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# **BLOWBACK**

## How China Torpedoes Its Investments

ENOUGH Strategy Paper<sup>1</sup>

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China has often been heralded as a country that thinks in broad strategic terms stretching over decades instead of years. However, China's approach to doing business with despots is remarkably ad hoc, commodity-driven, and short-sighted. While many Western nations have deservedly withdrawn investments from Sudan, Zimbabwe, and Burma and worked to isolate these governments for their appalling human rights records, Chinese support is helping Sudanese President Omar el Bashir, Zimbabwean President Robert Mugabe, and Burmese Senior General Than Shwe maintain power. What China has failed to calculate is that while it continues to garner short-term benefits from engaging such unsavory actors, the long-term cost of this approach will be highly deleterious. It is a sad irony that while China was once seen as an avid supporter for liberation movements in the 1960s and 1970s, it is increasingly viewed as the lead defense lawyer for some of the worst governments around the world.

China's demand for natural resources to fuel its growing economy has driven Beijing into relationships with regimes that are inherently unstable, and these investments are not secure. As the governments in Sudan, Zimbabwe, and Burma are replaced by less authoritarian regimes, the new governments will surely remember that Beijing provided full backing for the former oppressors-in-chief. In Sudan, a return to full-scale civil war would directly threaten Chinese oil interests. In Zimbabwe, Robert Mugabe cannot cling to power indefinitely. A post-Mugabe regime will review and likely revoke agreements that Mugabe signed and repossess state assets that he sold to the Chinese. Similarly, China continues to offer robust support to its neighbor Burma, where the military junta has mismanaged the economy into what one expert calls "a wasteland of missed opportunity, exploitation, and direst poverty."<sup>2</sup> It is hard to imagine that the determined monks and student

leaders working to bring change to Burma will have fond memories of Chinese influence if they make it into power.

As China liberalizes and integrates further into the global economy and international political system, it needs its trade and diplomatic partners to play by the rules. If Chinese weapons continue to undermine stability, if Chinese investments continue to flout environmental and labor standards, and if Chinese political support for the world's most noxious regimes continues to undermine international efforts to protect civilians from crimes against humanity, Beijing will come under increasing global pressure to change its behavior. China does very well in the short term by striking deals with despots willing to offer commodity concessions to China as a means to bankroll their continued hold on power, but 20 years from now this approach will look very foolish indeed.

With the 2008 Beijing Olympics, human rights activists have skillfully used China's most visible entry onto the world stage as an opportunity to shine a light on the Chinese government's relationships with Sudan, Zimbabwe, Burma, and other criminal regimes. While these efforts have yielded some minor concessions from Beijing, the hope that these Olympics could be used to push China to become a more responsible stakeholder in the international system have been dashed by Beijing's dreadful track record in the months leading up to the games.

Some pundits have pointed to China's less-than-enthusiastic backing for the UN/AU peacekeeping force in Darfur, or UNAMID, as a welcome shift in policy, but Beijing's limited amounts of aid to UNAMID are dwarfed by its military, economic, and diplomatic support for a Sudanese government that continues to treat its citizens in Darfur as military targets. China is Sudan's largest trading partner, a dominant player in its energy sector, and

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2. Dr. Sean Turnell, "Burma's Economic Prospects," Testimony before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, March 29, 2006.

a major supplier of arms and technology. In 2007, Beijing gave Khartoum a \$13 million interest-free loan for the construction of a new Presidential Palace—alone worth more than the \$11 million that China has provided to assist the 2.7 million civilians displaced by the Sudanese military and proxy *janjaweed* militias.<sup>3</sup>

In Zimbabwe, China helped block UN Security Council action after operation “clear out the trash,” Robert Mugabe’s 2005 campaign to destroy some 700,000 homes and businesses in areas of opposition support. While Mugabe thumbed his nose at the international community, the Chinese government donated midnight blue tiles for the roof of Mugabe’s 25-bedroom palace.<sup>4</sup> After the brutal government crackdown on the peaceful demonstrations by Buddhist monks and pro-democracy activists during the ‘Saffron Revolution’ of September 2007, China continued to openly provide arms to the junta, shipping 21 155mm artillery cannons in seven trucks that crossed the border from China in broad daylight on November 6, 2007.<sup>5</sup>

