

105TH CONGRESS  
1ST SESSION

# H. R. 2011

To impose certain sanctions on the People's Republic of China, and for  
other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 1997

Mr. HUTCHINSON introduced the following bill; which was referred to the Committee on International Relations, and in addition to the Committees on Banking and Financial Services, Ways and Means, and the Judiciary, 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

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## A BILL

To impose certain sanctions on the People's Republic of  
China, 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 “China Sanctions and  
5       Human Rights Advancement Act”.

6       **SEC. 2. PURPOSE.**

7       It is the purpose of this Act—

1           (1) to impose certain sanctions on the People's  
2       Republic of China in response to the practices of the  
3       Government of the People's Republic of China which  
4       limit the free exercise of religion and other human  
5       rights; and

6           (2) to require an annual report from the Presi-  
7       dent on such practices.

8       **SEC. 3. SANCTIONS.**

9       (a) DENIAL OF ENTRY OF CERTAIN GOVERNMENT  
10      OFFICIALS.—

11           (1) DENIAL OF ENTRY.—Except as provided in  
12      paragraph (2), the Secretary of State may not issue  
13      any visa to, and the Attorney General may not  
14      admit to the United States, any of the following offi-  
15      cials of the Government of the People's Republic of  
16      China:

17           (A) High-ranking officials of the Public  
18      Security Bureau, as determined by the Sec-  
19      retary.

20           (B) High-ranking officials of the Religious  
21      Affairs Bureau, as so determined.

22           (C) Other high-ranking officials deter-  
23      mined by the Secretary to be involved in the im-  
24      plementation or enforcement of laws and direc-

tives of the People's Republic of China which restrict religious freedom.

(D) High-ranking officials determined by the Secretary to be involved in the implementation or enforcement of laws and directives of the People's Republic of China on family planning.

(E) Officials determined by the Secretary to have been materially involved in ordering or carrying out the massacre of students in Tiananmen Square in 1989.

(2) WAIVER.—

(A) IN GENERAL.—Subject to subparagraph (B), the President may waive the applicability of paragraph (1) with respect to any official otherwise covered by that paragraph if the President determines that the waiver with respect to the official is in the national security interests of the United States.

(B) NOTICE.—

(i) REQUIREMENT.—The President may not exercise the authority provided in subparagraph (A) with respect to an official unless the President submits to Con-

gress a written notification of the exercise of the authority.

(ii) CONTENTS.—Each notice shall include a justification of the exercise of the authority, including—

(I) a statement why the exercise of the authority is in the national security interests of the United States; and

(II) a statement why such interests supersede the need for the United States to make the response described in section 2(1).

(b) MULTILATERAL ASSISTANCE.—

(1) INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT.—

(A) OPPOSITION TO ASSISTANCE.—The Secretary of the Treasury shall instruct the United States Executive Director of the International Bank for Reconstruction and Development to vote against any loan or other utilization of the funds of the bank to or for the People's Republic of China.

(B) OPPOSITION TO MODIFICATION OF SINGLE COUNTRY LOAN LIMIT.—The Secretary

1 shall instruct the United States Executive Di-  
2 rector of the International Bank for Recon-  
3 struction and Development to vote against any  
4 modification of the limitation on the share of  
5 the total funds of the Bank that may be loaned  
6 to a single country.

7 (C) LIMITATION ON DOMESTIC BORROW-  
8 ING.—

9 (i) LIMITATION.—The Secretary shall  
10 restrict the ability of the International  
11 Bank for Reconstruction and Development  
12 to borrow in United States capital markets  
13 in a fiscal year by an amount equal to the  
14 amount of the loans approved for the Peo-  
15 ple's Republic of China in the preceding  
16 fiscal year 1997 for purposes other than to  
17 meet basic human needs.

18 (ii) EXCEPTION.—Clause (i) shall not  
19 apply to borrowing for purposes of meeting  
20 basic human needs.

21 (2) ASIAN DEVELOPMENT BANK.—

22 (A) OPPOSITION TO ASSISTANCE.—The  
23 Secretary shall instruct the United States Di-  
24 rector of the Asian Development Bank to vote  
25 against any loan or other utilization of the

1 funds of the Bank to or for the People's Repub-  
2 lic of China.

