

Exporting the China Model

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Introduction

In October 2017 at the 19th Congress of the Chinese Communist Party (CCP), Xi Jinping was re-selected for a second five-year term as General Secretary of the Communist Party. In his acceptance speech, he stated, “The China model for a better social governance system offers anew option for other countries and nations who want to speed up their development while preserving their independence. And it offers Chinese wisdom and a Chinese approach to solving the problems facing mankind.”¹ It was a just a brief mention of a bold idea—that China had a model worth emulating—but it was enough to spark debate within and outside China over what precisely Xi meant. Xi, himself, appeared to take a step back in a second speech one month later, in which he stated that China would neither import foreign models of development nor export the Chinese model and ask other countries to copy the Chinese practice.² Yet one year later, in a December 2018 speech, Xi once again suggested the potential universality of the China model: “Forty years of practice has fully proved that China's development has provided successful experiences and shown bright prospects for the majority of developing countries to modernize. It is a powerful force for promoting world peace and development, and a great contribution of the Chinese nation to the progress of human civilization.”³

The debate over whether Xi Jinping and the rest of the Chinese government seeks to export its model continues today. Part of the reason for this ongoing discussion is that there is no single definition for what constitutes the China model. On this point, the Australian writer Richard McGregor suggests one fruitful approach, “The Chinese system, which combines a Leninist-style party with a centuries-old bureaucratic culture, can’t easily be replicated elsewhere. What Mr. Xi is really promoting is something else: the idea that authoritarian political systems are not only

¹ “Full Text Of Xi Jinping's Report At 19th CPC National Congress”, *China Daily*, 2017, https://www.chinadaily.com.cn/china/19thcpcnationalcongress/2017-11/04/content_34115212.htm.

² “Xi Jinping: Working Together To Build A Better World”, 2018, <http://ca.china-embassy.org/eng/sgxw/t1531148.htm>.

³ “Celebrating The 40th Anniversary Of Reform And Opening Up”, *Xinhua*, 2018, <http://www.xinhuanet.com/politics/zbggkf40/wzsl.htm>.

legitimate but can outperform Western democracies.”⁴ At its heart, therefore, the China model is simply one variant of authoritarian or state capitalism—a single party state whose polity is characterized, as University of Michigan Professor Yuen Yuan Ang has described, by extensive state control over political and social life, including the media, Internet, and education, and whose economy reflects a mix of both market-based practices as well as the strong hand of the state in core sectors of the economy.⁵ Much as the United States and other market democracies export their model by advancing regulations and laws that support individual property rights, free speech, and elections—both within countries and at the level of global governance—the export of the China model includes supporting the creation of laws and regulations that enhance state control, limit individual freedoms, and favor state-led economic development.

Over the past two-and-a-half years since Xi’s 19th Party Congress speech, both in rhetoric and reality, China has become increasingly comfortable in its efforts to export its state-centered political and economic model globally. Its motives are both defensive—to protect China from international criticism—and offensive—to ensure that international norms and values align with and serve Chinese values and policy priorities. Beijing also has significant economic interests at stake in advancing its model; for example, the technology used to underpin the model can be sold and deployed by Chinese companies. It exports its model, or elements of its model, through a number of different channels: multilateral forums, bilateral training and education opportunities, the Belt and Road Initiative, and international governmental organizations. While many countries are willing consumers of China’s model, Beijing is not averse to using coercive means, such as threatening access to its market or even banning products from recalcitrant countries, to push others to accept elements of its model.

The United States and its partners possess the tools necessary to prevent China from helping to create and/or buttress a new coterie of authoritarian capitalist countries that is prepared to support Beijing’s values and priorities. However, it will require developing a coordinated strategy that relies on both traditional as well as new forms of capacity building efforts in developing economies, strengthening the U.S. support at home and abroad for democratic values and good governance, and engaging U.S. companies more directly in both defensive and offensive strategies.

