

COMPREHENSIVE LIST OF THE COMMISSION'S RECOMMENDATIONS

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

Section 2: State-Owned Enterprises, Overcapacity, and China's Market Economy Status

The Commission recommends:

1. Congress amend the statute authorizing the Committee on Foreign Investment in the United States to bar Chinese state-owned enterprises from acquiring or otherwise gaining effective control of U.S. companies.
2. Congress direct the U.S. Government Accountability Office to prepare a report examining the extent to which large-scale outsourcing of manufacturing activities to China is leading to the hollowing out of the U.S. defense industrial base. This report should also detail the national security implications of a diminished domestic industrial base (including assessing any impact on U.S. military readiness), compromised U.S. military supply chains, and reduced capability to manufacture state-of-the-art military systems and equipment.
3. Congress require that under antidumping and countervailing duty laws, Chinese state-owned and state-controlled enterprises are presumed to be operating on behalf of the state and, as a result, do not have standing under U.S. laws against unfair trade to block a case from proceeding.
4. Congress create an office within the International Trade Administration whose sole purpose is to identify and initiate antidumping and countervailing duty cases to ensure a more effective and timely response to China's unfair trade practices.
5. Congress enact legislation requiring its approval before China—either the country as a whole or individual sectors or entities—is granted status as a market economy by the United States.

Section 3: China's 13th Five-Year Plan

The Commission recommends:

6. Congressional committees of jurisdiction hold hearings to:
 - Analyze the impact of China's state-directed plans such as the Made in China 2025 and Internet Plus on U.S. economic competitiveness and national security, and examine the steps Congress can take to strengthen U.S. high-tech and high-value-added industries such as artificial intelligence, autonomous vehicles and systems, and semiconductors.

- Ensure that U.S. government agencies such as the U.S. Department of the Treasury, U.S. Department of Commerce, and the Office of the U.S. Trade Representative have sufficient personnel, funding, and Chinese-language capabilities to examine China's economic and trade policies and China's compliance with its bilateral and multilateral commitments, including the World Trade Organization.
 - Examine U.S. access to China's domestic market, particularly for services and high-tech sectors. This hearing should assess how U.S. government agencies such as the U.S. Department of Commerce and the Office of the U.S. Trade Representative are seeking to increase market access for U.S. firms and explore what additional policy options could be pursued.
7. Congress direct the U.S. Department of the Treasury to prepare a report analyzing U.S. exposure to China's financial sector and the impact of China's financial sector reforms on the U.S. and global financial systems. This report should also identify the policies the U.S. government is or should be adopting to protect U.S. interests in response to this changing environment.

Chapter 2: U.S.-China Security Relations

Section 2: China's Force Projection and Expeditionary Capabilities

The Commission recommends:

8. Congress require the U.S. Department of Defense to conduct a study identifying the risks and gains associated with the United States pursuing a burden sharing strategy that utilizes emerging People's Liberation Army expeditionary capabilities to help stabilize the Asia Pacific region during a crisis or to counter a shared threat such as the spread of terrorism in Southeast Asia.

Section 3: China's Intelligence Services and Espionage Threats to the United States

The Commission recommends:

9. Congress direct the U.S. Department of State to develop educational materials to alert U.S. citizens living and traveling abroad about recruitment efforts by Chinese intelligence agents, and to make these materials available to U.S. universities and other institutions sending U.S. students to China. Congress should also direct the U.S. Department of Defense to develop and implement a program to prepare U.S. students studying in China through Department of Defense National Security Education Programs to recognize and protect themselves against recruitment efforts by Chinese intelligence agents.

10. Congress direct the Federal Bureau of Investigation to provide a classified report to Congress on what risks and concerns have been identified as associated with information systems acquired by the U.S. government, and how those risks are being mitigated. This report should identify information systems or components that were produced, manufactured, or assembled by Chinese-owned or -controlled entities.

Chapter 3: China and the World

Section 2: China and Taiwan

The Commission recommends:

11. Members of Congress and Congressional staff seek opportunities to advance U.S.-Taiwan economic, political, and security relations, support Taiwan's participation in international organizations, and draw attention to Taiwan's democratic achievements and contributions to the international community.
12. Congress urge the executive branch to make available to Taiwan, consistent with the Taiwan Relations Act, defense articles and services required to address the continuing shift in the cross-Strait military balance toward China.
13. Congress direct the U.S. Department of State to reexamine its policy guidelines on reciprocal visits by senior U.S. and Taiwan military officers and civilian officials with the aim of increasing high-level exchanges.
14. Congress request briefings by the Office of the U.S. Trade Representative (USTR) on the status of the Trade and Investment Framework Agreement negotiations with Taiwan and direct the USTR to identify enhanced negotiating procedures to resolve outstanding issues and ensure an accelerated path to conclude such talks.

Section 3: China and Hong Kong

The Commission recommends:

15. Congress express that China's apparent abduction and detention of five Hong Kong and foreign national booksellers based in Hong Kong for selling banned books to customers in mainland China violates its commitments to maintaining a "high degree of autonomy" in Hong Kong under the "one country, two systems" framework. In addition, members of Congress in their meetings in China should continue to express support for human rights and rule of law in Hong Kong.
16. Congress continue to renew annual reporting requirements of the U.S.-Hong Kong Policy Act of 1992, in an effort to ensure policymakers have the most up-to-date and authoritative information about developments in Hong Kong.
17. Congress direct the U.S. Department of State to prepare a report that assesses whether Hong Kong has maintained a "sufficient degree of autonomy" under the "one country, two systems" policy, due to the deterioration of freedom of expression in Hong Kong and Beijing's increasing encroachment.

Section 4: China and North Korea

The Commission recommends:

18. Congress require the U.S. Department of State to produce an unclassified report assessing China's compliance with UN resolutions on North Korea.

Chapter 4: China and the U.S. Rebalance to Asia

The Commission recommends:

19. Congress express support for more frequent U.S. freedom of navigation operations in the South China Sea in conjunction with U.S. allies and partners.
20. Congress direct the U.S. Department of Defense to include a permanent section in its *Annual Report on Military and Security Developments Involving the People's Republic of China* on the role and activities of China's maritime militia and the implications for U.S. naval operations.