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CHINA UPDATE

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QUOTE OF THE WEEK

“The United States is deeply concerned about China’s announcement that they’ve established an ‘East China Sea Air Defense Identification Zone.’ This unilateral action constitutes an attempt to change the status quo in the East China Sea. Escalatory action will only increase tensions in the region and create risks of an incident. Freedom of overflight and other internationally lawful uses of sea and airspace are essential to prosperity, stability, and security in the Pacific. We don’t support efforts by any State to apply its ADIZ procedures to foreign aircraft not intending to enter its national airspace. The United States does not apply its ADIZ procedures to foreign aircraft not intending to enter U.S. national airspace. We urge China not to implement its threat to take action against aircraft that do not identify themselves or obey orders from Beijing. We have urged China to exercise caution and restraint, and we are consulting with Japan and other affected parties, throughout the region. We remain steadfastly committed to our allies and partners, and hope to see a more collaborative and less confrontational future in the Pacific.” – Secretary of State John Kerry in a November 23 press statement regarding China’s announcement of an East China Sea Air Defense Identification Zone

CHINA NEWS

China-France High-Level Economic and Financial Dialogue

On November 26, the first China-France High-Level Economic and Financial Dialogue was held in Beijing. The dialogue was co-chaired by Chinese Vice Premier Ma Kai and French Finance Minister Pierre Moscovici and brought together senior economic and financial officials from both sides. The two sides held discussions on micro-economic situation and policies, global governance, fiscal and financial cooperation, bilateral trade and investment and other issues.

Cameron to Visit China

December 2-4, British Prime Minister David Cameron will pay an official visit to China.

U.S.-CHINA RELATIONS

U.S. Special Representative for North Korea Visits China, Other Asian Countries

November 19-25, a U.S. delegation led by Special Representative for North Korea Policy Glyn Davies traveled to China, the Republic of Korea (ROK), and Japan for meetings with senior officials in each country to discuss North Korea policy. Ambassador Davies was in Beijing November 19-21 for meetings with senior Chinese government officials, including Special Representative for Korean Peninsula Affairs Wu Dawei; Seoul November 22-23 for meetings with senior ROK government officials, including Special Representative for Korean Peninsula Peace and Security Affairs Cho Tae-yong; and Tokyo November 24-25 for meetings with senior Japanese government officials, including Director General for Asian and Oceanic Affairs Junichi Ihara. The ambassador delivered remarks to reporters at the Westin Chaoyang Hotel in Beijing on November 21, and the transcript can be found [here](#). The transcript of his remarks to reporters at the Ministry of Foreign Affairs in Seoul can be found [here](#).

Vice President Biden Meets with Chinese Vice Premier

On November 20, Vice President Joe Biden met with Chinese Vice Premier Liu Yandong. The two discussed the Vice President's upcoming visit to Beijing in December and a wide range of bilateral, regional, and global issues, including China's recently-announced reform agenda. The Vice President and Vice Premier discussed the importance of increasing practical cooperation between the two governments and promoting closer ties between the American and Chinese people.

USCC Annual Report to Congress

On November 20, the U.S.-China Economic and Security Review Commission (USCC) released its annual Report to Congress. The USCC was created by Congress in 2000 in order to "monitor, investigate, and submit to Congress an annual report on the national security implications of the bilateral trade and economic relationship between the United States and the People's Republic of China, and to provide recommendations, where appropriate, to Congress for legislative and administrative action." This year's report covers Chinese bilateral economic and trade issues, security developments in the U.S.-China relationship, and China's diplomatic efforts in the Asia-Pacific region and beyond. The report examines the nature of China's foreign direct investment in the U.S. and abroad, China's financial system and investor protections, and issues in agriculture trade and food safety between the U.S. and China. The report's analysis of security issues impacting the relationship between China, the U.S. and its allies in the region includes key developments over the last year, China's growing cyber capabilities and activities, and China's maritime disputes in the South and East China seas. This year the report also examines China's relationships with countries in the Middle East and North Africa, cross-Strait relations, and relevant economic and security issues in China's Special Autonomous Regions of Macau and Hong Kong. The report can be found [here](#).

