



## China in Africa

By Peter Lewis

The mutual attraction is obvious: Africa gets no-strings-attached aid and mentoring from a formerly poor agrarian economy that transformed itself into a world power. China gains access to rich natural resources, export markets and votes in the United Nations. Over the past several years, China has charted an ambitious strategy toward Africa, and is now a dynamic presence throughout the region. In dozens of African countries, Chinese investment, trade, development aid and political overtures have attracted growing interest along with widening controversy. In November, Beijing hosted a China-Africa summit that attracted 48 heads of state to the Chinese capital. Two billion dollars in trade deals were signed, and President Hu Jintao promised to double aid to the region in the next three years.

For many observers, China's engagement brings welcome opportunities for advancing Africa's troubled economies, while affording

African countries new alliances and political leverage. Others warn about renewed exploitation and an erosion of human rights and governance, with potentially damaging consequences for fragile states.

Whatever the effects, China is poised to become a major power in Africa, shifting the continent's traditional economic and political relationships while altering the global terrain in energy markets and international organizations.

### Rules of Engagement

Chinese leaders have emphasized respect for national sovereignty and nonintervention in the affairs of other countries as central tenets of their foreign policy. To many Africans, particularly the continent's political elites, these principles offer welcome alternatives to the influence of Western powers and donor institutions. The onerous conditions of International Monetary Fund and World Bank loans, accompa-



nied by pressures for democratization and transparency from the G-7 countries, have long rankled African leaders dependent on such external assistance. By contrast, the Chinese government offers "aid without strings," furnishing new sources of political and economic support while asking little in return beyond recognition of Beijing.

There are many appealing aspects to the relationship. Closer links with China can provide new investment, trading opportunities and heightened development aid. Moreover, Chinese engagement comes as a package in which economic, diplomatic, political and security dimensions are combined. When African governments sign an agree-

#### INSIDE THIS ISSUE:

Legislative Review.....	2-3
Bretton Woods Institutions Coverage .....	4
Business and Development .....	6
Recent Bretton Woods Committee Events .....	7
Leadership Update.....	10

Continued on page 2



**The Bretton Woods Committee** is a nonpartisan group of distinguished citizens dedicated to increasing understanding of the World Bank, IMF, WTO and the regional development banks (the so-called Bretton Woods institutions) and efforts to spur economic growth, alleviate poverty and improve financial stability.

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## LEGISLATIVE REVIEW

On the 21<sup>st</sup> of March, the House Budget Committee agreed to an international affairs budget of \$35.3 billion. This figure, \$1.2 billion less than the President's request, was initially obscured by the Committee's decision to include funding for the Greater War on Terror as part of the budget. While the Senate initially approved a \$2.2 billion cut to the international affairs budget, on the 23<sup>rd</sup> of March this money was restored by the bi-partisan Smith-Dodd amendment.

As requested by the President, the International Financial Institutions were to see a \$260 million increase (21%) in their funding. The request also included a substantial \$143 million increase in debt restructuring (223 %), particularly

to the Democratic Republic of Congo under the Heavily Indebted Poor Country initiative. The request also included an increase of \$1.25 billion (71.2%) for the Millennium Challenge Corporation.

In other legislative news, on March 27, the House Ways & Means Committee released "A New Trade Policy for America" document. This report outlines the Democratic party's plan with respect to trade policy, which includes a number of labor and environmental demands that could prove problematic to the negotiation of new trade agreements.

Specific allocation of the budget will be outlined in the Committee's summer edition of the newsletter

*Continued on page 3*

[China in Africa from cover](#)

ment for investment in the petroleum sector, they also may benefit from debt cancellation, new funding for critical infrastructure, assistance with development projects, military cooperation and diplomatic backing in the United Nations. Where governments feel isolated by global markets, threatened by local challengers or ostracized by the major powers, "looking east" may provide critical support.

In another sense, China embodies an alternative path to the orthodoxy of liberal reform advocated by U.S. and European donors. Many Africans remain skeptical about wholesale market reform, while a number of leaders urge caution in rushing toward disorderly political liberalization.

