

118TH CONGRESS
2D SESSION

S. 5016

To combat the economic aggression of the People’s Republic of China, and
for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 10, 2024

Mr. CASEY introduced the following bill; which was read twice and referred
to the Committee on Banking, Housing, and Urban Affairs

A BILL

To combat the economic aggression of 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 “Combat Chinese Eco-
5 nomic Aggression Act of 2024”.

1 **SEC. 2. REVIEW BY COMMITTEE ON FOREIGN INVESTMENT**
 2 **IN THE UNITED STATES OF INVESTMENTS IM-**
 3 **PACTING ECONOMIC OR TECHNOLOGICAL**
 4 **COMPETITIVENESS.**

5 (a) IN GENERAL.—Subsection (a)(4) of section 721
 6 of the Defense Production Act of 1950 (50 U.S.C. 4565)
 7 is amended—

8 (1) in subparagraph (A)—

9 (A) in clause (i), by striking “; and” and
 10 inserting a semicolon;

11 (B) in clause (ii)—

12 (i) by striking “clauses (ii) through
 13 (v)” and inserting “any of clauses (ii)
 14 through (iv) or clause (vii)”; and

15 (ii) by striking the period at the end
 16 and inserting “; and”;

17 (C) by adding at the end the following:

18 “(iii) any transaction described in
 19 clause (v) or (vi) of subparagraph (B) pro-
 20 posed or pending after the date of the en-
 21 actment of this clause.”; and

22 (2) in subparagraph (B)—

23 (A) by redesignating clause (v) as clause
 24 (vii); and

25 (B) by inserting after clause (iv) the fol-
 26 lowing:

1 “(v) Any other investment, subject to
2 regulations prescribed under subparagraph
3 (D), by a foreign person in a United States
4 business that could support the acquisition
5 by a foreign country of capabilities to at-
6 tain technological self-sufficiency or impair
7 the economic and technological competi-
8 tiveness of the United States, including—

9 “(I) an investment in a United
10 States business that has received di-
11 rect funding from, or has been award-
12 ed a contract by, the Department of
13 Defense, the Department of Com-
14 merce, the Department of Energy, or
15 another Federal agency; or

16 “(II) any other investment the
17 Committee determines, by regulation,
18 may provide to the foreign person ac-
19 cess to expertise, business networks,
20 or production methods critical to
21 maintaining the economic and techno-
22 logical competitiveness of the United
23 States.

1 “(vi) Any other investment, subject to
 2 regulations prescribed under subparagraph
 3 (D)—

4 “(I) in a United States business
 5 that produces, designs, tests, manu-
 6 factures, fabricates, or develops one or
 7 more critical technologies; and

8 “(II) by a foreign entity of con-
 9 cern (as defined in section 9901 of the
 10 William M. (Mac) Thornberry Na-
 11 tional Defense Authorization Act for
 12 Fiscal Year 2021 (15 U.S.C. 4651))
 13 that is organized under the laws of or
 14 otherwise subject to the jurisdiction of
 15 the People’s Republic of China.”.

16 (b) MANDATORY DECLARATIONS.—Section
 17 721(b)(1)(C)(v)(IV) of the Defense Production Act of
 18 1950 (50 U.S.C. 4565(b)(1)(C)(v)(IV)) is amended by
 19 adding at the end the following:

20 “(hh) REQUIRED DECLARA-
 21 TIONS FOR CERTAIN TRANS-
 22 ACTIONS.—The parties to a cov-
 23 ered transaction shall submit a
 24 declaration described in sub-

1 clause (I) with respect to the
2 transaction if—

3 “(AA) a foreign person
4 that is a party to the trans-
5 action is a national of the
6 People’s Republic of China
7 or an entity organized under
8 the laws of or otherwise sub-
9 ject to the jurisdiction of the
10 People’s Republic of China;
11 or

12 “(BB) the transaction
13 is in the metallurgy, tele-
14 communications, energy, in-
15 dustrial gas, chemicals, or
16 petrochemicals sector or any
17 other sector the Secretary
18 determines appropriate for
19 purposes of this item.”.

20 (c) ANALYSIS BY INTERNATIONAL TRADE ADMINIS-
21 TRATION.—Section 721(b)(1) of the Defense Production
22 Act of 1950 (50 U.S.C. 4565(b)(1)) is amended by adding
23 at the end the following:

1 “(I) ANALYSIS BY INTERNATIONAL TRADE
 2 ADMINISTRATION WITH RESPECT TO CERTAIN
 3 TRANSACTIONS.—

4 “(i) IN GENERAL.—In the case of a
 5 review of a covered transaction described
 6 in clause (ii), the Secretary of Commerce,
 7 in consultation with other members of the
 8 Committee as appropriate, shall conduct
 9 an analysis of—

10 “(I) the sector or industry in
 11 which the United States business in-
 12 volved in the transaction operates;

13 “(II) the cumulative control of,
 14 or pattern of recent transactions by,
 15 foreign persons, including, directly or
 16 indirectly, foreign governments, in
 17 that sector or industry; and

18 “(III) the effect of foreign invest-
 19 ment in that sector or industry on the
 20 national security of the United States.

21 “(ii) TRANSACTIONS DESCRIBED.—A
 22 covered transaction described in this clause
 23 is a covered transaction—

24 “(I) described in clause (vi) or
 25 (vii) of subsection (a)(4)(B); and

1 “(II) to which a foreign person
 2 that is a national of the People’s Re-
 3 public of China or an entity organized
 4 under the laws of or otherwise subject
 5 to the jurisdiction of the People’s Re-
 6 public of China is a party.”.

