
CONGRESSIONAL TESTIMONY

China in Africa: The New Colonialism?

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Chairman Smith, Ranking Member Bass, and members of the committee, thank you for this opportunity to testify before you. Thank you as well for highlighting one of the most important issues facing Africa, and by extension, U.S. interests on the continent, today. With your permission, I would like to submit my written testimony into the record.

My name is Joshua Meservey. I am the Senior Policy Analyst for Africa and the Middle East at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

China's Historic Engagements in Africa and Current Dominance

Even before many African countries gained independence, Chinese leader Mao Tse-tung recognized in the mid-1950s the continent's potential as a significant source of support

for China's ambitions. His primary concern was to gain African states' diplomatic help to win from the rival Nationalist government in Taiwan global recognition as the mainland's official government, and to position China as the leader of the developing world in opposition to "imperialist" countries such as the U.S. and USSR.¹

It was not until the turn of the 21ST century, after President Jiang Zemin called for China to "Go Out" to secure the resources and diplomatic support it needed to fuel its rise, that the pace and scale of Chinese engagements with Africa exploded. By many measures, China has been so active in going out that it is now the most influential foreign actor on the continent.

In 1992, China supplied just 1.8 percent of African imports.² Today, Chinese trade

¹U.S. Central Intelligence Agency, "China's Role in Africa: Special Report Weekly Review," Washington, D.C.: GPO, February 25, 1972,

<https://www.cia.gov/library/readingroom/docs/CI A-RDP08S02113R000100080001-0.pdf>.

²Lily Kuo, "The best days of selling cheap Chinese goods in Africa are over," *Quartz*, May 3, 2017,

volumes with Africa are three times larger than the continent's trade with India, its second-largest trade partner.³ China is now the greatest source of imports for 19 of sub-Saharan Africa's 48 countries, up from being the largest import source for only 1 sub-Saharan African country in 2001.⁴

Beijing now also supplies Africa with more financing than any other country.⁵ Chinese lending to the continent is opaque, but one of the best estimates is that Chinese government, banks, and contractors offered around \$85 billion in loans to African governments and State-Owned Enterprises (SOEs) from 2000 to 2014, though only just over half were disbursed.⁶ These loans are concentrated in a handful of countries, with five receiving more than half of them.⁷ The transportation sector receives the most Chinese financing, followed by energy and mining and oil projects.⁸ Infrastructure

development within those sectors is a priority, making Beijing the world's leading financier of African infrastructure.⁹

Chinese Foreign Direct Investment (FDI) in Africa is similarly difficult to gauge, but by one measure it has grown 40 percent annually for the last ten years from \$1 billion in 2004 to \$34 billion in 2015.¹⁰ For the year 2016, China was by far the biggest foreign direct investor in Africa in terms of total dollars spent. China invested about 10 times what the U.S. did,¹¹ though the U.S.'s FDI stocks in Africa remain significantly higher than China's. While Chinese FDI targets virtually every part of the continent, about half of it is concentrated in eight countries.¹² The mining sector was the most popular destination for Chinese FDI in 2015, followed by construction and manufacturing.¹³

<https://qz.com/950377/the-best-days-of-selling-cheap-chinese-goods-in-africa-are-over/>.

³Irene Yuan Sun, Kartik Jayaram, and Omid Kassiri, "Dance of the Lions and Dragons," McKinsey & Company, <https://www.africa-newsroom.com/files/download/aa9f2979a3dc18e>.

⁴Daniel F. Runde and Christopher Metzger, "Is the United States Prepared for China to be Africa's Main Business Partner?," Center for Strategic and International Studies, January 31, 2018, <https://www.csis.org/analysis/united-states-prepared-china-be-africas-main-business-partner>.

⁵China appears to wish to continue to do so into the future. A senior official at the Export-Import Bank of China Bank recently estimated that China will provide \$1 trillion in financing to African countries by 2025. Toh Han Shih, "China to Provide Africa with US\$1tr Financing," *South China Morning Post*, November 8, 2013,

<http://www.scmp.com/business/banking-finance/article/1358902/china-provide-africa-us1tr-financing>.

⁶Jyhjong Hwang, Deborah Brautigam, and Janet Eom, "How Chinese Money is Transforming Africa: It's Not What You Think," China-Africa Research Initiative at Johns Hopkins SAIS *Policy Brief* No. 11, April 2016, <https://static1.squarespace.com/static/5652847de>

[4b033f56d2bdc29/t/5768ae3b6a4963a2b8cac955/1466478245951/CARI_PolicyBrief_11_2016.pdf](https://static1.squarespace.com/static/5652847de/4b033f56d2bdc29/t/5768ae3b6a4963a2b8cac955/1466478245951/CARI_PolicyBrief_11_2016.pdf).

⁷They are Angola, Ethiopia, Sudan, Kenya, and DRC: Hwang, et al. "How Chinese Money is Transforming Africa: It's Not What You Think."

⁸Deborah Brautigam and Jyhjong Hwang, "Eastern Promises: New Data on Chinese Loans in Africa, 2000-2014," China-Africa Research Initiative at Johns Hopkins SAIS, *Working Paper* No.4, April 2016, <https://static1.squarespace.com/static/5652847de/4b033f56d2bdc29/t/58ac91ede6f2e1f64a20d11a/1487704559189/eastern+promises+v4.pdf>.

⁹Sun, et al., "Dance of the Lions and Dragons."

¹⁰Ibid.

¹¹Michael Lalor, et al., "Connectivity redefined," EY's Attractiveness Program Africa, May 2017, [http://www.ey.com/Publication/vwLUAssets/ey-africa-attractiveness-report/\\$FILE/ey-africa-attractiveness-report.pdf](http://www.ey.com/Publication/vwLUAssets/ey-africa-attractiveness-report/$FILE/ey-africa-attractiveness-report.pdf).