China exemplifies a poor agrarian economy that has become substantially richer, shaking off foreign domination to fashion a vibrant industrial system. Chinese leaders have also pursued economic reforms under carefully regulated conditions, maintaining considerable state control of the economy while resisting pressures for rapid democratization. China serves as a credible model, and ready sponsor, in the pursuit of alternative strategies of development.

### Mutual Benefits?

The expansion of economic relations between China and Africa has been impressive. Over the past decade, China's trade with Africa has been driven by double-digit growth each year. Just between 2002 and

*Continued on page 12*

## Summary of Appropriations and Requests Treasury International Programs FY2006-FY2008 (\$in millions)

	FY 2006	FY 2007	FY 2007	FY 2008	FY 2008	FY 2008
	Approp.	Total Request	Continuing Resolution Enacted Rate:	Annual Commitment	Arrears Request	Total Request
<b>Multilateral Development Banks (MDBs)</b>						
World Bank Group						
IBRD	0	0	0	0		0
IDA	909.1(1)	950	940.5	950	110	1,060.00
MIGA	1.3	0	0	0	1.1	1.1
IFC	0	0	0	0		0
Global Environment Facility	79.2	80.0(2)	79.2	80	26.8	106.8
Inter-American Development Bank						
IDB	0	0	0	0		0
IDB-FSO	0	0	0	0		0
IIC	1.7	0	0	0	7.3	7.3
MIF	1.7	25	1.7	25	4.2	29.2
Asian Development Bank						
AsDB	0	0.0(2)	0.0(2)	0		0
AsDF	99	115.3	99	115.3	18.7	133.9
African Development Bank						
AfDB	3.6	5	3.6	0	2	2
AfDF	134.3	135.7	134.3	135.7	4.9	140.6
European Bank for Reconstruction and Development	1	0	0	0	0.0(5)	0
North American Development Bank	0	0	0	0		0
International Fund for Agricultural Development	14.9	18	14.9	18	0.1(6)	18.1
<b>Total MDBs</b>	<b>1,245.80</b>	<b>1,329.00</b>	<b>1,273.20</b>	<b>1,324.00</b>	<b>175</b>	<b>1,499.00</b>
<b>Debt Restructuring</b>						
HIPC TOTAL, of which:	44.6	} 182.8(3)	44.6			187.3
Bilateral Debt Reduction						
HIPC Trust Fund						
Tropical Forest Conservation Act (TFCA)	19.8		19.8			20
<b>Total Debt Restructuring</b>	<b>64.4</b>	<b>182.8</b>	<b>64.4</b>			<b>207.3</b>
<b>Other Accounts:</b>						
Technical Assistance	19.8(4)	23.7	19.8			24.8
<b>TOTAL TREASURY INTERNATIONAL ACCOUNTS</b>	<b>1,330.00</b>	<b>1,535.50</b>	<b>1,357.40</b>			<b>1,731.10</b>

Totals may not add due to rounding.

Note: The Continuing Resolution-rate Estimate is a full-year estimate based on the "Continuing Appropriations Resolution 2007," Division B of P.L. 110-5.

(1) In FY2006, \$940.5 million was appropriated, however, the enacted Continuing Resolution (P.L. 110-5) rescinded \$31.35 million of this amount.

(2) FY2007 budget requests for GEF and AsDB as amended.

(3) The amounts allocated to each category of debt restructuring would be determined according to relative program urgency and need.

(4) FY2007 Treasury Technical Assistance received a supplemental of \$13 million for Iraq.

(5) EBRD arrears request is \$10,157.

(6) IFAD arrears request is \$72,000.

## The World Bank

**O**n February 27<sup>th</sup>, Rodrigo de Rato and Paul Wolfowitz formally welcomed a report by an eminent persons committee examining IMF-World Bank collaboration (“Malan Report”). The Committee, chaired by Pedro Malan (former head of the Brazilian Central Bank), was established on March 29, 2006 to examine and to propose areas of collaboration and improvement.

