



## Why America *Isn't* First In Line: Senate Hearing: "China's Role In Africa: Implications"

We attended yesterday's **U.S. Senate Committee On Foreign Relations (Subcommittee On African Affairs)** Hearing, "*China's Role In Africa: Implications*" with the expectation that it was a targeted episode of 'China-Bashing.' The reasons for this we gave in **APB October 10, 2011, "...Notes From The Corporate Council On Africa Conference"** writing: "The news made that evening was further context regarding the announcement of an upcoming Subcommittee hearing on China's influence in Africa. Judging by the tone and timing of this hearing, it appears the forum is destined for anti-China rhetoric. When in private discussion with members of the **United States'** only credible state-led economic endeavor in Africa – the **Millenium Challenge Corporation** – we learned that *they too* have not been invited to testify." Sure enough no MCC representatives testified, for surely their emphasis – investing in African infrastructure – would have gotten in the way of the limited single variable or at best dual approach of U.S. foreign policy toward Africa, led by tired and ineffective efforts of the **State and Defense Department**, which force trade and commerce (the hub of China's African policy) to take a backseat to disingenuous diplomacy and imposed military intervention. Despite the intent to frame Chinese presence in Africa in a Cold War worldview, the hearing actually ended up becoming a celebration of Chinese rationality thanks to the persuasive power of the honest, balanced, empirically and anecdotally sound testimony of **The Honorable David Shinn, Adjunct Professor George Washington University** (and a former **Ambassador to Ethiopia**) and our favorite American-based China-Africa expert, **Dr. Deborah Brautigam Senior Research Fellow, International Food Policy Research Institute** (<http://www.american.edu/sis/faculty/dbrauti.cfm>). The testimony of **Stephen Hayes, President of the Corporate Council on Africa** also seemed to counter the 1950s and 60s-era mentality of Committee Members with a consistent attention to how U.S. policies in Africa undermine business activity. A sharp point of his made in testimony ([http://www.africacncl.org/%28udg0dd45gi5de045lzhuaaii%29/reader.aspx?viewmode=pressrelease&content\\_id=bcbd9b94-8788-4dfe-b46c-be65f11a7d2c](http://www.africacncl.org/%28udg0dd45gi5de045lzhuaaii%29/reader.aspx?viewmode=pressrelease&content_id=bcbd9b94-8788-4dfe-b46c-be65f11a7d2c)) "*If Chinese companies do not correct these practices, it presents an opportunity for American companies to win contracts and train Africans during project implementation, which is in Africa's long-term benefit. One American company, Symbion Power, has done exactly that in winning an MCC-funded contract for power transmission in Tanzania,*" further made us wonder why no one from Symbion Power, if not MCC itself, had been invited to testify.

The contextual background needed to appreciate the hearing and why it suffered from imbalance can be found in two areas.

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First, the **National Security Council** archive (see **APB April 14, 2011 US Senate Foreign Relations Committee Hearing On The FY 2012 Budget For Africa**) which makes clear the U.S. focus on Africa has primarily been military and geopolitical in nature. There we wrote:

In America, the place of Africa in the strategic interest paradigm has never evolved beyond the **August 26, 1958 Statement of U.S. policy toward Africa** adopted by the **National Security Council**, which in a section entitled 'The Nature of Interests' reads:

**"The strategic value of Africa South of the Sahara stems principally from the area's geographic location athwart alternate air and sea routes to the Far East, and from its strategic materials. In the event of war or loss of Western access to sea and air routes through the Middle East, control of sea and air communication through Africa South of the Sahara would be extremely important. Recent events increasingly jeopardize our sea and air lanes through the Middle East, thereby increasing the strategic significance of Africa South of the Sahara. From bases in certain areas of Africa South of the Sahara, the Communists could pose a serious threat to communications in the Atlantic, the Indian Ocean, and the Red Sea, as well as to our important North African strategic facilities, the Mediterranean littoral, and the flank of NATO. Therefore, under these circumstances, our primary strategic interest is to deny Africa South of the Sahara to Communist control."**

If one simply replaces the word 'Communists' with 'China' it becomes clear that some of the intention of yesterday's hearing in 2011 was present 60 years ago and might have resulted in a hearing called something like, "The *Soviet Union's* Role In Africa: Implications."