7 (d) AUTHORIZATION OF APPROPRIATIONS.—There
 8 are authorized to be appropriated for the Committee on
 9 Foreign Investment in the United States such sums as
 10 may be necessary to carry out the amendments made by
 11 this section.

12 **SEC. 3. ENHANCED SECURITIES DISCLOSURE REQUIRE-**
 13 **MENTS.**

14 (a) DEFINITIONS.—In this section:

15 (1) COMMISSION.—The term “Commission”
 16 means the Securities and Exchange Commission.

17 (2) COUNTRY OF CONCERN.—The term “coun-
 18 try of concern”—

19 (A) has the meaning given the term “cov-
 20 ered nation” in section 4872(d) of title 10,
 21 United States Code; and

22 (B) includes a jurisdiction that the Com-
 23 mission, in consultation with the Secretary of
 24 State and the Secretary of the Treasury, deter-
 25 mines to be subject to the political and legal

1 control of a covered nation, as defined in sec-
2 tion 4872(d) of title 10, United States Code.

3 (3) COVERED ENTITY.—The term “covered en-
4 tity” means an entity or person that is required to
5 file Form PF.

6 (4) EXEMPT REPORTING ADVISER.—The term
7 “exempt reporting adviser” means an investment ad-
8 viser described in section 275.204–4(a) of title 17,
9 Code of Federal Regulations, or any successor regu-
10 lation.

11 (5) FORM ADV.—The term “Form ADV”
12 means the form described in section 279.1 of title
13 17, Code of Federal Regulations, or any successor
14 regulation.

15 (6) FORM PF.—The term “Form PF” means
16 the form described in section 279.9 of title 17, Code
17 of Federal Regulations, or any successor regulation.

18 (7) PRIVATE FUND.—The term “private fund”
19 has the meaning given the term in section 202(a) of
20 the Investment Advisers Act of 1940 (15 U.S.C.
21 80b–2(a)).

22 (8) PRIVATE FUND ASSETS.—The term “private
23 fund assets” has the meaning given the term in sec-
24 tion 275.204(b)–1 of title 17, Code of Federal Regu-
25 lations, or any successor regulation.

1 (b) ENHANCED DISCLOSURE REQUIREMENTS FOR
2 ADVISERS OF PRIVATE FUNDS.—

3 (1) REQUIREMENTS.—

4 (A) IN GENERAL.—Not later than 1 year
5 after the date of enactment of this Act, the
6 Commission shall amend Form PF and Form
7 ADV, and the rules of the Commission gov-
8 erning the submission of Form PF and Form
9 ADV, to, subject to subparagraph (B), require
10 each covered entity and each exempt reporting
11 adviser to annually disclose when submitting
12 Form PF or Form ADV, respectively, the total
13 private fund assets in countries of concern at-
14 tributable to the private funds advised by the
15 covered entity or exempt reporting adviser, as
16 applicable, which shall be broken down by the
17 percentage of those assets in each country of
18 concern.

19 (B) APPLICATION.—For the purposes of
20 subparagraph (A), the Commission shall deter-
21 mine whether a private fund asset is in a coun-
22 try of concern based on—

23 (i) the amount of capital that is in-
24 vested in an entity (including a subsidiary
25 of an entity)—

1 (I) that has a physical presence
2 or employees in that country of con-
3 cern; or

4 (II) the plurality of the sales of
5 which are from that country of con-
6 cern; and

7 (ii) the proportion of the total assets
8 and liabilities of an entity described in
9 clause (i) that are located in that country
10 of concern.

11 (2) REPORTING BY COMMISSION.—

12 (A) PUBLICLY AVAILABLE REPORTS.—

13 (i) IN GENERAL.—Not later than 1
14 year after the date on which the Commis-
15 sion makes the amendments required
16 under paragraph (1), and not less fre-
17 quently than annually thereafter, the Com-
18 mission shall prepare and make publicly
19 available a report containing a list of cov-
20 ered entities and exempt reporting advisers
21 that, for the period covered by the report,
22 have disclosed more than 0 private fund
23 assets under Form PF or Form ADV (as
24 amended pursuant to that subsection) in at
25 least 1 country of concern, which shall be

1 aggregated by the covered entity or exempt
2 reporting adviser making that disclosure.

3 (ii) ADDITIONAL REQUIREMENTS.—

4 Each report prepared and made available
5 by the Commission under clause (i) shall—

6 (I) be aggregated by covered en-

7 tity or exempt reporting adviser; and

8 (II) include the percentage of pri-

9 vate fund assets disclosed by a cov-

10 ered entity or exempt reporting ad-

11 viser, as applicable.

12 (B) RULE OF CONSTRUCTION.—Nothing in

13 this paragraph may be construed to permit the

14 Commission to make available any information

15 that appears on Form PF or Form ADV other

16 than the information that is included on Form

17 PF or Form ADV as a result of the require-

18 ments under paragraph (1).

19 (c) EXEMPTED TRANSACTIONS.—The Securities Ex-

20 change Act of 1934 (15 U.S.C. 78a et seq.) is amended

21 by inserting after section 13A (15 U.S.C. 78m–1) the fol-

22 lowing:

23 **“SEC. 13B. DISCLOSURE REQUIREMENTS RELATING TO**
24 **CERTAIN EXEMPTED TRANSACTIONS.**

25 **“(a) DEFINITIONS.—In this section:**

1 “(1) BENEFICIAL OWNER.—The term ‘bene-
2 ficial owner’ means a person that is determined to
3 be a beneficial owner under section 240.13d–3 of
4 title 17, Code of Federal Regulations, or any suc-
5 cessor regulation.

