## Congress of the United States

WASHINGTON, DC 20515

## November 20, 2023

Senator Jack Reed, Chairman
Senate Armed Services Committee
228 Russell Senate Office Building
Washington, D.C. 20510

Senator Roger Wicker, Ranking Member Senate Armed Services Committee 228 Russell Senate Office Building Washington, D.C. 20510 Representative Mike Rogers, Chairman House Armed Services Committee 2126 Rayburn House Office Building Washington, D.C. 20515

Representative Adam Smith, Ranking Member House Armed Services Committee 2126 Rayburn House Office Building Washington, D.C. 20515

Dear Chairman Reed, Ranking Member Wicker, Chairman Rogers, and Ranking Member Smith:

We are deeply concerned about the potential national security threats posed by outbound capital flows and knowledge transfer to the United States' adversaries, particularly the People's Republic of China (PRC). To this end, we write urging you to ensure that language addressing outbound investments in certain sectors of foreign countries of concern is included in the National Defense Authorization Act (NDAA) of 2024, and ideally strengthen the language.

On July 25, 2023, the Senate voted overwhelmingly (91-6) to include Amendment No. 931 in the NDAA, which would establish an outbound investment screening program led by the U.S. Department of the Treasury in coordination with the U.S. Department of Commerce. It requires United States entities to notify the U.S. government of investments and activities in specific technology sectors in countries of concern.

There is strong bipartisan consensus in both the U.S. Senate and U.S. House of Representatives that Congress must act to address the national security threat posed by these outbound investments. The Administration is also focused on the issue. On August 9, 2023, the President issued an Executive Order (E.O. 14105) titled Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern, seeking to deal with this same issue set. In fact, the E.O. goes beyond notification to consider prohibition of investment in some sectors.

We have known for some time that U.S. companies are sending capital, intellectual property, and innovation to the PRC, fueling its advance in dual-use critical technology areas. To safeguard our national security, the U.S. needs visibility into our vulnerabilities by requiring, at a minimum, notification of sensitive investments by U.S. firms in these countries.

Outbound investment screening will fill a gap in our ability to combat this growing national security threat. This is not novel, nor a threat to America's outwardly facing economy. The United States has deployed a number of tools to protect against technology theft by our adversaries, including export controls, sanctions, and inbound foreign investment screening, even as it remains one of the most open economies in the world.

None of the tools currently at the government's disposal, however, fully address the specific risk posed by the transfer of U.S. capital and know-how to our adversaries. In order to protect our interests, we need to evaluate the full scope of our vulnerabilities and use the data and insight provided by outbound investment screening to implement tools that ensure sensitive technologies with dual-use applications are not further ceded to adversaries.

The last thing we should be doing is facilitating technology that could one day be used against us, whether through espionage at home or against our servicemen and women deployed to fight for their nation.

In the interest of U.S. national security, we urge you to ensure that robust language addressing the threat posed by outbound investments in countries like the PRC is included in the 2024 NDAA that goes to the President for his signature.

Sincerely,

Dan Sullivan

United States Senator

Mike Gallagher

Member of Congress

Michael McCaul

Member of Congress

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Marco Rubio

United States Senator

Jacky Rosen

United States Senator

Raja Krishnamoorthi

Member of Congress

Oregory Meeks

Member of Congress

Rick Scott

United States Senator

Joni K. Ernst United States Senator

Debbie Stabenow United States Senator

Tommy Tuberville United States Senator

Gary Refers
United States Senator

Bob Casey

United States Senator

Angus King
United States Senator

Pete Ricketts United States Senator

Mark Kelly United States Senator Kevin Cramer United States Senator

John Fetterman

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United States Senator

Tammy Baldwin
United States Senator

Michael Bennet United States Senator

John Cornyn
United States Senator

Chris Van Hollen United States Senator

Jeanne Shaheen United States Senator

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Russell Fry Member of Congress Brian Mast Member of Congress

Robert B. Aderholt Member of Congress

Michelle Steel Member of Congress

Ashley Hipson Member of Congress

Darin LaHood Member of Congress

John Moolenaar Member of Congress

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Normaniel Moran

Nathaniel Moran Member of Congress

Richard McCormick Member of Congress

Member of Congress

Dan Newhouse Member of Congress

Meal P. Dunn, M.D. Member of Congress

Member of Congress

Haley Stevens Member of Congress

Chris Deluzio Member of Congress

Brian Fitzpatrick Member of Congress Rosa DeLauro

Rosa DeLauro Member of Congress

Ami Bera, M.D. Member of Congress