COMPREHENSIVE LIST OF THE COMMISSION'S 2024 RECOMMENDATIONS

Part II: Technology and Consumer Product Opportunities and Risks

Chapter 3: U.S.-China Competition in Emerging Technologies

The Commission recommends:

1. Congress establish and fund a Manhattan Project-like program dedicated to racing to and acquiring an Artificial General Intelligence (AGI) capability. AGI is generally defined as systems that are as good as or better than human capabilities across all cognitive domains and would surpass the sharpest human minds at every task. Among the specific actions the Commission recommends for Congress:
   - Provide broad multiyear contracting authority to the executive branch and associated funding for leading artificial intelligence, cloud, and data center companies and others to advance the stated policy at a pace and scale consistent with the goal of U.S. AGI leadership; and
   - Direct the U.S. secretary of defense to provide a Defense Priorities and Allocations System "DX Rating" to items in the artificial intelligence ecosystem to ensure this project receives national priority.
2. Congress consider legislation to:
   - Require prior approval and ongoing oversight of Chinese involvement in biotechnology companies engaged in operations in the United States, including research or other related transactions. Such approval and oversight operations shall be conducted by the U.S. Department of Health and Human Services in consultation with other appropriate governmental entities. In identifying the involvement of Chinese entities or interests in the U.S. biotechnology sector, Congress should include firms and persons:
     - ○ Engaged in genomic research;
     - ○ Evaluating and/or reporting on genetic data, including for medical or therapeutic purposes or ancestral documentation;
     - ○ Participating in pharmaceutical development;
     - ○ Involved with U.S. colleges and universities; and
     - ○ Involved with federal, state, or local governments or agencies and departments.

- Support significant Federal Government investments in biotechnology in the United States and with U.S. entities at every level of the technology development cycle and supply chain, from basic research through product development and market deployment, including investments in intermediate services capacity and equipment manufacturing capacity.

3. To protect U.S. economic and national security interests, Congress consider legislation to restrict or ban the importation of certain technologies and services controlled by Chinese entities, including:
   - Autonomous humanoid robots with advanced capabilities of (i) dexterity, (ii) locomotion, and (iii) intelligence; and
   - Energy infrastructure products that involve remote servicing, maintenance, or monitoring capabilities, such as load balancing and other batteries supporting the electrical grid, batteries used as backup systems for industrial facilities and/or critical infrastructure, and transformers and associated equipment.
4. Congress encourage the Administration's ongoing rulemaking efforts regarding "connected vehicles" to cover industrial machinery, Internet of Things devices, appliances, and other connected devices produced by Chinese entities or including Chinese technologies that can be accessed, serviced, maintained, or updated remotely or through physical updates.
5. Congress enact legislation prohibiting granting seats on boards of directors and information rights to China-based investors in strategic technology sectors. Allowing foreign investors to hold seats and observer seats on the boards of U.S. technology startups provides them with sensitive strategic information, which could be leveraged to gain competitive advantages. Prohibiting this practice would protect intellectual property and ensure that U.S. technological advances are not compromised. It would also reduce the risk of corporate espionage, safeguarding America's leadership in emerging technologies.
6. Congress establish that:
   - The U.S. government will unilaterally or with key international partners seek to vertically integrate in the development and commercialization of quantum technology.
   - Federal Government investments in quantum technology support every level of the technology development cycle and supply chain from basic research through product development and market deployment, including investments in intermediate services capacity.
   - The Office of Science and Technology Policy, in consultation with appropriate agencies and experts, develop a Quantum Technology Supply Chain Roadmap to ensure that the United States coordinates outbound investment, U.S. critical supply chain assessments, the activities of the Committee on Foreign Investment in the United States (CFIUS), and federally supported research activities to ensure that the United States,

along with key allies and partners, will lead in this critical technology and not advance Chinese capabilities and development.

Chapter 4: Unsafe and Unregulated Chinese Consumer Goods: Challenges in Enforcing Import Regulations and Laws

The Commission recommends:

