

The Economic Statecraft for the Twenty-First Act

The **Economic Statecraft for the Twenty-First Century Act (ESTFCA)** creates a whole-of-government approach to recommit United States leadership in the global economy. The bill provides a comprehensive plan to confront the anti-competitive and predatory nature of China's international economic policy and overhaul our competitive economic diplomacy. With the goal of increasing our support for international infrastructure, strengthening our supply chains, coordinating with allies and partners on future and emerging technologies, leveraging the international financial institutions and building global resiliency, the ESTFCA will ensure that the United States is able to fully lead and compete in the twenty-first century global economy.

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TITLE I: CONFRONT

Subtitle A: Economic Coercion

- **SEC. 101. Mandatory Disclosure of Chinese Debt in Aid-Related Applications.** Requires the Development Finance Corporation, Agency for International Development, Trade and Development Agency, Millennium Challenge Corporation, and other executive agencies responsible for disbursing foreign aid and development assistance to mandate disclosures on all aid-related applications the debt the applicant owes to Chinese entities, including loan amounts, duration, rates, and contractual provisions. Prohibits U.S. foreign aid and development assistance that amortizes Chinese-based loans.
- **SEC.102. Coordination with the OECD on Chinese Engagement.** Directs the State Department to work with Organization for Economic Cooperation and Development (OECD) countries to report a shared set of facts around the impact of China’s Belt & Road Initiative (BRI) and other predatory economic policies including subsidies and market-distorting practices.
- **SEC.103. Countering Chinese Economic Coercion Task Force.** Directs the President to establish a “Countering Economic Coercion Task Force” chaired by a National Security Council member and composed of Assistant Secretary-level principles from relevant departments and agencies. The primary duties of the task force include: developing, implementing and coordinating a response to the People’s Republic of China’s (PRC) economic coercion; monitoring and evaluating costs of the PRC’s economic coercion; and maintaining a public list of cases of economic coercion from the PRC. Directs the task force to submit a report that assesses: economic coercion tools the PRC might use in the future, the economic and diplomatic tools the U.S. might use in response, areas where allies and partners are vulnerable to the PRC’s economic coercion.
- **SEC.104. Strategy to Counter Chinese Economic Coercion on Countries and Entities that Support Taiwan.** Directs the Secretary of State to submit a strategy for responding to the People’s Republic of China’s increased economic coercion against countries who increase their ties or support for Taiwan.

Subtitle B: Investment Security

- **SEC. 112. Provision of Assistance to Allies and Partner with Respect to Renewing Foreign Investment.** Directs the State Department’s Infrastructure Transaction and Assistance Network, in coordination with CFIUS, to assist allies or partners in establishing mechanisms for reviewing foreign investment transactions, determining the beneficial ownership of parties to such transactions, and identifying trends in investment and technology that pose risks to national security.

Subtitle C: Anti-Competition

- **SEC. 121. Improvement of Anti-Counterfeiting Measures.** Directs the Commissioner of U.S. Customs and Border Protection (CBP) to submit a report on seizures of

counterfeit goods and to increase the inspection of goods from certain countries. Directs the U.S. Trade Representative to publish in the Federal Register the criteria needed to add a market to the Notorious Markets List.

- **SEC. 122. Intellectual Property Violators List.** Directs the Secretary of State - in coordination with the Secretary of Commerce, the U.S. Trade Representative, and the Director of the Office of National Intelligence - to publish a list of all state-owned enterprises in the People's Republic of China who have engaged significant acts of intellectual property theft or forcible transfers of technology owned by a company incorporated in the U.S.
- **SEC. 123. Report on Subsidies Provided by Government of People's Republic of China.** Directs the Secretary of State, in coordination with Secretary of Commerce and the U.S. Trade Representative, to identify subsidies provided by the Central Government of the People's Republic of China (PRC) government to centrally-administered state-owned enterprises and discriminatory policies that favor PRC enterprises over foreign market participants.

Subtitle D: Supply Chains

- **SEC. 132. Department of State Diplomatic Strategy on Semiconductor Manufacturing Equipment Export Controls.** Directs the Secretary of State, in consultation with other relevant Federal agencies and private sector entities, to submit a diplomatic strategy of engaging allies in coordinating, developing, and implementing export controls on semiconductor manufacturing equipment to the People's Republic of China.
- **SEC. 133. Prohibition on Commercial Export of Semiconductor Manufacturing Equipment to People's Republic of China.** Prohibit the export, re-export, or transfer of covered items to the People's Republic of China according to the diplomatic strategy described in the above section.
- **SEC. 134. Annual Semiconductor Industry Monitoring Report on the People's Republic of China.** Directs the Secretary of State and the Secretary of Commerce - in coordination with the Secretary of Treasury, and Director of the Central Intelligence Agency - to submit a report on the People's Republic of China's semiconductor industry and manufacturing capabilities, engagement with other countries on such capabilities, and the impact of U.S. policies on such capabilities.
- **SEC. 135. Supply Chain Coordination.** Directs the Secretary of State and Secretary of Commerce to submit a report on their coordination with like-minded partners and allies in securing global supply chains and reliance vis a vis the People's Republic of China. The report includes progress on developing common standards for transparent, trusted, and sustainable supply chains for: semiconductor manufacturing and advanced

packaging, large capacity batteries, critical minerals and materials, pharmaceuticals and active pharmaceutical ingredients.

