Investment Screening for Developing Asia

By Aaron Baum

INTRODUCTION

Brazilian farmer Edimilson Santana told *The New York Times* in 2011 that Chinese consumers are buying up "more [soy] than anyone… This could be a new beginning for farmers here."[1] But where Edimilson saw opportunity in a $7 billion deal to supply six million tons of soybeans per year to China, others saw risks to the country's sovereignty and national security. When local officials refused to sell Chinese investors the massive tracts of land they sought, China chose instead to provide credit to farmers to expand soybean production.[3] But even this solution left some concerned about Brazilian food security and overreliance on China as a trading partner, leading Brazil's Attorney General Luís Inácio Adams to issue a new interpretation of a 1971 law that tightened restrictions on foreign ownership of Brazilian land.[2] Chinese investment in Brazil has fallen substantially since then, with some pointing to an unfair targeting of Chinese agribusiness and even accusations of Sinophobia.[4]

That struggle between growth and security is playing out across the developing world. In most cases, developing countries with few comparative advantages to offer multinational firms are wary to do anything that restricts foreign direct investment (FDI). Meanwhile, developed countries have realized that they cannot protect their own critical industries if countries with which they regularly trade are vulnerable to intrusion themselves. The U.S. Congress, for instance, resolved in the most recent reforms to the United States' investment screening mechanism to exchange information with U.S. partners with respect to investment and technology that could threaten the national security of the United States or its partners.[5] This is of particular priority to the United States as Huawei equipment finds a home in more and more countries. As Vice President Mike Pence said, "we've urged our allies around the

Buildings in Beijing. Photo by Zhang Kaiyv.

world to build secure 5G networks that don't give Beijing control of our most sensitive infrastructure and data as well."[6]

But though the United States may wish for developing economies to mimic their own investment screening policies, the emerging Asian economies that make up the Association of Southeast Asian Nations (ASEAN) face different threats from Chinese investment and must create policies that best protect against those unique threats. In most cases, the government of the People's Republic of China (PRC) is not targeting quantum computing or semiconductors in ASEAN, but rather is looking to acquire critical infrastructure, resources, or data.[7] ASEAN must also balance economic growth and national security more carefully than developed countries that worry less often about FDI.

This paper recommends that ASEAN countries create investment screening mechanisms close to OECD recommendations and that ASEAN itself encourages working- and Ministerial-level engagement on investment screening via a new Sectoral Ministerial Body that will track regional investment trends. Importantly, they should take these steps sooner rather than later to preempt, rather than react to, a national security crisis.

CASE STUDY: HOW CFIUS SCREENS INVESTMENT

The most recent Annual Report from the United States' investment screening mechanism, the Committee on Foreign Investment in the United States (CFIUS), outlines a number of national security factors that the body considers, including transactions that involve: defense or military, dual-use technologies (including network and data security, semiconductors, and biotechnology), government contracts related to national security, critical infrastructure (including energy, transportation, and finance), "loss in U.S. technological competitiveness," and personally identifiable information (PII).[8] Across all of these transactions, CFIUS evaluates *risk* to U.S. national security as a function of *threat*—"whether a foreign person has the capability or intention to exploit or cause harm"—and *vulnerability*—"whether the nature of the U.S. business, or its relationship to a weakness or shortcoming in a system, entity, or structure, creates susceptibility to impairment of U.S. national security."[9]

National security is, admittedly, a vague term. Legendary political scientist Harold Lasswell defined national security as "freedom from foreign dictation."[10] That definition is tempting to use in the context of investment security given that foreign control of a particularly sensitive or critical business could threaten national security without that business touching on defense directly. The term's vagueness could also itself be a feature, as various legal experts have commented that CFIUS legislation has intentionally avoided defining national security to allow the body to "respond to novel or emerging threats."[11] This tactic may be less useful for developing countries, which ought to instead prioritize clarity and transparency in investment screening in order to balance protecting national security and promoting investment.

