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COMMITTEES JUDICIARY HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS ENERGY SMALL BUSINESS AND ENTREPRENEURSHIP

February 27, 2024

Mr. Robert Sternfels Global Managing Partner McKinsey & Company 3 World Trade Center 175 Greenwich Street New York, New York 10007

Dear Mr. Sternfels:

On February 6, you testified to me under oath that your company has "never worked with the Chinese Communist Party or the central government in China, to the best of my knowledge."¹ Those were strong words. Unfortunately for you, they were not true.

Last week, the *Financial Times* reported that the Urban China Initiative, a McKinsey-helmed project, prepared a book entitled *Scientific and Technological Revolutions around the World* at the behest of the Chinese government.² To be clear, this was not just any consulting work. It was the creation of a detailed roadmap for the Chinese government's long-term scientific and technical development, including plans to blur the lines between civilian and military technological applications. Among other recommendations, the book also advocated undercutting non-Chinese companies through explicitly anticompetitive practices—such as subsidizing domestic internet companies' bid to "eventually take control of the industry from foreign firms." Indeed, this McKinsey-led product directly contributed to China's Made in China 2025 industrial plan, which accelerated Chinese trade abuses and the deterioration of U.S.-China relations.

Your company has claimed that this book "was not authored by McKinsey and is not McKinsey work." But the Initiative shared an address with McKinsey's Beijing office. Its director of research described the organization as "McKinsey (Shanghai) Consulting's Urban China Initiative." The book's foreword was written by McKinsey's Shanghai-based senior partner, who presented a personalized copy to China's premier at a 2015 government symposium. The evidence of McKinsey's close involvement with this work is overwhelming.

Your company alleges that its purpose is to "help create positive, enduring change in the world." You should know that helping totalitarian foreign powers undermine America does not meet that bar. This ugly record can—and must—inform whether the American government, or anyone else, can safely trust your company's services in the future.

Above all else, you must tell the full truth to Congress. *See* 18 U.S.C. § 1001. Your company must immediately provide the Senate Homeland Security and Governmental Affairs Committee with

¹ <u>https://plus.cq.com/doc/congressionaltranscripts-7933948?4</u>

² https://www.ft.com/content/15a3e8d9-6c57-422a-8eb8-35a3c24a50e3

comprehensive documentation regarding your company's past or present collaborations with Chinese central government stakeholders, including any projects of McKinsey's Urban China Initiative. At this point, anything less is totally unacceptable.

I await your prompt response.

Sincerely,

Josh Hawley United States Senator