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CHINA UPDATE

U.S.-CHINA RELATIONS

State Department Official Visits China

Special Representative for North Korea Policy Glyn Davies will be in Beijing, January 25-26, for meetings with senior Chinese government officials, including Special Representative for Korean Peninsula Affairs Wu Dawei and Vice Minister of the Central Committee International Department Liu Jievi. The U.S. delegation also includes Special Envoy for the Six-Party Talks Clifford Hart and National Security Council Director for Korea Sydney Seiler. Mr. Davies' trip also includes stops in Seoul and Tokyo.

State Department Official at World Economic Forum

Under Secretary of State for Economic Growth, Energy and the Environment Robert Hormats is in Davos, Switzerland this week to participate in the World Economic Forum. On January 23 he will attend a high-level panel discussion, "East vs. West: Re-Shaping the World," exploring the geo-political and economic forces fundamentally changing the world, with a particular focus on the implications for China and Europe.

AEI Hosts China Briefing

On January 22 the American Enterprise Institute (AEI), a conservative think tank in Washington, DC, hosted a briefing, "China in 2012 and Beyond," to outline expectations of newly appointed Xi Jinping and other members of the Politburo Standing Committee, as well as ways the U.S. can preserve economic ties with China without jeopardizing U.S. security interests. Speakers included: Mr. Frank Lavin, former Undersecretary for International Trade at the U.S. Department of Commerce; Ms. Carolyn Bartholomew, Commission Member at the U.S.-China Economic and Security Review Commission; Mr. Dan Blumenthal, Resident Fellow at AEI; Mr. Phillip Swagel, Visiting Scholar at AEI; and Ms. Danielle Pletka, Vice President for Foreign and Defense Policy Studies at AEI. The discussion focus was on economic and foreign policy issues, including intellectual property theft, counterfeiting, and piracy.

TRADE

U.S. Finds that Chinese Wind Towers Harm Domestic Market

On January 18, the U.S. International Trade Commission determined that a U.S. industry is materially injured or threatened with injury by the importation of utility scale wind towers from China and Vietnam. The Department of Commerce has already determined that such towers are subsidized by the Chinese and Vietnamese governments and sold in the U.S. at less than fair value. As a result of USITC's affirmative determinations, the Department of Commerce will issue antidumping and countervailing duty orders on imports of utility scale wind towers from China and an antidumping duty order on imports of the towers from Vietnam. The USITC press release can be found [here](#).

U.S. Launches Countervailing Duty Investigation of Chinese Shrimp

On January 18 the Department of Commerce announced that it has launched a countervailing duty investigation into frozen warm water shrimp from China, Ecuador, India, Indonesia, Malaysia, Thailand, and Vietnam. The petitioner for the investigation is the Coalition of Gulf Shrimp Industries. The USITC is scheduled to make its preliminary injury determination on or before February 11, 2013. If USITC determines that imports of covered products from these countries materially injure, or threaten to materially injure, the domestic industry the investigation will continue, and Commerce will make its preliminary determinations sometime in March 2013. A Fact Sheet from the International Trade Administration can be found [here](#).

U.S. Institutes Section 337 Investigation of Certain Paper Shredders

On January 22 the USITC initiated a Section 337 investigation of certain paper shredders – and manufacturing processes and products related to these shredders – based on a complaint from Fellowes Inc. of Itaska, IL and Fellowes Office Products of Suzhou, China. Respondents to the investigations include 8 Chinese manufacturers, and one manufacturer in Illinois. The complaint alleges violation of Section 337 of the Tariff Act of 1930, which prohibits unfair methods of competition or other unfair acts in the importation of products into the U.S. The USITC's Chief Administrative Law Judge will assign the case to one of the USITC's six administrative law judges, who will schedule and hold an evidentiary hearing. The judges will then make an initial determination as to whether there is a violation of section 337. The initial determination is subject to review by the USITC, which will make a final determination at the earliest practicable time. Within 45 days after initiating the investigation, the USITC will set a target date for completing the investigation. A press release from USITC can be found [here](#).

China to Tell WTO It Has Compliance with Ruling on Export Restrictions

On January 28 China is expected to tell a meeting of the Dispute Settlement Body (DSB) at the World Trade Organization (WTO) that it has complied with a WTO ruling regarding export restrictions by China on a number of products including bauxite, coke, fluorspar, magnesium, manganese, silicon metal, and zinc. The DSB had imposed a deadline of December 31, 2012 and the Chinese will tell the panel that they issued compliance notices to take effect on January 1, 2013.

China Issues New Rules on Foreign Exchange for Direct Investment

The Chinese government has issued the "Circular on Further Adjustments on Policies for the Administration of Foreign Exchange for Direct Investment" (Circular 59) which establishes new rules for the foreign exchange controls over direct investment. Circular 59 relaxes controls over foreign direct investment in China by removing a number of approval requirements for international investors and companies.

ENERGY & ENVIRONMENT

China Increases Clean Energy Investments

On January 14 Bloomberg New Energy Finance announced that China invested a record \$67.7 billion in clean energy in 2012 representing a 20 percent increase due in large part to solar energy. In comparison, Bloomberg said that global clean energy investment had declined by 11 percent, due to regulatory uncertainty and policy changes in the U.S., India, Italy, Spain, and other large markets. Overall, 2012 investment totaled \$268.7 billion, representing a decrease from \$301.3 billion in 2011. In 2012 the U.S. investment in clean energy decreased by 32 percent.

MISCELLANEOUS

USCC Releases Report on China & Technology Standards

On January 17 the U.S.-China Economic and Security Review Commission released a report titled “The Rise of China in Technology Standards: New Norms in Old Institutions.” The report examines the implications for U.S. firms from China’s increasing participation in international technology standard-setting. The report “finds that while U.S. firms place a high value on intellectual property protection, China has adopted a fundamentally different approach to intellectual property rights that disadvantage U.S. companies. Meanwhile, Chinese firms are becoming more aggressive in setting technology standards to gain an advantage in China’s markets and elsewhere.” The report can be found [here](#), and a press release from the USCC can be found [here](#).

Washington Groups Host Discussion on Taiwan

On January 23 the Center for National Policy and the Sigur Center for Asian Studies will host a “Taiwan Round Table” at George Washington University’s Elliot School of International Affairs. The discussion is titled “Reassessing Taiwan’s Strategic Position” and will focus on CNP president Scott Bates’ proposal that Taiwan both reduce and redefine its military forces as a pure “Self-Defense Force” while at the same time refocusing its diplomatic efforts toward resolving sovereignty issues in areas such as the South China Sea and increasing its influence in creating regional stability in Asia through “democratic offensive.” Joining Mr. Bates at the discussion will be Joseph Bosco, a national security consultant and retiree from the Office of the Secretary of Defense, and Richard Fisher, a Senior Fellow on Asian Military Affairs at the International Assessment and Strategy Center.

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