

105TH CONGRESS
1ST SESSION

H. R. 2605

To require the United States to oppose the making of concessional loans by international financial institutions to any entity in the People's Republic of China.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 2, 1997

Mr. SOLOMON introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To require the United States to oppose the making of concessional loans by international financial institutions to any entity in the People's Republic of China.

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 “Communist China Sub-
5 sidy Reduction Act of 1997”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds that—

8 (1) the People's Republic of China has enjoyed
9 ready access to international capital through com-

1 mercial loans, direct investment, sales of securities,
2 bond sales, and foreign aid;

3 (2) regarding international commercial lending,
4 the People's Republic of China had \$48,000,000,000
5 in loans outstanding from private creditors in 1995;

6 (3) regarding international direct investment,
7 international direct investment in the People's Re-
8 public of China from 1993 through 1995 totaled
9 \$97,151,000,000, and in 1996 alone totaled
10 \$47,000,000,000;

11 (4) regarding investment in Chinese securities,
12 the aggregate value of outstanding Chinese securi-
13 ties currently held by Chinese nationals and foreign
14 persons is \$175,000,000,000, and from 1993
15 through 1995 foreign persons invested
16 \$10,540,000,000 in Chinese stocks;

17 (5) regarding investment in Chinese bonds, en-
18 tities controlled by the Government of the People's
19 Republic of China have issued 75 bonds since 1988,
20 including 36 dollar-denominated bond offerings val-
21 ued at more than \$6,700,000,000, and the total
22 value of long-term Chinese bonds outstanding as of
23 January 1, 1996, was \$11,709,000,000;

24 (6) regarding international assistance, the Peo-
25 ple's Republic of China received almost

1 \$1,000,000,000 in foreign aid grants and an addi-
2 tional \$1,566,000,000 in technical assistance grants
3 from 1993 through 1995, and in 1995 received
4 \$5,540,000,000 in bilateral assistance loans, includ-
5 ing concessional aid, export credits, and related as-
6 sistance; and

7 (7) regarding international financial institu-
8 tions—

9 (A) despite the People’s Republic of Chi-
10 na’s access to international capital and world fi-
11 nancial markets, international financial institu-
12 tions have annually provided it with more than
13 \$4,000,000,000 in loans in recent years,
14 amounting to almost a third of the loan com-
15 mitments of the Asian Development Bank and
16 17.1 percent of the loan approvals by the Inter-
17 national Bank for Reconstruction and Develop-
18 ment in 1995; and

19 (B) the People’s Republic of China bor-
20 rows more from the International Bank for Re-
21 construction and Development and the Asian
22 Development Bank than any other country, and
23 loan commitments from those institutions to the
24 People’s Republic of China quadrupled from

1 \$1,100,000,000 in 1985 to \$4,300,000,000 by
2 1995.

3 **SEC. 3. OPPOSITION OF UNITED STATES TO CONCESSIONAL**
4 **LOANS TO THE PEOPLE'S REPUBLIC OF**
5 **CHINA.**

6 Title XV of the International Financial Institutions
7 Act (22 U.S.C. 2620—2620-1) is amended by adding at
8 the end the following:

9 **“SEC. 1503. OPPOSITION OF UNITED STATES TO**
10 **CONCESSIONAL LOANS TO THE PEOPLE'S RE-**
11 **PUBLIC OF CHINA.**

12 “(a) IN GENERAL.—The Secretary of the Treasury
13 shall instruct the United States Executive Directors at
14 each international financial institution (as defined in sec-
15 tion 1702(c)(2) of the International Financial Institutions
16 Act) to use the voice and vote of the United States to
17 oppose the provision by the institution of concessional
18 loans to the People's Republic of China, any citizen or na-
19 tional of the People's Republic of China, or any entity es-
20 tablished in the People's Republic of China.

21 “(b) CONCESSIONAL LOANS DEFINED.—As used in
22 subsection (a), the term ‘concessional loans’ means loans
23 with highly subsidized interest rates, grace periods for re-

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1 payment of 5 years or more, and maturities of 20 years
2 or more.”.

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