
CHINA'S GROWING INFLUENCE: IS AMERICA GETTING LEFT BEHIND?

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China's Belt and Road investments are expected to top **\$1 trillion** – 7 times the size of the Marshall Plan in today's dollars.

China's global influence has grown dramatically in recent years, surpassing the United States as the largest trading partner with many countries in Africa and Latin America. China doubled its diplomacy budget over the last five years, proposing to increase its foreign affairs budget by 15% in 2018 alone, at the same time that the United States considers proposals to cut funding for diplomacy and development by 30%.

OUTPACING U.S. INVESTMENTS IN DIPLOMACY AND DEVELOPMENT

- China is expected to spend over \$1 trillion on its “Belt and Road” initiative – seven times the size of the Marshall Plan in real dollars. This initiative is already building new markets for Chinese goods and increasing economic connectivity from Asia to Africa to the Americas, encompassing more than 60% of the world's population and one-third of global GDP. In the last year alone, China invested over \$20 billion into seaports in other countries, doubling the amount spent in the previous year.
- China recently announced plans to create a new foreign aid agency to better coordinate and advance China's commercial and foreign policy interests. China is also creating new international development institutions, launching the BRICS Development Bank in 2014, as well as the Asian Infrastructure Investment Bank in 2016 that already has 61 member states including many of America's strategic allies.
- While the U.S. promotes economic development to help countries achieve self-sufficiency, China has leveraged its massive economic investments to create dependencies in some countries unable to repay Chinese loans.
 - When Sri Lanka faced major debt problems from Chinese infrastructure projects, China negotiated a swap of its debt for a 99-year leasehold in a Sri Lankan port project, giving China access to a key trade and shipping route to enhance its Belt and Road Initiative.
 - Chinese infrastructure projects have already left another 8 countries – Djibouti, Kyrgyzstan, Laos, the Maldives, Mongolia, Montenegro, Pakistan and Tajikistan – at significant risk of economic distress with large debt owed to China.

CHINA'S GROWING INFLUENCE AROUND THE WORLD

- China surpassed the U.S. as the largest trading partner to Africa in 2009 and has become the top exporter to 19 out of 48 countries in sub-Saharan Africa.
 - China has increased its development investments in Africa by more than 520% over the last 15 years.
 - Throughout the 2000s, China's Export-Import bank loaned nearly \$67 billion to Africa, more than 500% of the combined World Bank loans of \$12.5 billion.
 - In 2016, China exported \$82.5 billion worth of goods to the continent, while the U.S. exported only a quarter of that amount. According to McKinsey and Company, there are now over 10,000 Chinese firms in Africa, potentially generating \$440 billion in revenues by 2025.
 - Chinese-funded projects in Africa increased by more than 100% between 2015 and 2016, while America's foreign direct investment (FDI) to Africa is falling.

- China has surpassed the U.S. as the leading trading partner for several South American countries, including Brazil – the continent’s largest economy – and invested \$6 billion in Caribbean nations since 2012.
 - China recently pledged \$500 billion in trade with Latin American countries and \$250 billion in Chinese direct investment over the next ten years.
 - China has committed to train 10,000 political elites in Latin American by 2020. By investing resources in foreign media and think tanks along with the cultural and academic sectors, China is leveraging its resources to create a positive view of China in the region.

KEY QUOTES

- “Increased reach to key global access points like Panama create commercial and security vulnerabilities for the United States, as do Chinese telecommunications and space ventures with dual-use potential, which could facilitate intelligence collection, compromise communication networks, and ultimately constrain our ability to work with our partners.”
– **Admiral Kurt Tidd**, Commander, U.S. Southern Command.
- “While they pose separate challenges with unique attributes, both China and Russia seek to reshape the world order and change territorial borders. Consequently, they pose increasing security threats to us, our allies, and our partners.”
– **John Rood**, Under Secretary of Defense for Policy, Department of Defense
- “China had been stepping in and offering an alternative that simply wasn’t as good as the one offered by the U.S. China often is using export credit agencies...that use subsidized finance to attract deals that then require procurement or end up generating procurement from China. So it’s an unbalanced relationship that leaves the country with a whole bunch of debt.”
– **David Malpass**, Under Secretary for International Affairs, Treasury Department.
- “By supporting good governance, by supporting pro-American governance, by supporting leaders who are trying to do the right thing, we can support democracy and the rule of law, we can provide governments with an alternative to the Cubas, the Venezuelas, the Chinas, the Russias.”
– **Senator Marco Rubio (R-FL)**
- “Our engagement in Africa is in the strategic interest of the U.S. not only to address urgent humanitarian aid, but also to advance economic, political and security interests. Now is not the time to pull back.”
– House Foreign Affairs Chairman **Ed Royce (R-CA)**
- “The Administration’s proposed cuts to the FY 2018 international affairs budget would have a devastating impact on our global leadership and make the American people less safe. These cuts are a gift to countries like Russia and China who are already filling the void left by America’s diminishing role in the world.”
– House Foreign Affairs Ranking Member **Eliot Engel (D-NY)**