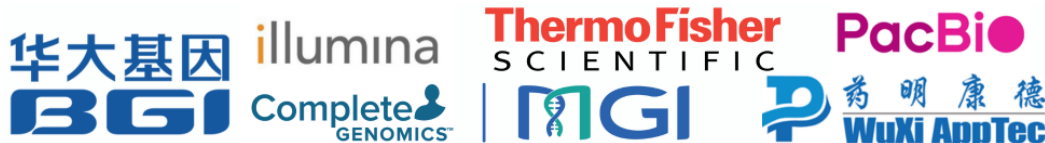


January 26, 2024

House & Senate Bills Seek to Wall Off Chinese Firms

Biden Executive Order Potential

Relevant Companies



»» Our Take & Next Up

There is growing bipartisan support to ban the US government working with Chinese biotech firms. A House bill (BIOSECURE Act) was introduced yesterday (Jan. 25) that would prohibit government entities from buying products from Chinese entities (Wuxi, BGI/MGI, Complete Genomics). Bill passage would theoretically benefit US based companies (Illumina, Thermo, PacBio), and we could see China retaliating, and imposing similar controls on US businesses. This may seem like a new issue however it dates to COVID and BGI having sequenced DNA from Americans. Academic institutions like Johns Hopkins and Mayo Clinic, for instance that receive NIH funding, would be unable to send samples to China, as they currently receive raw data (much cheaper than US based sequencers).

»» Key Points

Simultaneously, the Department of Commerce has generated a list of companies for import/export control (full list [here](#)). Prior to this bill being proposed, BGI and WuXi had already been on the list; others include 4Paradigm Technology, and the Academy of Military Medical Sciences. This is a means of export/import controls, and if the government wants to work with any of the companies on the list extra permissions are needed before business can be conducted.

A House Bill ([here](#)) BIOSECURE Act was formally introduced yesterday. The lead is Chairman Mike Gallagher (R-WI) and Ranking Member Raja Krishnamoorthi (D-IL) of the House Select Committee on the Strategic Competition between the United States and the Chinese Communist Party. There is bipartisan support for BIOSECURE; other Select Committee Members include Neal Dunn (R-FL), Seth Moulton (D-MA) and Jake Auchincloss (D-MA) ([here](#)).

Enactment would start upon formal guidance issuance. It would restrict federally funded medical providers from using foreign biotechnology companies (that are labeled as threats). The list of prohibited Chinese entities are the following: (1) WuXi AppTec (2) BGI/MGI (3) Complete Genomics. “With respect to biotechnology companies of concern covered by a subsection (f)(2)(A), the prohibitions under subsections (a) and (b) shall take effect 60 days after the issuance of the implementing guidance in subsection (f)(3) or the expiration of the deadline set forth in subsection (f)(3), whichever occurs first). Other entities – with respect to the biotechnology companies of concern covered by subsection (f)(2)(B), the prohibitions under subsections (a) and (b) shall take effect 180 days after the issuance of the implementing guidance in subsection (f)(3)” ([here](#)).

A companion Senate bill, introduced Dec. 5, 2023, ([here](#)) is separate but has similar intent and could be marked up Jan 31. Chairman of the Homeland Security and Governmental Affairs Committee Gary Peters (D-MI) is championing a bill that would affect companies like BGI Group that have relations with the Chinese this bill ([here](#)). The *Safeguarding American Genetic Data Act of 2023*, bill would require the President to quickly identify biotechnology companies that are potential threats to national security. This would be done by utilizing qualified advice from all federal agencies to block threatening companies from receiving taxpayer-funded federal contracts. We will attend any such markup.

The Biden Administration is discussing a new Executive Order in the coming days. This will direct the Department of Homeland Security and the US Attorney General to issue new rules and restrictions on transactions of data, that if obtained, could pose a threat to national security ([here](#)).

How did this start? During the public health emergency (PHE), there was concern that using machines from firms (like BGI) would create opportunity for the Chinese to get a hold of our raw genetic data. Many US researchers have sent samples to BGI for sequencing and they send back raw genetics (cheaper to sequence in China). They are in essence, giving American DNA to China (Beijing Genomics Institute is partly Chinese government run).

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