

GAO Highlights

Highlights of [GAO-23-105538](#), a report to the Ranking Member, Subcommittee on National Security and International Trade and Finance, Committee on Banking, Housing, and Urban Affairs, U.S. Senate

Why GAO Did This Study

U.S. agencies provide funding through assistance awards and contracts to foreign recipients to support U.S. goals. Some of these foreign recipients are entities located in China—a major U.S. trading partner and strategic rival. EXIM also provides financing, such as loans, guarantees, and insurance, to Chinese or other entities, to facilitate U.S. exports to China.

GAO was asked to review U.S. funding and financing of entities located in China. This report examines (1) funding obligated by U.S. agencies through assistance awards and contracts to entities located in China from fiscal years 2017 through 2021; and (2) financing provided by EXIM for U.S. exports to China, or to Chinese state-owned entities, from fiscal years 2012 through 2021.

GAO analyzed assistance award and contract data in USAspending.gov from fiscal years 2017 through 2021 and validated these data with five U.S. agencies that accounted for about 99 percent of the funding obligated to entities in China. GAO also analyzed subaward data in USAspending.gov for two U.S. agencies whose award recipients reported providing the largest amount of funding through subawards to entities in China and discussed subaward data limitations with these agencies. GAO analyzed EXIM financing data on U.S. exports to China from fiscal years 2012 through 2021—a 10-year scope that includes a 4-year period when EXIM lacked full funding authority, according to EXIM. GAO interviewed agency officials about these funding and financing activities.

View [GAO-23-105538](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or gianopoulosk@gao.gov.

APRIL 2023

FEDERAL SPENDING

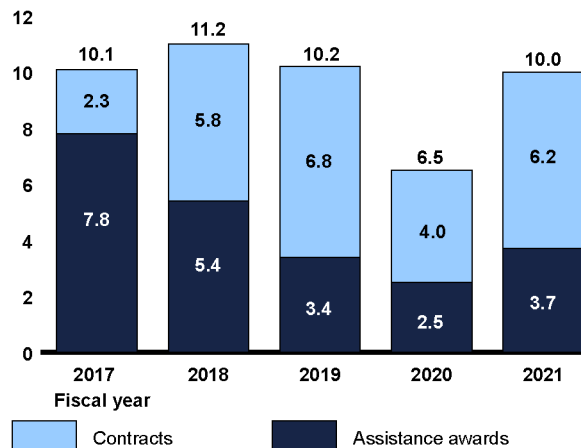
Information on U.S. Funding to Entities Located in China

What GAO Found

U.S. agencies reported providing at least \$48 million in obligations for various purposes to entities located in China from fiscal years 2017 through 2021. Of this amount, agencies obligated about \$22.8 million through assistance awards and about \$25.2 million through contracts. For example, the Department of Health and Human Services obligated funding through assistance awards to study infectious diseases, and the Department of State obligated funding through contracts to purchase goods and services for U.S. government operations in China. U.S. award recipients also provided funding through subawards to entities located in China. However, the full extent of these subawards is unknown because of limitations in the completeness and accuracy of subaward data reported in government systems. For example, subaward data may be incomplete because award recipients are required to provide information only for subawards valued at \$30,000 or more, in accordance with federal subaward reporting requirements. Limitations in subaward data is a government-wide issue and not unique to U.S. funding to entities in China. GAO is currently examining the state of federal government-wide subaward data as part of a separate review.

U.S. Agencies' Obligations to Entities Located in China, Fiscal Years 2017–2021

Dollars (in millions)



Note: Amounts shown may not sum to totals because of rounding.

GAO analysis of U.S. agency-reported data in USAspending.gov. | GAO-23-105538

From fiscal years 2012 through 2021, the Export-Import Bank (EXIM) supported U.S. exports to China through loan guarantees and export credit insurance. Prior to 2016, EXIM provided most of its financing through loan guarantees to support U.S. aircraft exports to China. According to EXIM data, EXIM's largest single loan guarantee totaled \$830 million to support Air China's purchase of aircraft manufactured by The Boeing Company in fiscal year 2012. EXIM's annual financial exposure to China (i.e., EXIM's outstanding credit risk attributable to entities in China) has declined every year since fiscal year 2015. EXIM defines Chinese state-owned entities as entities owned by the government of China in addition to those entities that, since EXIM's 2019 reauthorization, EXIM identified as partially owned by the government of China. Chinese state-owned entities accounted for less than 5 percent of total exposure to China at the end of fiscal year 2021, according to EXIM data.