

116TH CONGRESS
1ST SESSION

H. R. 3508

To impose sanctions with respect to the People’s Republic of China in relation to activities in the South China Sea and the East China Sea, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 26, 2019

Mr. GALLAGHER (for himself and Mr. PANETTA) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on the Judiciary, Financial Services, Armed Services, and Transportation and Infrastructure, 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 People’s Republic of China in relation to activities in the South China Sea and the East China Sea, 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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “South China Sea and East China Sea Sanctions Act of
6 2019”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Definitions.
- Sec. 4. Policy of the United States with respect to the South China Sea and the East China Sea.
- Sec. 5. Sense of Congress with respect to the South China Sea and the East China Sea.
- Sec. 6. Sanctions with respect to Chinese persons responsible for China’s activities in the South China Sea and the East China Sea.
- Sec. 7. Determinations and report on Chinese companies active in the South China Sea and the East China Sea.
- Sec. 8. Prohibition against documents portraying the South China Sea or the East China Sea as part of China.
- Sec. 9. Prohibition on facilitating certain investments in the South China Sea or the East China Sea.
- Sec. 10. Department of Justice affirmation of non-recognition of annexation.
- Sec. 11. Non-recognition of Chinese sovereignty over the South China Sea or the East China Sea.
- Sec. 12. Prohibition on certain assistance to countries that recognize Chinese sovereignty over the South China Sea or the East China Sea.

3 **SEC. 2. FINDINGS.**

4 Congress makes the following findings:

5 (1) According to the Asia-Pacific Maritime Security Strategy issued by the Department of Defense
 6 in August 2015, “Although the United States takes
 7 no position on competing sovereignty claims to land
 8 features in the region, all such claims must be based
 9 upon land (which in the case of islands means naturally
 10 formed areas of land that are above water at
 11 high tide), and all maritime claims must derive from
 12 such land in accordance with international law.”.

13
 14 (2) According to the annual report of the Department of Defense to Congress on the military
 15 power of the People’s Republic of China submitted
 16

1 in April 2016, “Throughout 2015, China continued
2 to assert sovereignty claims over features in the
3 East and South China Seas. In the East China Sea,
4 China continued to use maritime law enforcement
5 ships and aircraft to patrol near the Senkaku
6 (Diaoyu) Islands in order to challenge Japan’s
7 claim. In the South China Sea, China paused its
8 land reclamation effort in the Spratly Islands in late
9 2015 after adding more than 3,200 acres of land to
10 the seven features it occupies in the archipelago. Al-
11 though these artificial islands do not provide China
12 with any additional territorial or maritime rights
13 within the South China Sea, China will be able to
14 use them as persistent civil-military bases to en-
15 hance its long-term presence in the South China Sea
16 significantly.”.

17 (3) On May 30, 2015, at the Shangri-la Dia-
18 logue of the International Institute for Strategic
19 Studies, Secretary of Defense Ashton Carter stated
20 that “with its actions in the South China Sea, China
21 is out of step with both the international rules and
22 norms that underscore the Asia-Pacific’s security ar-
23 chitecture, and the regional consensus that favors di-
24 plomacy and opposes coercion”.

1 (4) On July 24, 2015, Admiral Harry Harris,
2 Jr., noted at a forum in Colorado that each year
3 more than \$5,300,000,000,000 in global sea-based
4 trade passes through the South China Sea.

5 (5) On June 4, 2016, at the Shangri-la Dia-
6 logue, Secretary of Defense Ashton Carter stated:
7 “[T]he United States will stand with regional part-
8 ners to uphold core principles, like freedom of navi-
9 gation and overflight and the peaceful resolution of
10 disputes through legal means and in accordance with
11 international law. As I affirmed here last year, and
12 America’s Freedom of Navigation Operations in the
13 South China Sea have demonstrated, the United
14 States will continue to fly, sail and operate wherever
15 international law allows, so that everyone in the re-
16 gion can do the same.”.

17 (6) On July 12, 2016, the Permanent Court of
18 Arbitration’s Tribunal organized pursuant to the
19 United Nations Convention on the Law of the Sea
20 issued its unanimous award in the arbitration insti-
21 tuted by Republic of the Philippines against the Peo-
22 ple’s Republic of China. The Tribunal noted that its
23 award is final and binding under that Convention.

