

# Issue brief A US strategy for energy competition with China in emerging markets

By Steven Burns

## Bottom lines up front

- Emerging economies are set to drive the largest share of energy demand growth over the next two decades, making them a central arena for competition over influence in the future of global energy systems.
- China has positioned itself as the dominant partner for energy and infrastructure development across the Global South, in part by pairing state-backed finance with turnkey project delivery, which allows Chinese firms to shape technical standards and financing norms while securing long-term positions in future procurement and service markets.
- The United States can compete more effectively by organizing its financing, project development, and technical capabilities into a coherent offer that is closer to the speed and simplicity of competing models, while preserving the transparency and predictability on which partners rely.

## Introduction

The United States faces a pivotal strategic challenge: how to compete with China for influence in the energy markets of developing countries. As the global energy transition accelerates, emerging economies are set to drive the largest share of energy demand growth over the next two decades. The countries that succeed in supplying these markets with the necessary goods and services will secure more than commercial advantage; they will define the technical standards, financing norms, and long-term political alliances that govern the future of global energy systems. For Washington and its allies, the stakes couldn't be higher.

China has positioned itself as the dominant partner for energy and infrastructure development across the Global South. Through the Belt and Road Initiative (BRI) and other state-directed programs, Beijing has paired concessional loans, export credits, and sovereign guarantees with

turnkey project delivery. Underpinned by an industrial policy that subsidizes production across the supply chain, this model has enabled Chinese firms to supply everything from ports to power plants, often at lower cost than Western competitors. By bundling finance and delivery, China has offered governments a politically attractive package: rapid infrastructure development with few governance conditions attached, even if this approach has raised some concerns about opaque terms and long-term dependence on Chinese suppliers and financing. The result is that Chinese products and standards increasingly dominate critical sectors of the energy economy.

The United States and its allies bring different strengths. Western firms lead in advanced technologies such as natural gas turbines, digital energy management systems, grid-enhancing technologies, and advanced wind, solar, and hybrid renewable

### Why governing global systems matters: Lessons from US-led norms

Invisible advantages matter. The dollar, the internet, and global standards show how system governance shapes power. Energy infrastructure is in that same category.

For decades, US security and economic strength have been reinforced not only by market share but by leadership over the rules, systems, and standards that underpin global commerce. These forms of influence are often invisible, yet they shape transaction costs, information flows, alliance behavior, and crisis response. Energy infrastructure now sits at this inflection point.

*The US dollar as the world's reserve currency:* The dollar accounts for roughly 58–60 percent of global foreign exchange reserves and remains the primary currency to settle most global energy trade, particularly oil and liquefied natural gas (LNG). This position lowers US borrowing costs, reduces currency risk for US firms, and strengthens the effectiveness of sanctions and export controls. It also gives the United States unparalleled visibility into global financial flows because many dollar-denominated transactions settle through US financial institutions and payment systems, which is an enduring national security advantage.

*The internet's linguistic and technical foundations:* English represents roughly half of global web content, reflecting early US leadership in the development of internet protocols and digital standards. These defaults reduced friction for US firms scaling globally and embedded US legal, commercial, and cybersecurity practices into the digital economy.

*Standards leadership as a force multiplier:* From aviation safety to accounting rules, US and allied leadership across international standards bodies has allowed firms to compete on quality and interoperability rather than price alone. Once adopted, standards shape procurement, certification, workforce training, and supply chains for decades.

*The parallel in energy infrastructure:* Energy systems increasingly function as platforms. Grid codes, LNG specifications, and digital control and cybersecurity protocols determine which technologies can connect to networks and which vendors dominate follow-on investment and service contracts. As Chinese firms expand their footprint, they are embedding technical standards, software ecosystems, and service dependencies that influence future procurement and regulation.

The competition over energy infrastructure is therefore not just about assets, but about who governs the system itself. As with finance and the internet, leadership in energy norms will shape long-term economic advantage, resilience to coercion, and strategic alignment.

systems optimized for higher-capacity factors. US capital markets remain the deepest in the world, and US institutions are unrivaled in their capacity to develop workforce training, regulatory frameworks, and public-private partnerships (PPPs).

Yet US companies remain disadvantaged, due partly to the relative lack of state guarantees that lessen project risk and provide a capability to compete with Chinese firms using state-backed finance to undercut market prices. US development finance institutions, while expanding, remain constrained in scale and speed compared to China's state banks. Even when government support is available, US offers appear bureaucratic and difficult to navigate. Multiple US government agencies provide financing, technical assistance, and trade promotion through separate programs that are rarely presented as a single, integrated package. This fragmentation contrasts sharply with China's streamlined "one-stop shop" model, making it harder for the United States to deliver a unified and

compelling offer to partner governments while preserving the transparency and safeguards that many of these partners regard as a core strength of the US model. Competitiveness often turns less on any single tool than on whether these tools are presented as an integrated package that a ministry can evaluate quickly and execute with confidence.

This imbalance is not simply an economic concern; it is a matter of strategic influence. Energy infrastructure decisions made today will shape political relationships for decades. A country that depends on Chinese-built infrastructure or Chinese-supplied equipment will naturally align its technical standards, data architectures, and procurement preferences with Beijing. Those dependencies can spill over into foreign policy, giving China enduring leverage in regions critical to US interests, from sub-Saharan Africa to Southeast Asia and Latin America. Conversely, successful US engagement can

strengthen alliances, deepen trust, and reinforce norms of transparency, open markets, and sustainable development.