The Malan report underscores the important role played by the World Bank (Bank) and the IMF (Fund) in an increasingly integrated world. As the only international financial institutions with near universal coverage, the report emphasizes the institutions need for innovative and proactive approaches to addressing the challenges from globalization.

The report provides ten broad recommendations and suggests several ways in which they can be implemented, they include: (1) Increasing communication

between the Bank and Fund at the level of management and senior staff; and (2) Facilitating staff interchange between the two institutions.

The report is critical of the Fund’s approach to low-income countries, claiming that the Fund’s financing activities have tended to overlap with the World Bank’s efforts. The report suggests revitalizing the Joint Implementation Committee on low-income countries.

In order to help facilitate cooperation between the Bank and the Fund, the report also suggests that members sharing confidential information with one institution would also agree to share the information with the other.

To monitor progress, the report calls for the management of the institutions to report periodically to their Boards on the progress and imminent or outstanding issues. **BWC**

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## The WTO

**T**he World Trade Organization (WTO) held a Special High-Level Session on Cotton on March 15<sup>th</sup> and 16<sup>th</sup>. The cotton issue has been one of the main stumbling blocks in the Doha negotiations. New Zealand Ambassador Crawford Falconer, the Chair of both the Agriculture Committee and its Cotton Subcommittee, emphasized the importance of the issue: “I can confidently say there will not be a Doha [Round] outcome unless we deliver on cotton.”

While cotton production is expanding, and producers have increased exports, revenues for cotton producers have been declining due to a declining world price for cotton. Over the past few years, this development has turned into a crisis for countries that export significant amounts of cotton. In his remarks, WTO Direc-

tor-General Pascal Lamy explained the reasons for the downward trend in the world price of cotton: trade distortions in the form of market protection and improvements in productivity and technology.

Negotiators agreed that both elements have played an important part in driving down the world price and that both issues needed to be addressed. However, they were unable to reach an agreement on how much of the reduced price was due to trade distortions.

Other topics discussed at the meeting included the collection of data on development assistance related to cotton, the possibility of a compensation mechanism to address the decline in income and the need for “coherence” between the trade, domestic reform, and development assistance tracks. **BWC**

## The IMF

**R**ecent stability in the international economic climate has posed an interesting challenge for the IMF. A decline in the Fund's lending activities has led to a decrease in the interest income it receives and raised new concerns about how to pay for the administrative costs of the agency over the longer term. In the short to medium term, the Fund's reserves, built up over the years, will cover operating costs.

In search of a more reliable source of income, the Fund established a special committee, chaired by Andrew Crockett, President of JP Morgan Chase International, to examine the issue and to make recommendations.

The Crockett report, issued on January 31<sup>st</sup>, notes that the over reliance on a single source of revenue to pay for the broad range of IMF activities has several

Crockett Committee, this would not turn into a major source of additional revenues for the IMF, and as low and lower-middle income countries account for 80% of the Fund's technical assistance, there are many cases where charges would be inappropriate; and

**Provision for Public Goods:** Consider several possible sources or funding for the public goods the IMF provides. Three main options include:

1. Periodic levies on members: This has the danger of making the IMF's annual operating costs a politicized and unreliable part of member's budget processes;
2. Broaden investment options: The IMF is currently more conservative than the World Bank and other multilateral development banks in its investments. Additional funds could be gained through broad-

### The Crockett report notes that the over reliance on a single source of revenue to pay for the broad range of IMF activities has several weaknesses.

weaknesses. One of the most important of these is that, ironically, "the Fund's financial well-being depends on it being unsuccessful in its primary mission, which is to prevent financial crises."

The main goal of the Crockett Committee was to link sources of funding to their uses. In doing this, IMF activities can be divided into three categories: (1) credit intermediation; (2) bilateral services; and (3) provision of public goods. The committee proposed new ways of dealing with each.