24 (7) Also according to the award, the Tribunal
25 “concluded that, to the extent China had historical

1 rights to resources in the waters of the South China
2 Sea, such rights were extinguished to the extent they
3 were incompatible with the exclusive economic zones
4 provided for in the Convention. The Tribunal con-
5 cluded that there was no legal basis for China to
6 claim historic rights to resources within the sea
7 areas falling within the ‘nine-dash line’.”.

8 (8) Also according to the award, the Tribunal
9 “held that the Spratly Islands cannot generate mari-
10 time zones collectively as a unit. Having found that
11 none of the features claimed by China was capable
12 of generating an exclusive economic zone, the Tri-
13 bunal found that it could—without delimiting a
14 boundary—declare that certain sea areas are within
15 the exclusive economic zone of the Philippines, be-
16 cause those areas are not overlapped by any possible
17 entitlement of China.”.

18 (9) Also according to the award, the Tribunal
19 “found that China had violated the Philippines’ sov-
20 ereign rights in its exclusive economic zone by (a)
21 interfering with Philippine fishing and petroleum ex-
22 ploration, (b) constructing artificial islands, and (c)
23 failing to prevent Chinese fishermen from fishing in
24 the zone. The Tribunal also held that fishermen
25 from the Philippines (like those from China) had

1 traditional fishing rights at Scarborough Shoal and
2 that China had interfered with these rights in re-
3 stricting access. The Tribunal further held that Chi-
4 nese law enforcement vessels had unlawfully created
5 a serious risk of collision when they physically ob-
6 structed Philippine vessels.”.

7 (10) On July 12, 2016, the Ministry of Foreign
8 Affairs of the People’s Republic of China issued a
9 statement that China “declares that the [Tribunal]
10 award is null and void and has no binding force.
11 China neither accepts nor recognizes it. . . . China’s
12 territorial sovereignty and maritime rights and inter-
13 ests in the South China Sea shall under no cir-
14 cumstances be affected by those awards. China op-
15 poses and will never accept any claim or action
16 based on those awards.”.

17 (11) On July 12, 2016, the Government of the
18 People’s Republic of China issued the fifth state-
19 ment in the name of that Government since 1979
20 that—

21 (A) stated that the People’s Republic of
22 China has sovereignty over the 4 rocks and
23 shoals in the South China Sea;

24 (B) claims internal waters, territorial seas,
25 contiguous zones, one or more exclusive eco-

1 nomic zones, and a continental shelf based on
2 that sovereignty claim; and

3 (C) continues to claim historic rights in
4 the South China Sea.

5 (12) On July 12, 2016, Assistant Secretary of
6 State and Department of State Spokesperson John
7 Kirby noted that the “United States strongly sup-
8 ports the rule of law. We support efforts to resolve
9 territorial and maritime disputes in the South China
10 Sea peacefully, including through arbitration. . . .
11 we urge all claimants to avoid provocative state-
12 ments or actions. This decision can and should serve
13 as a new opportunity to renew efforts to address
14 maritime disputes peacefully.”.

15 (13) On July 13, 2016, the Vice Foreign Min-
16 ister of the People’s Republic of China, Liu
17 Zhenmin, said that declaring an air defense identi-
18 fication zone in the South China Sea would depend
19 on the threat China faces and stated that “[i]f our
20 security is threatened, we of course have the right
21 to set it up”.

22 (14) On July 18, 2016, the People’s Liberation
23 Army Air Force of the People’s Republic of China
24 stated that it had conducted a “combat air patrol”
25 over the South China Sea and that it would become

1 “regular practice” in the future. A spokesperson
2 stated that the People’s Liberation Army Air Force
3 “will firmly defend national sovereignty, security and
4 maritime interests, safeguard regional peace and
5 stability, and cope with various threats and chal-
6 lenges”.

7 (15) On August 2, 2016, the Supreme People’s
8 Court of the People’s Republic of China issued a ju-
9 dicial interpretation that people caught illegally fish-
10 ing in Chinese waters could be jailed for up to one
11 year.

12 (16) In the Agreement concerning the Ryukyu
13 Islands and the Daito Islands with Related Arrange-
14 ments, signed at Washington and Tokyo June 17,
15 1971 (23 UST 446), between the United States and
16 Japan (commonly referred to as the “Okinawa Re-
17 version Treaty”), the United States agreed to apply
18 the Treaty of Mutual Cooperation and Security, with
19 Agreed Minute and Exchanges of Notes (11 UST
20 1632), signed at Washington January 19, 1961, be-
21 tween the United States and Japan, to the area cov-
22 ered by the Okinawa Reversion Treaty, including the
23 Senkaku Islands.

