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May 18, 2021

The Honorable Joseph R. Biden, Jr.
President of the United States
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

**Re: Preventing Wall Street from Funding Chinese Military Companies by
Strengthening Executive Order 13959**

Dear President Biden:

Thank you for your continued efforts to hold the Chinese Communist Party (CCP) accountable for its nefarious behavior and gross human rights violations throughout China, including the commission of genocide in the Xinjiang Uyghur Autonomous Region in China. We believe every measure must be taken to ensure the rules-based international order is upheld and the Chinese government is held accountable for its crimes.

As you stated in your interim national security strategic guidance released this March, “The most effective way for America to out-compete a more assertive and authoritarian China over the long-term is to invest in our people, our economy, and our democracy.” We could not agree more with this statement. China is the United States’ greatest threat and competitor on the world stage. They are an existential threat not only to our national security, but also to our economic security.

This dual threat is a nonpartisan issue and it is encouraging to see lawmakers and government officials taking the threat seriously. That is why we have outlined below additional efforts that can be taken to ensure Chinese military companies are not profiting off of access to our capital markets.

We ask that in regard to the National Defense Authorization Act for FY 2021 (PL 116-283 on January 1, 2021 after successfully overriding a presidential veto) you amend Executive Order 13959 (EO) to bring it into alignment with current law, providing clarity for investors and protections for unwitting American retail investors.

Specifically, we ask that you strengthen section 4 of the EO (which defines Chinese Military Companies), by adding section 1260H of the FY21 NDAA (PL 116-283). Doing so would extend and modernize the definition of Chinese Military Companies (CMC’s) beyond its current scope and in line with current law. The current EO is outdated and limited because it is tied only to the Chinese military company definitions contained in a 1999 law passed before China joined the WTO. (Section 1237 of the National Defense Authorization Act for Fiscal Year 1999 (PL 105–261)). The FY21 NDAA section 1260H language was passed by Congress to respond to the broader threat in which entities deemed “military-civil fusion” contributors to the Chinese defense industrial base are addressed.

The Biden-Harris Administration has been supportive of section 1260H on the record, but because of a lack of clarity – has been unable to meet a recent deadline (April 15) for a report to Congress to be fully compliant with the law. This updated language would provide clarity and help streamline the process of the EO in question. We should also note that in her confirmation process, Secretary of Commerce Raimondo stated,

“I am aware of the substantial challenges China’s military-civil fusion policy poses to U.S. national security. If confirmed, I plan to leverage the full breadth of the authorities under the purview of the Department of Commerce in order to protect U.S. national and economic security interests. I also look forward to working with the Secretary of Defense and Director of National Intelligence to fully implement related provisions of the FY2021 NDAA (Section 1260H) and other relevant legislation.”

We appreciate Secretary Raimondo’s support to utilize the law to its fullest intent to protect American interests. But she needs additional support to fully implement the latest provisions. That is why adding 1260H to the existing EO is essential. The political support for 1260H is overwhelming. Even the Senate garnered 81 yeas and a two-thirds majority in the House to override the former president’s veto.

We hope the Biden-Harris Administration will update this EO that protects Americans from unknowingly or intentionally investing in Chinese military companies and that those companies - - and their subsidiaries -- placed on the list by the Pentagon (not Treasury) will automatically face capital markets sanctions which will prohibit all U.S. persons worldwide from holding their securities within one year's time (including those securities in index funds).

To out-compete China and protect our national security, we must prevent Wall Street from funneling capital into China’s production of lethal technology and equipment and the instruments and infrastructure of genocide. We respectfully ask that you update EO 13959 soonest to include Section 1260H. Thank you.

Sincerely,



Zach Mottl, Chairman
Coalition for a Prosperous America



Michael Stumo, CEO
Coalition for a Prosperous America