6 “(2) COUNTRY OF CONCERN.—The term ‘coun-
7 try of concern’—

8 “(A) has the meaning given the term ‘cov-
9 ered nation’ in section 4872(d) of title 10,
10 United States Code; and

11 “(B) includes a jurisdiction that the Com-
12 mission, in consultation with the Secretary of
13 State and the Secretary of the Treasury, deter-
14 mines to be subject to the political and legal
15 control of a covered nation, as defined in sec-
16 tion 4872(d) of title 10, United States Code.

17 “(3) COVERED EXEMPTED TRANSACTION.—The
18 term ‘covered exempted transaction’ means an offer
19 or sale of a security that is—

20 “(A) exempt from registration under sec-
21 tion 5 of the Securities Act of 1933 (15 U.S.C.
22 77e); and

23 “(B) structured or intended to comply
24 with—

1 “(i) section 230.506(b) of title 17,
2 Code of Federal regulations, or any suc-
3 cessor regulation;

4 “(ii) sections 230.901, 230.902, and
5 230.903 of title 17, Code of Federal Regu-
6 lations, or any successor regulations; or

7 “(iii) section 230.144A of title 17,
8 Code of Federal Regulations, or any suc-
9 cessor regulation.

10 “(b) REQUIREMENT.—

11 “(1) IN GENERAL.—Notwithstanding any other
12 provision of law, in the case of an issuer that con-
13 ducts a covered exempted transaction described in
14 paragraph (2), that issuer shall provide to the Com-
15 mission, at such time and in such manner as the
16 Commission may prescribe, the following informa-
17 tion:

18 “(A) The identity of the issuer.

19 “(B) The place of incorporation of the
20 issuer.

21 “(C) Whether the issuer is associated with
22 at least 1 consolidated entity, the plurality of
23 the assets of which are in a country of concern.

1 “(D) Whether the issuer is associated with
2 at least 1 consolidated entity that is incor-
3 porated in a country of concern.

4 “(E) The amount of securities sold pursu-
5 ant to the covered exempted transaction and
6 the net proceeds to the issuer.

7 “(F) The beneficial owners of the issuer.

8 “(G) The intended use of the proceeds
9 from the covered exempted transaction, includ-
10 ing each country in which the issuer intends to
11 invest those proceeds, which shall be broken
12 down by the percentage of net proceeds by in-
13 dustry within each such country.

14 “(H) The exemption the issuer relies on
15 with respect to the covered exempted trans-
16 action.

17 “(2) PARTICULAR COVERED EXEMPTED TRANS-
18 ACTION DESCRIBED.—A covered exempted trans-
19 action described in this paragraph is, with respect to
20 the issuer offering or selling the security that is the
21 subject of the covered exempted transaction, either
22 of the following instances:

23 “(A) An offer or sale of securities in an
24 amount that is not less than \$25,000,000.

1 “(B) An offer or sale of a security such
2 that the offer or sale, together with all covered
3 exempted transactions by that issuer during the
4 1-year period preceding the date on which the
5 issuer offers or sells the security, constitutes of-
6 fers or sales in the aggregate of an amount that
7 is not less than \$50,000,000.

8 “(c) AUTHORITY TO REVISE AND PROMULGATE
9 RULES, REGULATIONS, AND FORMS.—The Commission
10 shall, for the protection of investors and fair and orderly
11 markets—

12 “(1) revise and issue such rules, regulations,
13 and forms as may be necessary to carry out this sec-
14 tion; and

15 “(2) issue rules to set conditions that limit the
16 future use of covered exempted transactions for
17 issuers that do not comply with the disclosure re-
18 quirements of this section.

19 “(d) APPLICABILITY.—This section shall apply with
20 respect to any covered exempted transaction that occurs
21 on or after the date that is 1 year after the date of enact-
22 ment of this section.

23 “(e) REPORTS.—The Commission shall, on a quar-
24 terly basis, prepare and make publicly available a report
25 that includes all information submitted by an issuer under

1 this section during the quarter covered by the report, if
 2 that issuer—

3 “(1) is—

4 “(A) incorporated in a country of concern;

5 or

6 “(B) incorporated outside of a country of
 7 concern and is associated with at least 1 con-
 8 solidated entity—

9 “(i) the plurality of the assets of
 10 which are in a country of concern; or

11 “(ii) that is incorporated in a country
 12 of concern; or

13 “(2) discloses in a filing made pursuant to this
 14 section that the issuer intends to invest the proceeds
 15 from a covered exempted transaction in a country of
 16 concern.”.

17 **SEC. 4. PROTECTION OF COVERED SECTORS.**

18 The Defense Production Act of 1950 (50 U.S.C.
 19 4501 et seq.) is amended by adding at the end the fol-
 20 lowing:

21 **“TITLE VIII—PROTECTION OF**
 22 **COVERED SECTORS**

23 **“SEC. 801. DEFINITIONS.**

24 “In this title:

1 “(1) APPROPRIATE CONGRESSIONAL COMMIT-
2 TEES.—The term ‘appropriate congressional com-
3 mittees’ means—

4 “(A) the Committee on Foreign Affairs,
5 the Committee on Financial Services, the Com-
6 mittee on Ways and Means, the Committee on
7 Appropriations, and the Permanent Select Com-
8 mittee on Intelligence of the House of Rep-
9 resentatives; and

10 “(B) the Committee on Foreign Relations,
11 the Committee on Banking, Housing, and
12 Urban Affairs, the Committee on Finance, the
13 Committee on Appropriations, and the Select
14 Committee on Intelligence of the Senate.

