



THE PRICE OF RETREAT 2.0

Undermining America's Economic
Edge and Alliance Advantage



COMMITTEE ON
FOREIGN
RELATIONS

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LETTER OF TRANSMITTAL



COMMITTEE ON
FOREIGN
RELATIONS

March 10, 2026

Dear Reader: Last July, the Senate Foreign Relations Committee Democrats released a report documenting the early damage the second Trump Administration’s policies caused to America’s ability to compete with the People’s Republic of China. The report made clear that President Trump’s chaotic trade wars, termination of strategic foreign aid programs, mistreatment of allies and hollowing out of our scientific and innovation ecosystem have weakened the critical tools the United States relies on to lead and compete. As a result, that report found that America already had fewer partners and less influence, while China was stepping into the space we were leaving behind.

Seven months later, as this follow-up report makes clear, the United States is weaker and more isolated. Our economy is less dynamic, everyday life less affordable, and we are losing talent to competitors. President Trump has launched a war against Iran with no clear objectives or endgame – it has already claimed American lives, left Americans stranded in the Middle East and spiked gas prices. Longer-term, the Administration’s war in Iran will be a strategic detour that saps America’s resources and bandwidth – a distraction from the economic, technological, and military competition with China that should preoccupy our national security institutions and leaders.

Our closest allies are not only questioning America’s reliability but also reconsidering their own relationships with China. Beijing has gained ground and this is not a temporary setback. It reflects a steady decline over the past year in the United States’ ability to lead. American families will pay the price for the current Administration’s retreat.

The economic data is clear: The Administration’s trade wars have hit small businesses hard and have driven major job losses in manufacturing. Corporate bankruptcies in 2025 reached their highest levels in fifteen years.¹ America’s soybean exports fell by thirty-two percent, and U.S. households are now paying about one thousand seven hundred dollars more per year.² Meanwhile, China has recorded the largest trade surplus in history.³ Following the Supreme Court’s ruling invalidating the majority of Trump’s tariffs, the Administration is seeking new ways to continue trade wars that will only hurt American families.

At the same time, the Administration’s higher visa fees are driving talent out of the United States.⁴ Beijing has moved quickly to take advantage, launching a visa and scholarship program to attract young scientists and engineers.⁵ Together, these policies are weakening America’s workforce and making it harder for the United States to keep pace in science and technology, ceding the industries and jobs of tomorrow to China.

The Administration has also weakened America’s diplomatic toolkit. More than half of U.S. embassies overseas are without a Senate-confirmed ambassador today, while China maintains the world’s largest diplomatic corps.⁶ The Administration cut more than \$14 billion in foreign assistance in 2025, undermining U.S. influence and increasing the risk of waste and fraud.⁷ Meanwhile, China posted a record \$66.2 billion in construction contracts and

¹ Aaron Gregg, Jaclyn Peiser, “Bankruptcies soar as companies grapple with inflation, tariffs,” <https://www.washingtonpost.com/business/2025/12/27/corporate-bankruptcies-economy/>

² Joint Economic Committee – Democratic Members, “UPDATED DATA: American Families Have Already Paid More Than \$1,700 Each in Tariff Costs Since Trump Entered Office,” February 20, 2026, <https://www.jec.senate.gov/public/index.cfm/democrats/2026/2/updated-data-american-families-have-already-paid-more-than-1-700-each-in-tariff-costs-since-trump-entered-office> (last visited Feb. 24, 2026).

³ Keith Bradsher, “China Announces Record Trade Surplus as Its Exports Flood World Markets,” *The New York Times*, January 13, 2026, <https://www.nytimes.com/2026/01/13/business/china-trade-surplus-exports.html>.

⁴ Michael T. Nietzel, “Report: College Applications Are Up, Except for International Students,” *Forbes*, Nov. 16, 2025, <https://www.forbes.com/sites/michaelt Nietzel/2025/11/16/report-college-applications-are-up-except-for-international-students/>

⁵ Harbin Institute of Technology College of International Education Chinese Government Scholarship Application (December 2025) <https://studyathit.hit.edu.cn/18366/list.html>.

⁶ Devesh Kapur & Milan Vaishnav, “Trump’s H-1B Gambit Will Gut American Universities,” Carnegie Endowment for International Peace, Sep. 26, 2025, <https://carnegieendowment.org/emissary/2025/09/h1b-visa-trump-impact-us-universities>.

⁷ Maggie Haberman & Emily Cochrane, “Trump and Congress Clash Over Budget Cuts and Funding Priorities,” *The New York Times*, Feb. 17, 2026, <https://www.nytimes.com/2026/02/17/us/politics/trump-congress-budget-cuts.html>.

approximately \$57.1 billion in investments under its Belt and Road Initiative during the first six months of 2025 alone.⁸ The Administration has also closed broadcasting hubs to counter Chinese propaganda, while Beijing has expanded use of state-backed media, online influence campaigns and AI-driven disinformation to ramp up messaging against the United States.⁹

The Administration’s confrontational approach to our allies has damaged America’s capacity to drive collective action, including to compete with China. When President Trump meets Xi Jinping, he will have a weaker hand to play given the damage he has caused to America’s partnerships in every region of the world. Instead of locking arms against unfair Chinese economic practices, President Trump has pushed our closest partners to pledge deeper economic cooperation with Beijing.

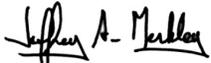
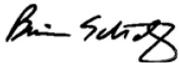
The Administration’s threats of coercion against allies over access to Greenland undermined America’s posture in the Arctic and threatened the integrity of NATO. Japan was left to fend for itself in the face of aggressive Chinese coercion when Tokyo stood up for its security interests in the Taiwan strait. President Trump discussed U.S. arms sales to Taiwan with Xi Jinping – violating American commitments to a democratic partner and technology powerhouse in place since the Reagan Administration. The President has also openly accommodated Russia’s illegitimate territorial claims in Ukraine while imposing limited additional pressure on Moscow to negotiate an end to the war. These collective actions signal weakness to Xi Jinping as he and his lieutenants contemplate action against Taiwan that could cause a \$10 trillion disruption in the global economy.¹⁰ Instead of creating a united front against Beijing, we are forcing our closest friends to fend for themselves, or worse, work with our chief competitor.

Rather than investing in the relationships and institutions that extend U.S. influence, the Administration has pursued a national security strategy focused on unilateral action and “spheres of influence,” weakening alliances that have long strengthened American power and giving China more room to set global rules and standards. The United States is now less able to work with others and hold its ground.

America cannot compete with China based on short-term thinking and political swings. President Xi plans for outcomes that take decades to materialize, while the United States is dismantling the tools it needs to lead now and in the future. Unless this course is reversed, the country will enter the next decade of competition with fewer allies, less influence and a weaker ability to shape events abroad. Taken together, these choices represent a strategic failure in the defining great power competition of this century.

The Committee Democrats will continue to document these consequences and press for a change in course.

Sincerely,

 Jeanne Shaheen Ranking Member, Senate Committee on Foreign Relations	 Chris Coons United States Senator	 Chris Murphy United States Senator	 Tim Kaine United States Senator	 Jeff Merkley United States Senator
 Cory Booker United States Senator	 Brian Schatz United States Senator	 Chris Van Hollen United States Senator	 Tammy Duckworth United States Senator	 Jacky Rosen United States Senator

⁸ *Id.*
⁹ Mareike Ohlberg, Andy Chen, "Washington Is Helping Beijing 'Tell China's Story Well'", German Marshall Fund, Dec. 16, 2025, <https://www.gmfus.org/news/washington-helping-beijing-tell-chinas-story-well>.
¹⁰ Charlie Vest, Agatha Kratz, Reva Goujon, "The Global Economic Disruptions from a Taiwan Conflict," Rhodium Group, <https://rhg.com/research/taiwan-economic-disruptions/>

EXECUTIVE SUMMARY

Building on the findings of the Committee Democrats’ report issued in July 2025, this follow-up report documents how foreign policy actions undertaken by the second Trump Administration have upended longstanding strategic partnerships and decimated foreign policy tools and institutions, ultimately weakening U.S. global leadership and undermining America’s ability to compete with China.

Written by the Democratic Staff of the Senate Foreign Relations Committee, it is based on official staff travel, committee oversight activities, open-source research and insights from meetings with the Administration, foreign government officials, American companies and international non-governmental organizations.

The evidence is alarming: President Trump’s indiscriminate trade wars, shortsighted travel bans and visa policies, and funding cuts to U.S. institutions of higher learning have crippled core pillars of America’s innovation ecosystem. The Administration’s gutting and politicization of the federal workforce, as well as steep cuts to foreign aid, cultural diplomacy and international broadcasting have hollowed out the preeminent foreign policy tools and institutions charged with advancing U.S. national security interests abroad. Allied leaders now feel more compelled to engage Beijing after remarks from the White House suggested that military options against the Kingdom of Denmark, a NATO ally, was under consideration. The abandonment of alliances and a rules-based international order in favor of a national security strategy centered on “spheres of influence” threatens America’s long-term peace, stability and prosperity. These actions have accelerated China’s strategic aim to unseat the United States as a global leader in science and technology, advanced Beijing’s position as a powerhouse in global trade and enhanced its reputation as a reliable development partner across the global south.

The following are key areas where America’s competitive advantage in innovation, diplomatic statecraft and global influence have suffered. In particular, this report highlights the real economic harm President Trump’s policies are causing American workers and firms by raising prices and undercutting growth and competitiveness.

- **Undermining the U.S.’s Innovation Ecosystem:** The Administration’s fluctuating tariffs have devastated America’s small businesses, forcing layoffs of 120,000 workers in November 2025, the largest monthly total in five years.¹¹ President Trump’s decision to allow the sale of cutting-edge semiconductors to China will undermine the United States’ long-term economic edge.¹² The Administration’s travel bans, visa policies and cuts to funding for science have forced worker shortages in critical national security sectors—particularly in the cyber, microelectronics, and precision mechanics sectors, among others—and have driven top talent to well-funded research programs and scholarship opportunities at universities outside the United States.¹³ Meanwhile, China is expanding visa categories and business opportunities for international professionals in science, technology, engineering and math (STEM), and Chinese universities have now surpassed U.S. counterparts in scientific output.¹⁴

¹¹ Press Release, Center for American Progress, “RELEASE: An Unhappy Year for Small Businesses Under Trump’s Tariffs,” Dec. 17, 2025; Supreme Court of the United States, *LEARNING RESOURCES, INC., ET AL. v. TRUMP*, No. 24–1287, https://www.supremecourt.gov/opinions/25pdf/24-1287_4gcj.pdf.

¹² Michael c. Horowitz, Chris McGuire, and Zongyuan Zoe Liu, “The Consequences of Exporting Nvidia’s H200 Chips to China,” Council on Foreign Relations, Dec. 9, 2025, <https://www.cfr.org/articles/consequences-exporting-nvidias-h200-chips-china>.

¹³ Congressional Research Service, [The H-1B Visa for Specialty Occupation Workers/Immigration] [Feb 18, 2025].

¹⁴ Centre for Science and Technology Studies at Leiden University, <https://traditional.leidenranking.com/ranking/2025/list>.

- **Dismantling the Diplomatic Toolkit:** More than half of U.S. embassies overseas are currently without a Senate-confirmed ambassador.¹⁵ In 2025, the Administration also rescinded over \$14 billion in foreign assistance funds, significantly curtailing U.S. influence abroad with drastic human consequences. In contrast, China has ambassadors at nearly every diplomatic outpost, fields the world’s largest diplomatic corps and posted record investments in 2025 under its Belt and Road Initiative. Billions in U.S. taxpayer dollars have been shifted into slush funds as positions tasked with preventing waste and fraud are dismantled. Under Secretary Rubio’s leadership, the United States has wasted, rather than saved, taxpayers’ dollars and permitted the expiration and destruction of lifesaving food and medical commodities.¹⁶
- **Upending Strategic Partnerships and Alliances:** The Trump Administration has needlessly pushed alliances to the brink of rupture, launched an already costly war in the Middle East with no strategy or endgame in sight, and damaged partnerships built on a bipartisan basis over decades. The majority of people in the Kingdom of Denmark, who once supported the U.S.-Denmark Alliance, now consider the United States to be an adversary.¹⁷ Other allies observed the White House’s threats against Greenland with horror and worked through diplomatic channels to avert a crisis that never should have transpired.¹⁸ While the Administration has slashed funding to UN agencies and withdrawn the United States from over 60 international organizations, China has coerced U.S. allies with impunity and presented itself as the defender of responsible and steady conduct on the world stage.¹⁹ While the Trump Administration withdrew the United States from international organizations designed to facilitate trade in critical minerals, China secured the role of host of the 2027 World Radio Conference, which will revise crucial international telecommunications guidelines.²⁰

¹⁵ AFSA U.S. Ambassador Tracker <https://afsa.org/list-ambassadorial-appointments>.

¹⁶ Jennifer Hansler, “U.S. Set to Destroy 500 Tons of U.S.-Taxpayer Funded Emergency Food,” *CNN*, Jul 16, 2025, <https://www.cnn.com/2025/07/16/politics/us-destroy-500-tons-us-taxpayer-funded-food>.

¹⁷ Emil Or, *Large majority now sees the US as an adversary - not as an ally*, DR (February 2025) <https://www.dr.dk/nyheder/politik/stort-flertal-ser-nu-usa-som-modstander-ikke-som-allieret>.

¹⁸ Paul Adams, “US allies won’t forget Trump Greenland crisis”, *BBC*, Jan. 1, 2026, <http://bbc.com/news/articles/cj3vv1kv1rdo>.

¹⁹ Press Release, The White House, “President Donald J. Trump Withdraws the United States from International Organizations that Are Contrary to the Interests of the United States,” Jan. 7, 2026.

²⁰ International Telecommunication Union (ITU), “World Radiocommunication Conferences (WRC),” <https://www.itu.int/en/ITU-R/conferences/wrc/Pages/default.aspx>.

Undermining the U.S. Competitive Advantage

Outcompeting China in the emerging technologies that will define the 21st century depends not only on capital and infrastructure but also on talent and the enterprise ecosystems that best harness economic strength to drive innovation.

As competition with China for STEM expertise intensifies, policy choices around research investment, immigration, higher education, and support for small- and medium-sized enterprises will determine strategic advantage. Expanding on findings from the Committee Democrats' July 2025 report, the following section examines how the Trump Administration's disastrous foreign policy and trade tariffs are eroding the pillars of America's longstanding competitive advantage in innovation while China moves aggressively forward. The Committee staff's July report focused primarily on funding cuts to research institutions and harm to the U.S.'s reputation as a global talent hub. Analysis regarding the impact of the Trump Administration's trade policies on the small- and medium-sized business sector was still nascent. By the close of 2025, a clearer picture of the impact began to emerge. The evidence is alarming and the cost to American households and businesses has been steep, with grave implications for U.S. competitiveness internationally, particularly vis-à-vis China.

Selling the Technologies of the Future

Since taking office, the Trump Administration has actively undermined the United States' competitive edge in critical technologies. Most notably, in December 2025, President Trump agreed to allow U.S. firms to sell advanced semiconductors to China, a significant and misguided shift in U.S. AI export control policy.²¹ Although the Department of Commerce's final rule for these sales includes some safeguards, the deal still gives Beijing access to chips reportedly up to thirteen times more powerful than those it previously obtained.²² Access to these dual-use technologies carries serious implications for China's military ambitions. According to the Trump administration's 2025 DoD China Military Power report, Beijing seeks to "harness the power of big data and artificial intelligence to rapidly process and analyze vast amounts of information" to enhance its decision-making and operational command.²³ In January 2026, the House Select Committee on China sent a public letter to Secretary of Commerce Howard Lutnick indicating that NVIDIA, the company behind the H200 chips the Administration approved for export to Beijing, has provided "extensive technical support" to prominent Chinese AI firms that have achieved frontier AI capabilities for the Chinese military.²⁴ As a result, the Chinese military has

²¹ Donald J. Trump, @realDonaldTrump, Truth Social post, Dec. 8, 2025, "[I have informed President Xi, of China, that the United States will allow NVIDIA to ship its H200 products to approved customers in China, and other Countries, under conditions that allow for continued strong National Security. President Xi responded positively! \$25% will be paid to the United States of America. This policy will support American Jobs, strengthen U.S. Manufacturing, and benefit American Taxpayers. The Biden Administration forced our Great Companies to spend BILLIONS OF DOLLARS building "degraded" products that nobody wanted, a terrible idea that slowed Innovation, and hurt the American Worker. That Era is OVER! We will protect National Security, create American Jobs, and keep America's lead in AI. NVIDIA's U.S. Customers are already moving forward with their incredible, highly advanced Blackwell chips, and soon, Rubin, neither of which are part of this deal. My Administration will always put America FIRST. The Department of Commerce is finalizing the details, and the same approach will apply to AMD, Intel, and other GREAT American Companies. MAKE AMERICA GREAT AGAIN!]" <https://truthsocial.com/@realDonaldTrump/posts/115686072737425841>.

²² Chris McGuire, "The New AI Chip Export Policy to China: Strategically Incoherent and Unenforceable," Council on Foreign Relations, Jan 14, 2026, <https://www.cfr.org/articles/new-ai-chip-export-policy-china-strategically-incoherent-and-unenforceable>.

²³ U.S. Department of Defense. Annual Report to Congress: Military and Security Developments Involving the People's Republic of China, Dec. 23, 2025, <https://media.defense.gov/2025/Dec/23/2003849070/-1/-1/1/ANNUAL-REPORT-TO-CONGRESS-MILITARY-AND-SECURITY-DEVELOPMENTS-INVOLVING-THE-PEOPLES-REPUBLIC-OF-CHINA-2025.PDF>.

²⁴ U.S. House Select Committee on the Chinese Communist Party, Letter to the U.S. Department of Commerce Regarding NVIDIA Products, DeepSeek, and PLA Use, Jan. 29, 2026, https://chinaselectcommittee.house.gov/sites/evo-subsites/selectcommitteeontheccp.house.gov/files/evo-media-document/letter-to-doc-nvidia-deepseek-pla-use_final.pdf.

sought to integrate these models into its non-combat operations and may be seeking to incorporate them into battlefield deployments.²⁵

Beyond these clear security implications, transferring advanced semiconductor technology effectively offshores a foundation of the future U.S. economy. Leading-edge chips do not merely improve the efficiency of today's factories, they underpin the next generation of industries—from advanced manufacturing and logistics to drug discovery, energy systems and defense technologies. The countries that design, control and deploy these tools will determine where new firms form, where high-quality jobs emerge, and where entire industries ultimately take root. Beijing has already made substantial progress using legacy chips to develop and deploy AI models that are competitive with U.S. firms at a lower price.²⁶ By reversing years of policy that limited the export of advanced technology to China, the Trump Administration risks undermining American competitiveness not only in a single industry but across entire AI-driven sectors that are likely to shape economic growth, jobs, and American life for decades to come.²⁷

President Trump has taken a similarly mercantilist approach to other bilateral technology relationships—at direct cost to American workers, innovation, and national security. Throughout the summer of 2025, for instance, the Administration signed a series of “technology partnerships” with Saudi Arabia and the United Arab Emirates (UAE).²⁸ Gulf countries agreed to invest massive sums in technology, defense and infrastructure in America in exchange for the United States relaxing controls on the export of advanced semiconductors.²⁹ Both deals were pitched as generational opportunities to strengthen partnerships with key Middle Eastern partners while ensuring that American technology would power global AI infrastructure.

As with the China deal, however, these commercial agreements conceal serious risks alongside potential conflicts of interest. For one, many UAE and Saudi organizations tasked with building out both countries' AI infrastructure have significant ties to Chinese companies.³⁰ Major Emirati firm G42, for instance, has a longstanding relationship with Huawei, a Chinese telecom firm tied to sanctions evasion, mass surveillance, and human rights abuses.³¹ Although G42 and others claim to have divested from Chinese technology, the White House has not detailed any specific protections to ensure that the technology does not fall into the wrong hands.

Separately, as with semiconductor sales to China, the UAE deal also poses a direct risk to the United States' own economic future. According to documents reviewed by the Committee staff, the UAE deal could facilitate the export of hundreds of thousands of advanced chips annually—potentially slowing

²⁵ Jack Burnham, “China’s Military Reportedly Deploys DeepSeek AI for Non-Combat Duties,” Foundation for Defense of Democracies Policy Brief, Mar. 27, 2025, https://www.fdd.org/analysis/policy_briefs/2025/03/27/chinas-military-reportedly-deploys-deepseek-ai-for-non-combat-duties/.

²⁶ Jamine Cui & Angela Yang, “Why DeepSeek is different, in three charts,” *NBC News*, Jan. 28, 2025, <https://www.nbcnews.com/data-graphics/deepseek-ai-comparison-openai-chatgpt-google-gemini-meta-llama-rcna189568>.

²⁷ Congressional Research Service, U.S. Export Controls and China: Advanced Semiconductors, Sept. 19, 2025.

²⁸ The White House, “Fact Sheet: President Donald J. Trump Solidifies Economic and Defense Partnership with the Kingdom of Saudi Arabia,” Nov. 18, 2025, <https://www.whitehouse.gov/fact-sheets/2025/11/fact-sheet-president-donald-j-trump-solidifies-economic-and-defense-partnership-with-the-kingdom-of-saudi-arabia/>; The White House, “Fact Sheet: President Donald J. Trump Secures \$200 Billion in New U.S.-UAE Deals and Accelerates Previously Committed \$1.4 Trillion UAE Investment,” May 15, 2025, <https://www.whitehouse.gov/fact-sheets/2025/05/fact-sheet-president-donald-j-trump-secures-200-billion-in-new-u-s-uae-deals-and-accelerates-previously-committed-1-4-trillion-uae-investment/>.

²⁹ The White House, “WHAT THEY ARE SAYING: Trillions in Great Deals Secured for America Thanks to President Trump”, May 16, 2025, <https://www.whitehouse.gov/articles/2025/05/what-they-are-saying-trillions-in-great-deals-secured-for-america-thanks-to-president-trump/>.

³⁰ Press Release, House Select Committee on the Chinese Communist Party, “Gallagher Calls on USG to Investigate AI Firm, G42, Ties to PRC Military, Intelligence Companies,” Jan 9, 2024.

³¹ Mark Mazzetti and Edward L. Wong “Inside U.S. Efforts to Untangle an A.I. Giant’s Ties to China,” *The New York Times*, Nov. 27, 2023 <https://www.nytimes.com/2023/11/27/us/politics/ai-us-uae-china-security-g42.html>

down the United States' own domestic AI buildout.³² That means that this Administration is actively cultivating U.S. dependence on the Middle East for one of the most critical commodities powering future economic growth.

The Trump family may also have a personal interest in these deals. Just before the Administration began negotiating directly with the UAE, for instance, an investment firm tied to Emirati leadership invested nearly \$500 million in World Liberty, the Trump family's cryptocurrency company.³³ That amounts to a nearly 50 percent stake in the firm.³⁴ This move raises serious questions about the Administration's motivations behind selling off the crown jewels of American innovation. Over the last year, Trump's crypto investments have increased his family's net worth by more than \$1 billion.³⁵

Crippling American Small Businesses

In 2020, a bipartisan task force of foreign policy experts convened by the Carnegie Endowment for International Peace aptly underscored the interdependence between domestic and foreign policy:

"If there ever was a truism among the U.S. foreign policy community—across parties, Administrations, and ideologies—it is that the United States must be strong at home to be strong abroad. Hawks and doves and isolationists and neoconservatives alike all agree that a critical pillar of U.S. power lies in its middle class—its dynamism, its productivity, its political and economic participation, and, most importantly, its magnetic promise of progress and possibility to the rest of the world."³⁶

Small businesses are vital to the American middle class. They employ over 62 million Americans (45 percent of the private sector workforce) and account for nearly 40 percent of the entire national payroll.³⁷ They were responsible for over 88 percent of job growth from 2023 to 2024 and generate 43 percent of the U.S. gross domestic product.³⁸ Small businesses provide opportunities for upward mobility across communities, fostering broad-based economic participation, entrepreneurship, and U.S. innovation.

The Trump Administration's erratic and indiscriminate tariff policies against American allies and competitors alike have disproportionately impacted the bottom line for these small- and medium-sized businesses. As noted in the July report by the Committee's Democratic staff, the Trump Administration has made more than 60 different tariff announcements since its so-called "Liberation Day" in April 2025, clouding the U.S. business landscape with confusion and uncertainty.³⁹ To add even more chaos, the President's desire to have unilateral control over these taxes on American families and businesses led him to rely on International Emergency Economic Powers Act (IEEPA) for the majority of his tariffs, despite that law not authorizing tariffs, as the Supreme Court ruled on February 20, 2026. Now, after

³² Alasdair Phillips-Robins & Sam Winter-Levy, "How to Gauge Whether Trump's AI Chip Deals With Gulf Countries Are Any Good," Carnegie Endowment for International Peace, May 16, 2025, <https://carnegieendowment.org/emissary/2025/05/ai-chip-trump-gulf-uae-saudi-security-risk-good-deal>.

³³ Sam Kessler, Rebecca Ballhaus, Eliot Brown, Angus Berwick, "Spy Sheikh' Bought Secret Stake in Trump Company," *The Wall Street Journal*, Jan. 31 2026, <https://www.wsj.com/politics/policy/spy-sheikh-secret-stake-trump-crypto-tahnoon-ea4d97e8>.

³⁴ David Yaffe-Bellany & Eric Lipton, "U.A.E. Firm Quietly Took Stake in the Trump Family's Crypto Company," *The New York Times*, Feb. 1, 2026, <https://www.nytimes.com/2026/02/01/us/politics/trump-crypto-uae-world-liberty.html>.

