

## United States Government Funding for Strategic Competition with China Crosscut

### Introduction

Winning the great power competition is a top strategic priority for President Trump to preserve and promote the freedoms, liberties, and values of our great Nation. The U.S. National Security Strategy states that the United States must adapt to a changing global landscape by competing more pointedly with malign state actors pursuing aggressive, hegemonic agendas that pose a threat to U.S. national interests, and to the free world. Internationally, the United States Government (USG) continues to strengthen accountability, transparency, democratic governance, and national sovereignty – in contrast to the Chinese Communist government’s model of economic dependence, strategic coercion, and denial of personal liberties. Domestically, the USG is increasing investments in national security and technological innovation, the hallmarks of American entrepreneurship, which will continue to be a competitive advantage over China in the coming decades to protect and expand our prosperity and security.

In service of this mission, the Office of Management and Budget (OMB) asked all USG agencies to report on funding that supports U.S. strategic competition with the People’s Republic of China (PRC), as well as any assistance funding spent inside China. While OMB provided agencies with detailed guidance on how to complete the data call, determining which programs support strategic competition is necessarily subjective. The data call relied heavily on the judgement of agency personnel when identifying and categorizing programs for submission, and approximately twenty agencies submitted more than 1,100 lines of budget data on relevant programs.

This crosscut contains a high-level summary of the data reported by each agency, and solicits public comment on the appropriateness and completeness of this data.

### Summary of Key Findings

President Trump has kept his promise to the American people and focused on holding the PRC accountable for actions that jeopardize U.S. national and economic security. The chart below highlights three important trends that demonstrate the Trump Administration’s proactive efforts to position the United States to win the great power competition: funding for strategic competition with China is increasing, U.S. funding to programs within China is rapidly decreasing, and the United States is winning the trade war against China.

1. **Funding for Strategic Competition with China is Increasing.** From Fiscal Year (FY) 2019 to FY 2020, funding in support of strategic competition increased from \$42.4 billion to \$47.5 billion, the large majority of which was programmed for national defense. Non-defense spending in support of strategic competition increased from \$8.3 billion to \$9.5 billion during the same time period. The President’s FY 2021 Budget prioritizes strategic competition, and proposes to further increase non-defense spending in support of strategic competition to \$10.1 billion.

2. **Assistance within China is Decreasing.** Under the President's leadership, USG programs which provided aid or support within China declined from \$62 million in FY 2019 to \$30 million in FY 2020, or a 52 percent reduction. Additionally, the President's FY 2021 Budget proposes a further decline, with only \$7 million of assistance requested for programs inside China.
3. **The U.S. is Winning the Trade War Against China.** By leveraging the use of tariffs in the bilateral strategic and trade relationship with China, the United States has employed a highly effective tool and assessed more than \$60 billion in duties on imported goods from China. Furthermore, in January 2020, President Trump signed the U.S.-China Phase One Economic and Trade Agreement, a landmark deal that requires structural reforms and other changes to China's economic and trade regime in the areas of intellectual property, technology transfer, agriculture, financial services, and currency and foreign exchange. In addition to the PRC's binding commitments in these areas, China also pledged to import an additional \$200 billion in goods and services from the United States above 2017 import levels. The Trump Administration also maintains significant tariffs on \$370 billion worth of imports from China, which should set the stage for a successful Phase Two agreement in the future.

#### **Solicitation of Public Comments**

OMB seeks comments from members of the public concerning U.S. government funding related to China. Please submit responses on the agencies, programs, categories and example activities of data reported in the United States Government Funding for Strategic Competition with China Crosscut. Interested persons are encouraged to submit comments through the Federal Rulemaking Portal at <http://www.regulations.gov>. The Docket ID is OMB-2021-0002. Follow the instructions for submitting comments.