Examples of areas that CFIUS screens will be more helpful than these academic definitions for practical implementation of investment screening. Moreover, the actual practice of CFIUS is much more restricted than the vague academic definitions would suggest:

PII: Reports that CFIUS forced the Chinese firm Kunlun Tech to sell gay dating app Grindr (an American firm sold to Kunlun that had avoided initial CFIUS review) demonstrate how CFIUS reviews sensitive data transactions.[12] Though CFIUS deliberations are kept secret, anonymous sources report that CFIUS is concerned about PII for its potential abuse by foreign intelligence services. Of Grindr's over three million users, some are likely national security officials, and there is evidence that the PRC has both the capability and motivation to mine data on American leaders and other security clearance holders.[13]

Energy: Energy is a crucial aspect of national security—it powers hospitals, military communications, air control, and more. Russia's control of Europe's gas supply demonstrates the danger of entrusting stable supply of that energy to a foreign country, particularly one in which business decisions are tied closely to geopolitical considerations. In the dead of winter 2009, 10 died of cold in Poland as Russia and Ukraine failed to come to an agreement on continuing to deliver gas across the EU. Though these gas crises pop up every few years, the EU has still failed to end its reliance on Russian gas.[14]

Emerging Technologies: The U.S. Bureau of Industry and Security issued guidance that lists general categories of emerging and frontier technologies essential to national security.[15] But CFIUS is not merely concerned with the "dual-use" nature of these technologies—that they can be used for both civilian and military purposes—the body also considers U.S. "technological leadership" as an aspect of national security. As the Treasury Department expressed in a letter to U.S. semiconductor company Qualcomm and its proposed Singaporean acquirer Broadcom, "the weakening of Qualcomm's position would leave an opening for China to expand its influence on the 5G standard-setting process." CFIUS was worried that Broadcom would cut Qualcomm's leading research & development spending, which "could result in a weakening of Qualcomm's technological leadership."[16]

CHINA'S "GOING OUT" STRATEGY

In sum, CFIUS covers a broad range of industries and generally remains constrained by its statutory mandate to only consider a transaction's impact on national security specifically. And though CFIUS is by law "non-discriminatory," it seems to disproportionately review Chinese acquisitions. Four of five total blocks using Exon-Florio authority targeted proposed acquisitions by Chinese firms (the fifth block was the Qualcomm-Broadcom transaction, which as explained above also had a China nexus), and a recent Congressional Research Service report even acknowledged that CFIUS's role has evolved primarily in response to the growing influence of "China and state-led firms."[17] But Chinese firms are not the only ones that represent national security threats. Rather, this focus on China is due to the role of investment screening mechanisms as measures of "last resort" and the PRC's unique state-directed outbound investment.

Investment review mechanisms are not the only ways that countries restrict inbound FDI. Rather, they are the "last resort" to block a transaction that threatens national security but is legal under the rest of the nation's investment laws.[18] If a nation identifies a sector critical to the national interest regardless of the nationality or motivations of the acquirer, that country can restrict all transactions in that sector. Looking at these restrictions through the "threat + vulnerability = risk" model, these sector-specific restrictions mostly protect "vulnerabilities."

On the other hand, a screening mechanism that requires filings for proposed deals across all sectors can block transactions by considering a full understanding of the vulnerabilities and threats involved. Thus, investment screening is better suited for restricting transactions from a country that represents a *threat*: one acting to undermine a target country's national security that may even attempt to avoid traditional foreign investment restrictions (indeed, recent changes to CFIUS extend coverage to transactions "designed or intended to evade or circumvent" CFIUS review).[19] The PRC represents such a threat, having demonstrated the intent and capability to use business as a foreign policy and security tool. The U.S. government has released a number of reports evaluating the PRC's "economic aggression," which focus mainly on the PRC's attempts to transfer technology and intellectual property in support of their military.[20]

In 1999, the Chinese Communist Party (CPC) announced the "Going Out" strategy to support Chinese firms making investments abroad by leveraging the country's massive reserve of foreign currency. The original stated objective of the program was to support the export of Chinese goods, but since then the PRC has increasingly subsidized and encouraged firms making geostrategic investments meant to transfer technology from target countries to China.[21] A document from China's Ministry of Commerce lists "'Going Out' for the purpose of obtaining technology" as one of four strategic directions for the program, and a Ministry of Commerce official argued more recently that "acquiring new international technologies" is one of four reasons that China today boasts a number of large firms that have decided to invest abroad.[22] The strategy was successful, with Chinese investors participating in 16 percent of overall U.S. venture capital deal value in 2015, before the CFIUS crackdown.[23]

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The PRC's Military-Civil Fusion strategy, explained in the State Council's "Long-term Scientific and Technological Development Plan for 2006-2020," calls for civilian researchers to work closely with military authorities to find defense uses for civilian research. The strategy calls for acquiring and integrating foreign scientific research and technology as well: "Strengthening the digestion, absorption and re-innovation of imported technologies."[24] And while the PRC has had to rely on small acquisitions of early-stage dual-use technology acquisition in the United States to avoid CFIUS scrutiny, it has imported billions of dollars in advanced military technology from the EU through legal, quasi-legal, and illegal means.[25]

COULD INVESTMENT SCREENING BE USEFUL FOR ASEAN?