Therefore, recognizing that the United States risks losing long-term influence in global energy markets to China's state-backed model, the Atlantic Council's Global Energy Center launched an assessment of potential actions that could rebalance this competition. The engagement analyzed how US policy tools, ranging from development finance and trade promotion to technical assistance and standards setting, could be better aligned to support US firms abroad as a coherent package rather than as standalone instruments. It also assessed where US comparative advantages could be most effectively leveraged and identified strategies for building stronger partnerships with developing countries.

### ■ Objectives

This study suggests a practical roadmap for how the United States can compete more effectively with China in the fast-growing energy markets of developing countries. The goal was not to catalogue every reason US firms lose opportunities, but to show how policy changes could expand US market share and influence. This framing allowed the analysis to move beyond a narrow focus on finance and instead capture the related political and institutional dynamics that shape outcomes in real-world development. The assessment also incorporated discussions with industry practitioners and policy experts to test how suggested tools would function in real project development and procurement environments.

The study analysis prioritizes US policy levers that can be adjusted quickly and independently, focusing on three central themes. It gives less attention to harmonizing US tools with international financial institutions, which already operate through multilateral standards and procurement systems that limit the scope for unilateral reform.

1. *Financing*: The differences between US and Chinese financing models in scale, structure, and risk allocation, in addition to tools such as blended finance and expanded guarantees that could allow the United States to compete more effectively in capital-constrained developing markets.

2. *Delivery and partnership models*: The impact of the differences in project delivery between China's streamlined "one-stop shop" and the US multi-agency, market-driven approach, highlighting the reforms or institutional arrangements that could enable the United States to present a more coherent, compelling offer to partner governments.

3. *Long-term influence and standards*: How do infrastructure choices shape enduring political, technical, and economic alignments? In which sectors can US comparative advantages (e.g., LNG, digital grids, high-efficiency renewables, workforce training) be most effectively leveraged to counter China's dominance and foster transparent, sustainable development?

In practice, these themes interact closely. Decisions about financing shape procurement pathways; delivery models influence regulatory needs; and long-term influence depends on how consistently these components reinforce one another. Recognizing these linkages provides a clearer picture of why some offers resonate more strongly with developing country governments than others. This analysis therefore treats packaging as the outcome of alignment across finance, delivery, and standards, as opposed to a separate line of effort.

### ■ Financing

For many developing countries with limited fiscal capacity and weak credit ratings, financial terms often matter more than the technical merits of a project, especially when these countries face urgent energy and infrastructure needs. Industrialized nations developed a series of tools such as concessional loans and export credits to complement sovereign guarantees as means for making critical infrastructure investments affordable.

The Chinese approach recognizes the inherent advantages for the partner who brings capital at scale and speed along with manageable risk. Between 2013 and 2021, the China Development Bank and the Export-Import Bank of China issued more than \$230 billion in energy and infrastructure loans across the BRI.<sup>1</sup> These loans typically feature interest rates between 2–3 percent and maturities extending up to twenty years, often backed by sovereign guarantees or

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1. Ammar A. Malik, et al., "Banking on the Belt and Road: Insights from a New Global Dataset of 13,427 Chinese Development Projects," AidData, September 2021, [https://docs.aiddata.org/ad4/pdfs/Banking\\_on\\_the\\_Belt\\_and\\_Road\\_\\_Insights\\_from\\_a\\_new\\_global\\_dataset\\_of\\_13427\\_Chinese\\_development\\_projects.pdf](https://docs.aiddata.org/ad4/pdfs/Banking_on_the_Belt_and_Road__Insights_from_a_new_global_dataset_of_13427_Chinese_development_projects.pdf); Kevin P. Gallagher, et al., "The BRI at Ten: Maximizing the Benefits and Minimizing the Risks of China's Belt and Road Initiative," Boston University Global Development Policy Center, 2023, <https://www.bu.edu/gdp/files/2023/09/GCI-Report-BRI-10-FIN.pdf>. Author methodology for calculating \$230 billion: First, Table 3 of the BU report shows \$214 billion in energy finance alone and \$368 billion if telecommunications, transport, and half of the "multi-sector" are included, but these figures date back to 2008. Total lending in this period was \$495 billion. Energy/infrastructure accounted for 74 percent of this lending. Also, the BU report noted \$331 billion in total lending during the 2013–2021 period, and 74 percent of this figure is nearly \$250 billion. This method provides a rough estimate but assumes a relatively stable split of loans between sectors year on year. For a more precise trend analysis, the author used data from the AidData report. The report notes more than \$375 million in total commitments between 2013–2017, with annual energy lending increasing from \$15 billion in

resource-backed repayment structures. In Africa alone, some estimates find that Chinese firms have been engaged in the development of more than 30 gigawatts (GW) of power generation capacity since 2020, much of it under concessional terms.<sup>2</sup> For governments struggling with high borrowing costs, often exceeding 8–10 percent, such loans are highly attractive even if there is a potential for escalating long-term debt.