15 “(2) COUNTRY OF CONCERN.—The term ‘coun-
16 try of concern’ includes—

17 “(A) the Democratic People’s Republic of
18 North Korea;

19 “(B) the People’s Republic of China, in-
20 cluding the Hong Kong Special Administrative
21 Region and the Macau Special Administrative
22 Region;

23 “(C) the Russian Federation;

24 “(D) the Islamic Republic of Iran; and

1 “(E) any other country that the President
 2 has identified as engaging in a comprehensive,
 3 long-term strategy that directs, facilitates, or
 4 otherwise supports advancements in sensitive
 5 technologies and products that are critical to
 6 the military, intelligence, surveillance, or cyber-
 7 enabled capabilities of the country to counter
 8 United States capabilities in a way that threat-
 9 ens the national security of the United States;
 10 and

11 “(F) any other country the President de-
 12 termines necessary to ensure a country de-
 13 scribed in any of subparagraphs (A) through
 14 (E) is unable to circumvent the provisions of
 15 this title and the regulations issued pursuant to
 16 this title.

17 “(3) COVERED ACTIVITY.—

18 “(A) IN GENERAL.—Subject to such regu-
 19 lations as may be prescribed in accordance with
 20 section 807, and except as provided in subpara-
 21 graph (B), the term ‘covered activity’ means
 22 any activity engaged in by a United States per-
 23 son that involves—

24 “(i) an acquisition by such United
 25 States person of an equity interest or con-

1 tingent equity interest, or monetary capital
2 contribution, in a covered foreign entity,
3 directly or indirectly, by contractual com-
4 mitment or otherwise;

5 “(ii) an arrangement for an interest
6 held by such United States person in the
7 short- or long-term debt obligations of a
8 covered foreign entity that includes govern-
9 ance rights that are characteristic of an
10 equity investment, management, or other
11 important rights;

12 “(iii) the establishment of a wholly
13 owned subsidiary in a country of concern,
14 such as a greenfield investment, for the
15 purpose of production, design, testing,
16 manufacturing, fabrication, or development
17 related to one or more covered sectors;

18 “(iv) the establishment by such
19 United States person of a joint venture in
20 a country of concern or with a covered for-
21 eign entity for the purpose of production,
22 design, testing, manufacturing, fabrication,
23 or research, or other contractual or other
24 commitments involving a covered foreign
25 entity to jointly research and develop new

1 innovation, including through the transfer
2 of capital or intellectual property or other
3 business proprietary information; or

4 “(v) the acquisition by a United
5 States person with a covered foreign entity
6 of—

7 “(I) operational cooperation, such
8 as through supply or support arrange-
9 ments;

10 “(II) the right to board represen-
11 tation (as an observer, even if limited,
12 or as a member) or an executive role
13 (as may be defined through regula-
14 tion) in a covered foreign entity;

15 “(III) the ability to direct or in-
16 fluence such operational decisions as
17 may be defined through such regula-
18 tions;

19 “(IV) formal governance rep-
20 resentation in any operating affiliate,
21 such as a portfolio company, of a cov-
22 ered foreign entity; or

23 “(V) a new relationship to share
24 or provide business services, such as
25 financial services, marketing services,

1 maintenance, or assembly functions;
 2 or

3 “(vi) knowingly directing transactions
 4 by foreign persons that would constitute
 5 covered activity if engaged in by a United
 6 States person.

7 “(B) EXCEPTIONS.—The term ‘covered ac-
 8 tivity’ does not include—

9 “(i) any transaction the value of
 10 which the President determines is de mini-
 11 mis, as defined in regulations prescribed in
 12 accordance with section 807;

13 “(ii) any category of transactions that
 14 the President determines is in the national
 15 interest of the United States, as may be
 16 defined in regulations prescribed in accord-
 17 ance with section 807;

18 “(iii) an investment in—

19 “(I) a publicly traded security (as
 20 such term is defined in section
 21 3(a)(10) of the Securities Exchange
 22 Act of 1934 (15 U.S.C. 78c(a)(10)));

23 “(II) an index fund, mutual
 24 fund, exchange-traded fund, or a simi-
 25 lar instrument (including associated

1 derivatives) offered by an investment
2 company (as such term is defined in
3 section 3(a)(1) of the Investment
4 Company Act of 1940 (15 U.S.C.
5 80a-3(a)(1))), or by a private invest-
6 ment fund; or

7 “(III) a venture capital fund, pri-
8 vate equity fund, fund of funds, or
9 other pooled investment funds, as the
10 limited partner, in each case in which
11 the limited partner’s contribution is
12 solely capital in a limited partnership
13 structure and—

14 “(aa) the limited partner
15 cannot make managerial deci-
16 sions, is not responsible for any
17 debts beyond its investment, and
18 does not have the ability (for-
19 mally or informally) to influence
20 or participate in the fund’s or a
21 covered foreign entity’s decision
22 making or operations; or

23 “(bb) the investment is
24 below a de minimis threshold to
25 be determined by the President;

1 “(iv) the acquisition of the equity or
2 other interest owned or held by a covered
3 foreign entity in an entity or assets located
4 outside of a country of concern in which
5 the United States person is acquiring all
6 interests in the entity or assets held by
7 covered foreign entity;

8 “(v) an intracompany transfer of
9 funds from a United States parent com-
10 pany to a subsidiary located in a country
11 of concern, as specified in regulations pre-
12 scribed in accordance with section 807;

13 “(vi) a transaction made pursuant to
14 a binding, uncalled capital commitment en-
15 tered into before the date on which the
16 regulations prescribed in accordance with
17 section 807 take effect; or

18 “(vii) any ordinary or administrative
19 business transaction as may be defined in
20 such regulations.

