

COMPREHENSIVE LIST OF THE COMMISSION'S RECOMMENDATIONS

Chapter 1: The U.S.-China Trade and Economic Relationship

Section 1: The U.S.-China Trade and Economic Relationship's Current Status and Significant Changes During 2010

1. The Commission recommends that Congress urge the administration to respond to China's currency undervaluation by
 - a. working with U.S. trading partners to bring to bear on China the enforcement provisions of all relevant international institutions; and
 - b. using the unilateral tools available to the U.S. government to encourage China to help correct global imbalances and to shift its economy to more consumption-driven growth.
2. The Commission recommends that Congress examine the efficacy of the tools available to the U.S. government to address market access-limiting practices by China not covered by its WTO obligations, and, as necessary, develop new tools.
3. The Commission recommends that Congress direct the U.S. Department of the Treasury to monitor steps taken by China to promote the international use of the RMB, with a focus on the implications of such steps for the position of the U.S. dollar as the world's reserve currency.

Section 2: The Implications and Repercussions of China's Holding U.S. Debt

4. The Commission recommends that Congress evaluate steps that might be necessary to ensure that China's currency manipulation, undervaluation, or misalignment does not adversely affect the competitiveness of U.S. producers, including whether it should initiate action under Section 301 of the Trade Act of 1974.
5. The Commission recommends that Congress urge the Department of the Treasury to designate China as a currency manipulator in its semiannual report.
6. The Commission recommends that Congress direct the Department of the Treasury to fully account for all sales of U.S. government debt to foreign governments and holdings of U.S. government debt by foreign governments.

Section 3: Evaluating China's Past and Future Role in the World Trade Organization

7. The Commission recommends that Congress urge the administration to encourage China to develop a national, provincial, and local procurement regime based on performance and value rather than on local content and the origin of intellectual property.
8. The Commission recommends that Congress encourage USTR to step up enforcement of WTO rules and U.S. laws by requesting consultations at the WTO on China's noncompliance with its obligations under WTO articles of accession, including denial of national treatment, export restrictions, and illegal subsidies. If China's noncompliance is not adequately resolved through such consultations, Congress should encourage USTR to file a formal WTO complaint.

Chapter 2: China's Activities Directly Affecting U.S. Security Interests

Section 1: China's Growing Air and Conventional Missile Capabilities

9. The Commission recommends that Congress require the Department of Defense, as part of the appropriate Combatant Commander's annual posture statement to Congress, to report on the adequacy of the U.S. military's capacity to withstand a Chinese air and missile assault on regional bases, as well as a list of concrete steps required to further strengthen their bases' capacity to survive such an assault and continue or resume operation.
10. The Commission recommends that Congress assess the adequacy of resources available to Department of Defense's programs that seek to defend U.S. forward-deployed bases. Key programs include theater missile defense and early warning systems, hardened structures and hangars, air defense systems, and runway repair kits.
11. The Commission recommends that Congress assess the adequacy of resources available to Department of Defense programs that seek to counter China's antiaccess capabilities. Key programs include long-range strike platforms, electronic warfare systems, and advanced air-to-air platforms and weapons, such as fifth generation fighters and air-to-air missiles.
12. The Commission recommends that Congress urge the Department of Defense to continue to strengthen its interaction with allies in the Western Pacific. In addition, the Department should expand its outreach to other nations in Asia in order to demonstrate the U.S.'s continued commitment to the region.
13. The Commission recommends that Congress urge the administration to work with allies in the region to strengthen their air and missile defense capabilities.

Section 2: Developments in China's Commercial and Military Aviation Industry

14. The Commission recommends that Congress urge the administration to investigate whether Beijing's policies for developing its aviation industry conflict with China's World Trade Organization commitments. Specifically, the administration should look into China's requirement for offsets in exchange for market access and government policies that favor domestic aviation manufacturing firms over foreign ones.
15. The Commission recommends that Congress should review with the Department of Justice whether or not any U.S. anti-trust laws, rules, and regulations impede cooperation within the aircraft manufacturing industry to resist Chinese offset demands, and should legally authorize such cooperation, if necessary.
16. The Commission recommends that Congress encourage the administration to closely monitor the transfer of technology and know-how from China's commercial aviation sector to its military aviation sector. Such monitoring should examine what impact new cooperative production, technology-sharing or other arrangements by U.S. or foreign firms might have in promoting the development of China's indigenous civilian and/or military aviation production capabilities.
17. The Commission recommends that Congress hold hearings to assess administration efforts to accelerate the certification by the Federal Aviation Administration of Chinese indigenously produced aircraft and what impact that may have on the sale of U.S. aircraft.

Chapter 3: China in Asia

Section 1: China in Southeast Asia

18. The Commission recommends that Congress urge the administration to continue to increase its engagement with Southeast Asia diplomatically, economically, and militarily. Congress should also press the administration to commit to annual U.S.-ASEAN summits and, when possible, commit the President of the United States to travel to Southeast Asia to attend the meetings.
19. The Commission recommends that Congress urge the administration to move quickly in appointing a new U.S. ambassador to ASEAN.
20. The Commission recommends that Congress urge the administration to press Beijing to make more transparent its planned construction of hydropower dams along the Mekong River.
21. The Commission recommends that Congress require the U.S. Department of Agriculture and other relevant government agencies to submit a report detailing the impact that Chinese hydroelectric dams along the Mekong River could potentially have on the global food supply.

