

CHINA REGIONAL SNAPSHOT

Exposing the CCP's Global Malign Influence



An in-depth assessment led by House Foreign Affairs Committee Lead Republican Michael McCaul (TX-10), found that global investment and commercial efforts by the People's Republic of China (PRC), mainly through its predatory Belt and Road Initiative (BRI), are negatively affecting many countries and their citizens around the world.

Launched by the Secretary General of the Chinese Communist Party (CCP) Xi Jinping in 2013, the BRI is falsely presented as a global development and investment initiative. In reality, it is an effort to expand the CCP's heavy-handed influence around the world while also laying the groundwork for their global military power projection.

In the process of expanding their control, the CCP is creating economic dependencies via their familiar “debt trap” diplomacy. They are also creating technological dependencies around the world by exporting intrusive and dangerous technology. These various dependency traps enable their malign political influence over countries and their leaders in all corners of the globe. Even more troubling, 125 countries have already signed BRI [cooperation documents](#) and the CCP has spent an estimated [\\$2 trillion](#) in global investments since 2005.

This assessment identified the following disturbing trends resulting from the CCP's global engagement:

CCP loans and investments including those made under Xi Jinping's Belt and Road Initiative (BRI) have created “debt traps” for countries in need of financial support and investment.

- As of 2018, [Djibouti](#) had \$1.4 billion in loans from the CCP—the equivalent of 75 percent of its GDP. The CCP also holds 65.8 percent of [Zambia's](#) external debt and has placed [Ethiopia](#) at high risk of external debt distress.
- [Pakistan](#) will owe \$6.7 billion in near-term debt to the CCP by June 2022.
- As of 2018, [Montenegro](#) (a NATO member) owes almost 40 percent of its external debt to the CCP. A \$1 billion CCP loan for a highway project, alone, sent Montenegro's debt-to-GDP ratio soaring to just [over 80 percent](#) in 2019.

The CCP has consistently used its diplomatic relations, including hidden and opaque loans and investments for political concessions including, but not limited to, quelling criticism of their human rights abuses and coercing governments to break diplomatic ties with Taiwan.

- The CCP exploited debt crises in [Portugal and Greece](#) by heavily increasing investment in their economies, and successfully pushed for more muted criticism of the CCP from these countries in the European Union.
- Arab states with strong ties to the CCP have supported the CCP's abuse of the Uighurs. For example, a senior Saudi official [said](#), “We respect and support China's right to take counter-terrorism and de-extremism measures to safeguard national security.” In 2017 Egyptian authorities [supported](#) the [interrogation](#) of over 200 Uighurs by CCP authorities in Egypt.
- In 2018, a Taiwanese official claimed that the [Dominican Republic](#) broke ties with Taiwan in exchange for a \$3.1 billion package for investments and loans.
- In February 2021, [Guyana](#) suddenly terminated an agreement with Taiwan following criticism from the CCP.

The CCP is strengthening its military partnerships with authoritarian regimes that undercut military and security interests of the United States and regional partners.

- [Iran](#) and the CCP have a pending economic and security [partnership](#) that many speculate includes oil concessions for Chinese companies, basing rights for China's military, and long-term leases of Iranian islands.

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- Iran and the CCP held joint naval exercises in [2017](#) and in [2019](#).
- The CCP and [Russia](#) proposed the “Treaty on the Prevention of Placement of Weapons in Outer Space and the Threat or Use of Force Against Outer Space Objects,” which fails to address terrestrially based anti-satellite systems which both countries have deployed.
- Between 2009-2019 the Maduro regime in [Venezuela](#) received \$548M in arms exports from the CCP

CCP economic engagement has been used to gain control over dual-use infrastructure and strategically located land, covertly laying the groundwork for dramatically increased military expansion while improving the resilience of CCP energy routes.

- [Djibouti](#), which owes at least \$1.2 billion to China, accounting for a majority of [Djibouti's](#) external debt, is home to the CCP's People's Liberation Army's (PLA) first overseas base, which overlooks a strategic port and is located near a major African internet hub and the United States' primary base in Africa.
- The CCP took control of a strategic port in [Sri Lanka](#) along with 15,000 acres of surrounding land on a 99-year lease after Sri Lanka defaulted on an economically unviable \$1.1 billion deal with CCP contractors.
- In 2019, the CCP and [Cambodia](#) signed an agreement giving the CCP exclusive rights to part of a Cambodian naval installation on the Gulf of Thailand for 30 years, which supports PLA Navy operations in the South China Sea.
- A CCP-backed company in partnership with a UAE defense company opened a defense research center in [Abu Dhabi](#), where CCP and Emirati engineers and universities will develop defense technology with the UAE armed forces.
- CCP-backed actors have sought to purchase or develop numerous airports, deep-sea ports in [Iceland](#), and a former U.S. military base in [Greenland](#) under the guise of developing infrastructure or research institutions.
- CCP influence over [European ports](#) has increased greatly in recent years, including increasing investments in ports in Spain, Belgium, Italy and the Netherlands and a controlling stake in Greece's [port of Piraeus](#), which has the potential to interfere with NATO's ability to move troops and equipment across Europe.
- The CCP has a foothold on strategic infrastructure surrounding the [Panama Canal](#) including the control of ports on the canal's Pacific and Atlantic sides by a CCP-backed consortium.