21 “(4) COVERED FOREIGN ENTITY.—Subject to
22 regulations prescribed in accordance with section
23 807, the term ‘covered foreign entity’ means the fol-
24 lowing:

1 “(A) Any entity that is incorporated in,
2 has a principal place of business in, or is orga-
3 nized under the laws of a country of concern.

4 “(B) Any entity the equity securities of
5 which are traded in the ordinary course of busi-
6 ness on one or more exchanges in a country of
7 concern.

8 “(C) Any agency or instrumentality of the
9 government of a country of concern.

10 “(D) Any entity in which any entity de-
11 scribed in subparagraph (A), (B), or (C) holds,
12 individually or in the aggregate, directly or indi-
13 rectly, an ownership interest of greater than 50
14 percent.

15 “(E) Any other entity that is not a United
16 States person and that meets such criteria as
17 may be specified by the President in such regu-
18 lations prescribed in accordance with section
19 807.

20 “(5) COVERED SECTORS.—Subject to regula-
21 tions prescribed in accordance with section 807, the
22 term ‘covered sectors’ includes sectors within the fol-
23 lowing areas:

24 “(A) Semiconductors and microelectronics.

25 “(B) Artificial intelligence.

1 “(C) Quantum information science and
2 technology.

3 “(D) Hypersonics.

4 “(E) Satellite-based communications.

5 “(F) Networked laser scanning systems
6 with both military and civilian applications.

7 “(6) LEAD AGENCY.—The term ‘lead agency’
8 means the Federal agency to which the President
9 delegates, pursuant to section 802, the authorities
10 provided under this title.

11 “(7) PARTY.—The term ‘party’, with respect to
12 an activity, has the meaning given that term in reg-
13 ulations prescribed in accordance with section 807.

14 “(8) UNITED STATES PERSON.—The term
15 ‘United States person’ means—

16 “(A) an individual who is a United States
17 citizen or an alien lawfully admitted for perma-
18 nent residence to the United States; or

19 “(B) an entity organized under the laws of
20 the United States or of any jurisdiction within
21 the United States, including any foreign branch
22 of such an entity.

23 **“SEC. 802. DELEGATION OF AUTHORITIES.**

24 “Except as provided by section 808, the President
25 may delegate the authorities provided under this title to

1 the head of any Federal agency the President determines
2 appropriate in order to carry out the provisions of this
3 title.

4 **“SEC. 803. IDENTIFICATION OF CATEGORIES OF TECH-**
5 **NOLOGIES AND PRODUCTS IN COVERED SEC-**
6 **TORS THAT MAY POSE THREATS TO UNITED**
7 **STATES NATIONAL SECURITY.**

8 “(a) IN GENERAL.—Not later than one year after the
9 date of the enactment of this title, the President shall—

10 “(1) identify categories of technologies and
11 products in covered sectors that may pose an acute
12 threat to the national security of the United States
13 if developed or acquired by a country of concern;
14 and

15 “(2) publish a list of the categories of tech-
16 nologies and products identified under paragraph (1)
17 in the Federal Register.

18 “(b) ANNUAL UPDATES.—Not later than one year
19 after the publication of the initial list required by sub-
20 section (a)(2), the President shall—

21 “(1) review the categories of technologies and
22 products on that list; and

23 “(2) publish an updated list of the categories of
24 technologies and products in the Federal Register if
25 the list has changed.

1 **“SEC. 804. PROHIBITION ON COVERED ACTIVITIES.**

2 “(a) IN GENERAL.—The President may, on or after
3 the date on which the initial list of categories of tech-
4 nologies and products is published in the Federal Register
5 under section 803(a), prescribe, subject to public notice
6 and comment, regulations to prohibit a United States per-
7 son from engaging, directly or indirectly, in a covered ac-
8 tivity involving a category of technologies and products on
9 the list.

10 “(b) ELEMENTS.—Regulations prescribed under sub-
11 section (a) may—

12 “(1) require that a United States person take
13 all reasonable steps to prohibit and prevent any
14 transaction by a foreign entity under the control of
15 the United States person that would be a prohibited
16 transaction if engaged in by a United States person;
17 and

18 “(2) exclude any transaction consisting of the
19 acquisition of an equity or other interest in an entity
20 located outside a country of concern, if the President
21 has determined that the government of the country
22 in which that entity is established or has its prin-
23 cipal place of business has in place a program for
24 the restriction of certain activities involving coun-
25 tries of concern that is comparable to the provisions

1 provided for in this title, after consideration of other
 2 relevant factors.

3 **“SEC. 805. MANDATORY NOTIFICATION OF COVERED AC-**
 4 **TIVITIES.**

5 “(a) MANDATORY NOTIFICATION.—

6 “(1) IN GENERAL.—Beginning on the date that
 7 is 90 days after the date on which the initial list of
 8 categories of technologies and products is published
 9 in the Federal Register under section 803(a), a
 10 United States person engaging in a covered activity
 11 described in paragraph (2), or that controls a for-
 12 eign entity engaging in an activity that would be a
 13 covered activity described in paragraph (2) if en-
 14 gaged in by a United States person, shall submit to
 15 the President a complete written notification of the
 16 activity not later than 14 days after the completion
 17 date of the activity.

