Mobilizing for Techno-Economic War, Part 2: Summary of Recommendations to Slow China's Advance

OVERVIEW

This report lays out a detailed policy agenda to limit Chinese national economic power industry success, providing more than 100 policy options for the United States and its core allies to take, organized into five categories:

1. Limiting Chinese knowledge acquisition from U.S. universities, government laboratories, and businesses
2. Limiting Chinese imports to and investment in the United States
3. Reducing the negative impact of Chinese mercantilist policies
4. Reducing allied production in China
5. Contesting Chinese firms in non-Chinese, non-U.S. markets

The full report is available on ITIF's website:

- Robert D. Atkinson, et al., "Mobilizing for Techno-Economic War, Part 2: Slowing China's Advance" (ITIF, March 2026), https://itif.org/publications/2026/03/30/mobilizing-for-techno-economic-war-part-2-slowing-chinas-advance/.

A summary of the report's recommendations follows.

LIMITING CHINESE KNOWLEDGE ACQUISITION

University and Government Research Policies

Limit Chinese Nationals Receiving Postdocs at Universities and FFRDCs

- Universities and Federally Funded Research and Development Centers (FFRDCs) should be required to report the country of citizenship of postdocs, and the government should track their later decisions to determine whether they stayed in the United States or went back to home countries, especially China.

Ban Chinese Funding of U.S. Research Universities

- Congress should pass the Defending Education Transparency and Ending Rogue Regimes Engaging in Nefarious Transactions (DETERRENT) Act.

Require Disclosure of U.S. Faculty Research With Chinese Researchers Related to National Power Industries

- Universities should be required to disclose in real time all research partnerships with researchers or companies in China. Where those partnerships are with entities of concern in China, People's Liberation Army (PLA) military institutions, or affiliated institutions (e.g., the "seven sons of national defense"), the researchers should be required to first get permission from NSF.
- Congress should also approve the Securing American Funding and Expertise from Adversarial Research Exploitation Act of 2025 (SAFE Act).
- Improve cross-agency disclosure guidance produced under National Security Presidential Memorandum 33 (NSPM-33) by NSF.
- Create an unclassified database using open-source information to keep track of PRC research entities that engage in defense and military research and civil-military fusion programs.
- Congress should ban cooperation with CCP/PLA-associated entities, there should be a presumption of research being problematic, and institutions should be required to obtain waivers to proceed.

Institute Better Screening of Chinese STEM Students

- The United States in 2025 announced that it would start revoking visas of Chinese students with connections to the CCP or studying in critical fields. This should be expanded.
- The United States should blacklist these Chinese institutions and reject their students' visa applications.
- The federal government should require universities to be more transparent: how many Chinese are enrolled in what disciplines? And it needs to provide analytical tools to universities and FFRDCs to make better decisions on individual students.
- The U.S. government should pressure foreign fellowship and other tuition assistance programs to not include Chinese students and instead prioritize students from other nations.

Restrict the U.S.-China Science and Technology Agreement

- Change the agreement to limit it to areas that do not provide China with any assistance in technologies related to national economic power industries.

Business Knowledge Acquisition

Restore the White House IP Enforcement Coordinator

- Reinstating a White House-level IP enforcement reporting function would restore the institutional continuity necessary to translate isolated agency actions into a sustained strategic response.

Limit Chinese "False Flagging"

- Congress should strengthen and broaden CFIUS screening and oversight.

- Congress should also direct CFIUS to create a comprehensive registry of all Chinese-origin companies operating in the United States, including subsidiaries, joint ventures, firms with Chinese financing, and entities with partial Chinese government ownership.
- Congress should expand the Corporate Transparency Act to require Chinese-origin companies operating in U.S. power industries to report beneficial ownership and operational control, including minority stakes, joint ventures, offshore subsidiaries, and IP transfer rights.
- Federal agencies such as the departments of Energy, War, and Transportation; NSF; and federally linked consortia such as the United States Council for Automotive Research, should also implement pre-award due diligence to screen for Chinese ownership, operational control, or dual-use access before awarding grants or cooperative agreements.
- The administration should clarify brand obscuration practices. False-flagging companies maintain U.S. branding to obscure foreign ownership, misleading stakeholders and regulators.
- Congress should pass legislation or FTC should engage in rulemaking to mandate disclosure of foreign state ownership or control in a standardized and visible manner.

Limit Assets Going to Chinese Firms in U.S. Bankruptcy Proceedings

- Congress should pass legislation that requires bankruptcy courts to consider U.S. national security and competitiveness interests as a factor when approving asset transfers.

