118TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPT. 118–286
Part 1

PRESSURE REGULATORY ORGANIZATIONS TO END CHINESE THREATS TO TAIWAN ACT

DECEMBER 1, 2023.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MCHENRY, from the Committee on Financial Services, submitted the following

R E P O R T

[To accompany H.R. 803]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 803) to direct certain financial regulators to exclude representatives of the People's Republic of China from certain banking organizations upon notice of certain threats or danger, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Pressure Regulatory Organizations To End Chinese Threats to Taiwan Act" or the "PROTECT Taiwan Act".

SEC. 2. STATEMENT OF POLICY REGARDING THE EXCLUSION OF REPRESENTATIVES OF THE PEOPLE'S REPUBLIC OF CHINA FROM CERTAIN BANKING ORGANIZATIONS UPON NOTICE OF CERTAIN THREATS OR DANGER.

(a) IN GENERAL.—If the President, pursuant to section 3(c) of the Taiwan Relations Act (22 U.S.C. 3302(c)), informs the Congress of any threat to the security or the social or economic system of the people on Taiwan and any danger to the interests of the United States arising therefrom resulting from actions of the People's Republic of China, it is the policy of the United States to seek to exclude representatives of the People's Republic of China, to the maximum extent practicable, from participation in meetings, proceedings, and other activities of the following organizations—

(1) the Group of Twenty;
(2) the Bank for International Settlements;
(3) the Financial Stability Board;
(4) the Basel Committee on Banking Supervision;
(5) the International Association of Insurance Supervisors; and
(6) the International Organization of Securities Commissions.

49–006

(b) POLICY ADVANCEMENT.—The Secretary of the Treasury, the Board of Governors of the Federal Reserve System, and the Securities and Exchange Commission, shall take all necessary steps to advance the policy set forth in subsection (a).

(c) WAIVER.—The President may waive the application of subsection (a) with respect to an organization upon submission of a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate—

(1) that such waiver is in the national interest of the United States; and

(2) that contains an explanation of the reasons therefor.

(d) SUNSET.—This Act and the requirements of this Act shall have no force or effect on the date that is the earlier of—

(1) 5 years after the date of the enactment of this Act; or

(2) 30 days after the date on which the President notifies Congress that the termination of this Act is in the national interest of the United States.

PURPOSE AND SUMMARY

Introduced on February 7, 2023, by Representative Frank Lucas, H.R. 803, the *Pressure Regulatory Organizations to End Chinese Threats to Taiwan Act (PROTECT Taiwan Act)*, would require the Department of the Treasury, Federal Reserve, and Securities and Exchange Commission to seek China's exclusion from proceedings of the G20, Bank for International Settlements, Financial Stability Board, Basel Committee on Banking Supervision, International Association of Insurance Supervisors, and International Organization of Securities Commissions, in the event of a Chinese threat to Taiwan.

BACKGROUND AND NEED FOR LEGISLATION

By excluding officials from international institutions, the *PROTECT Taiwan Act* would make China a pariah in certain multilateral organizations. The bill is a commonsense initiative intended to deter Chinese aggression against Taiwan by underscoring the consequences of hostilities for Beijing. It sets out a proactive policy that forces China to more fully consider downside risks to invading Taiwan, including risks to China's position in multilateral institutions.

HEARING

Pursuant to clause 3(c)(6) of rule XIII, the following hearing was used to develop H.R. 803: The Committee on Financial Services held a hearing February 7, 2023, titled "Combatting the Economic Threat from China." At this hearing, H.R. 803 was listed as a discussion draft with the title *Ostracize China Act*.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on February 28, 2023, and ordered H.R. 803 to be reported favorably to the House as amended by a recorded vote of 37 ayes to 0 nays (Record vote no. FC–21), a quorum being present. Before the question was called to order the bill favorably reported, the Committee adopted an amendment in the nature of a substitute offered by Mr. Lucas by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the order to report legislation and amendments thereto. H.R. 803 was ordered reported favorably to the House as amended by a recorded vote of 37 ayes to 0 nays (Record vote no. FC–21), a quorum being present.

Record vote no. FC- 21

Representative	Yea	Nay	Present
Mr. McHenry	X		
Mr Hill	X		
Mr. Lucas	X		
Mr. Sessions			
Mr Posey	X		
Mr Luetkemeyer	X		
Mr Huizenga			
Mrs. Wagner	X		
Mr. Barr	X		
Mr. Williams (TX)			
Mr. Emmer			
Mr. Loudermilk	X		
Mr. Mooney	X		
Mr. Davidson			
Mr. Rose			
Mr. Steil			
Mr. Timmons	X		
Mr. Norman	X		
Mr. Meuser	X		
Mr. Fitzgerald	X		
Mr Garbarino	X		
Mrs. Kim	X		
Mr. Donalds	X		
Mr. Flood	X		
Mr. Lawler	X		
Mr. Nunn			
Ms. De La Cruz	X		
Mrs. Houchin	X		
Mr. Ogles	X		

