

June 1, 2007

The Honorable ROBERT C. BYRD  
*President Pro Tempore of the Senate, Washington, D.C. 20510*  
The Honorable NANCY PELOSI  
*Speaker of the House of Representatives, Washington, D.C. 20515*

DEAR SENATOR BYRD AND SPEAKER PELOSI:

Enclosed is the June 1, 2007 Report of the U.S.-China Economic and Security Review Commission in compliance with the requirements of 22 U.S.C. 7002 (2001) as amended, the statute that established the Commission and sets forth its mandate from Congress.

This Report is submitted at a point when the Commission has completed approximately one-third of its 2007 work plan. As was the case with the report the Commission submitted at this time last year, this Report addresses the most significant information obtained by the Commission in its work to date this year. This Report contains letters summarizing two public hearings the Commission conducted in Washington: a hearing February 1 and 2, 2007 on *The U.S.-China Relationship: Economics and Security in Perspective*, and a hearing on March 29 and 30, 2007 on *China's Military Modernization and Its Impact on the United States and the Asia-Pacific*. In addition, it contains a summary of the trip a delegation of Commissioners took to the People's Republic of China and Hong Kong during April 2007. During this trip the delegation met with Chinese and Hong Kong government officials, American Ambassador to China Clark Randt and other officials of American Embassy Beijing, Consulate General Shenyang, and Consulate General Hong Kong, American business people, Chinese academicians and scholars, and representatives of democracy and human rights organizations. The delegation also visited Chinese ports and industrial facilities.

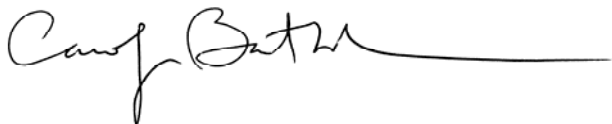
The Report's appendices include a list of the public hearings the Commission has held to date and a list of the hearings yet to be conducted – the 2007 schedule consists of eight hearings. Another appendix lists the witnesses who have testified before the Commission during the completed hearings.

The Commission will prepare and transmit to Congress in November a report comprehensively addressing the information gleaned from all its 2007 activities, and making recommendations to Congress based on the Commission's findings. The Commission in previous years has employed this same combination – a June 1 Report addressing its work to that point in the year followed by an end-of-year report covering information from the full year's activities – with the acceptance of the leadership of both parties in both houses of Congress.

The Commission wishes to note that, in its last three annual budget request submissions to the Office of Management and Budget, and appearing in its portion of the President's Budget for fiscal years 2006, 2007, and 2008, it has requested that the statutory date on which its Annual Report to Congress is due to Congress be changed from June 1 to the end of the year. This change will make it possible for one Annual Report to encompass the entirety of its efforts for each year. This timing will make the report and its recommendations available for consideration by Members of Congress as they are preparing for either a new Congress or the second session of a Congress in January of the following year. Agreeing with the Commission's rationale, the House of Representatives included a provision making this change in its Fiscal Year 2007 Appropriations Bill for Science, the Departments of State, Justice, and Commerce, and Related Agencies that it passed in August 2006; however, that legislation was never considered by the full Senate. The request for this change is included in the President's Budget for fiscal year 2008 that the Congress has begun to consider.

Thank you for the Commission's continuing opportunity to examine the complex but extremely important issues of the United States-China relationship, and to offer its observations and recommendations to Congress on those matters. We hope that the Commission's work, including this Report and the comprehensive report that will be submitted in November, will be useful to the Congress as it monitors U.S.-China relations. We stand ready to assist in any other ways that will be helpful to Congress, and hope you will call on us.

Sincerely yours,



Carolyn Bartholomew  
*Chairman*



Daniel Blumenthal  
*Vice Chairman*