This paper's discussion of investment screening in the United States showed that a mechanism to review inbound investments for their national security implications can be a useful tool to protect against economic aggression from a malign actor threatening a country's national security. ASEAN certainly faces this threat from China. Though the region can learn from CFIUS, the priorities and thus statutory guidance for mechanisms in developing countries ought to look different from the U.S. model. ASEAN faces different threats than the United States due to its role as China's security "backyard" rather than target for advanced technology acquisition, and the region must protect different industries given its developing rather than developed status. Broadly, investment screening would be a useful tool for ASEAN nations to protect their national security in critical infrastructure, critical resources, PII, and telecommunications.[26]

Even before China fully emerged onto the global stage in 2008 and the West began attacking Chinese economic foreign policy more recently, some academics observed that China used business and economic policy to pursue foreign policy objectives and its security interests in Southeast Asia. Indeed, some argue that China's economic engagement with ASEAN, including the ASEAN–China Free Trade Area signed in 2002, is primarily motivated by the PRC's security imperative to encourage Southeast Asian nations to bandwagon with China's ascent to regional hegemon under Hu Jintao's "peaceful rise" strategy. The PRC moreover has an incentive to "defuse American influence [and secure] key markets and raw materials needed for China's economic security."[27]

These nations' security outlook also differs from the United States due to their shared regional security challenges. Barry Buzan and Ole Wæver's *regional security complex theory* argues that "since most threats travel more easily over short distances than over long ones, security interdependence is normally patterned into regionally based clusters," particularly for lesser powers like the ASEAN states.[28] Historical (decolonization in Southeast Asia, the Vietnam War, etc.), cultural (religious diversity, ethnic tensions, etc.), and geographic (shared security obligations in the South China Sea, importance of the Malacca Strait, etc.) factors have contributed to the formation of what Buzan and Wæver call the Southeast Asian Regional Security Complex (RSC).[29]

The following examples demonstrate the threats and vulnerabilities that foreign investment screening mechanisms in ASEAN could help mitigate:

Critical Infrastructure: The PRC has demonstrated its regional security interests through incursions into the South China Sea and economic aggression via the "String of Pearls." A PRC State Council white paper from 2015 makes official the gradual expansion of China's understanding of its regional interests in the Indian Ocean Region (IOR) by arguing for a novel concept of "frontier defense" that justifies "warfighting into the global commons" contrary to the traditional "homeland-based defense posture."[30]

An important component of this strategy is China's Maritime Silk Road, a strategy to acquire stakes in ports and other critical infrastructure throughout Asia.[31] Though ostensibly commercial investments, a classified report for the U.S. Department of Defense proposed the "String of Pearls" theory, which argues that China is planning to build naval bases across the IOR.[32] A Congressional review concluded that "Chinese investments in commercial ports in the Indian Ocean and Chinese naval diplomacy with countries in the region probably will improve the [People's Liberation Army Navy's (PLAN's)] ability to replenish using regional ports and could lay the groundwork for future logistics hubs in the Indian Ocean."[33] Regional experts, like the National University of Singapore's Archana Atmakuri, express similar concerns: "The port development projects… are all happening in India's backyard, and this feeds into China's encirclement strategy towards India."[34] The PLAN has made dozens of port calls in the IOR in recent years, and an ability to militarize commercial investments would significantly extend PLA force projection and be a major asset in a South China Sea or other maritime IOR conflict.