Exporting the China Model: A Multi-Dimensional Game

The Chinese Communist Party has multiple objectives in exporting its model. First, as noted above, the more countries that share China’s norms and values, the more support Beijing will garner for its policies on the global stage. For example, in September 2019 when the United States and twenty-one other market democracies condemned China’s detention of upward of one million Uighur Muslims in labor and reeducation camps in Xinjiang, China was able to rally more than fifty countries—most of which had authoritarian political leanings—in support of its practices, thereby undermining U.S. and others’ efforts to pressure China to change its policies.⁶ Second, China’s Belt

⁴Richard McGregor, "Xi Jinping’s Ideological Ambitions", *Wall Street Journal*, 2018, <https://www.wsj.com/articles/xi-jinpings-ideological-ambitions-1519950245>.

⁵Yuen Yuan Ang, "Autocracy With Chinese Characteristics", *Foreign Affairs*, 2018, <https://www.foreignaffairs.com/articles/asia/2018-04-16/autocracy-chinese-characteristics>.

⁶Louis Charbonneau, "Countries Blast China At UN Over Xinjiang Abuses", *Human Rights Watch*, 2019, <https://www.hrw.org/news/2019/10/30/countries-blast-china-un-over-xinjiang-abuses>.

and Road Initiative reinforces elements of China's development model in other countries, including debt-inducing infrastructure led development, lack of transparency, corruption, and weak social, labor, and environmental protections. Arguably, it is easier for China to invest in countries that share its own development practices. Third, the export of the China model provides extensive opportunities for economic gain for Chinese companies, particularly those involved in infrastructure or in the development and deployment of new technologies, including satellite systems, fiber optic cables, media, e-commerce, and surveillance systems. Finally, to the extent that other countries follow China's model, it helps legitimize the Chinese Communist Party at home. It sends a message to the Chinese people that far from being a pariah polity, their governance system is respected and worthy of emulation.

Capacity Building: At one level, China exports its model through political and economic capacity building in other countries, much in the same way that the United States and other democracies have traditionally sought to strengthen laws and norms promoting democracy in developing countries.

First, there is a concentrated and determined effort by the Chinese Communist Party to educate and train foreign officials and experts on the nature of the model and on how to implement it. Some of this training takes place in multilateral forums. For example, in October 2019, Zhejiang province hosted a forum called "The significance of China's social governance to the world," which was attended by more than 200 experts from 20 countries. The *Xinhua* tagline from the conference was "China can provide wisdom to a world that is in need of new governance models." And an article in the *Beijing Review* reported, "The world's largest developing country can truly offer wisdom for the governance of the world in many aspects, ranging from politics, economy and culture to science, education, public health environment and poverty reduction."⁷ Under the auspices of the Belt and Road Initiative, China has also hosted two to three-week seminars on how to conduct online censorship and surveillance for officials from other countries, such as the Philippines, Saudi Arabia, the UAE, and Thailand.⁸ And Guangxi province is home to a leadership academy, established in 2017, whose mission it is to train officials from ASEAN on China's governance and economic development model. The training program has reached almost 1000 ASEAN officials. It lasts about ten days and includes subjects such as how the government can guide online public opinion, alleviate poverty, and develop a stronger grassroots presence.⁹

Second, Beijing operates bilaterally, targeting individual countries for education and training opportunities either in Beijing or in the host country. Council on Foreign Relations Senior Fellow Josh Kurlantzick, for example, has documented the very granular export of the China model to Cambodia. Not only does China provide defense training for the army, economic training for ministers, and justice training for police, but there are also highly specific lessons on what tools to

⁷"China's Governance System Offers Wisdom To The World-- Beijing Review", *Beijing Review*, 2019, http://www.bjreview.com/Nation/201911/t20191121_800185807.html.

⁸Adrian Shahbaz, "Freedom On The Net 2018: The Rise Of Digital Authoritarianism", *Freedom House*, 2018, <https://freedomhouse.org/report/freedom-net/freedom-net-2018/rise-digital-authoritarianism>.

