AMENDMENT TO RULES COMMITTEE PRINT 116–19

OFFERED BY MR. YOUNG OF ALASKA

At the end of subtitle E of title XII, add the following:

SEC. ___. CHINESE FOREIGN DIRECT INVESTMENT IN COUNTRIES OF THE ARCTIC REGION.

(a) FINDINGS.—Congress finds the following:

(1) China is projecting a physical presence in the Arctic through upgrading to advanced ice-breakers, utilizing the Arctic Ocean more regularly through subsidizing arctic shipping, deploying unmanned ice stations, and engaging in large and sophisticated data collection efforts in countries of the Arctic region, including Iceland, Greenland, and Canada.

(2) The 2017 Center for Naval Analysis (CNA) report “Unconstrained Foreign Direct Investment: An Emerging Challenge to Arctic Security” concluded that China has been actively engaged in economies of countries of the Arctic region.

(3) The CNA report documented a pattern of strategic investment by China in the economies of
countries of the Arctic region, including the United States, Canada, Greenland, Iceland, Norway, and Russia, in areas such as raw land, oil and gas, minerals, and infrastructure.

(4) Chinese investments in countries of the Arctic region are significant. For instance, Chinese foreign direct investment constituted nearly 12 percent of Greenland’s gross domestic product for the period from 2012 to 2017.

(5) China’s 2018 Arctic Policy White Paper documented the Chinese intent to create a “Polar Silk Road” in the Arctic.

(6) China’s “Polar Silk Road” is an extension of China’s Belt and Road Initiative (BRI).

(7) China is increasingly using the BRI as the impetus for increasing People’s Liberation Army deployments to regions where China has significant investments, primarily through BRI.

(8) China has demonstrated an interest in using BRI to gain military access to strategic regions.

(9) Understanding how China’s foreign direct investment in countries of the Arctic region affects such countries is critical to understanding the degree to which China is able to access the region.
(b) Independent Study.—

(1) In general.—Not later than 45 days after the date of enactment of this Act, the Secretary of Defense shall seek to enter into a contract with a federally-funded research and development center described in paragraph (2) to complete an independent study of Chinese foreign direct investment in countries of the Arctic region, with a focus on the effects of such foreign direct investment on United States national security and near-peer competition in the Arctic region.

(2) Federally-funded research and development center described.—A federally-funded research and development center described in this paragraph is a federally-funded research and development center that—

(A) has access to relevant data and demonstrated data-sets regarding foreign direct investment in the Arctic region; and

(B) has access to policy experts throughout the United States and the Arctic region.

(c) Elements.—The study required by subsection (b) shall include the following:
(1) Projects in the Arctic that are directly or indirectly funded by public and private Chinese entities, to—

(A) build public infrastructure;

(B) finance of infrastructure;

(C) lease mineral and oil and gas leases;

(D) purchase real estate;

(E) extract or process, including smelting, minerals and oil and gas;

(F) engage in shipping or to own and operate or construct shipping infrastructure, including ship construction;

(G) lay undersea cables; and

(H) manufacture, own or operate telecommunications capabilities and infrastructure.

(2) An analysis the legal environment in which Chinese foreign direct investment are occurring in the United States, Russia, Canada, Greenland, Norway, and Iceland. The analysis should include—

(A) an assessment of the efficacy of mechanisms for screening foreign direct investment in the United States, Russia, Canada, Greenland, Norway, and Iceland;
(B) an assessment of the degree to which there is transparency in Chinese foreign direct investment in countries of the Arctic region;

(C) an assessment of the criteria used to assess potential Chinese foreign direct investment in countries of the Arctic region;

(D) an assessment of the efficacy of methods for monitoring approved Chinese foreign direct investment in countries of the Arctic region; and

(E) an assessment of public reporting of the decision to approve such Chinese foreign direct investment.

(3) A comparison of Chinese foreign direct investment in countries of the Arctic region to other countries with major investments in such countries, including India, Japan, South Korea, the Netherlands, and France.

(4) An assessment of the environmental impact of past Chinese investments in oil and gas, mineral, and infrastructure projects in the Arctic region, including the degree to which Chinese investors are required to comply with local environmental laws and post bonds to assure remediation if a project becomes bankrupt.
(5) A review of the 2018 Chinese Arctic Policy and other relevant public and nonpublic Chinese policy documents to determine the following:

(A) China’s strategic objectives in the Arctic region from a military, economic, territorial, and political perspective.

(B) China’s goals in the Arctic region with respect to its relations with the United States and Russia, including the degree to which activities of China in the region are an extension of China’s strategic competition with the United States.

(C) Whether any active or planned infrastructure investments are likely to result in a regular presence of Chinese military vessels or the establishment of military bases in the Arctic region.

(D) The extent to which Chinese research activities in the Arctic region are a front for economic activities, including illegal economic espionage, intelligence gathering, and support for future Chinese military activities in the region.

(E) The degree to which Arctic littoral states are susceptible to the political and eco-
nomic risks of unregulated foreign direct investment.

(F) The vulnerability of semi-autonomous regions, such as tribal lands, to Chinese foreign direct investment, including the influence of legal controls and political or economic manipulation with respect to such vulnerability.

(G) The implications of China’s Arctic development and participation model with respect to forecasting China’s military, economy, territorial, and political activities.

(6) Policy and legislative recommendations to enhance the position of the United States in affairs of the Arctic region, including—

(A) recommendations for how the United States would best interact with nongovernmental organizations such as the World Bank, Arctic Council, United Nations General Assembly, and International Maritime Organization;

(B) recommendation to pursue or not pursue the formation of an Arctic Development Bank and, if pursued, how to organize, fund, and operate the bank;

(C) measures the United States can take to promote regional governance and eliminate
the soft-power influence from Chinese foreign
direct investment, in particular, steps where the
United States and Russia should cooperate; and

(D) the possibility of negotiating a regional
arrangement to regulate foreign direct invest-
ment in countries of the Arctic region.

(d) **REPORT TO DEPARTMENT OF DEFENSE.**—Not
later than 720 days after the date of the enactment of
this Act, the federally-funded research and development
center with respect to which the Secretary of Defense has
entered into a contract under subsection (b) shall submit
to the Secretary a report containing the study under sub-
sections (b) and (c).

(e) **REPORT TO CONGRESS.**—Not later than 750 days
after the date of the enactment of this Act, the Secretary
of Defense shall submit to the appropriate congressional
committees the report under subsection (d), without
change.

(f) **APPROPRIATE CONGRESSIONAL COMMITTEE DE-
FINED.**—In this section, the term “appropriate congres-
sional committees” means—

(1) the congressional defense committees;

(2) the Committee on Foreign Relations and
the Committee on Commerce, Science, and Trans-
portation of the Senate; and
(3) the Committee on Foreign Affairs and the Committee on Transportation and Infrastructure of the House of Representatives.