

CHINA IN AFRICA



NOAH FOWLER For The Times

THOUSANDS of Ethiopian employees of Huajian Shoe Co. work 13-hour days gluing, inspecting and boxing women's shoes in a Chinese-built industrial park along the new rail line that begins in Addis Ababa.

CALCULATED GENEROSITY

Rail line in Ethiopia shows a deeper Chinese investment

BY JONATHAN KAIMAN :: REPORTING FROM ADDIS ABABA, ETHIOPIA

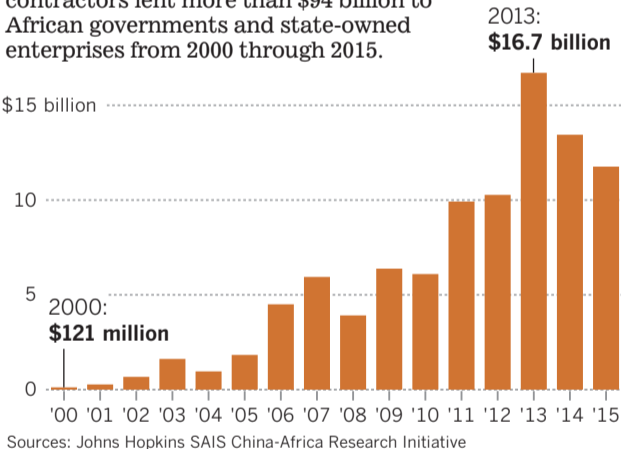
Africa's past is the mildewed train station in central Addis Ababa, where locomotives sit gutted and rusted tracks vanish in the grass. The line was once the greatest in Africa; built by France in the 1910s, it ran more than 450 miles northeast to neighboring Djibouti, where the desert meets the sea.

Africa's future is the new station a short drive away, a yellow-and-white edifice with grand pilasters, arched windows and a broad flagstone square. It's connected to a \$4-billion, 470-mile-long rail line, the first electrified cross-border rail system in Africa.

The new rail network was built by China's state-owned

Chinese lend billions to Africa

The Chinese government, banks and contractors lent more than \$94 billion to African governments and state-owned enterprises from 2000 through 2015.



rail and construction firms, which were eager to promote their investment in Africa's future. Red banners running down the towering facade of the new train station declare, in bold Chinese characters, "Long live Sino-African friendship."

China has described its railroad adventures in Africa as an exercise in altruism. Yet for China, investing in Ethiopia — one of the world's poorest countries — is more strategic than philanthropic. With U.S. engagement on the continent at a low ebb, economically and politically, China sees an opportunity to improve transportation through the Horn of Africa and make itself the

[See *Railway*, A8]

Secretary of shrunken State Dept.

Tillerson oversees emptying offices and plans for deeper cuts. Some say U.S. policy and staff morale suffer.

BY TRACY WILKINSON

WASHINGTON — For four years, Ira N. Forman served as the U.S. special envoy to monitor and combat anti-Semitism, a State Department post in which he advocated on behalf of Jewish communities at risk around the globe.

He resigned, as required for political appointees, on Jan. 20, the day President Trump took office. But six months later, Forman and his staff have not been replaced.

"All the expertise has frittered away," Forman said.

His is one of scores of empty offices in a demoralized State Department, where critics say a shortage of diplomats, analysts and

bureaucrats is weakening the foreign policy mission and hurting efforts to project American values abroad.

Secretary of State Rex Tillerson has embraced a White House proposal to slash the combined State Department and U.S. Agency for International Development budget by nearly a third next year, from \$54.9 billion to \$37.6 billion.

The final cuts won't be that severe. Sen. Bob Corker (R-Tenn.), chairman of the Senate Foreign Relations Committee, called it a "waste of time" to even review the proposed budget because Congress would reject it.

Still, Tillerson has embarked on a wide-ranging operation to reorganize Foggy Bottom in ways that worry many foreign policy experts.

He has proposed scaling back U.S. support for United Nations peacekeeping missions, plus cutting back offices that deal with refugees, [See *State*, A14]

A TIMES INVESTIGATION

Quietly handling the USC scandal

BY SONALI KOHLI, SARAH PARVINI, MATT HAMILTON AND ADAM ELMAHREK

How USC handles one of the biggest scandals in its history will be decided behind closed doors by a small group of wealthy and powerful people.

