

## CHINESE STATE-OWNED ENTERPRISE INVESTMENT: AN ECONOMIC STATECRAFT

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China has overtaken Japan as the world's second-biggest economy.<sup>1</sup> In a remarkably short span— less than fifteen years— the United States economy has experienced a relatively huge decline vis-à-vis China on a nominal GDP basis.<sup>2</sup>

China's remarkable economic growth, fueled by an opening of markets, globalization, and booming free trade, has provided immense financial benefit to Chinese companies.<sup>3</sup> The free market open rules trading system has “led to the establishment of China as a major global exporter.”<sup>4</sup> As China's economy has boomed, China has looked increasingly abroad for investment opportunities to both employ its financial resources and provide long-term growth for its citizens.<sup>5</sup>

Many of China's large companies are state-owned enterprises (SOEs), and SOEs are the primary drivers of Chinese investment.<sup>6</sup> Chinese SOEs receive preferential treatment in terms of access to capital and licensing, winning government procurement

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<sup>1</sup> See *Projected GDP Ranking* (2018), STATISTICS TIMES (Apr. 2, 2018), <http://statisticstimes.com/economy/projected-world-gdp-ranking.php>.

<sup>2</sup> See WAYNE M. MORRISON, CONGRESSIONAL RESEARCH SERVICE, CHINA'S ECONOMIC RISE: HISTORY, TRENDS, CHALLENGES, AND IMPLICATIONS FOR THE UNITED STATES, 8 (2018).

<sup>3</sup> *Id.*

<sup>4</sup> See Zhong Nan & Jing Shuiyu, *Steps Will Spur Imports as Export Growth Slows*, TELEGRAPH (Jan. 22, 2019), <https://www.telegraph.co.uk/china-watch/business/china-import-and-export/>.

<sup>5</sup> *Id.*

<sup>6</sup> See CHINA INSTITUTE, UNIVERSITY OF ALBERTA, STATE-OWNED ENTERPRISES IN THE CHINESE ECONOMY TODAY: ROLE, REFORM, AND EVOLUTION, 2-4 (2018).

contracts, and obtaining regulatory approval within China.<sup>7</sup> They are deployed to advance Chinese governmental aims and “serv[e] political goals, including fostering indigenous innovation, supporting social stability and crisis response in China, and advancing economic initiatives abroad, such as ‘One Belt, One Road.’”<sup>8</sup>

By definition, all SOEs raise concerns because of their connection to their home states. These anxieties over state-owned businesses are not unique to Chinese companies, and all SOEs in other countries provoke the same concerns.<sup>9</sup> Investments made by states trigger different regulatory sensitivities compared to considerations raised by private companies because of the possibility that in conducting business, government-owned or -controlled entities may utilize political motivations and substitute political ambitions instead of or in addition to profit-making.

These concerns are tied to any government-owned business that potentially subjugates private market interests to the political interests of the state or, alternatively, acts with additional motives than traditional market incentives.<sup>10</sup> Indeed, such concerns are not entirely new. An example of prior concerns related to government-owned businesses and their investment decisions was the opposition over Dubai Ports World’s attempt to invest in the U.S.<sup>11</sup> In 2007, Dubai Ports World—an institution owned by the government of the

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<sup>7</sup> See Wendy Leutert, *China’s Reform of State-Owned Enterprises*, 21 ASIA POL’Y 83, 86 (2016).

<sup>8</sup> *Id.*

<sup>9</sup> See Ines Willekens, *Disciplines on State-Owned Enterprises in International Economic Law: Are We Moving in the Right Direction?*, 19 J. Int’l Econ. L. 657, 661 (2016).

<sup>10</sup> See *Sovereign Wealth Fund Acquisitions and Other Foreign Government Investments in the United States: Assessing the Economic and National Security Implications: Hearing Before the S. Comm. on Banking, Housing, and Urban Affairs*, 110th Cong. 4 (2007) (testimony of Edwin M. Truman, Senior Fellow, Peterson Institute for International Economics).

<sup>11</sup> See Bashar H. Malkawi, *The Dubai Ports World Deal and U.S. Trade and Investment Policy in an Era of National Security*, 7 J. World Inv. & Trade 443, 452 (2006).

