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OCTOBER 16, 2012

CHINA UPDATE

QUOTE OF THE WEEK

"China's unfair trade practices, including currency manipulation, contribute enormously to our growing trade deficit with China. The trade deficit reportedly has cost us millions of jobs, many in our manufacturing sector."

"When the Chinese government denies Chinese workers the right to organize independent labor unions, Chinese wages stay low and Chinese factories slight workplace safety. This places American products and workers, who can compete with anyone, at a disadvantage."

- Senator Sherrod Brown (D-OH) and Rep. Christopher Smith (R-NJ) upon release of the Congressional-Executive Commission on China's annual report to Congress, on October 10

TRADE

Final Commerce Decision on China Solar Trade Case

On October 10 the U.S. International Trade Administration at Department of Commerce finalized tariffs for crystalline silicon photovoltaic imports from China, increasing the preliminary countervailing duties issued in March and retaining, or in some cases slightly lowering, the antidumping duties. The original countervailing duties ranged between 2.9% and 4.73%, while the final figures range between 14.78% and 15.97%, depending on the company. Antidumping tariffs range between 18.32% and 249.96%. USITA did not agree to the petitioners request for an expansion of the scope of the duties to include products manufactured in other countries that are made with Chinese materials. The U.S. International Trade Commission (ITC) is granted the final say on whether the tariffs will take effect, and is expected to announce its decision by November 23. USITC agreed, unanimously, last year that Chinese solar imports are harming domestic manufacturers. The USITA fact sheet can be found [here](#).

U.S. International Trade in Goods and Services

On October 11 the U.S. Bureau of Economic Analysis, an agency of the Department of Commerce, and the

U.S. Census Bureau released the August 2012 U.S. International Trade in Goods and Services. In a statement, Acting Secretary of Commerce Rebecca Blank said: "Though much more work remains, we continue to make progress toward achieving President Obama's National Export Initiative goal of doubling our exports by the end of 2014." The report, which shows that the annualized growth rates for the value of goods and services traded between the U.S. and China has fallen to nearly zero, can be found [here](#).

USITC Determination on Silicomanganese from China

On October 11 the U.S. International Trade Commission (USITC) determined that revoking the antidumping orders on silicomanganese from China and Ukraine would likely lead to continuation or recurrence of material injury. As a result of the decision, existing orders on imports of Chinese silicomanganese will remain in place. The decision was made under the five year sunset review process required by the Uruguay Rounds Agreement Act. The USITC press release can be found [here](#).

ENERGY

EESI Briefing on China and Clean Energy

On October 12 the Environmental and Energy Study Institute (EESI) hosted a briefing on recent energy sector developments in China and bilateral relations, highlighting key factors driving China's approach to clean energy and climate policy, and the resulting challenges and opportunities for U.S. efforts to develop clean energy and tackle climate change. Briefing panelists included Joanna Lewis of Georgetown University, Aliun Yang of the World Resources Institute, Stephen Munro of Bloomberg New Energy Finance, Bob Simon of the Senate Energy Committee, and Carol Werner of EESI. ML Strategies' summary of the event is attached to this week's China Update.

ENVIRONMENT

China's Provincial Caps May Impact Large Projects

On September 26 China's Ministry of Environmental Protection said that planned caps on SO₂ and NO_x in the air and levels of chemical oxygen demand and ammonia nitrogen in wastewater could impact whether large projects in certain provinces have their environmental impact assessments approved. Henan province will be the first to implement the 12th Five Year Plan pollutant caps, and pilot provinces will have a three-part system for monitoring progress: 1) a cap for each pollutant; 2) an incremental emissions projection for each, and 3) a calculation of current emissions.

China Issues Draft Restrictions on Toxic and Hazardous Substances in Computers

On September 29 China's Ministry of Environmental Protection issued draft restrictions on the presence of toxic and hazardous substances in computers, computer monitors, and displays. Included in the draft are updated energy efficiency and recycling requirements for these products. The draft is open for public comment until January 25, 2013.

STATE

Deputy Secretary in China

Deputy Secretary of State William J. Burns is in Beijing tomorrow, October 17, for meetings with senior government officials to discuss a wide range of global, regional, and bilateral issues. Deputy Secretary Burns departed Washington for the trip, which also includes stops in Japan, Korea, Burma, and India. Details on the trip can be found in the State Department daily press briefing for October 11, which is found [here](#).

MISCELLANEOUS

Congressional-Executive Commission on China Annual Report

On October 10 the Congressional-Executive Commission on China (CECC) issued its 2012 Annual Report on

human rights and conditions and the rule of law in China. According to the press release issued by Chairman Rep. Christopher Smith (R-NJ) and Co-Chairman Senator Sherrod Brown (D-OH), the report “recommends that the U.S. Congress and President urge China to immediately ratify the International Covenant on Civil and Political rights, strengthen the rule of law, engage in dialogue with ethnic minorities without preconditions, and release political prisoners such as Nobel Peace Prize winner Liu Xiaobo and human rights lawyer Gao Zhisheng.” The release also says that China is “doing nothing to improve compliance with its WTO obligations and commercial rule of law, whether it be stopping currency manipulation or dismantling quotas, subsidies, and other unfair trading practices that favor Chinese enterprises at the expense of our workers and businesses.” The press release can be found [here](#) and the full report [here](#).

Treasury Delays Semi-Annual Report to Congress

On October 11 the Treasury Department announced that it is delaying its semi-annual report to Congress on International Economic and Exchange Rate Policies. The announcement says that the report was delayed in order to assess progress following the G-20 Finance Ministers and Central Bank Governors Meeting next month in Mexico City. However, the delay also provides Treasury to have internal discussions about China’s currency before issuing the report, which has generally criticized China for manipulating its currency.

Third Presidential Debate Agenda Set

The third presidential debate will be held on October 22 in Boca Raton, FL with CBS newsman Bob Schieffer as moderator. Mr. Schieffer is said to have selected five topics for the debate: 1) The Changing Middle East and the New Face of Terrorism; 2) Our Longest War – Afghanistan and Pakistan; 3) Red Lines – Israel and Iran; 4) America’s Role in the World; and 5) The Rise of China and Tomorrow’s World.

CONGRESS

The House of Representatives and Senate are both in recess until after the November 6 elections.

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