¹²Angola, Cote d'Ivoire, Ethiopia, Kenya, Nigeria, South Africa, Tanzania, and Zambia. Sun, et al., "Dance of the Lions and Dragons."

¹³Janet Eom, et al., "The United States and China in Africa: What Does the Data Say?," China-Africa Research Initiative at Johns Hopkins SAIS *Policy Brief* No. 18, April 2017, <https://static1.squarespace.com/static/5652847de>

Private Chinese companies are increasingly important in Africa as well. There may now be as many as 10,000 Chinese owned firms on the continent, 90 percent of which are likely privately-owned.¹⁴ This is in keeping with a trend that saw the private sector's share of all outward-bound Chinese investment rise from less than 10 percent in 2010 to nearly 50 percent in 2016.¹⁵

In keeping with the "Go Out" philosophy, about a third of all Chinese loans in Africa go to natural resource projects,¹⁶ and more than 80 percent of China's Africa imports are of natural resources, including crude oil.¹⁷ Oil-rich Angola is in fact the largest African recipient of Chinese loans.¹⁸

Beijing also targets relatively resource-poor but strategically important countries. Ethiopia—Africa's second most populous country and one of the world's fastest growing economies—receives the second-most Chinese loans to Africa.¹⁹ China funds

about 40 percent of the major infrastructure projects in Djibouti,²⁰ which has few resources but is one of the most strategically located countries in Africa. It sits on the Bab el Mandeb Strait through which about 50 percent of China's oil imports travel,²¹ and hosts a number of foreign military bases, including the U.S.'s only permanent African military base.

China recognizes the many opportunities to make money in Africa as well. Huawei earns 15 percent of its global revenues on the continent,²² and more than half of Chinese firms in a survey reported making back their initial investments in Africa in three years or less.²³ Beijing's frequent practice of providing "tied" loans²⁴—resulting in as many as 70 percent of contracts for Chinese-financed projects going to Chinese companies²⁵—has helped Chinese firms earn around \$50 billion a year on African infrastructure projects alone.²⁶ These projects also help China's massive state-

4b033f56d2bdc29/t/58fd32a5ff7c502a493d18ed/1492988584819/PB18_US+China+Africa.pdf.

¹⁴Sun, et al., "Dance of the Lions and Dragons."

¹⁵Derek Scissors, "Record Chinese Outward Investment 2016," American Enterprise Institute, January 2017, <http://www.aei.org/wp-content/uploads/2017/01/China-Tracker-January-2017.pdf>.

¹⁶"Chinese Loans to Africa Credit Limit," *The Economist*, April 30, 2016, <https://www.economist.com/news/finance-and-economics/21697856-new-data-suggest-china-lends-less-africa-commonly-assumed-credit>.

¹⁷Clara Sanna, "A Strategic Continent: China vs. Africa/The Atlantic Council's J. Peter Pham weighs in," *World Energy* No. 37, December 2017, https://www.aboutenergy.com/en_IT/flip-tabloid/oil_37_EN/index.html#slide24.

¹⁸Hwang, et al. "How Chinese Money is Transforming Africa: It's Not What You Think."

¹⁹Hwang, et al. "How Chinese Money is Transforming Africa: It's Not What You Think."

²⁰Erica Downs, Jeffrey Becker, Patrick deGategno, "China's Military Support Facility in Djibouti: The Economic and Security Dimensions of China's First Overseas Base," CNA China Studies, July 2017,

https://www.cna.org/CNA_files/PDF/DIM-2017-U-015308-Final2.pdf.

²¹Andrew Jacobs and Jane Perlez, "U.S. Wary of its New Neighbor in Djibouti: A Chinese Naval Base," *New York Times*, February 25, 2017, <https://www.nytimes.com/2017/02/25/world/africa/us-djibouti-chinese-naval-base.html>.

²²David Pilling, "Chinese investment in Africa: Beijing's testing ground," *Financial Times*, June 13, 2017, <https://www.ft.com/content/0f534aa4-4549-11e7-8519-9f94ee97d996>.

²³Sun, et al., "Dance of the Lions and Dragons."

²⁴Brook Larmer, "Is China the World's New Colonial Power?," May 2, 2017, *New York Times*, <https://www.nytimes.com/2017/05/02/magazine/is-china-the-worlds-new-colonial-power.html>.

²⁵Yun Sun, "China's Aid to Africa: Monster or Messiah?," Brookings, February 7, 2014, <https://www.brookings.edu/opinions/chinas-aid-to-africa-monster-or-messiah/>.

²⁶Andrew Jacobs, "Joyous Africans Take to the Rails, With China's Help," *New York Times*, February 7, 2017,

<https://www.nytimes.com/2017/02/07/world/africa/africa-china-train.html>.

owned infrastructure development companies offload some of the excess capacity they developed while building China's own infrastructure.²⁷

Not all of Beijing's economic plays on the continent are designed to make money. The Chinese government is willing to support economically risky projects if they advance its foreign policy goals,²⁸ one reason Chinese SOEs on average earn lower profits than their private counterparts.²⁹ China's first major infrastructure project in Africa was the construction of the Tanzania-Zambia Railway, completed in 1976 and financed with a zero-interest Chinese loan, despite China suffering in the throes of the Cultural Revolution at the time.³⁰

A Great Power's Soft Power

Current Chinese President Xi Jinping's "Chinese Dream" strategy envisions his

country's return to what he sees as its rightful place of prominence on the global stage. Doing so requires, in addition to expanding its economic engagements at breakneck speed, enhancing a diverse range of public diplomacy initiatives.