Pass a New FIRRMA That Is Tougher on China

- Congress should also expand FIRRMA to widen the definition of what would affect U.S. leadership. CFIUS's mandate should encompass threats to not only U.S. leadership "in areas related to national security" but also industries critical to economic and strategic competitiveness, including dual-use and enabling industries.
- New CFIUS legislation should expand its coverage to include not just acquisitions but also investments, including venture capital investments, in U.S. firms by entities from China.
- Congress should reform CFIUS by adding a "whitelist" for approved nations.
- Any legislation requiring CFIUS approval for Chinese joint ventures needs to ensure that at least Europe and Japan have adopted similar rules.
- The Treasury Department, through CFIUS and working with funding agencies, should require companies that receive U.S. federal funding to obtain explicit approval before relocating operations or substantial portions of their workforce or IP to China, or to accepting any investment from Chinese entities.

Limit Chinese Companies Doing Business in the United States

- Topics that help the United States forecast trends in economic espionage and trade secret theft by the PRC should be incorporated into the PIPs and cascading NIPF if they are not already included.

Expand the FBI's Commercial Counterintelligence Budget and Capabilities

- Congress should significantly increase the FBI's commercial counterintelligence budget.

Expand the DHS Cybersecurity and Infrastructure Security Agency and Homeland Security Investigations Group

- Congress should increase DHS funding for limiting Chinese IP theft.

Limit Chinese Firms From Using the Courts to Gain Access to U.S. IP

- Congress should reintroduce and pass legislation similar to the Protecting Our Courts from Foreign Manipulation Act of 2023 to stop foreign entities from using the U.S. judicial system to obtain sensitive IP.

Increase Criminal Penalties for IP Theft

- Congress should pass legislation increasing criminal penalties for IP theft by adversaries so that the punishment serves as a stronger deterrent.
- Congress should reform the PAIPA so that the executive branch can work with the judiciary to identify individuals engaged in trade secret theft and respond promptly to such theft.
- Require the Bureau of Industry and Security (BIS) to put entities or individuals that commit sustained theft of U.S. IP on the BIS Entity List.

Assist Nations in Modernizing Their Export Control Regimes

- Congress should expand the remit and funding for the EXBS program at the State Department.

LIMITING CHINESE IMPORTS

Stop Imports From Chinese Companies on the Entity List

- Do not permit imports from companies the U.S. government designates as part of the Entity List.

Reform Section 337 of the Tariff Act

- Make explicit that unfair trade practices are eligible for Section 337 investigations.
- Eliminate the requirement for injury for unfair trade practices claims.
- Allow any federal entity to file a complaint to initiate a Section 337 unfair trade investigation against innovation mercantilists from nonmarket, non-rule-of-law economies.
- Allow broader exclusionary orders to classes of products.
- Mandate that lower standards of evidence apply to cases involving nonmarket, non-rule of law economies.

Rely More on BIS Bans Based on Cyberrisks

- The Trump administration should liberally use BIS cybersecurity authorities to ban certain Chinese imports.
- BIS should limit the ability of PRC companies to license their technology to U.S. companies for sale in the United States if a Chinese company maintains control over a U.S. company.

Strengthen Government Procurement Restrictions

- If a specific product is deemed inadequate by federal contractors, the entire company that manufactures it should be banned.
- Federal procurement rules should be enforced in states with stronger pressure.
- There should be full alignment across different lists of Chinese entities.

Require Products Made by Chinese Companies to Be Labeled As Such

- Congress needs to take steps to allow consumers to easily identify if they are buying a product owned by a Chinese company.

Build an "Inspection Wall" Against Counterfeit and Pirated Chinese Goods

- Congress should increase the CBP budget and ensure that the director collaborates with private-sector stakeholders, including brand sellers, online marketplaces, and shippers, to establish real-time information sharing and analytics about potential counterfeit shipments that would allow them to better detect and seize more imported counterfeits.
- CBP should procure an AI-driven software solution that systematically "crawls" e-commerce platforms and essentially replicates what ITIF conducted in a test purchase by identifying suspicious listings.

Expand Section 5949 Purchases From Entity List to More Products

- Congress should expand this rule to include all technology products related to national power industries and manufactured in China.

LIMITING FINANCING TO CHINESE FIRMS

Penalize States and Localities That Provide Incentives to Chinese Companies

- Congress should pass legislation prohibiting cities, states, and the federal government from providing any funding to Chinese companies investing in the United States.