Composed of 57 voting members, USC's board of trustees includes noted philanthropists, accomplished alumni, Hollywood insiders and industrial tycoons. The group's influence extends from the floor of Staples Center to metropolises in India and China.

A small executive committee makes many of the significant decisions facing the university. A USC spokesman refused to identify who is on this committee. Nor would the university disclose what happens at its meetings or release minutes.

It is this elite group that is overseeing the investigation into how the university handled the case of former medical school dean Dr. Carmen A. Puliafito. The Times reported last month that Puliafito, while leading USC's Keck School of Medicine, parted with a circle of addicts, prostitutes and other criminals who said he

[See *USC*, A12]

U.N. imposes tough sanctions on North Korea

Security Council penalties are expected to cut nation's annual exports by \$1 billion. **WORLD, A3**

Home lending rules loosen

With housing prices so high, lenders move to make it easier to buy. **BUSINESS, C1**

Weather:

Low clouds, then sun. L.A. Basin: 83/67. **B10**

Printed with soy inks on partially recycled paper.



WALLY SKALIJ L.A. Times

A transgender boxer's journey

Ex-Olympic prospect Pat Manuel is the first U.S. boxer to fight as a woman and then as a man. **SPORTS, D1**

After 80 years, the band plays on

BY KATE LINTHICUM

MEXICO CITY — The old dance hall doesn't turn as much of a profit as it used to. Young people these days would rather play video games than cha-cha or do the twist.

But Miguel Nieto, whose grandfather opened Salon Los Angeles 80 years ago last week, refuses to quit, even as his gray-haired regulars dwindle, even as developers dream about turning the nightclub into condominiums like the concrete apartment tower going up across the street.

"I'm stubborn," said Nieto, who twice a week brings live orchestras into his Mexico City nightclub to play salsa, mambo and other kinds of dance music that once reigned supreme in Latin America before rock and reggaeton muscled in. In an era of iPhones, Xbox

[See *Dance hall*, A6]



MEGHAN DHALIWAL For The Times

AT SALON LOS ANGELES in Mexico City, dancers follow in the footsteps of Diego Rivera, Tito Puente and many other luminaries.

SAVE INSTANTLY AT NEARLY 50 HAWAII HOTELS TODAY!

Sign up to unlock exclusive A-List Insider member perks:

- Instant discount on your hotel stay
 - Special welcome amenity at check-in
 - Free upgrade based on availability at check-in
- No points, no hassles - just rewards.

Just one time zone away... isn't it time to vacation better?

Member Reservations: 808.945.4092 | aqua-aston.com

VACATION Better

AQUA-ASTON
HOSPITALITY

Aston
HOTEL COLLECTION

AQUA
HOTEL COLLECTION

INSTINCT
HOTEL COLLECTION

Life
HOTEL

CHINA IN AFRICA



Photographs by NOAH FOWLER For The Times

CHINA has been investing hundreds of millions in Addis Ababa and around Ethiopia's capital. At the Huajian Shoe Co., above, chief executive Zhang Huarong, top left, inspects production lines. "Africa is too poor," he says. "It needs entrepreneurs like me to balance out the global economy, so that more people can live a happy life."

ETHIOPIA RENAISSANCE

[Railway, from A1] dominant economic partner on a continent that is about to see an explosion of new cheap labor, cellphone users and urban consumers.

For several decades, China's African investments were aimed primarily at creating political allies across the continent.

Beijing invested heavily in hearts-and-minds projects such as soccer stadiums and hospitals. But a significant change is underway. China now sees Africa as an important economic opportunity. It has been pouring money into infrastructure across the continent, and last week it opened its first overseas military base in Djibouti.

By 2034, Africa is expected to have 1.1 billion workers, the world's largest working-age population, according to economic forecasts. By 2025, the continent's consumers will be spending \$2 trillion a year.

"My vision is, by 2020, Ethiopia's economy will be among the world's midlevel economies," said Mekonnen Getachew, a project manager at the Ethiopian Railways Corp., which oversees the rail line. "The rail will make every economic activity easier. Our economy will boom.... This railway is making Ethiopia great again!"

The Chinese march through Africa has come as U.S. engagement on the continent has been dialed down to its lowest level in years.

