

# COMPREHENSIVE LIST OF THE COMMISSION'S RECOMMENDATIONS

## Chapter 1: U.S.-China Global Competition

### *Section 1: The Chinese Communist Party's Ambitions and Challenges at Its Centennial*

The Commission recommends:

1. Congress hold hearings including Administration witnesses to explore the advisability of forming an economic defense coalition with allies and partners. The object of such a coalition would be to provide mutual support in the event of economic coercion by the People's Republic of China (PRC) against a coalition member. Such support could include:
  - Commitments not to seek, at the expense of the coerced party, market share created by China's action;
  - Formal complaints to the World Trade Organization (WTO);
  - Assistance to the coerced party to reduce its incentive to comply with Chinese demands; and
  - Imposition of retaliatory measures against China in support of the coerced party.
2. Congress direct U.S. Customs and Border Protection to initiate action to impose a region-wide Withhold Release Order on products originating from Xinjiang, China. In addition, Congress should require the U.S. Department of Homeland Security to provide a comprehensive list of technologies needed and an outline of the resources required to enforce the Withhold Release Order and address other instances of China's use of forced labor.

### *Section 2: China's Influence in Latin America and the Caribbean*

The Commission recommends:

3. Congress recognize that Chinese economic, diplomatic, and security initiatives in Latin America and the Caribbean are robust and growing and demand a comprehensive response. Steps Congress should consider include:
  - Strengthening U.S. competitiveness in building out Latin American and Caribbean infrastructure through the expansion of funding mechanisms, including but not limited to low-interest loans from U.S. lending institutions to U.S. companies willing to invest in targeted critical infrastructure projects in high-priority Latin American and Caribbean countries;

- Supporting the deployment of novel coronavirus (COVID-19) vaccines in Latin American and Caribbean countries, including by requiring a public report issued by the U.S. Department of State every six months outlining vaccine deployment to countries in the region; and
  - Expanding educational exchanges between the United States and Latin America and the Caribbean, including by expanding partnership agreements between U.S. universities and higher education institutions in Latin American and Caribbean countries.
4. Congress support Latin American and Caribbean countries in the establishment of inbound foreign investment review processes for sectors critical to national security and economic security by doing the following:
    - Expanding the support given by the U.S. government to governments of U.S. allied and partner countries to establish inbound foreign investment review processes similar to those of the Committee on Foreign Investment in the United States (CFIUS) established in the Foreign Investment Risk Review Modernization Act within Title XVII of the National Defense Authorization Act for Fiscal Year 2019. Support for these governments will expand upon existing information exchange processes to include provision of technical assistance and personnel training.
    - Requiring the U.S. Department of State, in conjunction with CFIUS, to provide an annual report to Congress for three consecutive years after enactment of this provision. The report shall outline the progress and outcomes of its engagement with Latin American and Caribbean countries to establish their own inbound foreign investment review processes.
  5. Congress require the director of national intelligence, in conjunction with the U.S. Department of State and U.S. Department of Defense, to produce an unclassified report, including a classified annex, documenting Chinese investment in port infrastructure in the Western Hemisphere and detailing any known Chinese interest in establishing a military presence at or near these ports. The report should include an assessment of China's current and potential future ability to leverage commercial ports for military purposes and the implications for the United States.
  6. Congress enact legislation directing the U.S. Development Finance Corporation, U.S. Agency for International Development, U.S. Trade and Development Agency, Millennium Challenge Corporation, and other executive agencies responsible for disbursing foreign aid and development assistance to require within all aid-related applications mandatory disclosures on debt the applicant may owe to Chinese entities, including loan amounts, duration, rates, and contractual provisions.
  7. Congress enact legislation requiring the U.S. government authorities identified in the Maritime Security and Fisheries

Enforcement (SAFE) Act within section 3544 of the National Defense Authorization Act for Fiscal Year 2020 to create a partnership with coastal Latin American states, similar to the Oceania Maritime Security Initiative and the Africa Maritime Law Enforcement Partnership. This partnership would assist coastal Latin American states in maritime domain awareness, with a particular focus on increasing partner countries' capacity to combat illegal, unreported, and unregulated fishing by Chinese vessels in the region.