⁹Huifeng He, "In A Remote Corner Of China, Beijing Is Trying To Export Its Model By Training Foreign Officials The Chinese Way", *South China Morning Post*, 2018, <https://www.scmp.com/news/china/economy/article/2155203/remote-corner-china-beijing-trying-export-its-model-training>.

use to suppress dissent and how to encourage foreign investment, while at the same time accessing and retaining foreign technology and skills.¹⁰

The China model has perhaps found the most adherents in Africa. For example, the Chinese Communist Party trained the Ethiopian People's Revolutionary Democratic Front (now part of the Prosperity Party) on how to develop its party organizational structure, strengthen its ideological work and propaganda system, and improve its cadre education. In addition, the CCP provides instruction on how to monitor, guide, and manage public opinion—including the organization setup, technologies, legislation and relations with the media.¹¹ The Sudanese People's Liberation Movement (SPLM) has also been a particularly avid consumer of China's political and economic model. It sends hundreds of government officials to China to study with the Communist Party, where it learns how China has developed its transportation, health, and culture industries, its poverty alleviation efforts, as well as how to manage public opinion and build a party. China also provides several hundred scholarships annually to South Sudanese students, embeds businesspeople from South Sudan in Chinese companies, and has provided free computers to the SPLM. The head of the SPLM stated in 2017 that he was preparing a training manual on a code of conduct and party structure based on that of China.¹² Stimson Center scholar Yun Sun has also detailed how members of the African National People's Congress have traveled to China to study the organizational development of the CCP at the grass-roots level to understand how local officials implement decisions by Beijing, as well as to attend training seminars on "socialism theories and practices."¹³

Beijing is particularly active in exporting the elements of its model dedicated to state control over civil society. After participating in a China-Tanzania roundtable on new media, the Tanzanian deputy minister of communications Edwin Ngonyani discussed collaborating with China on social media censorship, noting "Our Chinese friends have managed to block such media in their country and replace them with homegrown sites that are safe, constructive and popular. We aren't there yet, but while we are still using these platforms we should guard against their misuse."¹⁴ Tanzania and Zimbabwe have both modelled their cybersecurity laws after that of China. And according to a study by Freedom House, Vietnam also has released a cybersecurity law based on that of China after participating in a training seminar with Chinese officials.¹⁵

The Chinese government also provides the technology and technical support necessary to enhance the state's control over civil society. In Uganda, China's National Electronics Import and Export corporation is supporting capacity-building for Uganda's communications commission, police force and ministry of internal affairs, including both training and the provision of technology. Huawei technicians, for example, reportedly helped Ugandan President Yoweri Museveni intercept his

¹⁰Joshua Kurlantzick, *Charm Offensive: How China's Soft Power Is Transforming The World* (New Haven, Conn.: Yale University Press, 2008).

¹¹Yun Sun, "Political Party Training: China's Ideological Push In Africa?", *Brookings Institution*, 2016, <https://www.brookings.edu/blog/africa-in-focus/2016/07/05/political-party-training-chinas-ideological-push-in-africa/>.

¹²Lily Kuo, "Beijing Is Cultivating The Next Generation Of African Elites By Training Them In China", *Quartz Africa*, 2017, <https://qz.com/africa/1119447/china-is-training-africas-next-generation-of-leaders/>.

¹³Yun Sun, "Political Party Training: China's Ideological Push In Africa?"

¹⁴Nick Bailey, "East African States Adopt China's Playbook On Internet Censorship", *Freedom House*, 2017, <https://freedomhouse.org/blog/east-african-states-adopt-china-s-playbook-internet-censorship>.