Emirate of Dubai—sought to acquire port terminals located in the U.S.<sup>12</sup> Members of the U.S. Congress, concerned about a foreign government controlling the flow of goods and people into the U.S., voiced strenuous opposition to the move on national security grounds. In this respect, Chinese SOEs are no different than other state-owned businesses.<sup>13</sup>

However, there are additional factors with respect to China's SOEs that increase national security concerns of Foreign Direct Investment (FDI) recipient nations; China's political structure and unique state dominance/control of SOEs presents a different type of investor.<sup>14</sup> China is non-market economy and involved in all critical economic sectors.<sup>15</sup> Describing the Chinese economy, Professor Julien Chaisse of The Chinese University of Hong Kong stated that “[t]he way that the Chinese government exercises ‘state capitalism’ is that it directly or indirectly controls a large number of powerful SOEs, especially in key strategic sectors.”<sup>16</sup>

The *raison d'être* of Chinese SOEs is the advancement of the Chinese Communist Party's (CCP) objectives, thus amplifying the general "state-ownership" concerns. China is ruled by one political party, the CCP, and its domination of Chinese SOEs is of critical importance.<sup>17</sup> The CCP wields near total non-financial control over its citizenry, legislates the law of the land, and appoints judges that interpret its law.<sup>18</sup> These facts are not meant as a criticism of China,

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<sup>12</sup> *Id.*

<sup>13</sup> See BuyRu Ding, 'Public Body' or Not: Chinese State-Owned Enterprise, J. World Trade 167, 173 (2014).

<sup>14</sup> See Guo Shuqing, *The Government's Role in China's Market Economy*, 32 THE CHINESE ECONOMY 26, 31-33 (1999).

<sup>15</sup> *Id.*

<sup>16</sup> See Julien Chaisse, *Demystifying Public Security Exception and Limitations on Capital Movement: Hard Law, Soft Law and Sovereign Investments in the EU Internal Market*, 37 U. Pa. J. Int'l L. 583, 594 (2015).

<sup>17</sup> See Gabriel Wildau, *China's State-Owned Zombie Economy*, FINANCIAL TIMES (Feb. 29, 2016), <https://www.ft.com/content/253d7eb0-ca6c-11e5-84df-70594b99fc47>.

<sup>18</sup> See KERRY DUMBAUGH & MICHAEL F. MARTIN, CONGRESSIONAL RESEARCH SERVICE, UNDERSTANDING CHINA'S POLITICAL SYSTEM 3-4 (2009).

which has expressed no intent to aggressively advance such goals. Nevertheless, Chinese SOEs may have motivations that align with CCP goals and those aims may not necessarily correlate with other countries' national interests.

While the U.S. government also wishes to advance its geopolitical goals, the key distinction is that the U.S. government's pursuit of policies is not necessarily part of private U.S. company investment decision-making. In evaluating FDI from U.S. companies, the presumption is the decision to invest is motivated one-hundred percent by profit. The same cannot be said of Chinese SOE investment. It is thus crucial to internalize that Chinese SOEs related investments may very well harbor an agenda to advance strategic goals for the CCP. These concerns can be expected to grow. The CCP is apparently strengthening its control over SOEs.<sup>19</sup>

The potential motivation to further the goals of an alternative vision of global governance by a private entity investing and buying companies is a very different context for review than traditional corporate acquirers. In addition, investments and joint ventures from SOEs may not be an efficient allocation of resources or profit-generators.<sup>20</sup> If investments are not based upon pure economic motivations, the investments may prove to be less than stellar performers or at a minimum, fail to achieve potential returns. Crucially, such motivations bring potential economic risk and loss of potential into the calculus for a recipient nation.

China has acknowledged the crucial need to reform its inefficient SOEs and that doing so would lend confidence to

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<sup>19</sup> See Kjeld Erik Brødsgaard, *Can China Keep Controlling its SOEs?*, DIPLOMAT (Mar. 5, 2018), <https://thediplomat.com/2018/03/can-china-keep-controlling-its-soes/>.