## **Chapter 2: U.S.-China Economic and Trade Relations**

### ***Section 2: The Chinese Communist Party's Economic and Technological Ambitions: Synthetic Biology, New Mobility, Cloud Computing, and Digital Currency***

The Commission recommends:

8. Congress direct the U.S. Department of Energy, in coordination with the National Institute of Standards and Technology and other relevant agencies, to produce a report and research plan outlining a project for the collection and sequencing of nonhuman genomic data, analogous to the Human Genome Project. Such a plan shall include:
  - A description of the types of nonhuman genomic data to be collected and sequenced;
  - An explanation of research value and commercial applications from collecting and sequencing such data;
  - The designation of an existing Department of Energy National Laboratory to coordinate the project and award grants to U.S. universities and private companies in furtherance of the project's goals;
  - A description of ethical considerations and processes for stakeholder engagement; and
  - Articulation of the National Institute of Standards and Technology's role to:
    - Codify technical standards related to the project;
    - Share and protect data collected during the project; and
    - Engage with the public and international partners on the project's findings.
9. Congress direct the National Institute of Standards and Technology, in coordination with the National Institutes of Health, the U.S. Patent and Trade Office, the Department of Energy, and the Department of State, to establish a model framework for the protection, collection, and commercialization of nonhuman genomic data. The framework should seek to establish principles on intellectual property rights for the countries of origin of the genomic data. This framework should also be used in international outreach regarding protection of national biotechnology assets and Chinese predatory collection of data.

10. Congress request a report from the Administration regarding data servicing operations owned by Chinese firms. Such a report shall include:
  - Whether such firms are operating in the United States, what laws and regulations may apply to such operations and services, and what cloud computing services are offered or provided to U.S. persons;
  - Whether Chinese cloud computing providers are engaged in any joint ventures or servicing arrangements with U.S. firms and the nature of such operations;
  - Whether consumers of these services have access to prominently identified information regarding the ownership of such cloud computing services;
  - Whether U.S. firms can operate freely in the People's Republic of China (PRC) and what, if any, restrictions might apply to their services and operations;
  - Where Chinese-owned firms may be providing equipment or services for the provision of cloud computing support in third-country markets and whether the market share of Chinese-owned firms in those markets may limit, in any way, the ability of U.S.-owned firms to operate independently of such operations; and
  - What support the Chinese government may be providing to cloud computing firms in terms of equipment and services that may act as a subsidy for such operations.
11. Congress consider legislation requiring that the U.S. Department of Transportation, in consultation with the U.S. Departments of Commerce, Energy, and Defense, and law enforcement authorities, develop regulations limiting access for Chinese-owned firms developing autonomous vehicle capabilities to protect U.S. national and economic security interests. In preparing such regulations, the authorities should consider the extent to which the Chinese government limits access of U.S. firms for similar uses. Specific attention should be given to data collection activities that may advance the interests of the Chinese military or intelligence agencies. In addition, such legislation shall address any need to protect the data utilized and collected by autonomous vehicles produced and/or serviced by Chinese-owned firms.
12. The committees of relevant jurisdiction in the House and Senate investigate and hold hearings with a view toward considering legislation on the operations of China's Blockchain-Based Service Network, with particular attention to its operations in the United States and participation of U.S. companies in building out the network. Such investigation should look at the goals of the network in developing blockchain infrastructure and whether the involvement of the Chinese government and Chinese state-owned entities may put at risk any U.S. economic and national security interests.
13. Congress consider legislation to create the authority to screen the offshoring of critical supply chains and production capabil-

ities to the PRC to protect U.S. national and economic security interests and to define the scope of such supply chains and production capabilities. This would include screening related outbound investment by U.S. entities. Such legislation would direct the secretaries of defense and commerce, along with the U.S. Trade Representative, to develop procedures to evaluate existing and proposed supply relationships with the PRC and identify whether critical U.S. interests are being adversely affected, including the loss of domestic production capacity and capabilities. The legislation would authorize the president to take appropriate action, including prohibiting supply relationships or certain transactions to protect U.S. national security.

### ***Section 3: The Chinese Government's Evolving Control of the Nonstate Sector***

The Commission recommends:

14. Congress direct the U.S. Securities and Exchange Commission to require that publicly traded U.S. companies with facilities in China report on an annual basis whether there is a Chinese Communist Party (CCP) committee in their operations and summarize the actions and corporate decisions in which such committees may have participated.
15. Congress direct the Bureau of Economic Analysis at the U.S. Department of Commerce to amend its surveys of U.S. multinational enterprise activity in China to report on the presence and actions of CCP committees in the foreign affiliates of U.S. firms operating in China.