#### **Summary of Data Call Instructions**

The data call instructed agencies to report budget data from FY 2019 Enacted, FY 2020 Enacted, and the FY 2021 President's Budget. USG agencies were asked to report on federal funding that aids or supports China, or that directly or indirectly counters China's unfair competition and malign activities and influence globally. Specifically, agencies were asked to report data across three categories:

- 1) **Assistance within China.** USG funding for activities that aid the PRC or is spent in China (e.g. scientific assistance or technical training for Chinese health practitioners);
- 2) **Strategic Competition with China – Primary.** USG funding for activities that primarily and directly counter malign Chinese influence (e.g. funding to counter the Belt and Road Initiative; funding for military operations designed to deter aggressive Chinese behavior).
- 3) **Strategic Competition with China – Secondary.** USG funding for activities whose principal purpose is not strategic competition with China, but instead are undertaken to achieve other important USG objectives (e.g. development assistance, democracy programs, scientific knowledge). Nevertheless, these programs also have important benefits in secondarily or indirectly countering malign Chinese influence that is incongruent with American interests (e.g. contributions to maintain U.S. leadership over China in key international organizations, funding for initiatives of clear contrast with malign PRC designs and models of strategic dependence, funding for advanced research areas such as artificial intelligence and quantum technology).

In summary, strategic competition is the principal purpose of programs in the “Primary” category. In contrast, programs in the “Secondary” category have a different purpose, but indirectly benefit strategic competition. OMB relied heavily on the professional judgement of agency budget and subject matter experts in determining which programs should be assigned to each category. Because these decisions are inherently subjective, certain inconsistencies in the reporting of data were observed. See Appendix 1, Notes on Data Received, for additional discussion of data quality and categorization.

## U.S. Government Funding for Strategic Competition with China (\$ in millions)

	Assistance within China			Primary Competition with China			Secondary Competition with China		
	FY19 Enacted	FY20 Enacted	FY21 Budget	FY19 Enacted	FY20 Enacted	FY21 Budget	FY19 Enacted	FY20 Enacted	FY21 Budget
<b>Strategic Competition with China: Budget Authority</b>									
<b>Budget Authority Total:</b>	62	30	7	34,808	38,675	38,076	7,553	8,869	9,309
Of which, Non-Defense <sup>1</sup> :	62	30	7	768	652	823	7,553	8,869	9,309
<b>Research Agencies</b>									
Department of Energy	9	2	3	15	40	85	547	540	513
Department of Health and Human Services	5	3	3	0	0	0	587	611	605
Department of Transportation	0	0	0	0	0	0	79	81	73
NASA	0	0	0	0	0	0	1,604	1,797	2,308
National Science Foundation <sup>2</sup>	0	0	0	0	0	0	450	534	831
<b>Foreign Policy &amp; Development Agencies</b>									
Department of State <sup>3</sup>	13	14	0	226	406	335	369	372	312
Department of the Treasury	0	0	0	33	42	42	1,518	1,692	1,481
Development Finance Corporation	0	0	0	0	0	150	14	129	286
Millennium Challenge Corporation	0	0	0	0	0	0	585	450	817
Peace Corps	3	2	1	0	0	0	0	0	0
U.S. Agency for Global Media	0	0	0	36	33	27	0	0	0
U.S. Agency for International Development	8	8	0	31	43	31	1,388	2,211	1,649
<b>Trade Agencies</b>									
Department of Agriculture <sup>4</sup>	21	0	0	300	0	0	1	2	0
Department of Commerce	0	0	0	4	4	4	142	160	141
U.S. Trade and Development Agency	2	0	0	2	9	21	35	52	49
<b>Other Agencies</b>									
Department of Homeland Security	0	0	0	106	53	104	40	34	37
Department of Justice	0	0	0	15	21	25	0	0	0
Department of the Interior	0	0	0	0	0	0	196	205	208
<b>Defense</b>									
Department of Defense	0	0	0	34,040	38,023	37,253	0	0	0
<b>Strategic Competition with China: Credit Volume</b>									
<b>Credit Volume Total:</b>	11	0	0	0	25	1,250	8,277	2,347	3,000
Export-Import Bank	11	0	0	0	0	0	5,050	136	1,080
Development Finance Corporation	0	0	0	0	25	1,250	3,227	2,211	1,920
<b>Strategic Competition with China: Trade Costs and Receipts</b>									
<b>Net Trade Receipts:</b>	0	0	0	-14,753	-28,092	-36,192	0	0	0
Agriculture Market Facilitation <sup>4</sup>	0	0	0	12,690	8,100	0	0	0	0
Receipts from tariffs on China <sup>5</sup>	0	0	0	-27,443	-36,192	-36,192	0	0	0

