

AMENDMENT TO RULES COMM. PRINT 118–36
OFFERED BY MR. MCCORMICK OF GEORGIA

At the end of subtitle C of title XVII, add the following new section:

1 **SEC. 17 ____ . SANCTIONS WITH RESPECT TO ECONOMIC OR**
2 **INDUSTRIAL ESPIONAGE BY FOREIGN AD-**
3 **VERSARY ENTITIES.**

4 (a) REPORT REQUIRED.—

5 (1) IN GENERAL.—Not later than 90 days after
6 the date of the enactment of this Act, the Secretary
7 of Defense, in coordination with the Secretary of
8 State, and the heads of other relevant Federal de-
9 partments and agencies, as appropriate, shall submit
10 to the appropriate congressional committees, a writ-
11 ten report that contains an analysis and description
12 of the following:

13 (A) The extent to which any foreign person
14 who is a citizen of the People’s Republic of
15 China, an entity organized under the laws of
16 the People’s Republic of China, or any foreign
17 person or entity controlled by or operating at
18 the direction of the Government of the People’s
19 Republic of China—

1 (i) is knowingly a material source of
2 critical components necessary for the man-
3 ufacture of weapons, vehicles, and other
4 military equipment by the defense indus-
5 trial base of the Russian Federation;

6 (ii) has knowingly delivered critical
7 components to or entered into any agree-
8 ment relating to the sale or delivery of crit-
9 ical components with any entity operating
10 in the defense or intelligence sectors of the
11 Government of the Russian Federation;

12 (iii) has knowingly delivered critical
13 components to or entered into any agree-
14 ment relating to the sale or delivery of crit-
15 ical components with any country or entity
16 with which the defense or intelligence sec-
17 tors of the Government of Russian Federa-
18 tion are cooperating in support of Russia's
19 war against Ukraine; or

20 (iv) has knowingly delivered critical
21 components to or entered into any agree-
22 ment relating to the sale or delivery of crit-
23 ical components with a foreign person that
24 knowingly and directly provides these com-
25 ponents to the defense or intelligence sec-

1 tors of the Government of the Russian
2 Federation.

3 (B) The extent to which—

4 (i) any foreign person that is a citizen
5 of the People’s Republic of China or an en-
6 tity organized under the laws of the Peo-
7 ple’s Republic of China has knowingly en-
8 gaged, on or after the date of the enact-
9 ment of this Act, in transactions with a
10 person that is part of, or operates on be-
11 half of, the defense or intelligence sectors
12 of the Government of the Russian Federa-
13 tion;

14 (ii) any foreign person identified pur-
15 suant to clause (i) has engaged in trans-
16 actions which would constitute a signifi-
17 cant transaction with persons that have
18 been sanctioned for being part of, or oper-
19 ating on behalf of, the defense or intel-
20 ligence sectors of the Government of the
21 Russian Federation; or

22 (iii) any foreign person identified pur-
23 suant to clause (i) has been subjected to
24 sanctions imposed pursuant to sections
25 231 and 235 of the Countering America’s

1 Adversaries Through Sanctions Act (22
2 U.S.C. 9525 and 9529).

3 (2) FORM AND AVAILABILITY.—

4 (A) FORM.—The report required by para-
5 graph (1) shall be submitted in unclassified
6 form, but may include a classified annex.

7 (B) AVAILABILITY.—The unclassified por-
8 tion of the report required by paragraph (1)
9 may also be made available to the public.

10 (b) SANCTIONS WITH RESPECT TO ECONOMIC OR IN-
11 DUSTRIAL ESPIONAGE BY FOREIGN ADVERSARIES.—

12 (1) IN GENERAL.—On and after the date that
13 is 30 days after the date of the enactment of this
14 Act, the President may impose the sanctions de-
15 scribed in paragraph (3) with respect to any foreign
16 persons described in paragraph (2).

