



## TESTIMONY

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### **Statement of Nisha Biswal Assistant Administrator, Bureau for Asia**

#### **Bilateral Assistance Programs in China**

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**To the Subcommittee on Asia and the Pacific  
Committee on Foreign Affairs  
U.S. House of Representatives  
November 15, 2011**

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Chairman Manzullo, Ranking Member Faleomavaega and distinguished Members of the Committee:

Thank you for inviting me to speak to the Committee today on the important topic of our bilateral assistance programs in China. I appreciate that as we face a difficult economic and budgetary climate here at home, it is more important than ever that we analyze the impact and value of our assistance programs overseas to ensure that U.S. tax dollars are being wisely and effectively spent.

Mr. Chairman, I also understand and appreciate the broader question underlying today's hearing of why USAID is maintaining a bilateral assistance program in the world's second largest economy and most populous nation.

USAID's bilateral assistance programs in China focus on four principle areas: assisting Tibetan communities, addressing the threat of HIV/AIDS and other pandemic diseases; advancing the rule of law and human rights; and supporting environmental protection and climate change mitigation efforts.

Mr. Chairman, while USAID's programs in China are congressionally mandated, I believe they advance the values and interests of the United States and address critical development challenges that have regional and trans-boundary reverberations. Furthermore, in compliance with congressional intent, no USAID funds are provided directly to the government of China.

#### **USAID Programs in China:**

While Congress began appropriating funds for assistance to Tibetan communities as early as Fiscal Year (FY) 2000, USAID's program in China began in FY 2003 pursuant to language in that year's appropriations Act. The initial focus was on improving conditions in the Tibetan plateau and in Tibetan communities in other parts of China. Later, in FY 2006, the program was expanded to address governance, environment and rule of law through U.S. educational and non-governmental institutions as directed by Congress. As I noted earlier, in FY 2010, Congress appropriated \$26.4 million for USAID assistance programs in China, including \$7.4 million for Tibetan communities, \$7 million for health and HIV/AIDS and \$12 million to support environment and rule of law activities. In FY2011, USAID funding for programs in China is projected to total \$16 million, an almost 40 percent decrease over the prior fiscal year.

With that backdrop, Mr. Chairman, let me focus the remainder of my testimony on the two specific areas that were highlighted in the Committee's invitation letter - environment protection and rule of law programs supported by USAID.

#### **USAID Environment Programs in China**

Mr. Chairman, USAID has proposed \$3.95 million in FY 2011 to continue environment programs in China. These programs focus on three activities: the U.S.-China Partnership for Environmental Law (PEL), U.S.-China Partnership for Climate Action (PCA), and the ASEAN Wildlife Enforcement Network.

We are addressing environmental challenges in China because pollution from China has a substantial negative impact directly on the United States - almost one third of California's particulate pollution and up to three-quarters of its black carbon particulate pollution can be traced to East Asia, and 30% of mercury found in North American lakes comes from emissions originating from Chinese coal-fired power plants. USAID's combined China programs have mitigated more than 1.8 million metric tons of carbon dioxide equivalents per year. Our programs work to reduce these harmful emissions and have direct positive health benefits upon millions of American citizens.

## **U.S.-China Partnership for Environmental Law (PEL)**

The PEL program aims to strengthen and improve China's environmental regulatory system through partnerships involving U.S. and Chinese universities, government agencies, and nongovernmental organizations.

The PEL program strengthens the practice and application of environmental laws and regulations through collaborative partnerships and training for lawyers, scholars, law students, judges, regulators, and lawmakers. The program is implemented through three integrated components that: (1) strengthen the capacity of practitioners and institutions; (2) improve the regulatory system; and (3) promote U.S.-China cooperation in environmental law practices.

USAID is also working with the Institute for Sustainable Communities, a U.S. NGO, to establish environmental health and safety (EHS) academies to train factory managers improving environment, health and safety practices for Chinese workers and communities. The trainees or their Chinese employers pay for these trainings. Historically, Chinese factories have been allowed to operate in cheap and inadequate environments lacking health and safety controls. The EHS academies are helping ensure that Chinese factories comply with international EHS standards.

This program has leveraged support -both financial and technical from U.S. companies including General Electric, Honeywell, Wal-Mart, Alcoa, and Pfizer. GE alone has contributed over \$2.8 million to date in cash leverage for USAID's China programs. While this program was established with USAID, it plans to become fully self-sustaining, no longer requiring additional USAID funds.

## **U.S.-China Partnership for Climate Action (PCA)**

Our programs are also expanding market opportunities for U.S. businesses and technologies. American companies are supporting our work because it improves environmental and occupational safety practices of their suppliers, and because it increases their visibility and access to the world's key emerging market.