<sup>1</sup> Non-defense funding includes all non-DOD funding.

<sup>2</sup> NSF's total only includes artificial intelligence. NSF funds other areas of research in emerging technologies, but the amounts have significant overlaps with AI and can't be accurately totaled. NSF is working to develop a broader total for NSF-funded emerging technology research.

<sup>3</sup> State totals do not include any funding for exchange programs funded by the Bureau for Educational and Cultural Affairs.

<sup>4</sup> The Department of Agriculture's Market Facilitation program is shown separately, under Trade Costs and Receipts.

<sup>5</sup> Estimate for FY 2021 is a rough projection based on FY 2020 data. Receipts from tariffs imposed on imports from China includes the assessment of duties as a result of Section 301, 232, and 201 investigations, as well as antidumping and countervailing duty orders.

### Example Reductions in Assistance within China

- **Support for Infrastructure Development** (U.S. Trade and Development Agency)  
Under President Trump's leadership, USTDA ceased more than \$7 million of investments related to China's infrastructure priorities. Through the ceasing of operations in China, USTDA is no longer supporting the modernization of China's aviation, energy and healthcare infrastructure systems. These resources have been redirected to support a broader portfolio of activities around the world to directly counter China's malign debt diplomacy efforts.
- **Termination of Volunteer Program in China** (Peace Corps)  
Due to the coronavirus pandemic, on March 15, 2020, the Peace Corps temporarily suspended operations and evacuated all volunteers from their overseas posts. Subsequently, the Trump Administration decided to permanently close the Peace Corps volunteer program in China.
- **Financing for Chinese Imports of U.S. Goods** (Export-Import Bank of the United States)  
In FY 2019, EXIM provided \$11 million in financing to a single entity in China for the purchase of U.S. goods and services. The financing came in the form of two short-term insurance transactions, not in traditional aid. In FY 2020, the Bank provided no such financing to entities in China.
- **Center for Global Health Grant Awards** (Department of Health and Human Services – Centers for Disease Control and Prevention)  
The CDC's Center for Global Health (CGH) funds global cooperative agreements in support of its mission to improve global health security and outcomes. Between FY 2019 and FY 2020, CGH funding for cooperative agreements with China's Center for Disease Control was reduced by 75%. China is a rich country and its research activities should not be subsidized by U.S. taxpayers.

### Example Activities that Support "Primary" Strategic Competition with China

- **Countering Chinese Influence Fund** (U.S. Department of State and U.S. Agency for International Development)  
The Countering Chinese Influence Fund (CCIF), appropriated for the first time in FY 2020, provides State and USAID with a flexible source of funding to respond quickly to Chinese malign influence worldwide. State and USAID use a portion of the \$300 million fund to increase foreign assistance allocations for strategically-important countries. This funding is allocated for a mix of security and economic needs, based on State and USAID's assessment of priority regions and sectors. The remainder of CCIF funding is in the process of being awarded competitively to U.S. embassies and missions across the globe who submitted innovative and impactful proposals to counter China. CCIF programs include cybersecurity, government transparency, foreign military financing, efforts to counter Chinese propaganda, and many

other strategically important activities. The CCIF program was submitted in the “Primary” category because the explicit purpose of the CCIF is to support strategic competition with China.

