

COMPREHENSIVE LIST OF THE COMMISSION'S RECOMMENDATIONS

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

Section 2: Foreign Investment Climate in China

The Commission recommends:

1. Congress assess the ability of, and if necessary amend, existing U.S. trade laws to address China's industrial policies, abusive legal or administrative processes, and discriminatory treatment of foreign investors, and to determine the consistency of these practices with China's World Trade Organization commitments.
2. Congress consider legislation requiring the President to submit a request to Congress for approval before any change occurs, either for the country as a whole or for individual sectors or entities, in China's status as a non-market economy. Under such legislation, any change to the designation of China could not proceed without the consent of both Houses of Congress.
3. Congress consider legislation conditioning the provision of market access to Chinese investors in the United States on a reciprocal, sector-by-sector basis to provide a level playing field for U.S. investors in China.
4. Congress direct U.S. antitrust enforcement agencies to conduct an analysis and legal assessment of alleged anticompetitive behavior by Chinese antitrust enforcers, and report in full on enforcement activities.
5. Congress expand the guidelines for consultation and transparency relating to trade negotiations covered by Trade Promotion Authority to include negotiations on a Bilateral Investment Treaty between the United States and China.
6. Congress require the Administration to provide a comprehensive, publicly-available assessment of Chinese foreign direct investments in the United States prior to completion of negotiations on a Bilateral Investment Treaty. This assessment should include an identification of the nature of investments, whether investments received support of any kind from the Chinese government and at which level (national, provincial, or municipal), and the sector in which the investment was made.
7. Congress urge the U.S. Trade Representative to initiate consultations with China's Ministry of Commerce to identify the extent to which China's policy regarding subsidies and other incentives for purchases of domestically-produced new energy vehicles may violate its World Trade Organization commitments and what steps should be taken to address any inconsistencies with those commitments.

Section 3: China's State-Led Market Reform and Competitiveness Agenda

The Commission recommends:

8. Congress direct the U.S. Government Accountability Office to prepare a report that analyzes U.S. exposure to China's financial sector, the progress of China's financial sector reforms, and the effect of China's financial sector reforms on the U.S. and global financial systems, and identifies the policies the U.S. government is adopting to protect U.S. interests in light of this changing environment.
9. Congress urge the U.S. Department of Commerce to undertake a comprehensive review and prepare a report on China's Made in China 2025 and Internet Plus initiatives, including their forced localization of manufacturing and research and development requirements, to determine their potential impact on domestic U.S. production and market access for U.S. firms.
10. Congress direct the U.S. Environmental Protection Agency, U.S. Department of Energy, and U.S. Department of Commerce to jointly prepare a report that outlines China's stated targets to address pollution and climate change, and evaluates whether the Chinese government has allocated sufficient resources (including expenditures) to meet those commitments.

Section 4: Commercial Cyber Espionage and Barriers to Digital Trade in China

The Commission recommends:

11. Congress assess the coverage of U.S. law to determine whether U.S.-based companies that have been hacked should be allowed to engage in counterintrusions for the purpose of recovering, erasing, or altering stolen data in offending computer networks. In addition, Congress should study the feasibility of a foreign intelligence cyber court to hear evidence from U.S. victims of cyber attacks and decide whether the U.S. government might undertake counterintrusions on a victim's behalf.
12. Congress require the Administration to prepare an annual classified report on foreign government-sponsored cyber attacks against all Federal Government agencies, including but not limited to an assessment of the damage and the affected agencies' plans to secure their networks against further attacks.
13. Congress consider legislation amending the Federal Information Security Modernization Act of 2014 to require an annual review by the U.S. Department of Homeland Security of the steps taken by all federal agencies to ensure that adequate systems are in place to protect cyber assets.
14. Congress pass legislation to require the Securities and Exchange Commission (SEC) to make clear to publicly traded companies and their investors the circumstances under which the theft of intellectual property through a computer network intrusion may be a material fact that might affect a company's revenues and should therefore be required to be disclosed to the SEC.

15. Congress evaluate existing consumer right-to-know laws to determine whether a cloud-based computing company has an affirmative duty to identify the physical location of its cloud-based assets.

Chapter 2: Security and Foreign Policy Issues Involving China

Section 2: China's Space and Counterspace Programs

The Commission recommends:

16. Congress continue to support the U.S. Department of Defense's efforts to reduce the vulnerability of U.S. space assets through cost-effective solutions, such as the development of smaller and more distributed satellites, hardened satellite communications, and non-space intelligence, surveillance, and reconnaissance assets such as unmanned aerial vehicles.
17. Congress direct the U.S. Department of Defense, U.S. Air Force, and relevant agencies within the U.S. Intelligence Community to jointly prepare a classified report that performs a net assessment of U.S. and Chinese counterspace capabilities. The report should include a strategic plan for deterring, with active and passive systems, strikes against U.S. assets in light of other countries' rapid advancements in kinetic and non-kinetic counterspace technology.
18. Congress direct appropriate jurisdictional entities to undertake a review of (1) the classification of satellites and related articles on the U.S. Munitions List under the International Trafficking in Arms Regulations and (2) the prohibitions on exports of Commerce Control List satellites and related technologies to China under the Export Administration Regulations, in order to determine which systems and technologies China is likely to be able to obtain on the open market regardless of U.S. restrictions and which are critical technologies that merit continued U.S. protection.
19. Congress allocate additional funds to the Director of National Intelligence Open Source Center for the translation and analysis of Chinese-language technical and military writings, in order to deepen U.S. understanding of China's defense strategy, particularly related to space.

