H. R. 8544

To impose sanctions with respect to the transfer of arms and related materiel by the People’s Republic of China to the Russian Federation or the evasion or circumvention of United States sanctions or multilateral sanctions by the People’s Republic of China with respect to the Russian Federation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2022

Mr. Schiff (for himself, Ms. Escobar, Mrs. Murphy of Florida, Mr. Krishnamoorthi, Mr. San Nicolas, Mr. Carson, Ms. Jackson Lee, Mr. Swalwell, Mr. Malinowski, Ms. Garcia of Texas, Mr. Phillips, Mr. Vargas, Mr. Quigley, Mr. Crow, and Mr. Case) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on the Judiciary, Financial Services, Ways and Means, and Intelligence (Permanent Select), for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

A BILL

To impose sanctions with respect to the transfer of arms and related materiel by the People’s Republic of China to the Russian Federation or the evasion or circumvention of United States sanctions or multilateral sanctions by the People’s Republic of China with respect to the Russian Federation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Deter PRC Support to the Russian War Effort Act”.

SEC. 2. FINDINGS.

Congress finds the following:

(1) The People’s Republic of China (in this section referred to as the “PRC”) and the Russian Federation have, in recent years, forged a closer relationship, based largely on their shared interest in challenging the rules-based international order, in an attempt to reshape that order into one that is more welcoming to their authoritarian systems of government.

(2) The rhetoric of the PRC’s leaders, including Xi Jinping, who called for the unification “by force” of Taiwan with the People’s Republic of China, mirrors the Russian Federation’s justification for invading Ukraine, poses a danger to international peace and security and the agreed to status quo on Taiwan in the Three Communiques exchanged between Beijing and Washington, and should be condemned by the international community.

(3) On February 24, 2022, Russia launched an unprovoked and unjustified full-scale invasion of Ukraine, and has since killed and injured thousands of innocent Ukrainian civilians across the country.
(4) The PRC’s Foreign Ministry spokesperson refused to categorize Russia’s attacks as an “invasion” or “war” and referred repeatedly to the Russian Federation’s statements on Ukraine, including reiterating criticisms of the North Atlantic Treaty Organization (NATO) and blaming the United States for starting the conflict.

(5) In the days and weeks since Russia’s full-scale invasion of Ukraine, the Biden Administration has imposed several tranches of sanctions on Putin’s Russia.

(6) On February 22, 2022, President Biden issued Executive Order 14065, which blocks property of certain persons and prohibits certain transactions with respect to continued Russian efforts to undermine the sovereignty and territorial integrity of Ukraine, and expands the scope of the national emergency declared in Executive Order 13660 of March 6, 2014, Executive Order 13661 of March 16, 2014, and Executive Order 13662 of March 20, 2014, and takes additional steps with respect to Executive Order 13685 of December 19, 2014, and Executive Order 13849 of September 20, 2018, finding that the Russian Federation’s purported recognition of the so-called Donetsk People’s Republic (DNR) or
Luhansk People’s Republic (LNR) regions of Ukraine contradicts Russia’s commitments under the Minsk agreements and further threatens the peace, stability, sovereignty, and territorial integrity of Ukraine, and thereby constitutes an unusual and extraordinary threat to the national security and foreign policy of the United States.

(7) On March 8, 2022, President Biden issued Executive Order 14066, which prohibits certain imports and new investments with respect to continued Russian Federation efforts to undermine the sovereignty and territorial integrity of Ukraine, and expands the scope of the national emergency declared in Executive Order 14024 of April 15, 2021, and takes additional steps with respect to Executive Order 14039 of August 20, 2021, finding that the Russian Federation’s unjustified, unprovoked, unyielding, and unconscionable war against Ukraine, including its recent further invasion in violation of international law, including the United Nations Charter, further threatens the peace, stability, sovereignty, and territorial integrity of Ukraine, and thereby constitutes an unusual and extraordinary threat to the national security and foreign policy of the United States.
(8) On March 11, 2022, President Biden issued Executive Order 14068, which further prohibits certain imports and new investments with respect to continued Russian Federation efforts to undermine the sovereignty and territorial integrity of Ukraine, and takes additional steps with respect to the national emergency declared in Executive Order 14024 of April 15, 2021, and Executive Order 14039 of August 20, 2021, and expanded by Executive Order 14066 of March 8, 2022.

(9) On April 6, 2022, President Biden issued Executive Order 14071, prohibiting new investment and certain services to the Russian Federation in response to continued Russian Federation aggression, and takes additional steps with respect to the national emergency declared in Executive Order 14024 of April 15, 2021, expanded by Executive Order 14066 of March 8, 2022, and relied on for additional steps taken in Executive Order 14039 of August 20, 2021, and Executive Order 14068 of March 11, 2022.