- **Clear Choice Data Library** (U.S. Agency for International Development)

USAID’s Clear Choice Framework comprises five regional strategies in a whole-of-agency effort to demonstrate to partner countries the clear contrasts between China’s malign approach to development and the transparent, private sector-led U.S. approach to development. These strategies are operationalized through a range of messaging, programs, and partnerships. In support of this Framework, USAID’s Clear Choice Data Library provides U.S. foreign service officers worldwide with up-to-date data on Chinese business transactions, financial flows, and soft power metrics. This data allows U.S. diplomats and development experts to engage with foreign governments, develop country-level strategies and programs to counter malign influence, and ultimately offer a concrete alternative to Chinese investment while advocating for American companies. USAID is exploring and finding ways to make this data more widely available across the USG. This would facilitate a whole-of-government approach to strategic competition with China. This activity was reported in the “Primary” category, as its principal purpose is to counter China’s malign development assistance model.

- **Assistance to Greenland** (U.S. Department of State and U.S. Agency for International Development)

As Greenland seeks economic growth and investment opportunities, external malign actors (e.g. China) have invested strategically to gain influence and potentially drive a wedge between Greenland and like-minded partners such as the United States. U.S. assistance programs provide technical expertise, enhance community development, and seek to create economic opportunities in tourism and other sectors. U.S. funding has also established university exchange initiatives and supported engineering studies for mineral and energy resource development as well as fisheries management. These activities will build stronger U.S.-Greenland ties and provide an alternative to predatory Chinese lending and economic espionage. These activities were reported in the “Primary” category, reflecting the importance of maintaining strong relationships with U.S. North American allies.

- **Improving the Availability of Secure Telecommunications Across the Indo-Pacific** (U.S. International Development Finance Corporation)

A \$190 million loan to Nevada-based Trans Pacific Networks (TPN) will support the world’s longest telecommunications cable. It will directly connect Singapore, Indonesia, and the U.S. and have the capability to serve several markets in Southeast Asia and the Pacific. The 5G-enabling digital infrastructure will improve the availability of secure international bandwidth capacity to the Indo-Pacific. This activity, along with other telecommunications investments worldwide, were reported in the “Primary” category because the development of secure global communication is a U.S. national security priority.

- **Resourcing the Committee on Foreign Investment in the United States** (USG interagency committee chaired by the U.S. Department of the Treasury)

The Committee on Foreign Investment in the United States (CFIUS) is an interagency committee authorized to review certain transactions involving foreign investment in the United States and certain real estate transactions by foreign persons. CFIUS may take action to address any national security concerns arising from these investments and transactions. In 2020, the Department of Treasury issued final regulations implementing the Foreign Investment Risk Review Modernization Act of 2018, which strengthened and modernized CFIUS. Resourcing CFIUS is in the “Primary” category since with its recently expanded authorities, the United States can review and, where necessary, intervene in foreign direct investment transactions that could jeopardize U.S. national security interests, whether originating from China or any other foreign jurisdiction.

- **Alternatives to Chinese Communist Party Propaganda** (U.S. Agency for Global Media)

The U.S. Agency for Global Media (USAGM) provides accurate and objective news and information to global audiences with limited or no access to a free press. Voice of America and Radio Free Asia’s Mandarin, Cantonese, Tibetan, Uyghur, Vietnamese, Burmese, and other language media provide millions with an alternative to manipulative PRC propaganda. As protests rocked Hong Kong in 2019 and 2020, Chinese government media either ignored or misrepresented the people’s demands. USAGM broadcasts break through that censorship to provide truthful reporting and shed light on other human rights abuses, including China’s mass incarceration of Muslim minorities. Funding for USAGM was reported in the “Primary” category: the U.S. government funds these programs to directly counter China’s malign media influence.

