



U.S.- CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

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**U.S. – CHINA COMMISSION CITES CHINESE CYBER ATTACKS, AUTHORITARIAN RULE,
AND TRADE VIOLATIONS AS IMPEDIMENTS TO U.S. ECONOMIC AND NATIONAL
SECURITY INTERESTS**

Year-Long Study Offers 45 Recommendations to Congress

WASHINGTON, DC (November 20, 2008) – China relies on heavy-handed government control over its economy to maintain an export advantage over other countries. The result: China has amassed nearly \$2 trillion in foreign exchange and has increasingly used its hoard to manipulate currency trading and diplomatic relations with other nations. These are among the conclusions in the sixth Annual Report to Congress of the U.S.-China Economic and Security Review Commission. “Rather than use this money for the benefit of its citizens—by funding pensions and erecting hospitals and schools, for example—China has been using the funds to seek political and economic influence over other nations,” said Larry Wortzel, chairman of the Commission, at the official release of the group’s 2008 report to Congress on Thursday.

The bipartisan Commission, established by Congress to analyze the economic and national security relationship of the two nations, made 45 recommendations to Congress for further action. The 393-page report was unanimously approved by the 12 Commissioners. The Commission held eight hearings; travelled to China, Taiwan, South Korea, and Japan; commissioned original research; and consulted with the U.S. intelligence community.

The report acknowledges some progress by China. Its adherence to non-proliferation agreements has continued to improve. China’s involvement in the Six Party Talks assisted the negotiations to dismantle North Korea’s nuclear weapons production capacity. Yet China has stepped up its capacity to penetrate U.S. computer networks to extract sensitive government and private information. Beijing’s “continuing arms sales and military support to rogue regimes, namely Sudan, Burma, and Iran, threaten the stability of fragile regions and hinder U.S. and international efforts to address international crises, such as the genocide in Darfur,” the report notes.

The report is critical of China’s use of prison labor to produce goods for export and of China’s refusal, despite promises, to allow inspections of prisons by advancing the specious claim that forced labor constitutes “reeducation” rather than punishment. The Commission also notes that China’s government “has created an information control regime intended to regulate nearly every venue that might transmit information to China’s citizens: the print and broadcast media, the Internet, popular entertainment, cultural activities, and education.”

The Commission warns Congress that fish imported into the U.S. from Chinese fish farms “pose a health risk because of the unsanitary conditions . . . including water polluted by untreated sewage; fish contaminated by bacteria, viruses, and parasites; and fish treated with antibiotics and other veterinary medicines that are banned in the United States as dangerous to human health.” The Commission recommends greater powers for the U.S. Food and Drug Administration.

The report and its key findings, analysis, and recommendations to Congress are available on the Commission’s Web Site, www.uscc.gov.