## SUDAN

Control of Sudan’s oil wealth was at the center of the 1983-2005 civil war between Sudan’s ruling National Congress Party, or NCP (formerly the National Islamic Front), and Sudan People’s Liberation Movement, or SPLM. When the escalation of that conflict in the 1990s resulted in the exit of western companies such as Chevron, Chinese state-owned oil companies quickly filled the void. China now has a preponderant influence on Sudan’s energy sector, with \$8 billion invested in 14 projects, including a 40 percent stake in the Sudanese oil consortium,

the Greater Nile Petroleum Operating Company.<sup>6</sup> To protect this investment, China uncritically backs the NCP with new investments, weapons sales, and diplomatic cover. Yet while the possibility of a genuine democracy in Sudan and/or Southern Sudanese independence could complicate Chinese oil interests, a return to war is a far greater threat to Beijing’s considerable investments.

Recent reporting by the BBC has uncovered evidence of Chinese support for the Sudanese military in Darfur that, if accurate, would constitute a violation of the U.N. arms embargo. This includes the supply of Chinese-manufactured trucks that were shipped to Sudan in 2005, as well as the training of Sudanese fighter pilots who fly Chinese A5 Fantan fighter jets in Darfur.<sup>7</sup> China’s Special Envoy Liu Guijin has denied that this constitutes a violation of the arms embargo, claiming “A few shots of Chinese trucks in Darfur cannot be used to accuse China of fueling the conflict in Darfur.”<sup>8</sup> Regardless of whether it knowingly violated the arms embargo, China was the largest reported supplier of military weapons and small arms to Sudan from 2002 to 2005.<sup>9</sup> China has also provided technical assistance to Sudanese weapons factories producing items ranging from light machine guns to tanks. In the Security Council, China has worked assiduously to shelter Khartoum and weakened enforcement mechanisms for targeted sanctions and the arms embargo for Darfur.

## ZIMBABWE

China’s relationship with Robert Mugabe goes back more than 30 years to its support for the liberation struggle against Rhodesia. However, unlike other governments that have distanced themselves from

3 Save Darfur Coalition, “China in Sudan: Having it Both Ways,” October 18, 2007.

4 BBC News, “Zimbabwe report discussed at UN,” July 27, 2005.

5 Saw Yan Naing, “Chinese Military Weapons Seen En Route to Burmese Army Units,” *The Irrawaddy*, December 6, 2007.

6 International Crisis Group, “China’s Thirst for Oil,” *Crisis Group Report No. 153* (June 9, 2008) p. 23.

7 Hilary Andersson, “China is ‘fueling war in Darfur,’” *BBC News*, July 13, 2007. Also see Amnesty International, “Sudan: arms continuing to fuel serious human rights violations in Darfur” (2007).

8 BBC News, “China Rejects BBC Darfur Claims,” July 15, 2008.

9 Small Arms Survey, “Arms, Oil and Darfur,” *Sudan Issue Brief Number 7*, July 2007.

Mugabe since he plunged Zimbabwe into political and economic crisis, China has offered Mugabe unconditional support. Spurning the United Kingdom and its Western allies, Zimbabwe embraced a so-called 'look East' policy during the 2000s. Beijing's investment in Zimbabwe has soared as Mugabe's policies have driven its economy into ruin. In return, Mugabe has granted China access to Zimbabwe's natural resources, including the world's largest reserves of platinum. Chinese companies have contracts worth hundreds of millions of dollars to supply everything from hydroelectric power generators to commuter buses.<sup>10</sup>

China has continued to supply Mugabe's ZANU-PF with arms throughout the current crisis. In 2000, when a campaign of land seizures and political violence was used to intimidate the opposition, Mugabe purchased \$1 million worth of AK-47s from China, paying with elephant ivory.<sup>11</sup> China has also sold Zimbabwe J-7 fighters and radar equipment and six advanced Karakorum 8 fighter jets.<sup>12</sup> In April 2008, when Mugabe again decided to retain power at all costs with rigged elections and political violence, a major arms shipment from China was due to be delivered to Zimbabwe. Initially boycotted by South African longshoremen, it remains unclear whether the arms arrived in Zimbabwe or were recalled to China, as Beijing claimed.<sup>13</sup>

In New York, China has shielded Zimbabwe from sanctions by the Security Council on numerous occasions. Most recently, following the flawed June 27 elections, China joined with Russia to veto targeted sanctions that would have imposed an arms embargo and travel and financial restrictions on Mugabe and 13 of his top henchmen. This ap-

proach further estranged Beijing from the United States, United Kingdom, and France when such major powers desperately need to work in concert to solve the crises in Zimbabwe and Sudan.