#### **Example Activities that Support “Secondary” Strategic Competition with China**

- **Foreign Assistance in the Indo-Pacific** (U.S. Department of State and U.S. Agency for International Development)

The Indo-Pacific Region has borne the brunt of malign Chinese efforts to saddle developing countries with unsustainable debt and to undermine democratic norms. The Trump Administration is committed to ensuring a free and independent future for the region. U.S. foreign assistance will help to ensure a free and independent Indo-Pacific future by facilitating rapid, inclusive private sector-led growth and providing an alternative to Chinese financing. U.S. funding to the Indo-Pacific Region also supports democracy and governance programs that increase government transparency and accountability. Most foreign assistance in the Indo-Pacific is included in the crosscut, based in part on the judgment of regional budget officers. The large majority of this funding was reported in the “Secondary” category, as its principal purpose is sustainable regional development. However, a small portion of Indo-Pacific funding was reported as “Primary” when agency staff determined that programs were essential for U.S. strategic competition with China.

- **Contributions to the Multilateral Development Banks** (U.S. Department of the Treasury)

The multilateral development banks (MDBs) provide financing for infrastructure and development worldwide, including in the world's poorest and most fragile countries. The MDBs provide a transparent, high-quality alternative to predatory Chinese financing by encouraging sustainable debt management and discouraging strategic debt dependency. The U.S. continues to engage with other donors in support of stronger collective action on debt transparency and sustainability, reducing the risk that recipients of MDB funding will become overly dependent on external debt, especially from China. U.S. contributions to the MDBs maintain U.S. influence and voting power at the MDBs, and provide continued U.S. international leadership in development and finance. These activities were reported in the "Secondary" category; contributions to the MDBs support U.S. strategic competition with China, but are principally intended to address pressing humanitarian and development challenges worldwide.

- **AI Research Programs** (National Science Foundation)

The National Science Foundation funds a wide range of fundamental and applied AI research, such as machine and deep learning, natural language processing, and computer vision. AI is a promising next generation technology that will support the United States' economic growth and status as the global leader in technology development. The Trump Administration is committed to developing the United States' AI sector, and has pledged to double non-defense AI research and development funding from the FY 2020 Budget to the FY 2022 Budget. Funding for AI research was reported in the "Secondary" category: the government funds this research primarily to support U.S. economic growth and scientific advancement. However, the nation's scientific capability is also crucial to maintaining an edge over strategic rivals.

- **Market Development Cooperator Program** (U.S. Department of Commerce)

Commerce's Market Development Cooperator Program (MDCP) establishes partnerships with non-profit industry groups like trade associations and standards-developing organizations. These cooperators compete to propose innovative projects that address trade barriers, enhance industry competitiveness, and provide a mechanism to counter China's increasing presence in key markets around the world. For example, a Chinese manufacturer tried to control the international feed machinery standards process by packing the technical committee. In response, the American Society of Agricultural and Biological Engineers leveraged an MDCP award to rebalance the committee and successfully limit the use of technical terms in the new standards which enabled U.S. firms to compete on a level playing field. MDCP projects generate \$359 of exports for every award dollar invested in the program. MDCP was reported in the "Secondary" category since its principal purpose is to generate exports that create or sustain U.S. jobs.

- **Compact and Threshold Programs** (Millennium Challenge Corporation)

MCC addresses poverty through economic growth programs based on the core principles of: selectivity, country-ownership, data-driven decision-making, and catalyzing partnerships and private investment. MCC funding supports compact agreements and threshold programs which provide a highly-effective phased development model of foreign assistance. MCC's technical assistance and



infrastructure funding model employs guidelines which require bidders to certify they are not government owned or controlled entities (GOEs). These guidelines counter potential Chinese influence by eliminating the participation of Chinese GOEs and improving transparency and planning of MCC investments. This stands in sharp contrast to China's approach toward financing development assistance loans. MCC identified all of its programmatic funding as part of the secondary category of strategic competition with China and included compact agreements in Tunisia, Senegal, Burkina Faso, and Timor-Leste, as well as threshold programs in Ethiopia, Solomon Islands, The Gambia, and Kenya.