President Trump has barely mentioned Africa in his public statements, and his "America first" rhetoric, some Africa experts say, is pushing the continent further into China's embrace.

While Chinese companies have looked to make money in Africa and share with Africans some of the jobs, tax revenues, infrastructure and spinoff development that go along with new investment, the U.S. has focused on improving African lives through aid, social programs and conditional loans.

Western companies have



THE NEW Addis Ababa, Ethiopia, train station, built by China's state-owned rail and construction firms, is connected to a \$4-billion rail line that leads to coastal Djibouti City in the neighboring country of Djibouti.

often been reluctant to participate in African infrastructure projects for fear of overwhelming maintenance costs. In many cases, they could simply build new projects more cheaply.

"Americans still see Africa as a place where there are a lot of presidents for life, wars and famines," said Reuben Brigety, dean at George Washington University's Elliott School of International Affairs and a former U.S. ambassador to the African Union. "They don't understand what's happening on the continent economically and demographically."

In Ethiopia, the country's rail executives said China seems more attuned to Africa's needs.

"China doesn't give simple aid," Getachew said. "They do give loans. You work, and you return back.

That's a good policy. Aid is just making slavery."

For decades, the China-Africa relationship was almost entirely transactional: China gave African states easy loans, enabling them to build bridges and stadiums; in return, those states gave China access to natural resources, such as oil, timber and nickel, fueling China's economic boom.

But as China's foreign policy grows more sophisticated — and more ambitious — that era is ending, and the relationship is growing much deeper, with extraordinary implications for the continent's future.

Chinese nationals in Africa — once a scattered cohort of officials, mining executives and construction crews — are being joined by tourists, peacekeepers, poachers, soldiers and small-time entrepreneurs. Together,

they are generating both riches and new political clout for Beijing and helping establish China as the world's newest superpower.

For Ethiopia, China's infrastructure expenditures are an essential element in plans to emerge from a long cycle of drought, poverty, famine and war. The railroad is a start.

Ethiopian officials say the line will eventually grow into a 3,000-mile rail network that stretches across neighboring Sudan, South Sudan, and Kenya — where China recently completed another railway, for \$3.8 billion.

The new Ethiopia-Djibouti line's trains are near-identical copies of the carriages that traversed China before the government, about a decade ago, began swapping them out for high-speed rail. They have the same ramrod-straight seat

backs; the same boiling water dispensers in nearly every car, essential for instant noodles and green tea.

Ethiopia relies on Djibouti's ports for 90% of its foreign trade. But since the old railroad collapsed in 2009 after decades of decline, the landlocked country's billions of dollars of imports and exports — fuel, coffee, livestock — have had to travel by truck, a three-to-four-day journey along rutted, dusty roads.

The new rail line, which will be fully operational by October, will cut the trip to 12 hours.

"The coaches are very new. It's electric. It's very comfortable. You enjoy the scenery along the corridor," said Yehualaeshet Jemere, a top official with the Ethiopian Railways Corp. "It's like a dream come true for us."

Here in Addis Ababa, Ethiopia's capital, China is driving an urban renaissance. It has built whole neighborhoods, a \$475-million light-railway system and even the African Union headquarters, a \$200-million complex that dominates the city's skyline. In the country's hinterlands, it has constructed several industrial parks, anticipating a manufacturing boom.

Beijing's first overseas military base had its official opening on Tuesday near the terminus of the new rail line in Djibouti. The 90-acre complex includes housing for thousands of soldiers and berths for commercial and military vessels.

But Beijing's reach already stretches well beyond Djibouti and Ethiopia. China surpassed the U.S. as Africa's largest trading partner in 2009, and the numbers continue to climb. (Foreign direct investment has dropped in recent years, along with declining global resource prices.)

China stands to gain tremendously from its investments. Chinese businesses, hampered by slowing growth at home, are increasingly treating the continent as a major overseas market.

In Beijing, the political will driving such projects extends to the top. Through the "Belt and Road Initiative," launched by President Xi Jinping in 2013, China is funding \$1 trillion of infrastructure and trade projects throughout Asia, Europe, the Middle East and Africa. In December 2015, Xi met with African leaders in Johannesburg, South Africa, and pledged \$60 billion for development projects across the continent over the next three years.

"Today's Africa is a continent of encouragement and dynamic development," he said in a speech. "Such a momentum of independent development is unstoppable."