¹⁵Adrian Shahbaz, "Freedom On The Net 2018: The Rise Of Digital Authoritarianism".

opponent's Skype and WhatsApp communications, after his own government team couldn't do it.¹⁶ China's surveillance technologies hold enormous attraction for many countries' leaders. In Latin America, Venezuela, Bolivia, and Ecuador have all purchased various forms of surveillance technology from Chinese firms.¹⁷ According to a Brazilian journalist, Huawei simply gifted Brazil millions of dollars in surveillance cameras. And Kazakh President Kassym-Jomart Tokayev, who studied in both the former Soviet Union and China, was reportedly stunned by a demonstration of Hikvision's surveillance technology, in which one can click on someone's face and access a person's financial situation, work and school history, and leisure activities. He left convinced that his country needed the same technology.¹⁸ While surveillance technologies can be important aids in reducing crime, it is also the case, as Latin America scholar Evan Ellis has noted, that these technologies will give authoritarian regimes something that they have only dreamed about—a massive ability to sanction persons who engage in political or social behaviors of which the government disapproves.¹⁹

Moreover, China's provision of telecommunications infrastructure has the potential to enhance its ability to promote the China model through media content. Over the past few years, the Chinese government has launched and subsidized a satellite TV project for 10,000 villages in Africa. The Chinese company, StarTimes, provides both the satellite dishes and the content subscription packages. It now transmits Chinese television shows into the homes of more than 20 million subscribers in thirty African countries. Unsurprisingly, much of the content is devoted to shows that paint a favorable picture of China. Moreover, in Kenya, its cheapest package features only Kenyan and Chinese channels. Access to other channels, such as the BBC or Al Jazeera, costs more.²⁰

In addition to the export of elements of its political model, China also exports elements of its economic development model. While the economic achievements of China's infrastructure and export-led growth are widely admired globally, this same development model has also been accompanied by significant levels of infrastructure-induced government debt, a lack of transparency in deal-making, corruption, a failure to involve local populations in the decision-making and planning processes, and popular protest. All of these elements are evident in multiple Belt and Road host countries. In some cases, the China model reinforces similar proclivities in these countries; in others, it introduces fundamentally new challenges and opportunities. For example, the Chinese and Kenyan governments were prepared to build Kenya's first coal-fired power plant in Lamu, whose old town is a UNESCO World Heritage Site. After seven years, protests and a lawsuit by Kenyan civil society activists resulted in the country's court system revoking the project's

¹⁶Joe Parkinson, Nicholas Bariyo and Josh Chin, "Huawei Technicians Helped African Governments Spy On Political Opponents", *Wall Street Journal*, 2019, <https://www.wsj.com/articles/huawei-technicians-helped-african-governments-spy-on-political-opponents-11565793017>.

¹⁷Paul Mozur, Jonah M. Kessel and Melissa Chan, "Made In China, Exported To The World: The Surveillance State", *New York Times*, 2019, <https://www.nytimes.com/2019/04/24/technology/ecuador-surveillance-cameras-police-government.html>.

¹⁸Chris Rickleton, "Kazakhstan Embraces Facial Recognition, Civil Society Recoils", *Eurasianet*, 2019, <https://eurasianet.org/kazakhstan-embraces-facial-recognition-civil-society-recoils>.

¹⁹Evan Ellis, "The Future Of Latin America And The Caribbean In The Context Of The Rise Of China", *Center For Strategic And International Studies*, 2018, <https://www.csis.org/analysis/future-latin-america-and-caribbean-context-rise-china>.

²⁰Jonathan Kaiman, "'China Has Conquered Kenya': Inside Beijing's New Strategy To Win African Hearts And Minds", *Los Angeles Times*, 2017, <https://www.latimes.com/world/asia/la-fg-china-africa-kenya-20170807-htmlstory.html>.

environmental license and staying the project.²¹Such protests are common throughout Belt and Road countries.

China also exports additional elements of its economic model. Over the past two decades, for example, it has advanced its model of special economic zones and industrial parks, a process that has accelerated under the auspices of the BRI. For example, where China has stakes or controlling stakes in ports, such as Bangladesh, Malaysia, and Ethiopia, it is also establishing industrial parks linked to these ports. The Chinese director of one such park in Malaysia, has stated that the park is “a platform for China’s emerging strategic industries, such as high-end manufacturing and equipment and biotechnology to go global” as well as to provide opportunities for Malaysian companies.”²² In other cases, such as in Bangladesh, however, the parks are overwhelmingly focused on attracting Chinese companies. Moreover, a study by Greenpeace East Asia has found that inside China, these industrial parks have suffered from lack of oversight and become sources of water pollution and soil contamination.²³ It is plausible that such practices will be replicated globally.