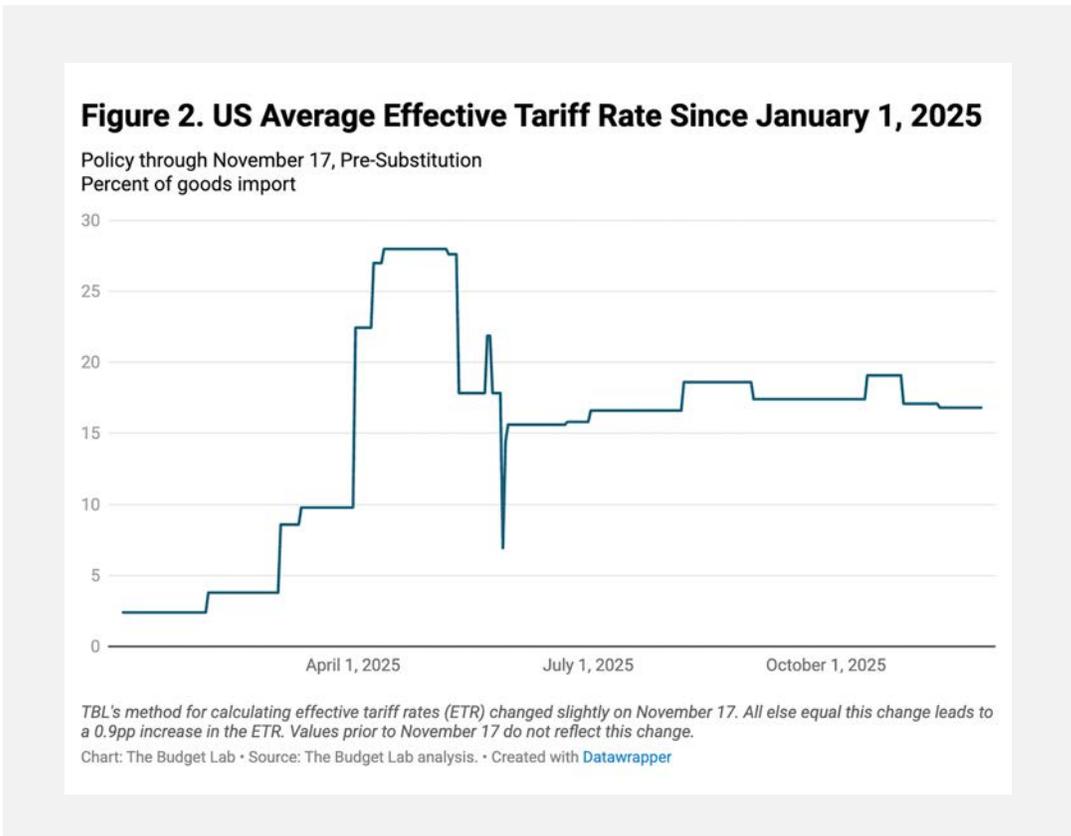
³⁵ Annie Massa & Tom Maloney, "Trump Family's \$6.8 Billion Fortune Increasingly Tied to Crypto," *Bloomberg*, Jan. 20, 2026, <https://www.bloomberg.com/news/features/2026-01-20/donald-trump-family-net-worth-increasingly-comes-from-crypto>.

³⁶ Wendy Cutler et al., *Making U.S. Foreign Policy Work Better For the Middle Class*, Carnegie Endowment for International Peace, (2020), https://carnegie-production-assets.s3.amazonaws.com/static/files/files_USFP_FinalReport_final1.pdf.

³⁷ U.S. Small Business Administration, Office of Advocacy, "2025 Small Business Profile," 2025, https://advocacy.sba.gov/wp-content/uploads/2025/06/United_States_2025-State-Profile.pdf.

³⁸ *Id.*; U.S. Small Business Administration, Office of Advocacy, "Frequently Asked Questions About Small Business, 2024," Jul. 23, 2024, <https://advocacy.sba.gov/2024/07/23/frequently-asked-questions-about-small-business-2024/>.

³⁹ Atlantic Council, "Trump Tariff Tracker," <https://www.atlanticcouncil.org/programs/geoeconomics-center/trump-tariff-tracker/>.



more than \$150 billion in unlawful tariffs have been collected, small businesses are faced with the added work of seeking a refund. Unfortunately, the President immediately acted to continue tariffs that are harming small businesses, replacing his unlawful IEEPA tariffs with a 10 percent tariff on all imports using a different statute. The President has also repeatedly announced tariffs that have never gone into effect, including added tariffs on Canada because he disliked an ad during the 2025 World Series. Just last month, he first announced a 10 percent global tariff and said the next day it would be raised to 15 percent, but he has not officially imposed such a rate.

According to an analysis from the Center for American Progress, small business importers paid approximately \$25,000 more per month in tariffs from April 2025 through September 2025 compared to the same period in 2024.⁴⁰ Unlike large multinational corporations, small businesses often lack the financial cushion to absorb price shocks caused by this Administration’s policies, let alone the capacity to navigate sudden supply chain disruptions. The increased costs are already generating job losses—in November 2025, businesses with fewer than 50 employees laid off 120,000 workers, the largest monthly total for small businesses in five years.⁴¹

⁴⁰ Press Release, Center for American Progress, “RELEASE: An Unhappy for Small Businesses Under Trump’s Tariffs,” Dec. 17, 2025.
⁴¹ *Id.*

CASE STUDY: EarthQuaker Devices

EarthQuaker devices, a U.S.-based manufacturer of guitar effects pedals headquartered in Akron, Ohio, illustrates how the administration's tariff policy is undermining the very domestic manufacturing base it purports to support. Founded and owned by Julie Robbins and her husband, the company employs 35 workers and has invested heavily in U.S. production capacity, utilizing U.S. Small Business Administration (SBA) loans, U.S. Department of Commerce Manufacturing Extension Partnership services, and workforce training grants.⁴² Despite manufacturing entirely in the United States, EarthQuaker Devices relies on imported electronic components that are not produced domestically.⁴³ Since the escalation of tariffs and retaliatory trade measures, the company has faced tariff rates as high as 185 percent on key imports, triggering sharp cost increases, supply chain disruptions, and profound planning uncertainty. Historically a net exporter—EarthQuaker Devices received the 2019 Small Business Association Exporter of the Year award—retaliatory tariffs and rising anti-American consumer sentiment abroad have driven a decline in EarthQuaker Device exports in 2025 by as much as 50 to 100 percent in some markets.

Sales had declined by nearly 10 percent at the end of November 2025, forcing the company to delay product launches, scale back production forecasts, and consider price increases that risk further depressing demand. With thin margins, rising costs, and declining revenues, the company now faces potential layoffs, benefit reductions, loan covenant violations, and even bankruptcy, despite never missing a debt payment. For the first time, Robbins testified in the U.S. Senate Committee on Small Business and Entrepreneurship that offshoring production—once rejected on principle—has become a necessary consideration to remain competitive internationally.⁴⁴

Guitarist

“My employees are so valuable to me. They have this institutional knowledge and rely on their income from this job to support their families”: EarthQuaker Devices CEO reveals the Ohio-based business is at risk of going bankrupt amidst tariff uncertainty

News By Janelle Borg published 21 May 2025

The boutique pedal company has forecasted that, should the trade war persist, the cost per pedal would increase from 2 cents in April to \$12.80 in December



⁴² EarthQuaker Devices, <https://www.earthquakerdevices.com/about> (last visited Feb. 26, 2026).

⁴³ Patrick Williams, “Tariffs could lead to bankruptcy of Akron-based EarthQuaker Devices, CEO says,” *Akron Beacon Journal*, May 18, 2025, <https://www.beaconjournal.com/story/business/2025/05/18/tariffs-could-bankrupt-akron-based-earthquaker-devices-ceo-julie-robbins-us-senate-testimony/83647692007/>.

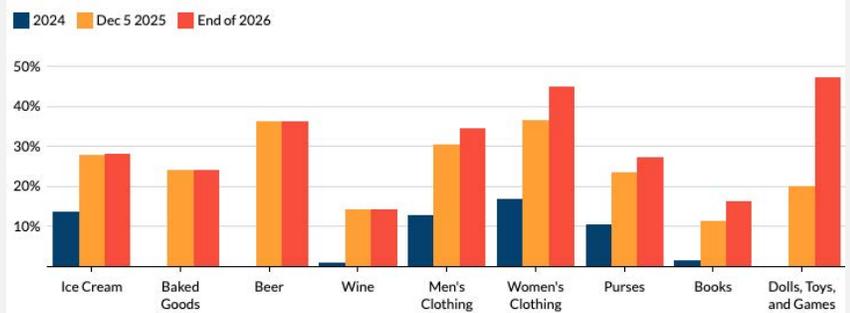
⁴⁴ Statement of Julie Robbins, CEO and Owner, EarthQuaker Devices LLC, *Financing America's Manufacturing and Industrial Boom*, Hearing Before the U.S. Senate Committee on Small Business and Entrepreneurship, May 14, 2025, https://www.sbc.senate.gov/public/_cache/files/a/8/a8b91488-a50a-4291-abfe-4230988ea8d6/319CB0DF5A7573295B7B0F41509A2418144916525743EA825332B032FD1CE71C.robbins-testimony.pdf#:~:text=EarthQuaker%20Devices%20350%20W%20Bowery%20St%20Akron,of%20Julie%20Robbins%2C%20CEO%20and%20Owner%2C%20Ear.

Like small businesses owners, American consumers are also paying a steep price for the Trump administration’s tariff policy. According to estimates from the Yale Budget Lab, tariffs will cost the average U.S. household \$1,700 per year in the near term.⁴⁵

The economic harm caused by the Administration’s tariffs is not surprising. The constantly shifting tariffs leave companies with no certainty to plan, forcing many to delay or curtail investment in new production. Further, this Administration has failed to grapple with the fact that more than half of American imports are raw materials, components, or capital goods used by domestic manufacturers. Raising prices for domestic manufacturers has hurt their ability to invest and grow and can lead domestic exporters to move production out of the United States, hurting our economy and our workers.

Retaliatory trade measures and foreign consumer boycotts have generated precipitous declines in exports for other sectors of the U.S. economy, with particularly devastating consequences for American farmers. In response to the Trump Administration’s tariff policy, China – which has historically purchased over 50 percent of U.S. soybean exports – suspended imports of soybeans and other agricultural commodities from the United States. Although China resumed soybean purchases in October, U.S soybean exports to China are still projected to decline in 2025 by 32 percent compared to 2024, thanks to the Administration’s weaponization of trade.⁴⁶ In a tacit acknowledgement of the financial hardship the Trump Administration’s tariff policy has created, the Administration announced a \$12 billion aid package for American farmers in December 2025.⁴⁷ This is a repeat of a farmer aid package delivered under the first Trump Administration—also due to tariffs against China—which resulted in a bailout that cost the U.S. government the equivalent of the entire

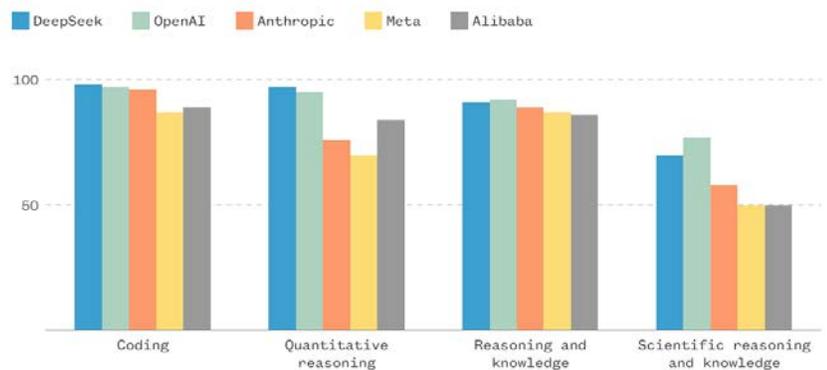
Tariff Rates on Consumer Goods



Source: TPC Tariff Rules Engine v1.1.
 Notes: Items are aggregated by 6-digit NAICS codes. Men's clothing includes boys' clothing, Women's clothing includes girls' and infants' clothing. Beer includes ale and cider. The pause refers to lowered reciprocal and IEEPA tariffs on Chinese-origin goods, in addition to goods under Section 232 investigations being exempted from reciprocal tariffs. Estimates exclude AD/CVD.

Performance compared

DeepSeek's R1 outperforms other companies' latest models on the commonly-used AI tests.



Notes: Scores are out of 100. The models for each company that are measured: for OpenAI, o1; for Alibaba, Qwen 2.5 72B; for Meta, Llama 3.1 405B; for Anthropic, Claude 3.5 Sonnet. The tests used are HumanEval, MATH-500, MMLU and GPQA Diamond.
 Source: Artificial Analysis
 Graphic: Jasmine Cui and Joe Murphy / NBC News

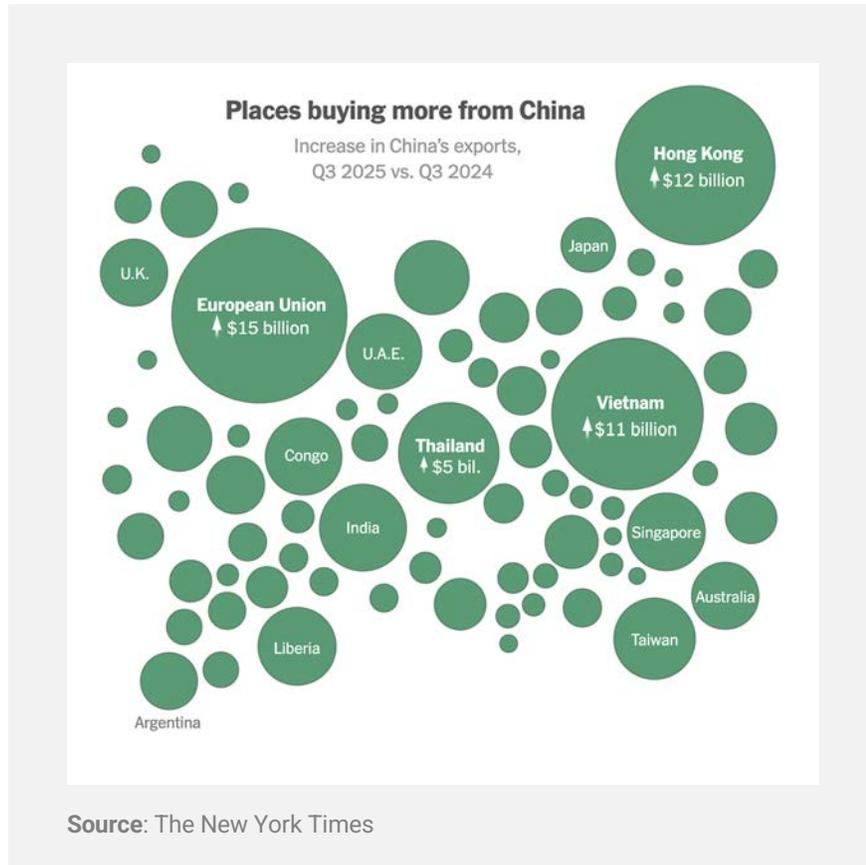
⁴⁵ The Budget Lab, “State of U.S. Tariffs: November 17, 2025,” Nov. 17, 2025, <https://budgetlab.yale.edu/research/state-us-tariffs-november-17-2025>.

⁴⁶ Philip Luck et al., “China’s Latest Soybean Purchase Agreement Falls Short of Replacing Lost U.S. Exports”, Center for Strategic and International Studies, (Oct. 30, 2025), <https://www.csis.org/analysis/chinas-latest-soybean-purchase-agreement-falls-short-replacing-lost-us-exports>.

⁴⁷ Nandita Bose et al., “Trump Unveils \$12 Billion Aid Package for Farmers Hit By Trade War,” *Reuters*, Dec. 9, 2025, <https://www.reuters.com/world/us/trump-unveil-12-billion-aid-farmers-hit-by-trade-war-white-house-official-says-2025-12-08/>.

State Department’s annual budget. Like farmers, American whiskey industry producers have suffered a steep decline in exports because of the Trump Administration’s tariff policy. Jim Beam, the country’s largest maker of bourbon, recently announced a one-year pause on production at its flagship facility in Kentucky following a boycott from Canadian consumers and provincial retailers that led to an 85 percent drop in sales in the second quarter of 2025.⁴⁸ These examples are not outliers and illustrate export pains that are spreading throughout the U.S. economy. Deloitte now projects that U.S. exports will increase a mere 0.3 percent in 2026, down significantly from the 5 percent annual average increase seen over the previous four years.⁴⁹

The Administration’s tariff policies have also prompted a fundamental restructuring of trade relationships across the globe, often to China’s advantage. Following decades of strategic planning and investment, China has become the world’s leading producer of cars, batteries and solar panels. Addressing China’s unfair trade practices and overcapacity is critical, and many of our closest allies have indicated willingness to work together on that front.⁵⁰ Instead, the Trump Administration’s tariff policies have exacerbated the issue by pushing longstanding trade partners closer to China. Consider China’s exports by region last year: 19 trillion to Africa (Up 42% year over year), Asia (up 14%), South America (up 13%) and Europe (up 7%).⁵¹ Some of our closest allies are now looking to China because America has become an unreliable partner and they can no longer count on selling to the United States. For example, in January 2026, Canadian Prime Minister Mark Carney visited Beijing—the first Canadian visit since 2017—to discuss “charting a new course in cooperation at a time of global disorder.”⁵² Both countries announced that Canada plans to allow imports of up to 49,000 Chinese electric vehicles at a lower tariff rate, growing to 70,000 over five years.⁵³



⁴⁸ Osmond Chia, “Bourbon Maker Jim Beam Halts Production at Main Distillery For a Year,” *BBC*, Dec. 21, 2025, <https://www.bbc.com/news/articles/cy5gv5z24n2o>; Natalie Stechyson, “Elbows Up in 2025: How a Year of Canadian Boycotts on U.S. Products Played Out,” *CBC*, Dec. 30, 2025, <https://www.cbc.ca/news/canada/boycotts-buy-canada-2025-9.7026211>.

⁴⁹ Michael Wolf & Rohini Sanyal, “United States Economic Forecast,” Dec. 18, 2025, <https://www.deloitte.com/us/en/insights/topics/economy/us-economic-forecast/united-states-outlook-analysis.html>; Ryan Mulholland, “The Trump Administration’s Approach to Trade Abandons American Exporters,” Jun. 26, 2025, <https://www.americanprogress.org/article/the-trump-administrations-approach-to-trade-abandons-american-exporters/>.

⁵⁰ Jennifer Duggan, “EU to Pitch Partnership to US on Critical Minerals,” *Bloomberg*, Feb. 3, 2026, <https://www.bloomberg.com/news/newsletters/2026-02-03/eu-to-pitch-partnership-to-us-on-critical-minerals>.

⁵¹ Joe Cash, Xiuhao Chen, “China’s trade ends 2025 with record \$1.2 trillion surplus despite Trump tariff jolt,” *Reuters*, Jan. 14, 2026, <https://www.reuters.com/world/china/chinas-trade-ends-2025-with-record-trillion-dollar-surplus-despite-trump-tariffs-2026-01-14/>; Agnes Chang & Daisuke Wakabayashi, “What Trade War? China’s Export Juggernaut Marches On,” *The New York Times*, Nov. 3, 2025, <https://www.nytimes.com/interactive/2025/11/03/world/asia/china-exports-trump-tariffs.html>.

⁵² Maria Cheng, “China, Canada Move to Reset Ties as Carney Visits,” *Reuters*, Jan. 15, 2026, <https://www.reuters.com/world/china/china-canada-move-reset-ties-carney-visits-2026-01-15/>.

⁵³ Ken Moritsugu & Rob Gillies, “Canada Agrees to Cut Tariff on Chinese EVs in Return for Lower Tariffs on Canadian Farm Products,” *AP News*, Jan. 16, 2026, <https://apnews.com/article/china-canada-carney-xi-beijing-b71c1b67d3489a8b4058c650152b0cb9>

Ceding American Leverage in Negotiations with China

America has spent the post-World War II period as the world’s dominant economy and remains much larger than China as measured by Gross Domestic Product (GDP). However, twice over the last year, China has leveraged its control over critical minerals and rare earth supply chains to force the Trump Administration to retreat. China spent decades developing its domestic critical minerals industry and expanding as the global hub for production, controlling more than 80 percent of processing for rare earths. But only recently has it begun to use that control as a tool of coercion and negotiation. The Trump Administration’s missteps have led China to fully develop and exercise its control over critical minerals.

Following the Administration’s imposition of escalating tariffs on Chinese goods through April 2025, reaching as high as 125 percent, China’s Ministry of Commerce imposed export restrictions on seven rare earth elements and magnets used in the automotive, defense, and energy sectors.⁵⁴ The Trump Administration appeared caught off-guard. After major American companies warned of imminent and severe economic harm from the lack of rare earths, the Trump Administration was forced to the negotiating table and into a 90-day truce.⁵⁵

Last fall, in response to the Trump Administration tightening export controls, China was ready to take an even more dramatic step—applying licensing requirements for foreign firms to sell rare earth products like magnets and semiconductors containing any trace of Chinese rare earths.⁵⁶ This dramatic escalation showed that China had developed its policy framework to tightly control the world’s access to rare earths and its products and was prepared to use it. China is now using the same tools to penalize Japan for looking out for Tokyo’s interests in the Taiwan Strait.

Lastly, the PRC pivot to coercion was disastrously timed for the United States, given that the Administration’s trade policy was simultaneously alienating the very allies and partners we need to break Chinese control over critical minerals. Even today, efforts to bolster U.S. critical minerals supply chains, like the State Department’s new Pax Silica Initiative, have seen important allies and partners hedge.⁵⁷

Priorities for U.S. Offshoring Engagement

Scenario	Offshoring priority	Allies (NATO, MNNA)	EMDE
Graphite	High	Canada	Madagascar, India, Tanzania, Mozambique, Brazil
Lithium	High	Australia, Canada	Chile, Argentina
Manganese	High	Australia, Canada	South Africa, Gabon, Brazil, India
Silver	High	Australia, Canada, Poland, Spain	Argentina, Bolivia, Mexico, Peru
Copper	Medium	Australia, Canada	Kazakhstan, Brazil, DRC, Indonesia, Chile, Peru
Nickel/Cobalt	Very high	Australia, Canada	Indonesia, Brazil, Philippines, Colombia

Source: Carnegie and NZIPL analysis of S&P Global data.

⁵⁴ Lewis Jackson, Amy Lv, Eric Onstad & Ernest Scheyder, “China hits back at US tariffs with export controls on key rare earths,” *Reuters*, Apr 4, 2025, <https://www.reuters.com/world/china-hits-back-us-tariffs-with-rare-earth-export-controls-2025-04-04/>.

⁵⁵ Zongyuan Zoe Liu, *Trump’s China Truce on Tariffs Comes at Cost to U.S. Credibility*, Council on Foreign Relations, May 12, 2025, <https://www.cfr.org/expert-brief/trumps-china-truce-tariffs-comes-cost-us-credibility>.

⁵⁶ Gracelin Baskaran, “China’s New Rare Earth and Magnet Restrictions Threaten U.S. Defense Supply Chains,” Center for Strategic and International Studies, Oct. 9, 2025, <https://www.csis.org/analysis/chinas-new-rare-earth-and-magnet-restrictions-threaten-us-defense-supply-chains>.

⁵⁷ Maria Shagina, “US Critical-Minerals Diplomacy: From America-First Deals to Pax Silica”, International Institute for Strategic Studies, Jan. 29, 2026, <https://www.iiss.org/online-analysis/online-analysis/2026/01/us-critical-minerals-diplomacy-from-america-first-deals-to-pax-silica/>.

Deepening the Talent Deficit

American competitiveness in technologies of the future is contingent upon both domestic and foreign talent. Since the July 2025 report was released, the Trump Administration has issued additional travel bans and visa policies that have further strained U.S. businesses and universities that rely on top foreign scientific and research talent.

In September 2025, President Trump signed an executive order imposing a \$100,000 fee for applicants under the H-1B worker visa program.⁵⁸ The program, established by Congress in the Immigration Act of 1990, allows U.S. employers to temporarily hire foreign workers in highly skilled specialty occupations where there are often domestic worker shortages.⁵⁹ In response to the executive order, 20 states, the U.S. Chamber of Commerce and the Association of American Universities (AAU) sued the Trump Administration.⁶⁰ In their filing, the U.S. Chamber of Commerce and AAU warned “fewer [American businesses and institutions of higher education] would be able to access the highly skilled workers they need to continue to innovate...[which] will also be a boon to America’s economic rivals, who will surely welcome the talent no longer able to accept work in the United States. That is a competitive edge that foreign employers might never cede back.”⁶¹ These concerns are echoed in a December 2025 report from the JPMorgan Chase Center for Geopolitics, which warned that the U.S. faces a “pervasive talent deficit that constrains the nation’s capacity to build, compete and protect its interests.”⁶² The report projects chronic worker shortages in cyber, microelectronics, semiconductors, and shipbuilding, including electricians, precision mechanics, welders and other workers critical to the defense industrial base. These problems are not hypothetical: New semiconductor manufacturing facilities in Arizona are facing challenges getting started.⁶³ Multiple U.S. Navy projects are years behind schedule due to skilled labor shortages.⁶⁴

Projected Workforce Shortages and Demands that May Impact Industries Critical to U.S. Security and Resilience (representative)



Cyber specialists

Current 265,000 skilled cybersecurity workers shortage⁹



Microelectronics/Semiconductors jobs

67,000 jobs will go unfilled by 2030¹⁰



Shipbuilding workers

Demand for 250,000 new skilled shipbuilding workers is expected over the next decade¹¹



Electricians

81,000 openings for electricians, on average, annually from 2024-34¹²



Precision mechanics

34,200 openings for machinists and tool and die makers are projected each year, on average, from 2024-34¹³



Welders

320,500 new welding professionals are projected to be needed in the U.S. by 2029¹⁴

Source: JP Morgan Chase Center for Geopolitics

⁵⁸ The White House, “Restriction on Entry of Certain Nonimmigrant Workers,” Presidential Proclamation, Sept. 19, 2025, <https://www.whitehouse.gov/presidential-actions/2025/09/restriction-on-entry-of-certain-nonimmigrant-workers/>.

