

Union Calendar No. 267

118TH CONGRESS
1ST SESSION

H. R. 4765

[Report No. 118-328]

To require the Secretary of the Treasury to carry out a study on Chinese support for Afghan illicit finance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 20, 2023

Mr. LYNCH (for himself and Mr. NUNN of Iowa) introduced the following bill;
which was referred to the Committee on Financial Services

DECEMBER 19, 2023

Additional sponsor: Mr. MOLINARO

DECEMBER 19, 2023

Reported with an amendment, committed to the Committee of the Whole
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on July 20, 2023]

A BILL

To require the Secretary of the Treasury to carry out a study on Chinese support for Afghan illicit finance, 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 “Exposing China’s Sup-*
5 *port for the Taliban Act”.*

6 **SEC. 2. STUDY ON CHINESE SUPPORT FOR AFGHAN ILLICIT**

7 **FINANCE.**

8 *(a) FINDINGS.—Congress finds the following:*

9 *(1) Though China and Afghanistan share only a*
10 *small land border, when it comes to illicit financial*
11 *activity between the two countries, China has a dem-*
12 *onstrated history of permissiveness regarding traf-*
13 *ficking and money laundering that could support both*
14 *the Taliban and its associates.*

15 *(2) A 2014 Financial Action Task Force report*
16 *titled, “Financial Flows Linked to the Production*
17 *and Trafficking of Afghan Opiates” found evidence of*
18 *import/export companies registered in China that*
19 *were transferring funds to Afghanistan, likely as part*
20 *of trade-based money laundering schemes centered*
21 *around illicit opium production and trafficking,*
22 *which, per the United Nations Office on Drugs and*
23 *Crime (UNODC), is one of the Taliban’s main sources*
24 *of income.*

1 (3) *Since the U.S. withdrawal from Afghanistan*
2 *in August 2021, China has announced its willingness*
3 *to lend financial support and legitimacy to the*
4 *Taliban-led government in Afghanistan, including Af-*
5 *ghan Interior Minister, Sirajuddin Haqqani, a mem-*
6 *ber of the U.S.-sanctions designated Foreign Terrorist*
7 *Organization, the Haqqani Network.*

8 (4) *China's permissive policies regarding Afghan*
9 *illicit finance run counter to the strategic interests of*
10 *the United States with respect to countering traf-*
11 *ficking and preventing terrorist groups from accessing*
12 *the international financial system.*

13 (5) *China's role as a critical source of financial*
14 *wherewithal for the Taliban and its associates to*
15 *process and implement drug and other illicit-activity*
16 *transactions warrants further study as these actions*
17 *pose a threat both to the safety and security of the*
18 *people of Afghanistan and the international commu-*
19 *nity.*

20 (6) *Congress needs to better understand how*
21 *China could leverage its relationships and resources*
22 *within Afghanistan and how these activities could di-*
23 *rectly or indirectly provide financial support to ter-*
24 *rorist organizations, including the Taliban and its*
25 *associates.*

1 **(b) STUDY.**—

2 **(1) REQUIREMENT.**—*Not later than one year*
3 *after the date of the enactment of this Act, the Sec-*
4 *retary of the Treasury shall provide to the Committee*
5 *on Financial Services of the House of Representatives*
6 *and the Committee on Banking, Housing, and Urban*
7 *Affairs of the Senate a report on the financial activi-*
8 *ties of the Government of China and Chinese entities*
9 *in connection with the finances of Afghanistan and*
10 *the Taliban.*

11 **(2) MATTERS INCLUDED.**—*The report under*
12 *paragraph (1) shall include the following:*

13 **(A)** *An assessment of the activities under-*
14 *taken by the Government of China and Chinese-*
15 *registered companies to support illicit financial*
16 *networks in Afghanistan, particularly such net-*
17 *works involved in narcotics trafficking, illicit fi-*
18 *nancial transactions, official corruption, natural*
19 *resources exploitation, and terrorist networks.*

20 **(B)** *An assessment of financial, commercial,*
21 *and economic activities undertaken by the Gov-*
22 *ernment of China and Chinese companies in Af-*
23 *ghanistan to support Chinese policies counter to*
24 *American strategic interests.*

1 (C) *Any recommendations to Congress re-*
2 *garding legislative or regulatory improvements*
3 *necessary to support the identification and dis-*
4 *ruption of Chinese-supported illicit financial*
5 *networks in Afghanistan.*

6 (3) *FORM.—The report under paragraph (1)*
7 *may include a classified annex.*

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