The US approach is far more constrained. The US International Development Finance Corporation (DFC) long operated under a statutory investment cap of \$60 billion, though Congress raised that cap to \$205 billion in December 2025. For perspective, the Export-Import Bank of the United States (EXIM), the US export credit agency, provided \$5.2 billion in new authorizations in Fiscal Year 2022 (FY2022), a fraction of that offered by its Chinese counterpart.<sup>3</sup>

These constraints are both political and procedural. EXIM has faced lapses in congressional authorization—most notably, the period between 2015 and 2019, when it was unable to seat a board quorum and therefore to approve transactions above \$10 million, effectively sidelining it from large-scale infrastructure deals. Unlike their Chinese counterparts, both EXIM and DFC also apply rigorous transparency and safeguard requirements, including adherence to International Finance Corporation (IFC) performance standards and the Organisation for Economic Co-operation and Development (OECD) common approaches, which strengthen long-term sustainability but add time and cost to project approval. As a result, major US-backed energy projects typically require 12–24 months of due diligence and review before funds are committed, compared to the 3–6 months often seen with Chinese policy bank lending. These layers of oversight make US offers more transparent and resilient but far less responsive to governments under pressure to deliver infrastructure quickly. Consequently, US firms face disadvantages even if they bring high-quality or more advanced technology.

Chinese institutions are also more accepting of local-currency lending, primarily as a way to internationalize the renminbi (RMB) rather than to reduce borrower risk. Through currency swap agreements, Chinese policy banks have occasionally

issued loans in RMB or accepted repayment in local currencies, and in some cases structured repayment in commodities such as oil.<sup>4</sup> These arrangements remain a minority of China's overseas finance, with the majority of loans still denominated in US dollars, but they highlight an area in which the United States is even less flexible.

This imbalance plays out clearly across regions. In sub-Saharan Africa, Chinese financing supported more than 40 percent of new power-sector investment between 2010 and 2020, including projects such as Ethiopia's 254-megawatt (MW) Genale Dawa III hydropower plant and Ghana's 400-MW Bui Dam, while US development finance accounted for less than 5 percent.<sup>5</sup> In Southeast Asia, Chinese contractors won the Mindanao-Visayas Interconnection Project in the Philippines, even when US firms offered competitive technology, in part due to the concessional credit and sovereign-backed terms Beijing offered. Even in middle-income markets such as Latin America, where transparency is valued, US firms often struggle to compete because Chinese lenders can commit larger sums more quickly, a factor that can shape project outcomes.

All is not lost, however; several actions could strengthen the US financing toolkit. Arguably, the most important of these actions was the reauthorization of the DFC, and Congress's decision in December 2025 to extend the agency's mandate and raise its investment cap sent an important signal about whether Washington is serious about competing with China in emerging markets. Allowing the mandate to drift through repeated short-term extensions or prolonged uncertainty would have told partner countries that US engagement is episodic and unreliable. By contrast, a timely, long-term, and well-resourced reauthorization informs potential partners that the United States intends to be a durable, bankable alternative to Beijing's state-directed finance.

DFC reauthorization alone is not enough, and the United States has other tools it should now bring to bear, specifically through near-term actions to expand scale; mid-term actions to assume more risk and broaden access to public-sector

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2013 to \$28 billion in 2017 (see Figures 8b and A-1). A trend analysis shows that the \$230-billion figure would most likely be conservative due to the data set ending in 2017.

2. Frangton Chiyemura, "Powering Africa: China's Expanding Role in the Continent's Energy Future," China-Global South Project, July 2025, [https://chinaglobalsouth.com/wp-content/uploads/2015/05/Report\\_006\\_China-Africa\\_Energy\\_2025\\_07\\_03-2.pdf](https://chinaglobalsouth.com/wp-content/uploads/2015/05/Report_006_China-Africa_Energy_2025_07_03-2.pdf).
3. "Helping American Businesses Win the Future," Export-Import Bank of the United States, 2022, 38, [https://img.exim.gov/s3fs-public/reports/annual/2022/EXIM\\_2022\\_AnnualReport\\_R.pdf](https://img.exim.gov/s3fs-public/reports/annual/2022/EXIM_2022_AnnualReport_R.pdf).
4. "2023 RMB Internationalization Report," People's Bank of China, December 2023, 9, <https://www.pbc.gov.cn/en/3688241/3688636/3828468/4756463/2025080817503315212/2023120819545781941.pdf>.
5. This is a cross-reference of total capacity shown in the IEA and BU China-specific datasets. "China's Global Power Database," Boston University Global Development Policy Center, last visited December 2025, <https://www.bu.edu/cgp/>; "Africa Energy Outlook 2022," International Energy Agency, 2022, <https://www.iea.org/reports/africa-energy-outlook-2022>.

projects; and longer-term development of new approaches, as follows.

### Expand the scale of US finance

*Expand DFC lending capacity.* The FY26 National Defense Authorization Act's increase in the DFC's investment cap from \$60 billion to \$205 billion is a major step forward in positioning the agency to better support US strategic interests. Even so, multi-billion-dollar infrastructure transactions can quickly absorb available headroom, limiting DFC's ability to advance several strategic deals in parallel. This limitation could be addressed by regular review of DFC's utilization and pipeline, with further cap adjustments to ensure it can compete at the pace and scale that priority markets demand.

*Reinforce EXIM lending authority.* Long-term energy projects often require financing horizons of 15–20 years, but EXIM's ability to support large, long-term transactions has been periodically undercut by authorization and management uncertainty—something it is again facing with its current authorization set to expire in December 2026. Early reauthorization this year with a longer (decade-plus) horizon would provide a durable signal that US exporters can rely on EXIM support, allowing EXIM to counter Chinese export credits directly and provide US exporters with competitive terms on multi-billion-dollar energy tenders.