⁵⁹ Congressional Research Service, [The H-1B Visa for Specialty Occupation Workers/Immigration] [Feb 18, 2025].

⁶⁰ Chamber of Commerce of the United States of America & Association of American Universities v. United States Department of Homeland Security, United States District Court for the District of Columbia, Case No. 1:25-cv-03675-BAH, Amended Complaint (filed Oct. 24, 2025), <https://www.aau.edu/sites/default/files/AAU-Files/Key-Issues/Immigration/H-1B%20Amended%20Complaint.pdf>.

⁶¹ *Id.*

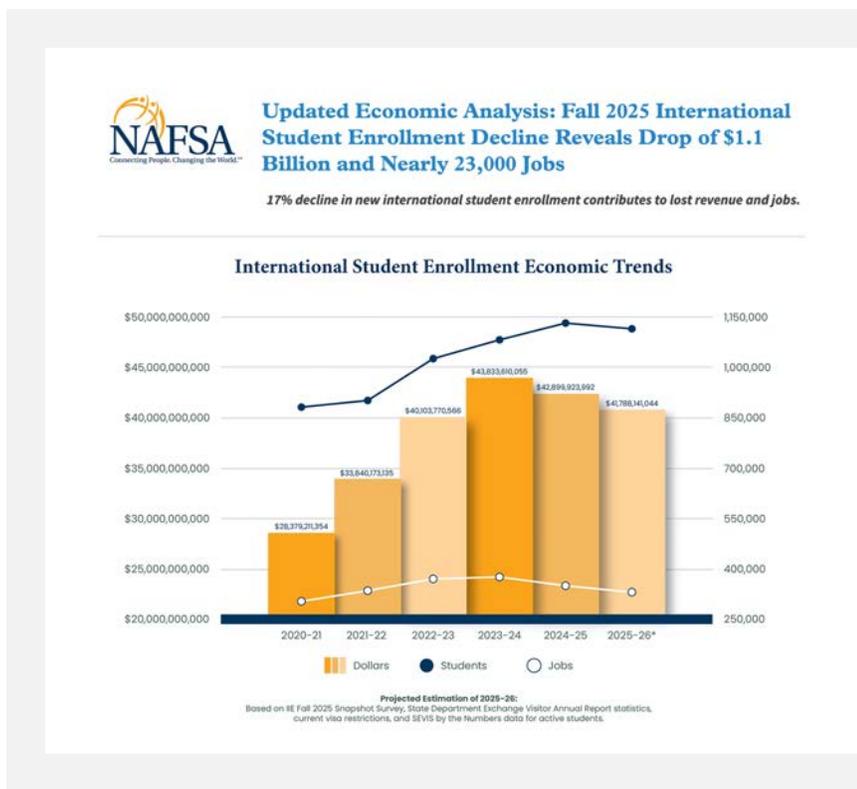
⁶² JPMorganChase Policy Center, Center for Geopolitics, “Working to Win: Rebuilding America’s Workforce for an Age of Geopolitical Competition”, JPMorganChase, (Dec. 2025), <https://www.jpmorganchase.com/content/dam/jpmorganchase/documents/impact/policy-center-workforce-report.pdf>.

⁶³ Yang Jie, “TSMC’s Arizona Chip Plant, Awaiting Biden Visit, Faces Birthing Pains,” *The Wall Street Journal*, Dec. 5, 2022, https://www.wsj.com/articles/tsmcs-arizona-chip-plant-awaiting-biden-visit-faces-birthing-pains-11670236129?mod=Searchresults_pos2&page=1.

⁶⁴ Yang Jie, “TSMC’s Arizona Chip Plant, Awaiting Biden Visit, Faces Birthing Pains,” *The Wall Street Journal*, Dec 5, 2022, https://www.wsj.com/articles/tsmcs-arizona-chip-plant-awaiting-biden-visit-faces-birthing-pains-11670236129?mod=Searchresults_pos2&page=1; Mike Stone, “US Navy ship building schedules hit by supply-chain woes, labor shortages,”

In addition to undermining the H-1B visa program, the Trump Administration revoked 8,000 student visas in 2025.⁶⁵ Many of these international students were targeted for exercising rights protected by the First Amendment.⁶⁶ In June 2025, the State Department directed embassies and consulates to vet student visa applicants for “hostile attitudes towards our citizens, culture, government, institutions, or founding principles.”⁶⁷ These measures have had a chilling effect on university enrollment. According to a November report from the Institute of International Education (IIE), new international student enrollments dropped by 17 percent in the fall of 2025, including a 12 percent drop in graduate student enrollment.⁶⁸ Analysis from the National Association of Foreign Student Advisors (NAFSA), Association of International Educators and JB International finds that the declining enrollment will result in \$1.1 billion in lost revenue and nearly 23,000 fewer jobs in the United States.⁶⁹ Challenges with visa application processes and travel restrictions were among the primary drivers cited for reduced enrollments.

While this Administration pursues policies that drive foreign talent away from U.S. institutions, Chinese universities are climbing the rankings internationally. The Center for Science and Technology Studies at Leiden University in the Netherlands, which tracks scientific output based on published journal articles and citations, ranked eight Chinese universities in the top ten globally, with Harvard—the only American university to reach the top ten—ranked third.⁷⁰ Former president of the Massachusetts Institute of Technology, Rafael Reif, recently commented that “the number of papers and the quality of the papers coming from China are outstanding” and are “dwarfing what we’re doing in the U.S.”⁷¹ Other ranking systems similarly reflect the ascendance of Chinese universities, the result of substantial and sustained investment from Beijing.⁷²



Reuters, Apr 2, 2023, <https://www.reuters.com/business/aerospace-defense/us-navy-ship-building-schedules-hit-by-supply-chain-woes-labor-shortages-2024-04-02/>.

⁶⁵ Jennifer Hansler, “Trump Administration Has Revoked 85,000 Visas Since January, State Department Official Says,” *CNN Politics*, Dec. 8, 2025, <https://www.cnn.com/2025/12/08/politics/visa-revocations-state-department>.

⁶⁶ Sita Nataraj Slavov, Alan D. Viard, “Trump Administration Uses Obscure Immigration Law to Threaten Campus Free Speech” <https://www.aei.org/economics/trump-administration-uses-obscure-immigration-law-to-threaten-campus-free-speech/>.

⁶⁷ Jennifer Hansler, “US embassies must vet students for ‘hostile attitudes’ but can resume visa appointments, State Department says,” *CNN*, Jun 18, 2025, <https://www.cnn.com/2025/06/18/politics/us-embassies-vet-student-visa-applications>.

⁶⁸ Julie Baer & Sumeryra Ekin, *Fall 2025 Snapshot on International Student Enrollment*, Institute of International Education (IIE), (Nov. 2025), https://iie.org/widen.net/s/xd9xrsft6q/iie_fall-2025-snapshot_full-report.

⁶⁹ NAFSA: Association of International Educators, “Fall 2025 International Student Enrollment Snapshot & Economic Impact,” <https://www.nafsa.org/fall-2025-international-student-enrollment-snapshot-economic-impact>.

⁷⁰ Centre for Science and Technology Studies at Leiden University, <https://traditional.leidenranking.com/ranking/2025/list>.

⁷¹ Rafael Reif and Michael Marks, TechSurge: Deep Tech Podcast, Commentary & Analysis, “China, Funding Cuts, & Campus Controversy: Is U.S. Tech Leadership Falling Behind?” April 24, 2025, <https://share.transistor.fm/s/03c36b4d>.

⁷² Mark Arsenault, “Chinese Universities Surge in Global Rankings as U.S. Schools Slip,” *The New York Times*, Jan 15, 2026, <https://www.nytimes.com/2026/01/15/us/harvard-global-ranking-chinese-universities-trump-cuts.html>.

Eroding the Foundations of Innovation

Since taking office, the Trump Administration has also targeted the nation's preeminent research institutions with staff and funding cuts.⁷³ The Administration has attempted to terminate over 7,000 grants totaling more than \$3 billion from the National Institutes of Health and the National Science Foundation, the primary funding agencies for biomedical and science and engineering research.⁷⁴ While many of these grants were subsequently reinstated and ongoing litigation at the time of drafting this report make the full extent of the cuts unclear, the impacts have been far reaching. Harvard University is cutting Ph.D. admission slots in sciences by 75 percent for the next two years.⁷⁵ According to *Nature* magazine, several departments at other top universities are shrinking admissions or pausing them altogether.⁷⁶

These cuts and their downstream effects on American science are not merely a challenge for U.S. higher education; they strike at the foundation of the United States' technological advantage. American innovation has never been accidental; it is the product of a tightly woven ecosystem linking universities, government research funding, and private-sector entrepreneurship—an ecosystem this Administration is actively undermining. Historically, ambitious students and researchers transformed publicly funded, cutting-edge research into new companies that, when successful, seeded the next generation of risk-taking innovators in the same communities. This virtuous cycle gave rise to biotechnology hubs in New England and San Diego and startup incubators in Silicon Valley. Top-tier universities, sustained funding for science, and early-stage startups functioned together to keep American innovation ahead of global competitors. Remove any one of these pillars—especially predictable funding for high-risk, high-reward research—and the entire system begins to unravel.

In the July 2025 report, Committee Democratic staff highlighted efforts by China and the European Union to attract top researchers and scientists in STEM fields. According to subsequent analysis by CNN, at least 85 rising and established scientists working in the United States have joined Chinese research institutions full-time since the start of 2024, with more than half making the move in 2025.⁷⁷ Eager to accelerate this trend, in August 2025 China launched a new "K visa" program, creating a dedicated entry channel for young international professionals in STEM fields.⁷⁸ The new visa category eliminates the need for a Chinese employer or local sponsor up front and authorizes visa holders to engage in a wide range of activities spanning education, culture, science, technology, entrepreneurship, and business.⁷⁹ Meanwhile, the European Union continues to expand the number of partner countries associated with its \$93 billion research and innovation initiative, the Horizon Europe Program.⁸⁰ Japan and Switzerland both announced their association with the program at the end of 2025, and Australia is reportedly next.⁸¹ The program now boasts twenty-three non-EU countries, enabling their researchers to win funding from the program and lead collaborative projects in exchange for budget contributions.⁸² In December 2025, Canada announced it will invest \$1.7 billion over 12 years to attract and support more

⁷³ Katia Riddle et al., "What Cuts to Research Under Trump Have Meant For Science in 2025," *NPR*, Dec. 22, 2025, <https://www.npr.org/2025/12/22/nx-s1-5642965/what-cuts-to-research-under-trump-have-meant-for-science-in-2025>.

⁷⁴ Grant Witness, "Grant Witness," <https://grant-witness.us/>.
William C. Mao & Veronica H. Paulus, "Harvard FAS Cuts Ph.D. Seats by More Than Half Across Next Two Admissions Cycles," *The Harvard Crimson*, Oct. 21, 2025, <https://www.thecrimson.com/article/2025/10/21/fas-phd-admissions-cuts/>.

⁷⁶ Alexandra Witze, "US PhD Admissions Shrink as Fears Over Trump's Cuts Take Hold," *Nature*, Oct. 21, 2025, <https://www.nature.com/articles/d41586-025-03417-6>.

⁷⁷ Simone McCarthy et al., "In the Race to Attract the World's Smartest Minds, China is Gaining on the US," *CNN World*, Sep. 29, 2025, <https://www.cnn.com/2025/09/29/china/china-reverse-brain-drain-science-tech-competition-us-intl-hnk>.

⁷⁸ Peiyue Wu, "China's K Visa Targets Global STEM Talent as US Obstacles Mount," *Chemical & Engineering News*, Oct 1, 2025, <https://cen.acs.org/careers/employment/Chinas-K-visa-targets-global/103/web/2025/10>.

⁷⁹ *Id.*

⁸⁰ "Japan to Join Horizon Europe, Strengthening EU Role in Global Science," *Science | Business*, Dec 23, 2025, <https://sciencebusiness.net/news/horizon-europe/japan-join-horizon-europe-strengthening-eu-role-global-science>.

⁸¹ *Id.*

⁸² *Id.*

than 1,000 leading international and expatriate researchers.⁸³ Given the Trump Administration’s measures to restrict foreign talent and funding cuts targeting U.S. research institutions, we can expect STEM professionals to pursue these and other alternatives to advance their research and innovation efforts.

Taken together, the Trump Administration’s policies reflect a profound strategic miscalculation. By simultaneously weakening the small- and medium-sized businesses that anchor the U.S. middle class and drive innovation, repelling the world’s most talented researchers and skilled labor, and hollowing out the nation’s research ecosystem, the Trump Administration is undercutting the very foundations of America’s innovation and technological leadership. Innovation does not occur in isolation. It emerges from dense networks of entrepreneurs, researchers, policymakers, and institutions operating in an open, predictable, and globally connected environment. As China and other near-peer competitors invest aggressively to attract talent, expand commercial ties, and push the frontiers of emerging technologies, the Trump Administration’s policies are undermining our nation’s ability to compete. The cumulative effect is not merely economic harm in the short term, but also a structural erosion of U.S. power in the global innovation race—one that will be difficult and costly to reverse. These issues are compounded by a parallel weakening of America’s diplomatic toolkit, as the Administration has dismantled or sidelined key instruments of U.S. diplomacy and international engagement that historically translated domestic strength into global influence.

⁸³ Innovation, Science and Economic Development Canada, “Government of Canada Launches New Initiative to Recruit World-Leading Researchers,” Government of Canada, Dec 9, 2025, <https://www.canada.ca/en/innovation-science-economic-development/news/2025/12/government-of-canada-launches-new-initiative-to-recruit-world-leading-researchers.html>.

Dismantling the U.S. Diplomatic Toolkit

Purging of Federal Agency Workforce Advancing U.S. National Security

The Trump Administration terminated 271,000 employees from the federal workforce in 2025.⁸⁴ These cuts decimated institutional knowledge, operational capacity and morale across agencies – both those focused domestically and those vital to advancing U.S. foreign policy and national security interests.

For example, the Trump Administration made workforce cuts to the Department of Commerce’s International Trade Administration, which promotes U.S. industry abroad and helps small- and medium-sized businesses increase their exports.⁸⁵ The Administration made drastic cuts to the Department of Homeland Security’s Cybersecurity and Infrastructure Security Agency, which helps protect critical infrastructure like power grids, telecommunications networks, and water treatment plants from cyberattacks from foreign adversaries.⁸⁶ It also directed the Center for Disease Control to cut staff and programs from its Epidemic Intelligence Service, which developed a worldwide network of experts to lead the response to disease outbreaks across the globe—stopping deadly pandemics like Ebola before they reached U.S. shores.⁸⁷ The Department of Agriculture’s Animal and Plant Health Inspection Service lost approximately twenty percent of its workforce. This agency helps other countries enhance their animal and plant health infrastructures and keeps harmful pests like the new world screwworm fly, which is devastating livestock in Texas, from spreading to the United States.⁸⁸ Among all the international-facing agencies affected, the U.S. Agency for International Development and the Department of State bore the deepest and most consequential cuts, undermining the core of U.S. foreign policy infrastructure.

Slash and Burn: U.S. Agency for International Development (USAID) and the Department of State

On January 24, the Trump Administration announced a near total freeze of U.S. foreign assistance.⁸⁹ Just two months later, Secretary of State Rubio notified Congress that he was dissolving USAID and laying off 92 percent of the agency’s 4,500 headquarters staff.⁹⁰ This figure does not include roughly 5,000 locally employed staff deployed across more than 60 overseas missions who were also terminated.⁹¹ In total, nearly 10,000 subject matter experts in development and humanitarian response were eliminated from the federal workforce. A small fraction of USAID staff was transferred to the State Department. For example, the staff of more than 1,000 that had constituted USAID’s Bureau of Humanitarian Affairs (BHA) was reduced to a group of 50 individuals embedded in the Bureau of

⁸⁴ Press Release, U.S. Department of Labor, Bureau of Labor Statistics, “The Employment Situation – December 2025,” Jan. 9, 2026.

⁸⁵ Julia Shapero, “Trump Administration Cuts Export Office Staff Amid Escalating Trade War,” *The Hill*, Mar. 13, 2025, <https://thehill.com/business/5187887-trump-administration-fires-ita-employees/>.

⁸⁶ Sam Sabin, “Another Round of Layoffs Hits Cyber Defense Agency,” *Axios*, Oct. 14, 2025, <https://www.axios.com/2025/10/14/trump-administration-cyber-agency-layoffs-dhs>.

⁸⁷ Brenda Goodman, “‘The Damage Is Beyond Repair’: The CDC is Facing Another Round of Deep Staff Cuts,” *CNN Health*, Oct. 11, 2025, <https://www.cnn.com/2025/10/11/health/cdc-cuts-impacts>; Mark Dworkin & Casey Luc, “How the CDC’s Epidemic Intelligence Service Protects Public Health at Home and Abroad,” *The Conversation*, Apr. 14, 2024, <https://theconversation.com/how-the-cdcs-epidemic-intelligence-service-protects-public-health-at-home-and-abroad-251042>.

⁸⁸ Bailee Henderson, “Federal Workforce Data Reveal Impact of Trump Admin RIFs on USDA Food Safety Expertise,” *Food Safety Magazine*, Nov 17, 2025, <https://www.food-safety.com/articles/10878-federal-workforce-data-reveal-impact-of-trump-admin-rifs-on-usda-food-safety-expertise>; Brittany Crittenden, “Governor Abbott issues disaster declaration to prevent New World Screwworm fly infestation”, *KCBD News Lubbock Texas*, Jan. 29, 2026, <https://www.kcbd.com/2026/01/29/governor-abbott-issues-disaster-declaration-prevent-new-world-screwworm-fly-infestation/>.

⁸⁹ U.S. Department of State, Implementing the President’s Executive Order on Reevaluating and Realigning United States Foreign Aid, Press Release, Jan 26, 2025.

⁹⁰ Emily Badger et al., “220,000 Fewer Workers: How Trump’s Cuts Affected Every Federal Agency,” *The Upshot*, Jan. 9, 2026, <https://www.nytimes.com/interactive/2026/01/09/upshot/trump-workforce-cuts-table.html>.

⁹¹ Government Executive, “Potential shortcomings in USAID–State Department merger plan raise concerns”, June 3, 2025, <https://www.govexec.com/oversight/2025/06/potential-shortcomings-usaidstate-department-merger-plan-raise-concerns/405778/>.

Population, Refugees, and Migration at the State Department.⁹² During Committee staff travel in August 2025, SFRC staff confirmed that in Kenya, a large regional hub for managing complex crises and assistance in Sudan and Somalia, USAID employed about 300 direct hires and locally employed staff. Today, there are only ten direct hires and twenty-nine locally employed staff to manage and oversee hundreds of millions of U.S. dollars in critical assistance.

CASE STUDY: Mozambique



In September 2025, SFRC obtained a comprehensive list of USAID programs transferred to the Department of State. Notably absent were four programs in Mozambique’s Cabo Delgado Province: (i) the construction of a secondary school in an ISIS-Mozambique stronghold, (ii) the rehabilitation of maternity wards and newborn health clinics, (iii) the construction of bridges and roads connecting liquified natural gas

(LNG) facilities in the north to the provincial capital in the south; and (iv) rebuilding cyclone-damaged infrastructure in Sofala Province, including housing, schools, health facilities, irrigation systems and food storage, to boost economic recovery and food security.⁹³ These programs were fully funded and mostly complete but needed six more months to finalize construction. However, the Trump Administration issued stop-work orders that immediately halted construction and then terminated the programs.

In an unclassified cable from Embassy Maputo obtained by SFRC Minority Staff, U.S. embassy personnel warned in March 2025 that “abandoning nearly finished construction projects could damage the United States’s credibility, create safety hazards, and increase the risk of theft, looting, accidents, and fatalities for which the U.S. government could be found liable, generating bad press coverage that could damage the U.S. reputation for excellence that is critical to our commercial diplomacy.”⁹⁴ The cable also noted that “Mozambican officials have indicated to other diplomats that they could look to China to complete unfinished U.S. foreign assistance-funded projects, a risk that would cede greater influence to Beijing and potentially other malign actors, particularly in areas abundant with natural resources where China is attempting to monopolize graphite mining.”⁹⁵

In November 2025 Mozambique and China signed an agreement to invest \$333 million in the northern provinces of Cabo Delgado and Nampula. The investment is designed to support improvements in hospital services as well as the construction of bridges and two cement factories. The move follows four other agreements signed in October 2025 between Mozambique and China at a bilateral investment conference in Xi’an, Shaanxi province, attended by Mozambique’s Minister of Economy Basílio Muhate and a delegation of roughly 50 Mozambican officials. The agreements will likely deepen economic and infrastructure cooperation between the two countries.⁹⁶

⁹² Noam Unger, “What Has Happened to U.S. Government Capabilities for International Humanitarian Assistance, Disaster Response, and Resilience?,” Center for Strategic and International Studies (CSIS), Nov. 13, 2025, <https://www.csis.org/analysis/what-has-happened-us-government-capabilities-international-humanitarian-assistance>.

⁹³ Congressional Notification from United States Agency for International Development to the Senate Foreign Relations Committee, Mar 13, 2025.

⁹⁴ *Id.*

⁹⁵ *Id.*

⁹⁶ *Id.*

In July 2025, the Administration announced a drastic State Department reorganization designed to “return the Department to what it looked like in the 1960s” – cutting nearly 15 percent of its total workforce, including policy staff and technical experts central to strategic competition with China.⁹⁷ Trump political appointees eliminated the entire office responsible for engaging with the Association of Southeast Asian Nations and for coordinating responses to China’s aggression in the South China Sea.⁹⁸ Experts in 5G wireless technology, biotechnology, artificial intelligence and global data policy were also dismissed. Only one dedicated quantum expert remains at the Department.

U.S. personnel tasked with carrying out some of the Administration’s highest-profile initiatives, including the White House-led artificial intelligence export promotion strategy and the executive order to “unleash American energy” were also inexplicably terminated. In contravention of congressional intent, and despite bipartisan pushback, the Department also downgraded the Cyber Bureau - established through the 2022 Cyber Diplomacy Act - and disbanded the Office of the Special Envoy for Critical and Emerging Technology.⁹⁹ Cyber and technology policy experts were reassigned to newly established offices across three different bureaus within the Department. This dispersion of expertise makes it harder for American diplomats to advance U.S. interests abroad and re-creates inefficiencies that the Cyber Bureau was originally designed to address.

The reorganization also eliminated or significantly downsized bureaus and offices charged with leading the Department’s efforts on climate diplomacy, conflict stabilization, human rights, women’s issues, and atrocities prevention, among other key pillars of U.S. foreign policy. Functional bureaus and offices under the purview of the Under Secretary for Civilian Security, Democracy and Human Rights (the “J family”) lost nearly 70 percent of their staff. These reductions eliminated policy and program experts responsible for supporting independent media, civil society, and documentation of gross human rights violations—including abuses committed against Uyghurs, Tibetans, and other ethnic and religious minorities in China.¹⁰⁰ The Trump Administration justified these cuts by asserting that regional bureaus would absorb the responsibilities of these functional bureaus and offices, but the Administration has thus far failed to provide any new resources or staffing to enable the supposed transfer of functions, even where there are statutory requirements to do so.¹⁰¹ These actions mean the de facto end to many efforts to counter human rights abuses and the global spread of authoritarianism led by countries such as China.

Similarly, the Administration has eliminated support for women and girls’ education, health and economic empowerment as well as Women, Peace, and Security initiatives designed to promote sustainable conflict resolution. For example, cuts to funding for Rohingya refugees in Bangladesh forced UN agencies to shutter thousands of the schools and youth training centers and crippled child protection programs. Children as young as 10 were forced into manual labor, and girls as young as

⁹⁷ Jory Heckman, “State Dept Lays Off 1,350 Employees as Reorganization Nears Final Phase,” *Federal News Network*, Jul 11, 2025, <https://federalnewsnetwork.com/workforce/2025/07/state-dept-prepares-for-widespread-layoffs-as-reorganization-nears-final-phase/?readmore=1>; This comment was made during a June briefing with SFRC by a Trump Administration political appointee working in the Office for Foreign Assistance (F), recently restructured and renamed the Undersecretary for Foreign Assistance, Humanitarian Affairs and Religious Freedom.

⁹⁸ Kat Lonsdorf & Mary Louise Kelly, “The South China Sea Team is No Longer at the U.S. State Department,” *NPR*, Jul 24, 2025, <https://www.bpr.org/2025-07-24/the-south-china-sea-team-is-no-longer-at-the-u-s-state-department>.

⁹⁹ Information based on Department of State Congressional Notification, 2025.

¹⁰⁰ Andrew Roth, “US State Department Told to End Nearly All Its Overseas Pro-Democracy Programs,” *The Guardian*, Jun. 26, 2025, <https://www.theguardian.com/us-news/2025/jun/26/us-state-department-overseas-pro-democracy-programs>.

