



Neal Martin

nmartin@mlstrategies.com

David Leiter

djleiter@mlstrategies.com

ML Strategies, LLC

701 Pennsylvania Avenue, N.W.

Washington, DC 20004 USA

202 296 3622

202 434 7400 fax

www.mlstrategies.com

CHINA UPDATE

NOVEMBER 5, 2013

QUOTE OF THE WEEK

“The RMB is appreciating, but not as fast or by as much as is needed. Treasury will carefully monitor the pace of RMB appreciation in China, and press for further policy changes consistent with market determination of the exchange rate, minimizing intervention, transparency with respect to intervention, and a level playing field for American workers and businesses. From June 2010, when China moved off its peg against the dollar, through mid-October 2013, the RMB has appreciated by a total of 12 percent against the dollar and 16 percent in inflation-adjusted terms. China’s current account surplus has fallen from over 10 percent at its peak to 2.5 percent today. On the other hand, the evidence that China has resumed large-scale purchases of foreign exchange this year, despite having accumulated reserves that are more than sufficient by any measure, is suggestive of actions that are impeding market determination and a currency that is significantly undervalued.” – An October 30 statement from the Treasury Department on the release of its semi-annual report on International Economic and Exchange Rate Policies

U.S.-CHINA RELATIONS

House Committee Launches Series on Rebalance to Asia-Pacific

On October 30, Reps. Randy Forbes (R-VA) and Colleen Hanabusa (D-HI), both members of the House Armed Services Committee (HASC), launched a bipartisan committee oversight effort named the “HASC Asia-Pacific Oversight Series” – a series of full committee and subcommittee public hearings and classified briefings.

Vice President Biden to Visit China

On November 4, the White House announced that the Vice President will travel to Japan, China, and the Republic of Korea the first week of December. In Tokyo, he will meet with key leaders to discuss a broad range of issues. They plan to focus on progress towards a high standard Trans-Pacific Partnership agreement, seek further momentum on key alliance goals, and discuss a range of regional and global challenges. In Beijing, the Vice President will meet with key leaders

to consult on global and regional issues of mutual interest. Finally, in Seoul, the Vice President will meet with key leaders to address bilateral, regional, and global challenges, in particular close cooperation and coordination to address security threats. Additional details about the Vice President's trip will be released at a later date.

Dialogue with U.S.-China Legal Experts

On November 7-8, the U.S.-China Legal Experts Dialogue will take place in Charlottesville, VA. Acting Assistant Secretary for Democracy, Human Rights, and Labor Uzra Zeya and Acting Legal Adviser Mary McLeod will lead the U.S. delegation. Supreme People's Court Senior Judge Hu Yunteng will lead the Chinese delegation. This is the sixth Legal Experts Dialogue and the third since President Obama and then-President Hu Jintao agreed in 2009 on the importance of resuming the dialogue. The dialogue brings together government and non-government experts from the United States and China to discuss the benefits and practical implementation of the rule of law.

U.S. Agencies Prep for Report on China's Compliance with WTO Commitments

On November 8, the U.S. Trade Representative announced that the interagency Trade Policy Staff Committee will convene a public hearing to assist USTR in the preparation of its annual report to the Congress on China's compliance with its WTO commitments.

House Hearing on Chinese Prisoner of Conscience

On October 29, the House Foreign Affairs Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations held a hearing on "Guo Feixiong and Freedom of Expression in China." Guo Feixiong is a Chinese human rights lawyer. He is currently imprisoned and Amnesty International has labeled him a prisoner of conscience. Led by Subcommittee Chairman Chris Smith (R-NJ), the hearing heard testimony from: Ms. Zhang Qing, wife of Guo Feixiong; Ms. Yang Tianjiao, daughter of Guo Feixiong; Pastor Bob Fu, Founder and President, ChinaAid Association; Mr. Chen Guangcheng, Chinese human rights activist; and Mr. T. Kumar, Director of International Advocacy, Amnesty International.

Treasury Fails to Name China a Currency Manipulator

On October 30, the U.S. Department of the Treasury released its Semi-Annual Report to Congress on International Economic and Exchange Rate Policies that is required under Section 3005 of the Omnibus Trade and Competitiveness Act of 1988. The report covers international economic and foreign exchange developments in the first half of 2013 and, where pertinent and available, data through end-September 2013. As with previous reports, Treasury failed to identify China as a currency manipulator. The report can be found [here](#).

Ambassador Locke Attends Investment Summit in DC

The U.S. Ambassador to China Gary Locke attended the SelectUSA 2013 Investment Summit in Washington October 31 - November 1. The event was hosted by the U.S. Department of Commerce's International Trade Administration. Ambassador Locke is the former Secretary of Commerce.

CHINA NEWS

China-Brazil High-level Coordination and Cooperation Committee

From October 30 to 31, China's Assistant Foreign Minister Zhang Kunsheng, together with Under-Secretary General Maria Edileuza Fontenele Reis of the Ministry of External Affairs of Brazil, co-chaired and opened the meeting of the Political Subcommittee of the China-Brazil High-level Coordination and Cooperation Committee in Brasília. The two sides had an in-depth exchange of views on further developing the China-Brazil comprehensive strategic partnership, strengthening the exchanges and cooperation between the two foreign ministries, and major

international and regional issues of common concern. Both sides agreed to further maintain closer high-level exchanges, to expand cooperation, to strengthen strategic coordination and cooperation in major international and regional affairs, to continually enhance the strategic and overall influence of the China-Brazil relations, and to promote the third meeting of China-Brazil High-level Coordination and Cooperation Committee. During his trip in Brazil, Assistant Foreign Minister Zhang Kunsheng also met with Brazilian Deputy Foreign Minister Eduardo dos Santos.

