

105TH CONGRESS
1ST SESSION

H. R. 2188

To ensure that commercial activities of the People's Liberation Army of China or any Communist Chinese military company are not extended normal tariff treatment by the United States or treated as normal commercial intercourse with the United States.

IN THE HOUSE OF REPRESENTATIVES

JULY 17, 1997

Mrs. FOWLER (for herself, Mr. COX of California, Mr. GIBBONS, Mr. GILMAN, Mr. SAM JOHNSON of Texas, Mr. MCINTOSH, Mr. ROHRABACHER, Mr. SHADEGG, Mr. SMITH of New Jersey, Mr. SPENCE, Mr. SOLOMON, and Mr. ROYCE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on International Relations, National Security, and Banking and Financial Services, 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 ensure that commercial activities of the People's Liberation Army of China or any Communist Chinese military company are not extended normal tariff treatment by the United States or treated as normal commercial intercourse with the United States.

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

1 **SECTION 1. CONGRESSIONAL FINDINGS AND DECLARA-**
2 **TION OF POLICY.**

3 (a) FINDINGS.—The Congress makes the following
4 findings:

5 (1) The People’s Liberation Army is the prin-
6 cipal instrument of repression within the People’s
7 Republic of China, responsible for occupying Tibet
8 since 1950, massacring hundreds of students and
9 demonstrators for democracy in Tiananmen Square
10 on June 4, 1989, and running the Laogai (“reform
11 through labor”) slave labor camps.

12 (2) The People’s Liberation Army is engaged in
13 a massive military buildup, which has involved a
14 doubling since 1992 of announced official figures for
15 military spending by the People’s Republic of China.

16 (3) The People’s Liberation Army is engaging
17 in a major ballistic missile modernization program
18 which could undermine peace and stability in East
19 Asia, including 2 new intercontinental missile pro-
20 grams, 1 submarine-launched missile program, a
21 new class of compact but long-range cruise missiles,
22 and an upgrading of medium- and short-range bal-
23 listic missiles.

24 (4) The People’s Liberation Army is working to
25 coproduce the SU–27 fighter with Russia, and is in
26 the process of purchasing several substantial weap-

1 ons systems from Russia, including the 633 model of
2 the Kilo-class submarine and the SS-N-22 Sunburn
3 missile system specifically designed to incapacitate
4 United States aircraft carriers and Aegis cruisers.

5 (5) The People's Liberation Army has carried
6 out acts of aggression in the South China Sea, in-
7 cluding the February 1995 seizure of the Mischief
8 Reef in the Spratley Islands, which is claimed by the
9 Philippines.

10 (6) In July 1995 and in March 1996, the Peo-
11 ple's Liberation Army conducted missile tests to in-
12 timidate Taiwan when Taiwan held historic free elec-
13 tions, and those tests effectively blockaded Taiwan's
14 2 principal ports of Keelung and Kaohsiung.

15 (7) The People's Liberation Army has contrib-
16 uted to the proliferation of technologies relevant to
17 the refinement of weapons-grade nuclear material,
18 including transferring ring magnets to Pakistan.

19 (8) The People's Liberation Army and associ-
20 ated defense companies have provided ballistic mis-
21 sile components, cruise missiles, and chemical weap-
22 ons ingredients to Iran, a country that the executive
23 branch has repeatedly reported to Congress is the
24 greatest sponsor of terrorism in the world.

1 (9) In May 1996, United States authorities
2 caught the People’s Liberation Army enterprise Poly
3 Technologies and the civilian defense industrial com-
4 pany Norinco attempting to smuggle 2,000 AK-47s
5 into Oakland, California, and offering to sell urban
6 gangs shoulder-held missile launchers capable of
7 “taking out a 747” (which the affidavit of the Unit-
8 ed States Customs Service of May 21, 1996, indi-
9 cated that the representative of Poly Technologies
10 and Norinco claimed), and Communist Chinese au-
11 thorities punished only 4 low-level arms merchants
12 by sentencing them on May 17, 1997, to brief prison
13 terms.

14 (10) The People’s Liberation Army contributes
15 to the People’s Republic of China’s failure to meet
16 the standards of the 1995 Memorandum of Under-
17 standing with the United States on intellectual prop-
18 erty rights by running factories which pirate videos,
19 compact discs, and computer software that are prod-
20 ucts of the United States.