3 (B) LIMITATION ON DOMESTIC BORROW-  
4 ING.—

5 (i) LIMITATION.—The Secretary shall  
6 restrict the ability of the Asian Develop-  
7 ment Bank to borrow in United States  
8 capital markets in a fiscal year by an  
9 amount equal to the amount of the loans  
10 approved for the People's Republic of  
11 China in the preceding fiscal year 1997 for  
12 purposes other than to meet basic human  
13 needs.

14 (ii) EXCEPTION.—Clause (i) shall not  
15 apply to borrowing for purposes of meeting  
16 basic human needs.

17 (3) INTERNATIONAL MONETARY FUND.—The  
18 Secretary shall instruct the United States Executive  
19 Director of the International Monetary Fund to vote  
20 against any loan or other utilization of the funds of  
21 the Fund to or for the People's Republic of China.

22 (4) REDUCTION IN CONTRIBUTIONS FOR MULTI-  
23 LATERAL ASSISTANCE.—The amount of the con-  
24 tributions of the United States to a multilateral de-  
25 velopment bank in or for a fiscal year shall be the

amount otherwise available for such contributions in the fiscal year less the amount committed by the bank to lend, utilize, or otherwise make available to or for the People's Republic of China during the preceding fiscal year for purposes other than basic human needs.

(5) DEFINITIONS.—In this subsection:

(A) BASIC HUMAN NEEDS.—The term, “basic human needs” refers to human needs arising from natural disasters or famine.

(B) MULTILATERAL DEVELOPMENT BANK.—The term “multilateral development bank” means the following:

(i) The International Bank for Reconstruction and Development.

(ii) The International Development Association.

(iii) The International Finance Corporation.

(iv) The Asian Development Bank.

(c) REDUCTION IN ASSISTANCE FOR ORGANIZATIONS PROVIDING FAMILY PLANNING ASSISTANCE IN CHINA.—

(1) REDUCTION.—The amount of financial assistance provided by the United States in a fiscal year to a covered organization shall be the amount

1 otherwise available for financial assistance to the or-  
2 ganization in the fiscal year less the amount utilized  
3 by the organization for family planning services or  
4 assistance in or for the People’s Republic of China  
5 during the preceding fiscal year.

6 (2) CERTIFICATION.—

7 (A) REQUIREMENT.—In each fiscal year in  
8 which a covered organization is provided finan-  
9 cial assistance by the United States, the organi-  
10 zation shall certify to the Secretary of State the  
11 amount, if any, utilized by the organization in  
12 the preceding fiscal year for family planning  
13 services or assistance in or for the People’s Re-  
14 public of China.

15 (B) DEADLINE.—A covered organization  
16 shall make the certification required for a fiscal  
17 year not later than October 31 of that fiscal  
18 year.

19 (3) DEFINITION.—In this subsection, the term  
20 “covered organization” means an organization that  
21 provides family planning services or assistance in or  
22 for the People’s Republic of China.

23 (d) SANCTIONS REGARDING CHINA NORTH INDUS-  
24 TRIES GROUP AND CHINA POLY GROUP.—



1           (1) SANCTIONS.—Except as provided in para-  
2 graph (2), the President shall—

3           (A) prohibit the importation into the Unit-  
4 ed States of all products that are produced,  
5 grown, or manufactured by Poly or Norinco,  
6 the parent company of Poly or Norinco, or any  
7 affiliate, subsidiary, or successor entity of Poly  
8 or Norinco;

9           (B) deny or impose restrictions on the  
10 entry into the United States of any foreign na-  
11 tional serving as an officer, director, or em-  
12 ployee of an entity described in subparagraph  
13 (A);

14           (C) prohibit the issuance to a person or en-  
15 tity described in subparagraph (A) of licenses in  
16 connection with the export of any item on the  
17 United States Munitions List;

18           (D) prohibit the export to a person or en-  
19 tity described in subparagraph (A) of any goods  
20 or technology on which export controls are in  
21 effect under section 5 or 6 of the Export Ad-  
22 ministration Act of 1979;

23           (E) direct the Export-Import Bank of the  
24 United States not to give approval to the issu-  
25 ance of any guarantee, insurance, extension of

1 credit, or participation in the extension of cred-  
2 it, with respect to a person or entity described  
3 in subparagraph (A);

4 (F) prohibit United States nationals from  
5 directly or indirectly issuing any guarantee for  
6 any loan or other investment to, issuing any ex-  
7 tension of credit to, or making any investment  
8 in, a person or entity described in subparagraph  
9 (A); and

10 (G) prohibit departments and agencies of  
11 the United States and United States nationals  
12 from entering into any contract with a person  
13 or entity described in subparagraph (A) for the  
14 procurement or other provision of goods or  
15 services from such person or entity.