In a Chinese-built industrial park along the new rail line, in a Chinese-run factory, thousands of employ-

[See Railway, A9]

CHINA IN AFRICA

[Railway, from A8] ees of Huajian Shoe Co. — all of them Ethiopian — work 13-hour days gluing, inspecting and boxing women's shoes. Above them hang propaganda posters in Chinese, English and Amharic, Ethiopia's national language, imploring workers to "win honor for the country" and to "absolutely obey."

Zhang Huarong, the company's chief executive, wandered through the immaculate rows of workers on an inspection tour, a crowd of subordinates trailing behind him. "Africa is too poor," he said. "It needs entrepreneurs like me to balance out the global economy, so that more people can live a happy life."

Zhang was proud of his Ethiopian investments. The new rail will knock shipping prices from \$5,000 per container to \$3,000, he said. And for the cost of one Chinese worker, Zhang can hire five Ethiopians. He plans to employ 50,000 within eight years.

"Ethiopia is like China was 40 years ago," he said. "Even though this place is pretty tough, we think within five or 10 years, its economic development will be pretty good."

Every pair of shoes produced in Huajian's factories, in China and Ethiopia, is exported to the U.S.; its clients include the labels Tommy Hilfiger, Guess and Lucky.

As the sun set at the factory, about a dozen Ethiopian workers lined up in formation, closing out the workday. An Ethiopian manager waved his arms, as if conducting a choir, and together they sang a Chinese military anthem from the 1950s.

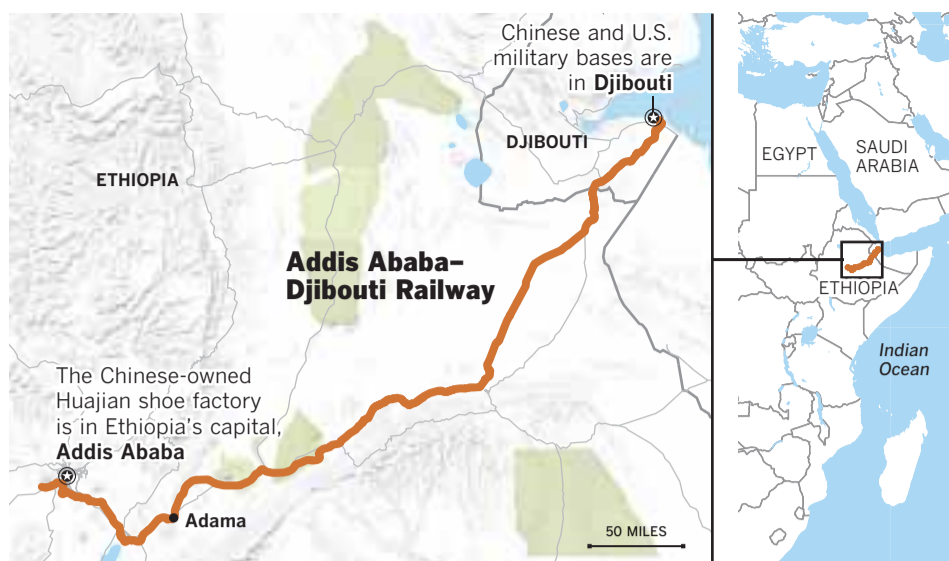
"Unity is strength. Unity is strength," they sang in Mandarin. "Open fire on the fascists. Bring death to all nondemocratic systems."

Adama, a city of 300,000 people 60 miles down the rail line from Addis Ababa, is preparing for a boom — but not everyone considers it progress.

Small blue auto rickshaws jostle for road space with hulking Chinese trucks, and rows of half-built concrete houses stretch up into the plains. At the end of a half-built road is the city's new train station — another massive edifice, its interior covered in dust.

Since construction began six years ago, the price of land in Adama has increased sevenfold to about \$140 per square foot, said Shambel Worku, the station's manager.

Yet progress is slow, and locals are suffering, highlighting the hidden costs of rapid economic development. In late January, the road was still a mess of py-



Sources: Mapzen, OpenStreetMap

JON SCHLEUSS Los Angeles Times

lons and ditches. And the machine-gun-toting security guards overseeing the empty station lacked water, forcing them to walk hours for a drink.

