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CHINA UPDATE

QUOTE OF THE WEEK

“Since day one, President Obama’s been extremely focused on achieving a more balanced relationship with China, one that creates more opportunities for our workers, for our businesses, to export, to sell into China’s growing market. We have invested considerably with a lot of engagement with China’s economic decision makers to make sure that as they continue to navigate their recovery, they do so in a way that creates export opportunities and we have seen results. We have seen their overall imbalance come down from 9 percentage points of GDP to 3 percentage points of GDP, we have seen U.S. exports to this market doubling, growing faster than to any other market and importantly, the Chinese currency has appreciated by 11 to 12% in real terms against the dollar.” – Treasury Under Secretary for International Affairs Lael Brainard in a CNBC interview on October 3.

TRADE

Developments in Solar Trade Case

On October 3 the U.S. International Trade Commission (USITC), as a part of the final injury phase of investigations on Chinese solar dumping, heard testimony on whether the American solar industry has suffered material injury by low-priced imports of solar cells and modules from China.

Tomorrow, October 10, the Department of Commerce is scheduled to announce its final dumping and final subsidy determination in the trade case brought against China by Solar World and the Coalition for American Solar Manufacturing (CASM).

Should Commerce move the case forward tomorrow, the USITC will then make its final determination, with the final decision scheduled for mid-November, and final tariffs ordered shortly after.

The case was first submitted to the Department of Commerce on October 29, 2011, and the investigation was

initiated on November 8, 2011. On March 20, 2012 the Department of Commerce announced its preliminary verdict on unfair subsidies for Chinese solar panels and tariffs for countervailing duties.

USITC Acts on Anti-Dumping Sunset Reviews

On October 5 the USITC voted to expedite its five-year sunset review of the antidumping order on honey from China to determine whether revocation of the order will lead to continuation or recurrence of material injury within a reasonably foreseeable time. The sunset review is required by the Uruguay Rounds Agreement Act, which requires the Department of Commerce to revoke an antidumping or countervailing duty order after five years unless the department and USITC determine that revocation would lead to continuation or recurrence of dumping or subsidies. The USITC announcement can be found [here](#).

On October 9 the USITC voted to conduct a full five-year sunset review of antidumping orders on steel concrete reinforcing bar from 7 countries, including China. The other nations are Belarus, Indonesia, Latvia, Moldova, Poland, and Ukraine. As a result, the USITC will conduct full reviews to determine whether revocation of the orders would likely lead to continuation or recurrence of material injury within a reasonably foreseeable time. The sunset review is required by the Uruguay Rounds Agreement Act. The USITC announcement can be found [here](#).

USITC Initiates Investigation of Chinese Plywood

On October 3 the USITC announced that it has launched an antidumping and countervailing duty investigation of hardwood plywood from China. The investigation will determine whether there the U.S. market is suffering material injury or is threatened with material injury by hardwood plywood imported from China. The complaint was filed by the Coalition for Fair Trade of Hardwood Plywood. Should USITC make an affirmative finding, the Department of Commerce will then make a preliminary determination of the level of dumping and government subsidization. Should USTIC make a negative finding, the case will be closed. USITC background material on the investigation can be found [here](#).

ENERGY

IETA Urges Common Market Standard

On October 1 the International Emissions Trading Association (IETA) released a report finding that CO2 trading systems in developed and developing countries could result in a fragmented market if countries do not adopt a common standard. The report, titled *Greenhouse Gas Market 2012: New Markets, New Mechanisms, New Opportunities*, highlights developments in emissions trading programs in China, Australia, California, Quebec, and South Korea. Included in the report is a chapter titled “China Emissions Trading Pilots – From Principles to Pragmatic Measures.” The report can be found [here](#).

EESI Hearing on China Energy Policy

On October 12 the Environmental and Energy Study Institute (EESI) will hold a Capitol Hill hearing titled “Why China is Acting on Clean Energy: Successes, Challenges, and Implications for U.S. Policies.” The hearing, free and open to the public, will be held from 11am to 12:30pm in the Russell Senate Office Building, Room 385. Speakers for the event include: Joanna Lewis, Assistant Professor of Science, Technology, and International Affairs at Georgetown University; Ailun Yang, Senior Associate at the World Resources Institute; and Stephen Munro, Policy and International Analyst at Bloomberg New Energy Finance. A briefing notice can be found [here](#).

TELECOMMUNICATIONS

House Committee Issues Report on Chinese Companies

On October 8 the House Intelligence Committee issued its *Investigative Report on the U.S. National Security Issues Posed by Chinese Telecommunications Companies Huawei and ZTE*. The report highlights “the interconnectivity of U.S. critical infrastructure systems and warns of the heightened threat of cyber espionage and predatory disruption or destruction of U.S. networks if telecommunications networks are built by companies with known ties to the Chinese state, a country known to aggressively steal valuable trade secrets and other sensitive data from American companies.” The report urges American companies considering doing business with Huawei and ZTE to find another vendor, encourages U.S. companies doing long-term business with the two Chinese companies to consider the long-term security risks to the American telecommunications infrastructure, and recommends that U.S. government systems exclude Huawei and ZTE equipment or component parts.

The report can be found [here](#) and the committee press release [here](#).

DEFENSE

Transparency International Defense Anti-Corruption Index

On October 4 Transparency International released its new “Defence Companies International Index” which explores anti-corruption practices at the world’s largest 129 defense companies, including Chinese companies, assigning each company a grade. Transparency International is a non-partisan global network with individual chapters in more than 100 countries and international councils focused on eliminating corruption in government, business, and civil society. The report can be found [here](#).

CONGRESS

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

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