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1ST SESSION

H. R. 2011

To impose certain sanctions on the People's Republic of China, and for
other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 1997

Mr. HUTCHINSON introduced the following bill; which was referred to the Committee on International Relations, and in addition to the Committees on Banking and Financial Services, Ways and Means, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To impose certain sanctions on the People's Republic of
China, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “China Sanctions and
5 Human Rights Advancement Act”.

6 **SEC. 2. PURPOSE.**

7 It is the purpose of this Act—

1 (1) to impose certain sanctions on the People's
2 Republic of China in response to the practices of the
3 Government of the People's Republic of China which
4 limit the free exercise of religion and other human
5 rights; and

6 (2) to require an annual report from the Presi-
7 dent on such practices.

8 **SEC. 3. SANCTIONS.**

9 (a) DENIAL OF ENTRY OF CERTAIN GOVERNMENT
10 OFFICIALS.—

11 (1) DENIAL OF ENTRY.—Except as provided in
12 paragraph (2), the Secretary of State may not issue
13 any visa to, and the Attorney General may not
14 admit to the United States, any of the following offi-
15 cials of the Government of the People's Republic of
16 China:

17 (A) High-ranking officials of the Public
18 Security Bureau, as determined by the Sec-
19 retary.

20 (B) High-ranking officials of the Religious
21 Affairs Bureau, as so determined.

22 (C) Other high-ranking officials deter-
23 mined by the Secretary to be involved in the im-
24 plementation or enforcement of laws and direc-

1 tives of the People’s Republic of China which
2 restrict religious freedom.

3 (D) High-ranking officials determined by
4 the Secretary to be involved in the implementa-
5 tion or enforcement of laws and directives of
6 the People’s Republic of China on family plan-
7 ning.

8 (E) Officials determined by the Secretary
9 to have been materially involved in ordering or
10 carrying out the massacre of students in
11 Tiananmen Square in 1989.

12 (2) WAIVER.—

13 (A) IN GENERAL.—Subject to subpara-
14 graph (B), the President may waive the applica-
15 bility of paragraph (1) with respect to any offi-
16 cial otherwise covered by that paragraph if the
17 President determines that the waiver with re-
18 spect to the official is in the national security
19 interests of the United States.

20 (B) NOTICE.—

21 (i) REQUIREMENT.—The President
22 may not exercise the authority provided in
23 subparagraph (A) with respect to an offi-
24 cial unless the President submits to Con-

1 gress a written notification of the exercise
2 of the authority.

3 (ii) CONTENTS.—Each notice shall in-
4 clude a justification of the exercise of the
5 authority, including—

6 (I) a statement why the exercise
7 of the authority is in the national se-
8 curity interests of the United States;
9 and

10 (II) a statement why such inter-
11 ests supersede the need for the United
12 States to make the response described
13 in section 2(1).

14 (b) MULTILATERAL ASSISTANCE.—

15 (1) INTERNATIONAL BANK FOR RECONSTRUC-
16 TION AND DEVELOPMENT.—

17 (A) OPPOSITION TO ASSISTANCE.—The
18 Secretary of the Treasury shall instruct the
19 United States Executive Director of the Inter-
20 national Bank for Reconstruction and Develop-
21 ment to vote against any loan or other utiliza-
22 tion of the funds of the bank to or for the Peo-
23 ple’s Republic of China.

24 (B) OPPOSITION TO MODIFICATION OF SIN-
25 GLE COUNTRY LOAN LIMIT.—The Secretary

1 shall instruct the United States Executive Di-
2 rector of the International Bank for Recon-
3 struction and Development to vote against any
4 modification of the limitation on the share of
5 the total funds of the Bank that may be loaned
6 to a single country.

7 (C) LIMITATION ON DOMESTIC BORROW-
8 ING.—

9 (i) LIMITATION.—The Secretary shall
10 restrict the ability of the International
11 Bank for Reconstruction and Development
12 to borrow in United States capital markets
13 in a fiscal year by an amount equal to the
14 amount of the loans approved for the Peo-
15 ple's Republic of China in the preceding
16 fiscal year 1997 for purposes other than to
17 meet basic human needs.

18 (ii) EXCEPTION.—Clause (i) shall not
19 apply to borrowing for purposes of meeting
20 basic human needs.