24 (17) In April 2014, President Barack Obama
25 stated, “The policy of the United States is clear—

1 the Senkaku Islands are administered by Japan and
2 therefore fall within the scope of Article 5 of the
3 U.S.-Japan Treaty of Mutual Cooperation and Secu-
4 rity. And we oppose any unilateral attempts to un-
5 dermine Japan’s administration of these islands.”.

6 (18) In February 2017, President Donald
7 Trump and Japanese Prime Minister Shinzo Abe
8 issued a joint statement that “affirmed that Article
9 V of the U.S.-Japan Treaty of Mutual Cooperation
10 and Security covers the Senkaku Islands”.

11 **SEC. 3. DEFINITIONS.**

12 In this Act:

13 (1) ACCOUNT; CORRESPONDENT ACCOUNT; PAY-
14 ABLE-THROUGH ACCOUNT.—The terms “account”,
15 “correspondent account”, and “payable-through ac-
16 count” have the meanings given those terms in sec-
17 tion 5318A of title 31, United States Code.

18 (2) ALIEN.—The term “alien” has the meaning
19 given that term in section 101(a) of the Immigration
20 and Nationality Act (8 U.S.C. 1101(a)).

21 (3) APPROPRIATE CONGRESSIONAL COMMIT-
22 TEES.—The term “appropriate congressional com-
23 mittees” means—

24 (A) the Committee on Foreign Relations,
25 the Committee on Armed Services, the Com-

1 committee on Banking, Housing, and Urban Af-
2 fairs, and the Select Committee on Intelligence
3 of the Senate; and

4 (B) the Committee on Foreign Affairs, the
5 Committee on Armed Services, the Committee
6 on Financial Services, and the Permanent Se-
7 lect Committee on Intelligence of the House of
8 Representatives.

9 (4) CHINESE PERSON.—The term “Chinese
10 person” means—

11 (A) an individual who is a citizen or na-
12 tional of the People’s Republic of China; or

13 (B) an entity organized under the laws of
14 the People’s Republic of China or otherwise
15 subject to the jurisdiction of the Government of
16 the People’s Republic of China.

17 (5) FINANCIAL INSTITUTION.—The term “fi-
18 nancial institution” means a financial institution
19 specified in subparagraph (A), (B), (C), (D), (E),
20 (F), (G), (H), (I), (J), (K), (M), (N), (P), (R), (T),
21 (Y), or (Z) of section 5312(a)(2) of title 31, United
22 States Code.

23 (6) FOREIGN FINANCIAL INSTITUTION.—The
24 term “foreign financial institution” has the meaning
25 given that term in section 1010.605 of title 31, Code

1 of Federal Regulations (or any corresponding similar
2 regulation or ruling).

3 (7) KNOWINGLY.—The term “knowingly”, with
4 respect to conduct, a circumstance, or a result,
5 means that a person has actual knowledge, or should
6 have known, of the conduct, the circumstance, or the
7 result.

8 (8) PERSON.—The term “person” means any
9 individual or entity.

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

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

15 (B) an entity organized under the laws of
16 the United States or of any jurisdiction within
17 the United States, including a foreign branch of
18 such an entity.

19 **SEC. 4. POLICY OF THE UNITED STATES WITH RESPECT TO**
20 **THE SOUTH CHINA SEA AND THE EAST CHINA**
21 **SEA.**

22 It is the policy of the United States—

23 (1) to support the principle that disputes be-
24 tween countries should be resolved peacefully con-
25 sistent with international law;

1 (2) to reaffirm its unwavering commitment and
2 support for allies and partners in the Asia-Pacific
3 region, including longstanding United States pol-
4 icy—

5 (A) regarding Article V of the Mutual De-
6 fense Treaty, signed at Washington August 30,
7 1951 (3 UST 3947), between the United States
8 and the Philippines; and

9 (B) that Article V of the Mutual Defense
10 Assistance Agreement, with Annexes, signed at
11 Tokyo March 8, 1954 (5 UST 661), between
12 the United States and Japan, applies to the
13 Senkaku Islands, which are administered by
14 Japan; and

15 (3) to support the principle of freedom of navi-
16 gation and overflight and to continue to use the sea
17 and airspace wherever international law allows.