## BURMA (MYANMAR)

China's energy deals with the devil are not limited to Africa, and its support for the military junta in neighboring Burma follows a familiar pattern. As with Sudan and Zimbabwe, China filled the economic vacuum in Burma after the United States and others imposed sanctions following the crackdown on a popular uprising against military rule in 1988. Following the country's last free election in 1990, Burma's government imprisoned democratically elected leader Daw Aung San Suu Kyi, and has kept her detained for much of the last 18 years. The junta is also well-known as one of the world's greatest recruiters of child soldiers, identified for this practice in four consecutive reports by the U.N. Secretary-General.<sup>14</sup>

China's support includes at least 17 onshore and offshore oil and gas projects, including a dual oil and gas pipeline that would connect Burma to Yunnan province and allow Chinese oil supplies to avoid the strategically vulnerable Malacca Strait, as well as major hydropower infrastructure and nickel and copper mining enterprises.<sup>15</sup> China has backed up its economic interests in Burma with more than \$3 billion in arms sales, provided via interest-free loans and barter deals.<sup>16</sup> This includes tanks and armored personnel carriers, jet fighters, ground attack aircraft, and gunboats.<sup>17</sup> The junta's treatment of Burma's people ranks with

10 Michael Wines, "Zimbabwe's Future: Made in China," *International Herald Tribune*, July 25, 2005.

11 Jonathan Manthorpe, "China Trades Guns for Market Access in Zimbabwe," *Vancouver Sun*, October 28, 2004.

12 David Shinn, "Africa and China's Global Activism," Paper presented at National Defense University Pacific Symposium, June 20, 2006.

13 Ministry Of Foreign Affairs of the People's Republic of China, "Foreign Ministry Spokesperson Qin Gang's Remarks on the Untrue Report about the 'Anyuejiang' Cargo Ship," available at <http://www.fmprc.gov.cn/eng/xwfw/s2510/t440463.htm>.

14 Human Rights Watch, "Sold to be Soldiers: The Recruitment and Use of Child Soldiers in Burma," October 2007.

15 EarthRights International, "China in Burma," September 2007.

16 Alan Boyd, "China's Brazen Myanmar Move," *Asia Times Online*, August 21, 2003.

17 "China's Ambitions in Myanmar," *IISS Strategic Comments*, July 2000.

Sudan and Zimbabwe as some of the worst in the world, but China shielded the junta at the Security Council, vetoing a resolution calling for a transition to democracy in January 2007, and softening critical language in a presidential statement following the crackdown on peaceful protests during the 'Saffron Revolution'.<sup>18</sup> Beijing acquiesced to Burma's catastrophic decision to proceed with a

rigged constitutional referendum while denying access to international aid following the May 2 Nargis Cyclone that killed an estimated 138,000, including the forced eviction of cyclone survivors from schools to make room for polling stations.<sup>19</sup> Following the cyclone, China has kept Burma off the agenda of the Security Council, claiming there is no need for council action.<sup>20</sup>

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18 Paul Tighe, "Myanmar Must Make Positive Proposals to UN Envoy," Bloomberg, July 25, 2008.

19 "Vote Was Something To Endure for Cyclone Victims," International Herald Tribune, May 27, 2008.

20 Michelle Nichols, "U.N. Security Council split on how to deal with Myanmar," Reuters, July 24, 2008.



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ENOUGH is a project of the Center for American Progress to end genocide and crimes against humanity. With an initial focus on the crises in Sudan, Chad, eastern Congo, Somalia and northern Uganda, ENOUGH's strategy papers and briefings provide sharp field analysis and targeted policy recommendations based on a "3P" crisis response strategy: promoting durable peace, providing civilian protection, and punishing perpetrators of atrocities. ENOUGH works with concerned citizens, advocates, and policy makers to prevent, mitigate, and resolve these crises. To learn more about ENOUGH and what you can do to help, go to [www.enoughproject.org](http://www.enoughproject.org).



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