¹⁰¹ Women Peace and Security Act of 2017, PUBLIC LAW 115–68

twelve were forced into early marriages or prostitution.¹⁰² From January to September 2025, verified cases of child marriage, which the U.N. defines as the union of children under 18, rose by 21% and verified child labor cases by 17%, compared to the same time period in 2024.¹⁰³ During a December 2025 briefing, State Department officials confirmed that, in fact, no functions or programs from the Office of Global Women's Issues have been transferred to regional bureaus.

Despite the Administration's requests for significant budget cuts for democracy and human rights priorities, Congress remains committed to funding to advance democracy and human rights. The bipartisan Fiscal Year (FY) 2026 appropriations bill restores democracy assistance funding for the National Endowment for Democracy and the Democracy Fund account for the Department of State.¹⁰⁴ However, without country and subject matter expertise in the Department, these funds are at risk of supporting ineffectual programming. As the next section details, the combined effects of the RIF and reorganization have substantially weakened the Department's ability to effectively administer and oversee U.S. foreign assistance.

Diplomatic Leadership Vacancies

Senate-confirmed U.S. ambassadors are essential to advancing U.S. interests abroad. These individuals are often seasoned diplomats serving as a direct line between decision-makers in Washington and foreign capitals. They are empowered to advocate for U.S. business interests abroad and to broker agreements with allies and adversaries alike. Furthermore, our foreign partners notice when China has an ambassador at an overseas mission and the United States does not. When this is the case, the U.S. has limited capacity to challenge China's economic statecraft and diplomatic disinformation, which disadvantages American businesses and weakens U.S. soft power. The July 2025 SFRC Democrats' report underscored how China is actively seeking to expand its diplomatic presence around the world. The prevalence and efficacy of Chinese ambassadors is reflected in the extensive list of Belt and Road Initiative partners across the globe including 22 countries in Latin America and the Caribbean, 53 in Africa and 37 across the Indo-Pacific.¹⁰⁵ Indeed, China maintains an ambassador at nearly every Chinese embassy around the world.



School for girls at Cox's Bazaar refugee camp in Bangladesh, which hosts more than 1 million refugees fleeing religious and ethnic violence in Burma. Foreign assistance cuts resulted in school closures and an increase in child marriage.

Source: UNICEF.

¹⁰² Kristen Gelineau, "Trafficked, Exploited, Married Off: Rohingya Children's Lives Crushed by Foreign Aid Cuts," *The Associated Press (AP)*, Dec. 17, 2025, <https://apnews.com/article/usaid-rohingya-exploitation-trump-budget-cuts-ebd7a05e2f507b810194e71ae6b3c515>.

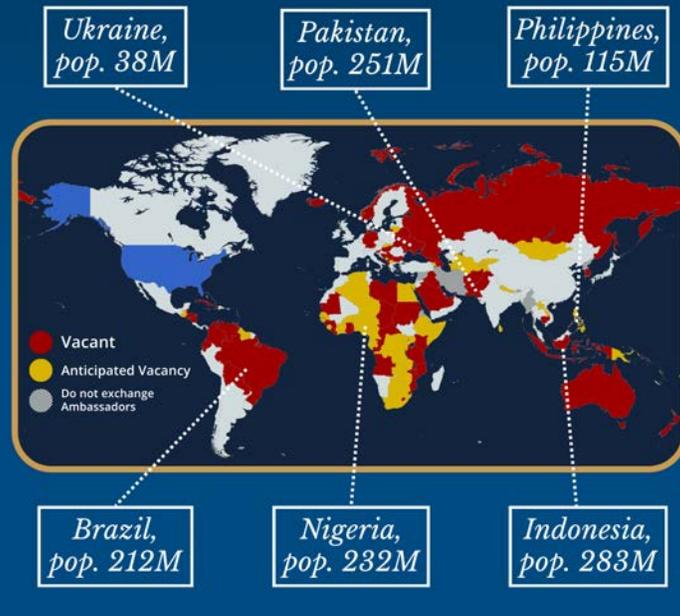
¹⁰³ *Id.*

¹⁰⁴ H.R. 7148, Consolidated Appropriations Act, 2026, 119th Cong., Pub. L. No. 119-75 (Feb. 3, 2026), <https://www.congress.gov/bill/119th-congress/house-bill/7148>.

¹⁰⁵ Green Finance & Development Center, "Countries of the Belt and Road Initiative (BRI)," <https://greenfdc.org/countries-of-the-belt-and-road-initiative-bri/?cookie-state-change=1770059313241>.

Trump's Missing Ambassadors

Half of the world does not have a U.S. Ambassador in their country



At the time of drafting this report, over half of U.S. embassies overseas do not have ambassadors, despite the U.S. Senate moving at a record pace to confirm ambassador nominees in 2025.¹⁰⁶ Of the 99 individuals the Trump Administration nominated to become ambassadors in 2025, only 29 were nominated to posts outside of North America and Europe, including only two nominees for the entire continent of Africa—where China maintains 60 diplomatic posts—and only eleven nominees to posts in Asia. Furthermore, in December 2025, the Trump Administration recalled approximately 30 career diplomats from ambassadorial and other senior embassy positions, including from 13 countries in Africa, six in Asia and four in Europe, among other key regions.¹⁰⁷ The recalled ambassadors were seasoned Foreign Service Officers with track records of effective service under both Democratic and Republican Administrations. In a wholesale shift away from a reliance on seasoned diplomats, only 10 ambassadorial nominees under the second Trump administration thus far are career members of the U.S. Foreign Service or civil service.¹⁰⁸ By comparison, the previous four Administrations had on average 49 career ambassadors confirmed in their first year in office.¹⁰⁹

¹⁰⁶ American Foreign Service Association, List of Current U.S. Ambassadors and Ambassadorial Appointments (Ambassador Tracker), updated February 19, 2026, <https://www.afsa.org/list-ambassadorial-appointments>.

¹⁰⁷ Matthew Lee, "Trump Removes Nearly 30 Career Diplomats from Ambassadorial Positions," *The Associated Press (AP)*, Dec. 22, 2025, <https://apnews.com/article/diplomacy-ambassadors-state-department-1a10058998c86e799ce4e5132a99da18>.

¹⁰⁸ American Foreign Service Association, List of Current U.S. Ambassadors and Ambassadorial Appointments (Ambassador Tracker), updated February 19, 2026, <https://www.afsa.org/list-ambassadorial-appointments>.

¹⁰⁹ *Id.*

Fidelity Above Public Service

Beyond structural changes, staffing cuts and leadership vacancies, Administration officials have taken measures to institutionalize fidelity to President Trump within the career diplomatic corps at the State Department. In July 2025, the Department released new precepts outlining modified criteria for determining Foreign Service Officer (FSO) promotions. The revised criteria include a new “fidelity” standard for evaluating FSO contributions to “protecting and promoting executive power.”¹¹⁰

Traditionally, the State Department operates in an “up-or-out” promotion system in which FSOs are required to periodically advance in levels of seniority or risk separation. FSOs swear an oath to the U.S. Constitution, not the president. By modifying promotion criteria to include a mechanism for removing FSOs deemed insufficiently loyal, the Administration is politicizing previously apolitical positions in the Department.

Internal policing from Trump Administration political appointees to ferret out “disloyal” civil servants and FSOs has made long-serving Department officials reluctant to share objective policy analyses with the Administration.¹¹¹ In August 2025, the American Foreign Service Association (AFSA), the union and professional association of the Foreign Service, cautioned U.S. diplomats that “even if offered discretely, any statement, verbal or written, can be politicized and used against you.”¹¹² In an interview with NBC News, the president of AFSA, John Dinkelman, said “I am getting reports from literally all over the world of individuals who are reticent to offer up their well trained and well experienced opinions regarding the situation on the ground, the way which foreign interlocutors will view our positions, and even to propose – heaven forbid – an alternate course of action.”¹¹³ In a November 2025 survey conducted by AFSA, 98% of respondents reported poor morale, while 86% said that the State Department’s reorganization and budget and staff cuts have negatively affected their ability to advance U.S. diplomatic priorities.¹¹⁴ AFSA administered this survey after the Administration canceled annual official employee satisfaction surveys in violation of a law requiring the Secretary of State to conduct such a survey every year.¹¹⁵

Collectively, the reduction in force, purging of subject matter expertise, devaluing of career diplomats, and politicization of the Foreign Service have weakened the U.S. foreign policy apparatus at a moment of intensifying strategic competition with China. As Beijing expands its diplomatic footprint and leverages economic statecraft to advance its commerce and governance models across the globe, the erosion of institutional capacity at the State Department and other international-facing agencies has impaired our nation’s ability to counter malign influence, sustain strategic partnerships and shape global affairs. These issues have been further compounded by the Trump Administration’s steep cuts to U.S. foreign assistance.

¹¹⁰ Jory Heckman, “Fidelity’ to Trump Policies Now Part of Criteria for Foreign Service Promotions,” *Federal News Network*, Jul. 3, 2025, <https://federalnewsnetwork.com/workforce/2025/07/fidelity-to-trump-policies-now-part-of-criteria-for-foreign-service-promotions/>.

¹¹¹ Linda So et al., “Pro-Trump Group Wages Campaign to Purge ‘Subversive’ Federal Workers,” *Reuters*, Aug. 7, 2025, <https://www.reuters.com/investigations/pro-trump-group-wages-campaign-purge-subversive-federal-workers-2025-08-07/>.

¹¹² Abigail Williams & Dan De Luce, “U.S. Diplomats Say They’re Reluctant to Share Inconvenient Truths With the Trump Administration,” *NBC News*, Sept. 11, 2025, <https://www.nbcnews.com/politics/national-security/us-diplomats-say-are-reluctant-share-inconvenient-truths-trump-adminis-rcna229991/>.

¹¹³ *Id.*

¹¹⁴ American Foreign Service Association, *At the Breaking Point: The State of the U.S. Foreign Service in 2025*, (Dec. 3, 2025), <https://afsa.org/sites/default/files/at-the-breaking-point-full-report.pdf>.

¹¹⁵ Pub. L. No. 118-31, § 6211 (2023).

Foreign Aid Cuts

U.S. foreign assistance—historically funded with roughly one penny per taxpayer dollar—has long delivered outsized returns for U.S. security, prosperity, and influence abroad. In its July report, SFRC Democrats outlined how the Administration’s abrupt termination of more than 7,400 foreign aid programs and pausing of Millennium Challenge Corporation (MCC) development projects would have far-reaching implications for U.S. bilateral relations and global influence, particularly vis-à-vis China. Since July, the Trump Administration has effectively eliminated the U.S. Agency for International Development (USAID) and other development agencies established by Congress, removed thousands of international development professionals from the federal workforce, terminated several MCC programs and rescinded over \$14 billion in foreign assistance funds.¹¹⁶ These draconian measures have hollowed out the U.S. foreign assistance infrastructure, decimating one of the most effective non-military policy instruments for advancing U.S. commercial infrastructure and national security interests abroad.

For fiscal year 2025, funding for foreign assistance programs fell by 65 percent, from \$53 billion in FY2024 to just \$19 billion in FY2025, including for accounts with long-standing bipartisan support – Humanitarian Assistance (-79%), Global Health (-62%), and Democracy, Human Rights and Governance (-70%).¹¹⁷

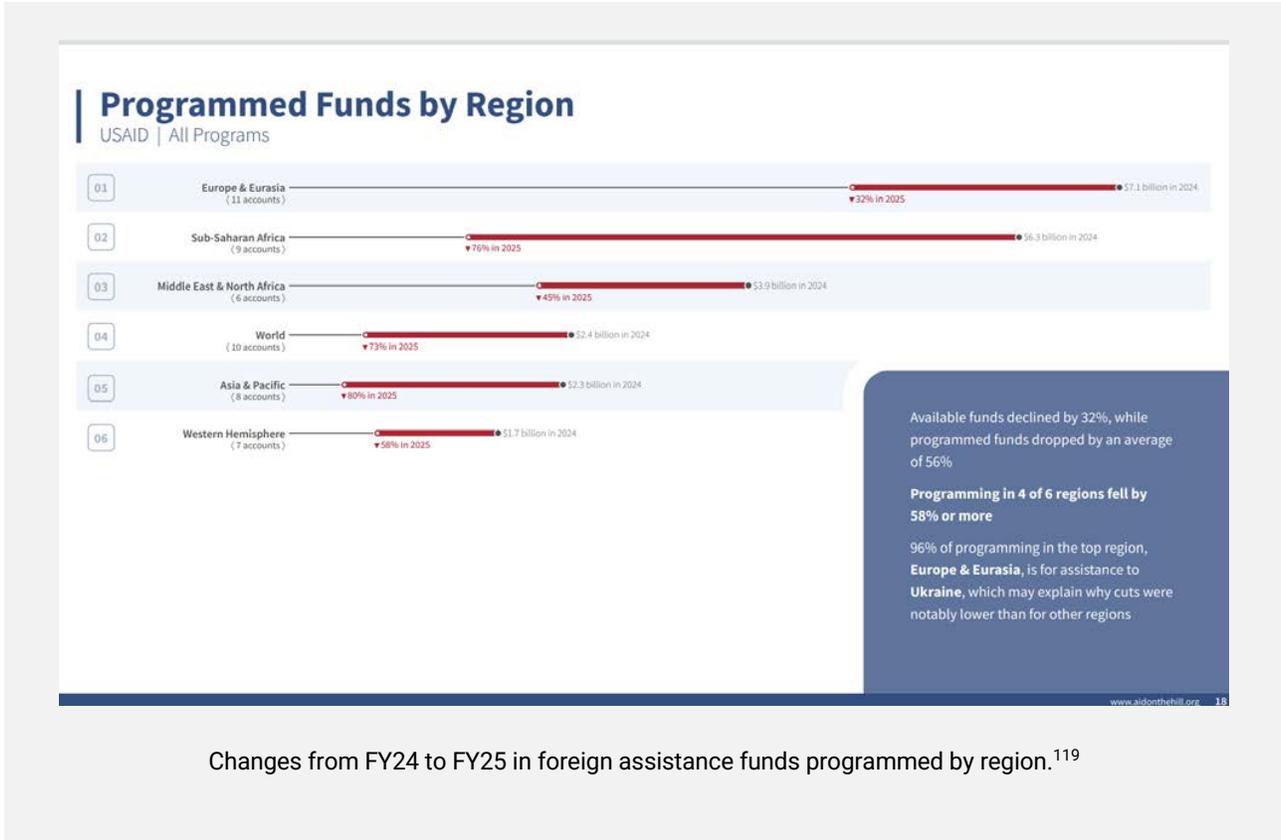


Changes from FY24 to FY25 in foreign assistance funds programmed by sector.¹¹⁸

¹¹⁶ John Kruzel, "U.S. Supreme Court lets Trump withhold \$4 billion in foreign aid," *Reuters*, September 26, 2025, <https://www.reuters.com/world/us-supreme-court-lets-trump-withhold-4-billion-foreign-aid-2025-09-26/>.

¹¹⁷ AID on the Hill, ForeignAssistance.gov, USASpending.gov

¹¹⁸ *Id.*



Fortunately, Congress has now rejected Trump’s foreign assistance cuts. For fiscal year 2026, Congress restored funding for most foreign assistance programs on a bipartisan basis, appropriating \$19 billion more in funding for State and Foreign Operations Accounts than President Trump’s budget request.¹²⁰ The impact of 2025 cuts will take time to reverse, and the repercussions of cuts have only partially come to light as public reporting and fact-finding trips by staff discovered new impacts in recent months.

The PRC Takes Advantage: In response to the United States’s foreign assistance cuts worldwide, Beijing quickly launched a series of high-profile investments designed to highlight Washington’s wholesale retreat from humanitarian response and global development.¹²¹ The Trump Administration handed China a clear strategic windfall, allowing Beijing to cast itself as the more reliable partner in contrast to an unpredictable Washington indifferent to the development priorities and humanitarian needs of partner countries. In the first half of 2025, China reported the highest BRI engagements ever for any 6-month period, with \$66.2 billion in construction contracts and approximately \$57.1 billion in investments.¹²²

¹¹⁹ *Id.*

¹²⁰ Press Release, United States Senate Committee on Appropriations, *Appropriations Committees Release Two-Bill Minibus*, Jan. 11, 2026, <https://www.appropriations.senate.gov/news/minority/appropriations-committees-release-two-bill-minibus>.

¹²¹ General Michael Langley, Commander of U.S. Africa Command, *The Posture of the United States European Command and United States Africa Command in Review of the Defense Authorization Request for Fiscal Year 2026 and the Future Years Defense Program*, Hearing before the U.S. Senate Committee on Armed Services, Apr. 3, 2025, at 34.

¹²² Christoph Nedopil Wang, “China Belt and Road Initiative (BRI) Investment Report 2025”, H1, Green Finance & Development Center, Jul. 17, 2025, <https://greenfdc.org/china-belt-and-road-initiative-bri-investment-report-2025-h1/>.

CASE STUDY: Funding Cuts to the International Maize and Wheat Improvement Center (CIMMYT) imperiled U.S. influence

In early 2025, the Administration terminated \$80 million in funding for the International Maize and Wheat Improvement Center (CIMMYT, by its Spanish acronym), an international non-profit research-for-development organization that advances food security by designing improved varieties of wheat and maize.¹²³ CIMMYT scientists have developed approximately 70 percent of wheat varieties planted globally as well as about half of the world's corn, or maize, varieties.¹²⁴ The Trump Administration's cuts accounted for 40 percent of the Center's budget and impacted over 500 researchers.¹²⁵ In June 2025, the Mexican Agriculture Minister reportedly pleaded with Trump Administration officials to reinstate the funding, noting that China had offered to off-set the U.S. funding loss, relocate the Center from Mexico to China, and sequence all the genetic material held in the Center's gene bank. The State Department acknowledged in November that the offer would give China unprecedented access to a wealth of valuable data and create vulnerabilities for the global food supply and announced its intention to obligate \$32 million to CIMMYT.¹²⁶

Wheat Research and the Power of International Collaboration

Global collaboration in wheat research, with CIMMYT at its core, remains essential for food security worldwide

By CIMMYT

January 19, 2026

Hard Times in the Delta as Farmers Consider Letting Crops Rot

Prices for nearly every major U.S. crop are below what it costs to grow them. But a drop in rice prices means another blow to farmers in Mississippi's agricultural belt.

American rice farmers are struggling to compete with Asian markets due to high water and labor costs.¹ IRRI's research supports research on less-water intensive rice production.

CIMMYT is one of fifteen research centers under the Consultative Group for International Agricultural Research (CGIAR), a global partnership to support collaborative research on food security. Committee Democratic staff have pressed the State Department to confirm whether China has similarly approached other CGIAR institutes with funding offers; the Department has yet to respond to inquiries. The International Rice Research Institute (IRRI), for example, supports equally critical research on high-yield, climate-smart rice production. As U.S. farmers are struggling to sell rice crops at lower prices, access to this research is critical to sustaining U.S. farms and supporting American food security.¹²⁷

¹²³ Hagstrom Report, "Mexican official pleads with US to fund Borlaug's CIMMYT", *The Fence Post*, June 2025, <https://www.thefencepost.com/news/mexican-official-pleads-with-us-to-fund-borlaugs-cimmyt/>.

¹²⁴ David Alire Garcia, "Exclusive: New zinc-fortified wheat set for global expansion to combat malnutrition," *Reuters*, Apr 15, 2021, <https://www.reuters.com/business/healthcare-pharmaceuticals/exclusive-new-zinc-fortified-wheat-set-global-expansion-combat-malnutrition-2021-04-15/>.

¹²⁵ *The Fence Post*, *Mexican official pleads with US to fund Borlaug's CIMMYT*, Jun 10, 2025, <https://www.thefencepost.com/news/mexican-official-pleads-with-us-to-fund-borlaugs-cimmyt/>.

¹²⁶ Congressional Notification 25-141, transmitted on Nov 28, 2025.

¹²⁷ *Id.*

Human Impacts: Most disturbing, however, are the staggering humanitarian costs of the Trump Administration’s cuts, including an increase in deaths from rising malnutrition and disease outbreaks as well as increased rates of sexual violence and human trafficking in refugee camps where critical aid services collapsed due to funding shortages.¹²⁸ Doctors Without Borders reported the deaths of over 600 malnourished children in Nigeria since the beginning of 2025 due to foreign aid cuts.¹²⁹

CASE STUDY: The Effects of Loss of Shelter and Livelihoods for Refugee Women and Girls in Kenya

During August 2025 travel, Committee Democratic staff met with teen refugee girls in Nairobi (ages 14-17) and single female-headed refugee households from Sudan, Somalia and the Democratic Republic of the Congo who had previously benefited from U.S. refugee assistance and protection programs. Due to U.S. funding cuts, several teens and women had turned to negative survival mechanisms, including survival sex to support their families. One 17-year-old girl, Lulu, said that during the Trump Administration’s stop-work-order earlier, she lost her shelter with a USAID partner organization and had no choice but to engage in survival sex, which resulted in a pregnancy. An HIV positive woman with a young child described returning home to her violent husband because she lost shelter due to U.S. funding cuts. She most feared protecting her non-HIV positive child from her HIV positive husband, who had threatened to sexually assault her daughter. Because of unreliable U.S. Government funding, international partners reported seeking support from non-traditional foreign assistance donors, including China and the United Arab Emirates.



¹²⁸ “Malnutrition in Nigeria Killed 652 Children in Past Six Months, MSF Says,” *Al Jazeera*, Jul. 26, 2025, <https://www.aljazeera.com/news/2025/7/26/malnutrition-in-nigeria-killed-652-children-in-past-six-months-msf-says>; Brett Murphy & Anna Maria Barry-Jester, “Death, Sexual Violence and Human Trafficking: Fallout From U.S. Aid Withdrawal Hits the World’s Most Fragile Locations,” *ProPublica*, May 28, 2025, <https://www.propublica.org/article/trump-usaid-malawi-state-department-crime-sexual-violence-trafficking>.

¹²⁹ AFP, “Over 600 Malnourished Children Die in Six Months in Nigeria: MSF,” *France 24*, Jul. 26, 2025, <https://www.france24.com/en/live-news/20250726-over-600-malnourished-children-die-in-six-months-in-nigeria-msf>.

CASE STUDY: Cuts to food rations in Kenya resulted in unrest as the numbers of malnourished children skyrocketed

Foreign Relations Committee Democratic staff were unable to visit refugees in Kenya’s Kakuma Camp in August 2025 because of unrest resulting from the cuts to rations to the approximately 150,000 refugees in country.¹³⁰ While in Nairobi, staff met with representatives from the World Food Programme (WFP), who confirmed that a \$20 million funding shortfall in Kenya forced the agency to implement a differentiated food assistance model. Under this system, food rations were reduced to just 20–40 percent of minimum daily caloric requirements. As a result, UN partners saw increased malnutrition and deaths of children and pregnant women.



The World Food Programme distributes rations around the world based on a “category” model. Category 1 are the most vulnerable individuals receiving assistance, such as single mothers, child-headed households and people with disabilities. As a result of abrupt ration cuts, Category 1 individuals now receive 40% of a full ration, worth \$8 per person per month. Category 2 individuals are considered less vulnerable but are still individuals without a reliable income. Category 2 individuals now receive 20% of a ration, only \$4 per person per month. Households in Categories 3 and 4, made up of individuals who have some incomes, were cut off from rations entirely – a dramatic step that affected a third of the 300,000 refugees in Kakuma Camp in Kenya.¹³¹



IMPORTANT FOOD DISTRIBUTION UPDATE

August 2025
 • Kakuma and Kalobeyei Residents

In-Kind food rations Kakuma	Registered Refugees (grams/person/day)	Registered Refugees (grams/person/day)
	CATEGORY 1 40%	CATEGORY 2 20%
Cereals	173.33	95
Pulses	50	25
Vegetable Oil	35	15
In-Kind sub-total	258.33	135

Source: The UN Refugee Agency

¹³⁰ Brett Murphy & Anna Maria Barry-Jester, “Inside the Trump Administration’s Man-Made Hunger Crisis,” *ProPublica*, Dec. 17, 2025, <https://www.propublica.org/article/kenya-trump-usaid-world-food-program-starvation-children-deaths>.

¹³¹ Madison Bakewell, Vittorio Bruni & Olivier Sterck, “Why it’s a bad idea to triage refugee food aid when everyone’s hungry,” *The New Humanitarian*, Nov. 7, 2025, <https://www.thenewhumanitarian.org/analysis/2025/11/07/triage-refugee-food-aid-kakuma-camp-differentiated-assistance>.

CASE STUDY: The Abrupt Closure of USAID

When the Trump Administration abruptly paused all U.S. foreign assistance on January 20, 2025 – ostensibly for 90 days – there were millions of dollars in commodities from U.S. farmers waiting for distribution to malnourished children, as well as nearly \$10 million in family planning commodities stored for global distribution at a warehouse in Geel, Belgium.¹³² Despite Secretary Rubio’s agreement with Senators on the Senate Foreign Relations Committee Minority that he would issue lifesaving waivers to allow the continued distribution of these commodities, significant losses still occurred. In July 2025, the Department of State destroyed 500 metric tons of high-energy biscuits that had been stored in the United Arab Emirates after they expired before delivery. Additionally, \$8.1 million of \$9.7 million worth of family planning commodities were removed from a climate-controlled warehouse, rendering the products unusable.¹³³ Offers to purchase the family planning commodities, which would have saved millions of dollars while delivering lifesaving support to women, were rejected. The Department has continued to provide information on these actions and the status of the remaining commodities. Notably, the Fiscal Year 2026 appropriations bill provides \$523.9 million in funding for Family Planning programs which will require the Administration to re-purchase many of the destroyed commodities.

