

COMPREHENSIVE LIST OF THE COMMISSION'S RECOMMENDATIONS

Chapter 1: U.S.-China Economic and Trade Relations

Section 2: U.S.-China Bilateral Trade and Economic Challenges

The Commission recommends:

1. Congress direct the Government Accountability Office to update its report on the effectiveness of the U.S.-China Joint Commission on Commerce and Trade (JCCT) and the Strategic and Economic Dialogue (S&ED). The updated report should include an assessment of the objectives sought by the United States in these talks and whether China has honored its commitments to date.
2. Congress require the Department of the Treasury to include in its semiannual report to Congress specific information on the beneficial economic impact of China moving to a freely floating currency in terms of U.S. exports, economic growth, and job creation. In addition, Congress should urge the Administration to begin immediate consultations at the G-7 to identify a multilateral approach to addressing China's currency manipulation.
3. Congress direct the Interagency Trade Enforcement Center (ITEC) to provide briefings to the House Ways and Means and Senate Finance Committees and the House and Senate Appropriations Committees on its activities, since its creation, to coordinate and improve upon the enforcement of U.S. laws against unfair trade. Congress should examine whether providing statutory authority for ITEC would enhance enforcement activities and ensure that adequate resources are available and that other Departments and Agencies are responsive to its requests.
4. Congress consider amending existing trade enforcement rules to ensure that foreign investment in the United States cannot be used to impede the ability of domestic producers to bring petitions for trade enforcement actions. Congress could direct the Department of Commerce to update its regulations and procedures for antidumping and countervailing duty cases to create a rebuttable presumption that firms that are state-owned, state-controlled, or state-invested with facilities in the United States are operating at the direction of the state. Those state-directed companies would then be excluded from calculations of industry support or opposition unless they can prove that there is no such involvement or direction.

5. Congress consider whether state and local governments should be treated as interested parties under laws against unfair trade and thereby have standing to bring or participate in trade cases. Further, Congress should consider creating a private right of action allowing U.S. companies to take legal action against competitors directly in antidumping and countervailing duty cases, rather than having to rely on U.S. government assistance.
6. Congress seek clarification from the executive branch as to its interpretation of Article 15 of China's World Trade Organization Accession Protocol concerning China's achievement of "market economy" status.
7. Congress consider legislation that would make available a remedy to domestic firms that have been injured from the anti-competitive actions (such as access to low-cost or no-cost capital) of foreign state-owned companies for the injury that has been inflicted and allow for the potential award of treble damages.
8. Congress direct the Council of Economic Advisers (CEA) to brief the Joint Economic Committee on existing data collection efforts within the Administration regarding investments by Chinese entities in the United States. CEA shall describe the differing data sets available from public and private sources and the extent to which existing data provides adequate information to U.S. policy makers to assess changing trends and the potential economic implications from these investments.
9. Congress require the Department of Commerce to prepare a comprehensive analysis of excess productive capacity in China across a range of sectors, including, but not limited to, steel, glass, paper, cement and solar products, and provide a report to the President and to Congress on what actions should be taken to address this problem. This report shall be prepared annually for a period of five years, at a minimum. In addition, the Administration should consult with major trade allies with similar concerns about Chinese overcapacity in these sectors to determine what multilateral engagement would effectively deal with this problem. As part of this approach, the Administration shall evaluate the effectiveness of other efforts to address global and China's overcapacity in certain sectors, such as the Organization for Economic Cooperation and Development Steel Committee, the U.S.-China Steel Dialogue, and JCCT and S&ED talks.
10. Congress request that the Office of the United States Trade Representative, Department of Commerce, and International Trade Commission report to Congress on the extent to which existing authorities would allow for sanctions to be imposed against entities that benefit from trade secrets or other information obtained through cyber intrusions or other illegal means and were provided by a national government, foreign intelligence service, or other entity utilizing such means. If authorities do not exist, they should provide a proposal to address such problems.

11. Congress require the Office of the United States Trade Representative to brief the House Ways and Means and Senate Finance Committees, within 60 days, on trade enforcement issues involving China which have been initiated or announced since 2009, but have not yet been resolved, and identify what steps will be taken to ensure a more rapid resolution of such issues. The briefing shall include an estimate of the economic value to the U.S. in terms of production and job creation, if the identified market barrier or impediment were eliminated.