18 **SEC. 5. SENSE OF CONGRESS WITH RESPECT TO THE**
19 **SOUTH CHINA SEA AND THE EAST CHINA SEA.**

20 It is the sense of Congress that—

21 (1) the United States—

22 (A) opposes all claims in the maritime do-
23 mains that impinge on the rights, freedoms,
24 and lawful use of the seas that belong to all
25 countries;

1 (B) opposes unilateral actions by the gov-
2 ernment of any country seeking to change the
3 status quo in the South China Sea through the
4 use of coercion, intimidation, or military force;

5 (C) opposes actions by the government of
6 any country to interfere in any way in the free
7 use of waters and airspace in the South China
8 Sea or East China Sea;

9 (D) opposes actions by the government of
10 any country to prevent any other country from
11 exercising its sovereign rights to the resources
12 of the exclusive economic zone and continental
13 shelf by making claims that have no support in
14 international law; and

15 (E) upholds the principle that territorial
16 and maritime claims, including with respect to
17 territorial waters or territorial seas, must be de-
18 rived from land features and otherwise comport
19 with international law;

20 (2) the People's Republic of China should not
21 continue to pursue illegitimate claims and to milita-
22 rize an area that is essential to global security;

23 (3) the United States should—

24 (A) continue and expand freedom of navi-
25 gation operations and overflights;

1 (B) reconsider the traditional policy of not
2 taking a position on individual claims; and

3 (C) respond to provocations by the Peo-
4 ple's Republic of China with commensurate ac-
5 tions that impose costs on any attempts to un-
6 dermine security in the region;

7 (4) the Senkaku Islands are covered by Article
8 V of the Mutual Defense Assistance Agreement, with
9 Annexes, signed at Tokyo March 8, 1954 (5 UST
10 661), between the United States and Japan; and

11 (5) the United States should firmly oppose any
12 unilateral actions by the People's Republic of China
13 that seek to undermine Japan's control of the
14 Senkaku Islands.

15 **SEC. 6. SANCTIONS WITH RESPECT TO CHINESE PERSONS**
16 **RESPONSIBLE FOR CHINA'S ACTIVITIES IN**
17 **THE SOUTH CHINA SEA AND THE EAST CHINA**
18 **SEA.**

19 (a) INITIAL IMPOSITION OF SANCTIONS.—On and
20 after the date that is 60 days after the date of the enact-
21 ment of this Act, the President shall impose the sanctions
22 described in subsection (b) with respect to—

23 (1) any Chinese person that contributes to con-
24 struction or development projects, including land
25 reclamation, island-making, lighthouse construction,

1 building of base stations for mobile communications
2 services, building of electricity and fuel supply facili-
3 ties, or civil infrastructure projects, in areas of the
4 South China Sea contested by one or more members
5 of the Association of Southeast Asian Nations;

6 (2) any Chinese person that is responsible for
7 or complicit in, or has engaged in, directly or indi-
8 rectly, actions or policies that threaten the peace, se-
9 curity, or stability of areas of the South China Sea
10 contested by one or more members of the Associa-
11 tion of Southeast Asian Nations or areas of the East
12 China Sea administered by Japan or the Republic of
13 Korea, including through the use of vessels and air-
14 craft to impose the sovereignty of the People's Re-
15 public of China in those areas;

16 (3) any Chinese person that engages, or at-
17 tempts to engage, in an activity or transaction that
18 materially contributes to, or poses a risk of materi-
19 ally contributing to, an activity described in para-
20 graph (1) or (2); and

21 (4) any person that—

22 (A) is owned or controlled by a person de-
23 scribed in paragraph (1), (2), or (3);

24 (B) is acting for or on behalf of such a
25 person; or

1 (C) provides, or attempts to provide—

2 (i) financial, material, technological,
3 or other support to a person described in
4 paragraph (1), (2), or (3); or

5 (ii) goods or services in support of an
6 activity described in paragraph (1), (2), or
7 (3).

8 (b) SANCTIONS DESCRIBED.—

9 (1) BLOCKING OF PROPERTY.—The President
10 shall block and prohibit, in accordance with the
11 International Emergency Economic Powers Act (50
12 U.S.C. 1701 et seq.), all transactions in all property
13 and interests in property of any person subject to
14 subsection (a) if such property and interests in prop-
15 erty are in the United States, come within the
16 United States, or are or come within the possession
17 or control of a United States person.