21 (2) ASIAN DEVELOPMENT BANK.—

22 (A) OPPOSITION TO ASSISTANCE.—The
23 Secretary shall instruct the United States Di-
24 rector of the Asian Development Bank to vote
25 against any loan or other utilization of the

1 funds of the Bank to or for the People's Repub-
2 lic of China.

3 (B) LIMITATION ON DOMESTIC BORROW-
4 ING.—

5 (i) LIMITATION.—The Secretary shall
6 restrict the ability of the Asian Develop-
7 ment Bank to borrow in United States
8 capital markets in a fiscal year by an
9 amount equal to the amount of the loans
10 approved for the People's Republic of
11 China in the preceding fiscal year 1997 for
12 purposes other than to meet basic human
13 needs.

14 (ii) EXCEPTION.—Clause (i) shall not
15 apply to borrowing for purposes of meeting
16 basic human needs.

17 (3) INTERNATIONAL MONETARY FUND.—The
18 Secretary shall instruct the United States Executive
19 Director of the International Monetary Fund to vote
20 against any loan or other utilization of the funds of
21 the Fund to or for the People's Republic of China.

22 (4) REDUCTION IN CONTRIBUTIONS FOR MULTI-
23 LATERAL ASSISTANCE.—The amount of the con-
24 tributions of the United States to a multilateral de-
25 velopment bank in or for a fiscal year shall be the

1 amount otherwise available for such contributions in
2 the fiscal year less the amount the committed by the
3 bank to lend, utilize, or otherwise make available to
4 or for the People’s Republic of China during the pre-
5 ceding fiscal year for purposes other than basic
6 human needs.

7 (5) DEFINITIONS.—In this subsection:

8 (A) BASIC HUMAN NEEDS.—The term,
9 “basic human needs” refers to human needs
10 arising from natural disasters or famine.

11 (B) MULTILATERAL DEVELOPMENT
12 BANK.—The term “multilateral development
13 bank” means the following:

14 (i) The International Bank for Recon-
15 struction and Development.

16 (ii) The International Development
17 Association.

18 (iii) The International Finance Cor-
19 poration.

20 (iv) The Asian Development Bank.

21 (c) REDUCTION IN ASSISTANCE FOR ORGANIZATIONS
22 PROVIDING FAMILY PLANNING ASSISTANCE IN CHINA.—

23 (1) REDUCTION.—The amount of financial as-
24 sistance provided by the United States in a fiscal
25 year to a covered organization shall be the amount

1 otherwise available for financial assistance to the or-
2 ganization in the fiscal year less the amount utilized
3 by the organization for family planning services or
4 assistance in or for the People’s Republic of China
5 during the preceding fiscal year.

6 (2) CERTIFICATION.—

7 (A) REQUIREMENT.—In each fiscal year in
8 which a covered organization is provided finan-
9 cial assistance by the United States, the organi-
10 zation shall certify to the Secretary of State the
11 amount, if any, utilized by the organization in
12 the preceding fiscal year for family planning
13 services or assistance in or for the People’s Re-
14 public of China.

15 (B) DEADLINE.—A covered organization
16 shall make the certification required for a fiscal
17 year not later than October 31 of that fiscal
18 year.

19 (3) DEFINITION.—In this subsection, the term
20 “covered organization” means an organization that
21 provides family planning services or assistance in or
22 for the People’s Republic of China.

23 (d) SANCTIONS REGARDING CHINA NORTH INDUS-
24 TRIES GROUP AND CHINA POLY GROUP.—

1 (1) SANCTIONS.—Except as provided in para-
2 graph (2), the President shall—

3 (A) prohibit the importation into the Unit-
4 ed States of all products that are produced,
5 grown, or manufactured by Poly or Norinco,
6 the parent company of Poly or Norinco, or any
7 affiliate, subsidiary, or successor entity of Poly
8 or Norinco;

9 (B) deny or impose restrictions on the
10 entry into the United States of any foreign na-
11 tional serving as an officer, director, or em-
12 ployee of an entity described in subparagraph
13 (A);

14 (C) prohibit the issuance to a person or en-
15 tity described in subparagraph (A) of licenses in
16 connection with the export of any item on the
17 United States Munitions List;

18 (D) prohibit the export to a person or en-
19 tity described in subparagraph (A) of any goods
20 or technology on which export controls are in
21 effect under section 5 or 6 of the Export Ad-
22 ministration Act of 1979;