16 (2) EXCEPTIONS.—

17 (A) IN GENERAL.—The President shall not  
18 impose sanctions under this subsection—

19 (i) in the case of the procurement of  
20 defense articles or defense services—

21 (I) under contracts or sub-  
22 contracts that are in effect on October  
23 1, 1997 (including the exercise of op-  
24 tions for production quantities to sat-

1 isfy United States operational military  
2 requirements);

3 (II) if the President determines  
4 that the person or entity to whom the  
5 sanctions would otherwise be applied  
6 is a sole source supplier of essential  
7 defense articles or services and no al-  
8 ternative supplier can be identified; or

9 (III) if the President determines  
10 that such articles or services are es-  
11 sential to the national security; or

12 (ii) in the case of—

13 (I) products or services provided  
14 under contracts or binding agree-  
15 ments (as such terms are defined by  
16 the President in regulations) or joint  
17 ventures entered into before October  
18 1, 1997;

19 (II) spare parts;

20 (III) component parts that are  
21 not finished products but are essential  
22 to United States products or produc-  
23 tion;

24 (IV) routine servicing and main-  
25 tenance of products; or

1 (V) information and technology  
2 products and services.

3 (B) IMMIGRATION RESTRICTIONS.—The  
4 President shall not apply the restrictions de-  
5 scribed in paragraph (1)(B) to a person de-  
6 scribed in paragraph (1)(A), if the President,  
7 after consultation with the Attorney General,  
8 determines that the presence of the person in  
9 the United States is necessary for a Federal or  
10 State judicial proceeding against a person or  
11 entity described in paragraph (1)(A).

12 (3) DEFINITIONS.—In this subsection:

13 (A) AFFILIATE.—The term “affiliate” does  
14 not include any United States national engaged  
15 in a business arrangement with a person or en-  
16 tity described in paragraph (1)(A).

17 (B) COMPONENT PART.—The term “com-  
18 ponent part” means any article that is not usa-  
19 ble for its intended function without being em-  
20 bedded or integrated into any other product  
21 and, if used in the production of a finished  
22 product, would be substantially transformed in  
23 that process.

24 (C) FINISHED PRODUCT.—The term “fin-  
25 ished product” means any article that is usable

1 for its intended function without being embed-  
2 ded in or integrated into any other product, but  
3 does not include an article produced by a per-  
4 son or entity other than a person or entity de-  
5 scribed in paragraph (1)(A) that contains parts  
6 or components of a person or entity described  
7 in paragraph (1)(A) if the parts or components  
8 have been substantially transformed during pro-  
9 duction of the finished product.

10 (D) INVESTMENT.—The term “invest-  
11 ment” includes any contribution or commitment  
12 of funds, commodities, services, patents, proc-  
13 esses, or techniques, in the form of—

14 (i) a loan or loans;

15 (ii) the purchase of a share of owner-  
16 ship;

17 (iii) participation in royalties, earn-  
18 ings, or profits; and

19 (iv) the furnishing of commodities or  
20 services pursuant to a lease or other con-  
21 tract,

22 but does not include routine maintenance of  
23 property.

24 (E) NORINCO.—The term “Norinco” refers  
25 to China North Industries Group.

1 (F) POLY.—The term “Poly” refers to  
2 China Poly Group, also known as  
3 Polytechnologies Incorporated or BAOLI.

4 (G) UNITED STATES NATIONAL.—

5 (i) IN GENERAL.—The term “United  
6 States national” means—

7 (I) any United States citizen; and

8 (II) any corporation, partnership,  
9 or other organization created under  
10 the laws of the United States, any  
11 State, the District of Columbia, or  
12 any territory or possession of the  
13 United States.

14 (ii) EXCEPTION.—The term “United  
15 States national” does not include a sub-  
16 sidiary or affiliate of corporation, partner-  
17 ship, or organization that is a United  
18 States national if the subsidiary or affiliate  
19 is located outside the United States.