**Credit Intermediation:** Charges should not be designed to meet the IMF's income targets. As a public policy institution, the rate should be set to cover the cost of the intermediation, the accumulation of reserves and in line with the long-term average market credit condition;

**Bilateral Services:** Begin charging for services provided. This principle would help control the demand for such services, and would increase transparency with regards to the full costs of such services. As noted by the

ening its investment mandate. This approach has potential conflict of interest issues, as the Fund may have access to privileged information; and

3. Establish an endowment through the sale of a portion of the IMF's gold reserves (An option that appears to be heavily favored by the Crockett Committee): This approach would convert non-income-generating assets into income-generating ones and would not have the disadvantage of periodic levies. As the sale of any gold would require an 85% majority of total voting power, the establishment of an endowment would require substantial support from the IMF's member governments.

While the Crockett Committee continues to explore new sources of funding, Fund member countries will have to decide how to proceed. Experts are betting that gold sales are in the offing, but this will require approval from Congress and that could prove difficult to win. **BWC**

## Convergence of Business and Civil Society

In the February 2007 issue of the *Harvard Business Review*, Jeb Brugmann and C.K. Prahalad describe the three stages of convergence and the progression of the relationship between multinational companies and non-governmental organizations (NGOs) throughout the last three decades. The process outlined in this article provides an interesting insight into this relationship and potential partnership opportunities between the two entities. In addition, the growth of the rapport between companies and NGOs and the possibility for mutual benefit create new opportunities for multinational companies and multilateral institutions.

### Three Stages of Convergence

In the 1980s, the relationship between multinational companies and NGOs was characterized as the “be-

create businesses” stage. Companies and civil society organizations are going beyond learning and modeling after each to actually creating new business models that incorporate each other and each other’s work. Companies and civil society organizations are becoming a vital part of each other’s capabilities in developing countries and emerging markets.

### Opportunities and Norms for the Future

According to Brugmann and Prahalad, this new trend offers three main opportunities:

1. The ability to offer products at a lower price to lower-income families;
2. The ability to offer a hybrid business model between the corporate sector and civil society to people at the bottom of the pyramid; and

## Companies and civil society organizations are becoming a vital part of each other’s capabilities in developing countries and emerging markets.

responsible stage.” During this period both the companies and NGOs began to realize and recognize the need for coexistence. From a business perspective, the public’s expectations of corporate social responsibility – that businesses should be held accountable for their social, economic, and environmental actions – spurred the corporate world into action. From a civil society perspective, business strategies and marketing proved a useful tool. During this stage the two sectors began to realize all that the other had to offer and teach.

The second phase of development, the “get-into-business stage,” defined a period when both groups began to enter and target the markets in developing countries. Prior to this trend, most corporations established their businesses in mostly developed regions of the world. Businesses began to realize that in some instances NGOs had the knowledge and structure to help them succeed in markets that companies they could not otherwise flourish.

The third and current stage is defined as the “co-

3. The ability to extend the civil society’s impact as well as holding the companies socially responsible.

As companies and NGOs work together, they are jointly defining the norms that will govern their future relationship:

- The private and civil society sectors will co-create markets, along with emerging customers and bottom-of-the-pyramid entrepreneurs, through innovative business models.
- Task-oriented relationships, rather than ideology or policy-driven dialogues, will emerge as the mode of collaboration between companies and NGOs.
- NGOs and companies will need to align global positions and standards and be very local in their ability to serve customers and create value.
- Since both external governance processes and the level of developmental benefits will be internal to the new business models, neither companies nor

Continued on page 7

## Doing Business Meeting

# Doing Business 2007: What Gets Measured Gets Done

The highly acclaimed report Doing Business report produced by the IFC ranks 175 countries on the ease of doing business. The latest version released in September 2006 shows how the report has direct relevance for policy reform in developing countries. It reveals the relationship between business regulation and economic and social outcomes, allowing policymakers to see how particular laws and regulations are associated with poverty, corruption, employment, access to credit, the size of the informal economy, and the entry of new firms. The Doing Business initiative has become a very important catalyst for reform and a significant new tool for measuring progress in reform.

During the Bretton Woods Committee's Doing Business meeting on February 9th, Dr. Simeon Djankov, creator of the Doing Business series, presented an in-depth look at the role the report serves in encouraging and providing guidance on the design of reforms. He shared some surprising findings when rating countries with regulations most compatible with doing business. Nordic countries such as Denmark and Norway ranked a high seventh and ninth, respectively. Top reformers included not only developing countries and regions, such as Africa but it

included developed countries such as France.