While the full national security ramifications of this ownership are still unclear, the example of the Dubai Ports World (DP World) controversy demonstrates some potential threats to national security even outside of maritime conflict and ownership by an overtly malign entity. In 2006, state-owned Dubai firm DP World withdrew from a deal to manage operations at six U.S. ports on concerns from lawmakers that ownership by Dubai, with its lenient export restrictions and history as a transfer point for illicit nuclear technology, could make the American ports into hubs for terrorist and other illegal proliferation networks.[35]

A notable example of port control in ASEAN is Chinese state-owned investment company CITIC Group leading two consortia that won bids to build a deep-sea port and industrial park in Myanmar's Kyaukpyu Special Economic Zone, ending up with a 70 percent ownership stake in the port in an agreement with the country.[36] This project, and the now famous Hambantota port in Sri Lanka, demonstrate another strategic vulnerability in ASEAN—unsustainable debt.[37] Though sovereign debt in most cases falls under "national interest" rather than "national security," the PRC may be able to leverage its role as a creditor over desperate debtors and compel them to make concessions friendly to China's geopolitical and security interests. For instance, the debt-to-equity swap in Hambantota gave China control over the port and a potential foothold in the IOR, and in other cases China could leverage debt to convince countries to cut off relations with Taiwan or make concessions in the South China Sea. Even if merely a "national interest" question, public indebtedness is a trend reaching crisis levels in ASEAN that would regardless merit at least macro analysis by a multilateral investment review mechanism.[38]

China's near monopoly over rare earth metals is a telling case study in how the PRC uses natural resource investments for strategic benefit.

Natural Resources: China's near monopoly over rare earth metals is a telling case study in how the PRC uses natural resource investments for strategic benefit. Rare earth metals are a vital input for an array of civil and military technologies—from smart phones and medical devices to submarines and guided missiles—but the world first became worried about China's control in 2010 when the PRC threatened to cut off supplies to Japan following an incident near disputed islands in the East China Sea. That threat was a "wake up call" to the world that it must diversify supplies of rare earth metals in order to protect global security.[39] Though China's share of the global rare earth supply has fallen since then from 97 percent to 70 percent, the PRC continues to use its dominance as a cudgel in disputes (most notably the U.S.-China Trade War).[40]

The PRC leveraged poor FDI restrictions to establish early dominance in rare earths, and may return that that investment strategy if its market share continues to slip. An example: the U.S. firm Magnaquench, which produced rare earth magnets for General Motors cars, was acquired by a Chinese firm in 1995 following a review by the U.S. government and an agreement to maintain U.S. operations for five years. As soon as the five year period expired, the Chinese owners shuttered American operations and moved the entire business, along with its tech, to China. This FDI approach was "the Chinese modus operandi with respect to controlling the [rare earth] industry."[41] Today, the only major non-Chinese rare earth processing plant is the Lynas facility in Malaysia, owned by the Australian rare earth mining firm Lynas Corporation.[42] This plant, often cited as critical to the global effort to reduce Chinese rare earth control, has previously been threatened with Chinese acquisition, and may be threatened again without legal safeguards. Indeed, the last time a Chinese firm tried acquiring a substantial share of Lynas Corporation, the company withdrew the proposal citing strict requirements by Australia's Foreign Investment Review Board. Since then, a noted Australian economics commentator recommended that Australia invite Chinese investment into their rare earth sector, encouraging the Review Board to this time "remain open" to the prospect.[43]

China is extracting natural resources across the developing world, particularly in ASEAN where it can cheaply transport the materials to mainland China for processing. The example of rare earth minerals demonstrates how the PRC can use that investment to produce both vertical and horizontal integration which can then threaten the stability of global supply chains.

PII and Telecommunications: This paper will only briefly touch on Southeast Asia's private data and telecommunications vulnerabilities, as these are broadly similar to the vulnerabilities in developed countries. On PII, Southeast Asia holds a massive trove of exploitable data given the region's above average penetration rates for social media and internet usage, particularly amongst other developing countries.[44] As in the United States, Chinese money is aggressively looking to acquire startups in Southeast Asia. Unlike in the United States, most ASEAN countries have no CFIUS-style mechanism to review this proliferation of deals.[45] In telecommunications, China's 5G champion Huawei has long provided most telecommunications services to Southeast Asian nations, even as the United States continues to accuse the company of providing the PRC with a backdoor into the infrastructure that the company builds.[46] These sectors are important to acknowledge as potential vulnerabilities because they demonstrate China's ability to intrude across a range of sectors (PII is a concern in almost any consumer internet company), and thus provide a strong basis for an investment review mechanism that can similarly cover transactions not with respect to sector, but instead solely focused on national security risk.