Section 3: China's Offensive Missile Forces

The Commission recommends:

20. Congress direct the U.S. Department of Defense to provide an unclassified estimate of the People's Liberation Army Second Artillery Force's inventory of missiles and launchers, by type, in future iterations of its *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China*, as included previously but suspended following the 2010 edition.

21. Congress direct the U.S. Department of Defense to prepare a report on the potential benefits and costs of incorporating ground-launched short-, medium-, and intermediate-range conventional cruise and ballistic missile systems into the United States' defensive force structure in the Asia Pacific, in order to explore how such systems might help the U.S. military sustain a cost-effective deterrence posture.
22. Congress continue to support initiatives to harden U.S. bases in the Asia Pacific, including the Pacific Airpower Resiliency Initiative, in order to increase the costliness and uncertainty of conventional ballistic and cruise missile strikes against these facilities, and thereby dis-incentivize a first strike and increase regional stability.
23. Congress continue to support "next-generation" missile defense initiatives such as directed energy and rail gun technologies, and require the U.S. Department of Defense to report to committees of jurisdiction on the status of current component sourcing plans for the development and production of directed energy weapons.

Chapter 3: China and the World

Section 1: China and Central Asia

The Commission recommends:

24. Congress request classified briefings from the U.S. Intelligence Community on the nature of U.S.-China cooperation on counterterrorism to ensure the U.S. government is not inadvertently supporting Chinese counterterror policies and tactics that undermine human rights.
25. Congress direct the U.S. Government Accountability Office to prepare a report assessing the U.S. New Silk Road policy. This report should evaluate the New Silk Road's strengths and weaknesses and its current status and future prospects for meeting U.S. policy objectives in Central Asia. This report should investigate how U.S. policy toward Central Asia intersects and interacts with U.S. policy toward China more broadly, and how the U.S. and Chinese Silk Road initiatives interact in Central Asia.
26. Members of Congress and their staffs consider traveling to Central Asia, and, when doing so, engage with U.S. business community and nongovernmental organizations to discuss ways of improving human rights, rule of law, environmental protection, and business environment.

Section 2: China and Southeast Asia

The Commission recommends:

27. Congress direct the U.S. Government Accountability Office to prepare a report assessing the effectiveness of recent U.S. efforts to enhance the maritime security capabilities of allies and partners in Southeast Asia and identifying the remaining challenges and opportunities.

28. Congress urge the Administration to enhance its support for regional information sharing institutions focused on maritime security in Southeast Asia.
29. Congress direct the U.S. Government Accountability Office to expand its August 2015 report *Southeast Asia: Trends in U.S. and Chinese Economic Engagement* to evaluate whether Chinese government funded investment and assistance projects in Southeast Asia negatively affect U.S.-funded projects in Southeast Asia.

Section 3: Taiwan

The Commission recommends:

30. Congress urge the Administration 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.
31. Congress direct the Administration to invite Taiwan to participate at least as an observer at U.S.-led bilateral and multilateral military and security exercises, including future Rim of the Pacific (RIMPAC) and Cyber Storm exercises.
32. Congress encourage the Administration to increase its public support of Taiwan's participation in international organizations,* which would help Taiwan expand its status and legitimacy in the international community.
33. Congress require the U.S. Department of State, the U.S. Department of Defense, and the U.S. Department of Commerce to jointly prepare a classified report on Taiwan's role in the U.S. strategy in Asia. The report should include an overview of Taiwan's current role in the strategy; U.S.-Taiwan defense cooperation and a description of all joint programs; and opportunities for Taiwan's inclusion in U.S. Asia strategy.

Section 4: Hong Kong

The Commission recommends:

34. Members of Congress, when visiting mainland China, also visit Hong Kong, and that Congress encourage senior Administration officials, including the secretaries of State, Defense, and Commerce, to make visits to Hong Kong part of their travel.
35. Congress sustain the language in the Department of State, Foreign Operations, and Related Programs Appropriations Act of 2016 reauthorizing the report requirement under the U.S.-Hong Kong Policy Act of 1992 supporting human rights and democracy in accordance with the Sino-British Joint Declaration.
36. Congress urge the U.S. Department of State to increase its public diplomacy efforts in Hong Kong in support of press freedom, media independence, and academic freedom.

*These organizations may include: the United Nations Framework Convention on Climate Change, International Atomic Energy Agency, International Civil Aviation Organization, International Maritime Organization, and International Criminal Police Organization (Interpol).

37. Congress engage parliamentarians from the United Kingdom in an interparliamentary review of China's adherence to the Basic Law since the handover of Hong Kong to China in 1997, with specific attention to rule of law, progress in achieving universal suffrage, and press freedom.