

105TH CONGRESS  
1ST SESSION

# H. R. 2580

To ensure that commercial activities of the People's Liberation Army of China or any Communist Chinese military company in the United States are monitored and are subject to the authorities under the International Emergency Economic Powers Act.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 30, 1997

Mrs. FOWLER (for herself, Mr. COX of California, Mr. GIBBONS, Mr. GILMAN, Mr. HUNTER, Mr. HYDE, Mr. SAM JOHNSON, Mr. MCINTOSH, Mr. ROHRABACHER, Mr. ROYCE, Mr. SHADEGG, Mr. SMITH of New Jersey, Mr. SOLOMON, Mr. SPENCE, Mr. WOLF, and Ms. PELOSI) introduced the following bill; which was referred to the Committee on International Relations

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## A BILL

To ensure that commercial activities of the People's Liberation Army of China or any Communist Chinese military company in the United States are monitored and are subject to the authorities under the International Emergency Economic Powers Act.

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. CONGRESSIONAL FINDINGS.**

4 The Congress makes the following findings:

1           (1) The People’s Liberation Army is the prin-  
2           cipal instrument of repression within the People’s  
3           Republic of China, responsible for occupying Tibet  
4           since 1950, massacring hundreds of students and  
5           demonstrators for democracy in Tiananmen Square  
6           on June 4, 1989, and running the Laogai (“reform  
7           through labor”) slave labor camps.

8           (2) The People’s Liberation Army is engaged in  
9           a massive military buildup, which has involved a  
10          doubling since 1992 of announced official figures for  
11          military spending by the People’s Republic of China.

12          (3) The People’s Liberation Army is engaging  
13          in a major ballistic missile modernization program  
14          which could undermine peace and stability in East  
15          Asia, including 2 new intercontinental missile pro-  
16          grams, 1 submarine-launched missile program, a  
17          new class of compact but long-range cruise missiles,  
18          and an upgrading of medium- and short-range bal-  
19          listic missiles.

20          (4) The People’s Liberation Army is working to  
21          coproduce the SU–27 fighter with Russia, and is in  
22          the process of purchasing several substantial weap-  
23          ons systems from Russia, including the 633 model of  
24          the Kilo-class submarine and the SS–N–22 Sunburn

1 missile system specifically designed to incapacitate  
2 United States aircraft carriers and Aegis cruisers.

3 (5) The People's Liberation Army has carried  
4 out acts of aggression in the South China Sea, in-  
5 cluding the February 1995 seizure of the Mischief  
6 Reef in the Spratley Islands, which is claimed by the  
7 Philippines.

8 (6) In July 1995 and in March 1996, the Peo-  
9 ple's Liberation Army conducted missile tests to in-  
10 timidate Taiwan when Taiwan held historic free elec-  
11 tions, and those tests effectively blockaded Taiwan's  
12 2 principal ports of Keelung and Kaohsiung.

13 (7) The People's Liberation Army has contrib-  
14 uted to the proliferation of technologies relevant to  
15 the refinement of weapons-grade nuclear material,  
16 including transferring ring magnets to Pakistan.

17 (8) The People's Liberation Army and associ-  
18 ated defense companies have provided ballistic mis-  
19 sile components, cruise missiles, and chemical weap-  
20 ons ingredients to Iran, a country that the executive  
21 branch has repeatedly reported to Congress is the  
22 greatest sponsor of terrorism in the world.

23 (9) In May 1996, United States authorities  
24 caught the People's Liberation Army enterprise Poly  
25 Technologies and the civilian defense industrial com-

1 pany Norinco attempting to smuggle 2,000 AK-47s  
2 into Oakland, California, and offering to sell urban  
3 gangs shoulder-held missile launchers capable of  
4 “taking out a 747” (which the affidavit of the  
5 United States Customs Service of May 21, 1996, in-  
6 dicated that the representative of Poly Technologies  
7 and Norinco claimed), and Communist Chinese au-  
8 thorities punished only 4 low-level arms merchants  
9 by sentencing them on May 17, 1997, to brief prison  
10 terms.

