

May 17, 2023

President Joseph R. Biden
The White House
1600 Pennsylvania Ave, N.W.
Washington, DC 20500

Dear Mr. President,

We write to you today as members of the American foreign policy and national security community to indicate our support for the establishment of an outbound investment review mechanism. While Congress continues to review legislation intended to address this matter, we respectfully request that expeditious action be taken by the administration in the near-term to address the risks and threats associated with U.S. capital bolstering the CCP's ability to modernize and advance its military and build other advanced technologies. We also respectfully request that Congress work to codify and modify as necessary any executive action through bipartisan legislation.

Congress has worked to restrict exports to China and investments by China in certain high-technology areas since 2018. In the last Congress, many of the cosigners supported the National Critical Capabilities Defense Act, which would have established a whole-of-government process (similar to the Committee on Foreign Investment in the United States, or CFIUS, process for inbound investments) to screen outbound investments and the offshoring of critical capacities which would have bolstered the resiliency of critical supply chains.

While we all have different preferences on how a new model is structured for outbound investment review (reverse CFIUS), we all agree that such a process must be established to ensure that we are not providing critical support to our adversaries. The administration must ensure that these restrictions will not harm U.S. competitiveness abroad, nor needlessly restrict capital flows and foreign investments. The policy status quo is insufficient to guarantee the United States access to strategically important technologies, particularly those developed, produced, or advanced by U.S. investments in China.

We ask that any executive action taken on outbound investment do the following:

- **Cover as many “persons” as possible**, including individuals, entities, and their subsidiaries or affiliates based on both ownership ***or*** control;
- **Cover as many types of investments or transactions as possible**, including any transactions, acquired equity or contingent equity interests, monetary capital contributions, or payments, that shift, relocate, or transfer critical capabilities or provide financing for adversaries' critical capabilities – including passive investment in certain companies and industries providing capital to CCP-linked entities via investment products available in the U.S. such as ETFs, mutual funds, and other indexes or derived products;
- **Cover as many industrial sectors as possible**, not preferencing or selecting a narrow set due to the complexity and interdependency of global supply chains, the widespread

nature of the multinational industries, and the constantly changing and adapting threats at-hand; and

- **Cover the inclusion of future or emerging technologies, industries, investment vehicles, or sectors**, establishing a review process or mechanism by which further information can be gathered to inform future changes to any executive action.

America must not be wholly reliant on foreign adversaries for items that are critical to our national security, and we must not share our capabilities with those who cannot be trusted – nor share in financing the development of these critical capabilities for our adversaries. This does not preclude coordination with partners and allies but rather ensures America can be a more reliable partner for the future.

We ask that you act expeditiously to initiate a robust outbound investment screening process for U.S. companies, and work with congress to further refine this effort.

Sincerely,

J. Kyle Bass, CIO - Hayman Capital Management
Life Member - Council on Foreign Relations

James Carafano, Vice President, the Kathryn and Shelby Cullom Davis Institute for National Security and Foreign Policy, and the E. W. Richardson Fellow, the Heritage Foundation

Mark Clifford, President, The Committee for Freedom in Hong Kong Foundation

Douglas M. Fears, Eight Homeland Security and Counterterrorism Advisor to the President

Michael W. Green, Chief Strategist & Portfolio Manager, Simplify Asset Management, LLC

Major General James ‘Spider’ Marks (Retired); Principal, China Tech Threat

Faith J. H. McDonnell, Director of Advocacy, Katartismos Global

Pam Pryor, Former Acting Assistant Secretary for International Organizations and Senior Advisor National Committee on Religious Freedom

Roger W. Robinson, Jr. former Senior Director of International Economic Affairs at the National Security Council

Darren Spinck, Research Fellow, Henry Jackson Society

Michael Stumo, CEO, Coalition for a Prosperous America

Cc: Leader Schumer
Speaker McCarthy
Republican Leader McConnell
Minority Leader Jeffries