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CHINA UPDATE

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QUOTE OF THE WEEK

“Under the chairmanship of Indonesian President Yudhoyono, Secretary of State John Kerry met with leaders of the Asia-Pacific Economic Cooperation (APEC) forum and agreed today in Nusa Dua, Bali, on a comprehensive set of measures to increase economic growth and job creation by expanding trade and investment in the Asia-Pacific region. Leaders committed to establish a fund to improve supply chain performance in the region, address local content requirements by agreeing on alternative ways to promote job creation and domestic manufacturing, establish a public-private dialogue on environmental goods and services, and take steps to combat illegal trade in wildlife. The United States supports these and other initiatives through technical assistance to help APEC developing member economies make and implement APEC policy commitments. These steps will help U.S. growth and jobs by expanding export opportunities in the world’s fastest growing region.”

– State Department Fact Sheet on 21st APEC Economic Leaders’ Meeting, dated October 8

U.S.-CHINA RELATIONS

President Obama Cancels Asia Trip

As a result of the government shutdown, President Obama cancelled his planned trip to Indonesia for the 21st APEC Economic Leaders’ Meeting, held from October 2 – 8 in Bali, after which he was to have gone on to Brunei for a meeting of the U.S.-Association of Southeast Asian Nations Summit and the East Asia Summit. Chinese president Xi Jinping will attend the APEC meeting in Bali, Indonesia and then travel to Malaysia.

Secretary Kerry Attends APEC Economic Leaders Meeting

While President Obama cancelled his Asia trip, Secretary of State Kerry attended the 21st APEC Economic Leaders Meeting in Bali, representing the U.S. APEC’s member economies include: The United States, Australia, Brunei Darussalam, Canada, Chile,

China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Chinese Taipei (Taiwan), Thailand, and Vietnam. On October 8, the State Department released a Fact Sheet on the 21st APEC Economic Leaders Meeting, which can be found [here](#).

Secretary Kerry & USTR Froman Joint Press Availability at APEC

On October 5, while in Indonesia, Secretary Kerry held a joint press availability with U.S. Trade Representative Michael Froman. A transcript of the press availability, which included questions related to China, can be found [here](#).

Secretary Kerry's Remarks at APEC CEO Summit

On October 7, Secretary Kerry delivered remarks at the APEC CEO Summit at the Bali International Convention Center. Referencing China in his speech, Secretary Kerry said: "As you know, the Asia-Pacific region is increasingly reliant on complex supply chains. Think of an iPad that is designed in California, with its parts made in Taiwan, assembled in China, shipped through Singapore, loaded with apps from Korea, and sold in Jakarta. (Laughter.) All of the businesses and investors along the way – (applause) – that must be the crowd from Jakarta. (Laughter.) But all of the businesses and investors along the way clearly need the consistency and the certainty of transparent policies and predictable regulations. And I want to recognize the cutting-edge work of APEC, which is leading on supply-chain connectivity, all the while ensuring that the rules are made with input from the public and the stakeholders like you." His full remarks can be found [here](#).

Carnegie Endowment Event on U.S.-Taiwan-China Relations

On October 3 and 4 in Washington, the Carnegie Endowment for International Peace hosted a two-day conference in conjunction with the Republic of China Mainland Affairs Council and National Chengchi University, featuring panels of leading Taiwanese, American, and Chinese thinkers taking stock of U.S.-Taiwan-China relations and the challenges in the months ahead. More on this event can be found [here](#).

Chinese Ambassador Hosts American University Professors

On October 3, Chinese Ambassador Cui Tiankai hosted an event at China's embassy in Washington with more than 20 American university professors and scholars attending the Public Intellectuals Program organized by the National Committee on U.S.-China Relations. Ambassador Cui briefed participants on the new model of U.S.-China relations, and discussed China's domestic and foreign policy, the China-Japan relationship, and issues related to the South China Sea.

Discussion with Chinese Ambassador to the U.S.

On October 8, the Johns Hopkins University Paul H. Nitze School of Advanced International Studies (SAIS) will hold a discussion at their Washington, DC campus on "Chinese Foreign Policy and U.S.-China Relations." The Honorable Cui Tiankai, China's ambassador to the United States and a graduate of SAIS, will lead the discussion.

ENERGY & THE ENVIRONMENT

China, UK Carbon Agreement

As part of a September 30 joint statement signed by Governor of Guangdong Zhu

Xiaodan and Energy Minister Greg Barker, China and the U.K. pledged to collaborate on low carbon architecture, develop clean energy, improve low carbon policies, and promote energy efficiency. Prior to signing the agreement, the two officials discussed climate change mitigation and low carbon economic development.

Power-Gen Asia Conference Held

The Power-Gen Asia 2013 Conference was held October 2 in Bangkok, and participants praised shale gas for reducing emissions. James Muir of the Australian projects firm Sinclair Knight Merz said China could replicate the U.S.'s emissions reductions by moving from coal to shale gas. Mark Hutchinson IHS Energy Insight Consulting disagreed, saying it would be more difficult for Asia to adopt natural gas because it is more expensive there.

Wilson Center Discussion on China's Environmental Footprint

On October 3, the Wilson Center's China Environment Forum hosted an event titled "How Many Light Bulbs Does it Take to Change China? – China's Strategies for Lowering Energy's Environmental Footprint." Speakers included: Jeremy Schreifels of Tsinghua University; Christopher James, Principal at The Regulatory Assistance Project; and Darrin Magee, Associate Professor of Environmental Studies at Hobart and William Smith College. Participants said they are optimistic China will meet its air pollutant reduction goals by 2020 because the central government appears to be committed to success. Following a September 12 Chinese Cabinet announcement on air quality, the council released 35 measures to reduce nitrogen oxide, sulfur dioxide, and fine particulate matter. Mr. Schreifels of Tsinghua University commented that unlike the U.S. Environmental Protection Agency's approach, China would use regional economic benefits to ensure performance.

TRADE

ITA Notice on Chinese Steel Pipe

On October 2, the Commerce Department's International Trade Administration (ITA) posted a notice in the Federal Register announcing that the Department has found that revocation of the countervailing duty (CVD) order on circular welded carbon quality steel pipe (circular welded pipe) from China would likely lead to the continuation or recurrence of net countervailing subsidies. The U.S. International Trade Commission (ITC) will now rule on whether the order's revocation is likely to lead to a continuation or recurrence of material injury, or threaten injury, to the domestic market. If ITC rules in the affirmative, the CVD order will remain in place for another 5 years. The Federal Register notice can be found [here](#).

BANKING

China Banking Commission Seeking Public Comment

On September 30, the China Banking Regulatory Commission (CBRC) released a draft revision of rules for the administration and licensing of foreign banks in China. Public comment can be submitted to the CBRC no later than October 30. The proposed rules revision address: bank closures, name changes, and expansions; the establishment of wholly owned foreign banks, joint venture banks, and bank branches/sub-branches; as

well as issues related to credit cards, derivatives, issuance of debt, and wealth management.

China to Launch Investigation of Bank Fees

On September 24, China's National Development and Reform Commission (NDRC) announced that, starting on October 10, it will begin an investigation of banks charging unnecessary fees, failing to provide services for fees they have collected, and hiding fees in their pricing. The investigation will conclude on June 30, 2014. Any banks that are determined to have wrongly overcharged on loans could be forced to refund fees.

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