

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:

1 **SEC. __. CHINESE FOREIGN DIRECT INVESTMENT IN COUN-**
2 **TRIES OF THE ARCTIC REGION.**

3 (a) FINDINGS.—Congress finds the following:

4 (1) China is projecting a physical presence in
5 the Arctic through upgrading to advanced ice-
6 breakers, utilizing the Arctic Ocean more regularly
7 through subsidizing arctic shipping, deploying un-
8 manned ice stations, and engaging in large and so-
9 phisticated data collection efforts in countries of the
10 Arctic region, including Iceland, Greenland, and
11 Canada.

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

17 (3) The CNA report documented a pattern of
18 strategic investment by China in the economies of

1 countries of the Arctic region, including the United
2 States, Canada, Greenland, Iceland, Norway, and
3 Russia, in areas such as raw land, oil and gas, min-
4 erals, and infrastructure.

5 (4) Chinese investments in countries of the Arc-
6 tic region are significant. For instance, Chinese for-
7 eign direct investment constituted nearly 12 percent
8 of Greenland's gross domestic product for the period
9 from 2012 to 2017.

10 (5) China's 2018 Arctic Policy White Paper
11 documented the Chinese intent to create a "Polar
12 Silk Road" in the Arctic.

13 (6) China's "Polar Silk Road" is an extension
14 of China's Belt and Road Initiative (BRI).

15 (7) China is increasingly using the BRI as the
16 impetus for increasing People's Liberation Army de-
17 ployments to regions where China has significant in-
18 vestments, primarily through BRI.

19 (8) China has demonstrated an interest in
20 using BRI to gain military access to strategic re-
21 gions.

22 (9) Understanding how China's foreign direct
23 investment in countries of the Arctic region affects
24 such countries is critical to understanding the degree
25 to which China is able to access the region.

1 (b) INDEPENDENT STUDY.—

2 (1) IN GENERAL.—Not later than 45 days after
3 the date of enactment of this Act, the Secretary of
4 Defense shall seek to enter into a contract with a
5 federally-funded research and development center
6 described in paragraph (2) to complete an inde-
7 pendent study of Chinese foreign direct investment
8 in countries of the Arctic region, with a focus on the
9 effects of such foreign direct investment on United
10 States national security and near-peer competition
11 in the Arctic region.

12 (2) FEDERALLY-FUNDED RESEARCH AND DE-
13 VELOPMENT CENTER DESCRIBED.—A federally-fund-
14 ed research and development center described in this
15 paragraph is a federally-funded research and devel-
16 opment center that—

17 (A) has access to relevant data and dem-
18 onstrated data-sets regarding foreign direct in-
19 vestment in the Arctic region; and

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

22 (c) ELEMENTS.—The study required by subsection
23 (b) shall include the following:

1 (1) Projects in the Arctic that are directly or
2 indirectly funded by public and private Chinese enti-
3 ties, to—

4 (A) build public infrastructure;

5 (B) finance of infrastructure;

6 (C) lease mineral and oil and gas leases;

7 (D) purchase real estate;

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

10 (F) engage in shipping or to own and oper-
11 ate or construct shipping infrastructure, includ-
12 ing ship construction;

13 (G) lay undersea cables; and

14 (H) manufacture, own or operate tele-
15 communications capabilities and infrastructure.

16 (2) An analysis the legal environment in which
17 Chinese foreign direct investment are occurring in
18 the United States, Russia, Canada, Greenland, Nor-
19 way, and Iceland. The analysis should include—

20 (A) an assessment of the efficacy of mech-
21 anisms for screening foreign direct investment
22 in the United States, Russia, Canada, Green-
23 land, Norway, and Iceland;

1 (B) an assessment of the degree to which
2 there is transparency in Chinese foreign direct
3 investment in countries of the Arctic region;

4 (C) an assessment of the criteria used to
5 assess potential Chinese foreign direct invest-
6 ment in countries of the Arctic region;

7 (D) an assessment of the efficacy of meth-
8 ods for monitoring approved Chinese foreign di-
9 rect investment in countries of the Arctic re-
10 gion; and

11 (E) an assessment of public reporting of
12 the decision to approve such Chinese foreign di-
13 rect investment.

14 (3) A comparison of Chinese foreign direct in-
15 vestment in countries of the Arctic region to other
16 countries with major investments in such countries,
17 including India, Japan, South Korea, the Nether-
18 lands, and France.

19 (4) An assessment of the environmental impact
20 of past Chinese investments in oil and gas, mineral,
21 and infrastructure projects in the Arctic region, in-
22 cluding the degree to which Chinese investors are re-
23 quired to comply with local environmental laws and
24 post bonds to assure remediation if a project be-
25 comes bankrupt.

1 (5) A review of the 2018 Chinese Arctic Policy
2 and other relevant public and nonpublic Chinese pol-
3 icy documents to determine the following:

4 (A) China's strategic objectives in the Arc-
5 tic region from a military, economic, territorial,
6 and political perspective.

7 (B) China's goals in the Arctic region with
8 respect to its relations with the United States
9 and Russia, including the degree to which ac-
10 tivities of China in the region are an extension
11 of China's strategic competition with the United
12 States.

13 (C) Whether any active or planned infra-
14 structure investments are likely to result in a
15 regular presence of Chinese military vessels or
16 the establishment of military bases in the Arctic
17 region.

18 (D) The extent to which Chinese research
19 activities in the Arctic region are a front for
20 economic activities, including illegal economic
21 espionage, intelligence gathering, and support
22 for future Chinese military activities in the re-
23 gion.

24 (E) The degree to which Arctic littoral
25 states are susceptible to the political and eco-

1 nomic risks of unregulated foreign direct invest-
2 ment.

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

8 (G) The implications of China's Arctic de-
9 velopment and participation model with respect
10 to forecasting China's military, economy, terri-
11 torial, and political activities.

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

15 (A) recommendations for how the United
16 States would best interact with nongovern-
17 mental organizations such as the World Bank,
18 Arctic Council, United Nations General Assem-
19 bly, and International Maritime Organization;

20 (B) recommendation to pursue or not pur-
21 sue the formation of an Arctic Development
22 Bank and, if pursued, how to organize, fund,
23 and operate the bank;

24 (C) measures the United States can take
25 to promote regional governance and eliminate

1 the soft-power influence from Chinese foreign
2 direct investment, in particular, steps where the
3 United States and Russia should cooperate; and

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

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

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

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

22 (1) the congressional defense committees;

23 (2) the Committee on Foreign Relations and
24 the Committee on Commerce, Science, and Trans-
25 portation of the Senate; and

1 (3) the Committee on Foreign Affairs and the
2 Committee on Transportation and Infrastructure of
3 the House of Representatives.