### Increase lending risk appetite

*Encourage greater risk tolerance at DFC.* The most strategic opportunities to increase US influence lie in the higher-risk environments that China currently dominates. Increasing DFC's exposure cap is a first step toward increasing risk appetite, and this can be furthered by accepting a greater ratio of non-performing assets (NPA) within clear guardrails. Whereas DFC has often approached its mandate conservatively, favoring an NPA ratio found by commercial lenders in middle-income markets, the Chinese approach has tolerated substantially higher levels of borrower distress and a greater prevalence of loan rescheduling and restructuring.<sup>6</sup> DFC does not have a statutory requirement to seek less-risky investments, so encouraging it to pursue more projects in fragile or credit-constrained states would align its operations more closely with US strategic objectives.

Also, establishing the policy rationale for DFC to hold direct exposures in non-dollar currencies more often and to expand local-currency solutions beyond direct lending through guarantees and hedging arrangements that mobilize local investors would meet another demand signal from developing countries. Realigning exchange rate risk from host governments to the United States would expand the appeal of US financing in volatile economies and counter China's selective use of RMB-denominated lending, which has become an important tool for deepening financial reliance on Chinese institutions.

*Mobilize private finance via a strategic energy guarantee facility.* Western economies have an advantage in terms of availability of private finance, but private lenders avoid high-risk markets where default probabilities are significant. In sub-Saharan Africa, for example, the median sovereign credit rating is B or below, making borrowing prohibitively expensive.<sup>7</sup> Chinese banks overcome this barrier by offering government-backed guarantees, ensuring repayment regardless of host-country default. A US-backed guarantee or “first loss” facility would provide similar coverage to private lenders. Even a modest guarantee could provide a 5:1 or greater investment ratio and unlock billions in private lending by providing first-loss protection.

### Broaden access for US finance

Increasing access to US financial tools is a medium-term reform that becomes more powerful once scale and risk appetite have been addressed. Over a three-to-five-year horizon, statutory changes that expand eligibility to sovereign and sub-sovereign borrowers would allow US institutions to participate directly in many of the largest and most strategic energy projects.

*Expand DFC engagement in sovereign and public-sector projects.* Critical energy infrastructure in much of the developing world remains in public hands. National electric transmission systems, hydropower dams, LNG import terminals, etc. are often owned or operated by state utilities or ministries of energy. Today, the majority of electricity generation and transmission assets in sub-Saharan Africa are state owned.<sup>8</sup> In Southeast Asia, most LNG regasification terminals are planned as joint ventures with national energy companies. Because the DFC is organized primarily around supporting private-sector

6. Anna Gelpern, et al., “How China Lends: A Rare Look into 100 Debt Contracts with Foreign Governments,” Peterson Institute for International Economics, Kiel Institute for the World Economy, Center for Global Development, and AidData, March 2021, <https://www.cgdev.org/sites/default/files/how-china-lends-rare-look-100-debt-contracts-foreign-governments.pdf>; Sebastian Horn, et al., “China as an International Lender of Last Resort,” National Bureau of Economic Research, April 2023, <https://www.nber.org/papers/w31105>.

7. “Africa Sovereign Credit Rating Outlook: 2024 Year-End Review,” African Peer Review Mechanism and United Nations Economic Commission for Africa, 2024, <https://aprm.africa.int/sites/default/files/files/2025-02/10th-edition-csr-eng.pdf>.

8. Vivien Foster and Anshul Rana, “Rethinking Power Sector Reform in the Developing World,” World Bank Group, September 2019, <https://openknowledge.worldbank.org/server/api/core/bitstreams/7bd370a9-3aaa-5705-a18f-233293fed4e3/content>.

transactions, it has been limited in how it engages in many of these strategically important projects.

The Better Utilization of Investments Leading to Development (BUILD) Act of 2018 is centered on mobilizing private capital, and DFC has generally operated through private-sector counterparties in part due to the absence of a clear policy rationale and operating model for routine direct financing of sovereign and sub-sovereign infrastructure. US firms seeking DFC support must therefore often structure projects through PPP-style arrangements even when the host government intends to retain public ownership. In practice, this can require creating project companies or special-purpose vehicles primarily to satisfy financing eligibility requirements, adding transaction costs, prolonging negotiations, and shifting additional risk to the US private partner.

Establishing a clearer policy rationale and operational pathway for DFC to finance sovereign and sub-sovereign projects directly would remove these constraints and expand the pipeline of opportunities for US engagement. A single LNG terminal or high-voltage transmission corridor can require \$1–5 billion or more in capital, much of it tied to state-owned assets. Unlocking this space would allow US firms to compete head-to-head with Chinese state-owned enterprises (SOEs)—whose policy banks routinely finance sovereign projects—while still holding projects to US transparency and safeguard standards.

*Deploy regional finance hubs.* In recent years, DFC had fewer than twenty overseas staff dedicated to deal origination.<sup>9</sup> By contrast, the China Development Bank (CDB) and Export-Import Bank of China (China Exim) maintained regional offices combined with dedicated teams in surrounding countries, supported by thousands of locally based staff from Chinese SOEs, commercial banks, and construction firms involved in BRI projects.<sup>10</sup> In countries such as Ethiopia, Pakistan, and Indonesia, Chinese financial institutions often have dozens of personnel working full-time on project identification, negotiation, and implementation, allowing them to move from initial discussion to draft financing terms in a matter of weeks. Embedding DFC and EXIM officers in US embassies would provide governments with direct access to financing expertise and reduce bureaucratic delays. Even a modest expansion to one hundred overseas staff could significantly improve visibility and responsiveness, aligning US presence with the scale of demand.

