Congressional Research Service

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To: Honorable J. Randy Forbes
Attention: C. Reed Eckhold

From: Nicolas Cook, Specialist in African Affairs, Tel. 707-0429
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Subject: **China's Interests in Africa: Trade, Investment, Aid and Political Motivations**

This memorandum responds to your request for information about Chinese trade, investment, and development assistance activities in Africa. It also discusses Chinese government policies, motivations, and interests that frame this economic engagement.

Overview

Spurred by a need to secure commodities to supply its large industrial and manufacturing sectors and a desire to increase its global trade volume and the number and diversity of its trading partners, China has become an increasingly significant economic player in Africa over the last decade.[1] Sino-African trade has grown exponentially, and China is very active as a provider of contracted services in Africa, notably in the construction and infrastructure sectors. Such activities are typically financed by a mixture of commercial and bilateral and other official concessional loans, often under agreements that require Chinese firms to undertake much of the work involved, and often under deals in which African natural resources are used as a source of collateral or payment for such work. China is also directly investing in African firms, property, and other assets. It also provides relatively moderate levels of Official Development Assistance (ODA, i.e., bilateral or multilateral development assistance of which at least 25% takes the form of a gratis grant).[2]

While economic goals are key drivers of Sino-African relations, China's relations with Africa are also driven by political interests, as its provision of bilateral loans and aid indicates. Its political objectives center on building political ties with African governments as part of a broader effort to promote South-South developing country relations; achieve international support for Chinese positions in international fora; foster a more multi-polar global political power structure; and isolate Taiwan diplomatically. China claims that its political relations and provision of "assistance"—a broad term, as used by China, which may include ODA, Other Official Flows (OOF), commercial loans, and other transactions—are unconditional, apart from its general position that its allies not maintain official relations with Taiwan.[3] It

[1] Africa in this memo refers to sub-Saharan Africa unless otherwise noted.

[2] Organization for Economic Co-operation and Development (OECD), *Glossary of Statistical Terms*.

[3] OOF may take the form of bilateral concessional loans or other government-to-government transfers. The OECD defines OOFs (continued...)

also asserts that it does not interfere in the internal affairs of African states. In practice, this means that China provides its assistance to African governments without regard to their democratic governance or human rights records, or their public policy choices (e.g., regarding liberalization, budgetary transparency, and similar matters).

While China's non-interference policy may partially explain its position regarding the status of human rights in Africa, the highly economic focus of its engagement with Africa also comports with the PRC's approach to human rights. China, as a large poor developing socialist country, has traditionally linked human rights to the attainment of basic economic needs and shared socio-economic development, in contrast to the more individualistic, political freedoms and civic rights-centered conceptualizations of human rights that are common in the West. The exponential increase in Chinese economic activity in Africa, combined with China's non-conditionality policy, its approach to human rights, and what some analysis suggests is a highly skeptical PRC view of the role and benefits of liberal democracy in Africa, has led to concern in some quarters that Chinese activities in Africa may undermine human rights and governance progress on the continent. Assessing whether such effects are occurring is complex, due to the difficulty of quantifying and categorizing Chinese economic activity in Africa; the large volume of Chinese transactions that take place in Africa; the multiplicity of Chinese actors who are active on the continent; and the challenge inherent in trying to isolate human rights and governance issues caused by factors that originate in Africa from those resulting, in whole or in part, from external factors, such as the influence of China.

Trade, Investment, and Aid Trends

Trade Trends

The value of total trade between China and Africa stood at $8.94 billion in the year 2000. In 2009, Chinese-African trade, totaling $70.4 billion, surpassed that of U.S.-Africa trade ($62.1 billion), and in 2010 reached $100.5 billion, a level 1,124% greater than it had been in the year 2000.[4] Africa's share of global Chinese trade also grew; it made up 3.8% of Chinese global trade in 2000 and 6.5% of China's global trade in 2010, when transactions with China made up 10% or more of African global trade. China is Africa's largest single source of imports, while the United States is the continent's largest export destination. In 2010, about 63% of African exports to China consisted of crude oil and another 32% is made up of raw materials, mostly raw metal commodities and wood. African exports of crude oil also dominate its exports to the United States; crude oil made up more than 81% of sub-Saharan African exports to the United States. Both China and the United States export a highly diverse and variable array of products to Africa, of which the most important components are equipment, machinery, vehicles, and other technology. [5]

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as official sector (government to government) transactions between donor and aid recipient governments as those "which do not meet the conditions for eligibility" for ODA "either because they are not primarily aimed at development," or because they are not at least 25% gratis. OECD, *Glossary of Statistical Terms*.

[4] While Chinese-African trade has been higher than U.S-African trade for two years, it has not yet eclipsed the record $104.7 billion in U.S.-African trade attained in 2008, a year in which Sino-African trade reached its second-ever highest level ($88 billion).

[5] U.S.-African trade also grew over the past decade, but not as rapidly. It stood at $29.4 billion in the year 2000 and $82.1 billion in 2010, having increased 279%. In the year 2000, trade with Africa made up 2.69% of total U.S global trade, and Africa's share had grown to 4.74% by 2010. U.S.-Africa trade peaked in 2008 at $104.7 billion. CRS calculations based on data from the U.S. International Trade Commission Trade DataWeb (U.S.-sub-Saharan African Trade) and the Global Trade Atlas (Chinese-sub-

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Chinese Aid, Credit, and Investment Flows to Africa

Estimates of Chinese foreign aid, credit, and investment flows to Africa vary, sometimes widely, due to multiple factors. The challenges of estimating these flows are discussed in the text box below, *Chinese Aid, Credit, Investment Flows to Africa: Challenges of Qualification and Quantification*. The caveats discussed in the text box qualify the following summaries of funding trends.