Section 2: Taiwan

22. The Commission recommends that Congress direct the Department of Defense to address the issue of Taiwan's air defense capabilities, to include a more detailed net assessment of Taiwan's needs vis-à-vis China's growing military air and missile capabilities and an assessment of the impact that further deterioration in Taiwan's air defense capabilities could have on U.S. forces in the event of U.S. involvement in a cross-Strait scenario.
23. The Commission recommends that Congress encourage the administration to continue to support the improving relationship between Taiwan and China.
24. The Commission recommends that Congress encourage the administration to identify ways to strengthen economic relations between the United States and Taiwan in order to improve Taiwan's position in further economic negotiations with the mainland.
25. The Commission recommends that Congress pass a joint resolution reaffirming the importance of, and continued U.S. commitment to, the Taiwan Relations Act of 1979.
26. The Commission recommends that Congress urge the administration to encourage the People's Republic of China to build up the improved cross-Strait relationship by renouncing the use of force in regard to resolving its dispute with Taiwan. Beijing should also be encouraged to demonstrate its good intentions by drawing down the number of short-range ballistic missile forces deployed against Taiwan.
27. The Commission recommends that Congress encourage the administration to continue to work with Taiwan to modernize its armed forces, with particular emphasis on its air defense needs.

Section 3: Hong Kong

28. The Commission recommends that Congress reauthorize the U.S.-Hong Kong Policy Act of 1992, which expired in 2007.
29. The Commission recommends that Members of Congress, when visiting mainland China, also visit Hong Kong and that Congress encourage senior administration officials, including the secretary of State, to make visits to Hong Kong part of their travel.
30. The Commission recommends that Congress encourage its Members to raise the issue of preserving Hong Kong's special status when meeting with members of China's National People's Congress.

Chapter 4: China's Green Energy Policies and Efforts to Promote the Alternative Energy Sector

Section 1: China's Environmental and Green Energy Policies

31. The Commission recommends that Congress urge the administration to seek from China more accurate reporting of its energy use and the resulting environmental effects, including its carbon dioxide emissions. The Commission further recommends that Congress encourage the administration to enhance cooperation with China to more effectively collect this information.
32. The Commission recommends that Congress identify and assess the benefits and disadvantages of bilateral and multilateral cooperation between the United States and China on green energy and the environment. In its assessment, Congress should examine whether the intellectual property rights of U.S. companies are being protected.
33. The Commission recommends that Congress urge the administration to work with the United Nations to revise its classification of China as a developing country.
34. The Commission recommends that Congress encourage the administration to include U.S. friends and allies in the developing world in its discussions with China on its clean energy and climate change policies.

Section 2: U.S. and Chinese Efforts to Promote Alternative Energy Manufacturing

35. The Commission recommends that if the United States is to compete successfully in green technology manufacturing, Congress should examine domestic programs available to U.S. producers to ensure that these policies are an adequate response to China's strategic promotion of the green technology sector.
36. The Commission recommends that Congress urge the administration to continue to press China to ensure that China's market is open to imported green technology products, including solar, wind, and battery products.
37. The Commission recommends that Congress assess differing policies in the United States and China on trade and tariffs in the green technology sector with an aim to maximize U.S. competitiveness.

Chapter 5: China and the Internet

Section 1: China's Domestic Internet Censorship Activities

38. The Commission recommends that Congress and the administration continue to raise censorship and Internet freedom as a priority in their exchanges with Chinese officials.
39. The Commission recommends that Congress assess the effectiveness of U.S.-sponsored programs, such as those that promote international broadcasting and Internet censorship circumvention, intended to facilitate uncensored communication between Americans and people in China.

40. The Commission recommends that Congress urge the administration to pursue in international fora better protections of information on the Internet in order to facilitate trade.

Section 2: External Implications of China's Internet-Related Activities

41. The Commission recommends that Congress request that the administration periodically issue a single report about the volume and seriousness of exploitations and attacks targeting the information systems of all federal agencies that handle sensitive information related to diplomatic, intelligence, military, and economic issues. To the extent feasible, these reports should indicate points of origin for this malicious activity and planned measures to mitigate and prevent future exploitations and attacks.
42. The Commission recommends that Congress assess the effectiveness of existing mechanisms that enable the private sector to report confidentially instances of serious malicious activity targeting their information systems. Congress should also work with the administration to assess whether Department of Defense initiatives implemented in the past year to better secure their information systems might serve as a model for how to secure information systems at other large federal agencies. If so, Congress should ensure that similar initiatives are appropriately resourced.
43. The Commission recommends that Congress urge the administration to help U.S. companies resist attempts by Chinese authorities to mandate or coerce foreign high-technology firms to reveal sensitive product information as a quid pro quo for market access in China.

Chapter 6: Information Controls

44. The Commission recommends that Congress direct the Securities and Exchange Commission to require that disclosure documents filed by companies seeking to list on the U.S. exchanges identify the Chinese Communist Party affiliation of board members and senior corporate officials.
45. The Commission recommends that Congress adopt legislation mandating that the Securities and Exchange Commission retain analysts with country-specific expertise to review filings from foreign companies, particularly Chinese companies.