



Outbound Investment Transparency Act of 2023

U.S. Senators John Cornyn (R-TX) and Bob Casey (D-PA)

The United States' manufacturing and innovation strength is quickly eroding due to continued outsourcing and direct investment to foreign countries of concern, particularly the People's Republic of China (PRC). COVID-19 highlighted the PRC's control of critical supply chains and the vulnerabilities and risks posed to U.S. national and economic security. Beyond manufacturing, U.S. companies are sending capital, intellectual property, and innovation to the PRC, fueling its advance in dual-use critical technology areas. Existing export controls and other tools are not enough to stem the tide.

To safeguard our economic and national security, the U.S. needs visibility into our vulnerabilities by requiring notification of investments by U.S. firms in adversarial foreign countries. The proposed amendment would establish a program, led by the Department of the Treasury in coordination with the Department of Commerce, that would require covered U.S. entities (such as U.S. corporations) to notify the Department of the Treasury of certain investments and covered activities in covered sectors in countries of concern. This type of outbound investment notification is a necessary approach to ensure capabilities and supply chains most critical to the U.S. and with dual-use applications are not further ceded to adversaries.

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This amendment would enhance visibility of U.S. supply chain vulnerabilities and risks for outsourcing and outbound investments to foreign countries of concern (People's Republic of China, Russia, Iran, North Korea). Specifically, this proposal would:

- Require U.S. firms to notify the Treasury Department 14 days prior to making certain types of investments in certain covered sectors in countries of concern. Secured transactions are required to notify 14 days after.
 - Investments include:
 - Joint ventures
 - Greenfield investments
 - “Know-how”, including transfers of technology through operational cooperation, board representation, or the provision of business services
 - Covered sectors include:
 - Advanced semiconductors and microelectronics
 - Artificial intelligence
 - Quantum information science and technology
 - Hypersonics
 - Satellite-based communications
 - Networked laser scanning systems with dual-use applications
 - Direct the Department of Treasury, in coordination with the Commerce Department, to establish a process to receive notifications of covered activities.
 - This process includes the protection of confidential business information.
 - Establishes exemptions for:



- Transactions that are below a de minimis threshold; or
- Ordinary or administrative business transactions.
- Require the U.S. government to coordinate with allies and partners on the implications of a notification process, and work to implement outbound investment screening in partner countries.