23 (E) direct the Export-Import Bank of the
24 United States not to give approval to the issu-
25 ance of any guarantee, insurance, extension of

1 credit, or participation in the extension of cred-
2 it, with respect to a person or entity described
3 in subparagraph (A);

4 (F) prohibit United States nationals from
5 directly or indirectly issuing any guarantee for
6 any loan or other investment to, issuing any ex-
7 tension of credit to, or making any investment
8 in, a person or entity described in subparagraph
9 (A); and

10 (G) prohibit departments and agencies of
11 the United States and United States nationals
12 from entering into any contract with a person
13 or entity described in subparagraph (A) for the
14 procurement or other provision of goods or
15 services from such person or entity.

16 (2) EXCEPTIONS.—

17 (A) IN GENERAL.—The President shall not
18 impose sanctions under this subsection—

19 (i) in the case of the procurement of
20 defense articles or defense services—

21 (I) under contracts or sub-
22 contracts that are in effect on October
23 1, 1997 (including the exercise of op-
24 tions for production quantities to sat-

1 isfy United States operational military
2 requirements);

3 (II) if the President determines
4 that the person or entity to whom the
5 sanctions would otherwise be applied
6 is a sole source supplier of essential
7 defense articles or services and no al-
8 ternative supplier can be identified; or

9 (III) if the President determines
10 that such articles or services are es-
11 sential to the national security; or

12 (ii) in the case of—

13 (I) products or services provided
14 under contracts or binding agree-
15 ments (as such terms are defined by
16 the President in regulations) or joint
17 ventures entered into before October
18 1, 1997;

19 (II) spare parts;

20 (III) component parts that are
21 not finished products but are essential
22 to United States products or produc-
23 tion;

24 (IV) routine servicing and main-
25 tenance of products; or

1 (V) information and technology
2 products and services.

3 (B) IMMIGRATION RESTRICTIONS.—The
4 President shall not apply the restrictions de-
5 scribed in paragraph (1)(B) to a person de-
6 scribed in paragraph (1)(A), if the President,
7 after consultation with the Attorney General,
8 determines that the presence of the person in
9 the United States is necessary for a Federal or
10 State judicial proceeding against a person or
11 entity described in paragraph (1)(A).

12 (3) DEFINITIONS.—In this subsection:

13 (A) AFFILIATE.—The term “affiliate” does
14 not include any United States national engaged
15 in a business arrangement with a person or en-
16 tity described in paragraph (1)(A).

17 (B) COMPONENT PART.—The term “com-
18 ponent part” means any article that is not usa-
19 ble for its intended function without being em-
20 bedded or integrated into any other product
21 and, if used in the production of a finished
22 product, would be substantially transformed in
23 that process.

24 (C) FINISHED PRODUCT.—The term “fin-
25 ished product” means any article that is usable

1 for its intended function without being embed-
2 ded in or integrated into any other product, but
3 does not include an article produced by a per-
4 son or entity other than a person or entity de-
5 scribed in paragraph (1)(A) that contains parts
6 or components of a person or entity described
7 in paragraph (1)(A) if the parts or components
8 have been substantially transformed during pro-
9 duction of the finished product.

10 (D) INVESTMENT.—The term “invest-
11 ment” includes any contribution or commitment
12 of funds, commodities, services, patents, proc-
13 esses, or techniques, in the form of—

14 (i) a loan or loans;

15 (ii) the purchase of a share of owner-
16 ship;

17 (iii) participation in royalties, earn-
18 ings, or profits; and

19 (iv) the furnishing of commodities or
20 services pursuant to a lease or other con-
21 tract,

22 but does not include routine maintenance of
23 property.

24 (E) NORINCO.—The term “Norinco” refers
25 to China North Industries Group.

1 (F) POLY.—The term “Poly” refers to
2 China Poly Group, also known as
3 Polytechnologies Incorporated or BAOLI.

4 (G) UNITED STATES NATIONAL.—

5 (i) IN GENERAL.—The term “United
6 States national” means—

7 (I) any United States citizen; and

8 (II) any corporation, partnership,
9 or other organization created under
10 the laws of the United States, any
11 State, the District of Columbia, or
12 any territory or possession of the
13 United States.