Tab 1 – Inventory of USAID-Funded Contraceptive Commodities at the Regional Distribution Center and Incineration Overflow Site in Belgium

1. Levonorgestrel 75mg/Rod, 2 Rod Implant – Contraceptive Implant – \$3,850,540
2. Etonogestrel 68 mg/Rod, 1 Rod Implant – Contraceptive Implant – \$2,498,967
3. Etonogestrel 68 mg/Rod, 1 Rod Implant – Contraceptive Implant – \$1,016,917
4. Levonorgestrel/Ethinyl Estradiol 150/30 mcg – Birth Control Pills – \$707,810
5. Medroxyprogesterone Acetate 150 mg/mL, IM Injection – Injectable Contraceptive – \$734,257
6. Medroxyprogesterone Acetate 104 mg/0.65 mL, Uniject SC – Injectable Contraceptive – \$644,772
7. Levonorgestrel 30 mcg, 35 Tablets/Cycle, 1 Cycle – Birth Control Pills – \$103,875
8. BD Soloshot IX Syringe, 1 mL, 22G x 1 in, 200 Syringes [BD] – Syringe – \$86,899
9. Medroxyprogesterone Acetate 150mg/mL (1 mL) Vial w/Ad Syringe Boxes – Injectable Contraceptive – \$61,486
10. Copper TCu380A Intrauterine Device, 300 Each – IUD (Intrauterine Device) – \$28,722
Total Value: \$9,734,251

Summary of USAID funded family planning commodities stored in Belgium, of which \$8.1 million were made unviable by removing them from a climate-controlled warehouse despite offers from other foreign governments to buy the commodities to prevent their waste.

CASE STUDY: Cuts to Funding to Support women facing gender-based violence

In Jamaica, the Administration paused all funding for the Inter-American Foundation, including co-funding with a Jamaican partner for the agricultural I-SEED enterprise which, uses greenhouses to provide livelihoods for survivors of gender-based violence and at-risk youth through skills training and opportunities in sustainable agriculture and entrepreneurship. I-SEED's acquisition of additional acreage was halted because of funding cuts.

Photo: Greenhouse that was supported by the Inter-American Foundation through I-SEED in Jamaica to teach livelihood skills to survivors of gender-based violence.¹³⁴

Photo Source: Staff travel



¹³² The White House, "Reevaluating and Realigning United States Foreign Aid," Jan. 20, 2026, <https://www.whitehouse.gov/presidential-actions/2025/01/reevaluating-and-realigning-united-states-foreign-aid/>.

¹³³ Action Memorandum to Acting Administrator Russ Vought, Request for Decision on Disposition of Contraceptive Commodities Following Termination of of USAID Global Health Supply Contracts, September 15, 2025.

¹³⁴ *Id.*

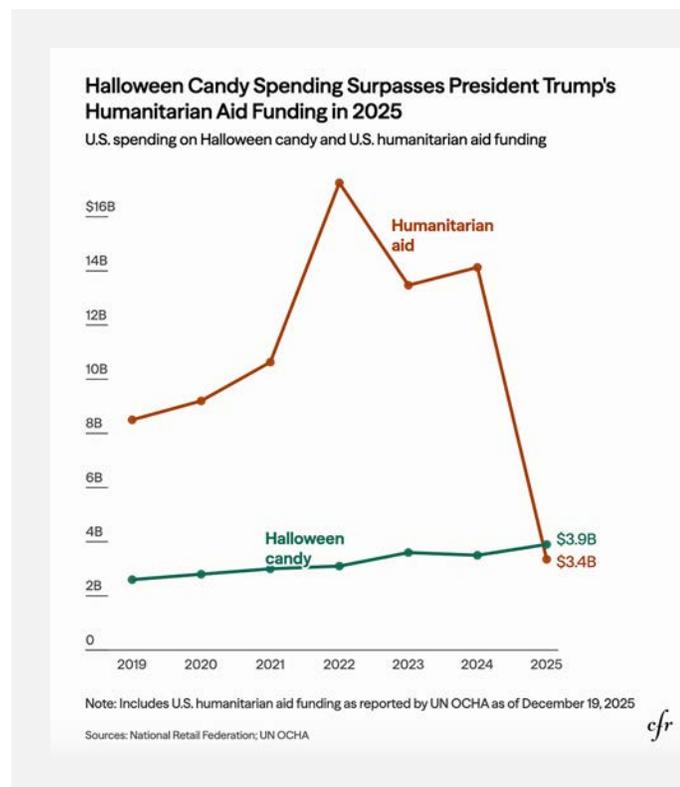
Rescissions

On May 28, 2025, the Trump Administration transmitted to Congress a rescissions proposal totaling \$9.4 billion in previously appropriated funds enacted through bipartisan spending agreements. The rescissions proposal targeted programs across the Department of State, the U.S. Agency for International Development (USAID), the Corporation for Public Broadcasting, the U.S. Institute of Peace, and other international assistance accounts. Despite objections from Democratic Members, Congress approved the rescissions package on June 12, 2025. On August 28, 2025, the Trump Administration sent Congress a second rescissions proposal targeting an additional \$4.9 billion in international assistance programs. This proposal was never brought up for a vote but the \$4.9 billion in funds effectively expired on September 30. Efforts to unilaterally rescind funds without congressional approval is a clear violation of the law and an attack on Congress's power of the purse. In total, the Trump Administration rescinded over \$14.2 billion in foreign assistance funds, including the entire allocation for the Assistance for Europe, Eurasia and Central Asia (AEECA) account, the Clean Technology Fund, and the International Organizations Programs account.

As a result of the rescissions, the Development Assistance \$5.7 billion and Economic Support Fund \$1.6 billion accounts, both central to USAID's international development mandate, suffered the largest cuts. The Global Health Programs account, which funds the flagship U.S. President's Emergency Plan for AIDS Relief (PEPFAR) program was cut by \$900 million.

The rescissions package sharply reduced U.S. foreign assistance funding across a wide range of international programs designed to prevent conflict, stabilize fragile states, promote economic growth, and respond to humanitarian crises—undermining core U.S. national security objectives abroad. Large cuts to the Development Assistance \$5.7 billion and Economic Support Fund \$1.6 billion accounts targeted economic development programs cultivating new export markets and promoting more open and rules-based commercial environments for U.S. businesses abroad. Substantial reductions to global health (\$900 million), migration and refugee support (\$800 million), and disaster response (\$496 million) funding has weakened the U.S.'s ability to prevent, identify and respond to disease outbreaks; to manage large population displacements driven by conflict; and to deploy timely assistance in the wake of natural disasters. Cuts to funding for democracy and human rights programs (\$405 million) have gutted programs supporting domestic election observation, anti-corruption monitoring, independent media investigations, digital security and freedom online, among other initiatives advancing civil and political rights in countries around the world. Cuts to funding for UN peacekeeping (\$1.1 billion), conflict prevention and post-conflict stabilization (\$43 million) have reduced U.S. capacity to promote peace and stability abroad while eroding U.S. influence in key multilateral fora where China and other strategic competitors are actively expanding their presence.

While globally, official development assistance and humanitarian aid funding have been in steady decline since 2022, the Trump Administration has drastically accelerated this trend. Combined, the termination of over 7,400 active U.S. Government-funded programs and the

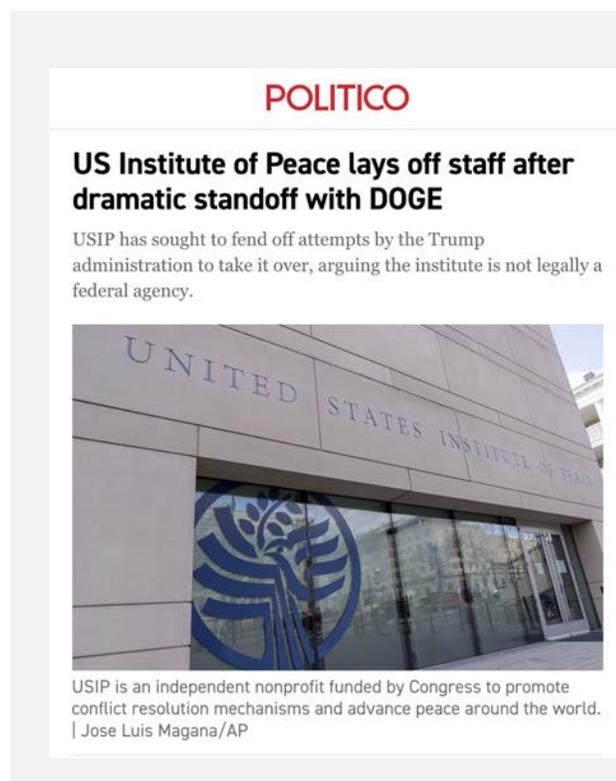


rescission of pipeline funding have reduced U.S. spending on international assistance to a record low. The scale of the cuts was such that Americans were projected to spend more on Halloween candy in 2025 than the federal government spent on life-saving humanitarian assistance, according to data from the National Retail Federation.¹³⁵ In addition to the funding cuts, the effective elimination of USAID, and closures of United States Institute for Peace, the African Development Foundation, and the Inter-American Development Foundation have indelibly altered the institutional landscape of U.S. foreign assistance.

The Destruction of U.S. Foreign Assistance Institutions

Given the State Department's longstanding emphasis on policy rather than large-scale development assistance or humanitarian response, questions existed even prior to the RIF and reorganization about its capacity to absorb USAID's operational and assistance-management functions. Compounding these concerns, the elimination of functional bureaus and offices that had previously served as grantmaking hubs has further reduced the Department's capacity to effectively manage foreign assistance. While one of the stated objectives of the State Department's reorganization was to consolidate foreign assistance management into regional bureaus, many regional bureaus have historically had limited grantmaking capacity. For example, the Bureau for Western Hemisphere Affairs (WHA) had just five staff in its assistance coordination office at the time of the reorganization. Moreover, the reorganization dispersed international assistance expertise and operational capacity across different bureaus, in some instances reversing efforts led by the first Trump Administration to streamline critical functions. For example, the first Trump Administration implemented reforms at USAID that merged the Food for Peace program and the Office of U.S. Foreign Disaster Assistance into the Bureau for Humanitarian Assistance (BHA), streamlining emergency food and disaster response operations.¹³⁶ Now, under the second Trump Administration, these functions are embedded across the State Department in Office of Global Food Security, the Bureau of Global Health Security and Diplomacy, and the Bureau of Population, Refugees, and Migration.

USAID was not the only foreign assistance institution targeted by the Trump Administration. The U.S. Institute of Peace (USIP) was created by Congress in 1984 as an independent national institute with a mandate to help prevent and resolve violent conflicts abroad. It was eliminated by the so-called Department of Government Efficiency in March 2025. By July 2025, most of its board and staff had been terminated.¹³⁷ Over its four-decade existence, USIP served as a bipartisan center of crucial expertise in conflict mediation and peace building. Its leadership delivered discrete and detailed policy guidance to the U.S. Congress and Executive Branch regarding U.S. engagement in Iraq and Afghanistan, atrocity prevention,



¹³⁵ Sam Vigersky, "The Great Aid Recession: 2025's Humanitarian Crash in Nine Charts," Council on Foreign Relations, Dec. 23, 2025, <https://www.cfr.org/expert-brief/great-aid-recession-2025s-humanitarian-crash-nine-charts>.

¹³⁶ Noam Unger, "What Has Happened to U.S. Government Capabilities for International Humanitarian Assistance, Disaster Response, and Resilience?," Center for Strategic and International Studies (CSIS), Nov. 13, 2025, <https://www.csis.org/analysis/what-has-happened-us-government-capabilities-international-humanitarian-assistance>.

¹³⁷ Jennifer Hansler, "US Institute of Peace Renamed for Trump After His Administration Guttled It Earlier This Year," *CNN Politics*, Dec. 3, 2025, <https://www.cnn.com/2025/12/03/politics/us-institute-of-peace-renamed-trump>.

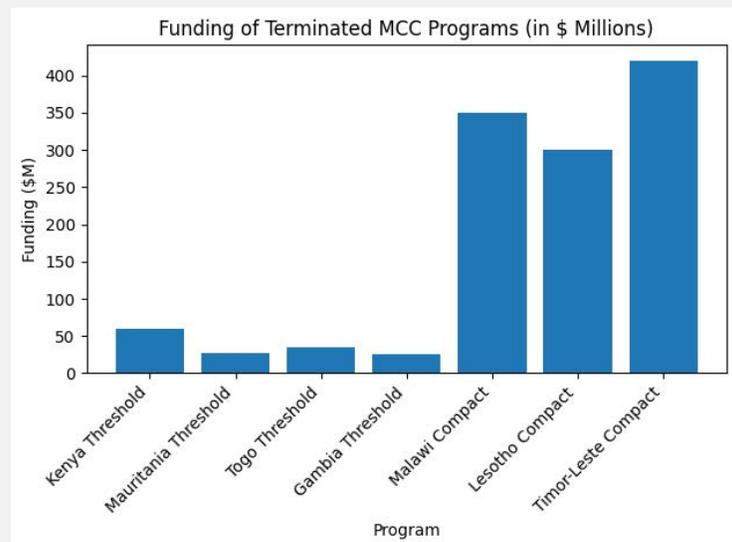
Sudan’s civil war, and the implementation of peace accords in Colombia, among other critical foreign policy areas. Similar dismantling efforts were pursued against U.S. African Development Foundation and the Inter-American Development Foundation, both of which were established by Congress with strong bipartisan support to provide direct grant funding to local civil society organizations in their respective regions. All three independent agencies are involved in active litigation to prevent the Trump Administration from ending their operations. Congress has thus far rejected plans to eliminate these independent agencies in statute.

Millennium Challenge Corporation (MCC)

As detailed in the Committee Democrats’ July report, the MCC has been a central instrument in countering China’s Belt and Road Initiative by offering partner governments a transparent, high-standard alternative to opaque, debt-driven financing. MCC compacts expand opportunities for U.S. businesses by requiring open and competitive procurement for large-scale infrastructure projects. The compact model is intentionally demanding, and partner governments must commit significant time and resources to secure American investments. Despite repeated appeals from partner governments, the Trump Administration terminated multiple MCC programs—including in Cabo Verde, The Gambia, Kenya, Lesotho, Malawi, Mauritania, Senegal, Tanzania, Timor-Leste and Togo—and deferred decisions on existing Indonesia and Zambia compacts.¹³⁸ Even where MCC projects were later permitted to proceed, including in Nepal and Kosovo, mid-stream pauses increased project costs, disrupted implementation and undermined confidence in the reliability of U.S. engagement. In many instances, uncertainty about MCC’s future left partner governments scrambling to fill potential funding shortfalls, pushing some closer to China.

Beyond widespread project terminations, the Trump Administration revised “country scorecards,” the way in which MCC investments are monitored for efficacy. Country scorecards enabled the MCC to understand how to better direct development resources towards poorer countries demonstrating strong governance and reform momentum. The Trump Administration’s updated methodology for MCC projects replaces peer benchmarking—comparing countries at similar income levels—with fixed minimum standards. Because these thresholds are closely correlated with existing levels of wealth and rely on indicators that evolve slowly over time, the changes systematically advantage higher-income countries while raising barriers for lower-income reformers, even where meaningful policy progress is underway.

By terminating development commitments, dismantling trusted institutions, and injecting volatility into U.S. partnerships, the Trump Administration has created a credibility gap that China is moving quickly to exploit, leveraging economic development assistance to secure greater political alignment across the global south in ways that will be difficult and costly for the U.S. to reverse.



¹³⁸ Millennium Challenge Corporation, *Fiscal Year 2025 Annual Report*, Feb 4, 2026 <https://www.mcc.gov/resources/doc/annual-report-2025/>

CASE STUDY: Zambia Farm-to-Market Compact

Zambia is one Southern Africa's top exporters of copper. As a member of China's Belt and Road Initiative since 2018, Zambia's economy has relied heavily on China's investments in mining and infrastructure and Zambia now owes China \$5.7 billion.¹³⁹ After successfully completing a previous MCC compact addressing water and sanitation infrastructure challenges in 2018, MCC and Zambia signed a \$491 million compact in 2024 to address constraints within Zambia's agricultural and agro-processing sectors. The compact seeks to improve road conditions along agricultural corridors and attract private sector investment in the country's growing agriculture market. While the implementation of the compact remains paused in Zambia, China continues to make inroads, highlighted in a high-level visit by Chinese Premier Li Qiang in November 2025. The visit prompted conclusions of deals to deepen bilateral ties in mining and infrastructure, including a \$1.4 billion agreement to revitalize the TAZARA railway in Zambia.¹⁴⁰ The visit also advanced plans to boost exports critical to Zambia's agricultural sector – tractors, electrical equipment and construction vehicles – further reinforcing China's role as the country's central economic partner. The delay in America's implementation of the MCC compact risks jeopardizing U.S. companies' economic interests in expanding market access to Zambia's agriculture sector and pushing Zambia to work with China instead.



Ceding the Information Space

The Committee Democrats' July report found that China is rapidly expanding a sophisticated, well-resourced global information network—spending billions annually on foreign media manipulation, censorship, and narrative control—while the United States retreats from longstanding efforts to counter authoritarian propaganda. Since the July report, the Trump Administration has intensified its campaign against U.S. international broadcasting, notwithstanding clear and repeated signals from Congress that support for independent, fact-based media is a core national security interest and a critical tool for countering authoritarian disinformation abroad. The U.S. Agency for Global Media (USAGM) has withheld grant funding from its federal and non-federal networks including Radio Free Europe/Radio Liberty (RFE/RL), Middle East Broadcasting Networks (MBN), Radio Free Asia (RFA), and Voice of America (VOA), among others—forcing these organizations, which deliver non-partisan, independent reporting, to seek legal recourse (most litigation is ongoing at the time of drafting this report). In *RFE/RL vs. Kari Lake Inc.*, U.S. District Judge Royce C. Lamberth affirmed that “USAGM’s flagrant disregard for its funding responsibilities” has required Radio Free Europe/Radio Liberty to prepare for “mass furloughs, cancelation of programming, and inevitable damage to the global influence that RFE/RL has built over decades.”¹⁴¹ In a separate July 2025 opinion, Judge Lamberth found that USAGM “likely violated several provisions” of the law requiring VOA to remain a “reliable and authoritative source of news.”¹⁴² The Agency’s withholding of funds from RFA, which at its peak reached 60 million people across Asia, caused the outlet to temporarily shut down for the first time since 1996.¹⁴³ The

¹³⁹ Joe Cash, “China premier makes landmark Zambia trip as West vies for investment foothold,” *Reuters*, Nov. 19, 2025, <https://www.reuters.com/world/china/china-premier-makes-landmark-zambia-trip-west-vies-investment-foothold-2025-11-19/>.

¹⁴⁰ Chris Mfula, “China Signs Agreement to Revamp TAZARA Railway in Zambia,” *Reuters*, Nov. 20, 2025, <https://www.reuters.com/world/asia-pacific/china-signs-agreement-revamp-tazara-railway-zambia-2025-11-20/>.

¹⁴¹ *RFE/RL, Inc. v. Lake*, Case No. 1:25-cv-799-RCL, Memorandum Opinion, <https://storage.courtlistener.com/recap/gov.uscourts.dcd.278524/gov.uscourts.dcd.278524.70.0.pdf>.

¹⁴² *Id.*

¹⁴³ Minh Kim, “Radio Free Asia Will Halt News Operations Amid Shutdown,” *The New York Times*, Oct. 29, 2025, <https://www.nytimes.com/2025/10/29/us/politics/radio-free-asia-close.html>.

Hudson Institute decried the loss of RFA reporting in Mandarin, Uyghur, Tibetan, Cantonese, Korean, and Burmese languages, noting the remarkable work of RFA journalists who broke stories on Beijing’s atrocities against Uyghurs and North Korean soldiers fighting alongside the Kremlin in Ukraine.¹⁴⁴ Without RFA on the air, China is adding new radio frequencies to its international broadcasting programs and sending large numbers of portable media players into North Korea, providing China with a greater share of the Asian information market.¹⁴⁵



CASE STUDY: Mass Protests in Iran

On February 28, the U.S. and Israel launched a reckless war with Iran, following closely on the heels of mass protests across Iran sparked by economic grievances. In response to the widespread protests, the Iranian regime violently repressed its people and cut off internet access and telecommunications. The move was predictable, as authorities in Iran have historically sought to cut off information to the Iranian people in times of crisis. U.S. foreign assistance programs have typically helped Iranian citizens to circumvent regime restrictions on Internet access, provided access to U.S.-based news programming and supported local human rights monitors to document the atrocities committed by the regime.¹⁴⁶ In briefings with the State Department, SFRC staff learned that just 9 percent of the Fiscal Year 2024 funds Congress appropriated for the Near East Regional Democracy (NERD) account—which funds Internet Freedom programs and provided critical support to Iranian

human rights defenders—had been obligated, effectively bringing these critical programs to a halt. Not until after the Internet blackout and brutal crackdown did the Department move to release funding for these programs, forcing implementers to play catch-up during a time of crisis. Furthermore, the Administration forced U.S. Agency for Global Media grantees to go to court to receive their congressionally appropriated funds, including the Open Technology Fund which supports access to a free internet in Iran, and Radio Free Europe/Radio Liberty and Middle East Broadcasting Networks, which provide unbiased coverage of the protests to the Iranian people. USAGM attempted and failed to illegally violate the Congressionally-mandated firewall by leveraging access to transmission stations to influence coverage. USAGM grantees contracted their own transmission capabilities rather than acquiesce to unprecedented demands on their editorial content. The Administration’s gutting of Voice of America limited the ability of the federal network to transmit information into Iran, leaving VOA’s Farsi service short staffed at a critical moment for the Iranian people.



Iranian Patriots, KEEP PROTESTING - TAKE OVER YOUR INSTITUTIONS!!! Save the names of the killers and abusers. They will pay a big price. I have cancelled all meetings with Iranian Officials until the senseless killing of protesters STOPS. HELP IS ON ITS WAY. MIGA!!! PRESIDENT DONALD J. TRUMP

28.1k ReTruths 87k Likes 1/13/26, 9:43 AM

¹⁴⁴ Olivia Enos & Alexis Mrachek, “The Case for Radio Free Asia and Radio Free Europe/Radio Liberty: Ensuring Information Access for Closed Societies,” Hudson Institute, Nov. 17, 2025, <https://www.hudson.org/human-rights/case-radio-free-asia-radio-free-europeradio-liberty-ensuring-information-olivia-enos-alexis-mrachek>.

¹⁴⁵ *Id.*

¹⁴⁶ Sen Mitch McConnell, @SenMcConennell, Jan 15, 2026, <https://x.com/senmccconnell/status/2011924018450903544?s=46&t=cdIVxMmIPG5io6ExW9A9zA>.

In November, USAGM notified Congress of its intent to shut down six shortwave and mediumwave transmitting stations in Germany, Thailand, Botswana, and Djibouti, along with six VOA bureaus and six Regional Marketing Offices (RMOs).¹⁴⁷ As the U.S. vacates transmitting stations, foreign-backed international broadcasting entities have expressed interest in acquiring the Djibouti and Thailand properties.¹⁴⁸ In briefings with SFRC Democratic staff, we learned that there is no process in place for considering whether foreign adversaries might acquire former U.S. properties or equipment when deciding to close a transmission station.¹⁴⁹ There is no audience research or analytics being conducted to discern the potential impact of closing RMOs, which amplify the reach of USAGM supported content by placing it with local outlets.¹⁵⁰ Moreover, costs for station closures can be extensive, including lease termination fees, fees associated with termination of staff in accordance with local labor laws, breaking down of equipment, and disposal of hazardous waste. For example, the closure of a shortwave station in Sao Tome cost approximately \$5 million in severance pay for terminated employees alone.¹⁵¹ This raises doubts about the Agency's assessment that it would save more than \$12 million by closing the transmission stations, almost \$3 million by closing the VOA bureaus, and \$9 million by closing the Regional Marketing Offices.¹⁵²

As the Trump Administration retreats from international broadcasting and weakens institutions long central to countering Chinese Communist Party propaganda, Beijing has grown increasingly emboldened in deploying AI-enabled disinformation, paid influencer networks, and deliberately divisive messaging. This escalation comes at a moment when the Western alliances are already under strain due to the actions and messaging from the Trump Administration, allowing China's expanded propaganda efforts to play on fissures and deepen discord among Western allies.¹⁵³ As documented in a European External Action Service report, an increasing share of Chinese and joint Sino-Russian influence operations explicitly seek to exacerbate divisions over Ukraine, trade, digital sovereignty, and transatlantic leadership, using multilingual campaigns aimed at both public audiences and policymakers. These efforts deliberately exploit existing social and political fractures to weaken cohesion and impede coordinated international responses.¹⁵⁴

Undermining Cultural Diplomacy

The Committee Democrats' July 2025 report outlined the Trump Administration's efforts to upend decades of U.S.-led people-to-people exchange programs critical for cultivating strategic partnerships and countering China's growing soft power. The Alliance for International Exchange notes that more than 1.7 million leaders from over 155 countries are alumni of U.S. exchange programs, the vast majority of which report sharing positive messages about their experience in the U.S. with their networks at home.¹⁵⁵ Despite the Administration's FY26 request to zero out U.S. programs like Fulbright, Congress has pushed back by supporting more than \$660 million for the Bureau of Educational and Cultural Affairs (ECA) in the FY26 appropriations bill.

¹⁴⁷ Congressional Notification to the Senate Foreign Relations Committee, November 25.

¹⁴⁸ Interview of former employee, U.S. Agency for Global Media, December 18, 2025.

¹⁴⁹ Briefing with U.S. Agency for Global Media officials, December 17, 2025.

¹⁵⁰ Interview with individual familiar with U.S. Agency for Global Media operations, December 15, 2025.

