

- The Chinese government’s official narratives stress China’s desire for mutually beneficial “peaceful development” and for a “harmonious” international environment that will allow China to focus attention and resources on its economic and social development. China’s statements on its defense policies emphasize that they are entirely defensive in nature and that China will never pose a threat to any of its neighbors.
- There are notable differences between the optimistic character of China’s official messages on national security policy, which stress prospects for international cooperation, and the nature of its domestic discourse, which portrays the United States as a dangerous and predatory “hegemon” of the international system.
- The Chinese government frequently discusses important policy issues in terms of China’s “core interests,” accompanied by an insistence that other countries accept the PRC’s non-negotiable positions on these issues. However, conflicting statements from different parts of the Chinese government leave it unclear as to exactly which issues fall into the category of a “core interest.” In order to prevent misunderstandings with the United States and other countries that could have serious diplomatic consequences, Beijing should clarify which issues it sees as truly representing a “core interest.”
- The emergence of a more outspoken field of PRC foreign policy actors has produced messages that are sometimes at variance with official government narratives. This is particularly true of nationalist voices within the Chinese military.
- The Chinese government makes extensive use of front organizations. Congress and the American public often are not aware that nominally private civic organizations in China that purport to have educational, cultural, or professional purposes are frequently controlled by military, intelligence, or Communist Party organs. These front organizations are used to advance PRC state interests while disguising the guiding role of the government.

THE COMMISSION’S KEY RECOMMENDATIONS

The Commission believes that ten of its 43 recommendations to Congress are of particular significance. These are presented below in the order in which they appear in the Report. The complete list of 43 recommendations appears at the Report’s conclusion on page 355.

The Commission recommends that:

- Congress, through legislation, require the president to assign the National Security Council to conduct an agency-wide comprehensive review of the U.S. economic and security policies toward China to determine the need for changes to address the increasingly complicated and serious challenges posed by

China to U.S. international and domestic interests. Such a review should be examined and debated as appropriate by Congressional committees.

- Congress urge the administration to employ all necessary remedies authorized by WTO rules to counter the anticompetitive and trade-distorting effects of the Chinese government's extensive subsidies for Chinese companies operating in China and abroad.
- Congress direct the U.S. Department of Commerce to report annually on Chinese investment in the United States including, among other things, data on investment in the United States by Chinese SOEs and other state-affiliated entities.
- Congress direct the U.S. Securities and Exchange Commission to revise its protocols for reviewing filings by foreign entities listed on or seeking to be listed on the U.S. stock exchanges. The Securities and Exchange Commission should develop country-specific data to address unique country risks to assure that U.S. investors have sufficient information to make investment decisions. The commission should focus, in particular, on state-owned and -affiliated companies, and subsidies and pricing mechanisms that may have material bearing on the investment.
- Congress assess the reauthorization of Super 301 to assist in the identification of the policies and practices that China pursues that create the greatest impediment to U.S. exports entering the Chinese market and the most important policies or practices that unfairly or unjustifiably harm U.S. producers and workers in the U.S. market. Priority should be given to addressing such practices by the United States Trade Representative under such legislation.
- Congress direct the U.S. Government Accountability Office to undertake an evaluation of investments and operations of U.S. firms in the Chinese market and identify what federally supported R&D is being utilized in such facilities and the extent to which, and on what terms, such R&D has been shared with Chinese actors in the last ten years.
- Congress assess the adequacy of U.S. Department of Defense capabilities to conduct major operations in a degraded command, control, communications, computer, intelligence, surveillance, and reconnaissance environment for an extended period of time.
- Congress assess the adequacy and regularity of U.S. military exercises and training activities that simulate the destruction, denial, degradation, or manipulation of U.S. space assets. In addition, Congress should periodically evaluate whether the U.S. Department of Defense is taking sufficient measures to diversify its traditionally space-oriented capabilities, such as in navigation, communications, intelligence, surveillance, and reconnaissance.

- Congress investigate whether U.S. sanctions have been imposed on all Chinese firms that have violated the sanction laws by investing in Iran's petroleum industry or providing Iran with refined petroleum products or advanced conventional weapons.
- Congress urge the administration to sell Taiwan the additional fighter aircraft it needs to recapitalize its aging and retiring fleet.