

RECOMMENDATIONS

The U.S.-China Trade and Economic Relationship's Current Status and Significant Changes During 2010

- The Commission recommends that Congress urge the administration to respond to China's currency undervaluation by
 - a. working with U.S. trading partners to bring to bear on China the enforcement provisions of all relevant international institutions; and
 - b. using the unilateral tools available to the U.S. government to encourage China to help correct global imbalances and to shift its economy to more consumption-driven growth.
- The Commission recommends that Congress examine the efficacy of the tools available to the U.S. government to address market access-limiting practices by China not covered by its WTO obligations, and, as necessary, develop new tools.
- The Commission recommends that Congress direct the U.S. Department of the Treasury to monitor steps taken by China to promote the international use of the RMB, with a focus on the implications of such steps for the position of the U.S. dollar as the world's reserve currency.

The Implications and Repercussions of China's Holdings of U.S. Debt

- The Commission recommends that Congress evaluate steps that might be necessary to ensure that China's currency manipulation, undervaluation, or misalignment does not adversely affect the competitiveness of U.S. producers, including whether it should initiate action under Section 301 of the Trade Act of 1974.
- The Commission recommends that Congress urge the Department of the Treasury to designate China as a currency manipulator in its semiannual report.
- The Commission recommends that Congress direct the Department of the Treasury to fully account for all sales of U.S. government debt to foreign governments and holdings of U.S. government debt by foreign governments.

Evaluating China's Past and Future Role in the World Trade Organization

- The Commission recommends that Congress urge the administration to encourage China to develop a national, provincial, and local procurement regime based on performance and value rather than on local content and the origin of intellectual property.

- The Commission recommends that Congress encourage USTR to step up enforcement of WTO rules and U.S. laws by requesting consultations at the WTO on China's noncompliance with its obligations under WTO articles of accession, including denial of national treatment, export restrictions, and illegal subsidies. If China's noncompliance is not adequately resolved through such consultations, Congress should encourage USTR to file a formal WTO complaint.