

118TH CONGRESS  
2D SESSION

# S. 5016

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

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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

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## 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                   representatives; 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.

○