17 (2) FOREIGN PERSONS DESCRIBED.—A foreign
18 person is described in this subsection if the Presi-
19 dent determines, on or after the date of the enact-
20 ment of this Act, that the person is a foreign adver-
21 sary entity that knowingly engages in—

22 (A) economic or industrial espionage with
23 respect to trade secrets or proprietary informa-
24 tion owned by United States persons;

1 (B) the provision of material support or
2 services to the military, intelligence, or other
3 national security entities of a foreign adversary;
4 or

5 (C) the violation of United States export
6 control laws.

7 (3) SANCTIONS DESCRIBED.—The sanctions
8 that may be imposed with respect to a foreign per-
9 son under paragraph (2) are the following:

10 (A) PROPERTY BLOCKING.—The exercise
11 of all powers granted to the President by the
12 International Emergency Economic Powers Act
13 (50 U.S.C. 1701 et seq.) to the extent nec-
14 essary to block and prohibit all transactions in
15 property and interests in property of the foreign
16 person if such property and interests in prop-
17 erty are in the United States, come within the
18 United States, or are or come within the pos-
19 session or control of a United States person.

20 (B) VISA REVOCATION.—

21 (i) IN GENERAL.—An alien described
22 in paragraph (2) is subject to revocation of
23 any visa or other entry documentation re-
24 gardless of when the visa or other entry
25 documentation is or was issued.

1 (ii) IMMEDIATE EFFECT.—A revoca-
2 tion under clause (i) shall take effect im-
3 mediately and automatically cancel any
4 other valid visa or entry documentation
5 that is in the alien's possession.

6 (4) EXCEPTIONS.—

7 (A) EXCEPTION FOR INTELLIGENCE AC-
8 TIVITIES.—Sanctions under this section shall
9 not apply to any activity subject to the report-
10 ing requirements under title V of the National
11 Security Act of 1947 (50 U.S.C. 3091 et seq.)
12 or any authorized intelligence activities of the
13 United States.

14 (B) EXCEPTION TO COMPLY WITH INTER-
15 NATIONAL OBLIGATIONS.—Sanctions under
16 paragraph (3)(B) shall not apply with respect
17 to the admission of an alien if admitting or pa-
18 roling the alien into the United States is nec-
19 essary to permit the United States to comply
20 with—

21 (i) the Agreement regarding the
22 Headquarters of the United Nations,
23 signed at Lake Success June 26, 1947,
24 and entered into force November 21, 1947,

1 between the United Nations and the
2 United States; or

3 (ii) other applicable international obli-
4 gations.

5 (C) EXCEPTION TO CARRY OUT OR ASSIST
6 LAW ENFORCEMENT ACTIVITIES.—Sanctions
7 under paragraph (3)(B) shall not apply with re-
8 spect to an alien if admitting or paroling the
9 alien into the United States is necessary to
10 carry out or assist law enforcement activity in
11 the United States.

12 (5) WAIVER.—The President may waive the ap-
13 plication of sanctions under this section with respect
14 to a foreign person for renewable periods of not
15 more than 180 days each if the President deter-
16 mines and submits to the appropriate congressional
17 committees a report that contains a determination of
18 the President that such a waiver is in the national
19 security interests of the United States.

20 (6) IMPLEMENTATION; PENALTIES.—

21 (A) IMPLEMENTATION.—The President
22 may exercise the authorities provided to the
23 President under sections 203 and 205 of the
24 International Emergency Economic Powers Act

1 (50 U.S.C. 1702 and 1704) to the extent nec-
2 essary to carry out this section.

3 (B) PENALTIES.—A person that violates,
4 attempts to violate, conspires to violate, or
5 causes a violation of this subsection or any reg-
6 ulation, license, or order issued to carry out this
7 subsection shall be subject to the penalties set
8 forth in subsections (b) and (c) of section 206
9 of the International Emergency Economic Pow-
10 ers Act (50 U.S.C. 1705) to the same extent as
11 a person that commits an unlawful act de-
12 scribed in subsection (a) of that section.