11 (10) The People’s Liberation Army contributes  
12 to the People’s Republic of China’s failure to meet  
13 the standards of the 1995 Memorandum of Under-  
14 standing with the United States on intellectual prop-  
15 erty rights by running factories which pirate videos,  
16 compact discs, and computer software that are prod-  
17 ucts of the United States.

18 (11) The People’s Liberation Army contributes  
19 to the People’s Republic of China’s failing to meet  
20 the standards of the February 1997 Memorandum  
21 of Understanding with the United States on textiles  
22 by operating enterprises engaged in the trans-  
23 shipment of textile products to the United States  
24 through third countries.

1           (12) The estimated \$2 billion to \$3 billion in  
2           annual earnings of People’s Liberation Army enter-  
3           prises subsidize the expansion and activities of the  
4           People’s Liberation Army described in this sub-  
5           section.

6           (13) The commercial activities of the People’s  
7           Liberation Army are frequently conducted on non-  
8           commercial terms, or for noncommercial purposes  
9           such as military or foreign policy considerations.

10 **SEC. 2. APPLICATION OF AUTHORITIES UNDER THE INTER-**  
11 **NATIONAL EMERGENCY ECONOMIC POWERS**  
12 **ACT TO CHINESE MILITARY COMPANIES.**

13           (a) DETERMINATION OF COMMUNIST CHINESE MILI-  
14 TARY COMPANIES.—

15           (1) IN GENERAL.—Subject to paragraphs (2)  
16           and (3), not later than 90 days after the date of the  
17           enactment of this Act, the Secretary of Defense, in  
18           consultation with the Attorney General, the Director  
19           of Central Intelligence, and the Director of the Fed-  
20           eral Bureau of Investigation, shall compile a list of  
21           persons who are Communist Chinese military compa-  
22           nies and who are operating directly or indirectly in  
23           the United States or any of its territories and pos-  
24           sessions, and shall publish the list of such persons  
25           in the Federal Register. On an ongoing basis, the

1 Secretary of Defense, in consultation with the Attor-  
2 ney General, the Director of Central Intelligence,  
3 and the Director of the Federal Bureau of Investiga-  
4 tion, shall make additions or deletions to the list  
5 based on the latest information available.

6 (2) COMMUNIST CHINESE MILITARY COM-  
7 PANY.—For purposes of making the determination  
8 required by paragraph (1), the term “Communist  
9 Chinese military company”—

10 (A) means a person that is—

11 (i) engaged in providing commercial  
12 services, manufacturing, producing, or ex-  
13 porting, and

14 (ii) owned or controlled by the Peo-  
15 ple’s Liberation Army, and

16 (B) includes, but is not limited to, any per-  
17 son identified in the United States Defense In-  
18 telligence Agency publication numbered VP-  
19 1920–271–90, dated September 1990, or PC-  
20 1921–57–95, dated October 1995, and any up-  
21 date of such reports for the purposes of this  
22 Act.

23 (b) PRESIDENTIAL AUTHORITY.—

24 (1) AUTHORITY.—The President may exercise  
25 the authorities set forth in section 203(a) of the

1 International Emergency Economic Powers Act (50  
2 U.S.C. 1702(a)) with respect to any commercial ac-  
3 tivity in the United States by a Communist Chinese  
4 military company, without regard to section 202 of  
5 that Act.

6 (2) PENALTIES.—The penalties set forth in sec-  
7 tion 206 of the International Emergency Economic  
8 Powers Act (50 U.S.C. 1705) shall apply to viola-  
9 tions of any license, order, or regulation issued  
10 under paragraph (1).

11 **SEC. 3. DEFINITION.**

12 For purposes of this Act, the term “People’s Libera-  
13 tion Army” means the land, naval, and air military serv-  
14 ices, the police, and the intelligence services of the Com-  
15 munist Government of the People’s Republic of China, and  
16 any member of any such service or of such police.

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