

[DISCUSSION DRAFT]

118TH CONGRESS
1ST SESSION

H. R. _____

To require the Secretary of the Treasury to carry out a study on Chinese support for Afghan illicit finance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. LYNCH introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Secretary of the Treasury to carry out a study on Chinese support for Afghan illicit finance, 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 “Exposing China’s Sup-
5 port for the Taliban Act”.

6 **SEC. 2. STUDY ON CHINESE SUPPORT FOR AFGHAN ILLICIT**
7 **FINANCE.**

8 (a) FINDINGS.—Congress finds the following:

1 (1) Though China and Afghanistan share only
2 a small land border, when it comes to illicit financial
3 activity between the two countries, China has a dem-
4 onstrated history of permissiveness regarding traf-
5 ficking and money laundering that could support
6 both the Taliban and its associates.

7 (2) A 2014 Financial Action Task Force report
8 titled, “Financial Flows Linked to the Production
9 and Trafficking of Afghan Opiates” found evidence
10 of import/export companies registered in China that
11 were transferring funds to Afghanistan, likely as
12 part of trade-based money laundering schemes cen-
13 tered around illicit opium production and trafficking,
14 which, per the United Nations Office on Drugs and
15 Crime (UNODC), is one of the Taliban’s main
16 sources of income.

17 (3) Since the U.S. withdrawal from Afghanistan
18 in August 2021, China has announced its willingness
19 to lend financial support and legitimacy to the
20 Taliban-led government in Afghanistan, including
21 Afghan Interior Minister, Sirajuddin Haqqani, a
22 member of the U.S.-sanctions designated Foreign
23 Terrorist Organization, the Haqqani Network.

24 (4) China’s permissive policies regarding Af-
25 ghan illicit finance run counter to the strategic in-

1 terests of the United States with respect to coun-
2 tering trafficking and preventing terrorist groups
3 from accessing the international financial system.

4 (5) China's role as a critical source of financial
5 wherewithal for the Taliban and its associates to
6 process and implement drug and other illicit-activity
7 transactions warrants further study as these actions
8 pose a threat both to the safety and security of the
9 people of Afghanistan and the international commu-
10 nity.

11 (6) Congress needs to better understand how
12 China could leverage its relationships and resources
13 within Afghanistan and how these activities could di-
14 rectly or indirectly provide financial support to ter-
15 rorist organizations, including the Taliban and its
16 associates.

17 (b) STUDY.—

18 (1) REQUIREMENT.—Not later than one year
19 after the date of the enactment of this Act, the Sec-
20 retary of the Treasury shall provide to the Com-
21 mittee on Financial Services of the House of Rep-
22 resentatives and the Committee on Banking, Hous-
23 ing, and Urban Affairs of the Senate a report on the
24 financial activities of China and Chinese entities in

1 connection with the finances of Afghanistan and the
2 Taliban.

3 (2) MATTERS INCLUDED.—The report under
4 paragraph (1) shall include the following:

5 (A) An assessment of the activities under-
6 taken by the People’s Republic of China and
7 Chinese-registered companies to support illicit
8 financial networks in Afghanistan, particularly
9 such networks involved in narcotics trafficking,
10 illicit financial transactions, official corruption,
11 natural resources exploitation, and terrorist net-
12 works.

13 (B) An assessment of financial, commer-
14 cial, and economic activities undertaken by
15 China and Chinese companies in Afghanistan to
16 support Chinese policies counter to American
17 strategic interests.

18 (C) Any recommendations to Congress re-
19 garding legislative or regulatory improvements
20 necessary to support the identification and dis-
21 ruption of Chinese-supported illicit financial
22 networks in Afghanistan.

23 (3) FORM.—The report under paragraph (1)
24 may include a classified annex.