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“China as an Emerging Donor and as ‘Hotspot’ for Infectious Diseases”

Ladies and gentlemen, I am pleased to join you today at the Center for Strategic and International Studies. As Assistant Administrator of the Bureau for Global Health with USAID, it is my privilege to speak to you about China’s Capacity to Manage Infectious Diseases and its Global Implications. Thanks to Charles Freeman of the China Studies Program for inviting me to join you today.

For two weeks in August, the world was captivated by the high drama of the 29th Olympiad held in Beijing. The staging of the Olympics with its spectacular opening and closing ceremonies and impressive sports venues was a demonstration of the remarkable progress that the Chinese people have made. It signaled a major “emergence” for China – as a significant economic and technological world power. In fact, this has been a long time in coming, but for much of the global public, the Olympics revealed this fact clearly.

Yet, in its newest incarnation as a global economic power, China presents us with a paradox: on the one hand it is rapidly emerging as a major donor while at the same time it is still a recipient of OECD¹ donor support. We are clearly

¹ The Organisation for Economic Co-operation and Development, founded in 1948.

seeing a country that is in a process of transitioning to a role as a major economic and political force in the world – a transition which requires work and time. We see a country that in the past has had difficulties with its response to emergencies such as the SARS outbreak but has now made remarkable improvements in its ability and willingness to respond to emergencies as demonstrated by the highly effective and open response to the earthquake in Sichuan Province earlier this year.

Today, I would like to offer some thoughts on what this donor “emergence” means for China’s future role in global health: both as an important member of the donor community and as a central player in stemming the emergence and spread of new infectious disease threats.

For anyone who has traveled to Africa in recent years it is impossible to miss the prominent signs of China’s activities on the continent: new roads, government buildings, crowd-pleasing soccer stadiums, and growing numbers of Chinese-run factories and retailers. China has rapidly increased its trade, investment, and influence in many sub-Saharan African countries in recent years. Clearly China wants to play a role as a donor to Africa, but obviously this assistance is considered as having a key role to play in China’s own economic growth and trade expansion.

That China has dramatically expanded its development assistance in recent years can represent a major positive development for the world. But this development assistance needs to be part of and tied to encouraging the emergence of robust open civil societies both abroad and at home. It is imperative that Chinese investments be transparent and open in the developing

world in order to ensure that this assistance is aligned with the objectives of the OECD which has long been focused on improving good government, fighting corruption and the promotion of environmental and social standards.

Currently, Chinese ODA is not counted by the OECD, and World Bank figures primarily track China as an ODA recipient, not a donor. Still, current estimates by the EU have China spending about \$5 billion annually on assistance.

Although the destination and volume of China's foreign aid is not formally disclosed and geographic disbursements are not specified, some data suggests China's foreign assistance pattern is 40 percent for Asia, 25 percent for Africa, 13 percent for Latin and Central America, and 10 percent for other countries.

In 2006, President Hu Jintao announced that China would double its assistance to Africa by 2009, and provide \$5 billion additional in loans. Most of China's investments are in large infrastructure projects; energy and mineral extraction account for 40% of the loans. China has offered to train 15,000 African health professionals, build 30 hospitals and provide free technical assistance and goods such as anti-malarial drugs as part of its social sector investments. Such assistance can help substantially address one of the most pressing needs of the developing world – the paucity of health professionals.

What is attractive to some developing countries about China's loans is that beyond the condition to procure commodities from China, there are few or no other conditions attached to these loans: no policy stipulations, no environmental or social standards are required. The lack of restrictions on funding, development of benchmarks, and evaluation raises significant questions as to whether China's development assistance is being leveraged as

well as it could and should be to achieve all that it is capable of accomplishing. In addition, as China increases its donations of pharmaceuticals, it is critically important that these commodities meet global standards.

It is very encouraging that recently China has taken steps to harmonize its development investments with those of the OECD. In 2003, China set an important example by honoring the commitments made by the world community at the Monterrey Conference on Financing and Development by reducing or cancelling \$1.2 billion in debt in favor of 31 African countries, noting at the time that world peace and development cannot possibly be sustained if the North-South divide grows wider and developing nations grow poorer – a position we can all share.

As China has expanded its “development diplomacy” it has increasingly moved from a bilateral tradition to a more multilateral one. Most prominent for Sino-African relations has been the Forum on China-Africa Cooperation. Initiated in 2000, the Forum brings together African and Chinese leaders, both political and commercial. The 2006 meeting held in Beijing was notable for the presence of 48 African heads of state or government. The 2009 meeting is scheduled for Ethiopia.

At a meeting in March on the Greater Mekong Sub-region, China pledged support for a broad range of development projects including the development of transportation infrastructure and the prevention and control of communicable diseases in border areas.

