

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 2009

1. The Commission recommends that Congress urge the administration to employ more aggressively all trade remedies authorized by World Trade Organization (WTO) rules to counteract the Chinese government's practices. The Commission further recommends that Congress urge the administration to ensure that U.S. trade remedy laws are preserved and effectively implemented to respond to China's unfair or predatory trade activities.
2. The Commission recommends that Congress urge the United States Trade Representative (USTR) to strengthen its oversight of China's compliance with the rulings of the WTO's dispute settlement panels.
3. The Commission recommends that Congress urge the USTR, as part of its annual National Trade Estimates report, to identify and prioritize for elimination barriers in China limiting the export of U.S. goods and services.
4. The Commission recommends that Congress undertake oversight of the Strategic and Economic Dialogue to ensure that the talks benefit American farmers, workers, and businesses.
5. The Commission recommends that Congress direct the U.S. Department of the Treasury to report annually on the status of the U.S. dollar as the world's reserve currency. This report should highlight actions, if any, taken during the reporting period by China and other nations that may contribute to the erosion of this status.

Section 2: China's Role in the Origins of the Global Financial Crisis and China's Response

6. The Commission recommends that Congress urge the administration to press China to allow the renminbi (RMB) to become flexible and responsive to market forces, thereby contributing to the correction of global economic imbalances. The Commission further recommends that Congress consider legislation that has the effect of offsetting the impact on the U.S. economy of China's currency manipulation.
7. The Commission recommends that Congress pass legislation urging the administration to report specifically on information

regarding Chinese-sourced products and services used in U.S. federally funded stimulus programs and make this information available to the public on a periodic basis.

Section 3: China's Industrial Policy and its Impact on U.S. Companies, Workers, and the American Economy

8. The Commission recommends that Congress urge the administration to employ more aggressively trade remedies to counteract the Chinese government's subsidies to favored industries. The Commission further recommends that Congress assess the adequacy of the resources of the U.S. Department of Commerce to investigate such subsidies.
9. The Commission recommends that Congress urge the National Science Foundation to study and recommend to Congress ways to enhance the effectiveness of basic and applied research programs in the United States, with particular emphasis on advancing the competitiveness of key domestic production sectors.
10. The Commission recommends that Congress urge the U.S. Department of Commerce to prepare an annual report on productive capacity in China in major industrial sectors. The report should identify what steps, if any, China has taken to develop, expand, retract, or change the utilization of capacity in these sectors over the previous years.
11. The Commission recommends that Congress urge the U.S. Department of Commerce to develop rules and procedures for the collection and evaluation of information on the activities of U.S. companies in terms of their sourcing arrangements with producers (whether independent, joint venture, subsidiary, or other relationship) in China, to the extent authorized by law. The U.S. Department of Commerce shall prepare an annual report, based on this information, identifying changing sourcing patterns and key areas of interest and concern. This information should be subject to business proprietary confidentiality and only utilized in the report, to the extent practicable, on an aggregate basis.
12. The Commission recommends that Congress urge the United States Trade Representative to evaluate the use of selective value added tax rebates by China and their trade-distorting effect and determine what steps, if any, should be taken to address the issue.

Section 4: China's Industrial Policy and its Impact on Upstate New York

13. The Commission recommends that Congress explore the economic benefits to local communities of a national innovation strategy to meet the challenges of China's industrial policy.
14. The Commission recommends that Congress request the National Academy of Sciences to conduct a study on the impact of outsourcing of manufacturing on U.S. domestic research, development, and innovation.

15. The Commission recommends that Congress urge the Department of Energy, in consultation with other appropriate agencies, to report to Congress on the impact of Chinese subsidies and other elements of China's industrial policy on U.S.-based companies manufacturing clean energy products.

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

Section 1: China's Military and Security Activities Abroad

16. The Commission recommends that Congress make freedom of navigation a priority issue in its U.S.-China interparliamentary exchanges.
17. The Commission recommends Congress urge the administration to encourage further People's Liberation Army (PLA) participation in United Nations (UN) multinational security operations.
18. To emphasize continued U.S. commitments to and interests in the region, the Commission recommends that Congress encourage the U.S. Department of Defense to maintain and strengthen military diplomacy with nations throughout East Asia.

