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(Original Signature of Member)

117TH CONGRESS
1ST SESSION

H. R. _____

To establish an interagency task force to respond to People's Republic of
China coercive economic measures, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M____. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To establish an interagency task force to respond to People's
Republic of China coercive economic measures, and for
other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Countering China Eco-
5 nomic Coercion Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) The Government of the People’s Republic of
2 China (PRC) has used coercive economic measures
3 against governments, businesses, organizations,
4 other entities, and individuals to punish them for
5 acting in ways the Government of the PRC sees as
6 challenging PRC interests, and to pressure or other-
7 wise influence them to offer policy concessions to the
8 PRC.

9 (2) In an apparent effort to provide itself more
10 plausible deniability and greater policy flexibility, the
11 PRC often does not formally link a foreign policy
12 dispute or grievance to the coercive measure it uses,
13 opting for informal or extralegal measures rather
14 than formal, published financial sanctions, trade
15 controls, or investment restrictions.

16 (3) The PRC has also increasingly sought to
17 formalize some of its coercive economic measures
18 through laws and measures that include strength-
19 ening its export control regime through the enact-
20 ment of a new Export Control Law and creation of
21 an Unreliable Entities List.

22 (4) In 2010, the PRC halted shipments of rare
23 earth elements to Japan during a standoff over a
24 clash between the Japan Coast Guard and a Chinese

1 fishing vessel in disputed waters in the East China
2 Sea.

3 (5) The PRC targeted Norway after an inde-
4 pendent group awarded the 2010 Nobel Peace Prize
5 to imprisoned Chinese dissident Liu Xiaobo. In addi-
6 tion to freezing diplomatic relations and halting ne-
7 gotiations over a possible trade deal, the PRC im-
8 posed sanitary and phytosanitary (SPS) measures to
9 restrict Norwegian salmon exports to China. Salmon
10 exports to China resumed in 2016 only after Norway
11 pledged not to “support any actions that under-
12 mine” China’s core interests and stated that its own
13 actions had harmed “mutual trust”.

14 (6) In 2012, the PRC blocked banana imports
15 from the Philippines on the pretext of SPS issues
16 and warned Chinese tourists against visiting the
17 Philippines in response to a standoff over disputed
18 Scarborough Shoal in the South China Sea.

19 (7) Following the election of Taiwan President
20 Tsai Ing-wen in 2016, the PRC responded to Tsai’s
21 unwillingness to explicitly endorse the terms of the
22 1992 Consensus by curbing the number of mainland
23 tourists and students allowed to travel to Taiwan.

24 (8) In 2016, the PRC retaliated against Mon-
25 golia for hosting His Holiness the 14th Dalai Lama

1 by raising fees on commodity imports from Mon-
2 golia, creating delays at a major border crossing,
3 and canceling negotiations over a loan to the Mongo-
4 lian government.

5 (9) Following South Korea's 2016 decision to
6 join the United States in deploying a United States
7 missile defense system to defend against North Ko-
8 rea's missile threat, the PRC took the following ac-
9 tions that is estimated to have cost South Korea
10 \$7.5 billion dollars in losses in 2017 alone:

11 (A) Restricted South Korean entertain-
12 ment and other cultural exports from entering
13 China.

14 (B) Banned the sale of certain South
15 Korea household products, including cosmetics,
16 high-tech toilet seats, air purifiers, and food.

17 (C) Restricted tourism between the two
18 countries by ordering travel agencies not to pro-
19 vide South Korean tour packages and by reject-
20 ing Korean airlines' applications to increase
21 charter flights between the two countries.

22 (D) Targeted the China business of Lotte,
23 a South Korean conglomerate, by suspending
24 new factories, launching cyberattacks against
25 Lotte's website, and closing significant numbers

1 of Lotte Mart stores in China for alleged safety
2 violations.

3 (10) After the Government of Australia called
4 for an independent inquiry into the origins of the
5 SARS-CoV-2 virus in 2020, the PRC retaliated by
6 imposing tariffs on Australian wine and barley ex-
7 ports, placing restrictions on other commodities, and
8 threatening to encourage Chinese students to boy-
9 cott Australian universities.

10 **SEC. 3. SENSE OF CONGRESS.**

11 It is the sense of Congress that—

12 (1) the People’s Republic of China’s (PRC) in-
13 creasing use of economic coercion against foreign
14 governments, companies, organizations, other enti-
15 ties, and individuals requires that the United States
16 better understand these measures in order to devise
17 a comprehensive, effective, and multilateral response;

18 (2) the private sector is a crucial partner in
19 helping the United States Government understand
20 the PRC’s coercive economic measures and hold the
21 PRC accountable, and that additional business
22 transparency would help the United States Govern-
23 ment and private sector stakeholders conduct early
24 assessments of potential pressure points and
25 vulnerabilities; and

1 (3) PRC coercive economic measures creates
2 pressures for the private sector to behave in ways
3 antithetical to United States national interests and
4 competitiveness.