Aid Trends

China has long been a source of ODA for Africa, but it has provided markedly lower amounts of grant-based assistance to Africa than have major Western donors. According to a 2010 China white paper on foreign aid, Africa is the largest regional recipient of the People's Republic of China (PRC) foreign aid (45.7% of total aid funding in 2009) and the largest regional recipient of debt relief (19,000 million *Yuan* in 2009 [US$ 2.9 billion] as of late 2009).[6] Deborah Brautigam, an expert on Chinese foreign aid to Africa, estimates China's aid to the continent to have totaled $2.5 billion in 2009 and $10.5 billion between 2001 and 2009. These figures are based on PRC official data sources and Brautigam's own estimates, including projections for latter years based on recent transfer trends. They include debt relief ($3.38 billion), China Export-Import Bank (Exim Bank hereafter) concessional loans ($3.97 billion) and Ministry of Finance foreign aid ($3.17 billion) between 2001 and 2009.[7] In 2009, the African Development Bank reported that China's annual aid to Africa averaged between $1.4 billion and $2.7 billion annually, while loans had reached $8.5 billion.[8]

Bilateral Official Loans

Chinese overseas development loans, which reportedly totaled $110 billion globally in 2009-10, exceeding those of the World Bank, do not all count as foreign aid, according to some experts. Many PRC loans to Africa are provided at market rates and are sometimes secured by commodity exports—in some cases directly and in others indirectly—under arrangements wherein one state-owned enterprise (SOE) provides goods or services and another secures a natural resources extraction contract.[9] Many of China's bilateral concessional loans are sector-specific (e.g., focusing on telecommunications, construction of railways, roads, or electrical systems, or cement production). They typically involve a requirement that loan projects be undertaken by Chinese companies, in whole or in part, or require the use of Chinese goods, although some African countries require that domestic firms have access to a designated portion of a loan.

While the amounts of some bilateral loans are publicly disclosed, many are not, and even less information on interest rates and other key terms of these loans is available. In a few cases, however, such data has been released. The terms of six loans made in the early 2000s to developing countries, for instance, two of

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Saharan African Trade, based on Chinese customs data); David H. Shinn, "The Impact of China's Growing Influence in Africa," *The European Financial Review*, April-May 2011; and African Development Bank (AfDB), "Chinese Trade and Investment Activities in Africa," Policy Brief, July 29, 2010.

[6] PRC State Council, *China's Foreign Aid,* April 2011.

[7] Deborah Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, Oxford University Press, 2009, page 170.

[8] David H. Shinn, "The Impact of China's Growing Influence in Africa," *The European Financial Review*, April-May 2011.

[9] Deborah Brautigam, "China in Africa: Seven Myths," *Real Instituto Eleano*, August 2, 2011. A definition of SOEs in the Chinese context is provided below; see textbox entitled *Chinese Aid, Credit, Investment Flows to Africa.*

which were African, indicate that maximum loan periods ranged between 10 and 15 years, and that interest rates ranged between 2% and 3%, with the higher level being most common.[10] Other occasional, often fragmentary reporting on such loans suggests that such terms are typical. According to Brautigam, between 2004 and 2009, China and African countries concluded deals worth $14 billion in which China would provide market-rate loans, payable in African commodities, which would finance development projects using Chinese companies.[11] In 2009, Chinese leaders pledged to disburse $10 million in preferential loans to Africa in 2010-12. Large African recipients of aid and investment from China include Angola, the Democratic Republic of the Congo, Ethiopia, Ghana, Guinea, Liberia, Niger, Nigeria, Zambia, and Zimbabwe.

Investment Trends

According to official Chinese data, Chinese annual foreign direct investment (FDI) flows to sub-Saharan Africa increased, on average, by 235% each year between 2004 and 2009. The monetary value of the flow was highly variable, ranging between $70 million in 2003 (the base year for calculating yearly increases between 2004 and 2009) and a high of $5.42 billion in 2008. Total flows for the period amounted to $8.96 billion. Chinese annual FDI stock in the sub-region grew, on average, by 163% each year, but growth ranged between 116% (2009 increase over 2008) and 184% (2008 increase over 2007). The growth in these FDI stocks was steady. In 2003, total stocks for the region stood at $465 million; by 2009, they had grown to $8.20 billion.[12] Such FDI estimates, however, may substantially under-report Chinese investment in Africa, since a large portion of Chinese investment flows are first transferred to overseas locations including Hong Kong, the Cayman Islands, and the British Virgin Islands, among various other destinations, before being channeled to their ultimate investment destinations, which may include Africa.[13] According to the PRC State Council, as of the end of 2009, Chinese FDI in Africa was sectorally distributed as follows: Mining, 29.2%; manufacturing, 22%; construction, 15%; finance, 13.9%; commercial services, 5.4%; wholesale/retail, 4%; scientific research, technological services, and geological prospecting, 3.2%; agriculture, forestry, animal husbandry, and fisheries, 3.1%; and other 3.4%.[14]

A much larger portion of Chinese economic activity in Africa than that represented by FDI consists of contracted projects, the provision of labor services, and design consultations, although in 2009 China appears to have discontinued reporting the third category. In 2008 and 2009, contracted projects made up over 98% these three categories. The total for these categories of activity in 2008 for all of sub-Saharan Africa was $14.20 billion, while in 2009 it was $19.19 billion.[15] Such contracts and services are not conventionally defined as foreign direct investment, which generally refers to transactions in which an

[10] Paul Hubbard, "China's Concessional Loans," in Robert I. Rotberg, ed., *China into Africa Trade, Aid, and Influence*, Brookings Institution Press, 2008.

[11] Deborah Brautigam, "Africa's Eastern Promise," *Foreign Affairs*, January 5, 2010.

[12] PRC Ministry of Commerce, *2009 Statistical Bulletin of China's Outward Foreign Direct Investment*.

[13] PRC National Bureau of Statistics, Table 6-22, "Turnover of Economic Cooperation with Foreign Countries or Regions," 2010 China Statistical Yearbook; and consultation with Wayne Morrison, Specialist in Asian Trade and Finance, Congressional Research Service, September 20, 2011.

[14] PRC State Council, *China-Africa Economic and Trade Cooperation*, December 2010. The State Council is "the highest executive organ of State power, as well as the highest organ of State administration;" it oversees all major central government ministries, commissions, and other key state entities.

[15] PRC National Bureau of Statistics, Table 6-22, "Turnover of Economic Cooperation with Foreign Countries or Regions," 2010 China Statistical Yearbook; and CRS calculations.

ownership stake is purchased, but they are important indicators of the high volume of Chinese commercial operations in Africa, because they:

- make up a predominant portion of economic Chinese activity in Africa;
- appear to reflect much of the PRC's SOE infrastructure construction, industrial turnkey factory installation, mining, engineering, and other industrial operations activity that is funded by African bilateral and concessional loans; and
- likely encompass much of the activity that is reported in the popular press and by some analysts as "investment."