18 “(2) COVERED ACTIVITIES DESCRIBED.—A cov-
 19 ered activity described in this paragraph is a covered
 20 activity—

21 “(A) involving a category of technologies
 22 and products on the list published under section
 23 803; and

24 “(B) that is not prohibited pursuant to
 25 section 804.

1 “(3) CIRCULATION OF NOTIFICATION.—

2 “(A) IN GENERAL.—The President shall,
3 upon receipt of a notification under paragraph
4 (1), promptly inspect the notification for com-
5 pleteness.

6 “(B) INCOMPLETE NOTIFICATION.—If a
7 notification submitted under paragraph (1) is
8 incomplete, the President shall promptly inform
9 the United States person that submits the noti-
10 fication that the notification is not complete
11 and provide an explanation for relevant mate-
12 rial with respect to which the notification is not
13 complete.

14 “(4) IDENTIFICATION OF NON-NOTIFIED ACTIV-
15 ITY.—The President shall establish a process to
16 identify a covered activity described in paragraph (2)
17 for which—

18 “(A) a notification is not submitted to the
19 President under paragraph (1); and

20 “(B) information is reasonably available.

21 “(b) CONFIDENTIALITY OF INFORMATION.—

22 “(1) IN GENERAL.—Except as provided in para-
23 graph (2), any information or documentary material
24 filed with the President or the President’s designee
25 pursuant to this section shall be exempt from disclo-

1 sure under section 552(b)(3) of title 5, United
2 States Code, and no such information or documen-
3 tary material may be made public.

4 “(2) EXCEPTIONS.—Subject to appropriate con-
5 fidentiality and classification requirements, the ex-
6 emption from disclosure provided by paragraph (1)
7 shall not prevent the disclosure of the following:

8 “(A) Information relevant to any adminis-
9 trative or judicial action or proceeding.

10 “(B) Information to Congress or any of
11 the appropriate committees or subcommittees of
12 Congress.

13 “(C) Information important to national se-
14 curity analysis or actions of the President to
15 any domestic governmental entity, or to any
16 foreign governmental entity of an ally or part-
17 ner of the United States, under the exclusive di-
18 rection and authorization of the President or
19 the President’s designee, only to the extent nec-
20 essary for national security purposes, and sub-
21 ject to appropriate confidentiality and classifica-
22 tion requirements.

23 “(D) Information that the parties have
24 consented to be disclosed to third parties.

1 “(3) APPLICABILITY TO CONGRESS.—Members
 2 of Congress, and staff of either House of Congress
 3 or any committee of Congress, are subject to the
 4 limitations on disclosure of information and docu-
 5 mentary material that are applicable under this sub-
 6 section.

7 **“SEC. 806. REPORTING REQUIREMENTS.**

8 “(a) IN GENERAL.—Not later than one year after the
 9 date on which the regulations prescribed under section
 10 807 take effect, and not less frequently than annually
 11 thereafter, the President shall submit to the appropriate
 12 congressional committees a report that—

13 “(1) lists all notifications submitted under sec-
 14 tion 805 during the year preceding submission of the
 15 report, disaggregated by—

16 “(A) sector;

17 “(B) covered activity;

18 “(C) covered foreign entity; and

19 “(D) country of concern;

20 “(2) includes an assessment of whether to
 21 amend the regulations, including whether to amend
 22 the definition of ‘covered sectors’ to enhance na-
 23 tional security;

24 “(3) provides additional context and informa-
 25 tion regarding trends in the sectors, the types of

1 covered activity, and the countries involved in those
2 notifications, including—

3 “(A) the locations of the relevant covered
4 foreign entities; and

5 “(B) the countries in which the United
6 States persons, or foreign entities controlled by
7 a United States person, involved in relevant
8 covered activities are located;

9 “(4) includes an assessment of the effectiveness
10 of measures imposed under this title, including ac-
11 tions taken by the President as a result of the in-
12 sight gained from the information contained in noti-
13 fications submitted under section 805; and

14 “(5) makes recommendations for—

15 “(A) expanding existing Federal programs
16 to support the production or supply of tech-
17 nologies and products in covered sectors in the
18 United States, including the potential of exist-
19 ing authorities to address any related national
20 security concerns; and

21 “(B) the continuation, expansion, or modi-
22 fication of the implementation and administra-
23 tion of this title.

1 “(b) FORM.—Each report required by this section
2 shall be submitted in unclassified form, but may include
3 a classified annex.

4 “(c) PROHIBITION ON DISCLOSURE.—Information
5 contained in a report required by this section may be with-
6 held from disclosure only to the extent otherwise permitted
7 by statute, except that all information included pursuant
8 to subsection (a)(1) shall be withheld from public disclo-
9 sure.

10 **“SEC. 807. REQUIREMENT FOR REGULATIONS.**

11 “(a) IN GENERAL.—Not later than 180 days after
12 the date on which the initial list of categories of tech-
13 nologies and products is published in the Federal Register
14 pursuant to section 803(a), the President shall prescribe
15 regulations to carry out this title in accordance with sub-
16 chapter II of chapter 5 and chapter 7 of title 5 (commonly
17 known as the ‘Administrative Procedure Act’).

18 “(b) ELEMENTS.—Regulations prescribed to carry
19 out this title shall—

20 “(1) specify the types of activities that will be
21 considered to be covered activities, other than types
22 of activities described in section 801(3);

23 “(2) specify the technologies and products in
24 covered sectors with respect to which covered activi-
25 ties are prohibited under section 804 or require a

1 notification under section 805, other than covered
2 sectors specified in section 801(5);

3 “(3) provide for a process by which parties can
4 ask questions and get timely guidance as to whether
5 a covered activity is prohibited under section 804 or
6 requires a notification under section 805; and

7 “(4) clarify the terms used in this title, to
8 maximize the effectiveness of this title.