Approximately 55 reforms around the world can be attributed to the Doing Business initiative. On a social perspective, these reforms were shown to be linked to lower rates of unemployment in these countries - revealing a strong link between a more flexible labor law and a lower unemployment rate.

Simeon Djankov is the creator of the Doing Business series. In his 11 years at the World Bank, he has worked on regional trade agreements in North Africa, enterprise restructuring and privatization in transition economies, corporate governance in East Asia, and regulatory reforms around the world. Simeon was a principal author of the World Development Report 2002. He holds a PhD in economics from the University of Michigan at Ann Arbor and has published

over 60 articles in academic journals, including in *Quarterly Journal of Economics*, *American Economic Review*, *Journal of Finance*, *Journal of Financial Economics*, *Journal of Public Economics*, and *Journal of Comparative Economics*. **BWC**

Audio recordings of the meetings and the presentation slides can be found on the Committee website at [www.brettonwoods.org](http://www.brettonwoods.org).

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### Convergence from page 6

- NGOs can see one another as adversaries.
- Companies and NGOs will gain legitimacy in society by creating bold value propositions that have credible economic, social, and environmental dimensions.
- Companies and NGOs will be under pressure to advocate common policy positions and jointly develop co-regulatory schemes.

Although, multinational companies and NGOs have

been traditionally viewed as entities defined by different goals and agendas, globalization has had a powerful impact on this relationship. The progress and change that Brugmann and Prahalad describe provide an insight as to how the private and public sector – and in our case, companies and multilateral institutions – can utilize their unique business models and approaches in a cooperative effort working toward a win-win scenario. **BWC**

Source: The Harvard Business Review: "Cocreating Business's New Social Compact" by Jeb Brugmann and C.K. Prahalad. February 2007.

### World Bank and Trade Meeting

## Multilateral Roundtable: The World Bank and Trade

**O**n March 1<sup>st</sup>, 2007, The Bretton Woods Committee held its second Multilateral Roundtable meeting, “World Bank and Trade”. The meeting addressed the topic of a developing country’s stake in trade and the role of the World Bank. Presentation topics included: (1) The Trade Agenda, Trade Liberalization & Developing Countries; (2) World Bank’s Interest In and Support for Trade Reform & Trade Liberalization; and (3) U.S. Views on the Trade Agenda: The Doha Round & Free Trade Agreements. Chaired by former U.S. Executive Director to the World Bank,



*Multilateral Roundtable Co-Chairs Carole Brookins and Bill Frenzel.*

Carole Brookins and Committee Chair, Bill Frenzel, the meeting was led by three experts:

**Uri Dadush**, Director of the World Bank Trade Department

**Richard Newfarmer**, Economic Adviser, World Bank International Trade Department & Prospects Group

**Matthew Rohde**, Deputy Assistant U.S. Trade Representative for WTO & Multilateral Affairs

Dr. Dadush gave a presentation outlining the world-view of the Bank with regard to trade policy. He emphasized that we are at the beginning of a long process

of integrating the formerly planned economies into the world market. He named four main obstacles to trade:

1. Protectionism in Agriculture
2. Protectionism in Services
3. South-South trade barriers
4. “Behind the Border” barriers

In his presentation, Richard Newfarmer illustrated the interaction between the World Bank and a country seeking to increase its trade. With the example of Mauritius, Dr. Newfarmer explained the analysis and technical advice that the World Bank can provide to countries. With this assistance, the government of Mauritius was able to institute a reform program in 2006.

Matthew Rohde praised the World Bank for its efforts on trade and raised several issues of concern. In particular, he called for a greater focus on rules and follow-through for developing countries, an aspect of trade facilitation that he felt had been neglected. Mr. Rohde also expressed concern for the public perception of trade liberalization, a sentiment that was echoed by many of the Roundtable’s members.