7. With respect to imports sold through an online marketplace, Congress eliminate Section 321 of the Tariff Act of 1930 (also known as the "de minimis" exemption), which allows goods valued under $800 to enter the United States duty free and, for all practical purposes, with less rigorous regulatory inspection. Congress should provide U.S. Customs and Border Protection adequate resources, including staff and technology, for implementation, monitoring, and enforcement.
8. Congress amend the Consumer Product Safety Act to (1) grant the U.S. Consumer Product Safety Commission (CPSC) unilateral mandatory recall authority over products where the Chinese seller is unresponsive to requests from the CPSC for further information or to initiate a voluntary recall and the CPSC has evidence of a substantial product hazard, defined as either failing to comply with any CPSC rule, regulation, standard, or ban or posing a substantial risk of injury to the public; and (2) classify Chinese e-commerce platforms as distributors to allow for enforcement of recalls and other safety standards for products sold on these platforms.
9. Congress direct the U.S. Department of Homeland Security and U.S. Customs and Border Protection, in conjunction with the U.S. Department of Commerce, to develop assessment tools capable of identifying the true origins of parts, components, and materials contained in products entering the United States to prevent tariff evasion and limit safety and security risks in light of the increasing complexity of global supply chains.
10. Congress require that the U.S. Trade Representative, in consultation with the U.S. Department of Commerce, the U.S. International Trade Commission, and other entities, as appropriate, prepare a comprehensive report within 90 days on the operation of the U.S.-Mexico-Canada Trade Agreement since its entry into force that provides data and information on:
    - Chinese-affiliated investments in Mexico and Canada and specific information on their production of goods and how those goods may enter the U.S. market either as finished products or as components in other products;
    - Trade flows of products produced in China to Mexico and Canada and how such trade flows have changed;
    - Prices of products produced in China shipped to Mexico and Canada as well as products shipped through those countries to the United States and how those prices relate to the prices of such goods shipped directly into the U.S. market; and
    - Trade enforcement actions by Mexico and Canada regarding Chinese-produced products (including those transshipped

through third countries' markets) and how such actions relate to U.S. trade enforcement actions.

11. Congress amend applicable laws to mandate that online marketplaces clearly disclose on product listings for Chinese-made goods the name, physical address, and contact information for the manufacturer. The online marketplaces should also be required to clearly display a warning label that the item is manufactured in a country that does not comply with U.S. consumer safety standards.
12. Congress direct the U.S. Government Accountability Office to investigate the reliability of safety testing certifications for consumer products and medical devices imported from China.

Part III: Competition and Conflict

Chapter 5: China and the Middle East

The Commission recommends:

13. Congress direct the Office of the Director of National Intelligence to produce and provide to the U.S. Department of the Treasury within six months a detailed study of Chinese purchases of Iranian oil over the span of the last five years. The study shall include analysis of China's use of transshipment points and shell companies as methods to insulate itself from sanctions. Congress should further direct that within six months of receipt of the study, the Treasury Department must make a determination if sanctionable activity is occurring and report its findings to Congress.
14. Congress direct the U.S. member on the International Maritime Organization (IMO) Council to use their voice and vote to require China to abide by its treaty obligations under the IMO conventions, including by upholding safety regulations on the use of Automatic Identification System transponders.

Chapter 6: Key Economic Strategies for Leveling the U.S.-China Playing Field

The Commission recommends:

15. Congress consider legislation to eliminate federal tax expenditures for investments in Chinese companies on the Entity List maintained by the U.S. Department of Commerce, or identified as a Chinese military company on either the "Non-Specially Designated National (SDN) Chinese Military-Industrial Complex Companies List" maintained by the U.S. Department of the Treasury or the "Chinese military companies" list maintained by the U.S. Department of Defense. Among the tax expenditures that would be eliminated prospectively are the preferential capital gains tax rate, the capital loss carry-forward provisions, and the treatment of carried interest.
16. To enhance the effectiveness of export controls, Congress should:
    - Improve the analytic and enforcement capabilities of the U.S. Department of Commerce's Bureau of Industry and Security (BIS) by providing resources necessary to hire more in-house

experts; establish a Secretary's Fellows Program to more effectively attract interagency talent; expand partnerships with the national labs; increase access to data and data analysis tools, including the acquisition of proprietary datasets and modern data analytic systems; and hire additional agents and analysts for the Office of Export Enforcement.

- Amend the Export Control Reform Act to require that within 30 days of granting a license for export to entities on the Entity List, including under the Foreign Direct Product Rule, BIS shall provide all relevant information about the license approval to the relevant congressional committees, subject to restrictions on further disclosure under 50 U.S.C. § 4820(h)(2)(B)(ii).
- Direct the president to:
  - Designate a senior official to coordinate efforts across the Administration to prioritize bilateral and multilateral support for U.S. export control initiatives; and
  - Establish a Joint Interagency Task Force, reporting to and overseen by the national security advisor and with its own budget and staff, to assess ways to achieve the goal of limiting China's access to and development of advanced technologies that pose a national security risk to the United States. The task force should include designees from the U.S. Departments of Commerce, Defense, State, Treasury, and Energy; the intelligence community; and other relevant agencies. It should assess the effectiveness of existing export controls; provide advice on designing new controls and/or using other tools to maximize their effect while minimizing their negative impact on U.S. and allied economies; and recommend new authorities, institutions, or international arrangements in light of the long-term importance of U.S.-China technology competition.
- Codify the "Securing the Information and Communications Technology and Services Supply Chain" Executive Order to ensure that as the authority is used more robustly, challenges to its status as an executive order will not constrain BIS's implementation decisions or delay implementation.