9 “(c) PUBLIC NOTICE AND COMMENT.—Regulations
10 issued pursuant to subsection (a) shall be subject to public
11 notice and comment.

12 “(d) LOW-BURDEN REGULATIONS.—In prescribing
13 regulations under this section, the President shall, to the
14 extent practicable, structure the regulations—

15 “(1) to minimize the cost and complexity of
16 compliance for affected parties;

17 “(2) to ensure the benefits of the regulations
18 outweigh their costs;

19 “(3) to adopt the least burdensome alternative
20 that achieves regulatory objectives;

21 “(4) to prioritize transparency and stakeholder
22 involvement in the process of prescribing the regula-
23 tions; and

1 “(5) to provide for regular review and stream-
2 lining of regulations prescribed pursuant to this title
3 to reduce redundancy and complexity.

4 **“SEC. 808. MULTILATERAL ENGAGEMENT AND COORDINA-**
5 **TION.**

6 “(a) IN GENERAL.—The Secretary of State and the
7 head of the lead agency, in coordination with the Secretary
8 of Commerce, the United States Trade Representative, the
9 Director of National Intelligence, and the heads of other
10 relevant Federal agencies, as appropriate, should—

11 “(1) conduct bilateral and multilateral engage-
12 ment with the governments of countries that are al-
13 lies and partners of the United States to promote
14 and increase coordination of protocols and proce-
15 dures to facilitate the effective implementation of,
16 and appropriate compliance with, the prohibitions
17 and notifications pursuant to this title;

18 “(2) upon adoption of protocols and procedures
19 described in paragraph (1), work with those govern-
20 ments to establish mechanisms for sharing informa-
21 tion, including trends, with respect to such activities;
22 and

23 “(3) work with and encourage the governments
24 of certain countries that are allies and partners of

1 the United States to develop similar mechanisms of
2 their own.

3 “(b) STRATEGY FOR MULTILATERAL ENGAGEMENT
4 AND COORDINATION.—Not later than 180 days after the
5 date of the enactment of this title, the Secretary of State
6 and the head of the lead agency, in coordination with the
7 heads of other relevant Federal agencies, should—

8 “(1) develop a strategy to work with the gov-
9 ernments of countries that are allies and partners of
10 the United States to develop mechanisms that are
11 comparable to the prohibitions and notifications pur-
12 suant to this title; and

13 “(2) assess opportunities to provide technical
14 assistance to those countries with respect to the de-
15 velopment of those mechanisms.

16 “(c) REPORT.—Not later than one year after the date
17 of the enactment of this title, and annually thereafter for
18 4 years, the Secretary of State shall submit to the appro-
19 priate congressional committees a report that includes—

20 “(1) a discussion of any strategy developed pur-
21 suant to subsection (b)(1), including key tools and
22 objectives for the development of comparable mecha-
23 nisms by the governments of countries that are allies
24 and partners of the United States;

1 “(2) a list of countries that are allies and part-
2 ners of the United States to target for cooperation
3 in developing their own screening programs;

4 “(3) the status of the implementation and out-
5 comes of the strategy; and

6 “(4) a description of impediments to the estab-
7 lishment of comparable mechanisms by governments
8 of countries that are allies and partners of the
9 United States.

10 **“SEC. 809. AUTHORIZATION OF APPROPRIATIONS.**

11 “There are authorized to be appropriated, for each
12 of the first 2 fiscal years beginning on or after the date
13 of the enactment of this title, such sums as may be nec-
14 essary to carry out this title, including to provide outreach
15 to industry and persons affected by this title. Such
16 amounts shall be derived from amounts otherwise author-
17 ized to be appropriated to the President.

18 **“SEC. 810. HIRING AUTHORITY.**

19 “(a) IN GENERAL.—The head of lead agency may ap-
20 point, without regard to the provisions of sections 3309
21 through 3318 of title 5, United States Code, not more
22 than 25 candidates directly to positions in the competitive
23 service (as defined in section 2102 of that title) in that
24 agency.

1 “(b) PRIMARY RESPONSIBILITY.—The primary re-
 2 sponsibility of individuals in positions authorized under
 3 subsection (a) shall be to administer this title.

4 **“SEC. 811. PENALTIES AND ENFORCEMENT.**

5 “(a) UNLAWFUL ACTS.—It shall be unlawful for a
 6 United States person to violate, attempt to violate, con-
 7 spire to violate, or cause a violation of any license, order,
 8 regulation, or prohibition issued under this title.

9 “(b) CIVIL PENALTIES.—

10 “(1) PENALTIES.—A civil penalty may be im-
 11 posed on any person who commits an unlawful act
 12 described in subsection (a) in an amount not to ex-
 13 ceed the greater of—

14 “(A) \$5,000,000; or

15 “(B) an amount that is twice the amount
 16 of the covered activity that is the basis of the
 17 violation with respect to which the penalty is
 18 imposed.

19 “(c) CRIMINAL PENALTIES.—A person who willfully
 20 commits, willfully attempts to commit, or willfully con-
 21 spires to commit, or aids or abets in the commission of,
 22 an unlawful act described in subsection (a) shall, upon
 23 conviction, be fined not more than \$1,000,000, or if an
 24 individual, may be imprisoned for not more than 20 years,
 25 or both.

1 “(d) ENFORCEMENT.—The Attorney General may
 2 seek appropriate relief, including a temporary or perma-
 3 nent injunction, restraining order, divestment relief, or
 4 other such other order as the Attorney General may deter-
 5 mine to be proper, in the district courts of the United
 6 States in order to implement and enforce this title and
 7 any regulation thereunder.