14 (ii) EXCEPTION.—The term “United
15 States national” does not include a sub-
16 sidiary or affiliate of corporation, partner-
17 ship, or organization that is a United
18 States national if the subsidiary or affiliate
19 is located outside the United States.

20 (e) CONSULTATIONS WITH ALLIES.—

21 (1) SENSE OF CONGRESS.—It is the sense of
22 Congress that the President should begin consulta-
23 tions with the major allies and other trading part-
24 ners of the United States in order to encourage such
25 allies and trading partners to adopt sanctions

1 against the People’s Republic of China that are simi-
2 lar to the sanctions imposed on the People’s Repub-
3 lic of China by this section.

4 (2) REPORT.—Not later than 45 days after the
5 completion of the first G–7 summit meeting after
6 the date of enactment of this Act, the President
7 shall submit to Congress a report on the results, if
8 any, of consultations referred to in paragraph (1).

9 (f) DURATION OF SANCTIONS.—Except as provided
10 in subsection (e)(2), the requirements and limitations set
11 forth in this section shall apply during the period begin-
12 ning on October 1, 1997, and ending on September 30,
13 1998.

14 **SEC. 4. ANNUAL REPORT ON HUMAN RIGHTS PRACTICES**
15 **OF THE GOVERNMENT OF THE PEOPLE’S RE-**
16 **PUBLIC OF CHINA.**

17 Not later than 9 months after the date of enactment
18 of this Act, and every year thereafter, the President shall
19 submit to Congress a report on the practices of the Gov-
20 ernment of the People’s Republic of China with respect
21 to the free exercise of religion and other human rights dur-
22 ing the one-year period preceding the submittal of the re-
23 port. The report shall include a detailed statement of the
24 improvements, if any, in such practices.

1 **SEC. 5. PUBLICATION OF LIST OF COMPANIES OWNED BY**
2 **THE PEOPLE'S LIBERATION ARMY.**

3 (a) PUBLICATION.—Not later than January 31 each
4 year, the Secretary of State shall publish in the Federal
5 Register a list of each corporation or other business entity
6 that was owned in whole or in part by the People's Libera-
7 tion Army of the People's Republic of China as of Decem-
8 ber 31 of the preceding year.

9 (b) PROTECTION OF SOURCES AND METHODS.—In
10 publishing the list each under subsection (a), the Sec-
11 retary shall take appropriate actions to ensure the protec-
12 tion of sources and methods of gathering intelligence.

13 **SEC. 6. TRAINING FOR IMMIGRATION OFFICERS REGARD-**
14 **ING RELIGIOUS PERSECUTION.**

15 Section 235 of the Immigration and Nationality Act
16 (8 U.S.C. 1225) is amended by adding at the end the fol-
17 lowing:

18 “(d) TRAINING ON RELIGIOUS PERSECUTION.—The
19 Attorney General shall establish and operate a program
20 to provide to immigration officers performing functions
21 under subsection (b), or section 207 or 208, training on
22 religious persecution, including training on—

23 “(1) the fundamental components of the right
24 to freedom of religion;

25 “(2) the variation in beliefs of religious groups;
26 and

1 “(3) the governmental and nongovernmental
2 methods used in violation of the right to freedom of
3 religion.”.

4 **SEC. 7. PROMOTION OF DEMOCRATIC VALUES IN THE PEOP-**
5 **LE’S REPUBLIC OF CHINA.**

6 (a) **STUDENT, CULTURAL, AND LEGISLATIVE EX-**
7 **CHANGE PROGRAMS.**—Notwithstanding any other provi-
8 sion of law, the aggregate amount utilized and made avail-
9 able by the Director of the United States Information
10 Agency in fiscal year 1998 for programs and grants relat-
11 ing to student, cultural, and legislative exchange activities
12 in or with the People’s Republic of China may not be less
13 than an amount equal to twice the aggregate amount uti-
14 lized and made available for such programs and grants
15 in fiscal year 1997.

16 (b) **RADIO FREE ASIA.**—Notwithstanding any other
17 provision of law, the total amount of grants made to Radio
18 Free Asia in fiscal year 1998 under section 309 of the
19 United States International Broadcasting Act of 1994 (22
20 U.S.C. 6208) may not be less than an amount equal to
21 twice the amount of grants made to Radio Free Asia in
22 fiscal year 1997 under that section.