5 **SEC. 4. INTERAGENCY TASK FORCE.**

6 (a) ESTABLISHMENT.—Not later than 180 days after
7 the date of the enactment of this Act, the President shall
8 establish an interagency task force to be known as the
9 “Countering Economic Coercion Task Force” (referred to
10 in this section as the “Task Force”).

11 (b) DUTIES.—

12 (1) IN GENERAL.—The Task Force shall—

13 (A) oversee the development and imple-
14 mentation of an integrated United States Gov-
15 ernment strategy to respond to People’s Repub-
16 lic of China (PRC) coercive economic measures,
17 which shall include—

18 (i) systematically monitoring and eval-
19 uating—

20 (I) the costs of such measures on
21 United States businesses and overall
22 United States economic performance;

23 (II) instances in which such
24 measures taken against a non-PRC

1 entity has benefitted United States
2 parties; and

3 (III) the impacts such measures
4 have had on United States national
5 interests; and

6 (ii) facilitating coordination among
7 Federal departments and agencies when
8 responding to such measures as well as
9 proactively deterring such economic coer-
10 cion;

11 (B) consult with United States allies and
12 partners on the feasibility and desirability of
13 collectively identifying, assessing, and respond-
14 ing to PRC coercive economic measures, as well
15 as actions that could be taken to expand coordi-
16 nation with the goal of ensuring a consistent,
17 coherent, and collective response to such meas-
18 ures and establishing long-term deterrence to
19 such measures;

20 (C) effectively engage the United States
21 private sector, particularly sectors, groups, or
22 other entities that are susceptible to such PRC
23 coercive economic measures, on concerns related
24 to such measures; and

1 (D) develop and implement a process for
2 regularly sharing relevant information, includ-
3 ing classified information to the extent appro-
4 priate and practicable, on such PRC coercive
5 economic measures with United States allies,
6 partners, and the private sector.

7 (2) CONSULTATION.—In carrying out its duties
8 under this subsection, the Task Force should regu-
9 larly consult, to the extent necessary and appro-
10 priate, with the following:

11 (A) Relevant stakeholders in the private
12 sector.

13 (B) Federal departments and agencies that
14 are not represented on the Task Force.

15 (C) United States allies and partners.

16 (c) MEMBERSHIP.—The President shall—

17 (1) appoint the chair of the Task Force from
18 among the staff of the National Security Council;

19 (2) appoint the vice chair of the Task Force
20 from among the staff of the National Economic
21 Council; and

22 (3) direct the head of each of the following Fed-
23 eral departments and agencies to appoint personnel
24 at the level of Assistant Secretary or above to par-
25 ticipate in the Task Force:

1 (A) The Department of State.

2 (B) The Department of Commerce.

3 (C) The Department of the Treasury.

4 (D) The Department of Justice.

5 (E) The Office of the United States Trade
6 Representative.

7 (F) The Department of Agriculture.

8 (G) The Office of the Director of National
9 Intelligence and other appropriate elements of
10 the intelligence community (as defined in sec-
11 tion 3 of the National Security Act of 1947 (50
12 U.S.C. 3003)).

13 (H) The Securities and Exchange Commis-
14 sion.

15 (I) The United States International Devel-
16 opment Finance Corporation.

17 (J) Any other department or agency des-
18 ignated by the President.

19 (d) REPORTS.—

20 (1) INITIAL REPORT.—Not later than one year
21 after the date of the enactment of this Act, the Task
22 Force shall submit to the appropriate congressional
23 committees a report that includes the following ele-
24 ments:

1 (A) A comprehensive review of the array of
2 economic tools the Government of the People's
3 Republic of China (PRC) employs or could em-
4 ploy in the future to coerce other governments,
5 non-PRC companies (including United States
6 companies), and multilateral institutions and
7 organizations, including the Government of
8 PRC's continued efforts to codify informal
9 practices into its domestic law.

10 (B) The strategy required by subsection
11 (b)(1)(A).

12 (C) An interagency definition of PRC coer-
13 cive economic measures that captures both—

14 (i) the use of informal or extralegal
15 PRC coercive economic measures; and

16 (ii) the illegitimate use of formal eco-
17 nomic tools.

18 (D) A comprehensive review of the array of
19 economic and diplomatic tools the United
20 States Government employs or could employ to
21 respond to economic coercion against the
22 United States and United States allies and
23 partners.