13 (7) ANNUAL REPORT.—

14 (A) IN GENERAL.—Except as provided in
15 subparagraph (B), not later than 1 year after
16 the date of the enactment of this Act, and an-
17 nually thereafter for 5 years, the President
18 shall submit to the appropriate congressional
19 committees a report on any notable develop-
20 ments regarding economic or industrial espio-
21 nage activities by foreign persons.

22 (B) EXCEPTION FOR RECENT IMPOSITION
23 OF SANCTIONS.—The President shall not be re-
24 quired to submit an annual report under sub-
25 paragraph (A) if the President has imposed

1 sanctions as authorized under this section dur-
2 ing the preceding calendar year.

3 (8) RULE OF CONSTRUCTION.—For purposes of
4 this section, a transaction shall not be construed to
5 include participation in an international standards-
6 setting body or the activities of such a body.

7 (c) AMENDMENTS WITH RESPECT TO SANCTIONS
8 AUTHORITIES.—Section 203 of the International Emer-
9 gency Economic Powers Act (50 U.S.C. 1702) is amend-
10 ed—

11 (1) in subsection (b)—

12 (A) in the matter preceding paragraph (1),
13 by striking “, directly or indirectly”;

14 (B) in paragraph (3)—

15 (i) by striking “including but not lim-
16 ited to” and all that follows through “news
17 wire feeds.” and inserting “except to the
18 extent that the President determines that
19 such imports and exports would seriously
20 impair his ability to deal with any national
21 emergency declared under section 202.”;
22 and

23 (ii) by striking “under section 5 of the
24 Export Administration Act of 1979, or
25 under section 6 of such Act” and inserting

1 “under other statutory or regulatory ex-
2 port control authorities”; and

3 (C) in paragraph (4), by inserting “, ex-
4 cept to the extent that the President determines
5 that such imports and exports would seriously
6 impair the ability to deal with any national
7 emergency declared under section 202” before
8 the period at the end; and

9 (2) by adding at the end the following:

10 “(d) RULES OF CONSTRUCTION RELATING TO SEN-
11 SITIVE AND PERSONAL DATA.—The communication, the
12 importation to a country, or the exportation from a coun-
13 try, directly or indirectly, whether commercial or other-
14 wise, of bulk sensitive personal data or of source code used
15 in a connected software application may not be construed
16 to constitute—

17 “(1) a ‘postal, telegraphic, telephonic, or other
18 personal communication’, for purposes of subsection
19 (b)(1); or

20 “(2) an importation from a country, or an ex-
21 portation to a country, of ‘information or informa-
22 tional materials’, for purposes of subsection (b)(3).”.

23 (d) DEFINITIONS.—In this section:

24 (1) The term “appropriate congressional com-
25 mittees” means—

1 (A) the Committee on Foreign Affairs and
2 the Committee on Armed Services of the House
3 of Representatives; and

4 (B) the Committee on Foreign Relations
5 and the Committee on Armed Services of the
6 Senate.

7 (2) The term “economic or industrial espio-
8 nage” has the meaning given that term in section
9 1637(d) of the Carl Levin and Howard P. “Buck”
10 McKeon National Defense Authorization Act for
11 Fiscal Year 2015.

12 (3) The term “foreign person” means any per-
13 son that is not a United States person.

14 (4) The term “knowingly”, with respect to con-
15 duct, a circumstance, or a result, means that a per-
16 son has actual knowledge, or should have known, of
17 the conduct, the circumstance, or the result.

18 (5) The terms “own”, “proprietary informa-
19 tion”, and “trade secret” have the meanings given
20 those terms in section 1637(d) of the Carl Levin and
21 Howard P. “Buck” McKeon National Defense Au-
22 thorization Act for Fiscal Year 2015 (50 U.S.C.
23 1708(d)).

24 (6) The term “United States person” means—

1 (A) a United States citizen or an alien law-
2 fully admitted for permanent residence to the
3 United States; or

4 (B) an entity organized under the laws of
5 the United States or any jurisdiction within the
6 United States, including a foreign branch of
7 such an entity.

8 (7) The term “foreign adversary” means the
9 countries listed in section 7.4 of title 15, Code of
10 Federal Regulations.