A pillar of this effort has been the Chinese government controlled and funded Confucius Institutes. First established in Seoul, South Korea in 2004,³¹ Confucius Institutes are designed to build sympathy and support for Beijing's geopolitical goals by promoting a positive image of China through exposure to Chinese culture and tradition, especially Mandarin language learning.³² The institutes also push Beijing's narrative on controversial topics such as Tibet and Taiwan. In just over 10 years, the Chinese government established 48 Confucius Institutes and 28 Classrooms in 38 African countries.³³

²⁷For mention of the excess capacity, see William T. Wilson, "Is the Chinese Model Past Its Expiration Date?," in *2017 Global Agenda for Economic Freedom*, James M. Roberts and William T. Wilson, eds., The Heritage Foundation *Special Report* No. 188, <https://www.heritage.org/international-economies/report/2017-global-agenda-economic-freedom>.

²⁸U.S. Central Intelligence Agency, "China's Role in Africa: Special Report Weekly Review."

²⁹Sun, et al., "Dance of the Lions and Dragons." and Scissors, "Record Chinese Outward Investment 2016."

³⁰Sun, "China's Aid to Africa: Monster or Messiah?"

³¹Claire van den Heever, "Inside Africa's Confucius Institutes," *WhoKou*, December 4, 2017, <https://whokou.com/2017/12/04/inside-africas-confucius-institutes/>.

³²The Chinese government has been explicit about using Confucius Institutes to disseminate Chinese propaganda. Politburo member Li Changchun in 2011 said, "The Confucius Institute is an appealing brand for expanding our culture abroad. It has made an important contribution toward improving our soft power. The 'Confucius' brand has a natural attractiveness. Using the excuse of teaching Chinese language, everything looks reasonable and logical." In 2010, Chinese Minister of Propaganda Liu

Yunshan wrote "With regard to key issues that influence our sovereignty and safety, we should actively carry out international propaganda battles against issuers such as Tibet, Xinjiang, Taiwan, human rights and Falun Gong... We should do well in establishing and operating overseas cultural centers and Confucius Institutes." Ethan Epstein, "How China Infiltrated U.S. Classrooms," *Politico Magazine*, January 16, 2018, <https://www.politico.com/magazine/story/2018/01/16/how-china-infiltrated-us-classrooms-216327>. National People's Congress member Hu Youqing stated, "Promoting the use of Chinese among overseas people has gone beyond purely cultural issues... It can help build up our national strength and should be taken as a way to develop our country's soft power." R.S. Zaharna, Jennifer Hubbert, and Falk Hartig, *Confucius Institutes and the Globalization of China's Soft Power*, (Los Angeles, CA: Figueroa Press, September 2014), <http://uscpublicdiplomacy.org/sites/uscpublicdiplomacy.org/files/useruploads/u25044/Confucius%20Institutes%20v2%20%281%29.pdf>.

³³Some estimate there are institutes in more than 40 African countries. van den Heever, "Inside Africa's Confucius Institutes." For the Chinese government's list of Institutes and Classrooms in Africa, see "Confucius Institute/Classroom,"

Hanban, a branch of the Chinese Ministry of Education and the headquarters for the Confucius Institutes, offers scholarships to African students to study in China as well. Hanban scholarships have contributed to the number of African students studying in China growing 26 fold in 12 years. There are now more African students in China than in the U.S.—only France hosts more than China does.³⁴

Echoes of Mao’s shrewd practice of building influence with rising African leaders and political parties³⁵ remain today in Beijing’s program for granting young—and sometimes senior—African politicians scholarships to attend trainings in China. Representatives of at least seven ruling parties in Africa have participated in the program,³⁶ and in 2016, China announced it would invite 1,000 more African politicians

http://english.hanban.org/node_10971.htm. Institutes cater to university students, while classrooms are for students in the kindergarten to 12th grades.

³⁴Victoria Moore and Nathan Breeze, “China Tops US and UK as Destination for Anglophone African Students,” *The Conversation*, June 27, 2017, <https://theconversation.com/china-tops-us-and-uk-as-destination-for-anglophone-african-students-78967>.

³⁵Mao supported with weapons and training a number of rebel groups—which later became ruling parties—battling for independence, including the African National Congress in South Africa, the South West African People’s Organisation in Namibia, the Mozambique Liberation Front in Mozambique, and Robert Mugabe’s Zimbabwe African National Union in Zimbabwe.

³⁶They are the Ethiopian People’s Revolutionary Democratic Front of Ethiopia; the National Congress Party of Sudan; Chama Cha Mapinduzi of Tanzania; South West African People’s Organisation of Namibia; Sudan People’s Liberation Movement of South Sudan; ANC and Communist Party of South Africa; and the Jubilee Party of Kenya.

³⁷Lily Kuo, “Beijing is cultivating the next generation of African elites by training them in China,” *Quartz*, December 14, 2017,

to receive training.³⁷ Such initiatives give Beijing significant influence with officials who are likely to be part of their country’s leadership in the future.

In 1963, Beijing opened a new soft power front in Africa by sending a medical team to Algeria. The teams, composed of doctors, nurses, and other medical personnel,³⁸ deploy for up to two years at a time, and are recruited by Chinese provincial-level governments. Provinces send teams to the same African country, thereby establishing a sustained “buddy system.”³⁹ From 2000 to 2013, Chinese medical teams performed 189 missions to Africa.⁴⁰ China’s Peace Ark hospital ship complements these efforts, and has visited at least nine African countries since 2010.⁴¹

Some Chinese firms are even beginning to launch the sort of image softening exercises

<https://qz.com/1119447/china-is-training-african-next-generation-of-leaders/>.

³⁸Tang Jailei and Xiao Bing, “China Has Medical Aid Teams Stationed in 42 African Countries,” *The China Africa Project*, August 9, 2013, <http://www.chinaafricaproject.com/china-has-medical-aid-teams-stationed-in-42-african-countries-translation/>.

³⁹Xiaoxiao Jiang Kwete, “Chinese Medical Teams in the DRC: A Comparative Case Study,” *China-Africa Research Initiative at Johns Hopkins SAIS Policy Brief No. 21*, October 2017, <https://static1.squarespace.com/static/5652847de4b033f56d2bdc29/t/5a26a4778165f5f17490c671/1512481911253/xiaoxiao+v9.pdf>.