The inclusion of contracted projects in estimates of Chinese FDI compiled by foreign researchers, as well as some Chinese official press sources, likely accounts for differences between these estimates and estimates based on Chinese official data. Such unofficial third party estimates are typically derived from data from press reports, official press releases, and other publicly accessible materials, and may include data for projects that are multi-year initiatives or which are announced but never fully implemented or are later renegotiated. For instance, according to estimates by the Heritage Foundation, China has invested $56.4 billion in sub-Saharan Africa, including $43.6 billion in 2005-10.[16] Another report states that at the end of 2010, roughly 2,000 Chinese companies operated in Africa with an accumulated investment total of $32 billion.[17] Official Chinese sources also sometimes differ; according to information compiled by the PRC state news agency, Xinhua, and published by the PRC Ministry of Commerce (MOFCOM), by the end of 2009 nearly 2,000 Chinese firms were engaged in business in African countries, and invested $1.44 billion in 2009."[18]

A variety of official sources of information also underline the extent of Chinese FDI and contracted project work in Africa, and suggest that the two concepts are often merged in Chinese analyses of these flows. An estimated 22% of Chinese companies active overseas invested in Africa in 2010, according to Xinhua, which has also reported that "Africa is China's fourth biggest overseas investment destination" and that "contracted projects in Africa accumulatively had amounted to $205.2 billion by August 2010."[19] A 2010 report commissioned by the PRC Ministry of Foreign Affairs for FOCAC stated that between 2000 and 2009, "revenues from China's contracted engineering projects in Africa rose from 1.1 billion USD to 28.1 billion USD."[20]

Chinese Aid, Credit, Investment Flows to Africa: Challenges of Qualification and Quantification

Multiple factors make calculating accurate estimates of aggregate Chinese foreign aid, credit, and flows to Africa—which many

[16] http://www.heritage.org/Research/Reports/2011/01/China-Global-Investment-Tracker-2011; "Trying to Pull Together," *The Economist*, April 20, 2011.

[17] Antoaneta Becker, "China Begins to Look Away From Africa," June 7, 2011.

[18] *Xinhua,* "China-Africa Common Economic Development," via Ministry of Commerce website, February 18, 2011.

[19] *Xinhua,* "China-Africa Common Economic Development," op cit. The same source—which, per common PRC practice, likely includes North Africa in references to "Africa"—states that Chinese firms had "built some 60,000 km of roads and power stations with a total generating capacity of 3.5 million kw in Africa." The period during which these outcomes had been achieved was not specified; nor was the starting year for the $205.2 billion figure. Most figures in the source, however are for the period 2000 through 2009. The definition of Africa used in this source is not specified, but presumably includes North Africa in addition to the sub-Saharan Africa, as per common official PRC practice. See also *Xinhua*, "Africa Becomes Hotspot For Chinese Outbound Investment: Report," April 28, 2011.

[20] China-Africa Research Center and CAITEC/MOC, *China-Africa Trade and Economic Relationship Annual Report 2010*, June 22, 2011.

observers equate with China's influence—difficult. Such estimates vary widely; some analysts, for instance, include all Chinese low-interest or concessional loans in aid totals, while others include only ODA grants. Key challenges include:

- The fact that the government of the People's Republic of China (PRC) does not publicly release detailed data on amounts ODA. Accurate, comprehensive data on Chinese ODA is therefore not available.
- The difficulty of conceptually separating PRC Other Official Flow (OOF) funding intended to produce developmental outcomes (e.g., bilateral concessional loans that may not qualify as ODA but are nevertheless characterized by China as "assistance") [21] from state-backed export and trade expansion assistance for Chinese firms. A key characteristic of Chinese OOF flows is that they are typically "tied"; in exchange for receiving the end product benefits of the loan, its recipients must agree to use an often high portion of such funding to buy or otherwise contract goods, services, or credit from China. Such "tied" conditionalities may reduce the developmental impact or effective grant portion of a loan for the recipient country.[22]
- Difficulties in tracking OOF disbursement patterns. Significant amounts of OOF "assistance" flows are not directly transferred to African recipients and, on a net basis, may not even be transferred outside of the Chinese state. Instead, they are often used to fund the activities in Africa of Chinese SOEs, as well as their numerous subsidiaries, and are therefore ultimately returned to China.[23]
- The contrast between Western uses of the term "assistance" within socio-economic development contexts, in which it is generally equated with ODA, and PRC uses of the term, under which ODA, OOF, and other financial flows may be conflated, as reflected in the public statements of the Chinese government. According to a PRC Ministry of Commerce-funded report, Chinese assistance to Africa consists of

  > grants, interest-free and preferential loans to African countries according to their specific needs. This assistance can take the form of contract projects, the provision of material resources, technical collaboration, or expert guidance and training. The Chinese side typically handles construction and provides quality assurance, particularly for projects involving the construction of public works and manufacturing facilities. After a facility is completed and delivered to the recipient country, the Chinese side also sends technical experts to provide guidance and training for local managerial and technical staff who should then be able to manage and maintain the facility independently. The Chinese government strongly encourages Chinese firms to provide funding or collaborative partnerships to ensure that the countries receiving such facilities are able to manage and operate them over the long term. This approach leverages China's strengths in technology, human resources, construction, and management, while allowing development at a low cost.[24]

  Such preferential loans typically carry a 2% to 3% interest rate and are designed to boost economic growth in Africa or

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[21] The OECD defines OOFs as official sector (government to government) transactions between donor and aid recipient governments as those "which do not meet the conditions for eligibility" for ODA "either because they are not primarily aimed at development," or because they are not at least 25% gratis. OECD, *Glossary of Statistical Terms*.

[22] Tied aid was long a common feature of U.S. and European aid to Africa. With some exceptions, however, in recent years many Western donor governments have begun to provide most of their assistance to Africa as grants. Chinese policy regarding ODA or OOF is arguably ambiguous and contradictory. While China typically insists on tied commercial conditions within the context of concessional loans and other types of OOF, it also maintains that its "assistance"—of which these transfers may be a part, along with ODA and other types of loans— is "best" provided to "help recipient countries to foster local personnel and technical forces, build infrastructure, and develop and use domestic resources, so as to lay a foundation for future development and embarkation on the road of self-reliance and independent development." PRC State Council, *China's Foreign Aid,* April 2011.

[23] Further definitional ambiguity as to whether Chinese OOF flows within the state or is provided to external parties arises because of the diffuse nature of Chinese SOEs. The term SOE was originally used to describe wholly state-owned businesses, and while many remain fully publicly owned, economic reform in China has meant that many firms that were once 100% SOEs are now partially, even substantially, privatized. The term is now often used to describe both 100% SOEs *and* partially privatized ones, especially those that that continue to receive substantial state subsidies in the form of cheap credit. Sometimes the term is also used to refer to former SOEs that are notionally private but cooperate closely with the Chinese state and receive financial or transactional support from it.

