Congressional Budget Office
Cost Estimate

June 21, 2021

H.R. 1155, Uyghur Forced Labor Prevention Act

As ordered reported by the House Committee on Foreign Affairs on April 21, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	*	*	*
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	1	not estimated

Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold

* = between -$500,000 and $500,000.

Bill Summary

Under H.R. 1155, goods from the Xinjiang Uyghur Autonomous Region of the People's Republic of China would be presumed to be made using forced labor, and their importation would be banned. The bill also would impose sanctions on people or entities that contribute to forced-labor practices in that region. Those actions would have insignificant effects on direct spending and revenues.

The bill also would require the Department of State and the Forced Labor Enforcement Task Force to report to the Congress on their efforts to address forced labor in the Xinjiang region. In addition, the bill would require certain companies that wish to do business in the United States to disclose to the Securities and Exchange Commission (SEC) whether they have engaged with certain entities associated with that region. Satisfying those requirements would each cost less than $500,000 and total $1 million over the 2021-2026 period. Such spending would be subject to the availability of appropriated funds.

Provisions establishing sanctions and requiring certain businesses to report to the SEC and U.S. Customs and Border Protection (CBP) constitute private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

See also *CBO's Cost Estimates Explained*, www.cbo.gov/publication/54437;
How CBO Prepares Cost Estimates, www.cbo.gov/publication/53519; and *Glossary*, www.cbo.gov/publication/42904.

Basis of Estimate

On the basis of reports that some goods from the Xinjiang region are produced with forced labor, in January 2021 CBP began prohibiting imports from that region of cotton, tomatoes, and some products made from those items. On the basis of information from CBP, CBO expects that imports of additional products would be prohibited under the bill. Thus, U.S. suppliers and manufacturers would need to obtain such materials from a domestic producer or from another country. CBO estimates that the switch to more domestically produced products would decrease customs revenues by an insignificant amount.

For five years after enactment, the bill would require the U.S. government to prevent people from entering the United States if they are found to have contributed to forced labor in the Xinjiang region. CBO expects that the provision would result in a small number of people being denied visas, resulting in an insignificant decrease in revenues from fees. Although most visa fees are retained by the Department of State and spent without further appropriation, some collections are deposited into the Treasury as revenues. Denying foreign nationals entry into the United States also would reduce direct spending on federal benefits (emergency Medicaid or federal subsidies for health insurance, for example) for which those people might otherwise be eligible.

Sanctions under the bill also would increase the number of people who are subject to civil or criminal monetary penalties. Those penalties are recorded as revenues, and a portion can be spent without further appropriation. In addition, the bill would block transactions in certain assets and property that are in the United States or that come under the control of people in the United States.

On the basis of data for similar sanctions, CBO estimates that those sanctions would affect a small number of people; thus, enacting the bill would have insignificant effects on revenues and direct spending, and would, on net, reduce deficits by insignificant amounts over the 2021-2031 period.

H.R. 1155 would require the Department of State to report to the Congress on its efforts to address forced labor in the Xinjiang region. On the basis of information about similar requirements, CBO estimates that providing the reports would cost less than $500,000 over the 2021-2026 period, subject to the availability of appropriated funds.

The bill also would require the Forced Labor Enforcement Task Force to report to the Congress within four months of enactment on the United States' enforcement strategy to address forced labor in the Xinjiang region. For eight years, or until the President determines that China has ended gross human rights violations against minority groups in that region, the task force would brief Congressional committees quarterly on the enforcement strategy. Using information on similar activities, CBO estimates satisfying those requirements would

cost less than $500,000 over the 2021-2026 period, subject to the availability of appropriated funds.

H.R. 1155 would require publicly traded companies to disclose each year to the Securities and Exchange Commission (SEC) whether they engaged with certain entities associated with the Xinjiang region. That requirement would end eight years after enactment or when the President determines that China has ended mass internment in the region. CBO estimates that implementing the new requirements would cost the SEC less than $500,000 over the 2021-2026 period. However, because the SEC is authorized to collect fees to offset annual appropriations, CBO expects that any net change in discretionary spending over that period would be negligible, assuming appropriations are consistent with that authority.

Mandates

H.R. 1155 contains private-sector mandates as defined in the Unfunded Mandates Reform Act. CBO estimates that the cost to comply with those mandates would not exceed the threshold established in UMRA ($170 million in 2021, adjusted annually for inflation).

Under current law, entities in the United States are prohibited from importing any goods that have been mined, manufactured, or produced using forced labor. The bill would impose a mandate on private-sector importers by creating a rebuttable presumption that all goods produced in the Xinjiang region were made using forced labor. Importers would be required to demonstrate that goods have not been produced with forced labor by filing a statement with CBP and having foreign suppliers file affidavits and supporting documentation. This would incrementally increase the burden of existing reporting requirements on importers not already affected by current restrictions.

By increasing the number of entities that could be sanctioned, the bill also would prohibit individuals or entities in the United States from engaging in transactions involving assets and property that have been frozen by sanctions. Those transactions are otherwise permitted under current law. The cost of the mandate would be any income lost as a consequence. CBO expects that because a small number of people or entities would be affected, the loss of income from any incremental increase in restrictions imposed by the bill would be small as well.

Finally, the bill would impose a mandate by requiring publicly traded companies to annually disclose to the SEC whether they engaged with entities associated with the Xinjiang Uyghur Autonomous Region of China. The incremental cost of the mandate would be small because the mandated entities already have the information to be reported under the bill and would use an established reporting process.

If the SEC increased fees to offset the costs associated with implementing the bill, H.R. 1155 would increase the cost of an existing mandate on private entities required to pay those fees. CBO estimates that the incremental cost of that mandate would be small.

H.R. 1155 contains no intergovernmental mandates as defined in UMRA.

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