In a discussion following the presentation, the Multilateral Roundtable considered several factors:

- Improving information available to the public on the benefits of free trade;
- The role of social safety-nets in reducing anxiety over job loss;
- Possible benefits to be gained from organizing by sectors;
- The significant impact of remittances to developing countries; and
- The importance of implementing and enforcing trade policies that are beneficial to consumers as well as business.

A consensus emerged that there remains a great deal of work both for the World Bank and the private sector in promoting the benefits of trade liberalization to the general public. **BWC**

## China's Investment in Africa Meeting China and Investment in Africa

On March 29<sup>th</sup>, the Committee held a general members program on the subject of *China's Investment in Africa*. Featured speakers included, World Bank Africa region specialist, Harry Broadman and the Minister and Deputy Chief of Mission to the Embassy of the People's Republic of China, Zheng Zeguang. The discussion was moderated by Peter Lewis, the Director of Africa programs at the Nitze School of Advanced International Studies of the Johns Hopkins University. Participants included members from both the business sector and civil society.

Dr. Broadman discussed some of the findings of his recent research into Chinese investment in Africa. His research found that contrary to popular opinion, the rising Chinese middle class was creating a demand for more than just raw materials, particularly light manufactures, textiles, and tourism.

His research is an attempt to answer some critical questions about Chinese investment, including:

- What are the factors that determine why some sub-Saharan countries are able to attract more investment than others?
- What are the policy levers that can maximize the development benefits and minimize the costs?

Dr. Broadman found four key factors:

- At-the-border trade investment policies
- Behind-the-border market conditions

- Between-the-border factors
- Complementarities between investment and trade

He concluded by stating that Chinese investment could represent a second chance for Africa, but emphasized that its success will depend on the ability of African countries to exploit South-South trade.

Minister Zheng discussed Chinese policy towards Africa. The Chinese government strongly believes that the relationship must be mutually beneficial. He also discussed the Chinese people-to-people exchanges and medical assistance given to African countries.

Minister Zheng addressed some of the misperceptions of Chinese involvement. He pointed out that last year oil exports to China were only 8.7% of the total, compared to 36% and 33% to the EU and the US respectively.

In the Q&A session following the presentations, Minister Zeguang also addressed the environmental concerns expressed by some members. He explained that as a new market economy with young companies, the social responsibility component is a new idea for Chinese businesses. However, as sustainability is one of the goals of the Chinese government within China itself, he predicts that the continued education of the Chinese private sector will lead to better results. **BWC**



## Annual Meeting Update

The Bretton Woods Committee's Annual Meeting, scheduled for June 12, 2007, will feature a new model and format. The change reflects the Committee's effort to increase the interactive nature of the meeting to enable more Committee members to take active part in the discussions. Invited speakers include, Secretary of Treasury Henry Paulson, Secretary of State Condoleezza Rice, WTO Managing Director Pascal Lamy, IMF Managing Director Rodrigo de Rato and World Bank President, Paul Wolfowitz. Further information will be posted on the Committee website.

## Three U.S. Executive Directors Confirmed

On March 29, three new U.S. Executive Directors were confirmed by the Senate for the IMF, World Bank and the Asian Development Bank.

Ms Margrethe Lundsager to be U.S. Executive Director of the International Monetary Fund.

Meg Lundsager has been confirmed to serve as the Executive Director. In this capacity she casts the U.S. vote at the IMF Board of Directors and works closely with Fund staff, management and U.S. Government officials to develop and implement IMF policies. As Deputy Assistant Secretary for Trade and Investment at the U.S. Treasury Department from 1996-2000, Ms. Lundsager led teams negotiating WTO financial services agreements, including with acceding countries, and chaired bilateral financial sector dialogues. She also

work and Ph.D. exams at the University of Maryland. She is married with two children and resides in Virginia.

Mr. Eli Whitney Debevoise II to be U.S. Executive Director of the International Bank for Reconstruction and Development (World Bank).

Whitney Debevoise is a senior partner in the firm's International Practice with particular involvement in international financial transactions, banking and international trade. Mr. Debevoise also has experience in international arbitration and multi-jurisdictional litigation. Mr. Debevoise has extensive experience in transactions involving sovereigns, multilateral financial institutions and export credit agencies.