[24] China-Africa Research Center/Chinese Academy of International Trade and Economic Cooperation (CAITEC), Ministry of Commerce (MOC), *China-Africa Trade and Economic Relationship Annual Report 2010*, June 22, 2011.

[25] See, for instance, *Xinhua,* "China-Africa Common Economic Development," February 18, 2011.

otherwise generate developmental impacts, but are undertaken on a commercial basis by Chinese firms. In addition, many large Chinese projects in Africa, in such sectors as hydropower, infrastructure construction, and mining operations, are difficult to categorize because they are often financed by PRC state bank loans and are built and temporarily operated by Chinese companies using Chinese materials, before being turned over to a recipient country.

- Frequent discrepancies between publicly disclosed loan terms and amounts and actual disbursements. Often, the basic focus of initial deals and projects is announced alongside dollar amounts at issue, although often in the aggregate (e.g., a total amount for a basket of diverse projects under a large umbrella deal). The terms of actual disbursements are, however, often subject to diverse contractual conditions that mean that final transaction values differ from initially announced amounts, often substantially. Examples of factors that alter amounts at issue include African parliamentary oversight and ratification of bilateral loans; changes in African governments; changing market conditions; the inability of partners to a deal to meet their contractual obligations (e.g., payment of investment funding or in-kind contributions); and, in some instances, renegotiations of deals in response to criticisms of their terms. Multi-year project disbursements also create estimation challenges.
- China's frequent conversion of concessional loans into 100% grants by cancelling their repayment. This means that funds that may initially have been classified as OOF may at some indeterminate time in the future become ODA.[25] Grants, whether they are ODA from the start or are OOF reclassified as ODA, can also be difficult to quantify because they may combine in-kind contributions, the cost of which may be subject to varying evaluations, other fund transfers, and credit.
- The decentralized, diffuse sources of Chinese aid flows to Africa. Many Chinese actors play roles in providing credit or setting the conditions under which it is provided, among other business transactions. These actors are so numerous and diverse that their activities are even reportedly difficult for the Chinese government to reliably track, measure, and aggregate. These actors include numerous, sometimes competing state-owned enterprises, some partially privatized; private firms, both large and small; and diverse state entities, including the PRC state council, the Communist party, central government ministries and other state regulatory agencies, official policy banks and insurance firms, provincial and other subsidiary governments, and state-backed educational and research organizations.

China's Africa Policy and Goals

China's current political-economic goals in Africa, which build on Sino-African ties that were initiated shortly after China's creation in 1949, are defined in an official PRC document, *China's African Policy*, which was released by the Ministry of Foreign Affairs in early 2006.[26] In the document the Chinese central government lays out a PRC goal of creating "a new type of strategic partnership with Africa" consisting of multifaceted cooperation grounded in long-standing "guiding" Chinese foreign policy principles.[27] It explicitly conditions official relations with African governments on their adherence to the PRC's "one-China principle" vis-à-vis Taiwan,[28] but makes no other political demands. In the document,

[26] The paper was issued by the State Council, released by the Foreign Affairs Ministry, which the State Council regulates, and has been republished on diverse official government websites, most of which describe the paper as a "Chinese Government" policy. The State Council is the PRC's "highest executive organ of State power [..and] administration," and functions as the highest echelon of the central government of the PRC. See PRC State Council, *State Council Gazette*, Issue No. 6 Serial No.1185, February 28, 2006; Xinhua via "Government Issues African Policy Paper," via GOV.cn [official web portal of the Central People's Government of the PRC], January 12, 2006; and Foreign Affairs Ministry, *China's African Policy* and "Deepening Friendly Cooperation and Achieving Mutual Benefits and Win-Win Results—Lu Guozeng Briefs on the Issuance of China's African Policy Paper," January 12, 2006. On the structure of the Chinese government and state, see CRS Report R41007, *Understanding China's Political System*, by Michael F. Martin. The quotation referencing the State Council as being the "highest executive organ" is from Xinhua, "The State Council," n.d.

[27] These arise from a series of policy frameworks laid out by the PRC, beginning in the 1950s. They include mutual respect for territorial integrity and sovereignty; non-aggression and non-interference in other countries' internal affairs; equality and mutual benefit; and peaceful coexistence. China Daily, "Zhou Enlai Announces Eight Principles of Foreign Aid," August 13, 2010; Foreign Affairs Ministry, "Premier Zhou Enlai's Three Tours of Asian and African Countries," November 17, 2000; and Nuria Giralt, Chinese Aid to Africa: A Foreign Policy Tool for Political Support M.A. Research Report, University of the Witwatersrand, 2007, *inter alia*.

[28] The principle asserts that Taiwan is an inherent, inalienable part of China. State Council, *The One-China Principle and the Taiwan Issue*, February 22, 2000.

the PRC pledges to increase reciprocal official leadership visits and diverse lower level cooperative exchanges, and to pursue PRC-African cooperation in multilateral forums.

The PRC's policy also seeks increased Sino-African trade, offering PRC duty-free treatment for many African exports, seeking free trade agreements in the region, and providing access to export credits for PRC investment and business activities in Africa, notably in infrastructure. In the policy, the PRC advocates enhanced trade dispute settlement, investment protection, and double taxation accords, and seeks enhanced joint business promotion efforts. It also pledges PRC support for African development, especially in agriculture, raises the possibility of PRC debt cancellation for some African countries, and urges increased international debt relief and unconditional economic aid for Africa. It also seeks increased science and technology, cultural, and environmental cooperation, and offers increased Chinese human resource training and PRC scholarships for Africans, among other educational support efforts. It also pledges increased medical assistance, including the dispatch of PRC medical teams to Africa (a long-standing, largely successful PRC "health diplomacy" tradition), along with the provision of PRC media, civil service, and disaster relief training for Africans.

Chinese-African Ties: Historical Background

China's economic growth priorities, notably over the last decade or so, redefined its historical pattern of relations with Africa. From the formative period of Sino-Africa relations in the 1950s following the creation of the Chinese communist state until the late 1970s, China offered African countries politically-motivated aid. Much of it consisted of infrastructure projects, such as railroads—notably the famed Tanzania-Zambia (TAZARA) railway of the early 1970s—stadiums, government buildings, and party headquarters, as well as sectoral economic development projects. Until the late 1970s, when China began a broad internal economic modernization process, its engagement in Africa was primarily defined by a shared interest in colonial liberation, developed vs. developing economy policy goals, Cold War rivalries, and other political factors. China's subsequent rapid economic growth in the early to mid-1980s prompted it to gradually redefine its international relations policy goals. Increasingly, it began to pursue bilateral ties defined by pragmatic economic and trade-related ends, rather than political or ideological ones. In Africa, China continued to support aid projects, but its engagement on the continent was generally less prominent than previously. China increasingly began to use cost-benefit analyses in making decisions about these projects, and sought to ensure that they included contributions from recipient countries or were pursued as joint ventures.