17. Congress direct the Administration to create an Outbound Investment Office within the executive branch to oversee investments into countries of concern, including China. The office should have a dedicated staff and appropriated resources and be tasked with:
    - Prohibiting outbound U.S. investment through a sector-based approach in technologies the United States has identified as a threat to its national or economic security;
    - Expanding the list of covered sectors with the goal of aligning outbound investment restrictions with export controls. The office should identify and refine the list of covered technologies in coordination with appropriate agencies as new innovations emerge; and

- Developing a broader mandatory notification program for sectors where investment is not prohibited to allow policymakers to accumulate visibility needed to identify potential high-risk investments and other sectors that pose a threat to U.S. national or economic security. In addition to direct investments, the notification regime should capture passive investment flows to help inform debates around the expansion of prohibitions to cover portfolio investment.

18. Congress repeal Permanent Normal Trade Relations (PNTR) for China. The PNTR status allows China to benefit from the same trade terms as U.S. allies, despite engaging in practices such as intellectual property theft and market manipulation. Repealing PNTR could reintroduce annual reviews of China's trade practices, giving the United States more leverage to address unfair trade behaviors. This move would signal a shift toward a more assertive trade policy aimed at protecting U.S. industries and workers from economic coercion.
19. Congress direct relevant departments and agencies to expand their data collection and transparency initiatives into the volume and types of investment flowing into China by taking the following actions:
    - Amending the International Investment and Trade in Services Survey Act to require the Bureau of Economic Analysis within the U.S. Department of Commerce to publish more detailed sectoral breakdowns of U.S. direct investment in China on a nationality basis and the U.S. Department of the Treasury to publish annual sector breakdowns of U.S. portfolio investment in China on a nationality basis. The portfolio investment sectors should be more specific than those provided by the Commerce Department for direct investment. Additionally, Congress should require the Treasury Department to publish quarterly updates—without sector breakdowns—of nationality-based portfolio investment in China.
    - Requiring the U.S. Department of Commerce to produce a report on the feasibility and methodology for publishing nationality-based results for direct investment, where offshore tax havens and locales of incorporation would not be said to receive hundreds of billions of dollars and true destinations of the capital would be accurately identified.
20. Congress direct the Administration to impose sanctions on Chinese financial institutions that violate sanctions, including those that are proven to be working with or supporting the Russian military industrial base or facilitating purchases of Iranian oil.
21. In light of the periodic and increasingly frequent removal of some of these materials from Chinese websites, Congress direct the executive branch to fund the creation and operation of a regularly updated, permanent data archive, in effect a series of snapshots of portions of the Chinese internet. In the past decade, foreign analysts have made use of open source Chinese-language materials to gain insight into various aspects of current policy as well as internal (but unclassified) discussions

of future military, diplomatic, and economic strategy. Information would be stored in the permanent data archive, accessible to both government and private analysts.

22. Congress consider legislation to set priorities and goals for U.S.-China economic relations. These policy priorities and goals should include:
    - Updating existing trade and economic tools to ensure their timely application, utility, and effectiveness in countering China's non-market economic policies;
    - Limiting U.S. economic and security dependence on supply chains in critical and emerging products, technologies, and services provided by companies controlled, operating in, or subject to the influence of China;
    - Enhancing the accountability of the executive branch to Congress and increasing the transparency of its actions to ensure coordinated governmental action and respect for Congress's constitutional Article I, Section 8 authority;
    - Prioritizing domestic production and employment while also recognizing the need, as appropriate, to coordinate and align policies with friends and allies;
    - Acting to address production overcapacity fueled by Chinese policies and actions; and
    - Advancing the resilience of the U.S. economy and ensuring its access to key inputs and technologies.
23. Congress pass legislation eliminating the ability of entities operating in U.S. Foreign-Trade Zones (FTZs) to qualify for zero or lower tariffs on products imported from China or Chinese-affiliated or -invested entities into the FTZ and then re-exported.
24. The relevant committees of Congress hold hearings to assess the desirability and feasibility of creating a trade defense coalition with other like-minded countries to forestall the risk of a second China shock. Such a grouping would seek to align policies for responding to the recent acceleration in China's exports of subsidized, underpriced materials and manufactured goods.