Also on November 20, the House Armed Services Committee held a hearing on the USCC 2013 Report to Congress, with testimony from Ms. Carolyn Bartholomew, USCC Commissioner; Mr. William Reinsch, Chairman of the USCC; Mr. Dennis Shea, Vice Chairman of the USCC; and Dr. Larry Wortzel, a USCC Commissioner. Their prepared testimony, along with the opening statement from HASC Chairman Buck McKeon (R-CA), can be found [here](#).

On November 19, the USCC also issued a scorecard on China's "Third Plenum Economic Reform Proposals." That document can be found [here](#).

National Security Advisor Remarks on America's Future in Asia

On November 20, National Security Advisor Susan E. Rice delivered remarks at Georgetown University on "America's Future in Asia." In her prepared remarks, which can be found [here](#),

Ms. Rice stated that “When it comes to China, we seek to operationalize a new model of major power relations. That means managing inevitable competition while forging deeper cooperation on issues where our interests converge—in Asia and beyond.” She went on to address the U.S.-China military-to-military relationship, cybersecurity, developments on the Korean peninsula, and the maritime disputes of the East China Sea and South China Sea.

U.S.-China Collaboration on Early Childhood Development

Also on November 20, former Secretary of State Hillary Rodham Clinton and Chinese Vice Premier Liu Yandong delivered keynote addresses at a conference on U.S.-China Collaboration on Early Childhood Development at the Brookings Institution in Washington, DC. The conference also featured two panel discussions with leading Chinese, American, and international experts on early childhood development that addressed ECD programs as an investment and discussed ways to further U.S.-China collaboration in ECD.

4th U.S.-China High-Level Consultation on People-to-People Exchange

As part of ongoing bilateral cooperation and the consensus reached by President Obama and President Xi at last June’s Sunnyside summit, the two governments held the 4th U.S.-China High-Level Consultation on People-to-People Exchange (CPE) in Washington, DC, November 21. Both President Obama and President Xi sent letters of congratulation. The letter from President Obama can be found [here](#).

The theme of this year’s CPE was “Youth and Innovation.” Secretary of State John Kerry hosted Chinese Vice Premier Liu Yandong as his co-chair for the plenary session of the 4th CPE and renewed the Memorandum of Understanding between the Government of the United States of America and the Government of the People’s Republic of China on China-U.S. High-Level Consultation on People-to-People Exchange on behalf of their respective governments. In their remarks during the plenary session, both Secretary Kerry and Vice Premier Liu reviewed the CPE’s positive effect on people-to-people relations over the past three years and called for further people-to-people exchanges between the two countries to contribute to building a new model of U.S.-China relations.

The CPE working groups reviewed progress over the past year and discussed future cooperation in the fields of culture, education, science & technology, sports, and women’s issues. The working groups produced 75 joint outcomes aimed at future cooperation. The two sides agreed to continue their collaboration under the “Youth and Innovation” theme into 2014.

A State Department Fact Sheet on the CPE can be found [here](#).

CECC Roundtable on Corruption in China

Also on November 21, the Congressional-Executive Commission on China (CECC) hosted a staff-led roundtable on “Corruption in China Today: Consequences for Governance, Human Rights, and Commercial Rule of Law.” Speakers included: Joseph Fewsmith, Professor of International Relations and Political Science at Boston University; Li Xiaorong, Independent Scholar; Andrew Wedeman, Professor of Political Science at Georgia State University; and Daniel Chow, Professor of International Law at Ohio State University’s Moritz School of Law. Established by the U.S.-China Relations Act of 2000 as China prepared to enter the World Trade Organization, the CECC is mandated by law to monitor human rights, including worker rights, and the development of the rule of law in China.

ENERGY & THE ENVIRONMENT

IEA Multilateral Cooperation Framework Released

November 19-20, the International Energy Agency held its ministerial meeting, which resulted in an [agreement](#) between the agency and six countries to create a multilateral cooperation framework. China, Brazil, India, Indonesia, South Africa, and Russia would be allowed under the agreement to fully participate in agency meetings. The agreement also expressed support for four energy policies including energy efficiency targets and highly efficient coal-fired power plants.

