

United States Senate

WASHINGTON, DC 20510-0908

July 14, 2022

The Honorable Janet Yellen
Secretary of the Treasury
United States Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Dear Secretary Yellen:

We write regarding the urgent need to address American capital flow into the People's Republic of China (PRC). The Chinese Communist Party (CCP) greatly benefits from American capital, while providing the public or investors little to no financial data to validate its domestic economic claims. This unfettered flow of American capital is both an economic gamble as well as a serious national security risk for our nation.

China's markets have become increasingly unstable over the past year. Evergrande – a Chinese real estate development company – is at the center of an economic crisis looming within the country. It currently holds more than \$300 billion in total liabilities, with more than \$19 billion in outstanding offshore bonds held by international asset managers and private banks.¹

These grave economic conditions coupled with the CCP's continued lack of transparency within its financial markets pose a serious risk to American investments within the PRC. The United States Economic and Security Review Commission has echoed these concerns in its recent 2021 Annual Report to Congress, calling for action to better understand our nation's actual exposure to financial investments associated with China.²

It's time that we protect American capital by ensuring that there is financial clarity regarding U.S. investments made within China.

That is why we have recently introduced S.4051, the [*Protecting American Capital Act*](#). This bipartisan bill requires that the Treasury collect and provide Congress with regular, accurate information on the United States' portfolio investment position in

¹ <https://www.cnn.com/2022/03/22/investing/evergrande-cash-seized-earnings-delayed-intl-hnk/index.html>

² [https://www.uscc.gov/sites/default/files/2021-11/2021 Annual Report to Congress.pdf](https://www.uscc.gov/sites/default/files/2021-11/2021%20Annual%20Report%20to%20Congress.pdf)

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China, including investments routed through offshore centers, such as the Cayman Islands.

Today, as we work to advance this bill in the Senate, we request the following information on potential financial exposure to American investors and the United States more broadly to China by:

- Individual Chinese sectors;
- U.S. institution type, such as state pension funds;
- Sanctioned Chinese entities (Entity List, NS-CMIC List, and others);
- Individual Chinese recipients who receive more than a minimum amount, such as \$100 million;
- Individual U.S. investors with a substantial share of the total ownership of any Chinese businesses (2 percent or more); and
- Chinese housing sector.

This information will be an invaluable tool for Congress to better understand and address the risks presented by the volatile and opaque financial environment fostered by China. More importantly, when equipped with this information, we will be better able to hold the PRC accountable and mitigate the serious threats they pose to our country's economic and national security.

Thank you for your prompt attention and timely response to these requests.

Sincerely,



Rick Scott
United States Senator



Jeanne Shaheen
United States Senator