Farmers in Lugo Village, an impoverished cluster of slapdash houses a few hundred yards from the station, said the rail project has made life unbearable, in part because locals can't cross the rail construction zone, but must go around it.

It "divides the village into two," said Tashoma Kafani, 72. Before construction began, he said, he could walk to his barley and maize fields in about two hours; now, he needs about five.

"We have repeatedly contacted the local authorities," he said. "We have been expressing our problems and voicing our concern about the absence of a bridge. But so far, they haven't been responsive."

As for the Chinese planners who designed the project, Kafani can't even imagine how to communicate with them.

The rail line crosses into Djibouti about 360 miles to the northeast. It ends in the capital, Djibouti City, where, on the western edge of its main port, China is building the new military base — an unprecedented projection of power for China's rapidly expanding army.

Djibouti is a former French colony of 850,000 people, and its capital — a patchy grid of dusty streets and sun-bleached Moorish buildings — feels like an island, hemmed in by endless miles of massive, walled-off foreign compounds.

China's base is about eight miles from Camp Lemonnier, America's only full-scale base in Africa. France, Germany, Italy and Japan also maintain bases in Djibouti, both for its political stability — its president, Ismail Omar Guelleh, has ruled the country since 1999 — and its proximity to terrorism hot spots in Africa and the Middle East.

Chinese officials call the base a "supply center," intended primarily to support China's anti-piracy efforts in the Gulf of Aden — a crucial shipping route — and protect its commercial interests.

"People are very sensitive about [the Djibouti base], but I don't think that's fair,"

said Xu Guangyu, a retired People's Liberation Army major general in Beijing. The U.S. maintains hundreds of overseas bases, he said. "We in China think it's silly, to have so many overseas military bases. We have built only one supply center. So why all the speculation about this news?"

Peter Dutton, professor of strategic studies at the Naval War College in Rhode Island, said China's new base says more about the country's economic heft than its military ambitions. "What we're talking about is fundamentally geoeconomics, rather than geo-strategy," he said.

On the other hand, China is "walking away from some of the premises that have undergirded its foreign policy for 60 years," he said. "They're beginning to act like a great power which takes a role in international politics and security. And that's a fairly significant change for China."

China has given Djibouti's government billions of dollars in loans and investment, helping fund new ports, two airports and a pipeline for drinking water from Ethiopia. It's also planning a series of power plants and a tax-free manufacturing zone. Nearly a quarter of Djibouti's population lives beneath the poverty line — its unemployment rate in

2014 was 60% — and locals say the country desperately needs the help.

Djibouti inaugurated the rail line in January in a mass celebration featuring Djiboutian celebrities and African heads of state. By early February, the line hadn't yet opened, and the festive atmosphere had died down, but locals were feeling hopeful nonetheless.

At the rail line's penultimate station — another empty monolith — Degan Mohamed, 31, stood alone but for five security guards, sweeping up dust. She was hired as a janitor in October, her first job.

"I had no alternative," she said. "I am earning money, so I am quite happy."

jonathan.kaiman @latimes.com
Twitter: @JRKaiman

This story was reported with a grant from the Pulitzer Center on Crisis Reporting

About this series

This is the first in a series of reports on a massive program of Chinese investment that is reshaping Africa. Times staff writer Jonathan Kaiman and visual journalist Noah Fowler traveled to Ethiopia, Djibouti, Kenya and Ghana with support from the Pulitzer Center on Crisis Reporting. More online, including 360-degree videos, at latimes.com/chinaafrica

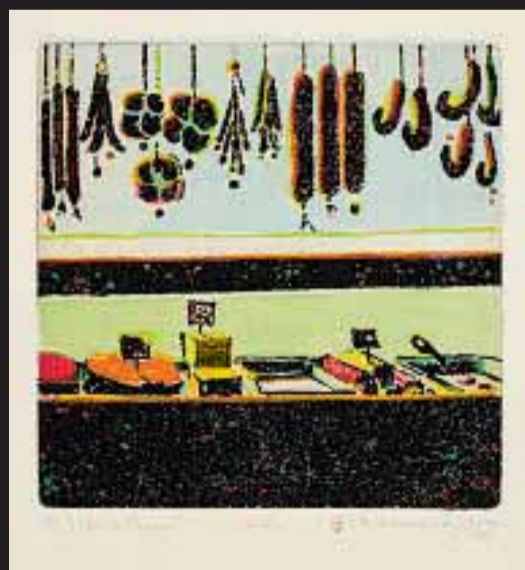
PRINTS AND MULTIPLES

Tuesday October 24, 10am
Los Angeles

Invitation to Consign

INQUIRIES

+1 323 436 5435
morisa.rosenberg@bonhams.com



Art © Wayne Thiebaud/Licensed by VAGA, New York, NY

WAYNE THIEBAUD (BORN 1920)