EPA Administrator to Discuss U.S.-China Clean Air and Climate Cooperation

On December 2, the Center for American Progress will host a discussion in Washington, DC with Environmental Protection Agency Administrator Gina McCarthy on U.S.-China Clean Air and Climate Cooperation. The event comes on the eve of Administrator McCarthy's upcoming trip to China, and will include a discussion of the importance of US-China cooperation on the environment and climate pollution. Administrator McCarthy will also highlight recent progress on the President's Climate Action Plan and steps the U.S. is taking to reduce carbon pollution and drive sustainable U.S. economic growth. The event will be moderated by Carol Browner, who served as EPA Administrator in the Clinton Administration and who is now a Senior Fellow at the Center for American Progress.

Panel Discussion on China's Energy Security

On December 3, the Brookings Institution will host a panel discussion on China's Energy Security. Panelists will include Øystein Tunsjø, author of *Security and Profit in China's Energy Policy: Hedging Against Risk*, and other China energy experts.

TRADE

Commerce Initiates Investigation of Chinese Non-Oriented Electrical Steel

On November 7, the Department of Commerce announced the initiation of antidumping duty (AD) investigations of imports of non-oriented electrical steel (NOES) from China, Germany, Japan, South Korea, Sweden, and Taiwan and countervailing duty (CVD) investigations of imports of NOES from China, South Korea, and Taiwan. The U.S. International Trade Commission (ITC) is scheduled to make its preliminary duty determinations on or before December 2, 2013. If the ITC determines that there is reasonable indication that imports of NOES from China, Germany, Japan, South Korea, Sweden, and/or Taiwan materially injure, or threaten material injury to, the domestic industry, the investigations will continue and Commerce will be scheduled to make its preliminary CVD determinations in January 2014 and its preliminary AD determinations in March 2014, unless the statutory deadlines are extended. If the ITC's preliminary determinations are negative, the investigations will be terminated.

USITC to Continue Investigation of Chinese Monosodium Glutamate

On November 15, the U.S. International Trade Commission (ITC) determined that there is a reasonable indication that a U.S. industry is materially injured by reason of imports of monosodium glutamate from China and Indonesia that are allegedly subsidized and sold in the United States at less than fair value. As a result of the ITC's affirmative determinations, the Department of Commerce will continue to conduct its investigations on imports of this product, with its preliminary countervailing duty (CVD) determinations due on or about December 27, 2013, and its preliminary antidumping duty (AD) determinations concerning China and Indonesia due on or about March 12, 2014.

USITC to Continue Investigation of Chinese Grain-Oriented Electrical Steel

On November 19, the U.S. International Trade Commission (ITC) determined that there is a

reasonable indication that a U.S. industry is materially injured by reason of imports of grain-oriented electrical steel from China, Czech Republic, Germany, Japan, Korea, Poland, and Russia that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China. As a result of the ITC's affirmative determinations, the Department of Commerce will continue to conduct its investigations on imports of this product, with its preliminary countervailing duty (CVD) determination due on or about December 30, 2013, and its preliminary antidumping duty (AD) determinations due on or about March 13, 2014.

USITC Expedites Review of Duty Orders on Chinese Magnets

On November 20, the U.S. International Trade Commission (ITC) voted to expedite its five-year ("sunset") reviews concerning the countervailing duty (CVD) order on raw flexible magnets from China and the antidumping duty (AD) orders on raw flexible magnets from China and Taiwan. As a result of these votes, the ITC will conduct expedited reviews to determine whether revocation of these orders would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Uruguay Round Agreements Act requires the Department of Commerce to revoke an AD or CVD order, or terminate a suspension agreement, after five years unless the Department of Commerce and the ITC determine that revoking the order or terminating the suspension agreement would be likely to lead to a continuation or recurrence of dumping or subsidies and of material injury within a reasonably foreseeable time.

Commerce Issues Antidumping Determination on Chinese Silica Bricks

On November 21, the Department of Commerce announced its affirmative final determination in the antidumping duty (AD) investigation of imports of silica bricks and shapes from China. As a result of the determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect cash deposits equal to the applicable weighted-average dumping margins. The U.S. International Trade Commission (ITC) is scheduled to make its final injury determination on January 6, 2014. If the ITC makes an affirmative final determination that imports of silica bricks and shapes from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue an AD order. If the ITC makes a negative determination of injury, the investigation will be terminated. A Fact Sheet on the Commerce determination can be found [here](#).

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