⁴⁰Mohon Shajalal, et al., “China’s engagement with development assistance for health in Africa,” *Global Health Research and Policy* 2:24 (2017), August 9, 2017, <https://ghrp.biomedcentral.com/track/pdf/10.1186/s41256-017-0045-8?site=ghrp.biomedcentral.com>, 1-9.

⁴¹“Chinese hospital ship Peace Ark set out for ‘Harmonious Mission – 2015,’” *China Military Online*, September 25, 2015, http://english.chinamil.com.cn/news-channels/china-military-news/2015-09/25/content_6699367.htm.

more commonly associated with Western firms. In projects in Namibia and Kenya, Chinese firms made concessions to protect local wildlife.⁴² Huawei is keen to be seen training 12,000 students a year in various countries, while a Chinese company in Namibia took the unprecedented step of inviting a labor union to organize at one of its mines.⁴³

Projecting Global Military Force

Beijing appears to understand that achieving its desired status as a true global power requires projecting military force abroad. It has accordingly significantly strengthened its longstanding military ties with Africa. From 2012-2015, China accounted for more than 32% of the value of all arms deliveries to the continent, more than double the value of what it supplied from 2008 to 2011.⁴⁴ Today, two-thirds of African countries use some Chinese military equipment.⁴⁵

China's military efforts in Africa increasingly feature boots on the ground as well. In 2017, China opened its first permanent overseas military base in Djibouti. Beijing claims the base will primarily be a rest and resupply depot for its forces participating in the multinational anti-piracy patrols off the East African coast that the Chinese joined in

January 2009. The base will also support Chinese personnel serving in U.N. peacekeeping operations in Africa,⁴⁶ whose numbers have skyrocketed in the last two decades.⁴⁷ In addition, China is training militaries in a number of African countries, including Namibia and the Democratic Republic of Congo, and recently inaugurated a military training center the Chinese army built in Tanzania.⁴⁸

Different Kinds of Strings

China frequently portrays its engagements in Africa as "no-strings-attached." It claims it does not meddle in the internal affairs of African countries, and makes no human rights, governance, or other demands. It is one of the central narratives it pushes with its African partners.⁴⁹

The idea that there are no strings attached to Chinese engagement is an obvious canard, however. Some of the strings are simply different from those associated with other international partners, and have significant long-term costs.

African countries are increasingly saddling themselves with Chinese debt. From 2013 to 2015, Chinese institutions issued loans valuing \$5 billion to \$6 billion every year to African governments, constituting an

⁴²David Pilling and Emily Feng, "Kenya's \$4bn Railway Gains Traction from Chinese Policy Ambitions," *Financial Times*, April 4, 2017, <https://www.ft.com/content/d0fd50ee-1549-11e7-80f4-13e067d5072c> and Larmer, "Is China the World's New Colonial Power?"

⁴³Larmer, "Is China the World's New Colonial Power?"

⁴⁴Catherine A. Theohary, "Conventional Arms Transfers to Developing Nations, 2008-2015," Congressional Research Service, December 19, 2016, <https://fas.org/sgp/crs/weapons/R44716.pdf>.

⁴⁵Ashley Cowburn, "Two-thirds of African countries now using Chinese military equipment, report reveals," *Independent*, March 1, 2016, <http://www.independent.co.uk/news/world/africa>

[/two-thirds-of-african-countries-now-using-chinese-military-equipment-a6905286.html](#).

⁴⁶Jacobs and Perlez, "U.S. Wary of its New Neighbor in Djibouti: A Chinese Naval Base."

⁴⁷"Troop and Police Contributors," United Nations Peacekeeping, <https://peacekeeping.un.org/en/troop-and-police-contributors>.

⁴⁸"Here We Come, New Centre Warns Criminals," *Daily News*, February 7, 2018, <https://www.dailynews.co.tz/index.php/home-news/55812-here-we-come-new-centre-warns-criminals>.

⁴⁹Larmer, "Is China the World's New Colonial Power?"

estimated one-third of all new debt in sub-Saharan Africa in 2015.⁵⁰

In addition, about one-third of China's loans to African countries are collateralized with natural resources.⁵¹ For some financially unstable countries with natural resources, commodities backed loans are the only option for securing financing—China financed the building of parts of its own infrastructure using this model.⁵² However, if countries do not wisely negotiate the terms of these loans, a downturn in demand can leave them in economic distress. After oil prices began slumping in 2014, Angola was forced to send an increasing amount of oil to China to service its debt, leaving little for itself to sell to obtain much-needed cash.⁵³ Since 2004, China has struck at least 7 such deals with African countries.⁵⁴

A default may even result in a country surrendering control or access to strategic assets, as happened recently when the Sri Lankan government gave up majority control of its Hambantota port to Chinese firms.⁵⁵

African leaders are ultimately to blame for striking disadvantageous deals with the

Chinese. However, Beijing sometimes, to gain control of a strategic asset or build political leverage, supplies loans to financially unstable countries with few other financing options.⁵⁶ It is also plausible that some Chinese lenders may offer African leaders personal financial inducements to borrow on terms favorable to Chinese interests. China has offered to cancel some African debt, but only small amounts.⁵⁷

There is also the issue of reciprocity. China has snapped up African assets and rapidly increased its exports to the continent, but has been unwilling to fully open its own markets.⁵⁸

China's extensive engagement in Africa also makes African governments and industries vulnerable to the sorts of economic, diplomatic, and military espionage China uses in other parts of the world. Beijing is the world's foremost perpetrator of economic espionage, and even institutionalized the practice in 1986 when

⁵⁰Sun, et al., "Dance of the Lions and Dragons."

⁵¹Brautigam and Hwang, "Eastern Promises: New Data on Chinese Loans in Africa, 2000-2014."

⁵²Deborah Brautigam, "China: Eastern Hope in Africa," *Observe*, August 25, 2011, <http://www.observe-china.com/article/51>.