Renewed Chinese interest in and ties with Africa were sparked in the late 1980s and 1990s by China's rapidly expanding domestic economy and export-focused manufacturing sectors, which spurred trade ties with other countries, including many in commodity-rich Africa. In Africa, as elsewhere, China also advocated international norms of political neutrality and state sovereignty, particularly with respect to non-interference in countries' internal affairs. This was notably the case following a rise in international criticism of China prompted by the 1989 Tiananmen Square crackdown on democracy activists. As in earlier decades, Africa played an important role in China's strategy for achieving its policy goals within and through the U.N. system and in other international forums, where Africa's many member governments represented an important potential block of allied votes.[29] Many of China's goals during this period were amenable to African governments, which wanted to boost their own trade and tap often under-exploited natural resource reserves. Many also firmly espoused principles of non-interference in the affairs of sovereign states, in some cases because, like China, they were targets of foreign criticism regarding undemocratic governance and poor human rights records. A key principle of the Organization of African Unity, the predecessor of today's African Union, was non-interference in the internal affairs of member states, many of which were ruled by a single state party prior to a wave of democratic reforms that took hold in many African countries in the early 1990s. China's outreach took various forms. In Africa, it increasingly centered on development investments and business deals, often underpinned by PRC soft loans or development aid. As remains the case today, PRC assistance was typically conditioned on the recipient country's cutting of ties with Taiwan.

Forum on China-Africa Cooperation

China pursues its policy goals in Africa bilaterally and multilaterally through the Forum on China-Africa Cooperation (FOCAC). Created in Beijing in 2000 during a summit of PRC and 43 African country

[29] African votes had proved crucial in bringing about the transfer of the Chinese seat on the U.N. Security Council from Taiwan to the People's Republic of China (PRC) in 1971.

leaders, FOCAC is a comprehensive effort initiated by China to build mutually beneficial economic development, trade, and political relations with Africa rooted in principles of "South-South Cooperation"—"mutual support and close coordination" in international fora, "economic win-win cooperation," and "mutual benefit, solidarity and common development."[30] Each FOCAC summit or major meeting has produced a concrete action plan for Sino-African cooperation and Chinese pledges of aid and other development and commercial assistance and loans. The PRC also uses these gatherings to offer African countries debt relief and to sign multiple business, trade, and cooperation agreements with them, and to highlight China's record of fulfilling its past assistance pledges. The most recent FOCAC summit, the 4th Ministerial Conference, was held in Egypt in November 2009.

China Inc.? The Challenge of Governing Multiple PRC Actors in Africa

The goals outlined in China's Africa Policy, China's systematic pursuit of Africa ties through FOCAC, and the volume and pace of its state-backed activities on the continent may suggest that China is a monolithic, unitary force in Africa. The volume and fast pace of Chinese activities in Africa, however, mean that there are numerous Chinese actors driven by diverse incentives involved on the continent, and their individual actions, at times, diverge from and may even conflict with national PRC foreign policy and bilateral relation goals in Africa. As a result, the PRC central government faces challenges associated with managing, controlling, and regulating overseas PRC activity, and reputational risks and other threats to its carefully crafted public diplomacy regarding its engagement on the continent. While PRC ministries, banks, and other state entities have formulated some regulatory policies to govern Chinese overseas business activity, they often cannot fully implement them due to factors such as a limited overseas institutional presence necessary to monitor and track potentially problematic activity, lack of adequate legal authority or political power necessary to ensure compliance, and sometimes conflicting bureaucratic motivations.

Examples of the phenomena that pose challenges to Africa-related PRC national policy goals include the profit-focused, market driven motives of the large array of types of Chinese state-owned enterprises (SOEs), private, and small Chinese firms; the increasingly plural nature of Chinese foreign policy-making; intra-state competition and policy differences between state ministries, other agencies, and levels of government; the dynamics of personalized *guanxi* state-business patronage networks; relations between industries and SOEs and their regulators; and similar phenomena. Business-related activities that have sometimes presented challenges to PRC foreign policy goals include Chinese use of labor in Africa place of African labor, poor adherence to safety standards or and other working conditions, and low pay offerings, which have generated worker protests by Chinese and African workers in Africa. Others include direct competition with African firms; environmental abuses by timber, mining, fishery, and other firms; smuggling of endangered species parts; and occasional criticisms regarding quality of contracted outputs (e.g., poor quality roads or buildings), although these are gaining a reputation for their high quality.

Economic Motivations

While political ties are a key facet of Chinese engagement in Africa, an arguably more fundamental underlying impetus for Sino-African ties is business dealings spurred by China's large and growing appetite for raw materials. China also views Africa as a growing market for Chinese construction and technical contracting and for Chinese manufactured goods. The pattern of trade between Africa and China is strongly structurally weighted in China's favor; China primarily imports from Africa raw, non-value-added commodities and exports finished, value-added goods and diverse services to Africa. China's trade activities in Africa are part of a PRC policy known as "going out" or "going global," in which strategic, state-mediated foreign investment by large state-supported PRC firms are made to boost China's long-term national growth. China, moreover, often employs a loose state-backed barter financing system: large PRC "going global" SOEs often obtain commodity trade deals in Africa on the basis of separate PRC pledges to provide PRC-subsidized loans to or investments in the commodity source country. [31]

[30] PRC, *China's African Policy*, 2006.

[31] This policy can be seen as quasi-mercantilist because many PRC activities overseas are an effort to fund Chinese national growth and wealth creation by actively promoting PRC state-owned enterprise (SOE) interests. They are aimed at accumulating (continued...)

Typically, such pledges support public building and infrastructure construction, such as roads and railroads, utilities, dams, and other types of investments, like mining sector rehabilitation in exchange for PRC access, often under nominally separate deals, to African oil or mineral and metal resources. In some cases, the value of the commodities pledged by African parties have been far higher than the value of Chinese commitments under these often complex and wide-ranging deals. Turnkey manufacturing plant installation and operations, commercial technical service contracting, banking, and telecoms are other key areas of investment. Projects in all of these areas are often in the multi-million to multi-billion dollar-sized range. Africa is also an increasing market for Chinese consumer and capital goods sold by African traders and a growing number of small Chinese retailers in Africa, and in a small but reportedly growing number of cases is also hosting overseas factory production.