DOMESTIC RECOMMENDATIONS

ASEAN nations face more vulnerabilities from more actors than are listed above. Indeed, developing countries around the world have been forced to make trade-offs between economic growth, national security, and even sovereignty as they seek to escape the middle-income trap. Multinational enterprises choose countries for FDI based on holistic cost-benefit analyses, which include trade costs and overall investment restrictiveness.[47] As a result, developing countries with little knowledge or capital to offer investors instead pursue a race to the bottom, particularly in search of easy money from state-directed investors that comes with few up-front strings attached (but potential long-term strategic consequences).[48] That hunger for FDI leaves nations vulnerable to economic aggression and exploitation. And while investment screening has traditionally been seen as the realm of developed countries for that reason these measures can protect national security while continuing to demonstrate openness to FDI if implemented carefully.

The methodology for the OECD's FDI Restrictiveness Index referenced notes that "measures taken for reasons of public order and essential security interests… are not scored."[49] Thus, these countries will likely not be penalized in global measures of restrictiveness if they implement measures solely aimed at protecting national security. To do so, these nations must carefully follow international best practices and signal the implications of any new investment screening mechanisms in order to avoid scaring off international investors. In 2009, the OECD Council adopted four broad "Guidelines for Recipient Country Investment Policies Relating to National Security": (1) non-discrimination, (2) transparency and predictability, (3) regulatory proportionality, and (4) accountability. Most existing investment screening mechanisms have been successful at the latter two but unsuccessful at the former, but those implementation questions matter less for countries which do not struggle to attract FDI such as the United States, Canada, and Australia. If a mechanism in Indonesia or Malaysia operated with the same secrecy as CFIUS, however, it may become difficult to attract international investors. Thus, the mechanisms of ASEAN should adopt the OECD recommendation to disclose investment policy actions, which CFIUS rarely does. These countries should also publish their justifications for clearing or blocking transactions, which CFIUS never does.

One interesting model for promoting transparency and ease of filing is India's new Foreign Investment Facilitation Portal, which replaced the country's Foreign Investment Promotion Board in 2017 and decentralized its powers from a central screening mechanism down to the relevant Ministries or Departments.[50] CFIUS filing is time-consuming, opaque, and expensive for international investors, who generally hire expensive law firms experienced in the ins-and-outs of the secretive process.[51] Southeast Asian nations may want to adopt a mechanism closer to the expedited review process that India decided on in order to impose fewer burdens on potential investors.[52]

On non-discrimination, it is easier for the United States, which has labeled China a strategic competitor, to merely feign non-discrimination while primarily targeting transactions from China. ASEAN, however, is understandably reticent to adopt a new investment restriction traditionally used in the West to target Chinese acquisitions given the region's reliance on Chinese investment.[53] New screening mechanisms must thus engage with Chinese investors on a collaborative basis and show that they will still allow for Chinese investments that are demonstrated to not endanger national security. Clearly differentiating these mechanisms from the temptations of some U.S. foreign policy advisers to end the non-discriminatory nature of CFIUS may even help to attract more international investors worried that their investments would be reviewed arbitrarily and based on potentially discriminatory factors in other countries.[54] This is because discrimination against all China-linked investments will not only impact investments from Chinese firms, but will also dissuade other foreign investors that may do business with Chinese firms or may themselves have some Chinese investors. Not all of these actors are malign.

But as acknowledged in the analysis of Southeast Asia's critical infrastructure and resources, the threats to national and economic security do not end at the borders of these countries. An investment in one could threaten the security of another. For that reason, multilateral engagement on investment screening is also crucial to protecting the security of ASEAN.

MULTILATERAL RECOMMENDATIONS

ASEAN ought to establish a new Sectoral Ministerial Body within the ASEAN Political-Security Community that functions throughout the year at the working level and meets annually at the Ministerial level to (1) monitor trends in FDI and investment security; (2) review, discuss, and—in the case of a true emergency—issue recommendations on individual transactions that could compromise regional security; (3) create networks for intelligence sharing to support the work of national-level investment screening mechanisms; and (4) share best practices for investment screening and issue recommendations à la the OECD "Guidelines for Recipient Country Investment Policies Relating to National Security." These recommendations closely mirror the new EU framework for investment screening that leaves enforcement decisions up to sovereign nations but unites Europe in a regional understanding of economic security.[55] This body should be organized at the ASEAN level, rather than through APEC, ADMM-Plus, etc. level because the sensitive nature of investment screening guidelines and recommendations should be controlled by the group of ASEAN countries alone—at least initially. This is particularly important given China's influential role in Asia's other multilateral organizations.