18 (2) EXCLUSION FROM UNITED STATES.—The
19 Secretary of State shall deny a visa to, and the Sec-
20 retary of Homeland Security shall exclude from the
21 United States, any person subject to subsection (a)
22 that is an alien.

23 (3) CURRENT VISA REVOKED.—The issuing
24 consular officer, the Secretary of State, or the Sec-
25 retary of Homeland Security (or a designee of one

1 of such Secretaries) shall revoke any visa or other
2 entry documentation issued to any person subject to
3 subsection (a) that is an alien, regardless of when
4 issued. The revocation shall take effect immediately
5 and shall automatically cancel any other valid visa or
6 entry documentation that is in the alien's possession.

7 (c) EXCEPTIONS; PENALTIES.—

8 (1) INAPPLICABILITY OF NATIONAL EMER-
9 GENCY REQUIREMENT.—The requirements of section
10 202 of the International Emergency Economic Pow-
11 ers Act (50 U.S.C. 1701) shall not apply for pur-
12 poses of subsection (b)(1).

13 (2) COMPLIANCE WITH UNITED NATIONS HEAD-
14 QUARTERS AGREEMENT.—Paragraphs (2) and (3) of
15 subsection (b) shall not apply if admission of an
16 alien to the United States is necessary to permit the
17 United States to comply with the Agreement regard-
18 ing the Headquarters of the United Nations, signed
19 at Lake Success June 26, 1947, and entered into
20 force November 21, 1947, between the United Na-
21 tions and the United States.

22 (3) PENALTIES.—The penalties provided for in
23 subsections (b) and (c) of section 206 of the Inter-
24 national Emergency Economic Powers Act (50
25 U.S.C. 1705) shall apply to a person that violates,

1 attempts to violate, conspires to violate, or causes a
2 violation of regulations prescribed under subsection
3 (b)(1) to the same extent that such penalties apply
4 to a person that commits an unlawful act described
5 in subsection (a) of such section 206.

6 (d) ADDITIONAL IMPOSITION OF SANCTIONS.—

7 (1) IN GENERAL.—The President shall prohibit
8 the opening, and prohibit or impose strict conditions
9 on the maintaining, in the United States of a cor-
10 respondent account or a payable-through account by
11 a foreign financial institution that the President de-
12 termines knowingly, on or after the date that is 60
13 days after the date of the enactment of this Act,
14 conducts or facilitates a significant financial trans-
15 action for a person subject to subsection (a) if the
16 Director of National Intelligence determines that the
17 Government of the People’s Republic of China has—

18 (A) declared an air defense identification
19 zone over any part of the South China Sea;

20 (B) initiated reclamation work at another
21 disputed location in the South China Sea, such
22 as at Scarborough Shoal;

23 (C) seized control of Second Thomas
24 Shoal;

1 (D) deployed surface-to-air missiles to any
2 of the artificial islands the People's Republic of
3 China has built in the Spratly Island chain, in-
4 cluding Fiery Cross, Mischief, or Subi Reefs;

5 (E) established territorial baselines around
6 the Spratly Island chain;

7 (F) increased harassment of Philippine
8 vessels; or

9 (G) increased provocative actions against
10 the Japanese Coast Guard or Maritime Self-De-
11 fense Force or United States forces in the East
12 China Sea.

13 (2) REPORT.—

14 (A) IN GENERAL.—The determination of
15 the Director of National Intelligence referred to
16 in paragraph (1) shall be submitted in a report
17 to the President and the appropriate congres-
18 sional committees.

19 (B) FORM OF REPORT.—The report re-
20 quired by subparagraph (A) shall be submitted
21 in unclassified form, but may include a classi-
22 fied annex.

1 **SEC. 7. DETERMINATIONS AND REPORT ON CHINESE COM-**
2 **PANIES ACTIVE IN THE SOUTH CHINA SEA**
3 **AND THE EAST CHINA SEA.**

4 (a) IN GENERAL.—The Secretary of State shall sub-
5 mit to the appropriate congressional committees a report
6 that identifies each Chinese person the Secretary deter-
7 mines is engaged in the activities described in section 6(a).