21 (11) The People’s Liberation Army contributes
22 to the People’s Republic of China’s failing to meet
23 the standards of the February 1997 Memorandum
24 of Understanding with the United States on textiles
25 by operating enterprises engaged in the trans-

1 shipment of textile products to the United States
2 through third countries.

3 (12) The estimated \$2 billion to \$3 billion in
4 annual earnings of People's Liberation Army enter-
5 prises subsidize the expansion and activities of the
6 People's Liberation Army described in this sub-
7 section.

8 (13) The commercial activities of the People's
9 Liberation Army are frequently conducted on non-
10 commercial terms, or for noncommercial purposes
11 such as military or foreign policy considerations.

12 (b) POLICY.—It is the policy of the United States
13 that commercial activities of the People's Liberation Army
14 of China or any Communist Chinese military company are
15 not extended normal tariff treatment by the United States
16 or treated as normal commercial intercourse with the
17 United States.

18 **SEC. 2. PROHIBITION ON MFN TREATMENT FOR IMPORTS**
19 **FROM THE PEOPLE'S LIBERATION ARMY.**

20 (a) DETERMINATION OF COMMUNIST CHINESE MILI-
21 TARY COMPANIES.—

22 (1) IN GENERAL.—Subject to paragraphs (2)
23 and (3), not later than 90 days after the date of the
24 enactment of this Act, the Secretary of Defense, in
25 consultation with the Secretary of the Treasury, the

1 Attorney General, the Director of Central Intel-
2 ligence, and the Director of the Federal Bureau of
3 Investigation, shall compile a list of persons who are
4 Communist Chinese military companies and who are
5 operating directly or indirectly in the United States
6 or any of its territories and possessions, and shall
7 publish the list of such persons in the Federal Reg-
8 ister. On an ongoing basis, the Secretary of Defense,
9 in consultation with the Secretary of the Treasury,
10 the Attorney General, the Director of Central Intel-
11 ligence, and the Director of the Federal Bureau of
12 Investigation, shall make additions or deletions to
13 the list based on the latest information available.

14 (2) COMMUNIST CHINESE MILITARY COM-
15 PANY.—For purposes of making the determination
16 required by paragraph (1), the term “Communist
17 Chinese military company”—

18 (A) means a person that is—

19 (i) engaged in providing commercial
20 services, manufacturing, producing, or ex-
21 porting, and

22 (ii) owned or controlled by the Peo-
23 ple’s Liberation Army, and

24 (B) includes, but is not limited to, any per-
25 son identified in the United States Defense In-

1 telligence Agency publication numbered VP–
2 1920–271–90, dated September 1990, or PC–
3 1921–57–95, dated October 1995, and any up-
4 date of such reports for the purposes of this
5 Act.

6 (b) **TARIFFS.**—Notwithstanding any other provision
7 of law, nondiscriminatory treatment (most-favored-nation
8 treatment) shall not apply to goods that are produced,
9 manufactured, or exported by the People’s Liberation
10 Army or a Communist Chinese military company.

11 (c) **TREASURY AUTHORITY.**—

12 (1) **AUTHORITY.**—The Secretary of the Treas-
13 ury may exercise the authorities set forth in section
14 203(a) of the International Emergency Economic
15 Powers Act (50 U.S.C. 1702(a)) with respect to any
16 commercial activity in the United States by a Com-
17 munist Chinese military company, without regard to
18 section 202 of that Act.

19 (2) **PENALTIES.**—The penalties set forth in sec-
20 tion 206 of the International Emergency Economic
21 Powers Act (50 U.S.C. 1705) shall apply to viola-
22 tions of any license, order, or regulation issued
23 under paragraph (1).

24 (d) **EFFECTIVE DATE.**—Subsection (a) shall apply
25 with respect to goods entered, or withdrawn from ware-

1 house for consumption, on or after the 105th day after
2 the date of the enactment of this Act.

3 **SEC. 3. DEFINITION.**

4 For purposes of this Act, the term “People’s Libera-
5 tion Army” means the land, naval, and air military serv-
6 ices, the police, and the intelligence services of the Com-
7 munist Government of the People’s Republic of China, and
8 any member of any such service or of such police.

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