Norms and International Institutions: China also exports its model through its participation in international institutions and regimes. Xi Jinping frequently references the need for China to lead in the reform of the global governance system. Over the past several years, China has assumed a leadership role within many UN institutions; currently it heads four of fifteen UN-related specialized agencies.²⁴It actively seeks to use international institutions to advance Chinese norms and policy preferences by inserting normative language such as “community for shared destiny,” “win-win,” and policies such as Belt and Road into UN documents. Center for American Progress scholar Melanie Hart has detailed, for example, Chinese efforts to shape the developing regime around Internet governance, noting, “China is seeking to devalue those external freedoms by pushing authoritarian principles in global internet governance forums. Just as China is convening its own humanrights forums, it is also hosting World Internet Conferences that bring in representatives from other nations—including major U.S. companies—to legitimize Chinese norms.”²⁵

Beijing is also adept at using international institutions to advance multiple elements of its model. For example, during 2016-2018, Meng Hongwei, a senior Chinese Public Security official, held the presidency of Interpol.²⁶ During Meng’s presidency, Interpol formally agreed to collaborate with

²¹Abdi Dahir, “China’s Plan To Help Build Kenya’s First Coal Plant Has Been Stopped—For Now”, *Quartz Africa*, 2019, <https://qz.com/africa/1653947/kenya-court-stops-china-backed-lamu-coal-plant-project/>.

²²Ma Chi, “Industrial Park Tries New Model - Chinadaily.Com.Cn”, *China Daily*, 2018, <http://www.chinadaily.com.cn/a/201811/26/WS5bfb45b9a310eff30328af65.html>.

²³“With Poor Oversight, China’s Industrial Parks No Match For Illegal Wastewater Dumping”, 2019, <https://www.greenpeace.org/eastasia/press/1333/with-poor-oversight-chinas-industrial-parks-no-match-for-illegal-wastewater-dumping-2/>.

²⁴Ben Blanchard, “Xi Says China Must Lead Way In Reform Of Global Governance”, *Reuters*, 2018, <https://www.reuters.com/article/us-china-diplomacy/xi-says-china-must-lead-way-in-reform-of-global-governance-idUSKBN1JJ0GT>.

²⁵Melanie Hart, “Mapping China’s Global Governance Ambitions”, *Center For American Progress*, 2019, <https://www.americanprogress.org/issues/security/reports/2019/02/28/466768/mapping-chinas-global-governance-ambitions/>.

²⁶ In 2018, the Chinese government arrested Meng on charges of corruption. He was found guilty and sentenced in 2020 to thirteen and a half years in prison.

China to promote security and stability in Interpol members along the Belt and Road.²⁷In addition, in 2017, China hosted Interpol's annual international conference, at which Xi Jinping delivered the keynote address. In the course of his remarks, Xi offered to upgrade Interpol's telecommunications infrastructure and to train 5000 international police officers. China's leadership of Interpol also served as a legitimizing element domestically. The Chinese media reported that Meng's leadership of Interpol signified that the international community supported China's conception of the rule of law.²⁸