⁵³Libby George, "Growing Chinese Debt Leaves Angola with Little Spare Oil," *Reuters*, March 14, 2016, <https://www.reuters.com/article/angola-oil-finance/growing-chinese-debt-leaves-angola-with-little-spare-oil-idUSL5N16H3EV>.

⁵⁴Brautigam, "China: Eastern Hope in Africa."

⁵⁵Kiran Stacey, "China signs 99-year lease on Sri Lanka's Hambantota Port," *Financial Times*, December 11, 2017, <https://www.ft.com/content/e150ef0c-de37-11e7-a8a4-0a1e63a52f9c> and Ronak Gopaldas, "Lessons from Sri Lanka on China's 'debt-trap diplomacy'," Institute for Security Studies, February 21, 2018,

<https://issafrica.org/iss-today/lessons-from-sri-lanka-on-chinas-debt-trap-diplomacy>.

⁵⁶Stacey, "China signs 99-year lease on Sri Lanka's Hambantota Port."

⁵⁷Janet Eom, Jyhjong Hwang, Ying Xia, and Deborah Brautigam, "Looking Back and Moving Forward: an Analysis of China-Africa Economic Trends and the Outcomes of the 2015 Forum on China Africa Cooperation," China-Africa Research Initiative at Johns Hopkins SAIS *Policy Brief* No. 09, January 2016,

http://static1.squarespace.com/static/5652847de4b033f56d2bdc29/t/56aa3a95a12f44bc3732d26e/1453996965486/CARI_PolicyBrief_9_Jan2016.

⁵⁸Scissors, "Record Chinese Outward Investment 2016." Kenyan President Uhuru Kenyatta recently addressed the problem publicly, warning that "China must also open up to Africa." Pilling, "Chinese investment in Africa: Beijing's testing ground."

it launched Project 863 to facilitate the theft of U.S. trade and technology secrets.⁵⁹

The fact that most Chinese companies operating in Africa are private only slightly ameliorates the risk, as even truly independent private Chinese firms would likely have to acquiesce if their government demanded they cooperate in some way. Some private firms are already significantly under the Chinese government's sway. There is currently a bill before the U.S. congress that would forbid the U.S. government from using products from Chinese telecommunications firms Huawei and ZTE. This follows multiple U.S. government reports finding that both companies pose a security risk because of their close ties to the Chinese government.⁶⁰

The risk for African governments is significant. Huawei and ZTE have likely built more than 40 telecom networks in over 30 African countries, and national and government networks in more than 20 African countries.⁶¹ According to the former head of the American NSA and CIA, Huawei shared with Beijing what it knows about Huawei-built foreign telecoms networks,⁶² so it is likely that the Chinese government has already taken advantage of this African vulnerability.

⁵⁹"Foreign Spies Stealing US Economic Secrets in Cyberspace," Office of the National Counterintelligence Executive, October 2011, https://www.dni.gov/files/documents/Newsroom/Reports%20and%20Pubs/20111103_report_fecie.pdf.

⁶⁰H.R. 4747, 115th Congress 2d Session, U.S. House of Representatives, January 9, 2018, <https://www.congress.gov/115/bills/hr4747/BILLS-115hr4747ih.pdf>.

⁶¹Andrea Marshall, "China's mighty Telecom footprint in Africa," New Security Learning, February 14, 2011, <http://www.newsecuritylearning.com/index.php/archive/75-chinas-mighty-telecom-footprint-in-africa>.

A recent high-profile incident illustrates the problem. The African Union (AU) allegedly discovered that the servers in its Chinese-built headquarters in Addis Ababa were automatically uploading their contents every day to servers in China. A subsequent sweep of the building found numerous bugging devices. It is a likely sign of how strong Chinese influence on the continent has grown that the reaction from the AU and members states was muted. A number of African leaders, including Chairperson of the African Union Commission Moussa Faki Mahamat, even rejected the bugging reports as false.⁶³

Part of what makes China so attractive is the one stop shop nature of some of their large projects, particularly infrastructure. Yet these package deals sometimes include anti-competitive requirements that result in governments not receiving as much value from the project as they should. Uganda's recently constructed Entebbe-Kampala road, for instance, cost twice as much to build per kilometer as did the Addis-Adama Expressway in Ethiopia, built by the same company. In order to secure a \$350 million loan for their road from China's Exim bank, Uganda had to agree to single-sourcing,⁶⁴ a common Chinese lending requirement.

⁶²"Former CIA boss says aware of evidence Huawei spying for China," *Reuters*,

<https://www.reuters.com/article/us-huawei-security/former-cia-boss-says-aware-of-evidence-huawei-spying-for-china-idUSBRE96I06I20130719>.

⁶³Ben Blanchard, "African Union Says Has No Secret Dossiers After China Spying Report," *Reuters*, February 8, 2018,

<https://www.reuters.com/article/us-china-africanunion/african-union-says-has-no-secret-dossiers-after-china-spying-report-idUSKBN1FS19W>.

⁶⁴Elias Biryabarema, "Chinese-built expressway divides Uganda as debts mount," *Reuters*, January 31, 2018, <https://www.reuters.com/article/us->

Related to this is the issue of corruption. China is 77th of 180 countries ranked in Transparency International's most recent Corruption Perceptions Index, while sub-Saharan Africa is the worst performing region.⁶⁵ Unsurprisingly, 60 to 87 percent of recently surveyed Chinese firms in 5 African countries reported giving bribes to secure a license.⁶⁶ Just recently, the U.S. Justice Department charged an emissary of the private Chinese multinational, CEFC China Energy Company, with bribing Chadian and Ugandan officials in exchange for oil rights.⁶⁷

Similarly, Beijing's training program for African politicians should worry any African who wishes for accountable governance. The Chinese Communist Party's (CCP's) recent decision to scrap presidential term limits is an illustration of the kind of model China is exemplifying for its African partners. Ethiopia's ruling party has learned about the Chinese government's techniques for controlling public opinion, including the media.⁶⁸ Part of the curriculum for South

uganda-road/chinese-built-expressway-divides-uganda-as-debts-mount-idUSKBN1FK0V1.