### Developing new approaches

*Scale blended finance instruments.* Additional finance options exist beyond offering project-level risk guarantees on a one-off basis, including scaling blended-finance approaches through a facility housed within DFC, with Treasury-supported or congressionally authorized concessional capital that DFC layers into private transactions as first-loss capital. The differentiation with other options is that the Department of the Treasury and financial regulators could collaborate with pension and insurance fund managers to clarify the treatment of these blended finance vehicles as infrastructure investments, easing regulatory barriers to participation and potentially unlocking a portion of the roughly \$100 trillion or more in the US institutional investor market.

*Create an Energy Resilience Bond market.* Similarly, Congress could authorize the Treasury to establish and capitalize a special-purpose vehicle (SPV) to securitize portfolios of energy infrastructure projects into bonds that can be sold to global investors. To provide investor comfort, the US government would offer first-loss guarantees and pool projects across regions and technologies. The SPV could issue Energy Resilience Bonds backed by the cash flows from multiple projects, spreading risk across geographies and technologies. Bonds could be denominated in both dollars and local currencies, with public guarantees or hedging facilities helping to reduce foreign exchange (FX) risk. Under this structure and based on similar guarantees, the United States could mobilize investments several times greater than the SPV capitalization, rivaling Chinese overseas lending flows while offering investors a product aligned with US market-based principles.

*Institutionalize public-private financing vehicles.* US public-private financing initiatives in energy are often ad hoc, often created in response to crises or political windows. To compete with China's consistent, state-backed model, the United States could establish permanent joint investment platforms focused on priority energy subsectors: LNG export and import infrastructure, renewable energy generation, and grid modernization. Each platform could be capitalized with \$2–3 billion per year in US guarantees or equity commitments, with private partners contributing matching funds. The platforms could be co-governed by DFC, EXIM, US industry associations, and participating investors, ensuring alignment between public policy and private incentives. Once established, these vehicles could operate across multiple budget cycles, giving partner governments confidence that

9. "Statement of the Honorable Scott A. Nathan, Chief Executive Officer, United States International Development Finance Corporation," US Senate Subcommittee on State, Foreign Operations, and Related Programs, May 15, 2024, [download\\_testimony56.pdf](#).

10. "About CDB," China Development Bank, last visited February 5, 2025, [https://www.cdb.com.cn/English/gykh\\_512/khjj/](https://www.cdb.com.cn/English/gykh_512/khjj/); "2024 Annual Report," Export-Import Bank of China, 2024, <http://english.eximbank.gov.cn/News/AnnualR/2024eng/202504/P020250429646029121695.pdf>.

US financing will remain available. A standing LNG platform, for example, could underwrite regasification projects in Vietnam or the Philippines, while a renewable and grid platform could support solar expansion in Kenya or high-voltage lines in Brazil. By institutionalizing these vehicles, the United States would demonstrate permanence, reliability, and scale, which are qualities that host governments now more often associate with Chinese financing.

### **■ Delivery and partnership models**

For governments in developing countries, the speed and process of delivering an energy project can be as important as securing its financing. Ministries with limited technical capacity often seek partners who can reduce administrative burden and accelerate delivery timelines. In practice, the way an offer is structured and executed can heavily influence which partner a government chooses.

China's delivery model presents a comparatively simple offer to counterpart governments. Policy banks provide loans that are tied directly to projects implemented by Chinese SOEs, which handle engineering, procurement, and construction in one package. These turnkey arrangements minimize the need for host governments to manage complex contracting. As a result, projects can move from negotiation to construction faster than under multilaterally financed procurement processes. Chinese contractors have built or are contracted to build at least 17 GW of generation capacity in sub-Saharan Africa since 2010, and Chinese policy banks financed African power generation projects totaling at least 20 GW of capacity since 2000.<sup>11</sup> Together, these benchmarks—along with broader estimates of cumulative Chinese contractor engagements exceeding 30 GW of generation capacity over the past two decades—indicate Chinese-backed delivery and finance on the order of tens of gigawatts over the past decade-plus, which is material relative to Africa's approximate 100-GW net capacity growth since 2010.<sup>12</sup> In Southeast Asia, Chinese-financed projects in Vietnam and Laos have followed a similar pattern, with ministries favoring the speed and predictability of bundled offers.

The US approach is more fragmented. US firms are competitive in technology and service delivery, but government support has previously been divided across DFC, EXIM, the US Agency for International Development (USAID), the Department of Energy (DOE), and the State Department, each with separate programs and mandates. A host-country ministry would typically negotiate financing with DFC, technical assistance with USAID, and export credits with EXIM, all while dealing separately with US private firms. This fragmentation slows progress and often creates transaction costs that weaker ministries struggle to absorb.

For example, prior efforts such as Power Africa mobilized more than \$50 billion in investments and demonstrated the potential of coordinated US engagement, but it also required coordination among more than a dozen agencies, making implementation far more complex than China's one-stop shop.<sup>13</sup> The difficulty arises not from the absence of US capabilities but from the need for stakeholders to assemble them piece by piece. When project preparation, financing options, and technical support are coordinated through a single channel, the associated decision-making becomes more straightforward and timelines shorten. This contrast underscores how organizational structure can influence competitive outcomes as much as the underlying technology itself.