Section 3: China's Health Care Industry, Drug Safety, and Market Access for U.S. Medical Goods and Services

The Commission recommends:

12. Congress urge the Institutes of Medicine of the National Academies to convene a task force to assess purchasing decisions by U.S. wholesalers, retailers, and healthcare providers with regard to China-origin drugs and drug ingredients, and to recommend ways in which to improve information sharing and coordination with the Food and Drug Administration (FDA).
13. Congress urge the FDA to insist on expedited approvals from the Chinese government for work visas for the FDA staff, and on expanded authority to conduct unannounced visits at drug manufacturing facilities in China.
14. Congress monitor the efficacy of the FDA's regulatory activities in China, consider ways to optimize the use of appropriated funding, and identify what other steps are necessary to protect the health and safety of the U.S. population.
15. Congress pursue measures to improve the government's information about drug ingredient and dietary supplement producers, especially for imports. To this end, Congress should urge the FDA to work with its Chinese counterparts to establish a more comprehensive regulatory regime for registering China-based active pharmaceutical ingredient (API) producers, and make this producer information available on demand for U.S. agencies.
16. Congress adopt measures that make greater use of "track and trace" technology. To this end, Congress should: (1) urge the U.S. government negotiators to demand that China harmonize with internationally recognized standards its unique device identifiers for medical devices and its serialized verification of APIs, so as to allow for equivalency with U.S. systems and standards; (2) make the use of serial numbers for product verification at U.S. pharmacies mandatory at all times, not only in cases where a product is suspect (as currently spelled out in the Drug Quality and Security Act).
17. Congress direct the Trade Policy Review Group of the Office of the U.S. Trade Representative to review the interests of U.S. healthcare goods and services providers in the Chinese market, Chinese market barriers, and opportunities to promote human health in China in ways that support U.S. consumer and business interests.

Section 4: U.S.-China Clean Energy Cooperation

The Commission recommends:

18. Congress direct the Government Accountability Office to conduct an assessment of government-led U.S.-China collaborative initiatives on clean energy. This assessment should describe the nature of collaboration, including funding, participation, and reporting on the outcomes; consider whether the intellectual property rights of U.S. researchers and companies are being protected; examine whether Chinese state-owned enterprises are benefitting from U.S. taxpayer-funded research; investigate if any U.S. companies, universities and labs participating in government-led collaboration with China have been subject to cyber penetrations originating in China; and evaluate the benefits of this collaboration for the United States. Further, this assessment should examine redundancies, if any, among various U.S.-China government-led collaborative programs, and make suggestions for improving collaboration.
19. Congress require that the Department of Energy, in consultation with the Department of Commerce, identify barriers to market access in China for clean and renewable energy products and services and their impact on U.S. production and job creation, and report to the committees of jurisdiction, within 120 days, on specific action plans to address these barriers. As part of this report, the Departments shall identify sourcing patterns that have changed over the last 10 years in these sectors and also the extent to which U.S. companies are producing in the Chinese market to serve that market and whether they were previously able to manufacture these products in the United States for export to China.

Chapter 2: Military and Security Issues Involving China

Section 2: China's Military Modernization

The Commission recommends:

20. Congress fund the U.S. Navy's shipbuilding and operational efforts to increase its presence in the Asia Pacific to at least 67 ships and rebalance homeports to 60 percent in the region by 2020 so that the United States will have the capacity to maintain readiness and presence in the Asia Pacific, offset China's growing military capabilities, and surge naval assets in the event of a contingency.
21. Congress appoint an outside panel of experts to do a net assessment of the Sino-American military balance and make recommendations to Congress regarding the adequacy of the current U.S. military plans and budgets to meet the security requirements of the United States in the Pacific.
22. Congress ensure the adequacy of open source collection, production, and dissemination capabilities vis-à-vis security issues involving China.

23. Congress direct U.S. Pacific Command to brief Congress on the People's Liberation Army Navy's participation in the Rim of the Pacific-2014 exercise.
24. Congress direct the Department of Defense to provide to Congress its purpose and rationale for its military-to-military engagement planning with the People's Liberation Army, including proposed programs already discussed with the People's Liberation Army.
25. Given the importance of understanding China's nuclear and conventional ballistic missile programs, Congress direct the Government Accountability Office to provide an unclassified report, with a classified annex, that examines China's nuclear and conventional ballistic missile capabilities, intentions, and force structure.

