

110TH CONGRESS
2D SESSION

H. R. 5777

To impose certain restrictions on trade with and investment in the People's Republic of China, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2008

Mr. TANCREDI introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Foreign Affairs, Judiciary, 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 impose certain restrictions on trade with and investment in 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 Democracy
5 Act”.

6 **SEC. 2. RESTRICTIONS ON TRADE WITH AND INVESTMENT**

7 **IN THE PEOPLE'S REPUBLIC OF CHINA.**

8 (a) RESTRICTIONS ON TRADE.—

1 (1) IN GENERAL.—Subject to paragraph (2), no
2 article that is the product of the People’s Republic
3 of China may be imported into the United States,
4 and no goods or technology may be exported from
5 any place in the United States to the People’s Re-
6 public of China.

7 (2) EXCEPTION.—Paragraph (1) shall not
8 apply to—

9 (A) exports of food or medicine to the Peo-
10 ple’s Republic of China; or

11 (B) exports of items that would be author-
12 ized for export to Cuba, except that such items
13 shall be subject to the same restrictions relating
14 to licenses or other approval that apply with re-
15 spect to exports of such items to Cuba.

16 (b) RESTRICTIONS ON INVESTMENT IN CHINESE EN-
17 TERPRISES.—No United States person may, after the end
18 of the 180-day period beginning on the date of the enact-
19 ment of this Act, make an investment in any enterprise
20 in the People’s Republic of China or in any enterprise that
21 is owned or controlled by the Government of, entities con-
22 trolled by the Government of, or nationals of, the People’s
23 Republic of China.

24 (c) RESTRICTIONS ON INVESTMENT BY CHINESE NA-
25 TIONALS IN U.S. PERSONS.—No United States person

1 may, after the end of the 180-day period beginning on the
2 date of the enactment of this Act, engage in any trans-
3 action the purpose of which is to secure an investment
4 by a Chinese national in any United States person or in
5 any enterprise owned or controlled by United States per-
6 sons.

7 **SEC. 3. ENTRY OF VESSELS ENGAGED IN TRADE WITH THE**
8 **PEOPLE’S REPUBLIC OF CHINA.**

9 (a) PROHIBITIONS.—Except as specifically author-
10 ized by the President, by means of regulations, rulings,
11 instructions, licenses, or otherwise —

12 (1) no vessel that enters a port or place in the
13 People’s Republic of China to engage in the trade of
14 goods or the purchase or provision of services, may
15 enter a port in the United States for the purpose of
16 loading or unloading freight for a period of 180 days
17 after the date on which the vessel departed from a
18 port or place in the People’s Republic of China; and

19 (2) no vessel carrying goods to or from the Peo-
20 ple’s Republic of China or carrying goods in which
21 the People’s Republic of China or a national of the
22 People’s Republic of China has an interest may
23 enter a port in the United States with such goods
24 on board.

1 (b) EXCEPTION.—Subsection (a) shall not apply with
2 respect to exports of items permitted under section 1.

3 **SEC. 4. ENFORCEMENT.**

4 (a) REGULATORY AUTHORITY.—The President shall
5 issue such regulations, orders, and licenses as are nec-
6 essary to carry out this Act.

7 (b) EXCEPTIONS FROM PROHIBITIONS.—The Presi-
8 dent may provide for such exceptions from the prohibitions
9 contained in this Act as are consistent with the Cuban
10 Assets Control Regulations under part 515 of title 31,
11 Code of Federal Regulations, as in effect on the date of
12 the enactment of this Act.

13 **SEC. 5. PENALTIES.**

14 Any person or entity that violates this Act or any reg-
15 ulation, license, or order issued under this Act shall be
16 subject to the penalties provided in section 206 of the
17 International Emergency Economic Powers Act (50
18 U.S.C. 1705) for violations under that Act.

19 **SEC. 6. SUSPENSION OF VISAS TO CHINESE NATIONALS.**

20 No immigrant or nonimmigrant visa may be issued
21 to any national of the People's Republic of China, and any
22 such visa issued to a national of the People's Republic of
23 China before the effective date of this Act may not be ex-
24 tended on or after such effective date.