(10) In March 2022, as the Biden Administration continued to increase pressure on Putin’s regime through rollouts of the aforementioned sanctions, the head of the PRC’s banking and insurance
regulator said the PRC will not participate in the sanctions regime Western nations imposed on Russia and “will continue to maintain normal economic, trade and financial exchanges” with Russia despite its aggression against Ukraine.

(11) Indeed, that same month, according to PRC customs data, Russia bought 9,950 metric tons of alumina from the PRC, which is nearly 10 times more than what it purchased in the same period a year earlier. The PRC's first-quarter exports of alumina to Russia are nearly six times the volume of all of 2021, suggesting the PRC may find new ways of providing support to Russia.

(12) On June 28, 2022, the U.S. Department of Commerce, Bureau of Industry and Security, added five Chinese companies to the Entity List, in response to their continued support to Russia’s military efforts since the imposition of export controls in response to Russia’s invasion of Ukraine.

SEC. 3. SENSE OF CONGRESS.

It is the sense of Congress that—

(1) Russia’s military invasion of Ukraine and the war crimes and human rights violations com-

mitted by the Kremlin, Russia’s military, and Rus-
Asia’s intelligence and security services against the people of Ukraine should be strongly condemned;

(2) any country or entity that provides material support for Russia’s invasion is furthering Russia’s unlawful belligerence and committing of war crimes;

(3) Chinese Government officials and individuals and entities associated with People’s Republic of China that assist the Russian Federation, including Russian Government officials or individuals or entities associated with the Russian Federation, by providing material support or in evading sanctions imposed following the Russian Federation’s invasion of Ukraine are, in so doing, supporting the Russian Federation’s unprovoked attack on Ukraine and the Ukrainian people, including alleged war crimes committed by Russian Armed Forces against civilians;

(4) the President should continue to seek unity with European and other key partners and to uphold sanctions that continue to impose costs on Putin’s regime and deplete the Russian Federation’s war chest;

(5) the President should impose sanctions with respect to those sectors and individuals and entities of the Russian Federation, including Russian Government officials, that are evading sanctions im-
posed by the United States and allied nations fol-
lowing Russia’s invasion of Ukraine; and

(6) the President should encourage other Euro-
pean countries and key partners to enact legislation
that is similar to the provisions of this Act.

SEC. 4. SANCTIONS WITH RESPECT TO THE TRANSFER OF
ARMS AND RELATED MATERIEL BY CHINA TO
RUSSIA.

(a) IMPOSITION OF SANCTIONS.—

(1) IN GENERAL.—The President is authorized
to impose on a PRC person one or more of the sanc-
tions described in subsection (b) if the President de-
determines that such person has, on or after the date
of the enactment of this Act, knowingly—

(A) exported, transferred, or otherwise pro-
vided to Russia financial, material, or techno-
logical support that contributes materially to
the ability of the Government of Russia to un-
dertake military action in Ukraine, such as—

(i) acquiring chemical, biological, or
nuclear weapons or related technologies;

(ii) acquiring ballistic or cruise missile
capabilities;

(iii) acquiring advanced conventional
weapons;
(iv) acquiring significant defense articles, defense services, or defense information (as such terms are defined under the Arms Export Control Act (22 U.S.C. 2751 et seq.)); or

(v) acquiring items designated by the President for purposes of the United States Munitions List under section 38(a)(1) of the Arms Export Control Act (22 U.S.C. 2778(a)(1)); or

(B) facilitated or assisted in the evasion or circumvention of United States sanctions or multilateral sanctions with respect to the Russia.

(2) APPLICABILITY TO OTHER PRC PERSONS.—

The sanctions described in subsection (b) may also be imposed on any PRC person that—

(A) is a successor entity to a PRC person described in paragraph (1); or

(B) is owned or controlled by, or has acted for or on behalf of, a PRC person described in paragraph (1) and has engaged in a sanctionable activity described in such paragraph.
(b) Sanctions Described.—The sanctions described in this subsection are the following:

(1) Blocking of Property.—The President shall exercise all powers granted by the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (except that the requirements of section 202 of such Act (50 U.S.C. 1701) shall not apply) to the extent necessary to block and prohibit all transactions in all property and interests in property of the person if such property and interests in property are in the United States, come within the United States, or are or come within the possession or control of a United States person.

(2) Inadmissibility of Certain Individuals.—

(A) Ineligibility for Visas and Admission to the United States.—An individual determined by the President to be a person described in subsection (a) is—

(i) inadmissible to the United States;

(ii) ineligible to receive a visa or other documentation to enter the United States;

and

(iii) otherwise ineligible to be admitted or paroled into the United States or to re-
ceive any other benefit under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.).

