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May 21, 2026

The Honorable Scott Bessent
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Secretary Bessent,

The implementation of the Comprehensive Outbound Investment National Security (COINS) Act of 2025 is a critical step toward protecting U.S. national security and ensuring that the United States maintains its economic, technological, and military dominance over foreign adversaries.¹ While Congress identified specific technology sectors of concern in the COINS Act, it also intentionally provided the Administration with clear authority to cover additional technologies when they enable the military, intelligence, surveillance, or cyber capabilities of a country of concern. As you lead the Department of the Treasury in developing implementing regulations for the COINS Act, I write to draw your attention to a dangerous surge of American capital and know-how into the People's Republic of China (PRC) biotechnology sector and urge you to cover biotechnology as a prohibited technology as soon as possible.

The United States is engaged in a fierce biotechnology competition with the PRC, with crucial implications for our national and economic security as well as for the future of healthcare and the security of American medical data. The development of innovative medicines is now at the heart of this biotechnology competition. China has pursued a deliberate, state-directed strategy to dominate global biotechnology, including pharmaceutical development, biologics manufacturing, and clinical research and development capabilities.

United States capital flowing to Chinese biotechnology companies through licensing agreements, joint ventures, and equity investments is fueling China's strategy, aiding it in its rapid ascent up the pharmaceutical value chain. Cross-border out-licensing transactions between American and other multinational pharmaceutical firms and Chinese biotechnology firms totaled approximately \$136 billion in 2025.² Last year, 48% of all large pharmaceutical licensing deals globally of \$50 million or more were inked with Chinese companies, up from 0% in 2020, and this trend is continuing to accelerate.³ In the first quarter of 2026, the cross-border out licensing activities of

¹ Comprehensive Outbound Investment National Security Act of 2025, tit. LXXXV of the National Defense Authorization Act for Fiscal Year 2026, Pub. L. No. 119-60, 139 Stat. 718, 1920 (2025).

² Julie Zhang, *Chinese Drug Makers Strike a Record US\$136 Billion in Out-Licensing Deals in 2025*, S. China Morning Post (Jan. 8, 2026), <https://www.scmp.com/business/china-business/article/3339011/chinese-drug-makers-strike-record-us136-billion-out-licensing-deals-2025>.

³ Stifel, *The Case for Optimism: Biopharma Market Outlook 87* (Jan. 2026),

https://www.stifel.com/newsletters/investmentbanking/bal/marketing/healthcare/biopharma_timopler/2026/BiopharmaMarketUpdate_010826.pdf

Chinese biotech firms were reported to have reached a record transaction value of \$60 billion—a 73% jump from the same period a year earlier and nearly half of the total agreements signed in 2025.⁴

U.S. companies are not just buying the rights to Chinese biotech innovation. Recent deals by large U.S. pharmaceutical companies including Eli Lilly⁵ and Bristol Meyers Squibb (BMS)⁶ have moved beyond licensing and into co-development. BMS, for example, just announced a partnership worth up to \$15.2 billion with Chinese biotech firm Hengrui Pharma, involving co-development of early-stage molecules from each company's pipeline and the transfer of IP and know-how from BMS to Hengrui.⁷

One of the ways that China has sparked this growth is by creating the cheapest and fastest human clinical trial system in the world—a system that is marred by ethical concerns such as a lack of informed consent and involuntary trial participation. In addition to such broad concerns, China runs clinical trials at hospitals in the Xinjiang Uyghur Autonomous Region (XUAR), where there have been numerous credible investigations that have documented forced medical testing, procedures, medications, and biodata collection on Uyghurs and other oppressed minorities in Xinjiang.⁸

Cutting edge, innovative medicines are also being tested through clinical trials at PRC military hospitals raising concerns about data protection.⁹ These trials function as a technology accelerator for the PRC's biotech industry and military. Clinical trials involve collaborative research activities between a pharmaceutical company and doctors, nurses, and other officials at the trial sites and produce sensitive and proprietary data. Conducting this research at PRC military hospitals puts the biotechnology Intellectual Property (IP) of American companies at potential risk of being transferred to the Chinese military for further exploitation.