It is clear that China's emergence as a major donor creates new opportunities. Full engagement of China as a positive development partner can serve global interests and can encourage China to continue to move along a path of greater openness which will only enhance these opportunities. China's hosting of a global conference on Avian Influenza several years ago, which I was privileged to attend, is a great example of an ever-more open China – a China which recognizes that the health and good of the world depend on international cooperation and transparency.

There is another important reason why increasing our engagement with China is urgently needed. Since the middle of the 20th century, China has been the focal point for new infectious diseases that subsequently have spread within Asia and to the rest of the world.

Many of these diseases have been of animal origin and most have been capable of also infecting humans. The Influenza A viruses that caused the pandemics of 1957 and 1968 may have had their origins in China as well as the H5N1 influenza virus. Similarly, the coronavirus responsible for SARS first emerged in China. In a recent paper published in the scientific journal *Nature*, an analysis of the more than 300 infectious diseases which have emerged over the past 60 years indicates that their origins were found to strongly correlate with socio-economic, environmental, and ecological factors. Not surprisingly China, with a rich wildlife host species and high density populations of domestic animals, was highlighted as a major “hotspot” for new emergent infectious diseases.

Of even greater concern than its being a “hotspot” for new disease threats, however, has been the fact that inadequate surveillance and reporting mechanisms have hindered early detection of and response to new outbreaks. In a world that is so interconnected, any infectious disease will spread rapidly and thus place all countries at risk. Full and open transparency regarding the emergence of infectious diseases must be ensured by all governments. It is necessary for us to actively engage China in order to maintain their movement toward open and full reporting of infectious disease outbreaks. Birds flying overhead show no interest in national borders and they don’t carry passports.

USAID has moved toward more active engagement with China by opening an office in Beijing and staffing it with a senior Development Counselor to focus on donor coordination (Jennifer Adams), including the promotion of donor best practices, development of a coordinating mechanisms with the Chinese foreign assistance program, and establishment of a line of communication between various Chinese aid agencies and bilateral and multilateral donors.

The United States is working with China through a Public Private Partnership for earthquake reconstruction that is also intended to increase collaboration on donor assistance (Skip Kissinger, located in Chengdu at the US Consulate). The U.S. also is engaging the public and private sectors in China beyond earthquake reconstruction. USAID also has a Senior HIV/AIDS Technical Specialist in Beijing (Virginia Bourassa).

Through our regional mission in Thailand, USAID is partnering with the Chinese to enhance the rule of law; increase access to legal representation for disenfranchised people; strengthen environmental policies and laws for cleaner

development and a healthier environment; and improve the livelihoods of ethnic Tibetans.

USAID is also strongly focused on providing key technical assistance in infectious disease management by developing and strengthening preparedness plans, improving disease surveillance, laboratory diagnosis, and ensuring the rapid containment of outbreaks. This is not only at the national level, but also at provincial and district levels where efforts focus on increasing competencies in implementation of national laws on reporting, monitoring etc.

USAID is engaging China to reduce the threat of the H5N1 avian influenza (AI) and the risk of a pandemic, which would have a devastating impact on developing countries by threatening human lives and economic and social stability. In collaboration with the China Animal Health and Epidemiology Center, we are working to strengthen national animal health epidemiology, improve risk analysis and information sharing capacity.

As part of the regional HIV/AIDS program, USAID is working with the Government of China to reduce the incidence of HIV/AIDS and mitigate its impact on infected people and their families. USAID supports China's efforts to achieve the national goal of less than 1.5 million HIV cases by 2010. USAID is also targeting behavior change communications and social marketing for most-at-risk populations, and working with communities to build local capacity to expand program coverage and generate community ownership of the fight against AIDS

USAID is strengthening country-based technical assistance to address multi-drug resistance in tuberculosis and improve tuberculosis drug management. Looking forward, we must increase U.S.-Chinese partnerships such as the China Environmental Health Project that engages Chinese scientists, university students, local governments, civil society organizations, and citizens to understand and find solutions environmental health threats of degraded water and coal emissions. We are also encouraging more active Chinese participation in international efforts such as the Roll Back Malaria initiative.

As noted by Dr. Margaret Chan, Director General of the World Health Organization in 2007 as she addressed the threat of infectious diseases, “Given today's universal vulnerability to these threats, better security calls for global solidarity. The new watchwords are diplomacy, cooperation, transparency, and preparedness.” She went on to say “Because of this risk, greater international cooperation among governments and scientists is essential for protecting the planet.”

USAID is responding to Dr. Chan’s challenge by engaging China in a manner that is consistent with the interests of both the Chinese and American people to improve the management of disease threats as they occur anywhere in the world. China is commended for considering how it can help developing countries and for playing an ever stronger role in promoting transparency and international cooperation. Only through constructive and respectful engagement can the full benefit of our efforts be realized.

Thank you