Secondly one must weigh the perspective of four of the most influential Subcommittee members: Democratic Senators **Christopher Coons** and **Richard J. Durbin** and Republicans **Richard G. Lugar** and **Johnny Isakson**. In the pragmatic camp we place Senators Coons and Isakson – with the former more business-oriented and the latter more focused on governance issues in Africa. In the alarmist camp we place Senators Durbin and Lugar with the former embodying a humanitarian focus and the latter insistent on portraying Africa as the hotbed of militancy and bio-terrorism (Senator Lugar is currently 'winning' on balance see **APB October 18, 2011 "U.S. Foreign Policy: The Greatest Threat To East African Economic Growth."**)

All four Senators believe in a top-down approach to development in Africa and in a sense cancel each other out, leaving America where it was last century on Africa – seeing the continent's vast potential but unable to move the needle out of the bleeding heart dovish and war-mongering hawkish extremes. The net result is a narrow, paternalistic mentality incapable of absorbing the lessons of Chinese success and possibly worse, unwilling to accept that *Africans understand what Africans need better than anyone else*. The premise that somehow African people and leaders were irrational, duplicitous and more prone to corruption and therefore in need of American guidance (which is almost always assumed to be free of these diseases) was thinly veiled in Member statements and questions to the Witnesses.

In not having a single African from the continent – whether African immigrant or Black- American with ties to Africa and/or China - featured as a witness in a hearing *about Africa* (this omission is a

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common occurrence in Washington D.C.'s African-centered policy discussions), a blind spot, even arrogance in American leadership, was on full display. That spirit prevents the United States from exploiting a strategic advantage that it has relative to China – the presence of tens of millions of Sons and Daughters of Africa, within its borders, capable of improving its relations with Africa. In clear terms, **Minister Louis Farrakhan**, wrote of this dynamic and untapped resource in his 1993 book, *A Torchlight For America*:'

**“America, and the nations of the earth, are in competition for developing the resources of Africa – the next significant economic growth opportunity in the global economy. Blacks in America could help to foster the relationship that could cause America to be first in line in trade relations with Africa and the development of her mineral resources – which is the prize sought by every nation that would hope to be a world leader in the 21<sup>st</sup> century.**

**However, America’s foreign policy and relations with other nations is largely a reflection and the result of her treatment of the different ethnic and racial groups within her borders. If America would improve her treatment of black people, she could leverage that improved treatment to foster favorable relations with Africa. Also, if America would develop an enlightened foreign policy toward Africa, this would lead to stronger trade and economic opportunities.”**

The lack of ‘out of the box’ thinking relative to improving U.S.-Africa relations eliminates that option pointed out by the Minister, “*Blacks in America could help to foster the relationship that could cause America to be first in line in trade relations with Africa and the development of her mineral resources.*” The handicapped thinking of the Senators on the point in U.S. foreign policy would be further exposed by the assembled panel in a variety of other areas.

The Senators made clear the contradictions and inferiority of U.S. foreign policy when after asserting that ‘*the long-term U.S. strategy to create open societies in Africa is being challenged by China,*’ and the ‘*U.S. has been investing in the people of Africa while China has been investing in the infrastructure of Africa,*’ they subsequently made this curious admission, that America ‘**maybe winning against disease but losing hearts and minds.**’ How is this possible for one that has been ‘investing in people?’ It hardly needs to be stated that ‘open societies’ is hardly the American goal (a point alluded to by David Shinn in testimony when he pointed out that the U.S. ‘has backed autocratic countries’ in Africa). Also, we should add, not a single mention was made by US Senators during the Hearing of the real and direct investment that China *has* made in African human capital - \$1 billion in financing entrepreneurs and **Small and Medium-sized enterprises SMEs** which it plans to increase ([http://www.chinadaily.com.cn/xinhua/2011-10-27/content\\_4190235.html](http://www.chinadaily.com.cn/xinhua/2011-10-27/content_4190235.html)) – unmatched by anything America has done or intends to do.