Mr. Debevoise has also advised clients on major transactions in the telecommunications and power

## The IMF, World Bank, and the Asian Development Bank all announce new U.S. Executive Directors: Margrethe Lundsager, Eli Whitney Debevoise II, and Curtis S. Chin.

negotiated investment agreements and led the inter-agency team overseeing export credits agreements in the OECD. She directed U.S. Treasury efforts to develop USG positions on trade and investment matters across the range of multilateral and bilateral initiatives and issues. Ms. Lundsager was named an Atlantic Fellow (1995-1996) and spent a year researching portfolio allocation decision making while at the London School of Economics. Previous responsibilities at the Treasury included Director of the Office of Asian and Middle Eastern/North African Nations (1991-1995) and Special Assistant to the Under Secretary for International Affairs (1987-1990). Ms. Lundsager also served as a Director on the National Security Council staff from 1990-1991 and as an assistant to the U.S. Executive Director at the IMF in the 1980s. She began her government career at the Treasury Department as a desk officer covering Asian developing countries including Korea, Indonesia, and India. Ms. Lundsager graduated from the American University and completed her MA as well as course

sectors. He has assisted multinational corporations and international investment funds on privatization and direct investments in such sectors as steel, electricity and telecommunications. He has also worked with emerging market issuers in debt and equity transactions.

In addition, Mr. Debevoise functions at the forefront of trade liberalization, having advised with respect to the GATT accession process, GATT and WTO panel proceedings and regional trade integration. In the arbitration field, Mr. Debevoise has handled sugar and coffee commodities cases, investment disputes before the International Centre for the Settlement of Investment Disputes and the Inter-American Arbitration Commission and has experience in several cases as an arbitrator appointed by the International Chamber of Commerce.

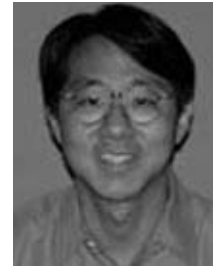
Mr. Debevoise has written articles on WTO dispute resolution, debt restructuring, international banking, U.S. export controls, and sovereign immunity. He has lectured at the Harvard and Yale Law Schools and the Hungarian Institute for the Training of Bankers.



*Margrethe Lundsager  
U.S. Executive Director of  
the International Monetary  
Fund*



*Eli Whitney Debevoise II  
U.S. Executive Director  
International Bank  
for Reconstruction and  
Development*



*Curtis S. Chin to be U.S.  
Director of the Asian  
Development Bank*

Mr. Debevoise is a 1974 summa cum laude graduate of Yale University, with departmental honors in Latin American Studies, and is a 1977 graduate of Harvard Law School. He has been an active member of the Bretton Woods Committee. He is also a member of the Council on Foreign Relations, the American Society of International Law, the International Law Section of the American Bar Association, and the International Bar Association.

Mr. Curtis S. Chin to be U.S. Director of the Asian Development Bank, with the Rank of Ambassador.

Curtis S. Chin is a senior executive and public affairs & policy specialist with extensive experience working with corporations, not-for-profit organizations and the public sector in the Asia-Pacific region and elsewhere around the world. With a particular focus on economic & trade issues, and the challenges facing international businesses and government in an increasingly global media and financial environment, Mr. Chin draws on a mix of public and private sector experience.

Over the last 20 years, Mr. Chin has worked in the Beijing, Hong Kong, Tokyo, Washington, D.C., and New York offices of Burson-Marsteller – one of the world’s largest public affairs consultancies. He also served in the Administration of President George H.W. Bush as a special assistant to the U.S. Secretary of Commerce. During the Administration of President George W. Bush, Mr. Chin served on the U.S. Department of State’s Advisory Committee on Cultural Diplomacy, under both U.S. Secretary of State Collin L. Powell and U.S. Secretary of State Condoleezza Rice.