Delicatessen, 1964/2010
Watercolor over sugar-lift etching on wove paper
\$60,000 - 80,000

Bonhams

International Auctioneers & Appraisers — bonhams.com/prints
© 2017 Bonhams & Butterfields Auctioneers Corp.
All rights reserved. Bond No. 57BSBGL0808

ROCKY MOUNTAINEER

CATCH THE BEST OFFER OF THE YEAR BEFORE IT LEAVES THE STATION.

Don't miss out on our biggest offer of the year. Sky-high peaks, fine dining, roaming wildlife, stunning sunsets—a journey through the Canadian Rocky Mountains by rail is quite simply, unforgettable. To make this experience even more memorable, we're giving you \$800* per couple in added value to use towards enhancing your rail adventure.

EARLY BOOKING BONUS

BOOK A QUALIFYING 2018 PACKAGE OF 8 DAYS OR MORE AND RECEIVE

\$800*
PER COUPLE IN ADDED VALUE.

SPEND IT ON EXTRA HOTEL NIGHTS, SIGHTSEEING & MORE.

OFFER EXPIRES AUGUST 25, 2017

CHOOSE FROM PACKAGES LIKE

JOURNEY THROUGH THE CLOUDS EXPLORER VANCOUVER - KAMLOOPS - JASPER BANFF - LAKE LOUISE - CALGARY

- 8 DAYS/7 NIGHTS HOTEL
- ICEFIELDS PARKWAY TOUR & ICE EXPLORER
- 2 DAYS ONBOARD ROCKY MOUNTAINEER
- YOHO NATIONAL PARK TOUR
- 2 BREAKFASTS, 2 LUNCHES
- BANFF GONDOLA
- VANCOUVER LOOKOUT

STARTING FROM **\$2,261*** PER GUEST, SILVERLEAF SERVICE

THREE WAYS TO BOOK: ROCKYMOUNTAINEER.COM | TOLL-FREE 1.866.545.2766 | CONTACT YOUR TRAVEL AGENT

*Offer must be requested at the time of booking and will not be automatically allocated or retrospectively added. Credited option must be selected at the time of booking and can only be added to a Rocky Mountaineer package. Offer valid on new 2018 bookings made by August 25, 2017. This offer is applicable to qualifying Rocky Mountaineer packages of eight or more days booked in GoldLeaf Deluxe, GoldLeaf or SilverLeaf Service from the 2018 Rocky Mountaineer brochure on select dates only. Deposits are required at the time of booking and full payment of the balance must be made by January 12, 2018. Travel during the 2018 Rocky Mountaineer season between April and October on selected dates. Maximum offer value of \$400 USD added value credit per adult (\$800 USD added value credit per couple) is with qualifying packages of eight days or more. Applicable to single, double, triple or quad package prices. Qualifying packages can be purchased in any class of train travel or grade of accommodation. An amendment fee of \$40 USD per booking will be charged for changes to the use of the credit after the booking has been confirmed. Credits can only be used towards the purchase of additional services offered by Rocky Mountaineer — the credit cannot be used to upgrade rail service or accommodation and cannot be used against the price of the core package. Credit cannot be deferred to a later trip. Offer is not applicable to child prices, 2 or 3-day rail only bookings or Group Tour bookings. Not available in conjunction with any other offer. Offer has no cash value and is non-transferable. Price shown for Journey through the Clouds Explorer package is per person in USD, SilverLeaf Service, for select start dates between April 16, 2018 and April 23, 2018 from Vancouver, subject to availability. Accommodation is based on double occupancy. Pricing does not include Canadian tax (GST) or flights. Credit value and pricing is expressed in USD as a guideline only and may vary at the time of booking due to changes in exchange rate with the CAD. Additional conditions apply.