(B) Current visas revoked.—An individual determined by the President to be a person described in subsection (a) is subject to the following:

(i) Revocation of any visa or other entry documentation regardless of when the visa or other entry documentation is or was issued.

(ii) A revocation under clause (i) shall cancel any other valid visa or entry documentation that is in the person’s possession in accordance with section 221(i) of the Immigration and Nationality Act.

(3) Other sanctions.—

(A) Export-Import Bank assistance for exports.—The President may direct the Export-Import Bank of the United States not to give approval to the issuance of any guarantee, insurance, extension of credit, or participation in the extension of credit in connection with the export of any goods or services to the person.
(B) LOANS FROM UNITED STATES FINANCIAL INSTITUTIONS.—The President may prohibit any United States financial institution from making loans or providing credits to the person in any 12-month period unless the person is engaged in activities to relieve human suffering and the loans or credits are provided for such activities.

(C) LOANS FROM INTERNATIONAL FINANCIAL INSTITUTIONS.—The President should direct the United States Executive Director to each international financial institution to use the voice and vote of the United States to oppose any loan from the international financial institution that would benefit the person.

(D) PROHIBITIONS ON FINANCIAL INSTITUTIONS.—The following prohibitions may be imposed against the person if that person is a financial institution:

(i) PROHIBITION ON DESIGNATION AS PRIMARY DEALER.—Neither the Board of Governors of the Federal Reserve System nor the Federal Reserve Bank of New York may designate, or permit the continuation of any prior designation of, the fi-
nancial institution as a primary dealer in
United States Government debt instru-
ments.

(ii) Prohibition on service as a
rePOSITORY OF GOVERNMENT FUNDS.—
The financial institution may not serve as
agent of the United States Government or
serve as repository for United States Gov-
ernment funds.

(E) PROCUREMENT SANCTION.—The
United States Government may not procure, or
enter into any contract for the procurement of,
any goods or services from the person.

(F) FOREIGN EXCHANGE.—The President
may, pursuant to such regulations as the Presi-
dent may prescribe, prohibit any transactions in
foreign exchange that are subject to the juris-
diction of the United States and in which the
person has any interest.

(G) BANKING TRANSACTIONS.—The Presi-
dent may, pursuant to such regulations as the
President may prescribe, prohibit any transfers
of credit or payments between financial institu-
tions or by, through, or to any financial institu-
tion, to the extent that such transfers or pay-
ments are subject to the jurisdiction of the United States and involve any interest of the person.

(H) PROPERTY TRANSACTIONS.—The President may, pursuant to such regulations as the President may prescribe, prohibit any other person from—

(i) acquiring, holding, withholding, using, transferring, withdrawing, transporting, importing, or exporting any property that is subject to the jurisdiction of the United States and with respect to which the person has any interest;

(ii) dealing in or exercising any right, power, or privilege with respect to such property; or

(iii) conducting any transaction involving such property.

(I) BAN ON INVESTMENT IN EQUITY OR DEBT OF PERSON.—The President may, pursuant to such regulations or guidelines as the President may prescribe, prohibit any United States person from investing in or purchasing significant amounts of equity or debt instruments of the person.
(J) Exclusion of Corporate Officers.—The President may direct the Secretary of State to deny a visa to, and the Secretary of Homeland Security to exclude from the United States, any alien that the President determines is a corporate officer or principal of, or a shareholder with a controlling interest in, the person.

(K) Sanctions on Principal Executive Officers.—The President may impose on the principal executive officer or officers of the person, or on persons performing similar functions and with similar authorities as such officer or officers, any of the sanctions under this subsection.

(c) Exceptions.—

(1) Exception for Intelligence Activities.—Sanctions under this section shall not apply to any activity subject to the reporting requirements under title V of the National Security Act of 1947 (50 U.S.C. 3091 et seq.) or any authorized intelligence activities of the United States.

(2) Exception to Comply with International Obligations and for Law Enforcement Activities.—Sanctions under subsection (b)(2) shall not apply with respect to an alien if ad-
mitting or paroling the alien into the United States is necessary—

(A) to permit the United States to comply with the Agreement regarding the Headquarters of the United Nations, signed at Lake Success June 26, 1947, and entered into force November 21, 1947, between the United Nations and the United States, or other applicable international obligations; or

(B) to carry out or assist law enforcement activity in the United States.