Leverage and Coercion: Finally, China also uses the leverage of its market to coerce international actors to accept elements of its model. Most frequently, Beijing pressures companies and countries to accede to its conception of mainland Chinese sovereignty, which includes Hong Kong, Taiwan, and the South China Sea or risk losing access to its market. In 2018, for example, Beijing threatened to cut off access to its market for international airlines and hotel chains that identified Taiwan as a separate entity on their websites. More recently in October 2019, the United States was rocked by the case of Houston Rockets General Manager Daryl Morey, who tweeted, "Fight for Freedom, Stand with Hong Kong." In response to the tweet, Chinese companies cancelled all licensing deals for Rockets merchandise and the Chinese government banned all CCTV broadcasts of NBA games and reportedly called on the NBA to fire Morey. What is particularly striking in this instance, however, is not the effort to use economic leverage to pressure the Houston Rockets and the NBA, but rather the statement by state-owned CCTV that "any remarks that challenge national sovereignty and social stability are not within the scope of freedom of speech."²⁹There could not be a clearer demonstration of China's effort to export its political model than a statement to the effect that China has the right to apply the same standards of free speech it practices at home to actors abroad. Moreover, as China moves to include multinationals in its social credit system, pressure will only grow for these companies to align their behavior more closely with Chinese values and policy preferences.³⁰

Importantly, despite the potential economic costs of not acceding to China's demands, several countries, in addition to the United States, are pushing back against these more coercive tactics, including most recently the Czech Republic, Sweden, and Estonia.³¹

For the United States and other market democracies, the risk of increasingly widespread acceptance of China's political and economic model—and the closer relationships between China and these countries that this acceptance implies—is significant. First, it provides China with an expanding group of supporters in the international arena around Chinese positions on human

²⁷Hou Qiang, "Interpol To Help Promote Security Along Belt & Road", *Xinhua*, 2017, http://www.xinhuanet.com/english/2017-05/14/c_136282477.htm.

²⁸Sam Boone, "CSR 2019: China's Influence On Interpol – Progress And Pushback", *SAIS China Studies Review*, 2019, <https://saiscsr.org/2019/10/30/csr-2019-chinas-influence-on-interpol-progress-and-pushback/>.

²⁹Stephen Wade and Tim Reynolds, "With China Rift Ongoing, NBA Says Free Speech Remains Vital", *AP News*, 2019, <https://apnews.com/cacbc722f6834e64814f82b14752682c>.

³⁰ A system by which the Chinese government evaluates its citizens' political and economic trustworthiness and rewards and punishes them accordingly.

³¹Bethany Allen-Ebrahimian, "Europe's Loudest Huawei Critic", *Axios*, 2020, <https://www.axios.com/huawei-europe-czech-republic-651b128e-c49a-4169-82f7-437d2116d8b3.html>; Richard Milne, "Swedish Cities Cut China Links After Increase In Tension", *Financial Times*, 2020, <https://www.ft.com/content/b6c8d510-429e-11ea-a43a-c4b328d9061c>; Ott Ummelas, "China Rebukes Estonia For Report Showing 'Cold War Mindset'", *Bloomberg*, 2020, <https://www.bloomberg.com/news/articles/2020-02-18/china-rebuked-estonia-for-report-that-shows-cold-war-mindset>.

rights and Internet governance, the South China Sea, and the Belt and Road. Second, it constrains opportunities for U.S. companies to compete on a level playing field. And third, it leads China to believe that it can coerce any country—including the United States—to change the way it does business to accommodate Chinese values and policy priorities.

Recommendations

The United States should take seriously the long-term and multidimensional threat posed by the export of China's model. An effective response must include several elements:

First, the United States should transform its narrative around China from defensive and reactive to positive and proactive. Tough U.S. rhetoric around the Belt and Road Initiative and current efforts to push back against China's activities in the United Nations have been important elements in rethinking and resetting the terms of U.S. policy toward China and alerting other countries to problematic CCP policies. However, they are not enough. Without a positive global narrative—a U.S. vision for global prosperity and security and policies to support that vision—Beijing's efforts will continue to gain traction because there is no alternative. The 2018 Asia Reassurance Initiative Act (ARIA) reflects many of the necessary building blocks of a forward-leaning and positive U.S. strategy. These include support for projects that help build democratic institutions in the region's developing economies, that enhance the defense capabilities of U.S. partners in the region, and that promote cooperative, high-quality investment, such as the U.S.-Australia-Japan-New Zealand project to electrify 70 percent of Papua New Guinea by 2030. This same type of U.S. interest and commitment demonstrated toward Asia Pacific is equally needed in Latin America and Africa.