### ***Section 4: U.S.-China Financial Connectivity and Risks to U.S. National Security***

The Commission recommends:

16. Congress consider comprehensive legislation to ensure Chinese entities sanctioned under one U.S. authority be automatically sanctioned under other authorities unless a waiver is granted by the president or the authority applying the initial sanction. This legislation should rationalize existing U.S. sanctions targeting adversarial Chinese entities to ensure, for example, Chinese firms placed on the Entity List and/or Military End User List of the U.S. Department of Commerce are also placed on the Non-Specially Designated Nationals (SDN) Chinese Military-Industrial Complex (NS-CMIC) Companies List and vice versa.
17. Congress enact legislation expanding the jurisdiction of existing U.S. investment restrictions targeting Chinese entities placed on the NS-CMIC Companies List as well as the scope of entities to be targeted by such restrictions. Such provisions should include:
  - Expanding the prohibitions relating to transactions and supporting work by U.S. persons in NS-CMIC securities covered by Executive Order 14032 to include the execution, support, or servicing of transactions by U.S. persons in any market or for any other person, including both U.S. and non-U.S. persons; and

- Providing additional resources to ensure that a more comprehensive list of entities engaged in supporting the Chinese military-industrial complex be published and that subsidiaries supporting such entities be included on the list. In identifying entities that should be evaluated for inclusion in such designations, authorities should include companies designated by Chinese securities issuing and trading entities as supporting the military-industrial complex.
18. Congress pass legislation that defines categories of Chinese persons, Chinese entities, and Chinese Communist Party (CCP)-related persons and entities subject to full blocking sanctions and inclusion on the U.S. Department of the Treasury's SDN list due to actions that harm the vital national interest or the national security of the United States or that constitute gross human rights violations.
  19. Congress consider comprehensive legislation to address risks to U.S. investors and U.S. interests from investments in Chinese equity, debt, and derivative instruments by:
    - Prospectively prohibiting investment in Variable Interest Entities (VIEs) linked to Chinese entities.
    - Absent prohibition, ensuring that the risks of investments in VIEs linked to Chinese entities are more prominently identified for investors, including that the VIE structure is illegal under Chinese law, and that taxpayer subsidies do not support investments in such entities. Provisions that should be considered in support of this goal include:
      - Requiring prominent identification of the potential high risk for investments in VIEs linked to Chinese companies by:
        - Identifying VIEs linked to Chinese companies as such in their stock trading symbols on U.S. exchanges.
        - Requiring that broker-dealers provide risk warning labels on the potential lack of legal recourse for investors for their investments in VIEs linked to Chinese entities.
      - Prohibiting preferential federal tax treatment on losses and gains on investments in VIEs linked to Chinese entities made after the passage of appropriate statutory provisions.
    - Directing the U.S. Securities and Exchange Commission (SEC) as part of its evaluation of potential guidance on reporting on environmental, social, and governance matters by publicly traded companies to require reporting of:
      - Sourcing and due diligence activities of such companies involving supply chains that are directly or indirectly linked to products and services utilizing forced labor from Xinjiang.
      - Transactions with companies that have been placed on the Department of Commerce's Entity List or those designated by Treasury as Chinese Military-Industrial Complex Companies.

- Requiring index providers that include within their indices securities issued on mainland Chinese exchanges or the Hong Kong Stock Exchange, securities of China-headquartered companies listed on U.S. exchanges through a VIE, or derivative instruments of either of the preceding types of securities, be subject to regulation by the SEC.
20. Congress ensure the effective implementation of the Export Control Reform Act of 2018 and the Foreign Investment Risk Review Modernization Act of 2018 by enacting legislation that:
- Creates a Technology Transfer Review Group (TTRG) within the Executive Office of the President responsible for identifying emerging and foundational technologies. The TTRG should be chaired by the secretary of defense and include the director of the Office of Science and Technology Policy along with Cabinet-level secretaries or their designees from the U.S. Departments of Commerce, Energy, and Homeland Security.
  - Authorizes the TTRG to direct the Department of Commerce’s Bureau of Industry and Security to implement export controls following the identification of these technologies.
  - Authorizes and requires the TTRG to oversee multilateral engagement related to export controls, foreign investment screening, and regulations over technology transfer by relevant agencies to ensure that such engagement does not undermine U.S. national and economic security interests.
  - Require that additional resources be provided to improve and expand end-user verification of export controls. Export licenses to the following entities should receive strict scrutiny: end-users identified as Chinese Communist Military Companies per section 1237 of the National Defense Authorization Act for Fiscal Year 1999, those identified as contributors to China’s military-civilian fusion activities per section 1260H of the National Defense Authorization Act for Fiscal Year 2021, entities with direct and formal ties to the CCP or Chinese government, and entities identified by the U.S. Trade Representative, U.S. Department of Justice, and Federal Bureau of Investigation as being linked to efforts to steal or coerce the transfer of U.S. intellectual property. The inability to identify end-user facilities and, if identified, the lack of adequate and timely access to these facilities should strongly inform investigating officials and licensing officials.
  - Require that the TTRG engage with the Department of Justice, the Department of Commerce’s Bureau of Industry and Security, and other relevant agencies to align “deemed export” controls with engagement on knowledge transfer and expert recruitment strategies such as the 1,000 Talents Program as well as investigations of the CCP’s United Front Work Department and other entities and programs of the CCP designed to acquire U.S. technology and capabilities.