## High-level Summary of Data Reported by USG Agency

### *Department of Agriculture*

- **Assistance:** Almost all funding in this category supports Foreign Agricultural Service activities inside China to promote the export of U.S. agricultural products to China. A small amount of funding also supports agricultural technical assistance and scientific exchange programs. The Department of Agriculture's market facilitation program, which provides assistance to farmers and ranchers impacted by unjustified foreign retaliatory tariffs, is displayed separately under Net Trade Receipts.
- **Primary:** Almost all funding in this category supports the Agricultural Trade Promotion Program, which supports U.S. agricultural exports. This program was created to counter the effect of Chinese retaliation against U.S. tariffs.
- **Secondary:** Monitoring and identification of illegal wood products in trade. China is the largest global importer and exporter of illegal wood products.

### *Department of Commerce*

- **Assistance:** Funding for technical assistance training in China of intellectual property patent and trademark examiners, judges and public officials.
- **Primary:** Funding for Patent and Trademark Office Attaches, road shows and other programs to counter Chinese technology dominance, illegal control or extraction of intellectual property or digital information. Export administration activities to directly counter Chinese malign influence and support the work of the Committee on Foreign Investment in the United States (CFIUS) that conducts national security reviews of certain transactions involving foreign investments in the United States.
- **Secondary:** Export administration activities involving licensing applications, data and the enforcement of the Export Administration Regulations and the implementation of the Foreign Investment Risk Review Management Act (FIRRMA). Funding to combat Chinese industrial policies, support global initiatives on export and investment promotion, technical assistance with laboratory research activities undertaken worldwide, and artificial intelligence projects involving ocean mapping, fisheries monitoring and satellite data systems.

### *Department of Defense*

- **Primary:** Given the full scope of the challenges in the Indo-Pacific, DoD views the development of advanced, asymmetric capabilities and capacity designed to operate in an Anti-Access / Area Denial environment as centrally important to Pacific deterrence. The

Department has funded investments in critical programs such as long-range munitions development and procurement, advanced strike platforms, expanded forward force posture and resiliency, targeted security cooperation programs to enhance the capabilities of our Allies and partners, innovative exercises and experimentation, and technologically superior Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) systems.

#### *Department of Energy*

- **Assistance:** DOE funding supports select nonproliferation programs managed by the National Nuclear Security Administration.
- **Primary:** Selected programs managed by the Office of Cybersecurity, Energy Security, and Emergency Response. Programs primarily consist of research into advanced cyber defenses for the energy system and into the effects of electromagnetic radiation.
- **Secondary:** The majority of funding in this category supports research on exascale computing. Also includes cybersecurity support for the Department of Energy and a small amount of funding for international engagement on nonproliferation.

#### *Department of Health and Human Services*

- **Assistance:** Funding primarily supports Centers for Disease Control and Prevention (CDC) health-related technical assistance programs in China as well as awards for public health research in China funded by the CDC and National Institutes of Health (NIH).
- **Secondary:** The large majority of funding this category consists of NIH research and development programs related to the application of artificial intelligence to medicine. Also includes a small amount of Food and Drug Administration funding for user fee incentives designed to encourage Chinese manufacturers to bring medical technologies to the U.S. market before others.

#### *Department of Homeland Security*

- **Primary:** All funding reported in this category supports Coast Guard surface vessel and aircraft operations, including operations to deter, detect, and intercept vessels engaged in illegal fishing in the Pacific Ocean.
- **Secondary:** Most funding supports efforts to counter weapons of mass destruction, including through improvements in systems that monitor for biological attack and R&D data analytics initiatives. This category also includes funding for certain Coast Guard programs that support efforts to counter illegal fishing.