This complexity leads to another disadvantage: the lack of integrated Western-oriented technical assistance to help countries prepare projects and modernize procurement, even though the apparent simplicity of the Chinese model often carries its own risks. Without sustained support to modernize procurement systems, many developing country ministries will continue to operate under outdated procurement laws that prioritize lowest-cost bids and fail to account for life-cycle costs or long-term performance. This tilts tenders toward Chinese contractors, who can underbid on upfront costs but lock in dependency over time. Without government support to strengthen procurement rules and project preparation, US firms enter competitions at a disadvantage regardless of any other edge.

11. "Boosting the Power Sector in Sub-Saharan Africa: China's Involvement," International Energy Agency, 2016, [https://www.oecd.org/content/dam/oecd/en/publications/reports/2016/08/boosting-the-power-sector-in-sub-saharan-africa\\_g1g6d840/9789264262706-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2016/08/boosting-the-power-sector-in-sub-saharan-africa_g1g6d840/9789264262706-en.pdf); "China's Global Power Database."
12. The 100-GW estimate is based on author calculations. Capacity was 155 GW in 2010 per: "Africa Energy Outlook 2019: World Energy Outlook Special Report," International Energy Agency, 2019, 58, [https://iea.blob.core.windows.net/assets/2f7b6170-d616-4dd7-a7ca-a65a3a332fc1/Africa\\_Energy\\_Outlook\\_2019.pdf](https://iea.blob.core.windows.net/assets/2f7b6170-d616-4dd7-a7ca-a65a3a332fc1/Africa_Energy_Outlook_2019.pdf). Capacity was 256 GW in 2023 per: "The Energy Transition in Africa: Opportunities for International Collaboration with a Focus on the G7," International Renewable Energy Agency, 2024, 16, [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2024/Apr/IRENA\\_G7\\_Energy\\_transition\\_Africa\\_2024.pdf](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2024/Apr/IRENA_G7_Energy_transition_Africa_2024.pdf).
13. "Power Africa Coalesced Energy Efforts but Lacked Portfolio-wide Risk Management and Consistent Measures of Progress," US Agency for International Development, Office of Inspector General, March 7, 2019, 20, <https://oig.usaid.gov/sites/default/files/2019-03/4-698-19-001-P.pdf>.

Addressing this gap requires that the United States reform its delivery mechanisms, effectively creating a packaged service that streamlines how projects move from concept to financial close while still documenting decisions and contracts in ways that stand up to public scrutiny. Full implementation will likely take three to five years given existing governmental staffing constraints, but the United States can begin to build out the following unified development package within the next 12–18 months.

### Coordinate and consolidate US engagement

To reduce fragmentation among US agencies, which can slow delivery and complicate engagement with host governments, the US government would benefit from enhanced interagency coordination, as follows.

- *Establish DFC investment leads with convening authority in priority embassies.* A DFC affiliation would ensure that project development and finance expertise—core to structuring complex infrastructure investments—is embedded in priority embassies. These leads would act as in-country coordinators for US energy engagement and serve as the single point of contact for host governments, convening DFC, EXIM, the State Department, DOE, and private firms into a coherent team.
- *Create a unified DFC-led energy engagement platform with mandated interagency support.* A central platform would bundle US agency tools into a coherent suite of services. This “front door” would allow governments to see financing, technical assistance, and regulatory support as one package, with standard timelines for approvals. Drawing on the coordination logic previously demonstrated by Power Africa but scaled globally, the platform would reduce duplication, align priorities, and signal that the United States can match the simplicity of China’s one-stop shop.

### Reestablish foreign technical assistance focused on energy-sector procurement

Finance and delivery reforms will only succeed if partner governments can prepare and manage projects effectively.

As foreign assistance programs evolve and are redeployed across agencies, targeted engagements on procurement reform and regulatory support can provide a win-win scenario, allowing US companies to compete while also bringing higher-quality products to host countries.

- *Couple technical assistance to procurement reform.* US technical assistance targeting procurement modernization, embedding life-cycle cost analysis and transparent evaluation criteria in even ten to twelve priority countries within five years could give US firms a fair chance to compete for tens of billions of dollars in tenders, potentially \$20–30 billion over five years based on the typical annual infrastructure procurement volumes of major emerging markets in Africa, Southeast Asia, and Latin America.<sup>14</sup>
- *Expand regulatory and institutional capacity.* Train regulators, utility managers, and finance officials in risk analysis, tariff design, and market governance, creating a cadre of decision-makers aligned with the open, transparent standards necessary to regulate utilities, oversee power markets, and evaluate complex infrastructure proposals.
- *Establish a dedicated preparation facility in each region to provide project preparation assistance.* Funding feasibility studies, environmental and social impact assessments, and early transaction support in priority markets would ensure a steady pipeline of competitive projects, reducing the reliance on externally prepared project proposals that may favor a single supplier or ecosystem.