1 **SEC. 7. DOWNGRADING OF DIPLOMATIC RELATIONS.**

2 The President shall take the necessary steps to down-
3 grade diplomatic relations with the People's Republic of
4 China to that which existed before the United States rec-
5 ognized the People's Republic of China in 1979.

6 **SEC. 8. DEFINITIONS.**

7 In this Act:

8 (1) **FOOD.**—The term “food” means—

9 (A) any article used for food or drink for
10 humans; and

11 (B) any article used for a component of an
12 article described in subparagraph (A).

13 (2) **INVESTMENT.**—The term “investment”
14 means any contribution or commitment of funds,
15 commodities, services, patents, processes, or tech-
16 niques, in the form of—

17 (A) a loan,

18 (B) the purchase of a share of ownership,

19 (C) participation in royalties, earnings, or
20 profits,

21 (D) the furnishing of commodities or serv-
22 ices pursuant to a lease or other contract, or

23 (E) other mechanism,

24 that is made for the production of income.

25 (3) **MEDICINE.**—The term “medicine” has the
26 meaning given the term “drug” in section 201 of the

1 Federal Food, Drug, and Cosmetic Act (21 U.S.C.
2 321).

3 (4) NATIONAL OF THE PEOPLE’S REPUBLIC OF
4 CHINA.—The term “national of the People’s Repub-
5 lic of China”—

6 (A) means—

7 (i) a citizen of or person owing alle-
8 giance to the People’s Republic of China;

9 (ii) any corporation, partnership, or
10 other entity organized under the laws of
11 the People’s Republic of China; and

12 (iii) any entity owned or controlled by
13 persons or entities described in clause (i)
14 or (i); and

15 (B) does not include any citizen or person
16 owing allegiance to Taiwan, the Pescadores, or
17 any other island over which the Taiwanese Gov-
18 ernment exercises control.

19 (5) PEOPLE’S REPUBLIC OF CHINA.—The term
20 “People’s Republic of China”—

21 (A) includes mainland China, Hong Kong,
22 Macao, and any other territory or special ad-
23 ministrative region governed by the People’s
24 Republic of China; and

1 (B) does not include Taiwan, the Pesca-
2 dores, or any other island over which the Tai-
3 wanese Government exercises control.

4 (6) UNITED STATES.—The term “United
5 States” includes any commonwealth, territory, or
6 possession of the United States, and the customs
7 waters of the United States (as defined in section
8 401 of the Tariff Act of 1930 (19 U.S.C. 1401)).

9 (7) UNITED STATES PERSON.—The term
10 “United States person” means—

11 (A) any United States citizen or alien law-
12 fully admitted for permanent residence to the
13 United States;

14 (B) any corporation, partnership, or other
15 entity organized under the laws of the United
16 States; and

17 (C) any person in the United States.

18 (8) VESSEL.—The term “vessel” includes every
19 description of water craft or other contrivance used,
20 or capable of being used, as a means of transpor-
21 tation in water, but does not include aircraft.

22 **SEC. 9. EFFECTIVE DATE.**

23 This Act shall take effect 180 days after the date of
24 the enactment of this Act.

1 **SEC. 10. TERMINATION.**

2 This Act shall cease to be effective 30 days after the
3 date on which the President determines and certifies to
4 the Congress that the People’s Republic of China—

5 (1) at the national, provincial, and local levels,
6 is governed by governments that are democratically
7 elected from free and fair elections—

8 (A) conducted under the supervision of
9 internationally recognized observers; and

10 (B) in which—

11 (i) opposition parties were permitted
12 ample time to organize and campaign for
13 such elections; and

14 (ii) all candidates were permitted full
15 access to the media;

16 (2) is showing respect for the basic civil lib-
17 erties and human rights of the citizens of the Peo-
18 ple’s Republic of China;

19 (3) has a market-oriented economic system
20 based on the right to own and enjoy property;

21 (4) ensures regular free and fair elections and
22 the full enjoyment of basic civil liberties and human
23 rights by the citizens of the People’s Republic of
24 China;

25 (5) has established an independent judiciary;
26 and

1 (6) is no longer engaging in wide-scale espio-
2 nage activities directed against the United States.

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