20 (e) CONSULTATIONS WITH ALLIES.—

21 (1) SENSE OF CONGRESS.—It is the sense of  
22 Congress that the President should begin consulta-  
23 tions with the major allies and other trading part-  
24 ners of the United States in order to encourage such  
25 allies and trading partners to adopt sanctions

1       against the People’s Republic of China that are simi-  
2       lar to the sanctions imposed on the People’s Repub-  
3       lic of China by this section.

4           (2) REPORT.—Not later than 45 days after the  
5       completion of the first G–7 summit meeting after  
6       the date of enactment of this Act, the President  
7       shall submit to Congress a report on the results, if  
8       any, of consultations referred to in paragraph (1).

9       (f) DURATION OF SANCTIONS.—Except as provided  
10      in subsection (e)(2), the requirements and limitations set  
11      forth in this section shall apply during the period begin-  
12      ning on October 1, 1997, and ending on September 30,  
13      1998.

14      **SEC. 4. ANNUAL REPORT ON HUMAN RIGHTS PRACTICES**  
15                           **OF THE GOVERNMENT OF THE PEOPLE’S RE-**  
16                           **PUBLIC OF CHINA.**

17       Not later than 9 months after the date of enactment  
18      of this Act, and every year thereafter, the President shall  
19      submit to Congress a report on the practices of the Gov-  
20      ernment of the People’s Republic of China with respect  
21      to the free exercise of religion and other human rights dur-  
22      ing the one-year period preceding the submittal of the re-  
23      port. The report shall include a detailed statement of the  
24      improvements, if any, in such practices.

1 **SEC. 5. PUBLICATION OF LIST OF COMPANIES OWNED BY**  
2 **THE PEOPLE’S LIBERATION ARMY.**

3 (a) PUBLICATION.—Not later than January 31 each  
4 year, the Secretary of State shall publish in the Federal  
5 Register a list of each corporation or other business entity  
6 that was owned in whole or in part by the People’s Libera-  
7 tion Army of the People’s Republic of China as of Decem-  
8 ber 31 of the preceding year.

9 (b) PROTECTION OF SOURCES AND METHODS.—In  
10 publishing the list each under subsection (a), the Sec-  
11 retary shall take appropriate actions to ensure the protec-  
12 tion of sources and methods of gathering intelligence.

13 **SEC. 6. TRAINING FOR IMMIGRATION OFFICERS REGARD-**  
14 **ING RELIGIOUS PERSECUTION.**

15 Section 235 of the Immigration and Nationality Act  
16 (8 U.S.C. 1225) is amended by adding at the end the fol-  
17 lowing:

18 “(d) TRAINING ON RELIGIOUS PERSECUTION.—The  
19 Attorney General shall establish and operate a program  
20 to provide to immigration officers performing functions  
21 under subsection (b), or section 207 or 208, training on  
22 religious persecution, including training on—

23 “(1) the fundamental components of the right  
24 to freedom of religion;

25 “(2) the variation in beliefs of religious groups;  
26 and



1           “(3) the governmental and nongovernmental  
2           methods used in violation of the right to freedom of  
3           religion.”.

4   **SEC. 7. PROMOTION OF DEMOCRATIC VALUES IN THE PEO-**  
5           **PLE’S REPUBLIC OF CHINA.**

6           (a) STUDENT, CULTURAL, AND LEGISLATIVE EX-  
7   CHANGE PROGRAMS.—Notwithstanding any other provi-  
8   sion of law, the aggregate amount utilized and made avail-  
9   able by the Director of the United States Information  
10  Agency in fiscal year 1998 for programs and grants relat-  
11  ing to student, cultural, and legislative exchange activities  
12  in or with the People’s Republic of China may not be less  
13  than an amount equal to twice the aggregate amount uti-  
14  lized and made available for such programs and grants  
15  in fiscal year 1997.

16          (b) RADIO FREE ASIA.—Notwithstanding any other  
17  provision of law, the total amount of grants made to Radio  
18  Free Asia in fiscal year 1998 under section 309 of the  
19  United States International Broadcasting Act of 1994 (22  
20  U.S.C. 6208) may not be less than an amount equal to  
21  twice the amount of grants made to Radio Free Asia in  
22  fiscal year 1997 under that section.

23          (c) NATIONAL ENDOWMENT FOR DEMOCRACY.—Not-  
24  withstanding any other provision of law, the amount of  
25  the grant made to the National Endowment for Democ-

1 racy by the Director of the United States Information  
2 Agency in fiscal year 1998 for purposes of programs relat-  
3 ing to the People's Republic of China may not be less than  
4 an amount equal to twice the amount of the grant made  
5 to the Endowment in fiscal year 1997 for purposes of such  
6 programs.