Chapter 7: China's New Measures for Control, Mobilization, and Resilience

The Commission recommends:

25. Congress direct the Office of the Director of National Intelligence, within 180 days, to conduct a classified assessment, and brief its findings to Congress, of the intelligence community's (IC) ability to accurately monitor strategic, nonmilitary indicators that would signal that China is preparing for imminent conflict and the extent to which China's increasing lack of transparency affects the IC's ability to monitor this information. The assessment should include, but not be limited to, the following:

- The IC's ability to monitor:
  - China's energy storage locations and stockpiling rates, particularly for crude oil, coal, and natural gas;
  - Production shifts from civilian to military industries;
  - China's national defense mobilization system; and
  - China's strategic reserves and their compositions and locations;
- The IC's ability to coordinate with non-Title 10 and -Title 50 federal agencies that have technical expertise in agriculture and trade to monitor China's food and energy stockpiling and any derived indicators that may signal a potential preparation for conflict;
- Whether the IC's current geospatial intelligence posture is adequate to compensate for the loss of open source information from China; and
- The desirability and feasibility of establishing an Energy Strategic Warning system involving coordination between relevant entities including the National Geospatial-Intelligence Agency and the U.S. Departments of Energy, Commerce, State, and the Treasury.

Chapter 8: China's Evolving Counter-Intervention Capabilities and the Role of Indo-Pacific Allies

The Commission recommends:

26. Congress direct the U.S. Department of Defense to produce within 60 days a classified net assessment report on current People's Liberation Army (PLA) Command, Control, Communications, Computers Intelligence, Surveillance, and Reconnaissance (C4ISR) capabilities and PLA electronic warfare (EW) capabilities (including electronic attack and electronic protection capabilities). The report should examine U.S. counter-C4ISR and counter-EW capabilities, assess the resiliency of U.S. capabilities, identify counter-C4ISR and counter-EW gaps, and provide a menu of procurement options to close the gaps. Not later than 60 days after its completion, the U.S. secretary of defense shall provide the report to the appropriate congressional committees and brief them on its findings.
27. Congress direct the Office of the Director of National Intelligence, in conjunction with the U.S. Departments of Defense, Commerce, and the Treasury, and other relevant agencies, to conduct a comprehensive review of potential technological chokepoints across the People's Republic of China military industrial base and devise plans to apply controls, in conjunction with allies, to slow China's military development.
28. Congress reinvigorate and recommit to space as an area of strategic competition, including by conducting a review of the commercial space industry to determine if there are regulatory updates that would ensure that the U.S. commercial space industry is able to innovate as quickly as possible while maintaining safety as a top priority.

Part IV: Taiwan and Hong Kong

Chapter 9: Taiwan

The Commission recommends:

29. Congress amend the Arms Export Control Act of 1976 to include Taiwan on the list of "NATO Plus" recipients.
30. Congress create a "Taiwan Allies Fund" that would provide foreign assistance only to countries that have an official diplomatic relationship with Taiwan. No country could receive more than 15 percent of the appropriated funding each year. Countries that no longer have a diplomatic relationship with Taiwan would immediately be ineligible for this funding.

Chapter 10: Hong Kong

The Commission recommends:

31. Congress require the Administration to produce a determination whether reasonable grounds exist for concluding that the Hong Kong Special Administrative Region should be designated as a Primary Money Laundering Concern (PMLC) jurisdiction under Section 311 of the Patriot Act due to its growing role as the central sanctions evasion hub and transshipment center for illicit finance and technology to Russia, Iran, and North Korea.
32. Congress direct the U.S. Department of the Treasury, in coordination with the U.S. Departments of State and Commerce, to provide the relevant congressional committees a report assessing the ability of U.S. and foreign financial institutions operating in Hong Kong to identify and prevent transactions that facilitate the transfer of products, technology, and money to Russia, Iran, and other sanctioned countries and entities in violation of U.S. export controls, financial sanctions, and related rules. The report should:
    - Evaluate the extent of Hong Kong's role in facilitating the transfer of products and technologies to Russia, Iran, other adversary countries, and the Mainland, which are prohibited by export controls from being transferred to such countries;
    - Evaluate Hong Kong's role in facilitating trade and financial transactions that violate U.S. sanctions on Russia, Iran, and other countries and entities subject to U.S. financial sanctions;
    - Examine whether Hong Kong's National Security Law has limited the ability of financial institutions to adhere to global standards for anti-money laundering and know-your-customer procedures; and
    - Describe the level of cooperation between Hong Kong and U.S. authorities in enforcing export controls and sanctions regimes.