Senator Isakson continued down this path when after giving credit for the eradication of malaria in **Zanzibar** because of the efforts of the **Rotary Club**, which donated mosquito nets and after praising **Coca-Cola**’s placement of water treatment facilities in Africa (only charging Africans 7 cents a day to use them, he added, in order to teach them an economic lesson - that nothing is free

and supposedly to give them a sense of ownership) - he said America 'cannot allow China to buy away the friendship' of America.

Senator Durbin reached the apex of this mentality when passionately, but with perplexed tone, he rattled off statistics showing that America's contribution to the **Global Fund To Fight AIDS, Tuberculosis and Malaria** (<http://www.theglobalfund.org/en/>) dwarfed those of China in recent years (\$5.5 billion to \$16 million) and claimed that despite the United States being responsible for keeping 300,000 **Zambians** alive with the retroviral medication it provided, the Chinese were *still* receiving more credit (from Zambia) for building infrastructure. In response to the argument Deborah Brautigam, with typical gentle wit responded that America was keeping Africans alive but not giving them jobs.

Earlier Ms. Brautigam captivated the panel and audience with her depiction of Africa's relationship with China as an analogous continuation of the relationship that once existed between an oil-rich China and a more developed **Japan** – making clear that the relationship was not driven by aid but mutual interests that were married in market activity. Her explanation of resource-backed loans that China provides Africa as based upon **LIBOR** (the London Inter-Bank Offered Rate, the benchmark interest rate for international finance - something she explains lucidly in relation to Angola on her blog: <http://www.chinaafricarealstory.com/2011/10/china-and-oil-backed-loans-in-angola.html>) seemed especially powerful in changing the Hearing's atmosphere. To the charge that China operates without transparency she skillfully countered that the same is true of American companies present there. Ms. Brautigam seemed to handcuff narrow-minded thinking when explaining that China itself is still a developing country with more in common with developing countries than with the U.S. and that the same criticisms of China could be made of **India** and **Brazil** (the implication was clear – India and Brazil are praised as rising stars and considered allies while being no different than China in a great many economic practices). Her suggestion that one of the problems in U.S. – China relations is that it suffers from China's lack of multi-lateral engagement – highlighting the fact that China is *not* a Member of the Paris-based **Organization for Economic Cooperation and Development (OECD)** - an important medium where globalization issues are tackled, was interesting, if not convincing. Interestingly, a point not mentioned by Dr. Brautigam is that the organization also lacks *African* membership. But with Africa as home to 6 of the 10 fastest growing economies in the world can an argument that **Israel, Estonia, Chile, and Slovenia** who became OECD members in 2010 ([http://www.oecd.org/document/58/0,3746,en\\_2649\\_201185\\_1889402\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/58/0,3746,en_2649_201185_1889402_1_1_1_1,00.html)) matter more than **Nigeria, South Africa, Ethiopia** and **Ghana**, for instance be made?

[Offering a different take, Stephen Hayes of the CCA in written testimony suggests China benefits from *not* being in the OECD, "*Clearly, the Chinese have no interest in following OECD rules. They are not members of OECD and therefore are not constrained by the rules in their negotiations with the governments and businesses of Africa. They are, in many ways, at a distinct competitive advantage over its Western counterparts, as are other countries not bound by OECD rules and regulations*" ].

In additional testimony Dr. Brautigam pushed back on the notion that China is a disruptive force on the continent – pointing to recent elections in **Guinea, Sudan and Zambia** where Chinese actually were supportive of peaceful transitions as evidence to the contrary. In perhaps the assertion hardest to argue with but most diametrically opposed to the common China-Africa narrative was her argument that despite numerous claims that China is engaged in ‘land-grabbing’ in Africa there is no evidence of it making very large purchases of land for the purpose of growing food to be sent back to China. This she said was more the pattern of investors from the **Gulf States**. She also said that China did not engage in speculative land investments on the continent, as the U.S. and European nations are doing.