¹⁵¹ *Id.*

¹⁵² Congressional Notification to the Senate Foreign Relations Committee, November 25.

¹⁵³ Olivia Enos & Alexis Mrachek, "The Case for Radio Free Asia and Radio Free Europe/Radio Liberty: Ensuring Information Access for Closed Societies," Hudson Institute, Nov. 17, 2025, <https://www.hudson.org/human-rights/case-radio-free-asia-radio-free-europe-radio-liberty-ensuring-information-olivia-enos-alexis-mrachek>.

¹⁵⁴ European Union, Strategic Communication and Foresight (SG.STRAT), 3rd EEAS Report on Foreign International Manipulation and Interference Threats, (Mar. 2025), <https://www.eeas.europa.eu/sites/default/files/documents/2025/EEAS-3rd-ThreatReport-March-2025-05-Digital-HD.pdf>.

¹⁵⁵ U.S. Department of State International Exchange Programs, January 2026, https://static1.squarespace.com/static/67dc1334991b6340d6ee59f2/t/688c3037cc31cd6284b113ea/1754017847134/02125+Alliance_Messaging+1pgr.pdf.

The Trump Administration ignored bipartisan congressional support for ECA programs in 2025. The Office of Management and Budget (OMB) intervened in the FY25 obligation process by threatening to cut \$100 million from ECA programs.¹⁵⁶ Due to advocacy from Congress and ECA partner organizations, the Administration ultimately relented and obligated the funds but the Administration's obstruction will have lasting impacts on programs for the 2026 calendar year, straining implementing partner resources and prolonging delays in exchange activities while new programs undergo lengthy procurement processes.

China has expanded its cultural diplomacy. In June 2025, Beijing announced 2026 as the "China-Africa Year of People-to-People Exchanges"—a framework for a year-long series of cultural, educational, youth and civil society activities designed to deepen China-Africa ties, promote mutual understanding and strengthen cooperation across sectors including tourism, education, media, health and innovation.¹⁵⁷ Beijing also launched the China-Global Youth Influencer Exchange Program, offering all-expenses-paid trips to online influencers under 35 with more than 300,000 followers on platforms like TikTok, Instagram or YouTube.¹⁵⁸ These high-profile cultural exchanges and influencer outreach coupled with China's targeted efforts to attract young professionals working in STEM fields form a cohesive long-term strategy to shape global perceptions.

¹⁵⁶ Polly Nash, "US Scraps \$100M in Study Abroad Programs," *The Pie*, Aug. 14, 2025, <https://thepienews.com/us-scraps-100m-in-study-abroad-programs/>.

¹⁵⁷ Ministry of Foreign Affairs People's Republic of China, "Concept Paper of 2026 China-Africa Year of People-to-People Exchanges," https://www.fmprc.gov.cn/eng/zy/gb/202506/t20250611_11646062.html.

¹⁵⁸ Sarah Cook, "2025 Recap: Five Key Developments in China's Foreign Information Influence," *The Diplomat*, Dec. 30, 2025, <https://thediplomat.com/2025/12/2025-recap-five-key-developments-in-chinas-foreign-information-influence/>.

Eroding U.S. Alliances and Partnerships

Alongside a dynamic domestic innovation ecosystem and a robust foreign policy infrastructure, enduring alliances and partnerships have long served as a central pillar of America’s strategic competition with China.

The Trump Administration acknowledged this fact in their National Security Strategy (NSS), stating “the United States must work with our treaty allies and partners to counteract predatory economic practices and use our combined economic power to help safeguard our prime position in the world economy and ensure allied economies do not become subordinate to any competing power.”¹⁵⁹ The dissonance, however, between this acknowledgement and the Administration’s actions towards allies is difficult to reconcile. President Trump’s recent comment that NATO troops “stayed a little back, a little off the frontlines” while fighting in Afghanistan—over a thousand troops from NATO allies died serving in Afghanistan—is just the latest example of the Administration’s contempt for allies’ contributions to our security. The Administration claimed in their NSS that “we cannot afford to be equally attentive to every region [of the world],” yet they have managed to alienate partners across the globe.¹⁶⁰ Not since the 1920s has the U.S. been so isolated on the world stage. It proved to be a costly vulnerability then and poses the same threat today as China methodically expands its own reach and partnerships.

Europe

No two regions are more integrated than the U.S. and Europe. The \$9.5 trillion transatlantic economy is the largest and most mutually beneficial in the world, supporting over 5 million American jobs and accounting for nearly two-thirds of global investment in the U.S.¹⁶¹ European allies fought alongside the U.S. in Iraq and Afghanistan and have been reliable partners in advancing shared values around democracy, human rights and market-based enterprise globally. That was until the second Trump Administration. President Trump’s threats to coerce allies over Greenland, transactional approach to ending the war in Ukraine, and compulsion to threaten longstanding allies with tariffs have driven the transatlantic alliance to the brink of rupture. The Cypriot Presidency of the Council of the European Union is focused on bolstering EU autonomy, underscoring a European trend toward balancing away from the United States.¹⁶² Allies who had begun spending more on defense in cooperation with the United States as a European pillar of the transatlantic alliance now increasingly wonder if they should end reliance on the U.S. defense industry, technology and business. The Administration has also all but



¹⁵⁹ The White House, *National Security Agenda of the United States of America*, (Nov. 2025), <https://www.whitehouse.gov/wp-content/uploads/2025/12/2025-National-Security-Strategy.pdf>.

¹⁶⁰ *Id.*

¹⁶¹ Daniel S. Hamilton & Joseph P. Quinlan, *The Transatlantic Economy 2025*, U.S. Chamber of Commerce, (2025), https://www.uschamber.com/assets/documents/Transatlantic_Economy_2025.pdf.

¹⁶² Council of the European Union, “Programme of the Cyprus Presidency” <https://cyprus-presidency.consilium.europa.eu/en/programme/programme-of-the-cyprus-presidency/> [last visited Feb 24, 2026]

supplanted efforts to develop coordinated countermeasures to address China’s unfair trade and economic policies, support for Russia’s Defense Industrial Base, destabilizing aggression in the Indo-Pacific and rare earth export controls.



President Trump’s unnecessary and impulsive demand that the U.S. acquire Greenland by coercion or force has severely damaged U.S. bilateral relations with both Denmark and Greenland and caused a “rupture” in the transatlantic alliance, a sentiment expressed by Canadian Prime Minister Mark Carney and echoed by European leaders. In a Congressional Delegation (CODEL) visit to Copenhagen in January 2026, Senators Shaheen, Coons and fellow CODEL members observed the damage firsthand, where the Senators learned that ordinary Danes had become disillusioned with a partnership with the United States. A recent poll found that half of Danish people now consider the U.S. a threat to their country—a larger share than those who view North Korea (44 percent) or Iran (40 percent) as threats.¹⁶³ At the beginning of the Trump Administration, Greenlandic support for the United States was so strong that polling indicated strong interest in pursuing a Compact of Free Association with the United States, an arrangement

that would have delivered President Trump’s stated goals for Greenland through a diplomatic negotiation. Instead, his threats to assert control over Greenland through force have significantly damaged perceptions of the United States, with U.S. support plummeting to single digit levels. China has positioned itself as the more reliable, stable and respected partner when contrasted with President Trump’s actions, which undermine the President’s own initial argument that China poses a national security threat to Greenland. Polling in Greenland has also indicated that favorability toward China has increased following President Trump’s actions. Euro-Atlantic leaders including the United Kingdom’s Prime Minister Keir Starmer and Canadian Prime Minister Mark Carney have undertaken formal trips to Beijing in response to the United States’ erratic behavior.

European allies, especially those that remember Soviet or Warsaw Pact occupation firsthand, consider the Kremlin’s illegal and unprovoked war against Ukraine to be an existential threat – especially as the war enters its fifth year. The Baltic States know that if Russia succeeds in Ukraine, it may be their streets next that see civilians massacred and democratic institutions under threat. Romania, a key

¹⁶³ Ranking Member to Join Bipartisan, Bicameral Congressional Delegation to Copenhagen Led by Senator Coons, Press Release, United States Senate Committee on Foreign Relations, Jan. 12, 2026, <https://www.foreign.senate.gov/press/dem/release/ranking-member-to-join-bipartisan-bicameral-congressional-delegation-to-copenhagen-led-by-senator-coons>; Miranda Bryant, “Nearly half of Danes see US as threat and 78% oppose Greenland sale, poll shows,” *The Guardian*, Jan. 31, 2025, <https://www.theguardian.com/world/2025/jan/31/nearly-half-of-danes-see-us-as-threat-and-78-oppose-greenland-sale-poll-show>.

NATO ally, is concerned that the United States's withdrawal of about half of its forces from Romania in October 2025 sends the wrong signal to Russia about transatlantic security priorities. Allies further from the Eastern Flank endure Russian hybrid war, sabotage and attacks on critical infrastructure.

European Allies, especially those that remember Soviet or Warsaw Pact occupation firsthand during the Cold War, consider the Kremlin's illegal and unprovoked war against Ukraine to be existential – especially as the war enters its fifth year. The Baltic States are deathly afraid of Russia massacring civilians on their territory as they did in Bucha, Ukraine. NATO Ally Romania is concerned by the signal it sends to Russia as the United States announced the withdrawal of about half of its forces from Romania in October 2025. Allies further from the eastern flank endure Russian hybrid war, sabotage and attacks on critical infrastructure. And just as Russia learns lessons from the U.S. commitment to Ukraine and force posture in Europe, so does China.

Like Putin, President Xi understands that U.S. accountability measures, including sanctions and export controls, are most effective when the Euro-Atlantic community is united. He assesses the longevity of U.S. support for Ukraine to understand whether the United States can stand by our commitments to support our Allies and partners when it matters most. His calculus for potential military actions in the Indo-Pacific, including against Taiwan, is certainly influenced by inconsistent and dwindling support for Ukraine, and even overt criticism of European Allies. President Xi takes notice when the United States pauses intelligence sharing with Ukraine to pressure them into negotiations where terms for peace are dictated exclusively by Russia. Rather than criticize Russia and China for their extreme repression and prohibition on U.S. social media, the U.S. has instead imposed visa bans on European Union officials and actors – speaking volumes about the Trump Administration's approach to Allies and adversaries alike.

In 2021, the EU-US Trade and Technology Council was established as a forum for the United States and European Union to coordinate approaches to key global trade, economic and technology issues, including measures to address China's unfair trade practices. The platform served to coordinate export controls, investment screening, sanctions, and critical technology and supply chain resilience. However, under the second Trump Administration, joint efforts to confront China have ceased, leaving EU member states unclear on U.S. policy towards China and prompting some – such as the United Kingdom and Germany - to consider renewed economic ties with Beijing to hedge against any potential rapprochement.¹⁶⁴ President Trump has chosen to negotiate with Chinese President Xi Jinping without coordinating with European allies, including ahead of the Trump-Xi Busan talks in South Korea. By sidelining the EU, the Trump Administration squandered an opportunity to leverage the joint transatlantic economic might to negotiate better terms. The Trump Administration has also sent mixed messaging on China's relevance to the North Atlantic Treaty Organization (NATO). When U.S. Ambassador to NATO Matt Whitaker criticized China's support for Russia's war of aggression in Ukraine, Deputy Secretary Landau remarked that "NATO is still a solution in search of a problem."¹⁶⁵ By abandoning coordination with the EU to counter China's unfair trade practices, the Trump Administration has left the transatlantic partnership vulnerable to Beijing's divide-and-conquer tactics, which exposes the alliance to Chinese influence in areas of reported concern to this Administration, including the Arctic.

The Trump Administration has not only walked away from joint coordination with the E.U. on China, but it has also consistently contradicted its own narrative by turning a blind eye to the region's increasing ties with Beijing. In 2025, Hungary deepened its alignment with China despite explicit U.S. warnings.

¹⁶⁴ Huizhong Wu & Ken Moritsugu, "China's Xi and France's Macron Pledge Cooperation on Global Crises and Trade," *The Associated Press (AP)*, Dec. 4, 2025, <https://apnews.com/article/macron-france-china-visit-ukraine-trade-24fb379865dc08e5dbadd6f698f5a4b6>.

¹⁶⁵ Chris Cameron & Peter Baker, "Top State Department Official Posts, Then Quickly Deletes, Attack on Colleague," *The New York Times*, Jun. 12, 2025, <https://www.nytimes.com/2025/06/12/us/politics/state-department-feud-landau-whitaker.html>.

After the Trump Administration publicly cautioned against Chinese influence in critical sectors, Viktor Orbán's government still expanded economic, political, and cultural ties with Beijing. Hungary became China's leading European investment destination, hosting the largest share of Chinese FDI and electric-vehicle investment in the EU and UK, capped by Chinese electric vehicle giant BYD's decision to relocate its European regional and R&D hub to Budapest. High-level signaling reinforced this shift: Foreign Minister Péter Szijjártó attended China's Beijing Victory Day parade—one of only two EU/NATO officials present—met with Foreign Minister Wang Yi and oversaw the opening of China's sixth Confucius Institute alongside new training agreements. Orbán openly framed U.S.–China competition as tilting toward Beijing and portrayed Chinese investment as indispensable, a stance facilitated by Washington's continued willingness to grant Hungary exemptions for Russian energy imports, enabling Budapest to blunt U.S. pressure while deepening ties with both China and Russia.

The Trump Administration's abandonment of coordination and mixed messaging on China as well as its softening on accountability in the Western Balkans reflect a broader retreat from the alliances and institutions that have underpinned U.S. and European security for decades. As a result, China has expanded its economic footprint across the region—notably in Albania, Serbia and Montenegro.¹⁶⁶ Albania has long prided itself on being one of the most pro-American countries in the world. However, as trade with the United States has declined, commercial ties with China have expanded. Early 2025 data show a 23.5 percent increase in Albania's trade with China compared to the same period in 2024, underscoring a notable shift in trade dynamics. During the first nine months of 2025, imports from China rose by 23.5 percent compared with the same period in 2024, further highlighting the changing trajectory of bilateral trade flows.¹⁶⁷ Serbia has offset its reduced dependence on Russia by increasing its economic ties with China, which is also strategically important for China's support of Serbia's position on Kosovo in multilateral institutions. By weakening the transatlantic partnership, signaling tolerance for authoritarian behavior, and ceding economic and political space to Beijing and Moscow, the Trump Administration is not only undermining democratic stability on Europe's periphery, but also diminishing the credibility of the U.S. as a reliable partner at a moment when strategic unity is most needed.

It has also come at significant economic cost. By prioritizing closer ties and expanded business engagement with Russia, the Trump Administration has not only further strained relations with NATO allies but has also missed opportunities to deepen economic cooperation and military innovation—particularly in the drone sector—with Ukraine's armed forces, Europe's largest land army. In doing so, it has bypassed collaboration with some of the most experienced and forward-looking teams in drone defense, forfeiting a critical chance to remain at the forefront of a rapidly evolving strategic industry, especially as China continues to expand its capabilities.

¹⁶⁶ Institute of Statistics, "Foreign Trade in Goods," Sept. 2025, <https://www.instat.gov.al/media/tjchmigt/tj-shtator-2025.pdf>; Institute of Statistics, "Foreign Trade in Goods," Oct. 2025, <https://www.instat.gov.al/media/zxgnu2ly/foreign-trade-in-goods-october-2025.pdf>.

¹⁶⁷ Institute of Statistics, "Foreign Trade in Goods," Sept. 2025, <https://www.instat.gov.al/media/tjchmigt/tj-shtator-2025.pdf>.

Indo-Pacific

The Indo-Pacific region is home to half of the world's population and nearly two-thirds of its economy.¹⁶⁸ It accounts for over \$2 trillion in U.S. trade annually, sustains millions of U.S. jobs, and its stability is crucial to maintaining the world's most sensitive supply chains.¹⁶⁹ It is also the locus of America's most urgent and consequential competition with China, and the stakes are high – over deterrence in the Taiwan Strait; China's access to leading AI technologies; potential escalation in the South and East China Seas, and North Korea's nuclear program, among other flashpoints. Over the past year, the Trump Administration's tariff policies, termination of foreign assistance programs, and wavering commitments to allies and Taiwan have called into question America's commitment to a free and open Indo-Pacific. China has taken advantage, conducting its most aggressive military exercises ever in the Taiwan strait, implementing costly rare earth export controls against Japan, and deepening its support for Russia's war in Ukraine.

In India, a country with which the past five American presidents and both parties in Congress have sought to build a lasting strategic partnership, President Trump imposed tariffs in August 2025 so steep that it provoked a crisis of trust in the relationship.¹⁷⁰ The standoff, driven by the President's desire for credit as a mediator in the 2025 Pakistan-India conflict and India's imports of Russian oil, lasted for 6 months. The crisis emboldened the Russia-aligned voices in India that have long resisted meaningful cooperation between the world's two largest democracies. The damage stalled momentum within the so-called Quad, made up of the United States, Japan, Australia and India, and which Trump launched with bipartisan support during his first term. These increased tensions and postponement of a U.S.-India leaders' summit left the door open for Xi and Putin to court Indian Prime Minister Modi on multiple occasions – including Prime Minister Modi's first visit to China in seven years.¹⁷¹

Taiwan is an indispensable partner to the United States. Not only is Taipei a strong, vibrant democracy that shares U.S. values, but it is also a highly capable technological powerhouse. While Beijing seeks to dominate every technology of the 21st century, Taiwan, by contrast, has made enormous and consistent investments in America's domestic manufacturing base that will ensure long-term American



¹⁶⁸ Lize de Kruijf & Nazima Tursun, "Less Investment, Less Influence: Why the US Risks Losing Ground in the Indo-Pacific," Atlantic Council, New Atlanticist, Jun. 30, 2025, <https://www.atlanticcouncil.org/blogs/new-atlanticist/less-investment-less-influence-why-the-us-risks-losing-ground-in-the-indo-pacific/>.

¹⁶⁹ U.S. Department of State, Office of the Spokesperson, "The United States' Enduring Commitment to the Indo-Pacific: Marking Two Years Since the Release of the Administration's Indo-Pacific Strategy," Feb. 9, 2024, <https://2021-2025.state.gov/the-united-states-enduring-commitment-to-the-indo-pacific-marking-two-years-since-the-release-of-the-administrations-indo-pacific-strategy/>.

¹⁷⁰ Paul Staniland, "India Was Optimistic About Its Relationship with the US. Trump Changed Things," *The Chicago Council on Global Affairs*, Dec. 4, 2025, <https://globalaffairs.org/commentary/analysis/india-united-states-relationship-trump-changed-things>.

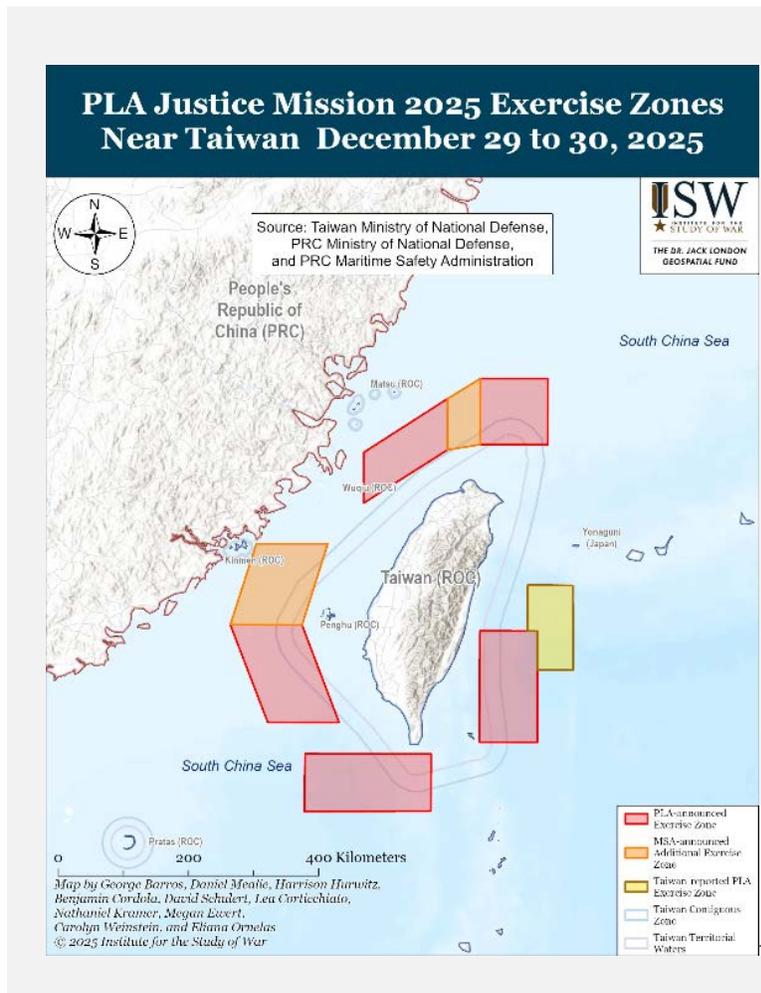
¹⁷¹ David Pierson & Mujib Mashal, "Smiles and Clapsed Hands on Xi, Putin and Modi Try to Signal Unity," *The New York Times*, Sept. 1, 2025, <https://www.nytimes.com/2025/09/01/world/asia/china-xi-putin-modi.html>.

competitiveness in critical sectors such as artificial intelligence. For decades, the United States has provided unwavering support for Taiwan's self-defense under the auspices of the 1979 Taiwan Relations Act.

There is real cause for concern that President Trump is willing to undermine U.S. support for Taiwan to appease Beijing and reverse a trade war of his own making. Since the beginning of his Administration, President Trump has sent mixed signals regarding the U.S. commitment to Taiwan's self-defense, beginning with the denial of President Lai's transit through the United States, a long-standing U.S. practice. The announcement of an \$11 billion U.S. arms package in December 2025 was welcome if overdue, but the Administration issued no meaningful public reaction when the People's Liberation Army conducted its largest-ever military exercises on December 29 and 30. The drills encircled Taiwan and reportedly included over 130 aircraft and both naval and civilian fishing vessels.¹⁷² President Trump's February 16, 2025 admission that he discussed U.S. arms sales to Taiwan with Xi Jinping both violates U.S. policy since the Reagan Administration and raises concerns that

Taiwan's security is a bargaining chip in Trump's trade negotiations with Beijing.¹⁷³ In anticipation of the President's trip to China later this month, experts remain deeply concerned the Administration is preparing to dilute America's longstanding commitment to Taiwan.

The U.S.-South Korea alliance is under strains as well. The Chinese have undoubtedly welcomed persistent rumors of U.S. troop reductions, while sending its largest aircraft carrier and building additional illegal aqua structures in the Yellow Sea.¹⁷⁴ President Lee's adroit handling of an August visit to Washington helped stabilize the relationship but was followed just days later by the abrupt detention by U.S. immigration authorities of over 300 South Korean workers at a Hyundai battery plant in Georgia.¹⁷⁵ Combined with continuing pressure on the ROK legislature to approve a commitment of \$350 billion in investment in the United States through opaque and undefined bilateral mechanisms,



¹⁷² Didi Tang & Matthew Lee, "As US Grapples with China Relations, Taiwan's President Scraps Stop on American Soil," *The Associated Press* (AP), July 29, 2025, <https://apnews.com/article/taiwan-china-trump-lai-f8bae1421f9d55e240a50671e14ec23f>.

¹⁷³ Simina Mistreanu (Associated Press), "Why Trump's remark about discussing Taiwan arms sales with China has raised concerns," *PBS NewsHour*, Feb. 19, 2026, <https://www.pbs.org/newshour/world/why-trumps-remark-about-discussing-taiwan-arms-sales-with-china-has-raised-concerns>.

¹⁷⁴ Dasl Yoon & Joyu Wang, "The Yellow Sea Is the New Flashpoint for China's Regional Power Play," *The Wall Street Journal*, Jul, 3, 2025, https://www.wsj.com/world/asia/the-yellow-sea-is-the-new-flashpoint-for-chinas-regional-power-play-5af7e8b5?gaa_at=eafs&gaa_n=AWetsqclqOu_z-UD2d1zewLjbhcTuQEeGwTR8QTYoVKqH9uBuJzHI5Eu8pcyNGbQ-5A%3D&gaa_ts=696fcf35&gaa_sig=UNa_ea9leMluN8fuWaUB6vld2QHapP71IKljo4Nc6lp58ofhKqiWydZ8c4aFrLIP2-m-rFtsENETcMgrZOeAw%3D%3D.

¹⁷⁵ The Associated Press, "Some Korean Workers Detained in Georgia Immigration Raid Have Returned to their Jobs at Hyundai Site," *CNN US*, Nov. 14, 2025, <https://www.cnn.com/2025/11/14/us/hyundai-georgia-raid-korean-workers-back-hnk>.

these measures have deeply unsettled an alliance at the core of America's economic and security interests in the Indo-Pacific.¹⁷⁶

When China over-reacted to public comments made by Japanese Prime Minister Takaichi regarding Tokyo's security interests in a Taiwan contingency in November 2025, neither Secretary Rubio nor Hegseth leapt to her defense. In fact, after speaking with President Xi, Trump called Prime Minister Takaichi and reportedly told her to "tone it down" - while China announced export controls that could cause \$17 billion in economic losses, sent maritime assets to the Senkaku Islands, and suspended imports of Japanese seafood.¹⁷⁷ Public support from U.S. Ambassador to Japan George Glass and critical flights of U.S. B52 bombers over the Sea of Japan were welcome signs of America's support, but the President and the two key cabinet secretaries were missing-in-action. Leadership matters, and no trade deal with Beijing should result in our pulling punches in an ally's hour of need.