While China's economic deals are advanced by high-level visits and PRC central government decisions regarding large loans and commercial and diplomatic policy, they are spearheaded on the ground by highly engaged, often large diplomatic missions and economic counselor offices, which closely monitor local market conditions and political developments, and maintain close working relations with line agency officials of African host governments, local business networks, and the local Chinese expatriate community and PRC firms that are active in each country. They also seek to ensure that Chinese individuals, offices, and production facilities are guaranteed safety and protection by host governments.[32]

Analytical and Policy Responses to Growing Sino-African Ties

There have been complex and varied reactions among Western and African foreign policy analysts, observers, policymakers and advocacy groups regarding the implications of Chinese engagement in Africa. Some are enthusiastic or guardedly optimistic regarding the benefits to Africa of Chinese engagement, particularly in the economic sphere, while others are concerned over potential Chinese strategic and economic threats to western or African interests in the region. Foci of concern include:

- the state-centric, integrated political-commercial mode of PRC engagement in Africa, in particular the quasi-mercantilist nature of its engagement;
- its potential negative impacts on U.S. and Western public policy-related goals and engagement in Africa; and
- the implications for U.S. political interests and influence of the PRC's undertakings in Africa.

The competitive impact for developed world economies of increased PRC purchases and imports of raw materials from Africa and, to a lesser extent, Chinese competition for current and future African market demand, are other key areas of concern. Some observers are concerned over the prospective impact that China's efforts to gain and ensure access to African energy and mined raw commodities might have on global energy markets. Rising Chinese investment in Africa also suggests to some analysts that China presents a competitive threat to developed country investment on the continent, abetted by its growing PRC political clout in the region. Sino-African bilateral investment agreements are a frequent source of

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further national reserves of resources and hard currency, rather than by accessing resources only through markets or letting SOEs prosper or fail purely due to market forces. This approach contrasts sharply with those of the United States and most other Western countries, which for the most part rely on market forces and the actions of individual firms to ensure economic growth.

[32] Jonathan Holslag, "China and the Coups: Coping with Political Instability in Africa," *African Affairs*, 110: 440, 2011, among others.

concern because they often fuse business, political, aid, and sometimes military considerations. These allow China to offer integrated "package" deals that can be agreed and implemented rapidly, given state financial and political backing and policy direction.

This model of engagement may be more attractive to some African governments than that pursued by Western country governments, which exercise much less control over their private sectors than does the PRC; generally provide far less state-backed business finance for business engagement in Africa; and provide bilateral assistance and trade-related aid in a more sectorally stove-piped and project-focused manner (e.g., by separating development, trade financing, military, and diplomatic activities) than does the PRC.

Other analysts, however, point to potential benefits for Africa resulting from China's involvement on the continent, which U.S. officials have, in some cases, pointed to as a positive outcome of Sino-African engagement. Among the most often cited positive outcomes for Africa are rising levels of Chinese investment, particularly in infrastructure; increases in African exports to China; and Chinese fulfillment of unmet African consumer demand, notably for inexpensive consumer goods that are affordable to low income consumers. China is also seen as providing African countries with a new source of private sector credit and finance, and as spurring global commercial interest in African resources and markets. Many also view China's engagement in Africa as a reflection of China's legitimate pursuit of political and economic self interest.

Selected Challenges to Chinese Influence in Africa

Some analysts view concerns over alleged Chinese threats to Western interests in Africa as exaggerated. First, some see concordance between Western economic growth aspirations for Africa and Chinese investment and contractual work on the continent—especially given that Chinese firms are filling market niches, such as infrastructure construction, that Western firms may have historically ignored and for which Western governments did not provide financing. In addition, according to such views, African countries will maintain relations with the West, even if they also value growing ties with China, and must continue to seek Western aid, trade, investment, and political alliances, as well as Western tourists and technology, if they are to overcome poverty, fight the AIDS pandemic, and prosper. Countries that cut themselves off from the West in favor of largely exclusive ties with China could risk the loss of often vital Western ODA and associated political and security cooperation ties.

Moreover, Chinese projects pursued in partnership with such governments may be viewed as direct interventions in favor of incumbent regimes, especially by domestic opponents, especially in African countries where governments face vocal public opposition or armed rebellions. Such outcomes appear to have occurred; Chinese personnel working on projects in natural resource extraction, construction, and telecommunications sectors have, in some instances, been targets of political kidnappings and violent attacks by armed ethnic rebel movements demanding that Chinese firms halt their activities in zones that they control. Chinese engagement in Africa has also occasionally been the subject of intense, sometimes xenophobic political campaign debate, notably in Zambia.[33]

[33] This was notably the case in the Zambian election of 2006, when Michael Sata, the main opposition candidate, a populist, incited his followers with vitriolic anti-Chinese rhetoric alleging state favoritism to PRC firms' mining concessions, related mine safety abuses, and concessions to Chinese retailers. In 2008 elections, however, Sata reversed his stance, stating that "we will protect the Chinese investments in Zambia; we need their investments, we need their technology," although he continued to take a nationalist stance toward foreign investors generally, calling for 25% of foreign owned firms in Zambia to make 25% of their shares available to local investors. Miles Larmer and Alastair Fraser, "Of Cabbages and King Cobra: Populist Politics and (continued...)

Instances of Attacks on Chinese Workers

In October and December 2007, fighters of the Darfur-based rebel Justice and Equality Movement (JEM) reportedly attacked Chinese-run oil well sites in the states of South and West Kordofan, and in October 2008, five Chinese oil workers kidnapped in the contested Abyei region by ethnic Misseriya nomads were executed. In July 2007, a Chinese executive of a uranium mining subsidiary of the China Nuclear Engineering and Construction Corporation was kidnapped by Tuareg rebels of the Niger Movement for Justice (MNJ) demanding that Chinese mining firms halt their activities in the desert region. In April 2007, nine Chinese oil workers were killed and seven were kidnapped during an attack by ethnic Somali Ogaden National Liberation Front (ONLF) rebels on a Chinese drilling exploration site guarded by an Ethiopian military contingent that resulted in 74 non-rebel fatalities. The rebels, whose reported target was the contingent, warned foreign firms against working with the Ethiopian government. In 2006, a Nigerian rebel alliance, the Movement for the Emancipation of the Niger Delta (MEND), claimed responsibility for a car bomb and then issued a statement warning that would attack Chinese oil workers found in the Niger Delta region, and warned against Chinese investment "in stolen crude"—i.e., oil from the Delta that the group viewed as being stolen from local residents by the federal government and foreign oil firms, Chinese and other—shortly after PRC President Hu Jintao had visited Nigeria and overseen a deal allocating four oil drilling licenses to Chinese firms in return for $4 billion in Chinese investment. In early 2007, 16 Chinese oil workers were kidnapped in the restive Delta Region of Nigeria by local militants who made similar demands, as were 12 Chinese telecom workers. A number of other attacks on Chinese nationals, most not overtly political in nature, have occurred elsewhere in Africa.

