

CONTENTS

	Page
TRANSMITTAL LETTER TO THE CONGRESS	iii
COMMISSIONERS APPROVING THE REPORT	v
EXECUTIVE SUMMARY	1
KEY RECOMMENDATIONS TO CONGRESS	17
INTRODUCTION	19

2008 REPORT TO CONGRESS OF THE U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION

Chapter 1: The United States-China Trade and Economic Relationship	23
Section 1: The U.S.-China Trade and Economic Relationship's Current Status and Significant Changes During 2008	23
Section 2: China's Capital Investment Vehicles and Implications for the U.S. Economy and National Security	43
Section 3: Research and Development, Technological Advances in Some Key Industries, and Changing Trade Flows with China	69
Section 4: A Case Study of the Local Impact of Trade with China: Seafood Imports from China into Louisiana and the U.S. Gulf Coast, and Related Safety Issues	83
Recommendations	103
Chapter 2: China's Activities Directly Affecting U.S. Security Interests	125
Section 1: China's Proliferation Policies and Practices	125
Section 2: China's Views of Sovereignty and Methods of Controlling Access to its Territory	140
Section 3: The Nature and Extent of China's Space and Cyber Activities and their Implications for U.S. Security	156
Recommendations	168
Chapter 3: China's Energy and Environment Policies and Activities ..	183
Section 1: China's Current Energy Picture	183
Section 2: Tackling the Consequences of China's Energy Consumption	198
Recommendations	220
Chapter 4: China's Foreign Activities and Relationships	231
Section 1: China's Expanding Global Influence and its Foreign Policy Goals and Tools	231
Section 2: China's Relationships and Activities in East Asia	251
Part 1: Taiwan	253
Part 2: Japan's Relationship with China	264
Part 3: The Republic of Korea's Relationship with China	269
Part 4: Hong Kong	274
Recommendations	279
Chapter 5: China's Media and Information Controls—The Impact in China and the United States	291
Recommendations	310

VIII

	Page
Chapter 6: China's Compliance with Agreements Pertaining to its Export to the United States of Prison Labor Products	317
Recommendations	332
Comprehensive List of the Commission's Recommendations	337
Additional Views of Commissioners	344
 Appendices:	
Appendix I: United States-China Economic and Security Review Commission Charter	349
Appendix II: Background of Commissioners	359
Appendix III: Public Hearings of the Commission	371
A. List of Witnesses Testifying Before the Commission—2008 Hearings	375
Appendix IV: Interlocutors' Organizations—2008 Asia Fact-finding Trips	381
Appendix V: List of Sanctions Imposed on Chinese Entities from June 2004 to October 2008	385
Appendix VI: List of Research Material	389
Appendix VII: Abbreviations and Acronyms	391
Commission Staff and Acknowledgements	395

INDEX OF TABLES AND FIGURES
2008 REPORT TO CONGRESS OF THE
U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION

TABLES	Page
Chapter Number and Table Title	
1 U.S.-China Trade in Goods, 2000–2007	25
2 China’s Nonproliferation Commitments	127
2 Major International Nonproliferation Efforts in which China Is Not a Participant	128
3 A Survey of China’s Interests in Land-based Energy Investment Projects in Asia	188
4 Japanese Investment in China, 2000–2006	265
4 Comparative Investments in China	265
4 South Korean Merchandise Trade with North Korea 2000–2007	270

FIGURES	
Chapter Number and Figure Title	
1 Currency Sterilization by the People’s Bank of China	27
1 China’s Role in the Production of the Boeing 737NG	81
1 China’s Role in the Production of the Boeing 787	81
1 China’s Role in the Production of the Boeing 747–8	82
2 Family of Chinese Long March Rockets	159
2 U.S. Department of Defense (DoD) Reported Incidents of Malicious Cyber Activity	163
3 Total Primary Energy Demand in China, 2005	185
3 China’s Crude Oil Imports by Origin in 2006	187
4 North Korean Imports of Merchandise by Major Country of Source, 1994–2007	271
5 Images of “Jing-Jing” and “Cha-Cha” from a Web site of the Chinese Internet police	299
5 2002 Cisco Marketing Presentation	300