

CONTENTS

	Page
DEDICATION OF THIS REPORT TO COMMISSIONER GEORGE BECKER	
TRANSMITTAL LETTER TO THE CONGRESS	iii
COMMISSIONERS APPROVING THE REPORT	v
EXECUTIVE SUMMARY	1
KEY RECOMMENDATIONS TO CONGRESS	14
INTRODUCTION	19
2006 REPORT TO CONGRESS OF THE U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION	
Chapter 1: U.S.-China Trade and Economic Relationship	25
Overview	25
1. The Status of China's Compliance with its World Trade Organization Obligations and the Impact of China's Industrial Subsidies on U.S. and Other Markets	27
2. China's Approach to Intellectual Property Rights and its Production of Counterfeit Goods	32
3. China's Financial System and Monetary Policies and their Effects on the United States	45
Recommendations to Congress	55
Chapter 2: China's Global and Regional Activities and Other Geostrategic Developments	65
1. China's Regional Activities	65
2. China's Proliferation and Involvement in North Korea's and Iran's Nuclearization Activities	82
3. China's Energy Needs and Strategies	95
Recommendations to Congress	108
Chapter 3: China's Military Power and its Effects on American Inter- ests and Regional Security	127
1. China's Military Modernization	127
2. The Effect of U.S. and Multilateral Export Controls on China's Military Modernization	139
3. The Military Balance Across the Taiwan Strait	145
Recommendations to Congress	153
Chapter 4: A Case Study of the Automotive Industry that Illustrates Challenges to U.S. Manufacturing and the U.S. Defense Industrial Base	167
Recommendations to Congress	179
Chapter 5: China's Internal Problems, Beijing's Response, and Impli- cations for the United States	183
Recommendations to Congress	193
Chapter 6: China's Media and Information Controls	199
Recommendations to Congress	202
Comprehensive List of the Commission's Recommendations	205
Additional Views of Commissioners	212

VIII

	Page
Appendices:	
Appendix I: U.S.-China Economic and Security Review Commission Charter .	219
Appendix II: Background on Commissioners	227
Appendix III: Public Hearings of the Commission	239
Appendix IV: List of Witnesses Who Testified at Commission Public Hear- ings	243
Appendix V: List of Research Material	249
Appendix VI: Abbreviations	251
Appendix VII: Excerpts from U.S. Department of State Report <i>Adherence to and Compliance with Arms Control, Nonproliferation, and Disarmament Agreements and Commitments</i>	255
Commission Staff and Acknowledgements	265