Professor Shinn continued the rational line of thought in China-Africa relations, testifying that the Chinese have invested heavily into infrastructure in Africa because that is what *Africans* are requesting. With historical perspective he said that this came at a time when the West had opted out of infrastructure investments on the continent. He made a pointed statement that no one seemed to disagree with, *if Africans don't have improved infrastructure they are never going to develop their economies*. In terms of head-to-head commercial competition he offered important context in written testimony:

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

Mr. Shinn also offered the most useful insight, which impressed the more pragmatic and governance-oriented Senator Isakson when he skillfully depicted a divided Sudan as an *opportunity* for a progressive China-U.S. collaboration. He explained that because most of the former Sudan’s oil – 75% - is in the South while virtually all of the pipeline and refining infrastructure is in the North, it was in the interest of both China and America to help the now separate two nations, Sudan and **South Sudan**, cooperate. Saying that both **Juba** and **Khartoum** were ‘joined at the hip,’ he made clear that China and the U.S. would benefit from mutual adherence by both African countries to the **Comprehensive Peace Agreement (CPA)**. Sen. Isakson seized upon the common sense intervention from Shinn and said that both he and his partner in pragmatism, Senator Coons, would follow-up with the State Department to make sure that State and related U.S. Embassies in Africa are engaging the Chinese constructively.

To be clear, neither Mr. Shinn or Ms. Brautigam denied or excused Chinese abuses; making clear that their record on worker safety and labor practices could be improved, as well as attention to environmental matters; and Mr. Shinn was willing to elaborate on his belief that the Chinese have

facilitated cell-phone jamming and Internet inhibiting technology in **Zimbabwe** and **Ethiopia**. The objective of both scholars, however was clear, and we think successfully obtained – to show China in a *relative* and relevant historical and global context more than through the typical lens of American moral equivalence. On the matter of labor abuses, while not denied, the argument that Chinese labor standards in Africa were the same as they are in China (and often better than those accepted by Africans) was disarming. On the matter of environmental degradation – an anecdote – that Chinese companies were now retaining Western companies to do studies on environmental impact was offered. Often appearing as a defense of China in Africa, what Shinn and Brautigam actually provided was more informed *perspective*.

Mr. Stephen Hayes – a bit overshadowed by Shinn and Brautigam – may have framed the most pressing short-term challenge to the Committee, repeating his criticism that the **Export-Import Bank of the United States** (<http://www.exim.gov/>) is too slow in financing African-related deals involving American companies. But his most stinging comments were directed at a fundamental flaw he sees in the Executive Branch of government –negligence - with irritation stating, “*For God’s sake send a Secretary of Commerce to Africa once every 10 years!*” Prior to that comment made at the end of the Hearing he more calmly made the point from another direction, seemingly alluding to the potential value of a U.S. President using the power of their bully pulpit to show the American people that Africa matters, saying ‘we need national leadership’ to explain why Africa matters to the United States, concluding, “I don’t think that has ever been explained.”

Seated next to a representative of the **South African** government, throughout, I asked her what she thought of the hearing at its conclusion. She said, after taking a pause, ‘*Hmmm, nothing much new that people haven’t heard before.*’ Her simple comment was profound in what it reveals – that which is standard fare in the rest of the world has still yet to be absorbed *or even introduced* in America. And with that gap, it seems, grows, American insecurity over China’s transparent and rational success on the most important continent on Planet Earth, this century.

As long as that gap remains, and with no national leadership capable of articulating an American-African relationship outside of the confines of the Cold War mentality it appears that the implication of China’s role in Africa – to re-work the theme of the hearing a bit – will continue to be seen as a *threat* to national security, rather than an *impetus* to simply do better.

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