

117TH CONGRESS
1ST SESSION

H. R. 5580

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

OCTOBER 15, 2021

Mr. BERA (for himself, Mrs. WAGNER, Mr. CASTRO of Texas, Mr. CHABOT, Ms. TITUS, Mr. FITZPATRICK, and Mr. VARGAS) introduced the following bill; which was referred to the Committee on Foreign Affairs

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:

8 (1) The Government of the People's Republic of
9 China (PRC) has used coercive economic measures

1 against governments, businesses, organizations,
2 other entities, and individuals to punish them for
3 acting in ways the Government of the PRC sees as
4 challenging PRC interests, and to pressure or other-
5 wise influence them to offer policy concessions to the
6 PRC.

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

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

20 (4) In 2010, the PRC halted shipments of rare
21 earth elements to Japan during a standoff over a
22 clash between the Japan Coast Guard and a Chinese
23 fishing vessel in disputed waters in the East China
24 Sea.

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

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

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

22 (8) In 2016, the PRC retaliated against Mon-
23 golia for hosting His Holiness the 14th Dalai Lama
24 by raising fees on commodity imports from Mon-
25 golia, creating delays at a major border crossing,

1 and canceling negotiations over a loan to the Mongo-
2 lian government.

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

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

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

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

20 (D) Targeted the China business of Lotte,
21 a South Korean conglomerate, by suspending
22 new factories, launching cyberattacks against
23 Lotte's website, and closing significant numbers
24 of Lotte Mart stores in China for alleged safety
25 violations.

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

8 **SEC. 3. SENSE OF CONGRESS.**

9 It is the sense of Congress that—

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

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

24 (3) PRC coercive economic measures creates
25 pressures for the private sector to behave in ways

1 antithetical to United States national interests and
2 competitiveness.

3 **SEC. 4. INTERAGENCY TASK FORCE.**

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

9 (b) DUTIES.—

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

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

16 (i) systematically monitoring and eval-
17 uating—

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

21 (II) instances in which such
22 measures taken against a non-PRC
23 entity has benefitted United States
24 parties; and

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

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

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

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

23 (D) develop and implement a process for
24 regularly sharing relevant information, includ-
25 ing classified information to the extent appro-

1 priate and practicable, on such PRC coercive
2 economic measures with United States allies,
3 partners, and the private sector.

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

8 (A) Relevant stakeholders in the private
9 sector.

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

12 (C) United States allies and partners.

13 (c) MEMBERSHIP.—The President shall—

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

16 (2) appoint the vice chair of the Task Force
17 from among the staff of the National Economic
18 Council; and

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

23 (A) The Department of State.

24 (B) The Department of Commerce.

25 (C) The Department of the Treasury.

1 (D) The Department of Justice.

2 (E) The Office of the United States Trade
3 Representative.

4 (F) The Department of Agriculture.

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

10 (H) The Securities and Exchange Commis-
11 sion.

12 (I) The United States International Devel-
13 opment Finance Corporation.

14 (J) Any other department or agency des-
15 ignated by the President.

16 (d) REPORTS.—

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

22 (A) A comprehensive review of the array of
23 economic tools the Government of the People's
24 Republic of China (PRC) employs or could em-
25 ploy in the future to coerce other governments,

1 non-PRC companies (including United States
2 companies), and multilateral institutions and
3 organizations, including the Government of the
4 PRC's continued efforts to codify informal
5 practices into its domestic law.

6 (B) The strategy required by subsection
7 (b)(1)(A).

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

10 (i) the use of informal or extralegal
11 PRC coercive economic measures; and

12 (ii) the illegitimate use of formal eco-
13 nomic tools.

14 (D) A comprehensive review of the array of
15 economic and diplomatic tools the United
16 States Government employs or could employ to
17 respond to economic coercion against the
18 United States and United States allies and
19 partners.

20 (E) A list of unilateral or multilateral—

21 (i) proactive measures to defend or
22 deter against PRC coercive economic meas-
23 ures; and

1 (ii) actions taken in response to the
2 Government of the PRC's general use of
3 coercive economic measures.

4 (F) An assessment of areas in which
5 United States allies and partners are vulnerable
6 to PRC coercive economic measures.

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

14 (2) INTERIM REPORTS.—

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

22 (i) Updates to information required by
23 subparagraphs (A) through (G) of para-
24 graph (1).

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

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

13 (3) FINAL REPORT.—Not later than 30 days
14 after the date on which the report required by para-
15 graph (2)(B) is submitted to the appropriate con-
16 gressional committees, the Task Force shall submit
17 to the appropriate congressional committees and also
18 make available to the public on the website of the
19 Executive Office of the President a final report that
20 includes the following elements:

21 (A) An analysis of PRC coercive economic
22 measures and the cost of such coercive meas-
23 ures to United States businesses.

24 (B) A description of areas of possible par-
25 ticular vulnerability for United States busi-

1 nesses and businesses of United States partners
2 and allies.

3 (C) Recommendations on how to continue
4 the effort to counter PRC coercive economic
5 measures.

6 (D) A list of cases made public under sub-
7 section (e).

8 (4) FORM.—

9 (A) INITIAL AND INTERIM REPORTS.—The
10 reports required by paragraphs (1), (2)(A), and
11 (2)(B) shall be submitted in unclassified form,
12 but may include a classified annex.

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

16 (e) PUBLICLY AVAILABLE LIST.—

17 (1) IN GENERAL.—Not later than 120 days
18 after the date of the enactment of this Act, the Task
19 Force shall to the extent practicable make available
20 to the public on the website of the Executive Office
21 of the President a list of cases in the past six
22 months in which the PRC is known to have directed
23 coercive economic measures against a non-PRC enti-
24 ty.

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

5 (f) SUNSET.—

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

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

16 **SEC. 5. DEFINITIONS.**

17 In this Act:

18 (1) APPROPRIATE CONGRESSIONAL COMMIT-
19 TEES.—The term “appropriate congressional com-
20 mittees” means—

21 (A) the Committee on Foreign Affairs of
22 the House of Representatives; and

23 (B) the Committee on Foreign Relations of
24 the Senate.

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

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