

Summary of Select Committee Investigation Findings on The CCP's Role in the Fentanyl Crisis

4.16.24

Imagine you woke up one morning and heard that a passenger plane carrying over 200 people crashed, killing everyone on board. Imagine that this happened again the next day, and the next. Day after day and year after year.

This scale of death seems incomprehensible. And yet, it is the reality that we live in.

On average, over 200 Americans die from fentanyl. Every. Single. Day.

Both political parties have acknowledged that the ultimate source of the fentanyl crisis is the People's Republic of China, which produces over 97% of fentanyl precursors that fuel the global illicit fentanyl trade.

While we knew *where* fentanyl comes from, until now, we did not know *why*.

The Select Committee's bipartisan investigation has uncovered the answer:

It is because the Chinese Communist Party promotes the fentanyl crisis through government programs, protects fentanyl traffickers operating within its borders, and directly benefits from the fentanyl crisis.

The CCP provides government subsidies to PRC companies that manufacture fentanyl analogues, precursors, and other synthetic narcotics, so long as these companies sell them outside China.

The subsidies come in the form of rebates for the Value-Added Tax or VAT. The CCP uses VAT rebates to dramatically increase exports from China for other goods. We *now* know it does the same for *illegal synthetic narcotics*.

And we know these subsidies work. In bulk data analysis of PRC company online sales, we found that PRC companies sold subsidized narcotics at up to a 10 times greater rate.

The CCP has had this program in place since at least 2018. At that time, they subsidized at least 17 illegal synthetic narcotics that are Schedule I controlled substances, including 14 deadly fentanyl analogues.

These drugs have *no known legal use worldwide*, with many banned by UN Treaty. One narcotic, 3-methylfentanyl, is incredibly lethal — up to 6,000 times stronger than morphine — and has reportedly been used as a chemical weapon.

The CCP even increased the subsidies for these illegal drugs while negotiating with U.S. officials during the height of the opioid crisis in 2019 and 2020.

The CCP also attempted to hide this subsidy program. In 2019, when the book *Fentanyl, Inc.* first reported on the potential existence of subsidies, the CCP scrubbed the internet of nearly any evidence of the program. The program, however, continued. The Select Committee found a PRC government website detailing the CCP’s subsidies for the export of all fentanyl types as well as other synthetic drugs with the maximum rebate.

These drugs are illegal to produce in China, meaning that the CCP is currently sponsoring a criminal act under its own laws that subsidizes the death and addiction of Americans.

In addition to the subsidies, the CCP offers generous grants and awards to some of the most notorious fentanyl precursor vendors in the world. PRC government entities like a prison tied to human rights abuses even own Chinese chemical companies selling drugs that kill Americans. Another PRC drug trafficking company boasted in internal documents that it is state-owned and tax-exempt.

The CCP also protects fentanyl traffickers.

Retired senior U.S. law enforcement officials told us of numerous instances where U.S. law enforcement provided evidence of PRC fentanyl trafficking to their Chinese counterparts who, instead of helping, instead *warned the drug traffickers* of the U.S. investigation and took no action.

In fact, the CCP allows rampant drug trafficking on its e-commerce and corporate websites — but only when these companies sell drugs *abroad*.

In early 2024, the Select Committee reviewed seven e-commerce websites and found over 31,000 instances of PRC companies selling illegal drugs with “guarantees to bypass customs” and accepting payment in cryptocurrencies that are illegal in Mainland China.

These PRC e-commerce sites are subject to the CCP’s intense surveillance. In our investigation, we analyzed over 66,000 CCP censorship and surveillance rules that the CCP uses to control the PRC internet. The CCP has censorship triggers to prevent domestic drug sales, but nothing to prevent drug sales abroad.

Finally, our findings reveal that the CCP *directly benefits* from the fentanyl crisis. The fentanyl trade boosts China’s economy and has allowed Chinese organized crime to become the world’s

premier money launderers, with U.S. law enforcement finding “evidence indicating that money laundering schemes involved Chinese government officials and the Communist Party elite.”

This coordinated strategy is no accident. Xi Jinping has stated that it is the role of the CCP to overthrow the liberal democratic system. One of their generals and leading strategists has even discussed “drug warfare that causes disasters in other countries while making huge profits” as an effective tactic in asymmetric warfare.

This is a hard truth. But it is essential for us to understand it if we are to craft an effective solution. The Select Committee therefore recommends the following measures to address the fentanyl crisis:

First, we must exploit the illicit fentanyl trade’s Achilles’ heel: Chinese companies, banks, and transshippers fueling this crisis also rely on legitimate commerce to be profitable, making them uniquely vulnerable to U.S. economic tools like sanctions.

These companies — including Chinese banks and their CCP backers who enable the fentanyl crisis — must choose: they can be part of the global economic system or the illicit fentanyl trade. Not both.

We must also align all aspects of national power — combining our law enforcement, intelligence, economic, trade, and diplomatic authorities under a new and nimble Counter Opioids Joint Task Force that uses streamlined processes to target *en masse* the weak points in the fentanyl supply chain.

Congress must also eliminate trade and customs loopholes like the *de minimis* exception that facilitate fentanyl trafficking; we must crack down on PRC payment processors who ignore money laundering on their platforms; and we must penalize PRC companies — from shipping to e-commerce — who participate in this heinous trade.

And we must take these decisive actions now. In so doing, we will honor the fallen and their loved ones, and protect Americans from the dangers of fentanyl.