building African infrastructure without concern about whether the benefits are accruing to the African people or only to corrupt leaders and without conditions to improve governance that Western countries and organizations demand.

In establishing the Millennium Challenge Account, the U.S. formally recognized that lasting progress and sustainable economic growth on the African continent will not happen without transparent governments that recognize the basic human rights of their citizens. Other major donor countries and institutions have also embraced this reality. In contrast, of course, the Chinese government is, itself, not a transparent government that recognizes the basic human rights of its people. Its diplomacy and economic outreach in Africa are not contingent upon this fundamental requirement. The result is that China's outreach in Africa may undermine important development and diplomatic goals in Africa.

China's relationship with Zimbabwe is illustrative of this dynamic. Zimbabwean President Robert Mugabe, an international pariah, has been in China seeking to sign economic deals to provide lines of credit to fund his country, which has triple digit inflation, unemployment of over 70 percent and \$4.5 billion in foreign debt.⁴ As you are well aware, Mugabe is looking to China because the larger international community has shunned him due to his blatant human rights abuses. This ostracizing has led to Mugabe's "Look East" strategy seeking aid from China and other Asian countries that are not turned away by Mugabe's human rights abuses. Just yesterday, China stated that Zimbabwe is a key partner in Africa. China, in fact, is honoring Mugabe's leadership. Yesterday's Financial Times reported that Beijing's state-run foreign affairs college hailed Mugabe's "brilliant contribution" to diplomacy and international relations. This absurdity would be funny if the situation on the ground was not tragic.

³ "Consolidate Traditional Sino-African Friendship, Deepen Sino-African All-round Cooperation – Address to the National Assembly of Gabon" (2 February 2004), Hu Jintao

⁴ "Zimbabwe, China sign economic cooperation deal" *Reuters*, July 26, 2005.

While Zimbabwe faces economic collapse and its people face starvation, Mugabe's government ordered 12 FC1 fighter jets from China in late 2004. (The FC1 is similar to Russia's MiG-33.) This was China's most advanced military aircraft order from an African nation, a move that angered South Africa, where many analysts fear it could begin an arms race in Sub-Saharan Africa.

There are also reports that complaints by some Chinese businessmen that local traders were hurting their business are part of the reason for the abominable, Operation Murambatsvina or Drive Out Trash.⁵ A Zimbabwean official reportedly stated that President Mugabe "pledged to protect the Chinese shop owners after [the Zimbabwean Vice President Mujuru] informed him of their problems and he approved the on-going operation to close down flea markets."⁶

The Chinese may also hold a special place in Mugabe's heart because they supplied at least the roofing tiles for President Mugabe's new palace. In hindsight he should have held out for more, considering they donated almost \$7 million for the construction of Namibian President Sam Nujoma's palace in 2003.

In Angola, a country with questionable human rights practices, China signed a \$2 billion infrastructure loan program with officials as part of recent oil deals. Angola is currently China's second largest supplier of oil. In the process of securing relations with the Angolan leadership, China also provided a gift to Angolan officials of housing surrounded by a security fence, presumably to keep out the shantytown dwellers that surround it.

The principles underlying the Chinese government's willingness to use its diplomatic position and generous economic incentives go no further than addressing its own self-interest, generally tied to acquisition of energy resources. But there are other goals the Chinese government is seeking to achieve.

Thus, China established relations with South Africa, following South Africa's recognition of China's one-China policy in late 1997. South Africa reportedly sought greater influence at the United Nations, which China's permanent Security Council seat could provide.

South Africa is China's largest African trading partner. Bilateral trade increased to almost \$6 billion last year. Following South Africa's recognition of China as a market economy, in 2004, China announced it would launch Free Trade Agreements with South Africa. Market economy status is important to China, because as a non-market economy in the World Trade Organization (WTO), other WTO nations may bring forth critical dumping and subsidy cases. China would like to eliminate this issue and getting South Africa on

⁵ Roger Bate, et al "State in Fear: Zimbabwe's tragedy is Africa's shame," *Papers & Studies, AEI Short Publications*, June 6, 2005. and "Mugabe Sacrifices Zimbabwe Traders to Save the Chinese," *Zim Online (Johannesburg)*, May 21, 2005. and "Dealing with Dictators," *South China Morning Post*, July 17, 2005.

⁶ "Mugabe Sacrifices Zimbabwe Traders to Save the Chinese," *Zim Online (Johannesburg)*, May 21, 2005.

board is a start. The United States and the EU do not currently consider China a market economy.

We also should not ignore China's consuming interest in isolating Taiwan. From the 1950s to today, China and Taiwan have both engaged in diplomatic efforts throughout the world, including Africa, to gain diplomatic recognition. Both have used economic incentives as a tool for recognition. In the 1980s, both South Africa and Liberia maintained diplomatic ties with Taiwan, but by the late 1990s, all but 7 African countries, Burkina Faso, Chad, the Gambia, Malawi, São Tomé and Príncipe, Senegal, and Swaziland, recognized the PRC's One-China policy, which disavows Taiwan as a separate diplomatic entity. There are signs that São Tomé and Príncipe (STP) may be switching sides soon as well. Recently, the opposition leader in STP has hinted that in the next election he would make Taiwan's diplomatic expulsion from STP an issue and favor greater oil cooperation and diplomatic ties with China.⁷ It will be interesting to see if the opposition party receives Chinese aid in the next election.

And, China has provided arms to African nations for decades. China is not concerned about which side it is providing support to in some conflicts. For example, China provided arms to both Eritrea and Ethiopia during their two-year border dispute and war. China's arms sale relationship with Zimbabwe could, as mentioned above, spark an arms race in southern Africa, which would in turn support China's further arms sales.

On national security:

The Chinese government's strategy and policies in Africa have a number of implications for U.S. national security, including energy security. Because the U.S. will not conduct business with nations of concern in Africa, such as Sudan, our access to energy resources are limited until those nations produce regimes with whom the U.S. can work.

Additionally, we know that terrorist cells seek out safe havens in failed and failing states. China's propping up of corrupt regimes hinders the United States' ability to stop rogue states, and to help to create stable, prosperous and open societies where governments respect the basic human rights of their citizens. When Western countries want to use the leverage of assistance or investment to encourage reform in African countries, the Chinese government is prepared to fill the investment hole without constraints. When we want to use multilateral institutions to censure appalling human rights practices, even genocide, the Chinese government stands in the way.

The leaders of the G8, at Gleneagles, emphasized the importance of transparency, good governance, and accountability to increase aid effectiveness. As China is not a beacon of any of these three, the Chinese government's practices in Africa can be expected to undermine U.S. goals. China is willing to provide economic, military, and diplomatic assistance to undemocratic African regimes in direct opposition to political forces that have spent years attempting to encourage change in these regimes and respect for the principles of basic human rights.

⁷ "China in Africa Digest, 1-14 July," *BBC Monitoring*, July 14, 2005. FBIS ID#: AFP20050715950059.

We should expect that the Chinese government will pursue its interests in Africa and elsewhere in accordance with its fundamental tenets. What we must do is recognize how U.S. policy is being adversely affected by the Chinese government's actions and determine what steps we must take to counteract those actions.

Thank you, again, for the opportunity to testify on behalf of the U.S.-China Economic and Security Review Commission.