24 (E) A list of unilateral or multilateral—

1 (i) proactive measures to defend or
2 deter against PRC coercive economic meas-
3 ures; and

4 (ii) actions taken in response to the
5 Government of the PRC's general use of
6 coercive economic measures.

7 (F) An assessment of areas in which
8 United States allies and partners are vulnerable
9 to PRC coercive economic measures.

10 (G) A description of gaps in existing re-
11 sources or capabilities for United States Gov-
12 ernment departments and agencies to respond
13 effectively to PRC coercive economic measures
14 directed at United States entities and assist
15 United States allies and partners in their re-
16 sponses to PRC coercive economic measures.

17 (2) INTERIM REPORTS.—

18 (A) FIRST INTERIM REPORT.—Not later
19 than one year after the date on which the re-
20 port required by paragraph (1) is submitted to
21 the appropriate congressional committees, the
22 Task Force shall submit to the appropriate con-
23 gressional committees a report that includes the
24 following elements:

1 (i) Updates to information required by
2 subparagraphs (A) through (G) of para-
3 graph (1).

4 (ii) A description of activities con-
5 ducted by the Task Force to implement
6 the strategy required by subsection
7 (b)(1)(A).

8 (B) SECOND INTERIM REPORT.—Not later
9 than one year after the date on which the re-
10 port required by subparagraph (A) is submitted
11 to the appropriate congressional committees,
12 the Task Force shall submit to the appropriate
13 congressional committees a report that includes
14 an update to the elements required under the
15 report required by subparagraph (A).

16 (3) FINAL REPORT.—Not later than 30 days
17 after the date on which the report the required by
18 paragraph (2)(B) is submitted to the appropriate
19 congressional committees, the Task Force shall sub-
20 mit to the appropriate congressional committees and
21 also make available to the public on the website of
22 the Executive Office of the President a final report
23 that includes the following elements:

1 (A) An analysis of PRC coercive economic
2 measures and the cost of such coercive meas-
3 ures to United States businesses.

4 (B) A description of areas of possible par-
5 ticular vulnerability for United States busi-
6 nesses and businesses of United States partners
7 and allies.

8 (C) Recommendations on how to continue
9 the effort to counter PRC coercive economic
10 measures.

11 (D) A list of cases made public under sub-
12 section (e).

13 (4) FORM.—

14 (A) INITIAL AND INTERIM REPORTS.—The
15 reports required by paragraphs (1) and (2)(A)
16 and (2)(B) shall be submitted in unclassified
17 form, but may include a classified annex.

18 (B) FINAL REPORT.—The report required
19 by paragraph (3) shall be submitted in unclassi-
20 fied form, but may include a classified annex.

21 (e) PUBLICLY AVAILABLE LIST.—

22 (1) IN GENERAL.—Not later than 120 days
23 after the date of the enactment of this Act, the Task
24 Force shall to the extent practicable make available
25 to the public on the website of the Executive Office

1 of the President a list of cases in the past six
2 months in which the PRC is known to have directed
3 coercive economic measures against a non-PRC enti-
4 ty.

5 (2) UPDATES.—The list required by paragraph
6 (1) should be updated every 180 days, and shall be
7 managed by the Department of State after the ter-
8 mination of the Task Force under subsection (f).

9 (f) SUNSET.—

10 (1) IN GENERAL.—The Task Force shall termi-
11 nate at the end of the 60-day period beginning on
12 the date on which the final report required by sub-
13 section (d)(3) is submitted to the appropriate con-
14 gressional committees and made publicly available.

15 (2) ADDITIONAL ACTIONS.—The Task force
16 may use the 60-day period referred to in paragraph
17 (1) for the purposes of concluding its activities, in-
18 cluding providing testimony to Congress concerning
19 the final report required by subsection (d)(3).

20 **SEC. 5. DEFINITIONS.**

21 In this Act:

22 (1) APPROPRIATE CONGRESSIONAL COMMIT-
23 TEES.—The term “appropriate congressional com-
24 mittees” means—

1 (A) the Committee on Foreign Affairs of
2 the House of Representatives; and

3 (B) the Committee on Foreign Relations of
4 the Senate.

5 (2) COERCIVE ECONOMIC MEASURES.—The
6 term “coercive economic measures” includes formal
7 or informal restrictions or conditions, such as on
8 trade, investment, development aid, and financial
9 flows, intended to impose economic costs on a non-
10 People’s Republic of China target in order to achieve
11 strategic political objectives, including influence over
12 the policy decisions of a foreign government, com-
13 pany, organization, or individual.