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February 9, 2023

The Honorable Janet Yellen  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Secretary Yellen:

We remain deeply concerned that U.S. technology and investment continue to flow into the People's Republic of China's (PRC's) companies to effectively enhance the capabilities of the PRC's military and to perpetuate its ongoing genocide in the Xinjiang Uyghur Autonomous Region. As such, we urge the Department of the Treasury to take immediate action to use its existing authorities to address these activities, which contradict U.S. national and economic interests.

On May 11, 2022, the Senate Select Committee on Intelligence held an open hearing titled: "Threats to U.S. National Security: Countering the PRC's Economic and Technological Plan for Dominance." This hearing once again brought to light how the PRC is working to achieve technological superiority, control global supply chains, and ultimately displace the United States as the dominant economic and military power in the world. It also highlighted a number of existing tools and authorities the U.S. Government (USG) currently has to curtail the flow of U.S. capital and technology to companies affiliated with the People's Liberation Army (PLA) and the PRC's military-industrial complex.

It is widely known that the PRC's Military-Civil Fusion (MCF) program targets technological advancements in the U.S., as well as university and research partnerships with the U.S., for the PRC's military development. U.S. technology, talent, and capital continue to contribute—through both lawful and unlawful means, including theft—to the PRC's development of critical military-use industries, technologies, and related supply chains. The breadth of the MCF program's ambitions and reach creates dangerous vulnerabilities for U.S. national and economic security as well as undermines respect for democratic values globally.

The Department of the Treasury has a number of authorities at its disposal to protect U.S. interests and counter this increasing threat. To ensure that American businesses, investors, and consumers are not aiding the PRC's military; its ongoing genocide in Xinjiang; its abuses in Tibet, Hong Kong; and its global repression campaign, your Department must use all appropriate tools to address these urgent

threats. As such, we seek additional information regarding opportunities and limitations on exercising such authorities.

We respectfully request unclassified responses to the following questions, with a classified annex as appropriate, by March 1, 2023.

- 1) **Synchronizing the Department of the Treasury and the Department of Defense (DoD) lists of Chinese Military Companies:** The Department of the Treasury's list of Chinese companies subject to restrictions in securities investment under E.O. 14032 do not include many companies that are identified as military firms by DoD on its list of Chinese military companies. DoD produces this list and updates it regularly in accordance with Section 1260H of the *William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021*.
  - On what basis does the Department of the Treasury determine which of the Chinese firms listed by DoD should or should not be added to the Department's list for investment restrictions?
  - Why has the Department of the Treasury not placed restrictions on these DoD listed companies and/or additional PRC companies that are directly or indirectly supporting the PLA, the MCF program, or the Chinese military-industrial complex?
  - What is the Department's plan to better identify and expand the number of companies on Treasury's list to include PRC companies that have links to the PLA, the MCF program and/or other potentially security-linked and military-linked companies, such as Tencent, Baidu, ByteDance, and Alibaba?
  - Can the Department of the Treasury designate entities currently listed on the Non-Specially Designated Nationals Chinese Military-Industrial Complex Companies List (NS-CMIC List) also on the Specially Designated Nationals and Blocked Persons (SDN) list? If not, how can such authorities be established?
- 2) **Synchronizing Treasury's SDN list and other USG restricted lists:** We also request information to better understand why the Treasury's SDN list currently excludes entities that have been identified and/or restricted by other parts of the U.S. Government due to serious implications for U.S. national security and foreign policy interests. For example, the current version of the SDN list does not include many of the PRC companies on the Department of Commerce's Entity List (EL). The Department of Commerce listed these firms on the EL after determining that these firms pose a U.S. national security threat and/or have been involved with human rights abuses in Xinjiang. For example, the SDN list does not include Commerce Entity-listed subsidiaries of Beijing Genomics Institute (BGI), also listed by DoD, despite its involvement in the genetic surveillance of ethnic groups. Nor does the SDN list include Dahua, which is also on the EL for its involvement in the Chinese Communist Party's human rights abuses.
  - Is there an existing process for evaluating and updating Treasury's SDN lists based upon updates to other USG restricted lists?
- 3) **Synchronizing Treasury's internal lists:** Additionally, we seek information on the Department's action in identifying certain PRC firms under E.O. 14032 for their implications for national security, but not putting these same firms on the Treasury's SDN list. For example, Treasury's

SDN list did not include companies such as Huawei and Hikvision, which Treasury has identified as subject to investment restrictions under E.O. 14032. Nor does it include eight PRC companies, including the Da-Jiang Innovations (DJI), which were identified for their involvement in the surveillance and tracking of religious and ethnic groups within the PRC.

- What is Department's plan for aligning Treasury's lists?
  - Is the Treasury Department monitoring other PRC companies such as Tencent, Baidu, ByteDance, and Alibaba for posing threats to our national security and/or for their potential links to human rights abuses in China, which could subject them to sanctions?
- 4) **Enforcing Treasury's existing sanctions on Xinjiang Production and Construction Corps' (XPCC) subsidiaries:** Treasury designated the XPCC as an SDN in July 2020 under the Global Magnitsky sanctions program. Yet, the XPCC's extensive network of subsidiaries remains opaque to many U.S. investors and companies, which reportedly continue to do business with XPCC.
- Does the Department have any information on the subsidiaries of XPCC?
  - If yes, why is Treasury not publicly posting these subsidiaries of XPCC on the Treasury's website to ensure that American businesses and investors are aware of the legal, financial, and ethical risks of doing business with a paramilitary organization complicit in the PRC's genocide and slave labor?

Thank you for your prompt attention to these important issues. We look forward to working with you to address these matters.

Sincerely,



Mark R. Warner  
Chairman



Marco Rubio  
Vice Chairman