

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: February 2, 2023

Re: February 7, 2023, Full Committee Hearing Entitled “Combating the Economic Threat from China”

On Tuesday, February 7, 2023, at 10:00 a.m. in Room 2128 of the Rayburn House Office Building, the Financial Services Committee will hold a hearing titled, *Combating the Economic Threat from China*. Testifying at the hearing will be the following witnesses:

- Mr. Clete Willems, Partner, Akin Gump Strass Hauer & Feld
- Mr. Tom Feddo, Founder/Principal, The Rubicon Advisors LLC
- Mr. Eric Lorber, Former Senior Advisor, Under Secretary for Terrorism and Financial Intelligence, Department of the Treasury
- Mr. Rich Ashooh, Corporate Vice President, Global Trade and Government Affairs, Lam Research Corporation
- Mr. Peter Harrell, former Senior Director for International Economics and Competitiveness, National Security Council and National Economic Council

The hearing will examine: risks to U.S. interests posed by China’s economic and geopolitical actions; actions that the U.S. can take to mitigate malign Chinese actions through the utilization of investment screening, sanctions, investment policies and supervision, international financial institutions, international financial flows, export financing, and the Defense Production Act.

Background

The Chinese Communist Party (CCP) continues pursue state-led, mercantilist economic policies, an increasingly authoritarian governance model, and an assertive and aggressive foreign policy. The CCP’s policies deliberately undermine United States interests and are contrary to core United States values and the values of other nations. In response, the U.S. needs to recommit to free markets and free people, preventing China from rewriting the international rules of the road, and maintaining an open, vibrant, and resilient economic system.

Legislative Proposals

1. **Chinese Military and Surveillance Company Sanctions Act, H.R. 760 (Barr)**

This legislation would impose sanctions on entities listed by the Treasury Department as Chinese Military-Industrial Complex Companies.

2. **PROTECT Taiwan Act, H.R. 803 (Lucas)**
In the event of a Chinese invasion of Taiwan, this legislation would require the Treasury Department, Federal Reserve, and Securities and Exchange Commission to seek China's exclusion from proceedings of the G20, Bank for International Settlements, Financial Stability Board, Basel Committee on Banking Supervision, International Association of Insurance Supervisors, and International Organization of Securities Commissions.
3. **Neutralizing Unfair Chinese Export Subsidies Act (Nunn) – [DRAFT]**
This legislation would require the Treasury Secretary to develop a detailed strategy and timeline to work with allies in order to seek China's compliance with international export subsidy standards.
4. **Taiwan Non-Discrimination Act, H.R. 540 (Kim)**
This legislation would require the U.S. to advocate for Taiwan's membership and meaningful participation at the International Monetary Fund.
5. **Taiwan Conflict Deterrence Act, H.R. 554 (Hill)**
This legislation would require public disclosure of the financial assets of top Chinese leaders in the event that China invades Taiwan.
6. **Special Drawing Rights Oversight Act, H.R. 605 (Hill)**
This legislation would prohibit U.S. approval of an allocation of IMF Special Drawing Rights to perpetrators of genocide and state sponsors of terrorism unless otherwise authorized by law.
7. **21st Century Dollar Act, H.R. 556 (Hill)**
This legislation establishes a U.S. policy to facilitate the position of the dollar as the primary global reserve currency, and requires an assessment of China's currency-related policies.
8. **Chinese Currency Accountability Act, H.R. 510 (Davidson)**
This legislation requires the Treasury Secretary to oppose an increase in the weight of China's renminbi in the basket of currencies determining the value of IMF Special Drawing Rights, unless China meets certain international standards.
9. **China Exchange Rate Transparency Act (Meuser) [DRAFT]**
This legislation requires the U.S. Director at the International Monetary Fund to advocate for greater transparency in China's disclosure of its exchange rate policies.
10. **IMF Reform and Integrity Act (Huizenga) [DRAFT]**
This legislation would prohibit the Treasury Secretary from approving an increase in China's shareholding at the IMF unless the Chinese government adheres to international standards with respect to economic governance.
11. **Chinese CBDC Prohibition Act, H.R. 804 (Luetkemeyer)**
This legislation would prohibit U.S. money service businesses from engaging in transactions involving China's central bank digital currency.
12. **No Energy Revenues for Russian Hostilities Act, H.R. 759 (Barr)**
This legislation would prohibit sanctioned Russian banks from processing energy-related transactions, including with Chinese purchasers, through the U.S. financial system.
13. **International Financial Institutions Governance Act, H.R. 557 (Hill)**
This legislation would allow U.S. representatives at the international financial institutions to waive certain mandates that impede U.S. effectiveness in working with allies and countering China.
14. **International Nuclear Energy Financing Act, H.R. 806 (McHenry)**
This legislation would require the Treasury Secretary to advocate for nuclear energy financing at the World Bank, an alternative to Chinese support for nuclear projects internationally.
15. **China Financial Threat Mitigation Act [DRAFT]**
This legislation would require the Treasury Secretary to report to Congress on global economic risks emanating from the Chinese financial sector.
16. **Securing America's Vaccines for Emergencies Act, H.R. 555 (Hill)**

This legislation would require the President to submit a strategy to employ the Defense Production Act to secure medical supplies essential for national defense, identify vulnerabilities to the medical supply chain, and work to diversify the supply chain so that key elements are not under the exclusive control of adversarial governments.

17. Preventing the Financing of Illegal Synthetic Drugs Act (De La Cruz) [DRAFT]

This legislation will instruct the Comptroller General of the United States to carry out a study on illicit financing in connection with the trafficking of synthetic drugs, including fentanyl.