- **SEC. 136. Statement of Policy on International Cooperation to Secure Critical Mineral Supply Chains.** Mandates coordination with foreign governments, the private sector and other organizations and intuitions to monitor developments, improve sustainable capabilities, and promote principled international standards for critical mineral extraction, refinement and trade.
- **SEC 137. Prioritization of Efforts and Assistance to Secure Critical Mineral Supply Chains.** Directs the Secretary of State to implement the policy described in the above section and other programs that provide foreign assistance to emerging-market and developing countries for securing supply chains, setting international standards, modernizing investment and legal frameworks, and reducing exposure to human rights abuses in critical mineral extraction, refinement and transportation.
- **Section 138. Leveraging International Support.** Directs the President and their designees to use their voice, vote, and influence in multilateral and international to dismantle monopolization, promote transparent private sector development and provide technical assistance to emerging-market and developing countries in the critical minerals sector.

TITLE II: COMPETE

Subtitle A: Infrastructure

- **SEC. 201. Sense of Congress on Build Back Better World Initiative.** Supports leadership in the Build Back Better World initiative to mobilize public, private, multilateral and non-governmental organizational resources to meet the \$40 trillion shortfall of infrastructure investments in low and middle income countries. Defines strategic objectives of the initiative as: strengthening principled high-standard, and transparent infrastructure investment; combatting climate change and increasing climate change resilience; advancing public health; increasing digital, transportation and energy connectivity; addressing gender and income inequality; and increasing American competitiveness and economic opportunities.
- **SEC. 202 Office of Strategic Investments in the Development Finance Corporation.** Establishes the Office of Strategic Investments in the Development Finance Corporation (DFC) to coordinate federal government initiatives intended to counter adversaries' predatory state-directed investment, coercive economic practices, and preserve partner country sovereignty. Establishes the Strategic Investments Advisory Council to advise the DFC on its strategic investments.

- **SEC. 203. Prohibition on Transfer of Sovereign Loan Guarantees to the Development Finance Corporation.** Expands upon the Better Utilization of Investments Leading to Development Act (BUILD) Act to prohibit the transfer of \$21 billion in sovereign loan guarantees (SLG) to the Development Finance Corporation.
- **SEC. 204. Strategy for Promoting and Strengthening Near Shoring.** Mandates cooperation with allies and partners in the Western Hemisphere to achieve more resilient, diverse, and secure supply chains and to pursue nearshoring initiatives that relocate supply chains to Latin America and the Caribbean, while pursuing reshoring initiatives to increase domestic production in the United States. Directs the Secretary of State to submit a strategy for the purposes of fulfilling the mandate.
- **SEC. 205. Sense of Congress on Blue Dot Initiative.** Supports the Blue Dot Network for promoting principled standards in international infrastructure investments. Endorses the Development Finance Corporation, the Millennium Challenge Corporation and other agencies and institutions to adopt and promote the network's standards through financing approved projects
- **SEC. 206. Sense of Congress on Three Seas Initiative.** Supports the Three Seas Initiative to improve connections between Central European countries and reduce their dependence on Russia with critical investments in energy, transportation, and digital infrastructure. Endorses the Development Finance Corporation's 2020 commitment to finance \$1 billion of the initiative's investments.

Subtitle B: Energy

- **SEC. 211. Sense of Congress Regarding United States' Engagement at the World Economic Forum.** Encourages the Secretary of State, Secretary of Treasury, USAID Administrator, the CEO of the Development Finance Corporation make climate finance commitments at the World Economic Forum.
- **SEC. 212. Clean Energy Efforts of the Development Finance Corporation.** Directs the CEO of the Development Finance Corporation (DFC) to submit a report on efforts to (1) reduce the net carbon footprint of the DFC's entire investment portfolio to zero by 2028 (2) prioritize projects in countries struggling with transitioning from carbon intensive electricity to clean energy.
- **SEC. 213. Consistency in United States Policy on Development Finance and Climate Change.** Ensures engagement within multilateral International Financial Institution's aligns with objectives to increase ambition on green-house gas emissions reductions and achieve net-zero carbon emissions by 2050.

- **SEC. 214. Energy Diplomacy and Security within the Department of State.** Amends Section 1(c) of the State Department Basic Authorities Act of 1956 to establish an Assistant Secretary of State for Energy Resources in the Department of State responsible for formulating and implementing international policies to protect energy security interests and promote responsible global clean energy production.
- **SEC. 215. United States and European Union Cooperation on Climate Finance for Developing Countries.** Supports restoring the historic alliance between the United States and countries of the European Union on climate action and renewing commitments to advance shared values, principles, and goals to address climate change and achieve the goals of the Paris Agreement. Establishes a clean energy development finance fund partnership between the Development Finance Corporation and European Bank for Reconstruction and Development. Amends the Support for East European Democracy (SEED) Act to include support for communities in countries grappling with the clean energy transition. Establishes a formal United States-European Commission Working Group to develop a strategy to respond to China's Belt and Road Initiative.