### Forward deploy project development teams

For decades, host governments valued USAID’s economic development programs for their consistent on-the-ground presence, which provided reliable visibility and affirmation of US interest. On the other hand, programming was often project-specific and implemented unevenly across countries, leading to varying results and uneven impact across countries. Establishing regional hubs with co-located staff from DFC, EXIM, the State Department, and DOE working closely with US private firms in key embassies and consulates (e.g.,

14. Author’s estimate, based on typical annual power/energy procurement and transaction volumes observed across priority emerging markets, informed by: procurement reform frameworks emphasizing transparent, criteria-based evaluation (World Bank Procurement Framework, last visited February 11, 2026, <https://www.worldbank.org/ext/en/what-we-do/project-procurement/framework>; Methodology for Assessing Procurement Systems, last visited February 11, 2026, <https://www.mapsinitiative.org/en.html>); and observed multi-billion-dollar annual infrastructure and energy transactions captured in the World Bank PPI reporting database. The World Bank, Private Participation in Infrastructure (PPI) 2024 Annual Report (<https://ppi.worldbank.org/content/dam/PPI/documents/PPI-2024-Annual-Report-Interactive.pdf>) notes that private participation in energy projects in developing economies totaled \$67.9 billion across 217 projects in 2024. The country tables highlighted multiple economies with multi-billion-dollar annual infrastructure investment commitments (illustrating that \$1–3B/year per country is a normal order of magnitude for large, tendered transactions).

Nairobi, Manila, and São Paulo) would help address these shortcomings by institutionalizing a more permanent presence with clear mandates and dedicated funding. Each hub would host technical experts spanning engineering, finance, legal, and environmental disciplines. By resolving issues in real time and using common templates and procedures, these teams can accelerate project preparation without short-circuiting the transparency and review steps that give US-backed projects their durability and resilience.

One way to ensure alignment with US law and to operationalize these hubs would be to structure private-sector participation through open solicitation; giving firms access to the recommended project preparation facility for feasibility studies and early project support. Also, requiring participating firms to reimburse a portion of preparation costs would help ensure that private partners have meaningful financial commitment to the projects for which they seek support. In a realistic scenario, the hubs could aim to incubate eight to ten bankable projects per year in each region, providing governments with visible evidence of sustained US engagement. Local governments and utilities would benefit from a clearer point of access to US expertise, reducing their dependence on non-aligned parties.

### ■ Long-term influence and standards

Energy infrastructure projects shape more than immediate supply. These projects also determine which technologies, standards, and governance models influence a country's energy system for decades. China's growing market share can establish Chinese technical standards and equipment as the default reference point for future procurement decisions in developing-country markets, much like how the United States has long benefited from the dollar's role in global finance and the widespread use of English in international commerce.

China's approach to long-term influence has often been deliberate. By bundling financing with construction and long-term service agreements, Chinese firms ensure that spare parts remain tied to their supply chains. Utilities that adopt Chinese-built equipment may face incentives or practical pressures to continue sourcing from Chinese vendors in subsequent tenders. Over time, these dependencies create alignment not only at the technical level but also at the institutional and political levels, as governments find their critical infrastructure tied to Chinese firms and policy banks. These patterns illustrate that influence builds cumulatively when financing, construction, service agreements, and technical standards reinforce one another over time. When these components are delivered as part of a predictable package, governments tend to internalize the associated technologies, procurement habits, and institutional practices. This is one reason Chinese-built systems often shape subsequent rounds of investment.

The United States has built influence through different channels, emphasizing transparency, regulatory reform, and technical capacity building. Over the past several decades, programs through USAID and the Departments of State and Energy trained thousands of officials across emerging markets, and US firms continue to provide leading technical expertise across many areas of energy system planning, engineering, and project development. Yet these strengths are often less visible than China's large-scale turnkey projects and are not always linked to enduring procurement standards or long-term contracts. The result is that US engagement is respected but can appear fragmented or episodic, while Chinese projects may be perceived as comprehensive and continuous. Moving forward, the competitiveness of US engagement depends on whether financing, diplomacy, and project execution can be consistently and uniformly delivered as a package, while also tied to transparency, governance standards, and visible demonstrations of US capability.

These efforts will likewise benefit from sequencing, with near-term measures focused on making US support easier to access, while medium-term steps consolidate this support into predictable diplomatic and financing frameworks. Over time, these efforts can reinforce one another, strengthening the role that US technologies and standards play in national planning processes and procurement cycles.

### Tie support to transparency and standards

The United States no longer maintains the market position in which it can unilaterally shape infrastructure decisions in emerging markets by controlling access to finance. Consequently, a tiered approach that meets countries "where they are" provides a tangible incentive to adopt higher-quality technologies and standards often associated with US goods and services, enacted as follows.

- *Link finance to improved procurement frameworks.* DFC and EXIM could use tiered incentives to promote adoption of transparent procurement standards. All eligible markets would retain access to baseline US financing, but governments that integrate life-cycle cost analysis, cybersecurity safeguards, and open-data provisions into tenders would receive preferential terms such as more flexible risk coverage, longer maturities, or larger credit envelopes. Under this system, the State Department and US Trade and Development Agency (USTDA) would provide technical assistance to support drafting and implementation of updated local procurement standards, shifting procurement practices gradually, giving governments a clear upside for aligning with open standards while avoiding the risk of pushing them toward Chinese finance.

- *Develop incentives for open-data and cybersecurity protocols.* Rather than mandating immediate compliance, US financing could reward adoption of interoperable data systems and internationally recognized cybersecurity protections, an area of growing importance for developing economies and one in which US firms maintain strong technical capabilities. DFC and EXIM would structure better terms for projects that commit to these standards. Over time, countries aligning with these requirements would gain preferential access to financing, while still being eligible for baseline support if reforms take longer. This incentive model strengthens US competitiveness by expanding the reach of US standards without excluding governments under pressure to deliver projects quickly.

### Make energy a core element of US diplomacy

Elevating energy to a more visible priority in US diplomacy would increase the visibility of US-backed projects, demonstrating long-term commitment and positioning US firms as integral partners in national development strategies.