<sup>20</sup> See, e.g., *China Says Debt Risk for Main State-Owned Enterprises is Controllable*, BUSINESS TIMES (Jan. 27, 2017), [http://economictimes.indiatimes.com/articleshow/56806126.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/56806126.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst) (arguing that while many state companies are bloated and inefficient, China has relied on them more heavily over the past year to generate economic growth in the face of cooling private investment).

recipient nations and lower concerns.<sup>21</sup> However, economic considerations have not trumped political considerations thus far. Rather than utilizing pure economic factors as the benchmark for SOE reform, political factors are considered that may impinge on the profit-making calculus private sector companies engage in.<sup>22</sup> In terms of enacting reforms to China's SOEs, economic performance is surely a factor but not necessarily the controlling factor as it would be in a private sector business.<sup>23</sup> This demonstrates that SOE investment in other countries may potentially be based, at least in part, upon non-economic factors. The fact that some SOEs investments may not have pure economic profit as the driving factor may constitute an inefficient allocation of financial resources and economic potential in addition to raising security concerns.

Although FDI is acknowledged as beneficial and an important enabler of economic vitality, many governments are concerned about the national security implications of FDI.<sup>24</sup> Chinese FDI has come under more stringent scrutiny in recent years sparked by political concerns about foreign ownership in Europe<sup>25</sup>

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<sup>21</sup> For an excellent discussion of SOE reforms see Leutert, *supra* note 7.

<sup>22</sup> *Id.* at 86 (discussing Beijing's September 2015 release of its long-delayed guiding opinions for reforming state firms, to be followed by a series of policy documents, and noting that three key challenges, block the path ahead: deciding when and how to grant market forces a greater role, especially after stock market turmoil; aligning managerial incentives with firm performance and corporate governance priorities; and overcoming company-level obstacles).

<sup>23</sup> See Catherine Tai, *China's Private Sector is Under Siege*, DIPLOMAT (Dec. 22, 2018), <https://thediplomat.com/2018/12/chinas-private-sector-is-under-siege/>.

<sup>24</sup> See Alan P. Larson & David M. Marchick, *Foreign Investment and National Security: Getting the Balance Right*, Council on Foreign Relations CSR No. 18, 4-5 (July 2006).

<sup>25</sup> See Keith Johnson & Elias Groll, *As West Grows Wary, Chinese Investment Plummets*, FOREIGN POLICY (Jan. 14, 2019), <https://foreignpolicy.com/2019/01/14/chinese-investment-in-the-united-states-and-europe-plummets/> (discussing Chinese firms investing just \$30 billion in the United States, Canada, and Europe in 2018, a stark reversal from the \$111 billion invested in 2017 and the \$94 billion in 2016, and noting that Chinese investment has reinvigorated some sectors, such as European ports, while about 140,000 U.S. jobs are directly provided by Chinese companies).

and the U.S.<sup>26</sup> Some in the U.S. have urged a complete ban on Chinese SOE investment.<sup>27</sup> The U.S. is not alone in signaling a possible reassessment. The EU has also expressed concerns regarding China's FDI into the EU and the associated national security risks of "One Belt, One Road" (OBOR)-driven investment.<sup>28</sup> EU diplomats expressed that "suspicions ran deep over China's geopolitical intentions in Europe, particularly with its massive trade and infrastructure plan, the 'Belt and Road Initiative.'"<sup>29</sup>

On account of these developments, the laws of the U.S. as they relate to foreign investment and national security assume greater importance. The U.S. remains the world's largest net capital importer, attracting more than half of the total Organization of Economic Co-operation and Development inflows.<sup>30</sup> Changes in the content or application of U.S. laws governing foreign investment could, therefore, not only lead other countries to follow, but it could also force significant changes in the flow of FDI worldwide.

The U.S. Treasury Department's Committee on Foreign Investment in the United States (CFIUS) is the primary vetting mechanism in this area.<sup>31</sup> CFIUS wields the power to review a "covered transaction," defined as "any merger, acquisition or

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<sup>26</sup> *Id.*

<sup>27</sup> See Geoff Dyer, *US Urged to Ban Acquisitions by Chinese State-Owned Companies*, FINANCIAL TIMES (Nov. 16, 2016), <https://www.ft.com/content/02920e8a-ac48-11e6-ba7d-76378e4fef24>.

<sup>28</sup> See Philippe Le Corre, *Europe's Mixed Views on China's One Belt, One Road Initiative*, BROOKINGS INST. (May 23, 2017), <https://www.brookings.edu/blog/order-from-chaos/2017/05/23/europes-mixed-views-on-chinas-one-belt-one-road-initiative/>.

