

United States Senate  
WASHINGTON, DC 20510-0908

May 21, 2024

Mr. Bob Sternfels  
Global Management Partner  
McKinsey & Company  
555 California Street  
Suite 4700  
San Francisco, CA 94104

Dear Mr. Sternfels:

We write once again regarding McKinsey & Company's work on behalf of the People's Republic of China (PRC). You have stated, under oath, that "we do no work, and to the best of my knowledge never have, for the Chinese Communist Party or for the central government in China."<sup>1</sup> McKinsey spokespeople have stated on other occasions that the company's client service policy forbids work in the PRC "on topics connected to defense, intelligence, justice or police issues."<sup>2</sup> Public reporting suggests these statements are false. At best, they are lawyerly evasions that fail to grapple with McKinsey's role in supporting the most powerful adversary of the United States.

The *Financial Times* reported earlier this year that a McKinsey-led think tank, the Urban China Initiative, produced a report, which our offices possess, to inform the PRC's 13<sup>th</sup> Five-Year Plan and "Made in China 2025" industrial strategy.<sup>3</sup> The report, titled, *The Trend and Impact of World Technological Revolution and Industrial Transformation*, made scores of recommendations to enhance the military and industrial capabilities of the Chinese government. For example, the report urges the Chinese government to "vigorously promote" military-civil fusion, the People's Liberation Army's (PLA) strategy of absorbing commercial research and technology for military purposes.<sup>4</sup> The report contemplates how the PLA can deploy robots and autonomous systems to "improve the success rate of combat operations."<sup>5</sup> It also schemes about how the PRC can strengthen its national champions in advanced sensors to "eventually take control of the industry from foreign firms"—a takeover that is in progress today.<sup>6,7</sup>

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<sup>1</sup> "McKinsey website touted its advice to Chinese government ministries," *Financial Times*.

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

<sup>2</sup> "Advising both Chinese state companies and the Pentagon, McKinsey & Co. comes under scrutiny," NBC News. <https://www.nbcnews.com/politics/national-security/advising-both-chinese-state-companies-pentagon-mckinsey-co-comes-under-n1283777>

<sup>3</sup> *Financial Times*.

<sup>4</sup> *The Trend and Impact of World Technological Revolution and Industrial Transformation*, Chapter 8.

<sup>5</sup> *The Trend and Impact*, Chapter 6.

<sup>6</sup> *Financial Times*.

<sup>7</sup> "Lidar: Another emerging technology brought to you by China," Defense News.

<https://www.defensenews.com/opinion/2024/04/25/lidar-another-emerging-technology-brought-to-you-by-china/>

While the report was written in the staid language of management consulting, ultimately it was an attempt to help the Chinese Communist Party (CCP) dominate the United States and other countries in cutting-edge fields, including cloud computing, the internet of things, big data, mobile internet, robotics, 3D printing, advanced materials, self-driving vehicles, artificial intelligence, nonconventional oil and gas, electric vehicles, energy storage, renewable energy, and human genomic technology. The implications go beyond economic competition. The report notes that technologies such as these “will have a great impact on future wars and the development of the national defense industry.”<sup>8</sup>

Of course, McKinsey claims that “[t]he Urban China Initiative is not McKinsey, and it did not perform work on McKinsey’s behalf.”<sup>9</sup> Another evasion. McKinsey co-founded the Urban China Initiative.<sup>10</sup> The think tank was based at the same address as McKinsey’s Beijing office.<sup>11</sup> The Urban China Initiative’s website, which was hosted on a domain owned by McKinsey, directed press inquiries to McKinsey’s Beijing office.<sup>12</sup> McKinsey’s top China hand, Lola Woetzel—who then went by the name “Jonathan”—wrote the foreword to the report. The foreword acknowledges that “McKinsey has compiled the relevant research data and added economic benefit indicators for quantitative screening” for the report.<sup>13</sup> In fact, some passages detail examples in the United States which appear to mirror previous McKinsey reports. Woetzel also hand-delivered the report to the PRC’s second-highest-ranking official at the time, Premier Li Keqiang.<sup>14</sup> McKinsey understandably wishes to disown the Urban China Initiative now that its work for the CCP has come to light, but one has to admit the offspring bears a strong resemblance to the parent.

Of course, the Urban China Initiative is not the only evidence of your firm’s assistance to the CCP. A few of the more notable pieces of evidence include:

- McKinsey has performed work on behalf of State-Owned Enterprises (SOEs) in the PRC, which are the industrial arms of the Chinese government and its representatives in overseas trade. *The New York Times* claims that McKinsey & Company has worked for “at least 22 of the 100 biggest state-owned companies” in the PRC.<sup>15</sup> McKinsey & Company’s SOE clients reportedly include the China Communications Construction Company (CCCC), which has constructed military outposts for the PLA in the South China Sea, and the China Ocean Shipping Company (COSCO), a key part of the PLA’s naval logistics.<sup>16</sup>

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<sup>8</sup> *The Trend and Impact*, page 245.

<sup>9</sup> “McKinsey statement concerning recent Financial Times article,” McKinsey & Company.  
<https://www.mckinsey.com/about-us/media/mckinsey-statement-concerning-recent-financial-times-article>

<sup>10</sup> *Financial Times*.

<sup>11</sup> *Ibid.*

<sup>12</sup> “Press Coverage,” Urban China Initiative.  
<https://web.archive.org/web/20110926215946/http://www.urbanchinainitiative.org/newsroom/>

<sup>13</sup> *The Trend and Impact*, Foreword.

<sup>14</sup> *Financial Times*.

<sup>15</sup> “How McKinsey Has Helped Raise the Stature of Authoritarian Governments,” *The New York Times*.  
<https://www.nytimes.com/2018/12/15/world/asia/mckinsey-china-russia.html>

<sup>16</sup> *Ibid.*

- McKinsey disclosed a commercial relationship with “the Chinese government” in a September 2020 court filing.<sup>17</sup>
- McKinsey’s official website for its PRC-related work, since scrubbed from the Internet, claimed that McKinsey has “served over 20 different central, provincial, and municipal government agencies on a wide range of economic planning, urban redevelopment, and social sector issues.”<sup>18</sup>
- The PRC and its propaganda organs have credited McKinsey for consulting on various initiatives.<sup>19</sup>
- McKinsey held a corporate retreat in the Xinjiang Uyghur Autonomous Region (XUAR) in 2018, where the government of the CCP is committing genocide against the Uyghurs and other predominantly Muslim ethnic groups.<sup>20</sup>

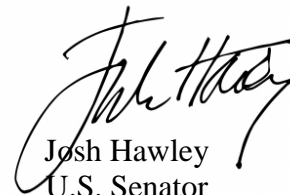
Your company’s inability to come clean about its dealings with the PRC disqualifies it from future work with the United States government—a government your company has worked to undermine both economically and militarily at the behest of our nation’s primary geopolitical adversary.

We will continue to work to ensure McKinsey does not receive another dollar from the U.S. government until such time as the company owns up to its work on behalf of the Chinese government, severs all ties to the PRC, and commits to patriotic service on behalf of the United States of America.

Sincerely,



Marco Rubio  
U.S. Senator



Josh Hawley  
U.S. Senator

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<sup>17</sup> Letter from Senator Marco Rubio to Mr. Bob Sternfels, 16 December 2021. <https://www.rubio.senate.gov/rubio-mckinsey-appears-to-have-lied/>

<sup>18</sup> *Financial Times*.

<sup>19</sup> *Ibid.*

<sup>20</sup> *The New York Times*.