

Executive Order on Addressing the Threat Posed by WeChat

August 19, 2020

On August 6, 2020, the White House published an Executive Order (EO) that will ban any WeChat or Tencent Holdings Ltd. transactions after 45 days by any US citizen or entity subject to US jurisdiction. Language in the EO is intentionally vague, but the stated authority to implement lies in the International Emergency Economic Powers Act (50 USC. 1701 et seq.), the National Emergencies Act (50 USC. 1601 et seq.), and section 301 of title 3, US Code.

WeChat Functionality in China

Many US companies have direct partnerships with or otherwise use WeChat's functions to promote their businesses in China. These include:

- **Transactions.** Many American companies use WeChat as a third-party payment processor, e-commerce platform, or otherwise embed their services into WeChat through a mini-app. In 2018 more than 1.1 billion daily transactions take place on the platform and mobile platforms accounted for 83% of all payments.
- **Marketing.** Companies in China use WeChat to advertise their products and services to WeChat's 900 million monthly users.
- **External communications.** Companies use WeChat to communicate with vendors and clients, and serves many essential functions such as sending invoices, transacting, delivery and logistics arrangement, among others. It is as common a communication medium as email or phone.
- **Internal communications.** WeChat is the preferred platform of many companies for internal communications, including conference calls, meetings, file sharing, among others. According to a 2017 survey by Tencent, almost 88% of WeChat users use the app for daily work communication, compared to email at 23%.

Potential Effects of Ban

- **Potential backlash from Beijing,** including reciprocal measures such as placing companies on the "unreliable entities list" or boycotts of American products by Chinese consumers.
- A ban would place US companies at a **competitive disadvantage** to non-US companies in China, where WeChat is ubiquitous.
- Losing the ability to use WeChat in China would lead to **sharp declines in revenue for American companies and job losses in the United States.** For many consumer companies, WeChat sales account for a sizable percentage of their revenue. For some companies this could be as high as 99%. Losing this much revenue would force companies to lay off workers in both the United States and China.

The full text of the Executive Order on Addressing the Threat Posed by WeChat is available [here](#).