For example, the U.S.-China Partnership for Climate Action (PCA) is a public-private partnership to promote sustained reductions in energy use and to improve environmental management. The program accomplishes this by bringing together the experience and talent of leading U.S. and Chinese practitioners, including nongovernmental, research, and government institutions with experience in energy conservation, greenhouse gas management, and environmental innovation. It also leverages the support of major US corporations and foundations such as GE, Wal-Mart, Honeywell, SC Johnson, and Citi Foundation which have strong interests in promoting environmental protection, healthier and safer working conditions, and energy conservation.

At workshops and in training materials, our PCA program emphasizes products and services offered by U.S. companies like GE, Honeywell, 3M, Bloom, Eclipse and many others. These companies participate directly in the training workshops, valuing them highly. USTDA's U.S.-China Energy Cooperation Program and the U.S. Foreign Commercial Service help promote these activities as platforms for accelerating deployment of U.S. energy products and services in China.

## **Asia Regional Response to Endangered Species Trafficking (ARREST) Program**

The Asia Regional Response to Endangered Species Trafficking (ARREST) Program addresses the illegal wildlife trade across the continent, seeking to improve wildlife law enforcement capacity, reduce consumer demand, and strengthen regional networks. Freeland Foundation leads the ARREST program and collaborates with other civil societies and international organizations, and is supported by technical assistance from the U.S. Forest Service, U.S. Fish and Wildlife Service, and U.S. Department of Justice. The ARREST program's activities in China raise awareness of illegal wildlife trafficking to reduce consumption demand, build law enforcement capacities, and strengthen cross-border cooperation and information sharing between China and South East Asia.

International wildlife smuggling poses several environmental and health threats and has proven links to international organized crime. Threats to the environment include the potential loss of biodiversity and introduction of invasive species into U.S. ecosystems. Illegal wildlife trade can also transmit diseases to humans. For example, the outbreak of SARS was caused by consumption of wild civets in China. Additionally, the transfer of avian influenza from wild birds to humans took place in China's wildlife markets. International crime and potential security threats include links between wildlife trafficking and organized crime and drug trafficking. Experts believe that some terrorist groups may obtain financing for their activities through illegal wildlife trade. As you can see, unregulated trade and consumption of wildlife can spread viruses and diseases from animals to humans, endanger

local species and food supplies, and introduce harmful, invasive species that generate ecological and economic losses. These activities have costly effects on the U.S. economy. One study estimates the annual economic damage in the US from non-native species to be \$123 billion.

## **USAID Rule of Law programs in China**

In the area of rule of law, USAID is improving access to justice and strengthening commercial and criminal legal processes in China. Commercial rule of law programs help protect the rights of American companies that do business with China.

USAID's Rule of Law program in China addresses issues of economic importance to U.S. businesses, thereby "leveling the playing field" for U.S. corporations to operate within China's legal framework. In July 2010, with the intent of protecting U.S. business interests in China, USAID started a one-year pilot to enforce intellectual property rights by training Chinese supreme court justices on how intellectual property cases are prosecuted within the U.S. Judicial training on enforcement of intellectual property laws helps to protect US corporations from unlawful infringement and lost revenues.

Concerns remain over China's human rights records, but progress is evident under USAID-funded projects. USAID's criminal justice work is improving human rights through a systemic process by: 1) creating guidelines for criminal defense lawyers in death penalty cases; 2) bifurcating the trial procedure by separating the verdict from the sentencing phase of the criminal trial, thereby increasing transparency and promoting fairness in the criminal justice system; and 3) supporting a national law which now excludes illegally obtained evidence, such as confession by torture, from criminal trials. Additionally, USAID has also trained courts to issue protective orders for victims of domestic violence. USAID's Rule of Law program is helping the Chinese draft regulations to increase public participation in decision making, and establish publicly the responsibilities of government officials.

USAID's programs are helping establish a fair and transparent legal environment in China through which American companies will be granted full protection of the law and freedom to operate.

## **Conclusion**

Mr. Chairman, I hope I have demonstrated how USAID's work in China is strategic to both our national and economic interests. As China takes a larger role on the world stage and increases its assistance and investments in other developing countries, the U.S. is engaging with China to urge its adoption of international best practices and adhere to standards of transparency and accountability. Our programs in China model these best practices.

I appreciate the opportunity to share with you the USAID approach to furthering U.S. strategic interests in China, to address challenges that affect us all. I am eager to hear your advice and counsel. I welcome any questions you may have.