#### *Department of Interior*

- **Secondary:** The large majority of funding supports the Compacts of Free Association, international agreements between the United States and the Freely Associated States (the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau). A small portion of funding in this category also supports U.S. Geological Survey programs that research mineral commodity supply chains.

#### *Department of Justice*

- **Primary:** Most funding supports DOJ's China Initiative, including funding for the Counterintelligence and Export Control and Foreign Investment Review sections of the National Security Division. Also includes a small amount of funding for the Human Rights and Special Prosecutions Section of the Criminal Division that supports investigations into violations of law related to forced labor, human rights violations, or threatening Chinese dissidents on U.S. soil.
- **Secondary:** Funding for the Criminal Division's Office of International Affairs, which sends requests for evidence to China in furtherance of U.S. investigations and prosecutions, including national security cases.

#### *Department of State*

- **Assistance:** Almost all funding in this category supports efforts to promote democratic norms and citizen empowerment in China. Funding also supports efforts to combat wildlife trafficking in China.
- **Primary:** Funding in this category supports a wide variety of programs in the Indo-Pacific and around the world. Programs include foreign military financing for U.S. partners, technical assistance to foreign governments in support of sustainable infrastructure development, and funding for the Digital Connectivity and Cybersecurity Partnership. This category also includes the \$300 million Countering Chinese Malign Influence Fund.
- **Secondary:** Includes a diverse set of programs and initiatives worldwide, with a focus on the Indo-Pacific. Major programs in this category include the Global Peace Operations Initiative, the Indo-Pacific Transparency Initiative, and foreign military financing that didn't meet the threshold to be included in "Primary" category.

#### *Department of Transportation*

- **Secondary:** Funding primarily supports research on intelligent transportation systems, automation, transportation data access, deployment of new transportation technologies, and cybersecurity.

#### *Department of the Treasury*

- **Primary:** Most funding supports Treasury's Office of International Affairs, which engages in a broad range of activities related to strategic competition. Also includes funding that supports Treasury's role as chair of the Committee on Foreign Investment in the United States and funding for the Office of Terrorism and Financial Intelligence.
- **Secondary:** Consists of contributions to the multilateral development banks (MDBs). These contributions maintain U.S. voting power at the MDBs and provide a robust alternative to Chinese financing for infrastructure and other development projects. MDB programs to increase debt sustainability prevent recipients of MDB funding from becoming overly dependent on external debt, including from China.

#### *Export Import Bank of the United States*

- **Assistance:** Value of authorized transactions that provide financing to entities in China for the purchase of U.S. goods and services. EXIM financing comes in the form of loans, guarantees and insurance, not traditional aid.

- **Secondary:** Value of authorized transactions that support ongoing initiatives of clear contrast with malign PRC designs and models of strategic dependence, such as Power Africa and Prosper Africa, among others.

#### *Millennium Challenge Corporation*

- **Secondary:** Funding for Compact Agreements approved by the Board or projected to enter into force in Tunisia, Senegal, Burkina Faso, and Timor-Leste, as well as Threshold Programs in Ethiopia, Solomon Islands, The Gambia, and Kenya.

#### *National Aeronautics and Space Administration*

- **Secondary:** Funding supports a wide range of research activities related to space exploration and civil aviation. Semiconductors are the subject of a significant portion of reported funding. Other research areas include space quantum communications, advanced energy, advanced manufacturing, advanced wireless communications, biotechnology, robotics, and civil aviation manufacturing.

#### *National Science Foundation*

- **Secondary:** The funding total reflects National Science Foundation (NSF) support for research on artificial intelligence. NSF also reported funding for research on manufacturing, biotechnology, cybersecurity, and quantum information. However, because many research programs cover multiple thematic areas, these amounts cannot easily be aggregated.