Stop Public Pension Funds From Investing in China

- Congress should codify what states such as Arizona, Florida, Indiana, Iowa, Kansas, Missouri, Tennessee, and Texas are already doing: creating mechanisms to restrict public pension fund investments that require divestment from China.
- Congress should also approve a broader initiative banning all types of retirement funds being channeled to the PRC or Chinese-based entities. In addition, it should urge private equity firms and employee retirement plans governed by the Employee Retirement Income Security Act (ERISA) to disclose their ongoing investments in companies based in or controlled by foreign adversaries.
- Federal agencies, led by the Office of Management and Budget, should bar U.S.-based companies with PRC financing from receiving U.S. government funding, tax incentives, or other financial support.
- Congress should direct NDAA authorities for FY 2027 to mandate that agencies expand Section 1260H and related authorities to ensure that Chinese-origin companies in defense, dual-use, and enabling industries cannot indirectly advance military capabilities.

- The Trump administration should centralize interagency due diligence. The departments of Treasury, Commerce, War, and other relevant agencies, with oversight from the House and Senate intelligence committees, should establish a single, interagency due-diligence database that integrates CFIUS, DOC, and federal grant-funding data to screen all potential recipients of federal awards, contracts, and research grants.

Better Identify Chinese Interests in U.S. Research Funding to Business

- Congress should pass the national security and foreign risk proposals in the INNOVATE Act.
- Congress should introduce a targeted SBIR–STTR research security bill that builds on Senator Ernst's INNOVATE Act.
- Congress should also direct DHS and the FBI to deliver basic counterintelligence and foreign talent recruitment awareness training as an eligible, fundable SBIR support activity.

REDUCING THE NEGATIVE IMPACT OF CHINESE MERCANTILIST POLICIES

Bring a WTO Case on Subsidies

- The USTR, ideally with the European Union, should bring a WTO case against China for its ongoing failure to publish thousands of trade-related final measures, including subsidies, in a single official journal as it's required to do under WTO rules.

Limit Chinese Funding of Third-Party Litigation

- Mandate disclosure of third-party financers to the judge and defendants in any civil case.
- Ban sovereign wealth funds' litigation financing activity.
- Ban Chinese-firm and Chinese-government participation in TPLF.

Use Antitrust Law to Combat China's Anticompetitive Practices

- DOJ should use its authority to bring criminal monopolization cases against Chinese state-backed entities that engage in predatory behavior and seek heavy penalties, as well as, when appropriate, jail time for guilty executives.
- The State Department should, in connection with antitrust cases brought against Chinese SOEs, be prepared to issue "Bernstein letters" to courts stating that the act of state doctrine is inappropriate when it comes to challenging anticompetitive practices by Chinese state-owned entities.
- Congress should consider legislation that limits the foreign sovereign compulsion defense to ensure Chinese firms can be held liable for their anticompetitive behavior when it is directed by the PRC.
- FTC should make clear that Chinese companies receiving subsidies might be violating antitrust laws as an unfair practice under Section 5 of the FTC Act and spearhead an intergovernmental task force analyzing in what areas Chinese subsidies are having a direct, substantial, and reasonably foreseeable anticompetitive effect on U.S. commerce.
- The International Section of the DOJ Antitrust Division and FTC's Office of International Affairs should actively advocate for these deals to be approved abroad and, where

appropriate, recommend potential 301 actions to the USTR where there is substantial evidence that a merger control regulation is being used to discriminate against American firms.

- The FTC should issue an HSR rulemaking that provides that such an exemption will not apply to Chinese state-owned entities.

Push Back Against SEP Abuse

- The administration should require USTR's Special 301 report on IP abuses to include these practices.

REDUCING ALLIED PRODUCTION IN CHINA

Create a North American Integrated Market

- The new USMCA agreement needs concrete rules to shield the regional economy from Chinese predatory practices, including implementing more standardized investment screening practices, strengthening rules of origin, definitions, and enforcement, and reinforcing the USMCA's non-market clause.
- Chapter 14 of the USMCA should outline mechanisms to share information on foreign investment screening from "countries of concern," with clear objectives, responsibilities, and a mandate to report to the three partners.
- The USMCA should improve rules of origin (ROO) definitions to help prevent Chinese companies that benefit from mercantilist policies from getting their final products (or even inputs) into the U.S. market.
- The USMCA should reinforce the nonmarket clause.

Allies Should Agree on Several Non-Chinese Production Hubs

- The United States and core allies should establish a joint global manufacturing hub competition.