23 (c) **NATIONAL ENDOWMENT FOR DEMOCRACY.**—Not-
24 withstanding any other provision of law, the amount of
25 the grant made to the National Endowment for Democ-

1 racy by the Director of the United States Information
2 Agency in fiscal year 1998 for purposes of programs relat-
3 ing to the People's Republic of China may not be less than
4 an amount equal to twice the amount of the grant made
5 to the Endowment in fiscal year 1997 for purposes of such
6 programs.

7 **SEC. 8. TRANSFERS OF SENSITIVE EQUIPMENT AND TECH-**
8 **NOLOGY BY THE PEOPLE'S REPUBLIC OF**
9 **CHINA.**

10 (a) FINDINGS.—Congress makes the following find-
11 ings:

12 (1) Credible allegations exist that the People's
13 Republic of China has transferred equipment and
14 technology as follows:

15 (A) Gyroscopes, accelerometers, and test
16 equipment for missiles to Iran.

17 (B) Chemical weapons equipment and
18 technology to Iran.

19 (C) Missile guidance systems and comput-
20 erized machine tools to Iran.

21 (D) Industrial furnace equipment and high
22 technology diagnostic equipment to a nuclear
23 facility in Pakistan.

24 (E) Blueprints and equipment to manufac-
25 ture M-11 missiles to Pakistan.

1 (F) M-11 missiles and components to
2 Pakistan.

3 (2) The Department of State has failed to de-
4 termine whether most such transfers violate provi-
5 sions of relevant United States and Executive orders
6 relating to the proliferation of sensitive equipment
7 and technology, including the Arms Export Control
8 Act, the Nuclear Proliferation Prevention Act of
9 1994, the Export Administration Act of 1979, the
10 Export-Import Bank Act of 1945, and the Iran-Iraq
11 Arms Non-Proliferation Act of 1992, and Executive
12 Order 12938.

13 (3) Where the Department of State has made
14 such determinations, it has imposed the least oner-
15 ous form of sanction, which significantly weakens
16 the intended deterrent effect of the sanctions pro-
17 vided for in such laws.

18 (4) The Clinton Administration decided not to
19 impose sanctions on the People's Republic of China
20 for its transfer of C-802 anti-ship cruise missiles to
21 Iran, finding that the transfer was not "destabiliz-
22 ing".

23 (5) That finding is contrary to the judgment of
24 the commander of the United States Fifth Fleet, ele-

1 ments of which are frequently deployed in and
2 around the Persian Gulf.

3 (6) Despite the fact that officials of the Peo-
4 ple’s Republic of China were responsible for the sale
5 to Pakistan of specialized ring magnets, which are
6 used to enrich uranium for use in nuclear weapons,
7 the Clinton Administration did not impose sanctions
8 on either the People’s Republic of China or Pakistan
9 for such sale, even though sanctions are required for
10 such sale under law.

11 (b) SENSE OF CONGRESS.—It is the sense of Con-
12 gress that—

13 (1) the transfers of equipment and technology
14 by the People’s Republic of China described in sub-
15 section (a)(1) pose a threat to the national security
16 interests of the United States;

17 (2) the failure of the Clinton Administration to
18 initiate a formal process to determine whether to im-
19 pose sanctions for such transfers under United
20 States laws intended to halt the proliferation of sen-
21 sitive equipment and technology contributes to the
22 threat posed to the national security interests of the
23 United States by the proliferation of such equipment
24 and technology; and

1 (3) the President should immediately initiate
2 the procedures necessary to determine whether sanc-
3 tions should be imposed under United States law for
4 such transfers.

5 (c) REPORT.—Not later than 60 days after the date
6 of enactment of this Act, the President shall submit to
7 Congress a report, in both classified and unclassified form,
8 setting forth—

9 (1) the date, if any, of the commencement and
10 of the conclusion of each formal process conducted
11 by the Department of State to determine whether to
12 impose sanctions for each transfer described in sub-
13 section (a)(1);

14 (2) the facts providing the basis for each deter-
15 mination not to impose sanctions on the Government
16 of the People’s Republic of China, or entities within
17 or having a relationship with that government, for
18 each transfer, and the legal analysis supporting such
19 determination; and

20 (3) a schedule for initiating a formal process
21 described in paragraph (1) for each transfer not yet
22 addressed by such formal process and an expla-
23 nation for the failure to commence such formal proc-

- 1 ess with respect to such transfer before the date of
- 2 the report.

