

.....
(Original Signature of Member)

116TH CONGRESS
2D SESSION

H. R. _____

To codify the denial of export privileges and related provisions under title
15, Code of Federal Regulations.

IN THE HOUSE OF REPRESENTATIVES

Mr. BUCK introduced the following bill; which was referred to the Committee
on _____

A BILL

To codify the denial of export privileges and related
provisions under title 15, Code of Federal Regulations.

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. FINDINGS.**

4 Congress finds the following:

5 (1) The Founders of the United States viewed
6 intellectual property rights as fundamental rights
7 that must be protected by the government.

8 (2) Article I, section 8, clause 8 of the United
9 States Constitution affirmatively defends the individ-

1 ual’s right to protect intellectual property by grant-
2 ing Congress power “to promote the Progress of
3 Science and Useful arts, by securing, for limited
4 Times, to Authors and Inventors, the exclusive Right
5 to their respective Writings and Discoveries”.

6 (3) The Commission on the Theft of American
7 Intellectual Property estimates that intellectual
8 property theft costs the United States economy ap-
9 proximately \$600 billion annually.

10 (4) A March 1, 2019, CNBC poll found that
11 one-in-five United States corporations say that
12 China has stolen proprietary intellectual property
13 within the last year and one-in-three United States
14 corporations state that China has stolen their intel-
15 lectual property within the last decade.

16 (5) The Commission on the Theft of American
17 Intellectual Property further reports that China’s in-
18 dustrial policies call for the “absorption, digestion,
19 and re-innovation of foreign intellectual property to
20 meet the Made in China 2025 goal of 40 percent
21 self-sufficiency by 2020 and 75 percent by 2025”.

22 (6) The Chinese Government remains the
23 world’s principle source of intellectual property theft.

24 (7) China engages in foreign ownership restric-
25 tions that include joint venture requirements and ad-

1 ministrative reviews that pressure United States
2 companies to transfer intellectual property and pro-
3 prietary technology to Chinese companies.

4 (8) China imposes harmful contractual obliga-
5 tions on United States companies seeking to license
6 their proprietary technology to Chinese-based firms
7 and is engaged in a purposeful and unfair practice
8 of acquiring United States businesses to generate
9 technology transfers.

10 (9) The Chinese Government is engaged in
11 cyberattacks against United States businesses, mili-
12 tary installations, and government entities, including
13 the United States Office of Personnel Management,
14 resulting in the theft of untold proprietary informa-
15 tion and commercial trade secrets.

16 (10) China is undertaking the “greatest intel-
17 lectual property theft in human history” according
18 to Secretary of Defense Mark Esper.

19 (11) Congress must take bold action to combat
20 the Chinese Government’s concerted efforts to per-
21 petrate cyber-attacks against United States entities
22 and steal United States intellectual property.

23 (12) Denial orders are issued by the Assistant
24 Secretary of Commerce for Export Enforcement of
25 the Bureau of Industry and Security to deny the ex-

1 port privileges of an entity or individual. A denial of
2 export privileges prohibits the person from partici-
3 pating in any way in any transaction subject to the
4 Export Administration Regulations (EAR). Further-
5 more, it is unlawful for any other entity or indi-
6 vidual to participate in any way in an export trans-
7 action subject to the EAR with a person subject to
8 a denial order.

9 (13) On April 16, 2018, Secretary of Commerce
10 Wilbur Ross announced that the Bureau of Industry
11 and Security of the Department of Commerce had
12 issued an order to deny the export privileges of
13 Zhongxing Telecommunications Equipment Corpora-
14 tion of Shenzhen, China (“ZTE Corporation”) and
15 ZTE Kangxun Telecommunications Ltd. of Hi-New
16 Shenzhen, China.

17 **SEC. 2. SENSE OF CONGRESS.**

18 It is the sense of Congress that—

19 (1) denial orders are an important foreign poli-
20 icy tool to use against foreign entities and individ-
21 uals, especially Chinese persons, with a pattern of
22 violating United States laws, especially laws relating
23 to intellectual property; and