Subtitle C: Technology

- **SEC. 221 United States Leadership and Representation in Standard-Setting Bodies.** Establishes a State Department-led interagency working group that provides technical advice to exercise American leadership in critical and emerging technology standards-setting bodies. Requires that the interagency working group submit a report on American engagement with allies, partners, competitors, multilateral institutions, the private sector and researchers for the purposes of advancing its mandate.
- **SEC. 222. Sense of Congress on Cooperation with the G20 Digital Economy Working Group.** Endorses cooperation with the Group of Twenty (G20) Digital Economy Working Group to promote principled and practical standards and increase international digital connectivity and trade.
- **SEC. 223. Statement of Policy on Artificial Intelligence and the Global Economy.** Prioritizes diplomacy, international engagement, and collaboration with partners in artificial intelligence (AI) strategies and policies. Mandates that foreign assistance support AI deployment, equitable prosperity, human rights, democratic values, and security. Prioritizes AI in diplomatic strategies and policies.
- **SEC. 224. Diplomatic Strategy for Artificial Intelligence.** Requires the Secretary of State to submit a diplomatic strategy for artificial intelligence that includes (1) a review of past and present initiatives (2) objectives related to human rights, democratic values, international standards, research and development, and security (3) an implementation plan including interagency coordination, timelines, budgets, and personnel.

- **SEC. 225. International Collaboration on Research and Development.** Requires the Government Accountability Office to publish a report describing federal initiatives for international R&D collaboration and their cost. Directs the Secretary of State to commission an independent report to (1) assess the effectiveness of federal initiatives for international R&D collaboration (2) identify key challenges and opportunities for such initiatives (3) propose a strategy for such future initiatives.

Subtitle D: International Financial Institutions and Multilateral Economic Organizations

- **SEC. 231. Statement of Policy on U.S. Leadership at International Financial Institutions.** Directs the President and their designees to leverage their voice and vote in international financial institutions to prevent unsustainable debt stocks in emerging market and developing countries and establish international standards for debt transparency and disclosure that hold both debtors and creditors accountable. Endorses expansion, acceleration and reform to the Group of Twenty (G20) Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative.
- **SEC. 232. Loans to the Poverty Reduction and Growth Trust of the International Monetary Fund.** Authorizes (1) loans to the International Monetary Fund's (IMF) Poverty Reduction and Growth Trust (PRGT) Fund or the Resilience and Sustainability Trust Fund (RST), of \$21 billion in Special Drawing Rights (SDR) from the Department of Treasury's Exchange Stabilization Fund and (2) \$20 million for the subsidy cost of the loan to support increased IMF lending to poor countries at low interest rates.
- **SEC.233. Clearing World Bank Group Arrears.** Directs the Secretary of the Treasury to clear the United States' arrears to the World Bank contributions from fiscal years 2019 and 2020.
- **SEC.234. 10th General Capital Increase for the Inter-American Development Bank.** Authorizes the tenth general capital increase - \$80 billion over five years - for the Inter-American Development Bank (IDB), the hemisphere's leading international financial institution. Directs the President and their designees to support the authorization through multilateral and bilateral engagement with member countries.
- **SEC.235. Participation of Taiwan in Inter-American Development Bank.** Endorses diplomatic engagement to secure Taiwan's admission to the Inter-American Development Bank as a non-borrowing member, a promotion from its present observer status. Directs the Secretary of State to submit a report on plans and progress towards such an objective.
- **SEC.236. Increased U.S. Cooperation with Asia-Pacific Economic Cooperation.** Directs the Secretary of State to pursue the prioritize certain objectives at the Asia Pacific Economic Cooperation forum including: improving efficiency in supply chains; promoting emerging and clean technology standards; supporting research and

development in clean energy; reducing barriers to cross-border investment into emerging and growing markets; and improving cybersecurity.

Subtitle E: Resilience

- **SEC.241. Sense of Congress Regarding U.S. Leadership in Recovery and Resiliency.** Emphasizes the importance of robust leadership in COVID-19 public health and economic recovery and resilience, including in multilateral fora like the Group of Seven (G7), Group of Twenty (G20), United Nations, and international financial institutions.
- **SEC.242. Sense of Congress Regarding Improving Resilience Capacities through Foreign Assistance.** Encourages foreign assistance and development finance institutions to improve global resilience capacities that mitigate the harmful effects of international shocks and stresses.
- **SEC.243. Office of Economic Resiliency.** Establish the Office of Economic Resiliency in the State Department's Bureau of Economic and Business Affairs responsible for formulating and implementing credible national action plans with partner countries to prevent, detect, and respond to epidemics, pandemics, and other global destabilizing events.
- **SEC.244. Establishment of Resilience Trust Fund at the World Bank.** Directs the U.S. Executive Director to the World Bank to use their voice and vote to promote a multi-donor trust fund that incentivizes countries to develop and implement credible national action plans aimed at preventing, detecting, and responding to epidemics, pandemics, and other global destabilizing events.