⁶⁵"Corruption Perceptions Index 2017," Transparency International, February 21, 2018, https://www.transparency.org/news/feature/corruption_perceptions_index_2017#table.

⁶⁶Sun, et al., "Dance of the Lions and Dragons."

⁶⁷Alexandra Stevenson, "U.S. Bribery Case Sheds Light on Mysterious Chinese Company," *Financial Times*, November 21, 2017, <https://www.nytimes.com/2017/11/21/business/china-energy-cefc.html>.

⁶⁸Yun Sun, "Political party training: China's ideological push in Africa?," Brookings, July 5, 2016, <https://www.brookings.edu/blog/africa-in-focus/2016/07/05/political-party-training-chinas-ideological-push-in-africa/>

⁶⁹Ibid and Stephanie Findlay, "South Africa's Ruling ANC Looks to Learn from Chinese Communist Party," *Time*, November 24, 2014, <http://time.com/3601968/anc-south-africa-china-communist-party/> and Jeff Angote, "Jubilee looks to the Communist Party for lessons," *Daily Nation*, September 18, 2016,

Africa's African National Congress and Kenya's Jubilee members concerned how to effectively organize and run a political party the way the CCP runs its affairs. In the case of Kenya, the program will include about 300 CCP officials traveling to Kenya to enhance the training.⁶⁹

There are also environmental risks associated with China's burgeoning presence in Africa. Chinese nationals—and, allegedly, even Chinese diplomats⁷⁰—are frequently important players in the poaching rings devastating Africa's wildlife.⁷¹ An estimated 48 percent of exports of Mozambican timber to China is illegal.⁷² China's massive, and heavily subsidized, fleet of fishing trawlers gets most of its distant-sea catch from West African waters. As many as two-thirds of those Chinese boats fish illegally, rapidly depleting fishing stocks and costing West Africa an estimated \$2 billion a year.⁷³

<http://www.nation.co.ke/news/politics/Jubilee-looks-to-the-Communist-Party-for-lessons/1064-3385490-yy2x8x/index.html>.

⁷⁰Benjamin Haas, "Under pressure: the story behind China's ivory ban," *The Guardian*, August 29, 2017, <https://www.theguardian.com/environment/2017/aug/29/story-behind-china-ivory-ban>.

⁷¹Larmer, "Is China the World's New Colonial Power?" and "Vanishing Point: Criminality, Corruption and the Devastation of Tanzania's Elephants," Environmental Investigation Agency, November 2014, <https://eia-international.org/wp-content/uploads/EIA-Vanishing-Point-lo-res1.pdf>.

⁷²"First Class Connections: Log Smuggling, Illegal Logging, and Corruption in Mozambique," Environmental Investigation Agency, February 2013, <https://eia-international.org/wp-content/uploads/EIA-First-Class-Connections.pdf>.

⁷³Andrew Jacobs, "China's Appetite Pushes Fisheries to the Brink," *New York Times*, April 30, 2017, <https://www.nytimes.com/2017/04/30/world/asia/chinas-appetite-pushes-fisheries-to-the-brink.html>.

The Stakes

There are positive elements to China's African engagements. Beijing is helping close Africa's huge infrastructure gap that is a serious drag on economic growth. China is supporting secure maritime shipping, a global good, through its participation in anti-piracy patrols. Chinese firms supply African consumers with affordable products. Despite the predatory nature of some Chinese loans, responsible African countries could benefit from Chinese lending as well.

Africa also has enough economic opportunities to go around. The Chinese dominate construction and claim a growing share of the continent's nascent manufacturing sector, but the U.S. has a competitive advantage in increasingly important sectors such as financial services and agribusiness.⁷⁴

Yet China's rise in Africa presents a number of challenges to the U.S. In many African countries, the norms and regulatory environments around governance and economic activity are still forming. Countries like China that are not committed to equitable and transparent economic competition are influencing those norms, disadvantaging U.S. and other countries' firms. African countries will also not reap as much advantage as they would in a fair economic system.

Furthermore, the U.S. for decades has encouraged the global growth of democracy, both because it is the political system best

able to promote human flourishing, and because democratic countries are likelier to support U.S. foreign policy goals. The authoritarian governance model the Chinese exemplify for African leaders is antagonistic to that objective.

Finally, there is danger that China will use its influence on the continent to supplant American influence, as it is seeking to do in the Indo-Pacific region.⁷⁵ As just one example of the potential risks for the U.S., Beijing holds Djiboutian debt worth about 60 percent of the country's gross domestic product,⁷⁶ giving it significant leverage over a country critical to U.S. military operations in Africa.

The stakes in this contest are immense. By 2030, one estimate projects 19 African economies will be growing by 5 percent or more per year, and that the continent will constitute a \$3 trillion economy.⁷⁷ The African Development Bank predicts that household expenditures in Africa will grow to \$3.5 trillion in the following eight years.

Africa is also home to extraordinary natural resource wealth. The continent has 60 percent of the world's uncultivated arable land, approximately 7.5 percent of the world's known oil and gas reserves, and an estimated 30 percent of the world's mineral reserves. Those reserves include 12 of the 23 minerals the U.S. deems critical to its economy and national defense, and for

⁷⁴Aubrey Hruby, "Escaping China's Shadow: Finding America's Competitive Edge in Africa," Atlantic Council's Africa Center *Issue Brief*, September 2017, <http://www.atlanticcouncil.org/publications/issue-briefs/escaping-china-shadow>.

⁷⁵Admiral Harry B. Harris Jr., "U.S. Pacific Command Posture," testimony before the House Armed Services Committee, U.S. House of Representatives,

February 14, 2018, <https://armedservices.house.gov/legislation/hearings/military-and-security-challenges-and-posture-indo-pacific-region>.

