

105TH CONGRESS
1ST SESSION

H. R. 2605

IN THE SENATE OF THE UNITED STATES

NOVEMBER 7, 1997

Received; read twice and referred to the Committee on Foreign Relations

AN ACT

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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Communist China Sub-
3 sidy Reduction Act of 1997”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds that—

6 (1) the People’s Republic of China has enjoyed
7 ready access to international capital through com-
8 mercial loans, direct investment, sales of securities,
9 bond sales, and foreign aid;

10 (2) regarding international commercial lending,
11 the People’s Republic of China had \$48,000,000,000
12 in loans outstanding from private creditors in 1995;

13 (3) regarding international direct investment,
14 international direct investment in the People’s Re-
15 public of China from 1993 through 1995 totaled
16 \$97,151,000,000, and in 1996 alone totaled
17 \$47,000,000,000;

18 (4) regarding investment in Chinese securities,
19 the aggregate value of outstanding Chinese securi-
20 ties currently held by Chinese nationals and foreign
21 persons is \$175,000,000,000, and from 1993
22 through 1995 foreign persons invested
23 \$10,540,000,000 in Chinese stocks;

24 (5) regarding investment in Chinese bonds, en-
25 tities controlled by the Government of the People’s
26 Republic of China have issued 75 bonds since 1988,

1 including 36 dollar-denominated bond offerings val-
2 ued at more than \$6,700,000,000, and the total
3 value of long-term Chinese bonds outstanding as of
4 January 1, 1996, was \$11,709,000,000;

5 (6) regarding international assistance, the Peo-
6 ple's Republic of China received almost
7 \$1,000,000,000 in foreign aid grants and an addi-
8 tional \$1,566,000,000 in technical assistance grants
9 from 1993 through 1995, and in 1995 received
10 \$5,540,000,000 in bilateral assistance loans, includ-
11 ing concessional aid, export credits, and related as-
12 sistance; and

13 (7) regarding international financial institu-
14 tions—

15 (A) despite the People's Republic of Chi-
16 na's access to international capital and world fi-
17 nancial markets, international financial institu-
18 tions have annually provided it with more than
19 \$4,000,000,000 in loans in recent years,
20 amounting to almost a third of the loan com-
21 mitments of the Asian Development Bank and
22 17.1 percent of the loan approvals by the Inter-
23 national Bank for Reconstruction and Develop-
24 ment in 1995; and

1 (B) the People’s Republic of China bor-
 2 rows more from the International Bank for Re-
 3 construction and Development and the Asian
 4 Development Bank than any other country, and
 5 loan commitments from those institutions to the
 6 People’s Republic of China quadrupled from
 7 \$1,100,000,000 in 1985 to \$4,300,000,000 by
 8 1995.

9 **SEC. 3. OPPOSITION OF UNITED STATES TO CONCESSIONAL**
 10 **LOANS TO THE PEOPLE’S REPUBLIC OF**
 11 **CHINA.**

12 Title XV of the International Financial Institutions
 13 Act (22 U.S.C. 262o–262o–1) is amended by adding at
 14 the end the following:

15 **“SEC. 1503. OPPOSITION OF UNITED STATES TO**
 16 **CONCESSIONAL LOANS TO THE PEOPLE’S RE-**
 17 **PUBLIC OF CHINA.**

18 “(a) IN GENERAL.—The Secretary of the Treasury
 19 shall instruct the United States Executive Directors at
 20 each international financial institution (as defined in sec-
 21 tion 1702(c)(2) of the International Financial Institutions
 22 Act) to use the voice and vote of the United States to
 23 oppose the provision by the institution of concessional
 24 loans to the People’s Republic of China, any citizen or na-

1 tional of the People’s Republic of China, or any entity es-
2 tablished in the People’s Republic of China.

3 “(b) CONCESSIONAL LOANS DEFINED.—As used in
4 subsection (a), the term ‘concessional loans’ means loans
5 with highly subsidized interest rates, grace periods for re-
6 payment of 5 years or more, and maturities of 20 years
7 or more.”.

8 **SEC. 4. PRINCIPLES THAT SHOULD BE ADHERED TO BY**
9 **ANY UNITED STATES NATIONAL CONDUCTING**
10 **AN INDUSTRIAL COOPERATION PROJECT IN**
11 **THE PEOPLE’S REPUBLIC OF CHINA.**

12 (a) PURPOSE.—It is the purpose of this section to
13 create principles governing the conduct of industrial co-
14 operation projects of United States nationals in the Peo-
15 ple’s Republic of China.

16 (b) STATEMENT OF PRINCIPLES.—It is the sense of
17 the Congress that any United States national conducting
18 an industrial cooperation project in the People’s Republic
19 of China should:

20 (1) Suspend the use of any goods, wares, arti-
21 cles, or merchandise that the United States national
22 has reason to believe were mined, produced, or man-
23 ufactured, in whole or in part, by convict labor or
24 forced labor, and refuse to use forced labor in the
25 industrial cooperation project.