8 **“SEC. 812. RULE OF CONSTRUCTION.**

9 “Nothing in this title may be construed to—

10 “(1) restrain or deter United States activities
 11 abroad if such activities do not pose a risk to the na-
 12 tional security of the United States; or

13 “(2) alter or negate the authority of the Presi-
 14 dent under any authority, process, regulation, inves-
 15 tigation, enforcement measure, or review provided by
 16 or established under any other provision of Federal
 17 law, or any other authority of the President or Con-
 18 gress under the Constitution of the United States.

19 **“SEC. 813. NATIONAL INTEREST WAIVER.**

20 “(a) IN GENERAL.—Subject to subsection (b), the
 21 President is authorized to exempt from any applicable pro-
 22 hibition or notification requirement under this title any
 23 activity determined by the President, in consultation with
 24 the heads of relevant Federal agencies, as appropriate, to
 25 be in the national interest of the United States.

1 “(b) CONGRESSIONAL NOTIFICATION.—The Presi-
2 dent shall—

3 “(1) notify the appropriate congressional com-
4 mittees not later than 48 hours after issuing a waiv-
5 er under subsection (a); and

6 “(2) include in such notification an identifica-
7 tion of the national interest justifying the use of the
8 waiver.”.

9 **SEC. 5. LIMITATION ON TRADE AUTHORITIES PROCEDURES**
10 **RELATING TO REQUIREMENTS ON CONTENT**
11 **OF GOODS FROM NONMARKET ECONOMY**
12 **COUNTRIES.**

13 Section 106(b) of the Bipartisan Congressional Trade
14 Priorities and Accountability Act of 2015 (19 U.S.C.
15 4205(b)) is amended by adding at the end the following:

16 “(7) LIMITATIONS ON PROCEDURES RELATING
17 TO ORIGINATION OF CONTENT OF GOODS FROM NON-
18 MARKET ECONOMY COUNTRIES.—

19 “(A) IN GENERAL.—The trade authorities
20 procedures shall not apply to an implementing
21 bill submitted with respect to a trade agreement
22 or trade agreements entered into under section
23 103(b) unless the rules of origin requirements
24 under such agreement or agreements—

1 “(i) with respect to rules of origin
2 based on value content of a good, require
3 that, of the content of a good qualifying
4 for preferential treatment under the agree-
5 ment or agreements that does not originate
6 (as specified in those rules) in a country
7 that is party to the agreement or agree-
8 ments—

9 “(I) during the 5-year period fol-
10 lowing the entry into force of the
11 agreement or agreements, not more
12 than 20 percent of that content may
13 originate in a nonmarket economy
14 country; and

15 “(II) after the period specified in
16 subclause (I), not more than 10 per-
17 cent of that content may originate in
18 a nonmarket economy country; and

19 “(ii) with respect to rules of origin
20 that are not based on value content of a
21 good, are consistent with the requirements
22 under clause (i) based on processing re-
23 quirements or tariff shifts as opposed to
24 value content.

1 “(B) NONMARKET ECONOMY COUNTRY DE-
 2 FINED.—In this paragraph, the term ‘non-
 3 market economy country’ has the meaning
 4 given that term in section 771(18) of the Tariff
 5 Act of 1930 (19 U.S.C. 1677(18)).”.

6 **SEC. 6. STRATEGY AND OUTREACH ON RISKS POSED BY**
 7 **PEOPLE’S REPUBLIC OF CHINA SMARTPORT**
 8 **TECHNOLOGY.**

9 (a) STRATEGY AND OUTREACH REQUIRED.—The Di-
 10 rector of the National Counterintelligence and Security
 11 Center shall develop a strategy and conduct outreach to
 12 United States industry, including shipping companies,
 13 port operators, and logistics firms, on the risks of
 14 smartport technology of the People’s Republic of China
 15 and other related risks posed by entities of the People’s
 16 Republic of China, including LOGINK, China Ocean Ship-
 17 ping Company, Limited (COSCO), China Communications
 18 Construction Company, Limited (CCCC), China Media
 19 Group (CMG), and Shanghai Zhenhua Heavy Industries
 20 Company Limited (ZPMC), to the national security of the
 21 United States, the security of United States supply chains,
 22 and commercial activity, including with respect to delays,
 23 interruption, and lockout of access to systems and tech-
 24 nologies that enable the free flow of commerce.

1 (b) CONSISTENCY WITH EXECUTIVE ORDERS AND
2 OTHER STATUTORY AUTHORITIES.—The Director shall
3 carry out subsection (a) in a manner that is consistent
4 with the following:

5 (1) Part 6 of title 33, Code of Federal Regula-
6 tions, as amended by Executive Order 14116 (89
7 Fed. Reg. 13971; relating to amending regulations
8 relating to the safeguarding of vessels, harbors,
9 ports, and waterfront facilities of the United States).

10 (2) Executive Order 14017 (86 Fed. Reg.
11 11849; relating to America’s supply chains), or suc-
12 cessor order.

13 (3) Section 825 of the National Defense Au-
14 thorization Act for Fiscal Year 2024 (Public Law
15 118–31).

16 (c) COORDINATION.—The Director shall carry out
17 subsection (a) in coordination with the Commandant of
18 the U.S. Coast Guard, the Director of the Federal Bureau
19 of Investigation, the Commander of the Office of Naval
20 Intelligence, and such other heads of Federal agencies as
21 the Director considers appropriate.

○