21. Congress mandate from Treasury an annual update of the accurate U.S. portfolio investment position in China since 2008, including money routed through offshore centers, such as the Cayman Islands. This should include exposure for:
- Individual Chinese sectors;
  - U.S. institution types, such as state pension funds;
  - Sanctioned Chinese entities (Entity List, NS-CMIC List, and others);
  - Individual Chinese recipients who receive more than a minimum amount, such as \$100 million; and
  - Individual U.S. investors with more than a minimum share of the total, such as 2 percent.

### **Chapter 3: U.S.-China Security, Politics, and Foreign Affairs**

#### ***Section 2: China's Nuclear Forces: Moving beyond a Minimal Deterrent***

The Commission recommends:

22. Congress direct the Administration to conduct an interagency review of any Chinese universities that maintain research or training arrangements with China's nuclear weapons research institutes, such as the Chinese Academy of Engineering Physics and the Northwest Institute of Nuclear Technology. The review should be led by the U.S. Department of Energy and include the U.S. Departments of Commerce, Treasury, and Defense; the Intelligence Community; and other federal departments and agencies as appropriate. The review would:
- Assess the impact of such cooperation on China's nuclear weapons programs and capabilities;
  - Assess whether current U.S. export controls adequately address risks from the transfer and exchange of information and technologies with applications to nuclear research, particularly by researchers and departments in relevant academic disciplines at U.S. universities to these Chinese universities;
  - Identify Chinese universities and research institutes that should be added to the Entity List, based on the risks posed by their cooperation with the Chinese Academy of Engineering Physics, Northwest Institute of Nuclear Technology, and other Chinese institutions involved in nuclear weapons development, as appropriate;
  - Identify Chinese universities and research institutes that merit a presumption of denial for all export licenses involving items covered by the Export Administration Regulations; and
  - Develop and maintain a list of all academic partnerships in fields with applications to nuclear weapons development entered into between Chinese universities and U.S. universities that receive federal funding for the purpose of determining whether these activities are subject to export controls.

23. Congress prevent the erosion of U.S. strategic nuclear superiority and respond to China's qualitative and quantitative theater nuclear advantages by directing the Administration to continue implementation of the Obama-Trump Program of Record for nuclear modernization.
24. Congress enact legislation creating an independent bipartisan commission, similar to the Quadrennial Defense Review commissions authorized in the past, to assess the Nuclear Posture Review and advise Congress about whether the current U.S. nuclear posture is sufficient to maintain deterrence against the expanding Chinese and Russian nuclear forces. The Commission should:
  - Determine how Russian and Chinese nuclear capabilities have changed between 2010 and 2022;
  - Evaluate whether the current number of U.S.-deployed strategic weapons is sufficient to deter both Russia and China over the next 20 years; and
  - Identify any further changes required to U.S. force posture, doctrine, and missile defense.
25. Congress authorize funding for a comprehensive diplomatic strategy on nuclear deterrence and arms control. This comprehensive program would include:
  - Intelligence diplomacy with key allies and partners in the Indo-Pacific and in Europe to inform them of developments in China's nuclear forces;
  - Dialogue to convince these allies and partners to pressure Beijing diplomatically to enter into arms control talks and to explore these partners' willingness to host U.S. intermediate-range forces and other U.S. assets; and
  - Continued efforts to engage both Russia and China in trilateral arms control talks, including by continuing efforts with Russia to persuade China to enter into arms control discussions.