1 (2) Seek to ensure that political or religious
2 views, sex, ethnic or national background, involve-
3 ment in political activities or nonviolent demonstra-
4 tions, or association with suspected or known dis-
5 sidents will not prohibit hiring, lead to harassment,
6 demotion, or dismissal, or in any way affect the sta-
7 tus or terms of employment in the industrial co-
8 operation project. The United States national should
9 not discriminate in terms or conditions of employ-
10 ment in the industrial cooperation project against
11 persons with past records of arrest or internal exile
12 for nonviolent protest or membership in unofficial
13 organizations committed to nonviolence.

14 (3) Ensure that methods of production used in
15 the industrial cooperation project do not pose an un-
16 necessary physical danger to workers and neighbor-
17 ing populations or property, and that the industrial
18 cooperation project does not unnecessarily risk harm
19 to the surrounding environment; and consult with
20 community leaders regarding environmental protec-
21 tion with respect to the industrial cooperation
22 project.

23 (4) Strive to establish a private business enter-
24 prise when involved in an industrial cooperation

1 project with the Government of the People's Repub-
2 lic of China or other state entity.

3 (5) Discourage any Chinese military presence
4 on the premises of any industrial cooperation
5 projects which involve dual-use technologies.

6 (6) Undertake to promote freedom of associa-
7 tion and assembly among the employees of the
8 United States national. The United States national
9 should protest any infringement by the Government
10 of the People's Republic of China of these freedoms
11 to the International Labor Organization's office in
12 Beijing.

13 (7) Provide the Department of State with infor-
14 mation relevant to the Department's efforts to col-
15 lect information on prisoners for the purposes of the
16 Prisoner Information Registry, and for other report-
17 ing purposes.

18 (8) Discourage or undertake to prevent compul-
19 sory political indoctrination programs from taking
20 place on the premises of the industrial cooperation
21 project.

22 (9) Promote freedom of expression, including
23 the freedom to seek, receive, and impart information
24 and ideas of all kinds, regardless of frontiers, either
25 orally, in writing or in print, in the form of art, or

1 through any media. To this end, the United States
2 national should raise with appropriate authorities of
3 the Government of the People's Republic of China
4 concerns about restrictions on the free flow of infor-
5 mation.

6 (10) Undertake to prevent harassment of work-
7 ers who, consistent with the United Nations World
8 Population Plan of Action, decide freely and respon-
9 sibly the number and spacing of their children; and
10 prohibit compulsory population control activities on
11 the premises of the industrial cooperation project.

12 (c) PROMOTION OF PRINCIPLES BY OTHER NA-
13 TIONS.—The Secretary of State shall forward a copy of
14 the principles set forth in subsection (b) to the member
15 nations of the Organization for Economic Cooperation and
16 Development and encourage them to promote principles
17 similar to these principles.

18 (d) REGISTRATION REQUIREMENT.—

19 (1) IN GENERAL.—Each United States national
20 conducting an industrial cooperation project in the
21 People's Republic of China shall register with the
22 Secretary of State and indicate that the United
23 States national agrees to implement the principles
24 set forth in subsection (b). No fee shall be required
25 for registration under this subsection.

1 (2) PREFERENCE FOR PARTICIPATION IN
2 TRADE MISSIONS.—The Secretary of Commerce shall
3 consult the register prior to the selection of private
4 sector participants in any form of trade mission to
5 China, and undertake to involve those United States
6 nationals that have registered their adoption of the
7 principles set forth above.

8 (e) DEFINITIONS.—As used in this section—

9 (1) the term “industrial cooperation project”
10 refers to a for-profit activity the business operations
11 of which employ more than 25 individuals or have
12 assets greater than \$25,000; and

13 (2) the term “United States national” means—

14 (A) a citizen or national of the United
15 States or a permanent resident of the United
16 States; and

17 (B) a corporation, partnership, or other
18 business association organized under the laws
19 of the United States, any State or territory
20 thereof, the District of Columbia, the Common-
21 wealth of Puerto Rico, or the Commonwealth of
22 the Northern Mariana Islands.

1 **SEC. 5. PROMOTION OF EDUCATIONAL, CULTURAL, SCI-**
2 **ENTIFIC, AGRICULTURAL, MILITARY, LEGAL,**
3 **POLITICAL, AND ARTISTIC EXCHANGES BE-**
4 **TWEEN THE UNITED STATES AND CHINA.**

5 (a) EXCHANGES BETWEEN THE UNITED STATES
6 AND CHINA.—Agencies of the United States Government
7 which engage in educational, cultural, scientific, agricul-
8 tural, military, legal, political, and artistic exchanges shall
9 endeavor to initiate or expand such exchange programs
10 with regard to China.

11 (b) SENSE OF CONGRESS.—It is the sense of the
12 Congress that a federally chartered not-for-profit organi-
13 zation should be established to fund exchanges between
14 the United States and China through private donations.

Passed the House of Representatives November 6,
1997.

Attest:

ROBIN H. CARLE,
Clerk.