⁷⁶Jacobs and Perlez, "U.S. Wary of its New Neighbor in Djibouti: A Chinese Naval Base."

⁷⁷Lalor, et al., "Connectivity redefined."

which the U.S. is more than 50 percent import reliant.⁷⁸

The continent is also strategically positioned. It touches three of the world's eight maritime chokepoints,⁷⁹ abuts Europe and Asia, and has thousands of miles of Atlantic and Indian Ocean coastline. Recognizing the continent's strategic importance, a host of countries are ramping up their activities in Africa.⁸⁰

African countries as well remain an important force in international diplomacy, as Mao recognized back in the 1950s. In 1956, Egypt was the first African country to recognize Mao's regime, followed by 14 others in the next 9 years.⁸¹ In 1971, 26 African countries helped Beijing win the

U.N. seat held by Taiwan at the time.⁸² Since 2005, China has persuaded 5 of the 7 African countries that maintained diplomatic relations with Taiwan to break them.⁸³ African countries also comprise the largest geographically based voting bloc in many international fora, and frequently vote together.

China appears to be gaining in the battle to influence African norms. According to the latest polling, the U.S. as a model of national developments holds a slight lead over China, but the latter is even in Southern and North Africa, and leads in Central Africa.⁸⁴ Sixty-three percent of polled Africans had a mostly positive view of China's influence,⁸⁵

⁷⁸The U.S. is currently significantly dependent on China for importation of at least 9 of those 23 critical mineral commodities. China now dominates the global supply chain for cobalt—necessary for making lithium-ion batteries which will likely be critical to powering self-driving cars, a potentially massive industry in the near future—50 percent of which is produced in the Democratic Republic of Congo. Scott Patterson and Russell Gold, "There's a Global Race to Control Batteries—and China Is Winning," *Wall Street Journal*, February 11, 2018, <https://www.wsj.com/articles/theres-a-global-race-to-control-batteriesand-china-is-winning-1518374815?mod=e2tw>. The 12 critical mineral commodities found in Africa are Antimony, Barite, Cobalt, Graphite, Lithium, Manganese, Niobium, Platinum, Rare Earths, Tantalum, Tin, and Titanium Mineral Concentrate. "Critical mineral resources of the United States—Economic and environmental geology and prospects for future supply," Klaus J. Schulz, et al., eds., U.S. Geological Survey *Professional Paper* 1802, <https://minerals.usgs.gov/minerals/pubs/mcs/2017/mcs2017.pdf> and "Mineral Commodity Summaries 2017," U.S. Department of the Interior and U.S. Geological Survey, 2017, <https://pubs.er.usgs.gov/publication/pp1802A>.
⁷⁹Rob Bailey and Laura Wellesley, "Chokepoints and Vulnerabilities in Global Food Trade," Chatham House, June 2017, [chokepoints-vulnerabilities-global-food-trade-bailey-wellesley-final.pdf.](https://www.chathamhouse.org/sites/files/chathamhouse/publications/research/2017-06-27-</p>
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⁸⁰Joshua Meservey, "The Saudi-Qatari Dispute: Why the U.S. Must Prevent Spillover into East Africa," The Heritage Foundation *Backgrounder* No. 3268, <https://www.heritage.org/global-politics/report/the-saudi-qatari-dispute-why-the-us-must-prevent-spillover-east-africa>.

⁸¹U.S. Central Intelligence Agency, "China's Role in Africa: Special Report Weekly Review."

⁸²Sun, et al., "Dance of the Lions and Dragons."

⁸³Burkina Faso and Swaziland maintain relations with Taiwan, despite lavish Chinese offers of aid. Pauline Bax, Simon Gongo, and Lungile Dlamini, "Chinese Billions Fail to Sway Taiwan's Last Two Allies in Africa," Bloomberg, January 24, 2017, <https://www.bloomberg.com/news/articles/2017-01-24/chinese-billions-fail-to-sway-taiwan-s-last-two-allies-in-africa> and Raymond W. Copson, Kerry Dumbaugh, and Michelle Lau, "China and Sub-Saharan Africa," Congressional Research Service, August 29, 2005, https://www.everycrsreport.com/files/20050829_RL33055_8a2febe8cfa3f6075443ada838ab5667422215d2.pdf.

⁸⁴"China's growing presence in Africa wins largely positive popular reviews," Afrobarometer *Dispatch* No. 122, October 24, 2016, http://afrobarometer.org/sites/default/files/publications/Dispatches/ab_r6_dispatchno122_perception_s_of_china_in_africa1.pdf.

⁸⁵*Ibid.*

and China's global popularity is greatest in Africa.⁸⁶

China Plans a Future in Africa, but There Are Challenges

The U.S. will have to grapple with the reality of China as a major force in Africa for the foreseeable future. More than 40 percent of Chinese firms surveyed in Africa reported making long-term investments in the continent, and nearly three quarters were bullish on future opportunities.⁸⁷

Furthermore, while Chinese firms do benefit from Beijing's practice of privileging them on Chinese-financed projects, they also win so much African business because they have developing world experience from building large infrastructure projects in their own country. The Chinese also offer "one stop shop" package deals on infrastructure that often include financing, construction, and maintenance. Chinese firms also are known for making quick decisions, and then rapidly delivering. Finally, they frequently come in at a significantly lower price than competitors.⁸⁸ These practices will keep them competitive in Africa.

Yet it is unclear how sustainable China's habit of giving easy loans to unsuitable countries is. Africa's debt problem is so severe—more than half of sub-Saharan African countries have debt levels greater than 50 percent of GDP, up from 11 in 2013⁸⁹—that it is virtually certain that some of China's African debtors are going to default or have to renegotiate the repayment terms. Beijing may have to

reassess whether the influence, or even the strategic assets or commodities, it gains from such arrangements are worth the expense.