#### *Peace Corps*

- **Assistance:** Funding to support Peace Corps volunteers stationed in China as well as associated operational costs in country. Peace Corps permanently closed its China program in FY 2021.

#### *United States Agency for Global Media*

- **Primary:** Includes funding for reporting on China and U.S. policy towards China, as well as all programming in Mandarin, Cantonese, Uyghur, and Tibetan, the aim of which is to counter Chinese media censorship and propaganda. Also includes funding for tools to circumvent online censorship and support internet freedom.

#### *United States Agency for International Development*

- **Assistance:** Assistance to ethnic Tibetan communities in China that aims to increase economic activity, improve access to health care, and preserve Tibetan culture.
- **Primary:** Select initiatives in the Indo-Pacific and at USAID headquarters. Includes programs that aim to modernize regional energy systems, advice foreign governments on infrastructure procurement, and support Tibetan communities outside of China. Also includes efforts to promote internet freedom and collect data on Chinese development activities.
- **Secondary:** The majority of funding supports a wide range of development activities, spanning all sectors, in the Indo-Pacific. This category also includes activities in other regions, especially those that promote economic self-reliance and national sovereignty, or

which strengthen trade relationships with the United States. Certain COVID-19 response, anti-corruption, and a variety of digital development programs are also included.

*United States International Development Finance Corporation*

- **Primary:** Specific transactions of strategic importance, such a telecommunications project in sub-Saharan Africa or a 5G investment fund.
- **Secondary:** All transactions in countries where China has reported investment activities. Estimates for FY 2021 are rough projections.

*United States Trade and Development Agency*

- **Assistance:** Funding for grant and contract activities designed to open China's market to exports of U.S. manufactured goods and services.
- **Primary:** Feasibility studies, technical assistance, and pilot programs to develop projects worldwide. Funding in this category supports projects in which U.S. companies face direct competition from Chinese companies or state-owned enterprises.
- **Secondary:** Activities to support U.S. business opportunities worldwide. Funding in this category supports projects with the potential for Chinese competition, but no identified Chinese interest.

## **Appendix 1: Additional Notes on Data Received**

### **Review of Data Received**

OMB largely accepted USG agency data as submitted, except when an obvious or significant error was identified. However, OMB observed inconsistencies in how USG agencies interpreted the instructions of the data call, due to the fact that agencies self-identified responsive programs and appropriate funding categories. In some cases, the reporting of data was decentralized throughout an agency, so that even within a single agency budget officers may have used different assumptions. OMB also observed limitations in the research data reported; fully cataloging relevant research activities will require additional data calls. For example, the Department of Energy only reported a fraction of relevant research funding. Prior to the release of this crosscut, OMB staff worked with USG agencies to respond to questions raised and address any known data inconsistencies to establish a higher level of confidence in the data being reported.

### **Explanation of Summary Table**

First, OMB separated the large defense figures from the rest of the data to allow for a more thoughtful review and analysis of other USG agency data submitted. Second, OMB grouped USG agency submissions into five functional areas of agency responsibility: Research, Foreign Policy and Development, Trade, Other, and Defense. Third, OMB established three categories for the data reported: budget authority, credit volume, and trade costs and receipts.

- 1) *Budget Authority*: Discretionary funding provided by congressional appropriation. Funding in this section of the table reflects a direct cost to the U.S. government.
- 2) *Credit Volume*: The total value of loans, loan guarantees, and insurance provided by USG credit programs. Funding is expected to be fully repaid to the United States Treasury.
- 3) *Net Trade Receipts*: Details the costs and receipts from tariffs related to the bilateral trade relationship between China and the United States. Costs consist of agriculture market facilitation funding for trade relief payments that the Department of Agriculture makes to farmers, but does not include PRC retaliatory duties or the unfair imposition of PRC trade remedies. Receipts from tariffs imposed on imports from China includes the assessment of duties as a result of Section 301, 232, and 201 investigations as well as antidumping and countervailing duty orders.