CCP-led financing for telecommunications equipment and space-based systems is creating long-term dependency on intrusive and dangerous technology from a regime that is using data and personal information to infringe on the human rights of their own citizens. In many cases, this technology is shared with other authoritarian regimes.

- Tech companies that are integral parts of the CCP's dystopian surveillance state are [exporting](#) intrusive surveillance and policing technology globally, frequently under the seemingly-benign label of “smart cities” -- technology which was developed to facilitate the CCP's totalitarianism inside China, and represents a [threat](#) to civil liberties globally.
- Huawei constructed up to [70 percent](#) of Africa's information technology infrastructure, including telecom, national, and government networks that have been used for surveillance of opposition leaders in [Uganda](#), [Zambia](#), and [Ethiopia](#), among others.
- Huawei [installed](#) over 500 miles of fiber optic cables between the city of Kashgar, China and Islamabad, Pakistan as part of a larger network tying Pakistani data flows to the CCP.
- The U.S.-China Economic and Security Review Commission raised concerns that a CCP-operated satellite and space mission control center in [Argentina](#) could be used for intelligence gathering and interference of space operations in the Western Hemisphere.

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Lack of transparency and accountability in business practices by CCP-backed state-owned enterprises (SOEs) facilitate corruption in the public and private sector and undermine local efforts to strengthen the rule of law.

- Following an embezzlement scandal, the China Development Bank (CDB) halted financing for a light rail project, for which the [Kazakhstan](#) government repaid the CDB roughly \$200 million owed to PRC contractors despite completion of only 15 percent of the project.
- A CCP-backed loan for a highway project in [North Macedonia](#) was engulfed in a corruption scandal involving the country's former prime minister.
- Since 2008, various CCP-backed projects in [Costa Rica](#) have been halted or postponed due to conflicts of interest, ties to corrupt entities and other forms of malpractice.
- In April 2020, it was announced that the China Communications Construction Company will build the Train Maya railroad project in [Mexico](#). This company was blacklisted by the World Bank in 2011 for fraudulent activities and is under investigation for irregularities with projects in Brazil.

Despite the CCP's classification of free speech and freedom of information in the PRC as dangerous, they are providing training to foreign journalists under the guise of "media cooperation" while at the same time using local media to spread CCP political propaganda and undermining local efforts to strengthen independent media and press freedoms.

- The CCP's Xinhua News Agency launched an Urdu-language paper in [Pakistan](#) to spread propaganda and counter negative news about PRC-backed projects.
- Between 2002-2017, the CCP [arranged 82 trips](#) for journalists from the East-Asia Pacific region to China. 41 percent of them came from democracies such as South Korea, Japan, Indonesia, and the Philippines.
- [South African](#) companies linked to China have a 20 percent stake in the country's second-largest media group, which includes 20 prominent newspapers, which drew controversy by canceling a column that focused on the plight of Uighur Muslims in Xinjiang.

Poorly conducted feasibility and environmental studies for construction projects have displaced local populations and exposed them to dangerous working conditions and low-quality infrastructure, including the heavy polluting coal-fired power plants.

- CCP-backed railways and highway projects in [Armenia](#) and [Georgia](#) have been criticized for poor workplace conditions, poor construction quality and delays.
- In 2018, a CCP-constructed power plant in [Kyrgyzstan](#) broke down and left the capital city without heat mid-winter, resulting in a domestic political scandal and criminal investigation.
- The CCP simply disassembles, exports, and rebuilds older and dirtier coal plants that it deems too polluting for China in developing countries like [Cambodia](#).
- Various PRC-backed mining and energy projects in [Ecuador](#) have caused serious environmental damage and displaced local populations, leading to social resistance.
- PRC-backed financing for coal-fired power plants in [Serbia and Bosnia and Herzegovina \(BiH\)](#) have contributed to worsening pollution in Europe and the Western Balkans.
- In Kenya, China Construction Third Engineering Bureau [forged documents](#) related to environmental issues to secure a contract worth \$82 million to build a road that subsequently collapsed after heavy rain.

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The PRC uses major land and resource concessions as a part of agreements with foreign governments to take over territory and eliminate competition for PRC-backed companies.

- An agreement for a \$331.5 million loan to [Tajikistan](#) for a power plant entitles licenses for two of the country's gold mines to China's ExIm Bank until the loan is repaid in full.
- In 2018, [El Salvador's](#) former government struck a deal with the PRC to develop a Special Economic Zone made up of 14 percent of the country's territory that blocked non-PRC companies from investing. This deal has since been reversed.
- As part of an agreement for a \$50 billion canal project, [Nicaragua](#) gave the PRC-backed developer a 50-year land concession.

In-depth examples of the of the PRC's global investments and engagement can be explored in the following regional snapshots:

- [The Arctic](#)
- [The Caribbean](#)
- [Central Asia](#)
- [Central America and Mexico](#)
- [East Asia](#)
- [Eastern Europe and the South Caucasus](#)
- [Europe and the United Kingdom](#)
- [Middle East and North Africa \(MENA\)](#)
- [South America](#)
- [South Asia](#)
- [Sub-Saharan Africa](#)
- [Space](#)
- [Western Balkans](#)