Establish a Reshoring Incentive Fund

- The United States could create a $10 billion fund companies can apply for to pay for a portion of their expenses in repatriating manufacturing operations.

Establish a Tax Incentive for Firms to Move Chinese Production to Labor Surplus Areas

- Congress should pass a time-limited tax incentive for firms that move Chinese production to U.S. Labor Department–designated "labor surplus areas.

Have Companies List Their Reduction of Production in China as Part of ESG Reporting

- To the extent governments impose ESG disclosure requirements, they should require disclosure of production in China.

Establish Escalating Long-Term Tariffs on Final Goods Imports From China

- Congress needs to codify the tariffs imposed on Chinese products by legislating a predictable, incremental pathway.

CONTESTING CHINESE FIRMS IN NON-ALLIED MARKETS

Expand and Reform EX-IM Bank

- Congress should significantly increase Ex-Im lending levels. It should also permit that Ex-Im's China and Transformational Exports Program workstream accept greater loan-loss risk across its portfolio and expand its transformational export areas.
- In reauthorizing legislation, Congress should increase the permissible Ex-Im Bank default rate from 2 percent to at least 4 percent.
- Reauthorization should also permit Ex-Im to finance weapons exports to U.S. allies (with approval from the Pentagon).

Expand the International Development Finance Corporation

- The administration should use the DFC as a centerpiece of a coordinated engagement strategy with allies in Global South countries.
- Congress should increase development finance investments.
- Congress should expand DFC's institutional capacity and expertise.
- Congress should require DFC to use its financial tools to explicitly reduce third countries' reliance on PRC investments, technologies, or standards, and to the extent possible, focus on national economic power industries.
- Congress should make it clear that recipients of DFC funding are not permitted to expend resources on products or services made by Chinese companies (unless there is no feasible alternative).
- Congress and the administration should create explicit criteria for DFC to use in assessing how a country's trade and technology policies affect U.S. interests.

Foster a National Export Promotion System

- Congress should charge the Commerce Department with establishing a national, inter-agency, and inter-governmentally aligned trade promotion system.

Promote National Power Exports to the Global South

- The U.S. government needs to support an export program for all national power industries, particularly in the Global South.
- The State Department should lead a coalition of Western countries to increase allied market share in national power industries in Global South markets.

Make It Easier to Export Weapons to All Nations in the Foreign Military Sales Program

- Congress should remove the limitation of financing weapons exports that it placed on Ex-Im Bank.
- Congress should significantly increase the lending authorities for the FMF program.
- The Trump administration should reinstate the ability of the program to make grants.
- Foreign Military Financing (FMF) should be broadened to all Foreign Military Sales (FMS) countries.

- The War Department should review its FMF guidelines to reduce or eliminate barriers to foreign sales.
- The Under Secretary of War for Acquisition and Sustainment needs to establish an office whose mission is to focus winning the techno-economic weapons industry war with China by boosting foreign weapons sales.
- Congress should also be more supportive of foreign weapons sales, even to countries that are problematic from a human rights perspective, as long as they are not military adversaries.
- Congress should increase the reporting thresholds for sales the administration must use to report sales to Congress.
- Congress can also take steps to accelerate internal review and approval of proposed FMS by streamlining deal approval.

Reform the Foreign Corrupt Practices Act to Allow Bribes When Competing With China

- Congress should pass legislation that exempts U.S. firms' bribery in China and also allows U.S. firms to get a timely exemption to the FCPA from DOJ if they can show that the bribe is needed to win a contract in a foreign country against a Chinese competitor.

Allow U.S. Intelligence Services to Give Insights Into Chinese Company Bids

- Congress and the Trump administration should establish a narrowly tailored pilot authority that allows the IC to share classified assessments with vetted U.S. firms competing with Chinese firms for third-country contracts.

Expand Training and Other Outreach to Government Officials in Contested Nations

- Congress should ensure that agency budgets, especially the State Department's, include expanded funding for these kinds of relationship building and education efforts.

Read the Full Report

Robert D. Atkinson, et al., "Mobilizing for Techno-Economic War, Part 2: Slowing China's Advance" (ITIF, March 2026), https://itif.org/publications/2026/03/30/mobilizing-for-techno-economic-war-part-2-slowing-chinas-advance/.

National Power Industry Series

This report is part of a series on China's predatory industrial strategies, their impact on U.S. technological leadership, and how to avoid losing U.S. and allied capabilities in advanced industries that undergird national power. For more, see: itif.org/power-industries.