



REQUEST FOR PROPOSALS
January 12, 2016

PERIOD OF PROPOSAL SUBMISSION ENDS:
February 1, 2016

ABOUT PROPOSALS. The U.S.-China Economic and Security Review Commission (hereafter “the Commission”) invites submission of proposals to provide a one-time unclassified report on Chinese investment in the United States.

ABOUT THE COMMISSION. The Commission was established by Congress in 2000 to monitor and report to Congress on the economic and national security dimensions of the United States’ trade and economic ties with the People’s Republic of China. Further details about the Commission are available on its website at: www.uscc.gov.

The Commission solicits this research pursuant to its Congressional mandate (contained in P.L. 113-291, Section 1259B), which states, “The Commission...shall investigate and report ... on...”

“(B) The qualitative and quantitative nature of the transfer of United States production activities to the People’s Republic of China, including the relocation of manufacturing, advanced technology and intellectual property, and research and development facilities, the impact of such transfers on the national security of the United States (including the dependence of the national security industrial base of the United States on imports from China), the economic security of the United States, and employment in the United States...”

“(D) Foreign investment ... by the People’s Republic of China in the United States, including an assessment of its economic and security implications ... and foreign activities by financial institutions in the People’s Republic of China.”

“(I) The compliance of the People’s Republic of China with its ... bilateral agreements signed with the United States, commitments made to bilateral science and technology programs, and any other commitments and agreements strategic to the United States (including agreements on intellectual property rights and prison labor imports), and United States enforcement policies with respect to such agreements.”

The report’s key research requirements are:

1. **Assess the availability of data.** What are the U.S. government data collection activities regarding Chinese foreign direct investment (FDI) in the United States?

What data are currently collected? Identify and evaluate gaps and constraints in the ability of the U.S. government to collect data. What are the private sources of data on Chinese FDI in the United States? Are efforts by private actors to collect data different from U.S. government, and if so, how?

2. **Provide estimates of Chinese FDI in the United States.** What is the current volume of Chinese FDI in the United States? How do U.S. and Chinese official estimates of Chinese FDI in the U.S. compare and, if there is a difference, what explains this difference? What are the different kinds of Chinese FDI in the United States (e.g., greenfield, M&A), and how do they compare in volume? How do Chinese investors compare to other major investors in the United States regarding total amount of investment?
3. **Assess trends in Chinese FDI in the United States.** What is the geographical distribution (by state) of Chinese FDI? Which sectors or industries are the primary recipients of Chinese FDI? What patterns exist to indicate that Chinese entities (state-owned or private) might be undertaking investments based on Chinese state policy goals (e.g., technology acquisitions, influence in particular market sectors, etc.)? What differences, if any, exist in the investment patterns of Chinese state-owned or invested enterprises in the United States compared to entities claiming to be non-state actors? How have the patterns changed over the last five years, and what changes are anticipated in the next five years? Provide case studies (3–4) to illustrate these trends.
4. **Assess the operations of Chinese SOEs in the United States.** What share of Chinese FDI in the United States is made by Chinese state-owned or state-controlled enterprises? What share of Chinese FDI in the United States is made by Chinese state-controlled investment vehicles (e.g., the China Investment Corporation, the State Administration for Foreign Exchange, and Chinese state-controlled banks)? How many of these investors are operating in industries designated for special development and promotion by the Chinese government (e.g., Strategic Emerging Industries, Made in China 2025, etc.)? List the Chinese state-owned and state-controlled entities that have shares listed on U.S. stock exchanges. What has been the size of the offerings, the sectors involved, and their market performance? What are the risks, if any, to the U.S. economy or national security posed by their listing on the U.S. stock exchanges?
5. **Assess the U.S. regulatory environment for inbound Chinese FDI.** What oversight authority exists within the U.S. government to monitor and assess the impacts of Chinese FDI in the United States? What activities, if any, have been undertaken by these authorities in the last ten years regarding Chinese FDI? What laws and regulations govern Chinese FDI in the United States? What, if any, gaps exist in the ability of U.S. regulators to monitor and, if necessary, modify or block Chinese FDI? What evidence exists that multiple Chinese state-controlled entities are acting in collusion to purchase assets in the United States, without meeting disclosure and regulatory requirements? Similarly, what evidence exists to support

concerns that Chinese entities could covertly acquire influential stakes in U.S. companies through the use of hedge funds, shell companies, and similar investment vehicles? Which Chinese-owned companies have employed reverse mergers in order to list on U.S. securities exchanges without going through the full scrutiny of an initial public offering (IPO)? For Chinese firms that have been publicly listed on U.S. exchanges, including through reverse mergers, what disclosures have they made on material support that those firms receive from the Chinese government (federal, provincial or local)? Evaluate the effectiveness of tools and resources available to U.S. law enforcement or other relevant agencies to address possible Chinese investor contravention of state and federal regulatory requirements.

6. **Assess the Chinese regulatory environment for outbound Chinese FDI.** What are the current requirements for Chinese entities wishing to invest abroad? How has the process changed over the last five years? What Chinese government initiatives, policies, or regulations are in place to promote outbound FDI by Chinese companies? What financial assistance or other forms of subsidies and supports are provided by the Chinese government? How has Chinese investor behavior changed in response to changing domestic regulations? If possible, explain and calculate the apparently increasing phenomenon of Chinese capital flight over the past five years.
7. **Identify and assess the open-source analysis of the activities of Chinese entities operating in the United States.** Identify and assess the adequacy of their reporting. What information is provided on the nature of their transactions to determine whether they are made based on market principles? What information is available on the nature of investments by such firms in operations in the U.S. and their input-sourcing strategies? What is the nature of their research and development activities? What other information is available to enable an adequate assessment of Chinese firms' activities in the U.S. market?
8. **Assess the implications of a Bilateral Investment Treaty (BIT).** How will the prospective U.S.-China Bilateral Investment Treaty (BIT), if completed, affect Chinese investment in the United States? What are current expectations about whether ongoing BIT negotiations will alter existing U.S. laws and regulations governing inbound Chinese FDI? For purposes of analysis, utilize the publicly-released model BIT text.

