



Republicans and Democrats Release Separate Sweeping Proposals for Managing the US-China Relationship

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- *Both parties in Congress have recently released documents that lay out comprehensive approaches to managing the challenges and threats in the US-China relationship.*
- *These documents are representative of many of the consensus views within each party with regard to China policy.*
- *Taken together, the recommendations reveal a great deal of bipartisan consensus, though there are key differences in the two parties' approaches.*

The House Republicans' China Task Force released its inaugural [report](#) on September 29, just days after Senate Democrats announced the introduction of the America Labor, Economic Competitiveness, Alliances, Democracy, and Security (LEADS) Act ([S. 4629](#)). The task force—[announced](#) in May of this year—brings together select Republicans from key House committees to articulate recommendations for addressing “current and emerging cross-jurisdictional threats from China.” The America LEADS Act addresses a similarly broad range of issues and has the backing of numerous cosponsors that sit on at least 20 relevant Senate committees.

Scores of recommendations in both the House report and the Senate bill reflect legislative proposals already introduced in the 116th Congress, many of which enjoy bipartisan support. Though the Senate bill is unlikely to become law this year, it is a near certainty that several proposals both in the bill and the House report will be reintroduced in the 117th Congress beginning next year. A few provisions may also appear in the 2021 National Defense Authorization Act that must be passed in November.

Although both documents purport to represent holistic views of their parties when it comes to US-China relations, USCBC conversations with Hill contacts indicate that there are still plenty of fault lines limiting a total consensus within each party. It is also unclear which of these issues lawmakers will prioritize first. That said, here is how the two China platforms provided by the documents compare, taking into account several (but not all) key themes and recommendations.

Industrial policy and supply chain security

Both documents hone in on supply chain vulnerabilities from an overreliance on China. Republicans propose offering a variety of tax incentives to “accelerate research and development and production of crucial medicines, medical supplies, ingredients, tests, and vaccines.” They also propose grant programs for the domestic production of key technologies and an overhaul of

the federal permitting process so that rare earths minerals can be extracted and processed in the United States. Democrats offer a number of similar proposals, going into more detail than the Republican task force report and with dollar figures attached. The America LEADS Act includes proposals that would collectively invest upwards of \$350 billion in supporting workers, researchers, and manufacturing communities.

Multilateral engagement

Both documents accuse China of exploiting international institutions. However, they differ when it comes to the value of international institutions and the benefits that they provide. Democrats are proposing comprehensive re-engagement in existing international institutions and put forward detailed proposals for reinvigorating regional cooperation arrangements, while Republicans are less clear whether they believe multilateral cooperation should be pursued primarily within existing institutions or through new mechanisms.

Human rights concerns

Both parties have vocally opposed attempts by China to redefine internationally accepted definitions of human rights in a way that would place the collective economic well being and social stability offered by the state above the civil and political freedoms granted to individuals. Lawmakers are also concerned by the targeting of specific ethnicities and religious freedoms, use of surveillance technologies to track dissidents, suppression of information and communications, and the export of these tactics to other nations.

Democrats and Republicans have both voiced support for using tools like withhold release orders to block certain imports, export controls, and sanctions to respond to Chinese human rights abuses. One slight difference is that Democrats go further than Republicans on recommendations to support Hong Kong, proposing that funds be allocated for democracy promotion and that visas for Hong Kong citizens seeking refuge in the United States be granted liberally.

Export controls

Both Republicans and Democrats have advocated for applying export controls more liberally and strategically. They agree in principle on the need to expand the list of Chinese entities subject to export controls, but Republicans are more forward-leaning advocates of expanded restrictions. They argue that the United States should sharply narrow military end use/user approvals to avoid aiding China's civil-military integration efforts, whereas Democrats have placed a comparatively greater emphasis on the need to ensure that controls do not "unnecessarily restrict commerce" between the United States and China.

The two documents also diverge on the utility of multilateral coordination. The Republican document characterizes existing multilateral export control regimes like the Wassenaar Arrangement as ineffective because they make decisions based on consensus while at the same time having too many members, and allow individual countries to exercise too much discretion. The Democratic bill, on the other hand, advocates for greater multilateral coordination of export controls through the Wassenaar Arrangement and other channels.

Sanctions

Both documents urge the administration to fully exercise its sanctions authorities mandated under both longstanding legislation and recently passed bills on fentanyl, Hong Kong, and Uyghur human rights. The Republican document advocates for new sanctions to address a wide swath of China-related concerns, including COVID-19, organ trafficking, corruption, the South China Sea, cybercrimes, intellectual property theft, industrial espionage, and influence operations. Senate Democrats offer some similar proposals, but devote far greater attention to human rights sanctions.

Use of financial measures

Applying investment review mechanisms

Both parties want to strengthen investment review mechanisms and call for increased cooperation with allies to harmonize review processes. In particular, both documents herald the opportunity for cooperation with the EU, which has an [Investment Screening Regulation](#) that came into force this week to assess threats posed by Chinese investments. Republicans focus on ensuring that the Committee on Foreign Investment in the United States (CFIUS) is sufficiently empowered under the law to review PRC investments in critical and emerging technologies. Democrats do recommend additional funding for CFIUS, but they spend considerably more space detailing a separate suggestion for investment review. The proposal would create an interagency committee chaired by the Office of the US Trade Representative which could block outbound investments to nonmarket economy countries or involving state-owned enterprises if it determines that the transaction is likely to disrupt domestic production related to critical supply chains.

Restricting access to US capital markets

There seems to be a consensus that Chinese companies listed on US exchanges need to be held to the same financial disclosure requirements as other listed companies, including by prohibiting trading or forcing the delisting of companies that are not in compliance after 3 consecutive years. Republicans also recommend that Congress take steps to ensure adequate investor protections for retirement account investments, caveating that these steps should not unnecessarily restrict investment opportunities.

The Phase One deal

The Republican document offers clear support for the Phase One deal, which is described as an “excellent first step” for achieving balanced trade and “tackling the PRC’s extensive and embedded trade barriers” and unfair trading practices. It paints full enforcement of the deal as “imperative” and emphasizes the need for “phase two” negotiations.

The Democratic bill is non-committal about Phase One and makes no explicit mention of “phase two” negotiations. Instead, Democrats prefer to amend Section 301 of the *Trade Act of 1974* to require regular reports from USTR on the implementation progress of the Phase One deal and any subsequent agreements with China.