Section 2: China's Naval Modernization

19. The Commission recommends that Congress assess the adequacy of planning and resourcing of U.S. Department of Defense programs that would limit China's antiaccess capabilities. In particular, Congress should focus on antisubmarine warfare and ballistic missile defense programs. Congress should also assess the adequacy of funding and resources for the U.S. Department of Defense's Pacific Command.
20. The Commission recommends that Members of Congress in their interparliamentary exchanges encourage Beijing to increase the transparency of its naval modernization efforts. Of particular interest are China's aircraft carrier, antiship ballistic missile, and ballistic missile submarine programs, as well as its naval expansion and modernization efforts.
21. The Commission recommends that Congress urge the U.S. Department of Defense to continue to interact actively with U.S. allies and friends in Asia to reassure them of the U.S.'s commitment to the region.
22. The Commission recommends that Congress encourage the administration to continue to push for more engagement between the U.S. Navy and the PLA Navy as a confidence-building measure.
23. The Commission recommends that Congress encourage the administration to consider establishing a formal mechanism for preventing and managing maritime incidents between the U.S. and Chinese navies.

Section 3: China's Human Espionage Activities that Target the United States, and the Resulting Impacts on U.S. National Security

24. The Commission recommends that Congress assess the adequacy of resources available for intelligence, counterintelligence, and export control enforcement programs to ensure that U.S. government agencies are able to meet the rising challenge of Chinese human intelligence and illicit technology collection.
25. The Commission recommends that Congress assess the adequacy of resources available for China-oriented counterintelligence awareness and law enforcement programs throughout the U.S. government and contractor community.
26. The Commission recommends that Members of Congress in their interparliamentary exchanges raise U.S. concerns regarding the monitoring and harassment of U.S. citizens and legal permanent residents by agents of the Chinese government.

Section 4: China's Cyber Activities that Target the United States, and the Resulting Impacts on U.S. National Security

27. The Commission recommends that Congress assess the effectiveness of and resourcing for law enforcement, defense, and intelligence community initiatives that aim to develop effective and reliable attribution techniques for computer exploitation and computer attacks.
28. The Commission recommends that Congress urge the administration to develop measures to deter malicious Chinese cyber activity that is directed at critical U.S. infrastructure and U.S. government information systems.

Chapter 3: China in Asia

Section 1: China in Afghanistan, Pakistan, and Central Asia

29. The Commission recommends that Congress encourage the administration to continue to work with China to utilize its influence with Islamabad to bolster Pakistan's stability and prevent the Taliban from gaining control of the region.
30. The Commission recommends that Congress encourage the administration to examine carefully development programs and investment opportunities in Afghanistan and work with U.S. private businesses interested in investing there to ensure that they are able to compete effectively with Chinese state-owned companies.

Section 2: Taiwan

31. The Commission recommends that Congress urge the administration to support recent improvements in the cross-Strait relationship.

32. The Commission recommends that Congress urge the administration to take additional steps to encourage the People's Republic of China (PRC) to demonstrate the sincerity of its desire for improved cross-Strait relations by drawing down the number of forces, including missiles, opposite Taiwan.
33. The Commission recommends that Congress encourage the administration to identify opportunities to strengthen bilateral economic relations between the United States and Taiwan.
34. The Commission recommends that Congress encourage the administration to continue to work with Taiwan to modernize its armed forces, with particular emphasis on air defense needs.

Section 3: Hong Kong

35. 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. The Commission also recommends that Members of Congress seek dialogue with members of the Legislative Council of Hong Kong.
36. 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.
37. The Commission recommends that Congress reenact the United States-Hong Kong Policy Act of 1992, which expired in 2007.
38. The Commission recommends that Congress examine and assess the adequacy of U.S. export control policy for dual-use technology as it relates to the treatment of Hong Kong and the PRC as separate customs entities. The Commission further recommends that Congress urge the administration to consider ways to collaborate more closely with the authorities in Hong Kong in order to prevent the transshipment of controlled technologies from Hong Kong into the PRC.

Chapter 4: China's Media and Information Controls—The Impact in China and the United States

Section 1: Freedom of Expression in China

39. The Commission recommends that Members of Congress in their interparliamentary exchanges continue to raise concerns regarding freedom of expression in China in their dialogues with officials of the Chinese government.
40. The Commission recommends that Congress continue to monitor and assess the development and progress of industry and other efforts to create and implement an effective code of ethics and best practices related to the operations of U.S. high-tech firms in China and other authoritarian countries where Internet content and activity are controlled and monitored by the government.

41. The Commission recommends that Congress continue to monitor and assess the Chinese government's efforts to implement an end-user Internet control system. The Commission further recommends that Congress assess whether such efforts are compliant with China's commitments as a signatory to the World Trade Organization.

Section 2: China's External Propaganda and Influence Operations, and the Resulting Impacts on the United States

42. The Commission recommends that Congress urge the administration to have the U.S. Department of State raise with its counterparts in the PRC Foreign Ministry concerns related to the denial of visas to U.S. academics who require travel to China in order to engage in substantive research.