Another key source of African public dissatisfaction with China's activities derives from many Chinese firms' often poor reputation regarding working conditions for African workers. One root of the problem is the transfer of firms' labor practices from China, where workers' rights and protections are often weak, to Africa, where widespread joblessness may mean that there is a large supply of labor willing to work at low wages, and potentially under difficult conditions. Another is weak regulation of Chinese firms' labor practices overseas, despite the existence of a range of PRC laws and guidelines relating to firms' overseas operations, both because regulators have a limited presence in Africa and because of the large number and diversity of Chinese firms that are active in Africa. Another common African complaint is that large Chinese firms operating in Africa often import much of their manpower, in some cases including manual laborers, from China. A 2009 study of labor conditions in Chinese-run business operations in Africa that included detailed 10-country surveys by the African Labor Research Network, a trade union-backed research entity, concluded that although Chinese firms operating in Africa operations provided needed employment in many countries, and some ensured "exemplary working conditions and labour relations, […] common trends at Chinese businesses in Africa...included tense labour relations, hostile attitudes towards trade unions, various violations of workers' rights, poor working conditions and several instances of discrimination and unfair labour practices."[34]

China's Adaptive Capacity

While Chinese engagement in Africa faces challenges on many fronts, the PRC's systematic, pragmatic approach to advancing economic cooperation and providing strong state political and financial backing

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Zambia's 2006 Election," *African Affairs*, (106:425), 2007; Shapi Shacinda, "Sata Warms to Chinese Investment in Zambia," Reuters, September 8, 2008; and SAPA-AFP, "Candidate Wants to Control Foreign Investors," October 17, 2008.

[34] The study found that workers were often hired without employment contracts, and that "arbitrary determination of wages and benefits by the owners or managers" of operations was common; as a result, employment records often did not exist, making the "enforcement of local labour laws difficult." Chinese firms also often hired African employees as casual workers and often did not provide legally mandated basic job benefits. It also found that Chinese firms tended to treat African and Chinese employees differently, and provided Chinese staff with working conditions and pay that were often superior to those of African employees. The study also found a general hostility to trade unions and collective bargaining among Chinese firms.Anthony Yaw Baah and Herbert Jauch, eds., et al., *Chinese Investments in Africa: A Labour Perspective*, African Labor Research Network, May 2009; see also Ching Kwan Lee, "Raw Encounters: Chinese Managers, African Workers and the Politics of Casualization in Africa's Chinese Enclaves," *China Quarterly*, 199, 2009.

for its ties means that it is able to effectively deal with unforeseen contingencies in Africa's often volatile political and economic landscapes, despite challenges in monitoring and controlling the activities of the many Chinese active firms on the continent. Changing political winds and negative perceptions of China by certain African political opposition elements, some armed, may occasionally pose threats to China's political-economic engagement in Africa, but developments in multiple countries indicate that such challenges are typically brief and that economic losses associated with them tend to be marginal in the overall scope of Chinese investment. This appears to be attributable to the primarily economic focus of its engagement and to the grounding of its political relations in broad ideals of South-South international allegiance and development cooperation, rather than on inherent support for a particular leader. The PRC is willing to deal with internationally disreputable governments or to court, flatter, and praise African incumbents in pursuit of its goals—as are many other powerful governments—but the policy basis for its bilateral relations also permits it to easily transfer its political relations in a given country from one government to another when necessary. This strategy appears to work well; the PRC has repeatedly shown itself able to work, typically successfully, with such successors to governments with which it has formed close ties, even when the latter are ousted by force or other extralegal means.

China's Political Neutrality: Effects on Bilateral Relations

A recent study looked at China's relations with governments in five African countries before and after coups d'état (Central African Republic, 2003; Mauritania, 2008; Guinea, 2008; Madagascar, 2009; and Niger, 2010). It found that in all, China was successfully able to establish ties with the new regimes. Often, China curried favor with post-coup governments by remaining politically neutral, in contrast to criticisms by other foreign governments and regional organizations regarding the nature of the new government's accession to power. It also provided various types of grants (e.g., civil service salary payments, military equipment donations, natural disaster assistance), and hosted leadership visits and other bilateral relations and exchanges. As a result, state-backed Chinese firms were generally either able to continue investment projects started under predecessor governments or to negotiate new ones, despite facing threats, such as reviews of contracts entered into by previous regimes, typically spurred by allegations that such deals had been arrived at in a corrupt manner. While in a few cases, PRC firms lost investments or contracts, such losses were far outweighed by continuing or increased investments, and appear, from the perspective of Chinese state policy-makers, state finance agencies, and large firms, to have been chalked off as a cost of operating in a risky region. The study concluded that "China did not see the coups as major threats to its interests, but accepted instability as a part of doing business in Africa."[35]

Western Responses

Whether and to what extent PRC activities in Africa pose an active, direct, and deliberate challenge to U.S. and other Western government and business interests—or whether China, alternatively, is merely pursuing its legitimate political and economic self interests in ways that are different from those of Western countries and which may both coincide and compete with Western interests—is the subject of debate. It is difficult to marshal direct evidence, apart from a few limited cases, to show that Chinese policies directly negatively shape prospects for further African democratization and greater adherence to human rights norms. Even among analysts or policy makers who conclude that China does play a direct adverse role and is engaged in a highly coordinated, deliberate pattern of actions meant to challenge Western influence, a debatable contention, few are likely to argue for a confrontational approach using U.S. "hard power" (e.g., military force or covert direct action) to counter Chinese activities in Africa.[36]

[35] Holslag, "China and the Coups."

