



August 30, 2021

Re: Protecting Against Chinese Military Companies (CMC's) and Chinese Communist Party (CCP) Exploitation of American Investors

Dear Members of the House Armed Services Committee:

We write to you today representing diverse groups and backgrounds – businesses, human rights advocates, academics, policy experts, and every-day Americans – united in our concern for the future of the U.S. military and America's lethality against our near-peer adversaries. While we remain deeply concerned over the future of Afghanistan and share different opinions on the politics of the current situation, one thing is clear: We must immediately put an end to Chinese Military Companies (CMC's) being funded by millions of unwitting American investors.

In the FY21 National Defense Authorization Act (NDAA), the definition of CMC's was updated from its FY99 definition. We applaud this decision and the great work of both the House and Senate Armed Services Committees last year to make this much needed modernization a reality. Through Executive Orders, these CMC's were then subject to first-time capital markets sanctions, barring U.S. investment in these companies worldwide (within a one-year period) that were determined to be a threat to U.S. national security interests.

With the advent of the Biden administration, the previous Executive Orders (13959 and 13974) were rescinded and replaced with Executive Order 14032. We applaud this new action for its inclusion of certain Chinese technology companies and its coverage of what companies should be subject to capital markets sanctions. Unfortunately, the Executive Order no longer requires that the companies determined to be CMC's of concern to the U.S., as reported by the Department of Defense (DOD), be included in the Treasury Department's Office of Foreign Assets Control (OFAC) Non-Specially Designated National (SDN) Chinese Military-Industrial Complex Companies List (NS-CMIC List).

We believe very strongly that it is essential to America's national interests that these companies – reported to Congress by DOD – be banned from raising funds from unwitting American investors on, or trading in, the U.S. capital markets and be immediately and automatically placed on the NS-CMIC List upon their being reported by DOD. While some CMC companies are presently on the OFAC list, others are not. DOD's security-minded assessments of these companies should lead to action that includes a ban on U.S. investment in the identified CMC's, often manufacturing advanced weapons systems primarily directed against future U.S. forces.

We ask that the Committee take a firm stand in the NDAA mark-up next week and make clear that Congress will not stand by idly as scores of millions of unwitting U.S. investors help fund the military-industrial complex of our leading adversary -- the Chinese Communist Party.

We appreciate your consideration of our urgent call to stop funding CMC's immediately. We must use all tools – including targeted financial sanctions – to maintain the freedoms and international rules-based order that has enabled the continued peace and prosperity of our country and our allies.

Sincerely,

Coalition for a Prosperous America
Fight for Freedom. Stand with Hong Kong.
Global Solidarity with Hong Kong – Chicago
Northern California Hong Kong Club
Victims of Communism Memorial Foundation