<sup>29</sup> *Id.*

<sup>30</sup> See UNCTAD, *World Investment Report* (2018), <https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2130> (last visited Dec. 20, 2018) (reporting that the United States has remained the largest recipient of FDI, attracting \$275 billion in inflows).

<sup>31</sup> See U.S. Dep't of the Treasury, *The Committee on Foreign Investment in the United States (CFIUS)*, <https://home.treasury.gov/policy-issues/international/the-committee-on-foreign-investment-in-the-united-states-cfius> (last visited June 4, 2019).

takeover ... by or with any foreign person which could result in foreign control of any person engaged in interstate commerce in the United States.”<sup>32</sup> The term "national security" is not strictly defined and CFIUS focuses on certain strategic national security spheres such as energy, defense, and technology.<sup>33</sup>

The CFIUS review process consists of four steps: (1) a voluntary filing with CFIUS by one or more parties to the transaction; (2) a 30-day Committee review of the transaction; (3) a potential additional 45-day Committee investigation; and (4) within 15 days of receiving the report, the President has to make a decision to permit the acquisition, deny it, or seek divestiture after an *ex post facto* review.<sup>34</sup>

For transactions that raise issues, parties may engage in pre-filing consultations and negotiations with CFIUS or member agencies before making their official notification.<sup>35</sup> Although these discussions are not part of the formal CFIUS process, they often influence the outcome.<sup>36</sup> Parties may sometimes modify their transaction before filing to expedite clearance.<sup>37</sup> In other cases,

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<sup>32</sup> See Regulations Pertaining to Mergers, Acquisitions, and Takeovers by Foreign Persons, 31 C.F.R. § 800.401(f) (2008).

<sup>33</sup> See 50 U.S.C. App. § 2170 (2001). There are calls to expand the list of areas. See also Press Release, Comm. Agric., Nutrition, & Forestry, Senators Stabenow and Grassley Introduce Bipartisan Legislation to Protect American Agricultural Interests in Foreign Acquisitions (Mar. 14, 2017), <https://www.agriculture.senate.gov/newsroom/dem/press/release/senators-stabenow-and-grassley-introduce-bipartisan-legislation-to-protect-american-agricultural-interests-in-foreign-acquisitions> (proposal to add food security to list).

<sup>34</sup> See JAMES K. JACKSON, CONGRESSIONAL RESEARCH SERVICE, THE COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES (CFIUS), 12 (2019).

<sup>35</sup> See Regulations Pertaining to Mergers, Acquisitions, and Takeovers by Foreign Persons, 31 C.F.R. § 800.401(f); see also EDWARD SHAPIRO ET AL., LATHAM & WATKINS, OVERVIEW OF THE CFIUS PROCESS 5 (2017), <https://www.lw.com/thoughtLeadership/overview-CFIUS-process>.

<sup>36</sup> *Id.*

<sup>37</sup> See Leon B. Greenfield & Perry Lange, *The CFIUS Process: A Primer*, 6 THE THRESHOLD, Winter 2005/2006, at 14.

parties may abandon transactions if it becomes clear that CFIUS will not approve them or will not do so on terms acceptable to the parties.

A CFIUS filing is not mandatory for any transaction. Nevertheless, foreign direct investment by a firm controlled directly or indirectly by a foreign government is subject to mandatory review.<sup>38</sup> The focus of review is directed toward plans for acquiring assets and on national origin i.e. foreign government seeking to engage in any merger, acquisition, or takeover. The CFIUS is required to consider whether the acquisition "could affect national security" rather than applying the "threatens to impair national security" level of scrutiny. The lower standard of review, coupled with the mandatory nature of the inquiry, presents CFIUS with the opportunity to exercise leverage over the acquiring entity or its government.

The 30-day initial review period begins to run once the CFIUS staff gives notice that they are satisfied that the filing contains all of the required information.<sup>39</sup> Although only one party to the transaction need file notice to trigger a review, CFIUS may delay the beginning of the review period until the required information about other parties is received.<sup>40</sup> Thus, CFIUS may, in practice, request a joint filing.<sup>41</sup> During the 30-day initial review, CFIUS may contact the parties for further information or to discuss steps that would mitigate any national security concerns that the transaction raises.