One of China's advantages in Africa is that its firms have a higher risk tolerance than most. Yet that also means that Beijing will have to increasingly grapple with how to respond when upheaval strikes some of these unstable countries in which Beijing has significant interests. The Chinese navy had to evacuate thousands of Chinese nationals from Libya in 2011, after that country descended into civil war. The current tumult gripping Ethiopia, a key Chinese partner,⁹⁰ the recent succession struggle in Zimbabwe, and the ongoing civil war in South Sudan are other examples of tests for the Chinese. This is a strain on Beijing's decision makers, and any decisive action they take risks undermining its important non-interventionist narrative on the continent.

Furthermore, the Chinese economy has a number of long-term challenges, including capital flight, unsustainable debt levels, and all the inefficiencies associated with planned economies.⁹¹ If the Chinese economy slows, Beijing may come under domestic pressure to curtail some of its lavish overseas spending to concentrate on problems at home.

⁸⁶Pilling, "Chinese investment in Africa: Beijing's testing ground."

⁸⁷Sun, et al., "Dance of the Lions and Dragons."

⁸⁸Ibid.

⁸⁹Brahima S. Coulibaly and Christian Golubski, eds., "Foresight Africa: Top Priorities for the Continent in 2018," Brookings, <https://www.brookings.edu/wp->

[content/uploads/2018/01/foresight-2018_full_web_final2.pdf](https://www.brookings.edu/wp-content/uploads/2018/01/foresight-2018_full_web_final2.pdf).

⁹⁰Ethiopia receives the second most Chinese loans to Africa, and more than two-thirds of surveyed Chinese firms in the country have made long-term investments there. Ibid.

⁹¹Wilson, "Is the Chinese Model Past Its Expiration Date?"

Finally, some African countries may be starting to experience the downsides of engaging with China. Kenya is struggling to convince importers to use its recently constructed, \$4.2 billion standard gauge railway, 90 percent of which was financed by China's Eximbank.⁹² Chinese loans have also been hotly debated in countries such as Ghana and the Democratic Republic of Congo, with opposition parties in particular urging renegotiation.

The Way Ahead

The U.S. response to China's rising influence in Africa should not be to demonize Beijing, but rather to coordinate its various elements of influence to promote the U.S. model as a positive alternative. The U.S. has a number of advantages on which to build in Africa: it is generally well liked and admired, has decades-long military, economic, and diplomatic ties with many African countries, and gave the continent nearly \$10 billion in overseas development assistance in 2016 alone.

The U.S. should:

- Increase its engagement with Africa, and reorient the focus of some existing initiatives. Such measures should include focusing the U.S.'s overseas development assistance on enhancing countries' free market systems and encouraging accountable and competent governance; enhance the efficiency of U.S. aid by eliminating "buy American"

provisions and subsidies to U.S. shipping companies that deliver aid; boosting trade beyond the African Growth and Opportunity Act; and making the U.S.-Africa Leaders Summit a regular event.⁹³

- Confidently advocate for American values with the African public and its leaders. Most people yearn for representative government, rule of law, and individual freedom, and the U.S. should take every opportunity to communicate how its system promotes those values. U.S. officials should also quietly remind America's African friends that Chinese engagement has a number of significant costs that do not come with a U.S. partnership.
- Prioritize the fight against African corruption, not least because it is a significant Chinese competitive advantage. Ideas for doing so include helping countries strengthen their civil societies, promoting economic freedom, leveraging technology and the power of crowds, and elevating the fight against graft as part of U.S. development assistance.⁹⁴
- Encourage countries borrowing from the Chinese to make the process as transparent as possible.
- Swiftly fill the vacant Africa-related positions in the U.S. government, particularly the Assistant Secretary of State for African Affairs position and ambassadorial posts in key countries such as South Africa.

⁹²Macharia Kamau, "State Offers More Incentives to Woo Cargo Owners to Use SGR," *Standard Digital*, March 3, 2018, <https://www.standardmedia.co.ke/business/article/2001271779/state-offers-more-incentives-to-woo-importers-to-use-sgr> and Pilling and Feng, "Kenya's \$4bn Railway Gains Traction from Chinese Policy Ambitions."

⁹³Joshua Meservey, "Africa," *The Heritage Foundation's Solutions 2018*, 2018,

<https://solutions.heritage.org/restoring-american-leadership/africa/>.

⁹⁴Joshua Meservey, "The Impact of Corruption on Economic Development in sub-Saharan Africa" in *2017 Global Agenda for Economic Freedom*, James M. Roberts and William T. Wilson, eds., *The Heritage Foundation Special Report No. 188*, <https://www.heritage.org/international-economies/report/2017-global-agenda-economic-freedom>.

- Deepen cooperation with like-minded allies operating on the continent. A number of American allies, such as Israel, Germany, the U.K., and Japan, are active on the continent, and their interests frequently align with those of the U.S.
- Cooperate with China where possible. There are areas where the U.S. can cooperate with Beijing, such as in counterterrorism. As many as 5,000

Uighurs from China have traveled to Syria to fight.⁹⁵ As China’s international footprint expands, its people and infrastructure will grow increasingly vulnerable to attacks, and the U.S. has a national interest in fighting terrorism wherever it appears.

Thank you again for this opportunity to testify, and I look forward to any questions you may have.

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⁹⁵Gerry Shih, “AP Exclusive: Uighurs fighting in Syria take aim at China,” *Associated Press*, December 23, 2017, <https://apnews.com/79d6a427b26f4eeab226571956dd256e/AP-Exclusive:-Anger-with-China-drives-Uighurs-to-Syria-fight>. This number is disputed. For

a lower estimate, see Bassem Mroue and Gerry Shih, “Chinese jihadis’ rise in Syria raises concerns at home,” *Associated Press*, April 22, 2017, <https://www.apnews.com/591f9b238c84477b87cfac68bfe169fc>.