#### **Chapter 4: A Dangerous Period for Cross-Strait Deterrence: Chinese Military Capabilities and Decision-Making for a War over Taiwan**

The Commission recommends:

26. Congress enhance Taiwan's ability to purchase U.S. defense articles and accelerate the process for their sale and delivery to Taiwan by:
  - Authorizing and appropriating on a multiyear basis Foreign Military Financing Program funds for Taiwan to purchase defense articles from the United States and allowing Taiwan to use Foreign Military Financing funds to purchase arms through direct commercial contracts;
  - Amending the Foreign Assistance Act to make Taiwan eligible to receive priority delivery of U.S. excess defense articles; and

- Directing the Administration to use the Special Defense Acquisition Fund to reduce defense procurement lead times for arms sales to Taiwan by pre-stocking defense articles needed to maintain cross-Strait deterrence.
27. Congress take urgent measures to strengthen the credibility of U.S. military deterrence in the near term and to maintain the ability of the United States to uphold its obligations established in the Taiwan Relations Act to resist any resort to force that would jeopardize the security of Taiwan, including:
- Authorizing and funding the deployment of large numbers of antiship cruise and ballistic missiles in the Indo-Pacific;
  - Authorizing and funding the requests of U.S. Indo-Pacific Command (INDOPACOM) for better and more survivable intelligence, surveillance, and reconnaissance in the East and South China Seas;
  - Authorizing and funding the requests of INDOPACOM for hardening U.S. bases in the region, including robust missile defense;
  - Authorizing and funding the stockpiling of large numbers of precision munitions in the Indo-Pacific; and
  - Authorizing and funding programs that enable U.S. forces to continue operations in the event central command and control is disrupted.

### **Chapter 5: Hong Kong's Government Embraces Authoritarianism**

The Commission recommends:

28. Congress amend the Hong Kong Autonomy Act to add to the contents of the annual report required by the act a determination of whether the Beijing-controlled Government of Hong Kong has violated freedom of emigration from Hong Kong. The report should assess whether the Government of Hong Kong has:
- Denied Hong Kong residents' right or opportunity to emigrate;
  - Imposed more than a nominal tax on emigration or on the visas or other documents required for emigration, for any purpose or cause whatsoever; or
  - Made emigration contingent on receiving official approval that is not practicably possible to obtain or is otherwise obstructed by authorities.
29. Congress amend section 421 of the U.S.-China Relations Act of 2000 to require the U.S. Trade Representative to include an assessment of Hong Kong's treatment as a separate customs territory in its annual report on China's compliance with commitments made in connection with its accession to the World Trade Organization (WTO). This additional section of the report should consider:

- Hong Kong’s compliance to its commitments under the WTO;
  - Whether mainland Chinese entities operating in Hong Kong are using the Special Administrative Region’s status as a transshipment hub to circumvent U.S. duties on China;
  - Whether Hong Kong “possesses full autonomy in the conduct of its external commercial relations” and if the United States should continue to recognize Hong Kong’s rights as a separate customs territory under the WTO pursuant to section 201 of the U.S.-Hong Kong Policy Act of 1992; and
  - Whether the United States should apply tariffs and all other trade treatment to Hong Kong equivalent to that of the People’s Republic of China (PRC). The U.S. Trade Representative should consult the secretary of state’s determination of Hong Kong’s autonomy when making this recommendation to the president.
30. Congress, in consideration of the plight of prodemocracy activists from the Hong Kong Special Administrative Region, should encourage the secretary of homeland security to exercise their authority under the Immigration and Nationality Act on the basis of both a “compelling emergency” and “urgent humanitarian reason[s]” to parole into the United States aliens who are residents of Hong Kong and who are applying for admission to the United States.
31. Congress require the U.S. Department of Justice and the U.S. Department of Commerce to collect information from U.S. companies operating in Hong Kong concerning requests from the Government of Hong Kong for content takedowns, access to data, and law enforcement assistance. The departments shall report their findings to Congress every 180 days specifying:
- The number of requests fulfilled and by which companies;
  - Where such requests involved user data; and
  - Which local laws the requests invoked.
32. Congress direct the Department of Justice to require media outlets operating in the United States that are majority owned by the Government of the PRC or the Government of Hong Kong to register under the Foreign Agents Registration Act. Congress should also direct the Department of State to determine whether such outlets qualify as a foreign mission of the PRC.