The report should include an **executive summary** of the report's key findings; a **brief overview of the sources and analytic methodology used for the report**; and a **brief explanation of the scope and limitations of the report**.

Additional Requirements:

1. Prior to the award of any contract, the contractor must be registered in the federal System for Award Management (SAM).
2. Once the Commission selects a contractor for this project, and a contract is signed, public notice of this will be made on the Commission's website.

3. The Commission's goal is to have a report prepared for review in a timely fashion. In ordinary circumstances, once the Commission selects a contractor and a contract is signed, a draft report must be submitted to the Commission for review no later than 120 days from the date the contract is signed. The Commission will then endeavor to provide comments and requests for adjustments within 30 days; subsequently, the final report must be submitted within 30 days of formal receipt of the Commission's comments. The Commission recognizes, under certain circumstances, a contractor may wish to have more time to prepare the first draft of the report under the contract. The contractor, in their contract proposal, should stipulate the time frame for submission of the draft report. It is to be understood; however, that time is of the essence in completing research contracts for the Commission.
4. As work on the report progresses, the Commission's Research Director shall act as the Commission's representative in monitoring the progress, quality, and responsiveness of the report to the major issues of concern identified in this Request for Proposals (RFP). The Research Director shall, on request to the contractor, be entitled to informal briefings on the status of the research work and to readings of the draft in progress.
5. The report shall be free of typographical errors and conform to the Chicago Manual of Style. Upon receipt of all drafts, the Commission will inspect the document for typographical errors and deviations from the Chicago Manual of Style guidelines. At the discretion of the Commission, if a draft contains excessive deficiencies, the Commission will return the draft to the contractor and request the contractor cure the draft of deficiencies within five (5) working days (not counting weekends and Federal holidays). Upon resubmission of the draft by the contractor to the Commission, should deficiencies remain, the Commission, at its discretion, will submit the draft to its copyeditor for correction, the cost of which (\$43.98 per hour) will be deducted from the final cost of the contract. The contract shall be subject to termination if the Commission deems that the work is of unsatisfactory quality.
6. At the Commission's discretion, the report procured via this RFP may be posted on the Commission's website.
7. Each organization or individual responding to this request must warrant they will perform this work solely for the Commission, and the resulting report will not be shared with other parties without the prior written consent of the Commission.
8. The Commission expects contractors to identify all personnel working on the contract, and that there will not be any delegation of responsibilities to other parties without prior written approval of the Commission.
9. After completion of the report, the Commission staff, in consultation with the contractor, will prepare a short summary of the research for posting on the

Commission's website and other media. The Commission staff shall consult with the contractor in preparing said document.

10. At the discretion and request of the Commission, the contractor shall agree to participate in up to four (4) separate briefings, and up to one (1) public hearing, held by the Commission, of up to two (2) hours each in the Washington, DC area, supported by at least one (1) individual affiliated with the contractor identified as "key personnel." This could include, but not necessarily be limited to, briefing the content of the research to Commissioners and Commission staff, appearing as witnesses at a public hearing held by the Commission, and briefing the content of the research to Members of Congress and/or their staff. No additional remuneration will be provided to the contractor for these briefings or a hearing. The Commission will make a good faith effort to schedule briefings and a hearing at times that are subject to mutual agreement.

Primary Selection Criteria:

1. The Commission will determine which organization or individual responding to this request will be awarded the contract based on a comprehensive "best value" analysis of the proposals received, to include costs, technical value, and ability to complete the work satisfactorily and on time, and past performance with the Commission, if applicable.
2. The primary weighting criterion in selection shall be the assessed qualifications and ability of an organization or individual to address the fundamental research points enunciated above ("key research requirements").
3. The cost and amount of time necessary to complete the report will also be considered as criteria in the selection process.

Proposal submissions should include:

1. A statement of the applicant's relevant qualifications to satisfy the terms of this RFP, to include curricula vitae for personnel intended for work on the project.
2. Identification of the principal researchers who will be responsible for the preparation of the report. It is understood that the designation of the researchers is a critical element of the proposal, and any changes regarding which individuals will be involved in the report's preparation must be approved by the Commission in advance and in writing.
3. A description of the research methodology the applicant proposes to employ. In describing methodology, the submission should provide detailed descriptions of the sources and methods that will be used to research the report's topic and the extent to which Chinese language sources, if any, and other primary materials will be used.

4. A list of any entities for whom you have conducted research or provided consulting services in the past. The Commission understands you may be limited in providing such information by confidentiality agreements.
5. An estimate of the time the applicant will need to complete the required work.
6. The price the applicant will charge to the Commission to complete the work set forth in this RFP.

Organizations and individuals wishing to submit a proposal in response to this RFP must ensure that the response arrives at the location noted below by **5:30PM (EST) on February 1, 2016**, or it will not be accepted or considered.

Electronic submissions are acceptable.

Proposals, as well as inquiries or any other correspondence related to this matter, should be directed to:

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