8 (b) CONSIDERATION.—In preparing the report re-
9 quired under subsection (a), the Secretary shall make spe-
10 cific findings with respect to whether each of the following
11 persons is involved in the activities described in section
12 6(a):

- 13 (1) CCCC Tianjin Dredging Co., Ltd.
- 14 (2) CCCC Dredging (Group) Company, Ltd.
- 15 (3) China Communications Construction Com-
16 pany (CCCC), Ltd.
- 17 (4) China Petroleum Corporation (Sinopec
18 Group).
- 19 (5) China Mobile.
- 20 (6) China Telecom.
- 21 (7) China Southern Power Grid.
- 22 (8) CNFC Guangzhou Harbor Engineering
23 Company.
- 24 (9) Zhanjiang South Project Construction Bu-
25 reau.
- 26 (10) Hubei Jiangtian Construction Group.

1 (11) China Harbour Engineering Company
2 (CHEC).

3 (12) Guangdong Navigation Group (GNG)
4 Ocean Shipping.

5 (13) Shanghai Leading Energy Shipping.

6 (14) China National Offshore Oil Corporation
7 (CNOOC).

8 (15) China Oilfield Services Limited (COSL).

9 (16) China Precision Machinery Import/Export
10 Corporation (CPMIEC).

11 (17) China Aerospace Science and Industry
12 Corporation (CASIC).

13 (18) Aviation Industry Corporation of China
14 (AVIC).

15 (19) Shenyang Aircraft Corporation.

16 (20) Shaanxi Aircraft Corporation.

17 (21) China Ocean Shipping (Group) Company
18 (COSCO).

19 (22) China Southern Airlines.

20 (23) Zhan Chaoying.

21 (24) Sany Group.

22 (25) Chinese persons affiliated with any of the
23 entities specified in paragraphs (1) through (24).

24 (c) SUBMISSION AND FORM.—

1 (1) SUBMISSION.—The report required by sub-
2 section (a) shall be submitted not later than 60 days
3 after the date of the enactment of this Act and every
4 180 days thereafter until the date that is 3 years
5 after such date of enactment.

6 (2) FORM.—The report required by subsection
7 (a) shall be submitted in unclassified form, but may
8 include a classified annex if the Secretary deter-
9 mines it is necessary for the national security inter-
10 ests of the United States to do so.

11 (3) PUBLIC AVAILABILITY.—The Secretary
12 shall publish the unclassified part of the report re-
13 quired by subsection (a) on a publicly available
14 website of the Department of State.

15 **SEC. 8. PROHIBITION AGAINST DOCUMENTS PORTRAYING**
16 **THE SOUTH CHINA SEA OR THE EAST CHINA**
17 **SEA AS PART OF CHINA.**

18 The Government Publishing Office may not publish
19 any map, document, record, electronic resource, or other
20 paper of the United States (other than materials relating
21 to hearings held by committees of Congress or internal
22 work product of a Federal agency) portraying or otherwise
23 indicating that it is the position of the United States that
24 the territory or airspace in the South China Sea contested
25 by one or more members of the Association of Southeast

1 Asian Nations or the territory or airspace of areas of the
2 East China Sea administered by Japan or the Republic
3 of Korea is part of the territory or airspace of the People's
4 Republic of China.

5 **SEC. 9. PROHIBITION ON FACILITATING CERTAIN INVEST-**
6 **MENTS IN THE SOUTH CHINA SEA OR THE**
7 **EAST CHINA SEA.**

8 (a) IN GENERAL.—No United States person may
9 take any action to approve, facilitate, finance, or guar-
10 antee any investment, provide insurance, or underwriting
11 in the South China Sea or the East China Sea that in-
12 volves any person with respect to which sanctions are im-
13 posed under section 6(a).

14 (b) ENFORCEMENT.—The Secretary of the Treasury,
15 in consultation with the Secretary of State, is authorized
16 to take such actions, including the promulgation of such
17 rules and regulations, as may be necessary to carry out
18 the purposes of this section.

19 (c) PENALTIES.—The penalties provided for in sub-
20 sections (b) and (c) of section 206 of the International
21 Emergency Economic Powers Act (50 U.S.C. 1705) shall
22 apply to a person that violates, attempts to violate, con-
23 spires to violate, or causes a violation of regulations pre-
24 scribed under this section to the same extent that such

1 penalties apply to a person that commits an unlawful act
2 described in subsection (a) of such section 206.

