

Economic Plans for Global Dominance

The Chinese Communist Party is using all facets of state power to develop national—even global—champions in key sectors. These regulatory and industrial policies are threatening American competitiveness globally.

1. A Protected Domestic Market Allows Chinese Companies to Become National Champions

- Market Access: China has one of the most restrictive foreign investment regimes of countries in the OECD, prohibiting or restricting investment in at least 40 sectors.
- Licensing: Administrative licensing procedures can be onerous and discriminatory, inhibiting market access in nominally open sectors.
- Standards-setting: Foreign companies can be prohibited from participating in certain standard setting activities in China and some Chinese standards require indigenous intellectual property, keeping foreign products out of China.
- Procurement: Procurement by central and local government agencies and state-owned enterprises can require products and services to either be manufactured in China or incorporate Chinese intellectual property.

2. Subsidies and State Funds Give Chinese Companies an Unfair Advantage

- China gives tens of billions of dollars in subsidies to Chinese companies in key sectors, distorting global markets and allowing companies to operate on non-market principles.
- Government funding lets Chinese companies aggressively acquire competitors, technology, and talent from around the world.

3. The Theft of Foreign Intellectual Property (IP) is Condoned and, in Some Cases, Encouraged

- The patent office, anti-trust authorities, and the courts can work in concert to coerce the transfer of specific foreign technology to Chinese companies.
- Industry groups and state-backed research organizations can be used to obtain proprietary licensing information from and launch meritless lawsuits against foreign companies.
- Cybersecurity laws and regulations allow Chinese authorities to access any information—including confidential and proprietary business information—stored within the PRC.

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4. Economic and Technological Dominance Will Support China's Military and Foreign Policy

- China's Military-Civil Fusion initiative lets the People's Liberation Army have access to any technology in China—including those owned by private sector companies.
- The CCP is aggressively pushing other countries to buy Chinese information technology equipment in order to embed it in the basic infrastructure of the 21st century economy.
- The CCP could have access to all the information and data following through Chinese-built networks—strengthening its artificial intelligence and espionage capabilities—and allow it to cripple an economy if needed.