

U.S. DEPARTMENT OF STATE
Office of the Spokesperson

For Immediate Release

FACT SHEET

December 8, 2020

U.S. Investors Are Funding Malign PRC Companies on Major Indices

“Under Xi Jinping, the CCP has prioritized something called ‘military-civil fusion.’ ... Chinese companies and researchers must... under penalty of law – share technology with the Chinese military. The goal is to ensure that the People’s Liberation Army has military dominance. And the PLA’s core mission is to sustain the Chinese Communist Party’s grip on power.”

– Secretary of State Michael R. Pompeo, January 13, 2020

The Chinese Communist Party’s (CCP) threat to American national security extends into our financial markets and impacts American investors. Many major stock and bond indices developed by index providers like MSCI and FTSE include malign People’s Republic of China (PRC) companies that are listed on the Department of Commerce’s Entity List and/or the Department of Defense’s List of “Communist Chinese military companies” (CCMCs). The money flowing into these index funds – often passively, from U.S. retail investors – supports Chinese companies involved in both civilian and military production. Some of these companies produce technologies for the surveillance of civilians and repression of human rights, as is the case with Uyghurs and other Muslim minority groups in Xinjiang, China, as well as in other repressive regimes, such as Iran and Venezuela.

As of December 2020, at least 24 of the 35 parent-level CCMCs had affiliates’ securities included on a major securities index. This includes at least 71 distinct affiliate-level securities issuers. There are also at least 13 PRC firms on the Entity List whose parent company or affiliates are included in the MSCI or FTSE stock indices. The MSCI emerging market index includes 230 Chinese A-shares stocks incorporated on the Mainland, quoted in renminbi, and listed on Chinese Communist Party-controlled Shanghai and Shenzhen exchanges.

Investments Financing Communist Chinese Military Companies Pose National Security Risk to the United States

“Some of the Chinese companies [on MSCI Index] present significant national security and humanitarian concerns for the United States, which increases the risk that they could be subject to sanctions, public protests, trade restrictions, boycotts, and other punitive measures that jeopardize their business and profitability... for example, military contractors that provide military aircraft and telecommunications support to the People’s Liberation Army. The list also includes companies that manufacture surveillance equipment that China uses to oppress religious minorities as well as one company indicted for engaging in economic activity with Iran and North Korea in violation of U.S. sanctions law.”

CONGRESS.GOV

S.2791 - TSP Act

116th Congress (2019-2020)

Sponsor: [Sen Rubio Marco \[R-FL\]](#) (Introduced 11/06/2019)

Committees: [Senate - Homeland Security and Governmental Affairs](#)

Latest Action: [Senate - 11/06/2019 Read twice and referred to the Committee on Homeland Security and Governmental Affairs.](#) ([All Actions](#))

Tracker: **Introduced**

[Summary\(1\)](#) [Text\(1\)](#) [Actions\(1\)](#) [Titles\(3\)](#) [Amendments\(0\)](#) [Cosponsors\(9\)](#) [Committees\(1\)](#) [Related Bills\(2\)](#)

There is one version of the bill.

Text available as: [XML/HTML \(5KB\)](#) [XML/HTML \(new window\) \(4KB\)](#) [TXT \(3KB\)](#) [PDF \(320KB\)](#) (PDF provides a complete and accurate display of this text.) [?]

Shown Here:

Introduced in Senate (11/06/2019)

116TH CONGRESS
1ST SESSION

S. 2791

To amend title 5, United States Code, to provide that sums in the Thrift Savings Fund may not be invested in securities that are listed on certain foreign exchanges, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 6, 2019

Mr. RUBIO (for himself, Mrs. SHAHEEN, Mr. ROMNEY, Mrs. GILLIBRAND, Mr. SCOTT of Florida, Mr. HAWLEY, and Mr. BRAUN) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

A BILL

To amend title 5, United States Code, to provide that sums in the Thrift Savings Fund may not be invested in securities that are listed on certain foreign exchanges, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Taxpayers and Savers Protection Act” or the “TSP Act”.