Section 3: China's Domestic Stability

The Commission recommends:

26. Members of Congress reaffirm their support for human rights, freedom of expression, and rule of law in China and raise citizens' rights to freedom of speech, expression, and religion in their meetings with Chinese government officials.
27. Congress support the efforts of the U.S. Agency for International Development, U.S. Department of State, and the National Endowment for Democracy to strengthen governance and improve the well-being of Chinese citizens through capacity-building training programs and exchanges.
28. Congress closely monitor U.S.-China counterterrorism cooperation to ensure the United States is not endorsing or providing any support for China's suppression of Chinese citizens, including Uyghurs, Tibetans, and other ethnic minorities.
29. Congress continue to support and fund media outlets that promote the free flow of information and Internet freedom within China.

Chapter 3: China and the World

Section 1: China and Asia's Evolving Security Architecture

The Commission recommends:

30. Congress require the Administration to submit a one-time interagency report clarifying the progress of the Asia rebalance policy.
31. Congress emphasize the value of the U.S.-Australia alliance in its interactions with Australian legislators.
32. Congress express support for Japan's efforts to exercise "collective self-defense" in its interactions with Japanese legislators.
33. Congress examine the Administration's progress on greater intelligence, surveillance, and reconnaissance (ISR) integration and sharing between the United States and its allies and secu-

rity associates in East Asia and Oceania. In addition, Congress should support efforts by the Department of Defense to improve ISR capabilities of allies and security associates in East Asia and develop a “common operating picture” for the East and South China Seas.

34. Congress urge the Administration to encourage allies to develop their missile defense capabilities.

Section 2: Recent Developments in China’s Relationship with North Korea

The Commission recommends:

35. Appropriate Congressional committees require the Departments of Defense and State to jointly produce a classified report on U.S. efforts to engage with China, South Korea, and Japan on issues related to North Korean stability. The report should include a discussion of prospects for political crisis or regime collapse in North Korea; a discussion of each country’s outlook and approach to contingency planning for North Korea collapse scenarios; a detailed explanation of the current state of engagement among these countries on contingency planning for North Korea collapse scenarios; and an overview of existing track two dialogues aimed at enhancing understanding and cooperation among these countries on issues related to North Korean stability, to include an assessment of the effectiveness of these track two dialogues.
36. Congress require future classified and unclassified Department of Defense reports on ‘Military and Security Developments Involving the Democratic People’s Republic of Korea’ to include a full discussion of China’s activities impacting the military and security situation in North Korea.
37. Congress support nongovernmental organizations that encourage democracy and promote human rights and economic liberalization in North Korea.
38. Congress support nongovernmental organizations that facilitate exchanges and dialogues among the United States, Japan, South Korea, and China on issues related to security and weapons proliferation on the Korean Peninsula.
39. Members of Congress and Congressional staff in their interactions with official delegations from China exchange views on North Korea.

Section 3: Taiwan

The Commission recommends:

40. Congress direct the Administration to permit and encourage official travel to Taiwan for uniformed military personnel above the level of O6 and urge Cabinet-level officials to make more frequent visits to Taiwan to promote commercial, technological, people-to-people, and military exchanges.

41. Congress urge the Administration to make available to Taiwan the arms and equipment it needs for its self-defense, consistent with the Taiwan Relations Act, due to the shifting cross-Strait military balance.
42. Congress encourage the Administration to increase its public support of Taiwan's participation in international organizations such as the United Nations Framework Convention on Climate Change.
43. Congress encourage the Administration to strengthen economic cooperation between the United States and Taiwan to further their economic growth and prosperity.

Section 3: Hong Kong

The Commission recommends:

44. Congress adopt a resolution urging China to keep its commitments to allow broadly representative nomination and election of Hong Kong's chief executive by universal suffrage in accordance with democratic procedures as articulated in the 1984 Sino-British Joint Declaration on the Question of Hong Kong, the Basic Law of the Hong Kong Special Administrative Region, and the International Covenant on Civil and Political Rights.
45. Members of Congress, when visiting mainland China, also visit Hong Kong to engage with high-level administrators on such issues as democratic election.
46. Members of Congress, jointly with members of British Parliament, promote Hong Kong's high degree of autonomy in accordance with the Sino-British Joint Declaration and the Basic Law.
47. Congress renew the biennial reporting requirements of the U.S.-Hong Kong Policy Act of 1992.
48. Congress reconvene a congressional caucus on Hong Kong to ensure continuous attention to the region's democracy and civil rights issues.