At the end of the 30-day initial review period, CFIUS is required either to clear the transaction based on its initial review or begin an additional 45-day investigation.<sup>42</sup> However, CFIUS may

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<sup>38</sup> See Defense Production Act Extension and Amendments of 1991, Pub. L. No. 102-99, 105 Stat. 487 (1991).

<sup>39</sup> See Foreign Investment Risk Review Modernization Act of 2018, Pub. L. No. 115-232, § 1709, 132 Stat. 1287 (2018).

<sup>40</sup> *Id.*

<sup>41</sup> See Mario Mancuso et al., *CFIUS Implements New Pilot Program Requiring Submission of Declarations for Certain Transactions*, KIRKLAND ELLIS (Dec. 14, 2018), <https://www.kirkland.com/publications/kirkland-alert/2018/12/cfius-implements-new-pilot-program>.

<sup>42</sup> See 50 U.S.C. § 2170(b) (2012).



informally request that the parties withdraw the filing before the end of the 30-day initial review period if CFIUS needs more time or information to fully review the transaction, or the parties have not agreed to mitigating conditions as requested by agencies.<sup>43</sup> In practice, all presidential administrations since 1992 have considered the 45-day investigation as a "discretionary" option even in cases where a foreign company is government-owned.<sup>44</sup> If the national security concerns raised by a transaction are resolved during the 30-day review, an investigation is not necessary.<sup>45</sup> Therefore, questions arise about what Exon-Florio actually requires,<sup>46</sup> its intent, and whether a 45-day investigation is mandatory.

If CFIUS proceeds with a full investigation of the acquisition, it must conclude its additional review within 45 days.<sup>47</sup> At the conclusion of the investigation, it will submit a recommendation to the President.<sup>48</sup> Normally, CFIUS makes a unanimous recommendation, but if the members are divided they will forward their differing views to the President.<sup>49</sup> The President has 15 days from the date of referral to clear, prohibit, or suspend the acquisition.<sup>50</sup> Action by the President pursuant to CFIUS recommendations is not subject to judicial review.<sup>51</sup> When the

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<sup>43</sup> See Regulations Pertaining to Mergers, Acquisitions, and Takeovers by Foreign Persons, 31 C.F.R. §800.507(a) (2008).

<sup>44</sup> Jonathan C. Stagg, *Scrutinizing Foreign Investment: How Much Congressional Involvement Is Too Much?*, 93 Iowa L. Rev. 325, 337 (2007).

<sup>45</sup> See Malkawi, *supra* note 11, at 455.

<sup>46</sup> The Exon-Florio Amendment is the name for CFIUS authorization. See Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, § 721, 102 Stat. 1107 (1988) (codified at 50 U.S.C. app. § 2170); *see also supra* note 39.

<sup>47</sup> See Regulations Pertaining to Mergers, Acquisitions, and Takeovers by Foreign Persons, 31 C.F.R. § 800.401(f).

<sup>48</sup> *Id.* § 800.101.

<sup>49</sup> *Id.* § 800.506(b).

<sup>50</sup> *Id.* § 800.101.

<sup>51</sup> The President's determination is virtually unreviewable. See Foreign Investment and National Security Act of 2007, Pub. L. No. 110-49, § 6, 121 Stat. 246, 256 (replacing the language in Section 721(d) of the Defense

process reaches the presidential decision stage, the President must report to Congress.<sup>52</sup>

The statutory language of CFIUS provides the timeframe for investigations and recommendations. In total, a CFIUS review may last between 30 and 90 days.<sup>53</sup> However, delays are inherent in the review process. As mentioned above, parties may engage in pre-filing consultations with CFIUS, make a material change to their filing, or file again for the same transaction. Also, CFIUS itself can ask the parties for further information or to withdraw. All these issues can result in extensions and delays in the various stages of the CFIUS review process of a proposed transaction. Parties should engage with the CFIUS early in the process to expedite the process and avoid any delays.

