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**United States Senate**  
COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

October 25, 2023

The Honorable Janet Yellen  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue N.W.  
Washington, D.C. 20220

The Honorable Katherine Tai  
Ambassador  
United States Trade Representative  
600 17<sup>th</sup> Street N.W.  
Washington, D.C. 20508

Dear Secretary Yellen and Ambassador Tai:

We are concerned with the Chinese Communist Party's ("CCP") ongoing efforts to expand its footprint in the United States' ("U.S.") financial system and the global payments market. The measures the CCP is taking undermine U.S. foreign policy, threaten Americans' sensitive financial and consumer data privacy, and violate international trade practices.

It is no secret that the CCP seeks to secure a global leadership role in the setting of financial standards and to reduce the world's reliance on the U.S. dollar. For instance, China is challenging the Society for Worldwide Interbank Financial Telecommunications ("or SWIFT") messaging system for banks with its Cross-Border Interbank Payment System ("or CIPS").<sup>1</sup> Additionally, at the Bank of International Settlements ("BIS") Innovation Summit in March 2021, Director of the People's Bank of China's Digital Currency Research Institute, Mu Changchun, stated that the CCP wants "to safeguard [their] monetary sovereignty . . . to avoid dollarization."<sup>2</sup> Therefore, efforts by the CCP to infiltrate the U.S. financial system must be met with extreme scrutiny.

For example, China's efforts to challenge U.S. payment networks have yielded significant results for the CCP as its state-owned UnionPay system is rapidly gaining market share across the globe, including in the United States. In 2022, China UnionPay became the largest global payments network by total volume.<sup>3</sup> According to UnionPay's website, over 80 percent of U.S. merchants and 90 percent of automated teller machines in the U.S. accept UnionPay cards.<sup>4</sup> This broad and

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<sup>1</sup> U.S. Department of State, *Report to Congress on the People's Republic of China's Military Power*, 13 (2022).

<sup>2</sup> Karen M. Sutter, *China's Recent Trade Measures and Countermeasures: Issues for Congress*, 37 (Sept. 20, 2021), <https://heinonline.org/HOL/P?h=hein.crs.govent0001&i=47&a=EWVzaGl2YS5lZHU>

<sup>3</sup> *Payment Card Volume Topped \$40 Trillion Worldwide in 2022*, GLOBENEWSWIRE.COM <https://www.globenewswire.com/en/news-release/2023/05/24/2675643/0/en/Payment-Card-Volume-Topped-40-Trillion-Worldwide-in-2022.html> (last visited Sept. 25, 2023).

<sup>4</sup> *Enjoy the US with UnionPay Services and Privileges*, UNIONPAYINTL.COM, [https://www.unionpayintl.com/cardholderServ/globalCard/en/global\\_3/10040352?type=1](https://www.unionpayintl.com/cardholderServ/globalCard/en/global_3/10040352?type=1) (last visited Sept. 25, 2023)

widespread acceptance of UnionPay in the U.S. is another sign of the CCP using the financial system to advance its own strategic objectives.

Furthermore, the Chinese government has increasingly required businesses to share their data with CCP officials, including sensitive financial data and personally identifiable information (“or PII”).<sup>5</sup> China has a long history of using its financial system to advance its geopolitical interests, all while Chinese payments networks are not subject to the same regulatory oversight as U.S. payments networks.<sup>6</sup> The risks to data privacy, cybersecurity, and financial stability must be accounted for and treated accordingly.

Moreover, China’s government does not offer reciprocal market access for the rights it secures in other countries.<sup>7</sup> In fact, for over two decades, the CCP has been obstructing a World Trade Organization (“WTO”) agreement to allow U.S. payments providers to compete on fair terms with the CCP’s card service provider, UnionPay. In 2001, as a part of China’s admission to the WTO, it committed to progressively phase out restrictions on financial services. Twenty-two years later, the CCP has still not met those promises, despite an adverse 2012 ruling that it breached WTO rules. The unfair treatment of U.S. companies paired with the rapid growth and presence of UnionPay in the U.S. marketplace must be considered and responded to appropriately.

Given the prospective threat to U.S. economic and national security interests and Americans’ data privacy, we request that the Department of the Treasury and the United States Trade Representative: (1) closely examine the infiltration of Chinese payments networks into the U.S., including whether it is putting Americans’ PII at risk; (2) ensure the U.S. payments providers are not disadvantaged by China’s reckless disregard for international agreements; and, (3) conduct a review of any potential gaps in U.S. sanction authority created by the CCP’s expansion of its CIPS.

Thank you for your attention to this matter.

Sincerely,



Tim Scott  
Ranking Member



Mike Crapo  
United States Senator

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<sup>5</sup> *supra* note 2, at 32.

<sup>6</sup> U.S. Trade Representative, *2021 Report to Congress on China's WTO Compliance*, 13 (2022).

<sup>7</sup> *supra* note 1, at 27.



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United States Senator



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United States Senator



John Kennedy  
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