3 (d) EXCEPTION.—Subsection (a) shall not apply with
4 respect to humanitarian assistance, disaster assistance, or
5 emergency food assistance.

6 **SEC. 10. DEPARTMENT OF JUSTICE AFFIRMATION OF NON-**
7 **RECOGNITION OF ANNEXATION.**

8 In any matter before any United States court, upon
9 request of the court or any party to the matter, the Attor-
10 ney General shall affirm the United States policy of not
11 recognizing the de jure or de facto sovereignty of the Peo-
12 ple’s Republic of China over territory or airspace contested
13 by one or more members of the Association of Southeast
14 Asian Nations in the South China Sea or the territory or
15 airspace of areas of the East China Sea administered by
16 Japan or the Republic of Korea.

17 **SEC. 11. NON-RECOGNITION OF CHINESE SOVEREIGNTY**
18 **OVER THE SOUTH CHINA SEA OR THE EAST**
19 **CHINA SEA.**

20 (a) UNITED STATES ARMED FORCES.—The Sec-
21 retary of Defense may not take any action, including any
22 movement of aircraft or vessels that implies recognition
23 of the sovereignty of the People’s Republic of China over
24 territory or airspace contested by one or more members
25 of the Association of Southeast Asian Nations in the

1 South China Sea or the territory or airspace of areas of
2 the East China Sea administered by Japan or the Repub-
3 lic of Korea.

4 (b) UNITED STATES FLAGGED VESSELS.—No vessel
5 that is issued a certificate of documentation under chapter
6 121 of title 46, United States Code, may take any action
7 that implies recognition of the sovereignty of the People’s
8 Republic of China over territory or airspace contested by
9 one or more members of the Association of Southeast
10 Asian Nations in the South China Sea or the territory or
11 airspace of areas of the East China Sea administered by
12 Japan or the Republic of Korea.

13 (c) UNITED STATES AIRCRAFT.—No aircraft oper-
14 ated by an air carrier that holds an air carrier certificate
15 issued under chapter 411 of title 49, United States Code,
16 may take any action that implies recognition of the sov-
17 ereignty of the People’s Republic of China over territory
18 or airspace contested by one or more members of the Asso-
19 ciation of Southeast Asian Nations in the South China Sea
20 or the territory or airspace of areas of the East China
21 Sea administered by Japan or the Republic of Korea.

1 **SEC. 12. PROHIBITION ON CERTAIN ASSISTANCE TO COUN-**
2 **TRIES THAT RECOGNIZE CHINESE SOV-**
3 **EREIGNTY OVER THE SOUTH CHINA SEA OR**
4 **THE EAST CHINA SEA.**

5 (a) PROHIBITION.—Except as provided by subsection
6 (c) or (d), no amounts may be obligated or expended to
7 provide foreign assistance to the government of any coun-
8 try identified in a report required by subsection (b).

9 (b) REPORT REQUIRED.—

10 (1) IN GENERAL.—Not later than 60 days after
11 the date of the enactment of this Act, and every 180
12 days thereafter until the date that is 3 years after
13 such date of enactment, the Secretary of State shall
14 submit to the appropriate congressional committees
15 a report identifying each country that the Secretary
16 determines recognizes, after such date of enactment,
17 the sovereignty of the People’s Republic of China
18 over territory or airspace contested by one or more
19 members of the Association of Southeast Asian Na-
20 tions in the South China Sea or the territory or air-
21 space of areas of the East China Sea administered
22 by Japan or the Republic of Korea.

23 (2) FORM.—The report required by paragraph
24 (1) shall be submitted in unclassified form, but may
25 include a classified annex if the Secretary of State

1 determines it is necessary for the national security
2 interests of the United States to do so.

3 (3) PUBLIC AVAILABILITY.—The Secretary of
4 State shall publish the unclassified part of the report
5 required by paragraph (1) on a publicly available
6 website of the Department of State.

7 (c) EXCEPTION.—This section shall not apply with
8 respect to Taiwan, humanitarian assistance, disaster as-
9 sistance, emergency food assistance, or the Peace Corps.

10 (d) WAIVER.—The President may waive the applica-
11 tion of subsection (a) with respect to the government of
12 a country if the President determines that the waiver is
13 in the national interests of the United States.

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