(3) EXCEPTION RELATING TO IMPORTATION OF GOODS.—

(A) IN GENERAL.—The authority to block and prohibit all transactions in all property and interests in property under subsection (b)(1) shall not include the authority to impose sanctions on the importation of goods.

(B) GOOD DEFINED.—In this paragraph, the term “good” means any article, natural or man-made substance, material, supply or manufactured product, including inspection and test equipment and excluding technical data.

(d) WAIVER.—The President may waive the application of sanctions under subsection (b) with respect to a
PRC person described in subsection (a) if the President determines that such a waiver is in the national interest of the United States.

(e) IMPLEMENTATION; PENALTIES.—

(1) IMPLEMENTATION.—The President may exercise all authorities provided under sections 203 and 205 of the International Emergency Economic Powers Act (50 U.S.C. 1702 and 1704) to carry out the purposes of this section.

(2) PENALTIES.—The penalties provided for in subsections (b) and (c) of section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) may apply to a person that violates, attempts to violate, or conspires to violate, or causes a violation of, subsection (a) of this section, or an order or regulation prescribed under either such subsection, to the same extent that such penalties apply to a person that commits an unlawful act described in section 206(a) of the International Emergency Economic Powers Act.

(f) DEFINITIONS.—In this section:

(1) CHINA.—The term “China” means the People’s Republic of China.

(2) FINANCIAL, MATERIAL, OR TECHNOLOGICAL SUPPORT.—The term “financial, material, or technolo-
logical support” has the meaning given such term in
section 542.304 of title 31, Code of Federal Regula-
tions (or any corresponding similar regulation or rul-
ing).

(3) PRC person.—The term “PRC person”—

(A) means—

(i) any citizen or national of China; or

(ii) any entity organized under the
laws of China or any jurisdiction within
China; and

(B) includes the Government of China, the
Chinese Communist Party, and any Chinese
State-owned enterprise.

(4) International financial institution.—The term “international financial institu-
tion” has the meaning given that term in section
1701(c) of the International Financial Institutions
Act (22 U.S.C. 262r(c)).

(5) Russia.—The term “Russia” means the
Russian Federation.

(6) United States person.—The term
“United States person” means—

(A) a United States citizen or an alien law-
fully admitted for permanent residence to the
United States; or
(B) an entity organized under the laws of
the United States or of any jurisdiction within
the United States, including a foreign branch of
such an entity.

SEC. 5. REPORT.

(a) IN GENERAL.—Not later than 90 days after the
date of the enactment of this Act, and every 180 days
thereafter, and consistent with the protection of intel-
ligence sources and methods, the Director of National In-
telligence, in consultation with the Secretary of Commerce,
the Secretary of State, and the Secretary of Treasury as
appropriate, shall submit to the appropriate congressional
committees a report on whether and how the People’s Re-
public of China, including the Government of the People’s
Republic of China, the Chinese Communist Party, any
Chinese State-owned enterprise, and any other Chinese
entity, has provided support to the Russian Federation
with respect to its unprovoked invasion of and full-scale
war against Ukraine.

(b) MATTERS TO BE INCLUDED.—The report re-
quired by subsection (a) shall include a discussion of the
People’s Republic of China support to the Russian Federa-
tion with respect to—
(1) helping the Government of Russia or Russian entities evade or circumvent United States sanctions or multilateral sanctions;

(2) providing Russia with any technology, including semiconductors classified as EAR99, that supports Russian intelligence or military capabilities;

(3) establishing economic or financial arrangements that will have the effect of alleviating the impact of United States sanctions or multilateral sanctions; and

(4) providing any material, technical, or logistical support, including to Russian military or intelligence agencies and State-owned or State-linked enterprises.

(c) FORM.—The report required by subsection (a) shall be submitted in unclassified form with a classified annex as necessary.

(d) SUNSET.—The requirement to submit the report required by subsection (a) shall terminate on the earlier of—

(1) the date on which the Director of National Intelligence determines the conflict in Ukraine has ended; or

(2) the date that is 2 years after the date of the enactment of this Act.
(c) Appropriate Congressional Committees Defined.—In this section, the term “appropriate congressional committees” means—

(1) the Committee on Foreign Affairs, the Permanent Select Committee on Intelligence, and the Committee on Financial Services of the House of Representatives; and

(2) the Committee on Foreign Relations, the Select Committee on Intelligence, and the Committee on Banking, Housing and Urban Affairs of the Senate.

SEC. 6. SUNSET.

The provisions of this Act shall take effect on the date of the enactment of this Act, and such provisions, including any sanctions or penalties imposed under this Act, shall terminate on the earlier of—

(1) the date on which the President determines the conflict in Ukraine has ended; or

(2) the date that is 2 years after such date of enactment.