Most recently, Mr. Chin’s work since 2001 at Burson-Marsteller has encompassed providing counsel to multinational businesses and other major institutions on a range of areas including: codes of conduct; compliance & integrity programs; issues of corporate governance, responsibility and transparency; stakeholder engagement and outreach; and public-private sector partnerships, among others, as the business community has increasingly sought to partner with the development community and other constituencies to address critical issues of shared concern.

During the latter half of the Administration of President George H.W. Bush, Mr. Chin left Burson-Marsteller to provide support to U.S. Secretary of Commerce Barbara Hackman Franklin on issues confronting businesses, small and large, including the impact of trade restrictions and limited access to credit. He also assisted the Secretary with communications surrounding the monthly release of U.S. trade data and the revitalization of the Joint U.S.-China Commission on Commerce & Trade.

Mr. Chin is a graduate of the Yale School of Management with a Master’s in Public & Private Management, concentrating in finance; and of the Northwestern University Medill School of Journalism, with a department major in economics. **BWC**



## New Membership Coordinator

The Committee has hired a very capable new Membership Coordinator, Lindsay C. Short, a graduate of Tennessee Technological University. Lindsay received her degree in World Cultures and Business with a concentration in French. Lindsay has studied in Belgium focusing on European Business and in Singapore and Hong Kong, focusing on Asian Business Culture.



## Website Update

The Committee continues to update and improve its website. We have been recording most of the 2007 Committee events and meetings making audio (soon, video files) available online. This feature will be particularly useful for Committee members residing outside of the metro D.C. area. The audio files are available as MP3 (Podcast) compatible format. **BWC**

China in Africa  
from page 2

2004, the value of African exports to China increased by 100 percent, rising to nearly \$10 billion. Total trade flows currently exceed \$40 billion, vaulting China to third place (after the United States and France) among the continent's largest trading partners—overtaking Britain, the former colonial power.

Much of this trade has been in the critical areas of energy and minerals. African countries (including Angola, Congo-Brazzaville, Equatorial Guinea, Gabon, Nigeria and Sudan) provide more than a quarter of China's oil imports, and China sources copper, chromium, diamonds, platinum and uranium from South Africa, Zimbabwe and elsewhere. Chinese exports of manufactured goods to Africa also have risen rapidly.

Trade has been accompanied by rising investment in the region. The volume of Chinese investment across Africa now stands at about \$1.2 billion, with more than 700 Chinese ventures operating throughout the continent. Most African states have investment or trade agreements with Beijing, and investments can be found in activities as diverse as manufacturing, mining, trade, construction and transportation.

Aid and economic assistance have followed the path of trade and investment. In recent years China has devoted nearly half of its development aid to Africa, and has cancelled about \$1.3 billion in bilateral debt of 31 African countries.

These trends are welcome in a continent that has suffered from marginality in the world economy. Africa today accounts for less than 2 percent of global exports or inflows of direct foreign investment, reflecting a precipitous drop since the 1980s. As the continent's traditional economic partners remain skittish, China's avid engagement promises new resources and capacities. Trade and investment can bring jobs, technology, skills and new

sources of demand to African economies. These are among the selling points of Chinese approaches in the region, and important attractions for many leaders and commentators in Africa.

Yet the signs of renewal may owe more to optimism than reality. While many African states clearly welcome the attention from China, the net benefits are not clear. About 90 percent of Africa's exports to China consist of natural resources, with petroleum leading the way. A substantial portion of Chinese investment is also directed to the energy sector. These interests simply reproduce the traditional patterns of commodity-based production and trade that Africans have lamented for decades.

### New Strategic Terrain

It will be unclear for some time whether China's heightened involvement with Africa proves to be a boon for African development or reinforces liabilities to growth, governance and stability. Much will depend on the capacity of African governments and elements of civil society to constructively manage these relationships. U.S. engagement with China also can be helpful in such areas as resource management and conflict resolution.

One reality is clear: China's rising influence in Africa is unlikely to abate any time soon. Beijing's global interests—and the intensifying competition in world energy markets—will insure a widening and deepening engagement with the states of Africa.

The United States must adapt to the new strategic terrain. For Africans, the challenge is to harness the benefits of engagement while evading the pitfalls of opportunism. **BWC**

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