Meanwhile, the Department of Defense's public review of AUKUS-related commitments caused months of uncertainty and unnecessary damage to bilateral confidence with Australia.¹⁷⁸ While recent reaffirmations have helped stabilize the partnership, these developments collectively have contributed to a fraying of trust and coordination across the region, undermining the credibility of U.S. leadership and complicating efforts to sustain a unified front in the face of growing strategic competition.

Africa

By 2050, Africa will account for approximately one-quarter of the global population, offering a uniquely young and expanding workforce at a time when most other regions face demographic decline.¹⁷⁹ The continent also controls roughly 30 percent of global reserves of minerals critical to low-carbon technologies and digital infrastructure, positioning Africa as a strategic hub for future industrial supply chains.¹⁸⁰ According to the Center for Strategic and International Studies, the African Continental Free Trade Area is expected to create a single market of 1.7 billion consumers with an estimated \$7 trillion in combined consumer and business spending by 2030—representing a significant opportunity for U.S. companies across manufacturing, energy, technology, and services.¹⁸¹

Capitalizing on Africa's expanding markets and abundant natural resources, China has deployed a combination of preferential trade policies and opaque state-backed financing to entrench itself as sub-Saharan Africa's largest bilateral trading partner and to consolidate significant control over the continent's critical mineral infrastructure.¹⁸² Recently released figures from ONE Data shows that China went from being a net provider of finance—transferring almost \$50 billion to low- and lower-middle-income countries (via official and private lenders) a decade ago—to a net extractor of \$24 billion. Africa has experienced the most dramatic reversal in Chinese finance. It went from receiving \$30 billion to

¹⁷⁶ Ari Hawkins, "Trump Touts Progress in US-South Korean Trade Talks," *POLITICO*, Oct. 29, 2025, <https://www.politico.com/news/2025/10/29/trump-says-south-korea-trade-deal-is-pretty-much-finalized-00626850>.

¹⁷⁷ Tamiyuki Kihara et al., "Trump Urged Japan's Takaichi Not to Aggravate China Dispute, Sources Say," *Reuters*, Nov. 27, 2025, <https://www.reuters.com/world/china/trump-urged-japan-pm-avoid-escalation-china-dispute-sources-say-2025-11-27/>.

¹⁷⁸ Maria Siow, "Why US Review of AUKUS Submarine Deal for Australia is Kept Secret," *South China Morning Post*, Dec. 12, 2025, <https://www.scmp.com/week-asia/politics/article/3336198/why-us-review-aukus-submarine-deal-australia-kept-secret>.

¹⁷⁹ Edward Paice, "By 2050, A Quarter of the World's People Will Be African - This Will Shape Our Future," *The Guardian*, Jan. 20, 2022, <https://www.theguardian.com/global-development/2022/jan/20/by-2050-a-quarter-of-the-worlds-people-will-be-african-this-will-shape-our-future>.

¹⁸⁰ B20 South Africa, Africa at the Core of Critical Minerals, (Nov. 2025), <https://www.b20southafrica.org/wp-content/uploads/2025/11/Africa-at-the-Core-of-Critical-Minerals.pdf>.

¹⁸¹ Oge Onubogu, "AGO's Uncertain Future: What's At Stake for U.S.-Africa Trade," Center for Strategic and International Studies (CSIS), Oct. 1, 2025, <https://www.csis.org/analysis/agoas-uncertain-future-whats-stake-us-africa-trade>.

¹⁸² Chido Munyati, "Why Strong Regional Value Chains Will Be Vital to the Next Chapter of China and Africa's Economic Relationship," World Economic Forum, Jun. 25, 2024, <https://www.weforum.org/stories/2024/06/why-strong-regional-value-chains-will-be-vital-to-the-next-chapter-of-china-and-africas-economic-relationship/>; Paul Nantulya, "China's Critical Minerals Strategy in Africa," Africa Center for Strategic Studies, Dec. 9, 2025, <https://africacenter.org/spotlight/china-africa-critical-minerals/>.



· Tenke Fungurume Mine, Republic of Congo (DRC)

Source: africacenter.org

paying out \$22 billion, a \$52 billion swing.¹⁸³ That has left African countries facing down high debt service payments at the cost of investments in their education and healthcare systems. Despite this extraction-heavy relationship, many African government seeking capital continue to court Chinese financing.

Chinese telecommunications firms have similarly come to dominate Africa's digital ecosystem, with Huawei responsible for roughly 50 percent of Africa's 3G networks and 70 percent of its 4G infrastructure.¹⁸⁴ By contrast, the United States has traditionally pursued a broad-based partnership with African countries centered on market-driven trade, transparent investment, public health cooperation, and people-to-people engagement. Through initiatives such as the African Growth and Opportunity Act, the Power Africa Initiative, the President Emergency Program for AIDS Relief (PEPFAR), and the Young African Leadership Initiative (YALI), the U.S. has historically promoted commercial integration with African economies while saving millions of lives and strengthening cultural ties across the continent. However, the second Trump Administration has strained U.S. relations across Africa with demeaning and antagonistic rhetoric, diplomatic disengagement, haphazard cuts to foreign aid, counterproductive travel bans and punitive tariff policies.

The Trump Administration has perpetuated a categorically false assertion of "white genocide" against Afrikaners in South Africa, including during an embarrassing press conference in which the President relied on social media clips to provoke the South African president at the White House.¹⁸⁵ The reliance on social media narratives conjured by white nationalists is yet another pet political project pushed over facts and sound foreign policy. The Administration then levied a 30 percent tariff on exports from South Africa, the highest rate in sub-Saharan Africa.¹⁸⁶ Further escalating a needless dispute, the Administration boycotted the November 2025 G20 summit in South Africa, the first ever summit hosted on the continent. The lack of U.S. presence at the G20 in Johannesburg allowed global competitors like China to set the agenda amongst the world largest economies. Targeting Africa's most populace nation, the Trump Administration re-designated Nigeria as a 'country of particular concern' for its

¹⁸³ ONE Data, *The Great Reversal: Net Flows in Public Development Finance* (Development Finance Observatory report, 2026), <https://cms.one.org/assets/72523c3d-c4e3-496e-8031-086801263957>.

¹⁸⁴ Aubrey Hruby, "The Digital Infrastructure Imperative in African Markets," Atlantic Council, Apr. 8, 2021, <https://www.atlanticcouncil.org/blogs/africasource/the-digital-infrastructure-imperative-in-african-markets/>.

¹⁸⁵ Damien Zane, "Trump Ambushes S African Leader with Claim of Afrikaners Being 'Persecuted,'" *BBC*, May 22, 2025, <https://www.bbc.com/news/articles/ce9vvljen0xo>.

¹⁸⁶ Khanyisile Ngcobo, "Trump Hits South Africa with 30% Tariffs – No African Country Has a Higher Rate," *BBC*, Aug. 1, 2025, <https://www.bbc.com/news/articles/cr74v1dzzxdo>.

alleged violations of religious freedom and persecution of Christians.¹⁸⁷ President Trump then threatened to intervene militarily with “guns a blazing,” ultimately launching 16 Tomahawk missiles into villages in the country’s northwest on Christmas night with no evidence of any impact on the Islamic terrorist groups they reportedly targeted.¹⁸⁸ China used the harsh rhetoric by President Trump against Nigeria to rebuke the United States and to emphasize its strategic partnerships with Nigeria.¹⁸⁹ In December, President Trump denigrated Somalia—a key U.S. security partner in the Horn of Africa—as “filthy, dirty, disgusting, ridden with crime.”¹⁹⁰ Actions by the Trump Administration not only strain our relations with African nations but actively push them to seek alternative partners such as China.

The second Trump Administration’s abrupt pause and termination of foreign assistance programs upended decades of work to fortify health care systems across Africa and support the continent’s most vulnerable populations displaced by conflict.¹⁹¹ The Administration also banned or partially restricted travel from over 20 countries and placed tariffs on over 22 countries across the continent. In stark contrast, China has expanded its engagement across Africa, including commitments to establish a hospital alliance and joint medical centers, sending 2,000 medical personnel to the continent and launching 20 malaria-treatment programs at African health facilities.¹⁹² In June, Beijing announced it would remove all tariffs on exports from Africa—save for Eswatini which recognizes Taiwan—and pledged \$50 billion in credit lines and investments over the next three years.¹⁹³ Surprising no one, China’s exports to Africa surged by 28% year-on-year over the first three quarters of 2025, following a 57% increase from 2020 to 2024.¹⁹⁴

The second Trump Administration’s rhetoric, punitive trade measures, travel bans, and—most critically—abrupt cuts and pauses to foreign assistance have severely undercut U.S. credibility and long-standing partnerships across Africa. These decisions have disrupted health systems, weakened support for conflict-affected populations, and upended decades of U.S. economic engagement in the region. As the Trump Administration pulls back, China is accelerating commercial and political gains that will shape Africa’s growth trajectory and global alignment for decades to come. 2026 looks to be no different as the Chinese Foreign Minister first international trip was to Africa. China seeks to expand its implementation of 2024-2027 Forum on China-Africa Cooperation (FOCAC) Action Plan ahead of the planned FOCAC summit in 2027. Despite China’s intentions in Africa, the Trump Administration has yet to announce any plans of holding a U.S.-Africa Leadership Summit, the U.S.’s only counterweight to FOCAC. Absent a course correction, the U.S. risks forfeiting influence, market access, and supply-chain resilience in one of the most consequential regions of the 21st century.

¹⁸⁷ Mariam Khan, “US Designates Nigeria ‘Country of Particular Concern’ After Trump Threat Over Alleged Attacks on Christians,” *ABC News*, Nov. 3, 2025, <https://abcnews.go.com/Politics/us-designates-nigeria-country-concern-after-trump-threat/story?id=127148133>.

¹⁸⁸ Ben Johansen, “Trump Threatens to Deploy the Military ‘Guns-A-Blazing’ to Nigeria,” *POLITICO*, Nov. 1, 2025, <https://www.politico.com/news/2025/11/01/trump-us-military-nigeria-00632716>; Abiodun Jamiu et al., “Unexploded Missiles, Witnesses Undercut Trump Account of Nigeria Strike,” *The Washington Post*, Jan. 10, 2026, <https://www.washingtonpost.com/investigations/2026/01/10/nigeria-strikes-islamist-militants-isis/>.

¹⁸⁹ Patrick Egwu, “Nigeria Is Turning Into a U.S.-China Battleground,” *Foreign Policy*, Nov. 20, 2025, <https://foreignpolicy.com/2025/11/20/trump-china-nigeria-great-power-competition-resources/>.

¹⁹⁰ Alexandra Marquez, “Trump Revives Slur While Discussing Immigrants from Somalia and Other ‘Disgusting’ Nations,” *NBC News*, Dec. 10, 2025, <https://www.nbcnews.com/politics/donald-trump/trump-immigrants-somalia-slur-rcna248395>.

¹⁹¹ Tobi Raji, “U.S. Aid Cuts Are Being Felt Across Africa. Here’s Where.,” *The Washington Post*, Oct. 9, 2025, <https://www.washingtonpost.com/world/2025/10/09/usaid-cuts-africa-health-crisis/>.

¹⁹² Jiyong Jin, “China’s Foreign Policy and Global Health Leadership,” *Think Global Health*, Dec. 16, 2024, <https://www.thinkglobalhealth.org/article/chinas-foreign-policy-and-global-health-leadership>; Adekunle Agbetiloye, “U.S. President Donald Trump on Thursday Rolled Out a New Wave of Tariffs, Ranging from 10% to 41%, on Imports from Dozens of Countries.,” *Business Insider Africa*, Aug. 1, 2025, <https://africa.businessinsider.com/local/markets/list-of-african-countries-affected-by-trumps-new-tariffs/56vdgmp>; Mariel Ferragamo, “A Guide to the Countries on Trump’s Travel Ban List,” Council on Foreign Relations, Jan. 14, 2026, <https://www.cfr.org/articles/guide-countries-trumps-travel-ban-list>.

¹⁹³ Duncan Miriri, “China Says It Will Remove All Tariffs on African Exports to Boost Trade,” *Reuters*, Jun. 12, 2025, <https://www.reuters.com/world/africa/china-says-it-will-remove-all-tariffs-african-exports-boost-trade-2025-06-12/>.

¹⁹⁴ Matthew Mingey et al., “China’s Economic Slowdown and Spillovers to Africa”, Atlantic Council, (Nov. 18, 2025), <https://www.atlanticcouncil.org/in-depth-research-reports/report/chinas-economic-slowdown-and-spillovers-to-africa/>.

Western Hemisphere

The Trump Administration's placement of the Western Hemisphere at the center of its National Security Strategy is understandable. The region is pivotal to U.S. national security and economic vitality. What's incomprehensible is the Administration's imperialist approach to the region. Revamping a nineteenth century foreign policy of gunboat diplomacy under the so-called "Trump Corollary" to the Monroe Doctrine, is short sighted and ignores the lessons of history. The Trump Administration is squandering a rare moment of political realignment across the region as voters—tired of endemic corruption and growing insecurity—have elected a slate of U.S.-friendly leaders in a historic reversal of the 'pink tide' that dominated regional politics for much of the past decade.¹⁹⁵ Rather than consolidating these gains, the Trump Administration has alienated strategic partners—pushing many closer to Beijing—and upended the U.S.'s longstanding commitment to international law, with far-reaching implications for geopolitical competitors.

Home to our two largest trading partners—Canada and Mexico, which together accounted for over a quarter of total U.S. trade in 2025—and the Panama Canal, through which 40 percent of U.S. shipping containers transit annually, the Western Hemisphere is a central artery of U.S. global commerce.¹⁹⁶ The region is the primary provider of coffee, fruit, meat, sugar and other commodities to U.S. consumers.¹⁹⁷ It also holds an estimated 60 percent of the world's lithium reserves and 40 percent of copper reserves, minerals central to the future of advanced manufacturing, energy and the U.S. defense industrial base.¹⁹⁸ China's engagement in the region is similarly driven by high domestic demand for primary commodities, but also by geopolitical aims to isolate Taiwan and bolster authoritarian allies willing to challenge U.S. hegemony. Beijing has made significant inroads, surpassing the U.S. as South America's largest trading partner in 2024 and signing more than 20 countries across the region on to the BRI, securing significant concessions in critical minerals, energy and dual use infrastructure projects.¹⁹⁹



¹⁹⁵ Evan Ellis, "Leveraging Latin America's Embrace of the United States," Center for Strategic and International Studies (CSIS), Nov. 4, 2025, <https://www.csis.org/analysis/leveraging-latin-americas-embrace-united-states>.

¹⁹⁶ United States Census Bureau, "Top Trading Partners – November 2025," <https://www.census.gov/foreign-trade/statistics/highlights/topyr.html#total> (last visited Feb. 2, 2026).

¹⁹⁷ H&CO, "Best-Selling Products in Latin America: Opportunities for 2025," <https://www.hco.com/insights/best-selling-products-in-latin-america-opportunities> (last visited Feb. 2, 2026); Thomas Monteiro, "Latin America: The New Battleground For Critical Minerals," Global Finance, Mar. 5, 2025, <https://gfmag.com/economics-policy-regulation/latin-america-critical-minerals/>.

¹⁹⁸ Thomas Monteiro, "Latin America: The New Battleground For Critical Minerals," Global Finance, Mar. 5, 2025, <https://gfmag.com/economics-policy-regulation/latin-america-critical-minerals/>.

¹⁹⁹ Diana Roy, "China's Growing Influence in Latin America," Council on Foreign Relations, Apr. 12, 2022, <https://www.cfr.org/backgrounders/china-influence-latin-america-argentina-brazil-venezuela-security-energy-bri>.

Beyond economic interests, China has been forging stronger military ties in the region with arms sales, military exchanges and training programs.²⁰⁰

The success of efforts to counter Chinese influence in the region, to stem the flow of illicit narcotics entering the U.S., to prevent mass migration at the southern border, to near-shore critical supply chains and to ensure affordable foodstuffs are readily available to American families all depends, in large part, on the strength of U.S. partnerships in the region. Despite this reality, President Trump has threatened the sovereignty of numerous countries in the region, levied indiscriminate tariffs on trade across the hemisphere, bullied democratically elected leaders and demonstrated his willingness to make good on threats with unilateral military intervention.

Setting aside the impressive display of U.S. military capabilities, the Trump Administration's January 3 capture of Nicolás Maduro in Venezuela established a dangerous precedent for China, Russia, and other powers seeking to dominate their so-called spheres of influence. The unilateral operation undercut U.S. credibility in opposing Chinese aggression and territorial claims in the South China Sea, Taiwan, and Tibet. Beijing quickly exploited the episode to amplify criticism of Washington and cast itself as a defender of the Global South and international law, with China's Foreign Ministry denouncing the action as "a typical act of bullying" and a "serious violation of international law."²⁰¹ By normalizing unilateral regime capture, the Administration handed Beijing a propaganda victory while weakening the legal and moral foundations needed to counter authoritarian expansion elsewhere. The Trump Administration has also strained relations with close allies in the region, pushing even long-standing partners to hedge against U.S. unpredictability.

President Trump has repeatedly called for Canada to become the 51st U.S. state, he has levied a trade war against Canadian goods, and he recently commented that the United States-Mexico-Canada Agreement (USMCA)—which he negotiated in his first term—was 'irrelevant' and that Americans "don't need [Canadian] product."²⁰² It is no surprise that Canadian travel to the U.S. dropped by nearly 30 percent in 2025 and almost three-quarters of Canadians support continuing bans on American liquor, which as previously mentioned has come at a steep cost to distillers in the U.S.²⁰³ In October 2025, Canadian Prime Minister Mark Carney announced Canada would seek to double its non-U.S. exports over the next decade.²⁰⁴ In January 2026, he became the first Canadian leader in eight years to visit China, with the stated intent of diversifying trade partners.²⁰⁵

In the July report, the Committee Democrats outlined China's increased engagement with Colombia, historically the U.S.'s closest ally in South America. Since then, the Trump Administration has driven U.S.-Colombia relations to the brink of rupture, accelerating the country's drift into Beijing's orbit. In September, the Administration launched legally dubious military strikes in the Caribbean and Western

²⁰⁰ Andraina Itriago & Oscar Medina, "Colombia's Political Elite Is Embracing China Ahead of Elections," *Bloomberg*, Dec. 4, 2025, <https://www.bloomberg.com/news/features/2025-12-04/colombia-politicians-turn-to-china-not-trump-before-presidential-election?embedded-checkout=true>.

²⁰¹ James Landale, "US sharply criticised by foes and friends over Maduro seizure", *BBC*, Jan 5, 2026, <https://www.bbc.com/news/articles/cwy1812n13eo>

²⁰² Bo Erickson & David Shepardson, "Trump Says USMCA Is Irrelevant for US," *Reuters*, Jan. 13, 2026, <https://www.yahoo.com/news/articles/trump-says-us-does-not-180655094.html>.

²⁰³ Curtis Heinzl, "Canadian Trips to U.S. Plunged in 2025 Amid Tariffs, 51st State Jabs," *The Detroit News*, Jan. 13, 2026, <https://www.detroitnews.com/story/business/2026/01/13/canadian-trips-to-u-s-plunged-in-2025-amid-tariffs-51st-state-jabs/88157228007/?gnt-cfr=1&gca-cat=p&gca-uir=false&gca-epti=z117450u116850v117450&gca-ft=29&gca-ds=sophi>; Tony Romm, "Here's The Latest Trump Tariffs on Countries and Products," *The New York Times*, Feb. 2, 2026, <https://www.nytimes.com/interactive/2025/07/28/business/economy/trump-tariff-tracker.html>; Bo Erickson & David Shepardson, "Trump Says USMCA Is Irrelevant for US," *Reuters*, Jan. 13, 2026, <https://www.yahoo.com/news/articles/trump-says-us-does-not-180655094.html>;

Mathieu Dion, "Canadians Fiercely Back Ban on U.S. Booze As Trump Administration Balks, Distillers Suffer," *Financial Post*, Jan. 13, 2026, <https://financialpost.com/news/retail-marketing/canadians-back-ban-us-booze>.

²⁰⁴ Rob Gillies, "Prime Minister Mark Carney Says Canada Will Double Its Non-US Exports as Canadians Can't Rely on US," *The Associated Press* (AP), Oct. 23, 2025, <https://apnews.com/article/canada-carney-trump-budget-exports-c78a41c00167bc1d8177d5d74e34d09f>.

²⁰⁵ Ken Moritsugu, "Canadian prime minister hails renewed relations with China during his Beijing visit," *Associated Press*, January 15, 2026, <https://abcnews.go.com/International/wireStory/new-era-canada-china-relations-prime-minister-carney-129232756>.

Pacific against alleged drug-smuggling vessels—one of which reportedly killed a Colombian national aboard a fishing boat—triggering a sharp diplomatic escalation that culminated in the Trump Administration sanctioning Colombian President Gustavo Petro and members of his family and issuing personal threats against him.²⁰⁶ China, on the other hand, has been on a charm offensive, reportedly providing all-expense-paid trips to Colombian political leaders as part of a concerted push to host over 300 politicians a year from across the region.²⁰⁷ Similar efforts to court Brazilian legislators in 2019 are credited with the inclusion of Huawei in the nation’s 5G rollout, resulting in the broad deployment of Huawei equipment in Brazilian mobile networks.²⁰⁸

Even in countries like Ecuador, where the Trump Administration has taken some notable steps to increase bilateral cooperation, Chinese influence has increased, not decreased. Despite Ecuador’s reciprocal tariff framework agreement with the United States in November and selection as a Millennium Challenge Corporation (MCC) Compact partner in December of last year, the United States continues to fail to effectively compete with China.²⁰⁹ Chinese foreign direct investment, which amounted to 50 percent of all such investment in Ecuador in 2024, continues to outpace U.S. investment.²¹⁰ While Ecuador signed a free trade agreement (FTA) with China in 2023, it remains the only Pacific coast nation in Latin America without an FTA with the United States.²¹¹ According to former and current Ecuadorian government officials, they do not expect the Trump Administration to pursue an FTA with the country. Instead, Ecuador received a \$400 million Chinese investment in renewable energy and the commitment of additional energy and infrastructure investments by signing on to the Belt and Road Initiative in July 2025.²¹² Although Ecuadorian government officials are well aware of the quality and transparency issues associated with dealing with Chinese firms, most notably illustrated by the significant problems that have plagued the Coca Coda Sinclair dam project, governments officials feel little alternative but to strengthen relations with China, given the lack of sustained U.S. engagement and economic investment.²¹³

In December 2025, China released its third policy paper on Latin America and the Caribbean outlining expansive plans for deepening engagement across the region on topics ranging from diplomacy to security cooperation and cultural exchange. In a notable departure from previous policy papers, and in stark contrast to the U.S. slashing of foreign aid, Beijing included a new section on Development Assistance committing to “gradually expand the scale of assistance.”²¹⁴

²⁰⁶ Patrick Smith & Tatiana Rosas Lopéz, “Family of Colombian Man Killed in U.S. Strike Files Human Rights Challenge,” *NBC News*, July 16, 2025, <https://www.nbcnews.com/world/south-america/family-colombian-man-killed-us-strike-caribbean-files-human-rights-charge-rcna247311>; Jon Lee Andersen, “How Colombia’s President Reached An Uneasy Detente With Donald Trump,” *The New Yorker*, Jan. 14, 2026, <https://www.newyorker.com/news/the-lede/how-colombias-president-reached-an-uneasy-detente-with-donald-trump>.

²⁰⁷ Andreina Itriago & Oscar Medina, “Colombia’s Political Elite Is Embracing China Ahead of Elections,” *Bloomberg*, Dec. 4, 2025, <https://www.bloomberg.com/news/features/2025-12-04/colombia-politicians-turn-to-china-not-trump-before-presidential-election?embedded-checkout=true>.

²⁰⁸ *Id.*

²⁰⁹ President Donald J. Trump, Joint Statement for Framework for United States – Ecuador Agreement on Reciprocal Trade, The White House, November 2025, <https://www.whitehouse.gov/briefings-statements/2025/11/joint-statement-on-framework-for-united-states-ecuador-agreement-on-reciprocal-trade/>.

²¹⁰ The Millennium Challenge Corporation, Press Release, “MCC Selects Ecuador, Bolivia, and Guatemala for New Partnerships”, December 2025, <https://www.mcc.gov/news-and-events/release/release-121525-mcc-selects-ecuador-bolivia-guatemala/>; Sebastián Hurtado, “Noboa’s Balancing Act Between China and the U.S.,” *America’s Quarterly*, July 2025, <https://www.americasquarterly.org/article/noboas-balancing-act-between-china-and-the-u-s/>.

²¹¹ *Id.*

²¹² Fundación Andrés Bello, “Ecuador and China sign a cooperation plan to promote the Belt and Road Initiative”, July 1, 2025, <https://www.fundacionandresbello.org/en/news/ecuador-%F0%9F%87%AA%F0%9F%87%A8-news/ecuador-and-china-sign-a-cooperation-plan-to-promote-the-belt-and-road-initiative/>.

²¹³ Current Official, Government of Ecuador, October 2025; Néstor Aguilera, “Controversy in Ecuador’s Largest China-Built Infrastructure Project,” *VOA News*, last visited March 4, 2025, <https://projects.voanews.com/china/global-footprint/english/projects/infrastructure/controversy-in-ecuadors-largest-china-built-infrastructure-project.html>.

²¹⁴ Xinhua, “Full Text: China’s Policy Paper on Latin America and the Caribbean,” *Global Times*, Dec. 10, 2025, <https://www.globaltimes.cn/page/202512/1350190.shtml>.