Recent amendments to CFIUS expanded its coverage to include real estate transactions, non-controlling investments in critical technology companies, critical infrastructure companies, and companies that maintain or collect sensitive personal data of U.S. citizens.<sup>54</sup> Some of these new covered areas (personal data, critical infrastructure, and critical technology) seem to specifically

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Production Act of 1950) (codified as amended at 50 U.S.C. app. § 2170(e)) (slightly amended to add a heading and new numbering by FIRRMA).

<sup>52</sup> See Jonathan Wakely & Andrew Indorf, *Managing National Security Risk in an Open Economy: Reforming the Committee on Foreign Investment in the United States*, 9 Harv. Nat'l Sec. J. 1, 10 (2018) (discussing the requirement that the President regularly consult with and report to Congress and annually reaffirm each emergency to avoid automatic termination).

<sup>53</sup> See Stephanie Zable, *The Foreign Investment Risk Review Modernization Act of 2018*, LAWFARE (Aug. 2, 2018), <https://www.lawfareblog.com/foreign-investment-risk-review-modernization-act-2018>.

<sup>54</sup> Other amendments allow parties to covered transactions to file short-form "declarations" instead of a more detailed notice. The amendment also expands CFIUS's review period from 30 to 45 days and allows an investigation to be extended for an additional 15-day period under extraordinary circumstances. See U.S. DEP'T OF THE TREASURY, SUMMARY OF FOREIGN INVESTMENT RISK REVIEW MODERNIZATION ACT OF 2018, <https://www.treasury.gov/resource-center/international/Documents/Summary-of-FIRRMA.pdf> (last visited July 31, 2018).

target Chinese investment.<sup>55</sup> The most important aspect of the recent amendments to CFIUS is that they include language specifically designed for China.<sup>56</sup> This seems to be rare that a regulation would refer to a specific country. The amendment requires the Secretary of Commerce to submit to Congress and CFIUS a biannual report on foreign direct investment transactions made by Chinese entities in the U.S.<sup>57</sup>

Global investment through SOEs is beneficial and necessary to bring economic prosperity worldwide. However, foreign acquisitions of companies can pose a significant challenge for governments. The CFIUS process helps to enhance national security when it identifies specific problems that could threaten U.S. national and economic security and helps resolve these problems while still allowing U.S. business to receive the investment they need. Viewed

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<sup>55</sup> See Amy Deen Westbrook, *Securing the Nation or Entrenching the Board? The Evolution of CFIUS Review of Corporate Acquisitions*, 102 Marq. L. Rev. 645, 669-71, 679 (2019).

<sup>56</sup> *Id.*

<sup>57</sup> The report will include the total foreign direct investment from China in the U.S.; a breakdown of such investments by value, investment type and government vs. non-government investments; a list of companies incorporated in the U.S. through Chinese government investment; information regarding U.S. affiliates of entities under Chinese jurisdiction; an analysis of Chinese investment patterns and the extent to which those patterns align with the objectives of China's Made in China 2025 plan; and other related information. *Id.*; see LI XING, *China's Pursuit of the "One Belt One Road" Initiative: A New World Order With Chinese Characteristics*, in MAPPING CHINA'S 'ONE BELT ONE ROAD' INITIATIVE, 5-10 (Li Xing ed., Palgrave Macmillan 2019); see also Jeffrey N. Gordon & Curtis J. Milhaupt, *China as a "National Strategic Buyer": Toward a Multilateral Regime for Cross-Border M&A*, 19 Colum. Bus. L. Rev. 194, 223 (2019) (discussing Made in China 2025 ("MIC 2025"), the Chinese government's policy response to challenges facing the country's domestic manufacturing industry, issued by the State Council in May 2015, which identified ten priority sectors accounting for forty percent of China's value-added manufacturing, including next-generation information technology, aviation, new materials, and biosciences).

from this perspective, CFIUS has been successful.<sup>58</sup> In every other country, a CFIUS style review mechanism is an option that should be examined as a potential solution to the upcoming challenges of increasing Chinese investment worldwide. Countries should adopt formal and legal security review of foreign investment to secure legitimate foreign investment and protect strategic sectors from unwanted investment.

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<sup>58</sup> See *Examining the Committee on Foreign Investment CFIUS: Hearing Before the S. Comm. on Banking, Housing & Urban Affairs*, 115th Cong. (2017) (statement of James A. Lewis, Ctr. Strategic & Int'l Studies).