Second, the United States should think creatively about how best to deploy non-traditional or soft power. For example, the United States should redouble its efforts to attract the best and brightest from around the world to study in the United States. In 2019, sixty-two current heads of state and heads of government had previously studied in the United States.³² The State Department, however, cut the number of visas it issues to newly enrolled international students by almost 10 percent during 2017-2019. This trend undermines a critical element of U.S. soft power at a moment when China is actively recruiting and paying students globally to study in China.

In addition, in selling the American model, the United States should capitalize on its strong corporate sector and well-deserved reputation as a center for global innovation. For example, the U.S. Ambassador to Greece Geoff Pyatt managed to have the United States recognized as the "honored country" for the 2018 Thessaloniki International Fair. The theme of the U.S. pavilion was "Harnessing the Power of Innovation and Creativity," and it featured 65 American companies, including technology leaders such as Google, Microsoft, Hewlett Packard, IBM, and Oracle, with workshops and mentoring opportunities for young Greek entrepreneurs. Microsoft also used the fair to announce a new Digital Innovation Hub to be based in Thessaloniki. In several interviews I conducted with Greek officials in February 2020, they spontaneously remarked on the enormous success of the U.S. effort. Pyatt's soft power achievements have also been matched by the U.S. administration's encouragement of greater U.S. investment in Greece, as the country privatizes

³²Martin Armstrong, "Infographic: Where World Leaders Were Educated", *Statista Infographics*, 2019, <https://www.statista.com/chart/19249/soft-power-where-leaders-educated/>.

major sectors of its economy. This provides some competition for Chinese companies, which often field multiple bids for these privatization opportunities. Moreover, Congress's role in releasing DFC funding for a major new energy project in Greece is further evidence of how the United States can compete effectively when it thinks strategically.

Third, Congress should expand its diplomatic remit. One of America's greatest strengths in its relationship with China is its allies. Many countries share the United States' concerns about the nature of China's power and intentions. The European Union, for example, has declared China a "systemic rival." Congress should consider establishing relations with parliamentary groups in other countries to help build consensus and align countries' policies on how to meet the China challenge. During the Munich Security Conference, for example, a member of the German Bundestag expressed interest in developing a Transatlanticcaucus that would address China-related issues. Such a group could be useful in thinking through opportunities for action in third countries, particularly smaller European states who might become dependent on Chinese investment, as well as in building consensus around issues such as Huawei.

Fourth, given limited U.S. resources, the United States should work with OECD countries to develop a global strategy for advancing the principles of market democracies. Africa, with its young, dynamic population, and strong Chinese presence should be a particular focus of attention. (In 2018, the United States was the largest investor by project number in Africa, but China was the largest investor in terms of overall capital.)³³ The United States and interested OECD partners could launch a smart and sustainable cities initiative, identifying and financing five to ten high profile smart city projects in African countries with DFC financing and partnerships among American and other multinationals. These projects would underscore the U.S.'s natural leadership in sustainable cities, while at the same time directly competing with China based on principles of openness and transparency. In addition, the United States should expand the Blue Dot Initiative to include European partners, understanding that the Blue Dot effort will only be successful if it induces China to raise its standards or if alternative projects are also put forth.

Fifth, Congress should consider holding hearings with representatives from the international business community in China to develop a strategy for addressing coercive Chinese efforts to enforce its political values. As a first initiative, these hearings should address how companies might unite to push back against China's coercive policies around the identification of Taiwan and should also include a preliminary assessment of the impact of the social credit system on multinationals.

³³Payce Madden, "Figure Of The Week: Foreign Direct Investment In Africa", *Brookings Institution*, 2019, <https://www.brookings.edu/blog/africa-in-focus/2019/10/09/figure-of-the-week-foreign-direct-investment-in-africa/>.