Buzan and Wæver point out that the Southeast Asian RSC is unique for its juxtaposition of superpower intervention (whether from China or the United States) with a multipolar regional security structure represented in ASEAN. The region, then, is perfect for a multilateral investment screening mechanism: a large power, China, which has demonstrated interest in regional security dominance through is aggression in the South China Sea and IOR, can be effectively countered through cooperation of smaller powers. That mission is appropriate for the small regional body of ASEAN rather than larger global forums because, as Buzan and Wæver explain, the countries face unique *regional* security threats. Unlike in Europe, where "the regional dynamic subordinated to the global one" as a consequence of the importance of the region to Cold War competition, the Southeast Asian RSC has been "heavily penetrated by the global level, but not overlaid by it."[56] Thus, unique regional dynamics, threats, and security issues remain in Southeast Asia that can be addressed through cooperation.

Few if any of the purported doomsday scenarios of Chinese investment have come to pass. Yes, there has been substantial IP theft and transfer from the U.S., but the PRC has not shut down the American power grid or parked aircraft carriers at Hambantota. But this is the nature of security problems. A billion-dollar missile defense system is only useful when missiles are raining down, but it is at precisely that moment when the billion-dollar investment becomes invaluable. However, even if ASEAN does not believe that China, or any other country or foreign actor, has malign intent and would utilize strategic investments to impair a nation's national security, the question is still at least worth study.

In the 302 page "2019 ASEAN Investment Report" co-published by the ASEAN Secretariat and the United Nations Conference on Trade and Development (UNCTAD), security considerations were given only a couple brief mentions (less than a sentence) in the context of data privacy.[57] In contrast, the yearly UNCTAD World Investment Report dedicates a section to "National Investment Policy." That section in this year's report began with: "New investment restrictions or regulations for foreign investors were mainly based on national security concerns about foreign ownership of critical infrastructure, core technologies, elements of the defense sector, sensitive business assets or residential property."[58] As this quote demonstrates, investment security is a growing global priority, and ASEAN ought to at least track the threats it faces, if not mitigate them. CFIUS, as discussed earlier, was originally established with no authority to block or even review individual transactions, but to merely report on developments on foreign investment in the United States.

One particular benefit of such a multilateral monitoring measure would be to protect regional security that might otherwise suffer from a collective action problem and negative externalities. In the case of certain critical infrastructure and raw materials, a purely domestic analysis of national security risks would not account for potential global security implications. For instance, an Indonesian review mechanism could very reasonably conclude that a Chinese state-owned enterprise's acquisition of a majority stake in a firm managing port security at the busy Port of Tanjung Priok does not represent a threat to their national security. However, that transaction taken in the context of dozens of other Chinese transactions around ports in the IOR could build up the influence that the PLAN needs to project force in the region. And even if Indonesia does not mind Chinese incursions, other regional partners do. Similarly, Malaysia or Australia allowing a Chinese firm to purchase the Lynas rare earths processing plant would represent a significant blow to global economic security by allowing China to tighten its monopoly on rare earth production, but may not threaten Malaysia's security (particularly if the two countries come to an agreement on supply assurance of rare earths for Malaysia's domestic needs).

ASEAN *cannot* and *should not* create any supranational investment screening system that would violate state sovereignty. ASEAN states make decisions all the time that are counter to their national or global security, and that is entirely their prerogative. But a body that could at least issue recommendations and analysis or create a system for information sharing could help those countries understand whether they should begin making steps in the direction of protecting their national security against emerging economic threats.

CONCLUSION

With the developed world now waking up to the threats to national security from foreign investment, developing countries have the unique opportunity to learn from their mistakes and preemptively mitigate risks before it is too late. The EU, a much tighter integrated and economically secure group of states, only recently adopted unified investment screening, so admittedly it may be some time before ASEAN comes around. Thus, important future steps

for research will be how the West can best engage these hesitant developing countries on investment screening. At the end of the day, these countries may simply say that they cannot afford to lose any investment, let alone the massive pots of money provided by the PRC. Thus, another next research step will be to evaluate methods for other developed countries to replace China as an influential investor and supporter for the developing world. Regardless, economic security will only become a greater concern as global conflicts are increasingly waged not on the battlefield, but in the boardroom. ■

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