The BIOSECURE Act, enacted as part of the National Defense Authorization Act for Fiscal Year 2026, recognized that biotechnology is both a national security asset and a strategic vulnerability, and that the PRC seeks to dominate biotechnology as an industry of the future. Screening outbound biotechnology investments is necessary to prevent United States capital and IP from accelerating China's dominance of the pharmaceutical innovation supply chain. Failing to do so

⁴ Zhang, *Chinese Drug Makers Strike a Record US\$136 Billion in Out-Licensing Deals in 2025*.

⁵ James Waldron, Lilly, *Innovent Pen \$8.8B Collab "Beyond Traditional Licensing"*, FierceBiotech (Feb. 9, 2026), <https://www.fiercebiotech.com/biotech/lilly-innovent-pen-88b-collab-moves-beyond-traditional-licensing>.

⁶ Nick Paul Taylor, *BMS Inks \$15B Deal to Bag Hengrui Assets, Tap China's R&D Speed*, FierceBiotech (May 12, 2026), <https://www.fiercebiotech.com/biotech/bms-inks-15b-biobuck-deal-bag-hengrui-assets-tap-chinas-rd-speed>.

⁷ *Id.*

⁸ Human Rights Watch, "China: Minority Region Collects DNA from Millions," December 13, 2017, <https://www.hrw.org/news/2017/12/13/china-minority-region-collects-dna-millions>; Emile Dirks and James Leibold, *Genomic Surveillance: Inside China's DNA Dragnet*, Australian Strategic Policy Institute, Policy Brief Report No. 34/2020, June 2020, <https://www.aspi.org.au/report/genomic-surveillance/>; Dake Kang et al., "China Cuts Uighur Births with IUDs, Abortion, Sterilization," Associated Press, June 29, 2020, republished by *PBS NewsHour*, <https://www.pbs.org/newshour/world/ap-report-china-stifling-uyghur-births-with-iuds-abortion-sterilization>; Office of the United Nations High Commissioner for Human Rights, *OHCHR Assessment of Human Rights Concerns in the Xinjiang Uyghur Autonomous Region, People's Republic of China*, August 31, 2022, <https://www.ohchr.org/sites/default/files/documents/countries/2022-08-31/22-08-31-final-assesment.pdf>; U.S. Department of State, *2023 Country Reports on Human Rights Practices: China*, <https://www.state.gov/report/custom/cffccc34d2/>.

⁹ Letter from H. Select Comm. on the Chinese Communist Party to Robert Califf, Comm'r, U.S. Food & Drug Admin. (Aug. 19, 2024), <https://chinaselectcommittee.house.gov/sites/evo-subsites/selectcommitteeontheccp.house.gov/files/evo-media-document/8.19.24%20FDA%20Letter%20on%20PLA%20Trials.pdf>; Letter from H. Select Comm. on the Chinese Communist Party to Gina Raimondo, Sec'y, U.S. Dep't of Commerce (Jan. 9, 2025), <https://chinaselectcommittee.house.gov/sites/evo-subsites/selectcommitteeontheccp.house.gov/files/evo-media-document/1.9.24%20Letter%20to%20BIS%20on%20Clinical%20Trials.pdf>.

could lead to long-term strategic dependency risks for the United States, analogous to those we now face in rare earth elements and parts of the semiconductor supply chain.

I appreciate your leadership in ensuring that the United States maintains its economic, technological, and military dominance over foreign adversaries, and I respectfully recommend that the Treasury Department cover biotechnology as a prohibited technology through the implementation of the COINS Act as soon as possible. In doing so, I urge Treasury to give particular consideration to transactions involving the licensing of pharmaceutical IP, drug discovery platforms, clinical research and development capabilities, and biologics manufacturing and commercialization know-how.

Sincerely,

A handwritten signature in blue ink that reads "John Moolenaar". The signature is written in a cursive style with a light blue shadow effect behind the text.

John Moolenaar
Chairman, Select Committee on the CCP