

117TH CONGRESS
1ST SESSION

H. R. 2964

To codify the denial of export privileges and related provisions under title 15, Code of Federal Regulations.

IN THE HOUSE OF REPRESENTATIVES

MAY 4, 2021

Mr. BUCK introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To codify the denial of export privileges and related provisions under title 15, Code of Federal Regulations.

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. FINDINGS.**

4 Congress finds the following:

5 (1) The Founders of the United States viewed
6 intellectual property rights as fundamental rights
7 that must be protected by the government.

8 (2) Article I, section 8, clause 8 of the United
9 States Constitution affirmatively defends the individ-
10 ual's right to protect intellectual property by grant-

1 ing Congress power “to promote the Progress of
2 Science and Useful arts, by securing, for limited
3 Times, to Authors and Inventors, the exclusive Right
4 to their respective Writings and Discoveries”.

5 (3) The Commission on the Theft of American
6 Intellectual Property estimates that intellectual
7 property theft costs the United States economy ap-
8 proximately \$600 billion annually.

9 (4) A March 1, 2019, CNBC poll found that
10 one-in-five United States corporations say that
11 China has stolen proprietary intellectual property
12 within the last year and one-in-three United States
13 corporations state that China has stolen their intel-
14 lectual property within the last decade.

15 (5) The Commission on the Theft of American
16 Intellectual Property further reports that China’s in-
17 dustrial policies call for the “absorption, digestion,
18 and re-innovation of foreign intellectual property to
19 meet the Made in China 2025 goal of 40 percent
20 self-sufficiency by 2020 and 75 percent by 2025”.

21 (6) The Chinese Government remains the
22 world’s principle source of intellectual property theft.

23 (7) China engages in foreign ownership restric-
24 tions that include joint venture requirements and ad-
25 ministrative reviews that pressure United States

1 companies to transfer intellectual property and pro-
2 prietary technology to Chinese companies.

3 (8) China imposes harmful contractual obliga-
4 tions on United States companies seeking to license
5 their proprietary technology to Chinese-based firms
6 and is engaged in a purposeful and unfair practice
7 of acquiring United States businesses to generate
8 technology transfers.

9 (9) The Chinese Government is engaged in
10 cyberattacks against United States businesses, mili-
11 tary installations, and government entities, including
12 the United States Office of Personnel Management,
13 resulting in the theft of untold proprietary informa-
14 tion and commercial trade secrets.

15 (10) China is undertaking the “greatest intel-
16 lectual property theft in human history” according
17 to former Secretary of Defense Mark Esper.

18 (11) Congress must take bold action to combat
19 the Chinese Government’s concerted efforts to per-
20 petrate cyber-attacks against United States entities
21 and steal United States intellectual property.

22 (12) Denial orders are issued by the Assistant
23 Secretary of Commerce for Export Enforcement of
24 the Bureau of Industry and Security to deny the ex-
25 port privileges of an entity or individual. A denial of

1 export privileges prohibits the person from partici-
2 pating in any way in any transaction subject to the
3 Export Administration Regulations (EAR). Further-
4 more, it is unlawful for any other entity or indi-
5 vidual to participate in any way in an export trans-
6 action subject to the EAR with a person subject to
7 a denial order.

8 (13) On April 16, 2018, former Secretary of
9 Commerce Wilbur Ross announced that the Bureau
10 of Industry and Security of the Department of Com-
11 merce had issued an order to deny the export privi-
12 leges of Zhongxing Telecommunications Equipment
13 Corporation of Shenzhen, China (“ZTE Corpora-
14 tion”) and ZTE Kangxun Telecommunications Ltd.
15 of Hi-New Shenzhen, China.

16 **SEC. 2. SENSE OF CONGRESS.**

17 It is the sense of Congress that—

18 (1) denial orders are an important foreign pol-
19 icy tool to use against foreign entities and individ-
20 uals, especially Chinese persons, with a pattern of
21 violating United States laws, especially laws relating
22 to intellectual property; and

23 (2) the Department of Commerce should vigor-
24 ously utilize denial orders to hold such persons ac-
25 countable.

1 **SEC. 3. STRATEGY.**

2 Not later than one year after the date of the enact-
3 ment of this Act, the Secretary of Commerce, in consulta-
4 tion with the Secretary of State, the Secretary of Treas-
5 ury, and Attorney General, shall submit to Congress a
6 strategy regarding how denial orders issued by the Bureau
7 of Industry and Security of the Department of Commerce
8 to deny the export privileges of foreign entities and indi-
9 viduals, especially entities and individuals located in
10 China, can be better utilized as part of a holistic approach
11 to hold such entities and individuals accountable for theft
12 of United States intellectual property.

13 **SEC. 4. CODIFICATION OF DENIAL OF EXPORT PRIVILEGES**
14 **AND RELATED PROVISIONS UNDER TITLE 15,**
15 **CODE OF FEDERAL REGULATIONS.**

16 The provisions of part 730 of title 15, Code of Fed-
17 eral Regulations, relating to general information, and sec-
18 tion 766.25 of such title, relating to administrative action
19 denying export privileges, are hereby enacted into law.

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