Representative	Yea	Nay	Present
Ms Waters	X		
Mrs Velázquez			
Mr. Sherman	X		
Mr. Meeks			
Mr. Scott			
Mr. Lynch			
Mr. Green	X		
Mr. Cleaver			
Mr. Himes	X		
Mr Foster	X		
Mrs. Beatty	X		
Mr Vargas	X		
Mr Gottheimer	X		
Mr Gonzalez	X		
Mr. Casten	X		
Ms. Pressley	X		
Mr Horsford	X		
Ms. Tlaib	X		
Mr Torres	X		
Ms. Garcia			
Ms Williams (GA)	X		
Mr. Nickel			
Ms. Pettersen	X		

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 803, in the event of a Chinese threat to Taiwan, is to require the Department of the Treasury, Federal Reserve, and Securities and Exchange Commission to seek China's exclusion from proceedings of the G20, Bank for International Settlements, Financial Stability Board, Basel Committee on Banking Supervision, International Association of Insurance Supervisors, and International Organization of Securities Commissions.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

H.R. 803, Pressure Regulatory Organizations to End Chinese Threats to Taiwan Act

As ordered reported by the House Committee on Financial Services on February 28, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	*	*	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	No
		Mandate Effects	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and $500,000.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1973.

FEDERAL MANDATES STATEMENT

Pursuant to section 423 of the Unfunded Mandates Reform Act, the Committee adopts as its own the estimate of the Federal mandates prepared by the Director of the Congressional Budget Office.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Sec. 1: Short title

This Act may be cited as the "Pressure Regulatory Organizations To End Chinese Threats to Taiwan Act" or the "PROTECT Taiwan Act."

Sec. 2: Statement of policy regarding the exclusion of Representatives of the People's Republic of China from certain banking organizations upon notice of certain threats or danger

This section would direct the Federal Reserve, the Secretary of Treasury, and the Securities and Exchange Commission (if appropriate) to exclude representatives from the People's Republic of China from proceedings of the G20, Bank for International Settlements, Financial Stability Board, Basel Committee on Banking Supervision, International Association of Insurance Supervisors, and International Organization of Securities Commissions. The exclusion must occur within 10 days after the President, under 22 U.S.C. § 3302, informs Congress of any threat to Taiwan's security or social or economic system. The President may waive the exclusion requirement if it is in the national interest and if Congress is informed. The requirements in the bill expire on the earlier of 5 years after date of enactment or 30 days after the President notifies Congress that the termination of the requirements is in the national interest.

COMMITTEE CORRESPONDENCE

MICHAEL T. MCCAUL, TEXAS
CHAIRMAN

GREGORY W MEEKS, NEW YORK
RANKING MEMBER

One Hundred Eighteenth Congress
U.S. House of Representatives
Committee on Foreign Affairs
2170 Rayburn House Office Building
Washington, DC 20515

February 28, 2023

The Honorable Patrick McHenry
Chairman
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman McHenry:

Thank you for consulting with the Committee on Foreign Affairs on H.R. 803, the PROTECT Taiwan Act.

I agree that the Foreign Affairs Committee may be discharged from further action on this measure, subject to the understanding that this waiver does not in any way diminish or alter the jurisdiction of the Foreign Affairs Committee, or prejudice its jurisdictional prerogatives on this bill or similar legislation in the future. The Committee also reserves the right to seek an appropriate number of conferees to any House-Senate conference involving this bill and would appreciate your support for any such request.

I ask that you place our exchange of letters into the Congressional Record during floor consideration of the bill. I appreciate your cooperation, and look forward to continuing to work with you as this measure moves through the legislative process.

Sincerely,

Michael T. McCaul

MICHAEL T. McCAUL
Chairman

CC: Hon. Gregory Meeks, Ranking Member, Committee on Foreign Affairs
Hon. Maxine Waters, Ranking Member, Committee on Financial Services

PATRICK McHENRY, NC
CHAIRMAN

MAXINE WATERS, CA
RANKING MEMBER

United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

March 1, 2023

The Honorable Michael McCaul
Chairman
Committee on Foreign Affairs
U.S. House of Representatives
2170 Rayburn Building
Washington, DC 20515

Dear Chairman McCaul:

Thank you for agreeing to be discharged from further consideration of H.R. 803, the PROTECT Taiwan Act, so that it may proceed expeditiously to the House Floor. I agree that by foregoing consideration of H.R. 803 at this time, you do not waive any jurisdiction over the subject matter contained in this or similar legislation, and that you will be appropriately consulted and involved on this or similar legislation as it moves forward.

As discussed, I will seek to place a copy of our exchange of letters on this bill in the *Congressional Record* during floor consideration thereof.

Sincerely,

Patrick McHenry
Chairman
Committee on Financial Services

cc: The Honorable Kevin McCarthy, Speaker
The Honorable Maxine Waters, Ranking Member, Committee on Financial Services
The Honorable Gregory Meeks, Ranking Member, Committee Foreign Affairs
The Honorable Jason Smith, Parliamentarian