China & the OAS

On November 1, Chinese Assistant Foreign Minister Zhang Kunsheng met with José Miguel Insulza, Secretary General of the Organization of American States (OAS) in Washington, DC. Both sides made positive remarks about China's achievements in making exchanges and deepening cooperation over the past nine years since it became an observer of the OAS. Next year will be the 10th anniversary of China's participation as an observer of the OAS. Both sides agreed to continue strengthening exchanges and increasing the level of cooperation, benefiting people of the two sides.

Chinese Premier Meets with Former World Leaders

On November 1, Chinese Premier Li Keqiang met with former Presidents, former Prime Ministers and other political leaders from Asia, Africa, Europe and the Americas, before attending the opening ceremony of the 21st Century Council Beijing Conference at the Great Hall of the People in Beijing.

Official & High-Level Visits to China

On November 1, Chinese Vice Foreign Minister Li Baodong met with Australia's G20 summit coordinator Heather Smith to exchange views on issues related to the G20. Australia will hold the G20 rotating presidency in 2014.

On November 1, China's Assistant Foreign Minister Zheng Zeguang met with Josette Sheeran, President and Chief Executive Officer of Asia Society of the United States, for a discussion on U.S.-China relations and other issues of common concern.

On November 1, China's Vice Foreign Minister Li Baodong met with H.E. Mr. Nassir Abdulaziz Al-Nasser, the UN High Representative for the Alliance of Civilizations (UNAOC), exchanging views on strengthening the cooperation between China and UNAOC.

On November 1, Chinese Vice Foreign Minister Liu Zhenmin met with a visiting delegation headed by U Hla Myint Oo, Chairman of International Relations Committee of Pyithu Hluttaw of the Assembly of the Union of Myanmar. The two sides had an extensive exchange of views on China-Myanmar relations and cooperation between the two countries in a variety of fields.

From November 4 – 7, Samura Kamara, Minister for Foreign Affairs and International Cooperation of the Republic of Sierra Leone, will pay a visit to China.

From November 4 – 10, Brazilian Vice President Michel Temer will pay an official visit to China. China's Vice Premier of the State Council Wang Yang and Vice President Temer will co-chair the third session of the China-Brazil High-level Coordination and Cooperation Committee. Vice President Temer will also go to Macao to attend the opening ceremony of the fourth Ministerial Conference of the Forum on Economic and Trade Cooperation between China and Portuguese-speaking Countries which celebrates the 10th anniversary of the establishment of the forum.

ENERGY & THE ENVIRONMENT

On October 28, U.S. Secretary of Energy Dr. Ernest Moniz met in Beijing with Chinese Executive Vice Premier Zhang Gaoli to discuss U.S.-China energy cooperation.

TRADE

U.S. Initiates Duty Investigations on Chinese Products

On October 25, the Department of Commerce initiated anti-dumping and countervailing duty investigations of imports of monosodium glutamate from China and Indonesia. The U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determinations on or before November 18, 2013. If the ITC determines that there is a reasonable indication that imports from China and/or Indonesia materially injure, or threaten material injury to, the domestic industry, the investigations will continue and Commerce will be scheduled to make its CVD determinations in December 2013 and its preliminary AD determinations in March 2014, unless the statutory deadlines are extended. If the ITC preliminary determinations are negative, the investigators will be terminated.

On October 25, the Department of Commerce initiated anti-dumping investigations of imports of grain-oriented electrical steel from China, the Czech Republic, Germany, Japan, South Korea, Poland, and the Russian Federation, and a countervailing duty investigation of imports of grain-oriented electrical steel from China. The ITC is scheduled to make its preliminary injury determinations on or before November 20, 2013. If the ITC determines that there is a reasonable indication that imports from China, the Czech Republic, Germany, Japan, Korea, Poland and/or Russia materially injure, or threaten material injury to, the domestic industry, the investigations will continue and Commerce will be scheduled to make its preliminary CVD determination in December 2013 and its preliminary AD determinations in March 2014, unless the statutory deadlines are extended. If the ITC preliminary determinations are negative, the investigations will be terminated.

ITC Rules Chinese Product Harms U.S. Industry

On October 28, the ITC determined that there is a reasonable indication that a U.S. industry is materially injured by reason of imports of chlorinated isocyanurates that are allegedly sold in the United States at less than fair value by Japan and allegedly subsidized by China. As a result of the ITC's affirmative determinations, the U.S. Department of Commerce will continue to conduct its investigations on imports of these products, with its preliminary countervailing duty order concerning China due on or about December 9, 2013, and its preliminary antidumping duty order concerning Japan due on or about February 21, 2014.

Hardwood Plywood From China Does Not Threaten the U.S.

On November 5, the ITC determined that a U.S. industry is neither materially injured nor threatened with material injury by reason of imports of hardwood plywood from China that the U.S. Department of Commerce (Commerce) has determined are subsidized and sold in the United States at less than fair value. As a result of the ITC's negative determinations, no antidumping or countervailing duty orders will be issued.

[Click here to view ML Strategies professionals.](#)