- *Energy in bilateral and multilateral dialogues.* The State Department should encourage embassies in priority energy markets to include energy cooperation as a standing agenda item in annual strategic dialogues. Ambassadors would designate an energy lead at post to coordinate with DFC, EXIM, and the rest of the interagency, and to regularly report on project opportunities and progress. At global forums such as the Group of Seven (G7), Group of Twenty (G20), and Conference of the Parties (COP), the United States should table joint project announcements with partner countries, highlighting them as flagship initiatives. Embedding energy in diplomatic agendas ensures US projects are consistently associated with political commitment at the highest levels. This linkage strengthens host-country confidence in US reliability, countering China's narrative of simplicity and permanence.
- *Develop long-term energy compacts.* The United States should negotiate 10–20 year energy cooperation compacts with key markets such as India, Indonesia, Nigeria, and Brazil. Each compact would include indicative financing commitments from DFC, long-tenor export credits from EXIM, and joint technical working groups managed by the State Department. Annual reviews would publish a forward-looking pipeline of major projects tied to the compact. By institutionalizing these agreements and publicly celebrating milestones at the highest diplomatic and political levels, the United States locks in market access for US firms and integrates

its technologies into national energy strategies. This level of continuity would begin to rival China's long-term engagement and reassure governments that the United States is committed over decades, not election cycles.

### Conclusion

This assessment shows that the United States is most competitive when it aligns finance, delivery, and political support into a package that partners can navigate quickly and trust for the long haul. China's advantage has come from combining concessional capital, turnkey execution, and long-tail service into a comparatively straightforward offer for ministries under pressure to build. The United States can respond by scaling and de-risking financing to encourage the private sector to engage in developing markets; organizing government delivery around a clearer front door for partners; and tying support to transparent rules and visible outcomes that strengthen partner sovereignty rather than creating dependency.

On financing, three actions change the order of battle. Continuously review DFC's investment cap and increase it as necessary in addition to stabilizing EXIM's long-tenor authority so multiple strategic projects can proceed in parallel. Increase risk appetite through portfolio targets that accept higher NPAs in frontier markets, paired with a Strategic Energy Guarantee Facility to mobilize private lending at a ratio of 5:1 or better. Finally, widen access by establishing a clear policy rationale and operating pathway for DFC to more often finance sovereign and sub-sovereign infrastructure directly, while extending local-currency tools so exchange rate risk no longer blocks US bids. Together, these measures would help shift the US position from episodic participant to reliable cornerstone financier.

On delivery and partnerships, speed and simplicity decide outcomes. A DFC-led Energy Engagement Platform with mandated interagency participation gives governments one place to obtain term sheets, technical help, and regulatory support on common timelines. Forward-deployed project teams—regional hubs staffed by finance, legal, engineering, and environmental specialists—convert plans into bankable tenders and shorten preparation by months. The result is a user experience that more closely matches the apparent simplicity and pace of China's offers while still documenting decisions, contracts, and safeguards in ways that uphold transparency and quality.

On long-term influence, the United States wins where rules and local human capacity endure. A tiered incentive approach links better financing to improved procurement frameworks and open, secure data standards, meeting countries where they are while lifting practice over time. Energy becomes a standing

item in bilateral dialogues, with long-horizon compacts in a few pivotal markets anchoring multi-year pipelines for US firms and signaling continuity beyond political cycles. A handful of flagship projects (LNG terminals, high-voltage transmission corridors, solar-plus-storage clusters) could demonstrate delivery at scale.

Finally, sequencing matters. In the next year, Congress and the administration can build on the December 2025 reauthorization of DFC and increase in its investment cap to reinforce EXIM's authority, stand up the guarantee facility, and launch the DFC-led platform with initial hubs and templates. Over three to five years, clearer pathways for sovereign and public-sector financing, expanded local-currency capability,

and blended finance and securitization vehicles expand scale, while compacts and flagship projects mature. Across this timeline, success is measurable: faster cycle times to term sheet and financial close; larger volumes of US-backed generation, transmission, and LNG capacity; more international tenders run under transparent, life-cycle-based rules; and thousands of officials trained on open, secure standards.

The strategic objective is clear: ensure partner governments see a reliable path to build modern, secure energy systems with US technology and capital on terms that are transparent, sustainable, and resilient. If the United States organizes its tools accordingly, it competes not only on price or speed, but on the lasting value of the systems it helps create.

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## About the authors

**Steven Burns** is an energy and critical infrastructure security expert with more than two decades of experience spanning the US government and the private sector. He most recently served as director for energy security on the White House National Security Council staff, advising senior leaders on energy supply disruptions, allied support, and infrastructure resilience amid geopolitical crises. Prior to that, he was chief of energy and infrastructure at USAID's Bureau for Europe and Eurasia, where he designed and led assistance programs focused on energy-sector cybersecurity, electricity and natural gas network planning, and utility disaster preparedness and recovery across priority partner countries.

Earlier in his career, he advised electric utilities and multinational industrial companies on power asset development and procurement strategies, and authored technical work on power system and nuclear component operability. Across his career, he has managed large, multi-country portfolios and mobilized substantial investment toward secure, reliable infrastructure outcomes. Burns holds a PhD in engineering management from the George Washington University, an MS in mechanical engineering from the University of Massachusetts Amherst, and a BS from Carnegie Mellon University, and is a registered professional engineer.

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## Acknowledgments

The Atlantic Council would like to thank Breakthrough Energy for its support of this project.

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