116TH CONGRESS
1ST SESSION

H. R. _____

To direct the President to impose penalties pursuant to denial orders with respect to certain Chinese telecommunications companies that are in violation of the export control or sanctions laws of the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. GALLAGHER introduced the following bill; which was referred to the Committee on __________________________

A BILL

To direct the President to impose penalties pursuant to denial orders with respect to certain Chinese telecommunications companies that are in violation of the export control or sanctions laws of the United States, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 SECTION 1. SHORT TITLE.
4 This Act may be cited as the “Telecommunications
5 Denial Order Enforcement Act”.

(Original Signature of Member)
SEC. 2. STATEMENT OF POLICY.

It shall be the policy of the United States to enforce denial orders on covered telecommunications companies found to have violated the export control or sanctions laws of the United States.

SEC. 3. IMPOSITION AND ENFORCEMENT OF DENIAL ORDERS WITH RESPECT TO COVERED TELECOMMUNICATIONS COMPANIES.

(a) IMPOSITION OF DENIAL ORDERS.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, and annually thereafter—

(A) the President shall determine and report to the appropriate congressional committees if any covered telecommunications company is in violation of an export control or sanctions law of the United States; and

(B) if the President makes an affirmative determination with respect to a covered telecommunications company under subparagraph (A), the President shall impose penalties pursuant to a denial order with respect to the company or its agents or affiliates as described in paragraph (2).

(2) PENALTIES DESCRIBED.—The penalties described in this paragraph are the following
(A) The covered telecommunications company and when acting for or on their behalf, their successors, assigns, directors, officers, employees, representatives, or agents (hereinafter each a “denied person”), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Export Administration Regulations (as codified in subchapter C of chapter VII of title 15, Code of Federal Regulations, or any successor regulations), or in any other activity subject to the Export Administration Regulations.

(B) No person may, directly or indirectly, do any of the following:

   (i) Export or reexport to or on behalf of a denied person any item subject to the Export Administration Regulations.

   (ii) Take any action that facilitates the acquisition or attempted acquisition by a denied person of the ownership, possession, or control of any item subject to the Regulations that has been or will be ex-
ported from the United States, including
financing or other support activities related
to a transaction whereby a denied person
acquires or attempts to acquire such own-
ership, possession or control.

(iii) Take any action to acquire from
or to facilitate the acquisition or attempted
acquisition from a denied person of any
item subject to the Export Administration
Regulations that has been exported from
the United States.

(iv) Obtain from a denied person in
the United States any item subject to the
Export Administration Regulations with
knowledge or reason to know that the item
will be, or is intended to be, exported from
the United States.

(v) Engage in any transaction to serv-
ice any item subject to the Export Admin-
istration Regulations that has been or will
be exported from the United States and
which is owned, possessed or controlled by
a denied person, or service any item, of
whatever origin, that is owned, possessed
or controlled by a denied person if such
service involves the use of any item subject
to the Export Administration Regulations
that has been or will be exported from the
United States.

(3) REPORT.—The President shall submit to
the appropriate congressional committees an annual
report on the implementation of this subsection.

(b) PROHIBITION ON MODIFICATION OF PEN-
ALTIES.—Notwithstanding any other provision of law, no
official of an executive agency may modify any penalty,
including a penalty imposed pursuant to a denial order,
implemented by the Government of the United States with
respect to a covered telecommunications company or its
agents or affiliates pursuant to a determination that the
company has violated an export control or sanctions law
of the United States until the date that is 30 days after
the President certifies to the appropriate congressional
committees that the company—

(1) has not, for a period of one year, conducted
activities in violation of the laws of the United
States; and

(2) is fully cooperating with investigations into
the activities of the company conducted by the Gov-
ernment of the United States, if any.
(c) Regulations.—The President is authorized to prescribe such regulations as may be necessary to carry out this section.

(d) Definitions.—

(1) Appropriate congressional committees.—The term “appropriate congressional committees” means—

(A) the Committee on Financial Services and the Committee on Foreign Affairs of the House of Representatives; and

(B) the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate.

(2) Covered telecommunications company.—The term “covered telecommunications company” means any of the following:

(A) Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

(B) Any other telecommunications company domiciled in the People’s Republic of China (or any subsidiary or affiliate of such entities), excluding any subsidiary of a foreign company domiciled in the People’s Republic of China.
(3) EXECUTIVE AGENCY.—The term “executive agency” means—

(A) an executive department specified in section 101 of title 5, United States Code;

(B) a military department specified in section 102 of title 5, United States Code;

(C) an independent establishment as defined in section 104(1) of title 5, United States Code; and

(D) a wholly-owned Government corporation fully subject to chapter 91 of title 31, United States Code.