Middle East and North Africa

On February 28th, President Trump launched a war against Iran with no clearly defined goals or timeline that has put U.S. servicemembers, diplomats, and citizens in danger. The war has already resulted in huge spikes in gas prices for Americans, compounding the affordability crisis our country is facing. Longer-term, this war will be a strategic detour that saps America's resources and bandwidth – a distraction from the economic, technological, and military competition with China that should preoccupy our national security institutions and leaders.

The Middle East remains vital to U.S. national security interests and competition with China, and the United States should seek to preserve its hard-won influence in the region. Gulf partners are building their defense and tech sectors, making them potential customers and key partners in edging out China globally. In its first year, however, the Trump Administration abandoned policy initiatives designed to counter rising Chinese influence in the region. Stalled or abandoned initiatives include the development of Open RAN technology to compete with Huawei 5G²¹⁵ and efforts to prevent the diffusion of critical U.S.

technology from Gulf partners to China.²¹⁶ At the same time, the Administration finalized major defense and technology deals with Gulf states, creating leverage and gaining a competitive advantage in AI development by tapping the region's vast energy resources. It remains unclear whether the absence of a coherent regional strategy reflects administrative incompetence, chronic understaffing or self-dealing, as President Trump and his associates continue to benefit personally from major commercial transactions in the region.

The Middle East presents the United States with economic opportunities in energy and emerging technologies, but as the war in Iran makes clear, it is also a key transit point for global trade. The Red Sea and the Strait of Hormuz serve as critical chokepoints for global trade and energy. About 20 percent of the world's oil passes through the Strait of Hormuz, which is why global oil prices have jumped by 15% already since the current conflict began.²¹⁷ ²¹⁸

The Administration's approach to countering China in the region has been inconsistent at best. Over the past year, the United States cemented long-term strategic relationships in the Gulf, deepened engagement with Syria and secured an end to fighting in Gaza. While China's bilateral trade with Saudi



²¹⁵ John Hendel, "Congress Pulls the Rug on U.S. Plan to Beat Huawei," *POLITICO*, Sept. 2, 2025, <https://www.politico.com/news/2025/09/02/congress-pulls-the-rug-on-u-s-plan-to-beat-huawei-00527620>.

²¹⁶ Michael Froman, "Trump's AI Gamble in the Gulf Reshapes U.S. Tech Strategy," Council on Foreign Relations, June 20, 2025, <https://www.cfr.org/articles/trumps-ai-gamble-gulf-reshapes-us-tech-strategy>.

²¹⁷ Louis Jacobson, "Experts analyze what the Iran war could mean for U.S. gasoline prices," <https://www.pbs.org/newshour/economy/experts-analyze-what-the-iran-war-could-mean-for-u-s-gasoline-prices>

²¹⁸ U.S. Energy Information Administration, "Amid Regional Conflict, the Strait of Hormuz Remains Critical Oil Chokepoint," Jun. 16, 2025, <https://www.eia.gov/todayinenergy/detail.php?id=65504>.

Arabia reached \$107.5 billion in 2024, President Trump signed an arms deal worth \$142 billion with the Saudis in May alone.²¹⁹ At the same time, the Administration stepped away from engagements in North Africa and Iraq and launched a poorly defined war against Iran. This uneven engagement created openings for China to deepen ties with Egypt, Jordan and Iraq through technology investments, BRI projects and defense cooperation. China has already demonstrated a willingness to act as mediator in the region, as it did in 2023 when Beijing helped broker a deescalation of tensions between Saudi Arabia and Iran.²²⁰ Gutting the U.S. diplomatic corps, as the Trump Administration has done through reorganization, RIFs and rescissions of appropriations, only further sets the stage for China to emerge as a diplomatic force in the region.

Over the past year, China continued expanding its footprint in the Middle East through large-scale infrastructure projects, oil and gas agreements and critical technology investments. Approximately 30 percent of China's BRI construction investment in 2025 was directed toward the region.²²¹ Concurrently, the Administration dismantled USAID, which helped develop bankable infrastructure projects for the Development Finance Corporation's (DFC) investment pipeline. Without USAID, DFC's capacity to compete economically in the region will be reduced. Collectively, these decisions weakened key U.S. financial and development tools needed to counter China's influence.

China's growing role in Egypt also illustrates lost opportunities, particularly in the defense sector. In 2025, Egypt and China conducted their first-ever joint air exercises.²²² While limited in military significance, the drills signal that Egypt is willing to diversify its strategic partnerships if U.S. engagement is heavily conditioned, particularly on human rights. Egyptian and Chinese businesses signed a manufacturing deal to locally develop drone technology on Egyptian soil, further expanding China's role in Egypt's defense industry.²²³ In July, Egypt and China also signed a \$100 million agreement to expand the China-Egypt Suez Economic and Trade Cooperation Zone, entrenching China's long-term commercial presence near the Suez Canal and increasing Beijing's potential leverage in future disputes affecting a critical global maritime chokepoint.²²⁴

²¹⁹ Andrew Roth & William Christou, "US and Saudi Arabia Sign \$142Bn Arms Deal as Trump to Meet Syrian Leader," May 13, 2025, <https://www.theguardian.com/us-news/2025/may/13/us-saudi-arabia-arms-deal-trump-meeting-syria>.

²²⁰ Matthew P. Funaiolo et al., "In China's Orbit: Beijing's Space Diplomacy in the Global South," *Center for Strategic and International Studies (CSIS)*, Jan. 15, 2026, <https://features.csis.org/hiddenreach/china-space-diplomacy-global-south/>; JT, "Jordan, China Sign \$1.15 Billion Deal to Explore Green Hydrogen Project," *The Jordan*, Sept. 14, 2025, <https://jordantimes.com/news/local/jordan-china-sign-115-billion-deal-to-explore-green-hydrogen-project>; Jared Levy & Ben Van Heuvelen, "Why China Is Here to Stay in Iraq's Energy Sector," *Atlantic Council*, MENASource, Nov. 5, 2025, <https://www.atlanticcouncil.org/blogs/menasource/why-china-is-here-to-stay-in-iraqs-energy-sector/>.

²²¹ Christoph Nedopil, *China Belt and Road Initiative (BRI) Investment Report 2025*, (Jan. 18, 2026), <https://blogs.griffith.edu.au/asiainsights/china-belt-and-road-initiative-bri-investment-report-2025-2/>.

²²² Joe Cash, "Chinese Fighter Jets Soar Over Egypt in First Joint Exercises," *Reuters*, May 6, 2025, <https://www.reuters.com/world/chinese-fighter-jets-soar-over-egypt-first-joint-exercises-2025-05-06/>.

²²³ Chinedu Okafor, "Egypt Gears Up for Local Drone Production Following New Deal with China," *Business Insider Africa*, Dec. 2, 2025, <https://africa.businessinsider.com/local/markets/egypt-gears-up-for-local-drone-production-following-new-deal-with-china/68whs4q>.

²²⁴ Joe Cash, "Chinese Premier Makes Landmark Zambia Trip as West Vies for Investment Foothold," *Reuters*, Nov. 19, 2025, <https://www.reuters.com/world/china/china-premier-makes-landmark-zambia-trip-west-vies-investment-foothold-2025-11-19/>.

Abandoning Multilateral Leadership

The Trump Administration’s National Security Strategy bluntly declares that “the days of the United States propping up the entire world order like Atlas are over.”²²⁵ While the United States has played a central role in establishing and strengthening the UN and the broader rules-based international order, this framing ignores the substantial sacrifices and contributions made by U.S. allies to sustain global peace and prosperity. It also mischaracterizes U.S. participation as unilateral charity rather than a strategic investment in influence, legitimacy, and international rule-setting.

The U.S. has historically been the largest contributor to the UN’s regular budget and peacekeeping operations. Assessed contributions are calculated based on a country’s share of global gross national income and adjusted for factors such as public debt and population. As the world’s largest economy, it is

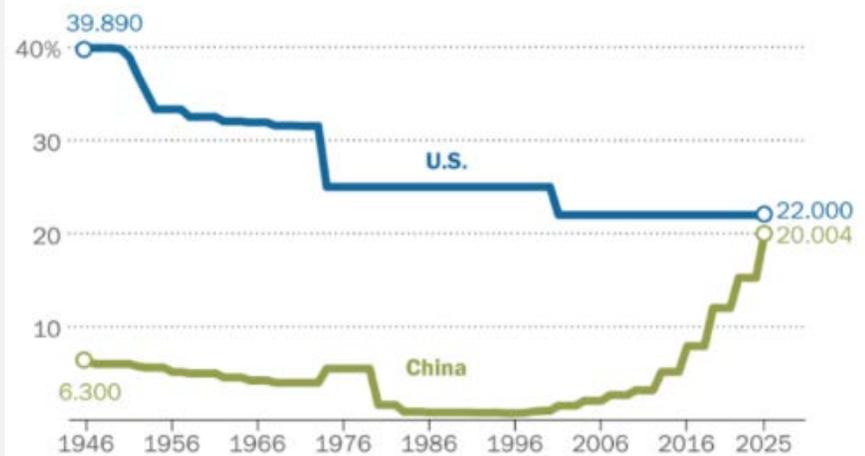
neither anomalous nor inequitable that the U.S. would bear the largest share. Even so, U.S. contributions in 2025 accounted for only 22 percent of the UN’s regular budget and 26 percent of peacekeeping—levels that have declined steadily over time and now sit at historic lows.²²⁶ By contrast, China recorded the largest increase in assessed dues since 2000, contributing 20 percent of the 2025 regular budget and 23 percent of peacekeeping funding.²²⁷ If current trends

continue, China is poised to surpass the United States as the UN’s largest financial contributor—granting Beijing greater leverage over agenda-setting and institutional priorities.

As the Committee Democrats outlined in its July report, China has leveraged increased dues to expand its personnel and leadership footprint within the UN agencies. According to UN human resources data, between 2018 and 2024, China increased its UN personnel by 35 percent—compared to a mere two percent increase in U.S. personnel over the same period. The U.S.-China Economic and Security Review Commission reported that Beijing has tabulated nearly 50 Chinese nationals in leadership positions across key UN agencies and other international organizations.²²⁸ In contrast, in January 2026, the

U.S. assessments for the UN regular budget have fallen over time, while China’s have risen

Assessment rate for the UN regular budget, 1946-2025



Source: United Nations Committee on Contributions, “United Nations scale of assessments for the regular budget, 1946-2027.”

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²²⁵ The White House, National Security Strategy, at 12 (Nov. 2025), <https://www.whitehouse.gov/wp-content/uploads/2025/12/2025-National-Security-Strategy.pdf>.

²²⁶ Rebecca Leppert, “How the United Nations is Funded, and Who Pays the Most,” Pew Research Center, Jul. 31, 2025, <https://www.pewresearch.org/short-reads/2025/07/31/how-the-united-nations-is-funded-and-who-pays-the-most/>.

²²⁷ *Id.*

²²⁸ U.S.-China Economic and Security Review Commission, 2025 Report to Congress: U.S.-China Economic and Security Review Commission, (Nov. 2025), <https://www.uscc.gov/sites/default/files/2025->

Trump Administration announced it would withdraw the U.S. from 66 international organizations—approximately half from the UN system and the remainder from other multilateral bodies.²²⁹ Combined with previously announced exits from the World Health Organization, the UN Educational, Scientific and Cultural Organization, the UN Human Rights Council and several UN environment and energy organizations, President Trump’s actions amount to an unprecedented abdication of U.S. leadership and influence in international institutions.²³⁰

Take the UN Framework Convention on Climate Change—the treaty framework the U.S. Senate unanimously ratified in 1992 under President George H.W. Bush that shapes global initiatives and rules governing climate change—or the International Solar Alliance, which guides solar energy deployment and financing across the Global South. Withdrawing from these bodies hands China and other near-peer competitors a clear opening to shape the global energy transition without an American voice at the table. Chinese firms already enjoy commanding market share in green energy infrastructure across the Global South. Forfeiting the ability to define terms, block harmful initiatives, or build coalitions around U.S. policy priorities only further disadvantages U.S. companies that are generating well-paid American jobs in the clean energy sector. The United States’ withdrawal from the International Law Commission is another concerning example. The body has long laid the groundwork for treaties governing security, diplomacy, and commerce, including the Vienna Convention on Diplomatic Relations, a cornerstone of international law that shapes how states treat one another’s diplomats, including requiring host countries to permit foreign officials to communicate freely with their capitals.²³¹ Walking away from this body concedes to China and other near-peer competitors the ability to shape norms and international rule-making that bear upon American security interests, military operations and the equities of U.S. businesses and citizens abroad.

The Administration is also planning to withdraw from the UN Democracy Fund and the International Institute for Democracy and Electoral Assistance.²³² These bodies help to protect human rights and democratic participation globally, serving as an important check on Beijing and Moscow’s support for authoritarian regimes. Following its withdrawal from the UN Human Rights Council, the Trump Administration also refused to participate in the Universal Periodic Review (UPR) process, a mechanism the U.S. helped to establish as a forum for member states to evaluate voluntary efforts to promote human rights. The only other government to refuse participation in the process is the authoritarian socialist government of Nicaragua.²³³ As scholars have noted, including Nobel Laureate Amartya Sen, human rights violations are closely correlated with hunger, poverty, instability, migration, violent extremism, and conflict—all of which pose a threat to Americans and U.S. national security.²³⁴

In addition to retreating from the UN and other international bodies, the Trump Administration has abandoned key multilateral fora where global leaders convene to address some of the most pressing issues facing the international community, including climate change, technology governance, and the global energy transition. The Administration’s withdrawal from the Paris Agreement and notable

11/2025_Executive_Summary.pdf#:~:text=On%20behalf%20of%20the%20U.S.%2DChina%20Economic%20and,to%20approve%20and%20submit%20it%20to%20Congress.

²²⁹ The White House, “Withdrawing the United States from International Organizations, Conventions, and Treaties that Are Contrary to the Interests of the United States,” Jan. 7, 2026, <https://www.whitehouse.gov/presidential-actions/2026/01/withdrawing-the-united-states-from-international-organizations-conventions-and-treaties-that-are-contrary-to-the-interests-of-the-united-states/>.

²³⁰ The White House, “Withdrawing the United States from the World Health Organization,” Jan. 20, 2025, <https://www.whitehouse.gov/presidential-actions/2025/01/withdrawing-the-united-states-from-the-worldhealth-organization/>.

²³¹ United Nations, *Vienna Convention on Diplomatic Relations*, (Apr. 18, 1961), https://legal.un.org/ilc/texts/instruments/english/conventions/9_1_1961.pdf.

²³² The White House, “Withdrawing the United States from International Organizations, Conventions, and Treaties that Are Contrary to the Interests of the United States,” Jan. 7, 2026, <https://www.whitehouse.gov/presidential-actions/2026/01/withdrawing-the-united-states-from-international-organizations-conventions-and-treaties-that-are-contrary-to-the-interests-of-the-united-states/>.

²³³ UPR Info, “HRC Decision Asks: Nicaragua, Come Back,” Oct. 14, 2025, <https://upr-info.org/en/news/hrc-decision-asks-nicaragua-come-back#:~:text=At%20its%2060th%20session%2C%20the,the%20State%20resume%20its%20participation>.

²³⁴ Amartya Sen, “Violence, Identity, and Poverty”, *Journal of Peace Research*, Jan. 2008, <https://www.jstor.org/stable/27640620>

absence from UN climate talks in Brazil—the first U.S. absence in three decades—was a clear boon to Beijing’s climate diplomacy and next-generation energy industry.²³⁵ China’s pavilion dominated the entrance hall at the conference grounds in both a literal and symbolic show of its growing leadership role in shaping the future of energy production. China is also seeking to host the secretariat for the newly enacted High Seas Treaty, an international agreement designed to manage and safeguard parts of the ocean located beyond national jurisdictions. While the U.S. has not yet ratified the treaty, selecting China would pose a major security threat to the U.S. and its allies. In addition to abandoning climate negotiations, the Trump Administration has cancelled billions of dollars in grants supporting hundreds of next-generation energy projects, hurting American businesses and undermining U.S. competitiveness in rapidly expanding global markets.²³⁶

The Trump Administration’s boycott of the G20 Leaders’ Summit in South Africa in November 2025 was another first for the United States.²³⁷ The G20 is a forum for the world’s leading economies and provides strategic direction to multilateral institutions across an array of topics from corruption to global health. Walking away from forums like the G20 and withdrawing from UN institutions weakens U.S. strategic partnerships, undermines our ability to protect U.S. interests, and erodes the international order forged under U.S. leadership following World War II. Amid the chaos and conflict that has come to characterize the Trump Administration’s foreign policy, withdrawal from the U.N. and other international bodies may seem inconsequential. In reality, decisions made within the institutions and fora governing world affairs—from preventing the next global pandemic to addressing climate change and AI safety—are directly tied to the economic security, public health, and general welfare of communities across the United States.

²³⁵ Fred Santana, “US Absence at COP30 Exacerbates Financial Challenges to Meet Climate Targets,” *Earth.Org*, Nov. 20, 2025, <https://earth.org/us-absence-at-cop30-exacerbates-financial-challenge-to-meet-climate-targets/#:~:text=US%20Absence%20at%20COP30%20Exacerbates%20Financial%20Challenge%20to%20Meet%20Climate%20Targets&text=For%20the%20first%20time%20in,Trump%20administrati>.

²³⁶ U.S. Department of Energy, “Energy Department Announces Termination of 223 Projects, Saving Over \$7.5 Billion,” Oct. 1, 2025, <https://www.energy.gov/articles/energy-department-announces-termination-223-projects-saving-over-75-billion>.

²³⁷ Kate Bartlett, “G20 Summit Closes in South Africa After U.S. Absence,” *NPR*, Nov. 23, 2025, <https://www.npr.org/2025/11/23/nx-s1-5616430/g20-summit-ends-south-africa-trump-ramaphosa#:~:text=The%20Trump%20administration%20boycotted%20the%20G20%20Leaders',The%20debt%20burden%20faced%20by%20poorer%20countries>.

Conclusions and Recommendations

As this report makes clear, the damage identified by the Committee Democrats in July has not only continued but accelerated. Across nearly every domain central to U.S. strategic competition with China—domestic economic dynamism and innovation, diplomacy, strategic partnerships and alliances, and multilateral leadership—the Trump Administration has severely weakened U.S. standing on the world stage. China has moved decisively to seize new advantages. President Trump and his team have demonstrated a fundamental misunderstanding of the nature and sources of American power and of the concrete value in the alliances, global norms and rules that Washington and its allies have promulgated and protected since the end of World War II. America’s power and influence do not derive from military might and economic leverage alone. Their sources include the ability to attract and retain talent from abroad to enrich our economy; the strength of our nation’s small businesses; the synergy between public investment, scientific achievement and entrepreneurial innovation; the U.S. diplomatic corps and the robust foreign policy tools and infrastructure its personnel direct; and a definition of security and prosperity that are collective rather than zero-sum. The Trump Administration has abandoned and dismantled these sources of power in favor of a go-it-alone, transactional approach to engaging with the world. The damage to America’s security and influence may take decades to repair, and Congress should begin this work in earnest.

Many of the recommendations outlined in the Committee Democrats’ July report remain relevant, including the need to rein in Trump’s indiscriminate tariff wars; rebuild America’s ability to deploy strategic foreign aid; and re-establish counter-disinformation functions. On a bipartisan basis, Congress pushed back against the Administration’s aggressive cuts to American diplomacy by enacting the Consolidated Appropriations Act of 2026. The act restored vital funding to the State Department and foreign assistance programming while enforcing additional guardrails to prevent the Administration from circumventing Congressional directives. Building on this foundation, the following recommendations outline additional steps to prevent further erosion of U.S. global standing and to restore the foundations of America’s competitive advantage.

- **Congress should enact legislation that bans the sale of cutting-edge AI chips to foreign adversaries and imposes stringent restrictions on less advanced yet still powerful semiconductors.** The Administration initially, and correctly, banned sales of NVIDIA’s H200 chip – a less advanced yet still capable semiconductor designed to skirt export control rules – in April 2025. It then backtracked in the face of pressure from private sector leaders. Congress has a crucial role to play by passing bipartisan legislation that prevents the Administration from similar backsliding on critical controls that protect American jobs and national security. We urge bipartisan support to pass legislation that restricts these sales to U.S. adversaries.
- **Congress should enact legislation that makes it easier to sell American technology to trusted partners under the right conditions.** America cannot win the technological competition with China by walling its best tools off from the rest of the world. Although we need to protect leading edge technology from co-optation by adversaries, Congress has a role to play in making it easier for trusted allies and partners to acquire U.S. technology on favorable terms and with the right concessions. This will not only ensure that American firms continue to lead the way but will also prevent adversaries from locking in commercial advantage to the detriment of U.S. interests.

- **Congress must reassert its role in trade policy and put a stop to the Trump Administration’s damaging trade wars.** Following the Supreme Court’s ruling invalidating Trump’s abuse of the International Emergency Economic Powers Act (IEEPA), Congress should ensure refunds of illegal tariffs are paid quickly and then reclaim its traditional role in trade policy by restricting President Trump’s abuse of trade authorities. Trump’s reckless and irresponsible use of tariffs have hurt American families, above all, and wrecked longstanding alliances and partnerships.
- **Congress should pass the bipartisan SECURE Minerals Act and the Critical Minerals Partnership Act.** The United States cannot effectively challenge PRC control over critical minerals without a dual strategy that combines the might of U.S. domestic industry and the effectiveness of the United States’ alliance and partnership network. The SECURE Minerals Act would ensure that the U.S. has a reliable supply of critical minerals by investing in domestic and allied production capacity for critical minerals. The Critical Minerals Partnership Act would codify U.S. participation in the Minerals Security Partnership and authorize the President to form an international coalition to secure reliable critical mineral supply chains.
- **The Administration and Congress should jointly convey unwavering support for enhancing deterrence in the Taiwan Strait.** The Administration rightly proposed and Congress speedily approved an \$11 billion arms package to shore up Taiwan’s self-defense capabilities. It is imperative that as Xi Jinping presses President Trump over multiple engagements in 2026 for dilution of America’s commitment to deterrence, U.S. officials maintain longstanding policy. Congress can play a crucial role in shoring up Taiwan’s resilience at this critical time, including by passing bipartisan legislation approved by SFRC in recent months to enhance Taiwan’s energy security; defend its subsea cables infrastructure; support Taipei’s international partners standing up to PRC coercion; prepare to hold Beijing accountable through sanctions in a contingency; and speed the arms sale process. We urge bipartisan support to fast-track:
 - **S.2722**, - Taiwan Energy and Anti-Embargo Act
 - **S.2222**, - Taiwan Undersea Cable Resilience Initiative Act
 - **S.1216**, - Taiwan Allies Fund Act
 - **S.2684**, - United States-Taiwan Partnership in the Americas Act
 - **S.2224**, - Taiwan International Solidarity Act
 - **S.2960**, - Deter PRC Aggression Against Taiwan Act
 - **S.1744**, - PORCUPINE Act
- **Congress should demonstrate lasting support for Ukraine by codifying security guarantees for a post-war environment.** The international community has seen how volatile U.S. policy can be from one Administration to the next. The only way to ensure that our support for Ukraine endures across administrations is for Congress to codify that support. Congressional action will convey to friends that we stand with Ukraine and understand the existential threat that Russia poses to Europe. NATO Allies must be certain that the United States will not let them down in a time of crisis for the Euro Atlantic community. And just as critically, Congressional action will send a message to our adversaries that the United States can make and keep a commitment to a key partner under attack – whether in Europe or the Indo-Pacific.

- **Congress should enact the bipartisan SHADOW Fleet Sanctions Act of 2026**, led by Chairman Jim Risch and Ranking Member Jeanne Shaheen, to limit Russia's revenue to support its war against Ukraine. Through support for Ukraine, Congress will send a strong message to China that the United States stands by its allies and partners and can keep its commitments in the medium and long term. China will see the impact of united Euro Atlantic accountability efforts should it consider similar aggressive conduct toward America's partners in the Indo Pacific.
- **Congress must hold the Administration accountable to fully implement the Fiscal Year 2026 State and Foreign Operations Appropriations bill** which restores terminated foreign assistance funding for education; agriculture and food security programs; democracy, human rights, the rule of law and governance; maternal and child health and family planning; and economic development, which are integral to saving lives, building bilateral relationships, advancing democracy and the rule of law and paving engagement for American private sector exports and investment.
- **Congress must pursue robust oversight of foreign assistance spending**, particularly for newly created funds like the National Security Investment Program and the loosely defined America First Opportunity Fund (A1OF), by Congressional staff, the State Department and USAID Inspectors' General, and the U.S. Government Accountability Office (GAO). Congress should insist on timely Executive Branch compliance with statutory spending transparency tools, including USASpending.gov and ForeignAssistance.gov.
- **Congress must enact the bipartisan, bicameral *Saving Lives and Taxpayer Dollars Act*** to require the Administration to prevent U.S. taxpayer funded foreign assistance commodities from spoiling, expiring or being destroyed. During 2025, \$9.7 million in basic family planning commodities were wasted or destroyed with no effort to recover costs for taxpayers and hundreds of metric tons of high-energy biscuits and food commodities expired while waiting for distribution to people in need. Stewardship of life-saving commodities and transparency about spoilage and destruction are critical to preventing government waste.
- **The Administration must prioritize nominating qualified career experts for Ambassador** and other diplomatic positions and refrain from politicizing career diplomatic staff, to ensure American diplomats are confirmed and deployed rapidly to posts around the world.
- **Congress should enact legislation that limits unilateral executive authority to issue travel bans or modify visa fees and requirements.** The Administration's actions are deterring skilled workers in critical national security sectors from working in the U.S. and preventing international students from enrolling at U.S. institutions. Congress needs to serve as a check on executive power to ensure America continues to be the world's preferred destination for top talent and expertise.



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