7 **SEC. 8. TRANSFERS OF SENSITIVE EQUIPMENT AND TECH-**  
8 **NOLOGY BY THE PEOPLE'S REPUBLIC OF**  
9 **CHINA.**

10 (a) FINDINGS.—Congress makes the following find-  
11 ings:

12 (1) Credible allegations exist that the People's  
13 Republic of China has transferred equipment and  
14 technology as follows:

15 (A) Gyroscopes, accelerometers, and test  
16 equipment for missiles to Iran.

17 (B) Chemical weapons equipment and  
18 technology to Iran.

19 (C) Missile guidance systems and comput-  
20 erized machine tools to Iran.

21 (D) Industrial furnace equipment and high  
22 technology diagnostic equipment to a nuclear  
23 facility in Pakistan.

24 (E) Blueprints and equipment to manufac-  
25 ture M-11 missiles to Pakistan.

1 (F) M-11 missiles and components to  
2 Pakistan.

3 (2) The Department of State has failed to de-  
4 termine whether most such transfers violate provi-  
5 sions of relevant United States and Executive orders  
6 relating to the proliferation of sensitive equipment  
7 and technology, including the Arms Export Control  
8 Act, the Nuclear Proliferation Prevention Act of  
9 1994, the Export Administration Act of 1979, the  
10 Export-Import Bank Act of 1945, and the Iran-Iraq  
11 Arms Non-Proliferation Act of 1992, and Executive  
12 Order 12938.

13 (3) Where the Department of State has made  
14 such determinations, it has imposed the least oner-  
15 ous form of sanction, which significantly weakens  
16 the intended deterrent effect of the sanctions pro-  
17 vided for in such laws.

18 (4) The Clinton Administration decided not to  
19 impose sanctions on the People's Republic of China  
20 for its transfer of C-802 anti-ship cruise missiles to  
21 Iran, finding that the transfer was not "destabiliz-  
22 ing".

23 (5) That finding is contrary to the judgment of  
24 the commander of the United States Fifth Fleet, ele-

1       ments of which are frequently deployed in and  
2       around the Persian Gulf.

3           (6) Despite the fact that officials of the Peo-  
4       ple's Republic of China were responsible for the sale  
5       to Pakistan of specialized ring magnets, which are  
6       used to enrich uranium for use in nuclear weapons,  
7       the Clinton Administration did not impose sanctions  
8       on either the People's Republic of China or Pakistan  
9       for such sale, even though sanctions are required for  
10      such sale under law.

11      (b) SENSE OF CONGRESS.—It is the sense of Con-  
12   gress that—

13           (1) the transfers of equipment and technology  
14      by the People's Republic of China described in sub-  
15      section (a)(1) pose a threat to the national security  
16      interests of the United States;

17           (2) the failure of the Clinton Administration to  
18      initiate a formal process to determine whether to im-  
19      pose sanctions for such transfers under United  
20      States laws intended to halt the proliferation of sen-  
21      sitive equipment and technology contributes to the  
22      threat posed to the national security interests of the  
23      United States by the proliferation of such equipment  
24      and technology; and

1           (3) the President should immediately initiate  
2           the procedures necessary to determine whether sanc-  
3           tions should be imposed under United States law for  
4           such transfers.

5           (c) REPORT.—Not later than 60 days after the date  
6           of enactment of this Act, the President shall submit to  
7           Congress a report, in both classified and unclassified form,  
8           setting forth—

9           (1) the date, if any, of the commencement and  
10          of the conclusion of each formal process conducted  
11          by the Department of State to determine whether to  
12          impose sanctions for each transfer described in sub-  
13          section (a)(1);

14          (2) the facts providing the basis for each deter-  
15          mination not to impose sanctions on the Government  
16          of the People’s Republic of China, or entities within  
17          or having a relationship with that government, for  
18          each transfer, and the legal analysis supporting such  
19          determination; and

20          (3) a schedule for initiating a formal process  
21          described in paragraph (1) for each transfer not yet  
22          addressed by such formal process and an expla-  
23          nation for the failure to commence such formal proc-

- 1        ess with respect to such transfer before the date of
- 2        the report.