[36] The reasons are manifold. First, Chinese engagement in Africa is primarily an expression of PRC soft power; as such, it is at present unlikely to elicit a U.S. hard-power response. Second, China's African undertakings do not currently present a direct, threat to U.S. national security or other vital interests, and to the extent that they pose geo-strategic challenges at all, they are diffuse, extensive, and arguably difficult to target in the aggregate. Third, there are many non-Africa related issues in U.S.-China relations, in addition to a host of shared U.S.-Chinese concerns (such as Iranian or North Korean nuclear ambitions) that are far more vital to U.S. national interests than those raised by Sino-African ties. Furthermore, there are few effective, low-cost, high-
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There is also a paucity of potential responses that might involve countering China's activities through the use of U.S. economic power or investment for several reasons. One is that, in contrast to China, U.S. policy makers and the American private sector generally view U.S. foreign investment decisions as a prerogative of the private sector, motivated by market signals. While the United States often advocates on behalf of U.S. firms overseas, most U.S. policy makers do not generally support the kinds of industrial policy-oriented approaches and other direct state interventions—through the provision of large amounts of public credit, for instance—to foster overseas business growth that China does. Furthermore, historically, in part due to Africa's reputational risk as a risky place to do business—notwithstanding positive changes in Africa's investment climate in recent years—the U.S. private sector has not shown the same level and breadth of investment interest in Africa as have Chinese firms, especially over the past decade or so.[37] Even if substantially larger U.S. federal subsidies for private U.S. investments in Africa were proposed, the current budgetary climate would likely preclude their implementation and funding in the short to medium term. The same is true for large-scale infrastructure assistance for Africa; budgetary pressures are already resulting in reductions in current levels of U.S. ODA; there is little likelihood of an increase in large-scale U.S. official bilateral investment in African infrastructure.

In light of these policy and budgetary contexts, the most feasible U.S. tools for attempting to ensure that Chinese engagement in Africa does not result in democratic regression or enable human rights abuses may include efforts to:

- monitor Chinese aid and investment activities, both through government and intelligence channels and by funding good governance, transparency, and human rights civil society monitoring groups;
- document, name, and criticize PRC actors who may engage in activities that harm Western policy goals and interests, and laud those that provide positive outcomes and promote best practices, both through the use of official reports and statements and indirectly, through U.S funded civil society monitoring groups;
- increase technical assistance to enhance African capacities to undertake financial due diligence, assess the focus of investments in light of their domestic policy priorities, and better negotiate with foreign investors;
- dialogue with Chinese actors regarding their activities in Africa and the effects thereof, both through official diplomatic channels and private ones, including efforts by policy and academic research entities, and with African interlocutors, both in states and civil society, potentially through increased U.S. high-level engagement in and visits to Africa;[38] and

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payoff points of leverage or non-military hard power policy tools available that might forcefully counter perceived Chinese negative behavior in Africa or produce Chinese or African compliance with U.S. policy goals as they relate to Sino-African ties. Lastly, there is a danger that hard-line approaches could undermine U.S. policy goals by alienating Chinese and African polities.

[37] This is very different from the Chinese model of state-commercial relations in which, as one study stated, large "Chinese companies, backed by senior political leaders, government financing and foreign aid instruments, are willing to invest in countries with high political risk for three reasons: a) secure energy and natural resources for the motherland, b) access new consumer markets for China's products, and c) challenge Western hegemony in the international political and economic arena to reshape global institutions to suit Beijing's worldview. These factors are not reflected in the business decision-making process of traditional Western companies, making them vulnerable to a Chinese business strategy which is multi-layered and includes massive state assistance on a range of levels." ERA Associates, *China in Africa: A Strategic Overview*, October 2009

[38] A few such efforts have occurred. Africa was the subject of a "subregional dialogue" under the larger U.S.-China "Strategic" or "Senior" Dialogue, a series of periodic "strategic discussions" designed to enable the United States and China to holistically (continued...)

- potentially, trilateral (U.S., Chinese, and African) or multilateral cooperation regarding aid and investment projects, as well as efforts to address challenges that all sides have agreed are important, such as counter-terrorism or drug trafficking, improved health care, peacekeeping and conflict mitigation, and public-private initiatives to improve African infrastructure.

While the PRC has often brushed off criticisms regarding its activities in Africa, it has shown itself to be sensitive to criticisms that affect its national prestige or reputation—such as criticisms of its role in Sudan or its alleged role in providing weapons to the Qadhafi regime in Libya, or charges of neo-colonialism (e.g., financing infrastructure investments that are oriented toward raw material exports to China, rather than local needs and uses). Other activities of proven or potential sensitivity to the PRC—and possible points of leverage in seeking Chinese policy reassessments or changes—include criticisms of:

- economically unequal economic agreements (e.g., infrastructure deals in return for undervalued natural resource reserves);
- PRC activities that contradict stated official Chinese policies or regulations;
- tied commercial requirements in bilateral loan and assistance deals; and
- the use of Chinese labor in African projects.

Given the opaqueness of many Chinese bilateral agreements, efforts could also potentially be made to selectively release U.S. diplomatic and intelligence findings regarding these deals, and to highlight the findings of private sector research and analysis regarding these activities and the broader implications of Chinese engagement in Africa.

Generally, such approaches are most likely to be effective when they are objective and balanced, include assessments of both the negative and positive aspects of a given Chinese activity, and lay out nuanced options for action that offer affected Chinese actors constructive solutions and ways to "save face," while also comporting with official Chinese policy and political ideals. Such options might take the form of official or unofficial dialogues, or the solicitation of Chinese assurances or pledges regarding their activities in Africa. While Western advocates of good governance and human rights may see a need for harsh criticism in many cases, such approaches are far more likely to be effective when used in targeted, select cases where direct correlations between Chinese actions and specific negative outcomes can be proven.

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assess current and prospective key issues in their relations under the Administration of President George W. Bush. The process grew out of a proposal by President Hu Jintao to President Bush at the 2004 Asia Pacific Economic Cooperation Forum summit. Robert Zoellick, the former U.S. Deputy Secretary of State, led a U.S. delegation to Beijing in August 2005 for a first round of Dialogue talks. U.S. Assistant Secretary of State for African Affairs Jendayi Frazer led a U.S. team for associated talks in Beijing in November 2005 officials focusing on U.S.-Chinese relations with and views on Africa, prior to a second round of Dialogue talks in December 2005. The Africa-China-U.S. Trilateral Dialogue was an example of a similar non-governmental effort. The dialogue consisted of a series of meetings between academics, current and foreign government officials, policy researchers, and others in 2006 and 2007 that set out areas of agreement, divergence, areas for further discussion and a diverse range of detailed policy recommendations in many areas, e.g., business, peace and security, and development. See the Africa-China-U.S. Trilateral Dialogue: Summary Report, Brenthurst Foundation, Chinese Academy of Soc. Sciences, the Council on Foreign Relations, and the Leon Sullivan Foundation, November 2007.