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**United States Senate**  
COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS  
WASHINGTON, DC 20510-6075

February 3, 2022

The Honorable Janet Yellen  
Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, D.C. 20220

The Honorable Antony Blinken  
Secretary of State  
Department of State  
2201 C Street NW  
Washington, D.C. 20520

Dear Secretary Yellen and Secretary Blinken:

The importance of remaining a leader in the global digital economy and supporting new innovations like digital currencies is a significant domain of strategic competition with other countries, including China. As such, I write to request your engagement on a momentous development in Beijing this week: the rollout of the world's first major Central Bank Digital Currency (CBDC) to a foreign audience. While the United States is still evaluating the concept of a digital dollar, China is using the Beijing Winter Olympics as an international test for the digital yuan (eCNY), which has been piloted domestically since 2019.<sup>1</sup> In the Olympic Village, athletes and visitors will only be permitted to transact in cash, Visa, and eCNY.<sup>2</sup> Ahead of the games, the Chinese government is reportedly pressing U.S. companies like McDonald's, Visa, and Nike to install eCNY systems.<sup>3</sup>

Beijing has also launched the first state-backed global distributed ledger infrastructure, the Blockchain-based Services Network (BSN). Designed to be a Chinese state-controlled

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<sup>1</sup> Working Group on E-CNY Research and Development, *Progress of Research & Development of E-CNY in China*, People's Bank of China (July 2021), <http://www.pbc.gov.cn/en/3688110/36881172/4157443/4293696/2021071614584691871.pdf>.

<sup>2</sup> Bloomberg News, *China Offers Digital Yuan at Olympics to Test Overseas Appeal*, Bloomberg (January 10, 2022), <https://www.bloomberg.com/news/articles/2022-01-10/china-offers-digital-yuan-at-olympics-to-test-overseas-appeal>.

<sup>3</sup> Demetri Sevastopulo, Andrew Edgecliffe-Johnson, Ryan McMorro, and Edward White, *China presses McDonald's to expand e-currency system before Olympics*, Financial Times (October 20, 2021), <https://www.ft.com/content/1f4274f4-b914-4534-89c0-62b9b7763f2b>.

blockchain internet<sup>4</sup> and the technological backbone of China's Belt and Road Initiative,<sup>5</sup> BSN is a low-cost operating system for distributed ledger services and it has taken steps to incorporate severely modified and controlled versions of blockchains like Ethereum and Solana.<sup>6</sup>

Though the Chinese Communist Party (CCP) appears determined to leverage the technology underlying digital assets, Chinese regulators have banned cryptocurrency activities in mainland China, viewing decentralized and permissionless network money as a threat to Beijing's digital authoritarianism. China's crackdown presents an opportunity for the United States to be the forerunner of crypto innovation, grounded in individual freedom, and other American and democratic principles.

Analysts have raised the eCNY's potential to subvert U.S. sanctions, facilitate illicit money flows, enhance China's surveillance capabilities, and provide Beijing with "first mover" advantages, such as setting standards in cross-border digital payments.<sup>7</sup> Given the prospective threat to U.S. economic and national security interests, I request that the Treasury and State Departments closely examine Beijing's CBDC rollout during the Olympic Games, and provide my office with a briefing by March 7, 2022, regarding the following:

1. How the digital currency was distributed, user experience, and the extent of knowledge about the underlying source code, including the potential for ulterior motives, censorship features, or security flaws;
2. Strategies employed to advance eCNY adoption by Chinese and non-Chinese persons, including possible coercion of foreign companies;
3. eCNY adoption rate by foreigners compared to Chinese citizens, types of and total amount of eCNY transactions;
4. To what extent employees of non-Chinese governments, including the United States, transacted in the digital yuan;
5. User and transaction data Beijing was able to access and how such data is collected and managed;
6. If the CCP discontinued eCNY access to punish, intimidate, or censor any user;

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<sup>4</sup> Yaya J. Fanusie, *Don't Sleep on China's New Blockchain Internet*, Lawfare (November 10, 2020), <https://www.lawfareblog.com/dont-sleep-chinas-new-blockchain-internet>.

<sup>5</sup> Sreya Vaidyanathan and Andrew Davenport, *The Emergence of China's State-Backed Blockchain Platform*, RWR Advisory Group (June 2021), <https://www.rwr.advisory.com/wp-content/uploads/2021/06/RWR-Report-Blockchain-6-2021.pdf>.

<sup>6</sup> Anna Baydakova, *Inside China's Effort to Create a Blockchain It Can Control*, CoinDesk (March 16, 2021), <https://www.coindesk.com/markets/2021/03/16/inside-chinas-effort-to-create-a-blockchain-it-can-control/>.

<sup>7</sup> Yaya J. Fanusie and Emily Jin, *China's Digital Currency*, Center for a New American Security (January 26, 2021), <https://www.cnas.org/publications/reports/chinas-digital-currency>.

7. Status of eCNY held by non-Chinese citizens upon leaving the country, willingness of overseas retailers to accept eCNY, and if any cross-border payments involving the digital currency took place;
8. Total issuance of the eCNY after the Olympic games; and
9. Lessons for the U.S. government and possible challenges to U.S. interests.

Thank you for your attention to this matter. As the world increasingly adopts digital assets, I look forward to working with you to ensure America remains a leader in open public networks, digital currencies, and digital innovation.

Sincerely,

A handwritten signature in blue ink that reads "Pat Toomey". The signature is written in a cursive style with a large, looping initial "P".

Pat Toomey  
Ranking Member