



Neal Martin

rmartin@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

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CHINA UPDATE

U.S.-CHINA RELATIONS

Chinese Leadership Transition Coincides with U.S. Elections

Just days after the U.S. either reelects President Obama to a second term or elects Governor Romney as president, China will begin its own leadership transition on November 8 with the start of the 18th National Congress of the Communist Party of China at the Great Hall of the People in Beijing. The 9 member Politburo Standing Committee will see the retirement and replacement of 7 of its members. The current General Secretary, and paramount leader of China, Hu Jintao is expected to be replaced by current Vice President Xi Jinping, with current Vice Premier Li Keqiang rising to the second-highest post of Premier.

China Extends Condolences for Losses Related to Hurricane Sandy

On October 31, Chinese President Hu Jintao extended condolences to President Obama for the human casualties and property losses from Hurricane Sandy, while Foreign Minister Yang Jiechi extended his condolences to Secretary of State Clinton.

U.S.-China Asia-Pacific Consultations in San Francisco

On October 23, the U.S. Assistant Secretary of State Kurt Campbell and Chinese Vice Foreign Minister Cui Tiankai led the fourth Consultation on Asia-Pacific Affairs in San Francisco. The talks focused on numerous issues including bilateral relations, issues related to the Asia-Pacific region, U.S.-China interaction in the Asia-Pacific region, and opportunities for regional cooperation.

Former U.S. Officials Meet with Chinese State Councilor

On October 23, at the invitation of the Chinese People's Institute of Foreign Affairs, Stephen Hadley, former White House Assistant for National Security Affairs, James Steinberg, former Deputy Secretary of State, and Joseph Nye, former Assistant Secretary of Defense, met with Chinese State Councilor Dai Bingguo to exchange views on U.S.-China ties and issues of common concern.

TRADE

USITC to Announce Final Decision in China Solar Trade Case

On November 7 the U.S. International Trade Commission is expected to announce its final determination in the anti-dumping and countervailing duty investigation into solar products from China. On October 10, the U.S. International Trade Administration finalized tariffs for crystalline silicon photovoltaic imports from China, but the U.S. ITC has final say on whether the tariffs will take effect.

China Investigates EU Solar Producer Subsidies

China's Ministry of Commerce has begun an investigation in response to claims by Chinese solar companies that European subsidies for solar polysilicon gave EU producers an unfair market advantage. The ministry stated that it would issue a ruling on the matter within one year, but that the ruling could be extended until May 1, 2014.

U.S. Under Secretary of Commerce for International Trade in Taiwan

U.S. Under Secretary of Commerce for International Trade Francisco Sanchez visited Taiwan October 31 – November 1 to celebrate Taiwan's designation into the U.S. Visa Waiver Program and to promote the Obama Administration's National Travel and Tourism Strategy and the National Export Initiative, meeting with Taiwanese President Ma Ying-jeou and other officials. A press release from the International Trade Administration can be found [here](#).

China to Submit Revised Offer for WTO GPA

On October 31, China indicated that it will soon circulate a revised offer for accession to the World Trade Organization's (WTO) Government Procurement Agreement (GPA). This will be China's third revised offer and is intended to be circulated in time for the next meeting of the GPA committee on December 5.

U.S. Commerce Official to Address Beijing Conference

Today, November 6, Maureen Smith, U.S. Deputy Assistant Secretary for Manufacturing and Services at the Department of Commerce, is scheduled to address the Gas Tech Institute Conference in Beijing.

ENERGY & ENVIRONMENT

DOJ Opposes Ralls Corp. Challenge on Wind Farms

On October 29, the Department of Justice urged the U.S. District Court for the District of Columbia to throw out a challenge by Ralls Corp. to a presidential order barring it from moving forward on purchases of 4 wind farm projects close to military installations in Oregon. The agency contended that the court lacks jurisdiction over the complaint because the President properly exercised his discretion under the *Defense Production Act*. Ralls Corp. planned to install wind turbines manufactured in China by the Sany Group.

Chinese Carbon Market

On October 22 the China director for The Climate Group recommended that to build a carbon market and develop low carbon industries, China should create a national climate change fund, explore new models for project finance, and establish an independent committee to monitor carbon emissions and evaluate the trading system's performance. China is targeting 7 industries for accelerated development, including advanced equipment manufacturing, biotechnology, energy conservation and environmental protection, new energy, new energy vehicles, new information technology, and new materials. The Climate Group will issue a report this month.

China Low-Carbon Certification System

As part of China's efforts to develop a voluntary low-carbon product certification system, the National Development and Reform Council is set to release technical requirements for certifying low-carbon products and rules for measuring emissions reductions in such products. The certification standards will cover products such as air conditioners, some types of motors, flat screen televisions, refrigerators, flat glass products, and cement products. Products certified under the new system will be valid for 3 years and may eventually be able for tax incentives and other government support.

Chinese Energy White Paper

On October 24, China's State Council released a white paper indicated plans to open more of its largely state-controlled energy industry to private investment and market forces. Titled "China Energy Policy 2012," the white paper states that private investment will be encouraged in oil and natural gas pipeline infrastructure, natural gas resources exploration and development, coal processing, oil refining, the electricity sector, and the renewable energy sector. The paper concludes that China will work to develop non-fossil fuel energy sources with the goal of 11.4% of primary energy consumption coming from these sources and a goal of an installed capacity of non-fossil fuel energy sources of 30% of its energy portfolio by 2015. China's goal is to reduce energy intensity 16% by the end of 2015 compared to 2010 levels.

China Halts Petrochemical Plant Expansion Amidst Protests

On October 28, after 3 days of protests, local officials in Ningbo, China announced that they would halt the planned expansion of a petrochemical plant owned by state-run Sinopec. The facility was to produce paraxylene, a toxic petrochemical used to manufacture a host of products including polyester, plastic bottles, and paint.

China's Natural Gas Policy

On October 31, China's National Development and Reform Council released a natural gas policy outlining its plan to reform natural gas prices and increase the amount of natural gas as a portion of its total energy consumption to 10% by 2015. The policy aims to increase natural gas consumption in the transportation sector, with the goal of having 1.5 million vehicles using natural gas by the end of 2015.

China Solar Integration

According to an October 24 report from China's Xinhua News Agency, a strategy for encouraging the incorporation of solar PV energy into China's national grid by reducing grid connection fees has been submitted to the State Council. The strategy reportedly has the support of China's main provider of electricity, the State Grid Co.

Wal-Mart to Expand Sustainability Consortium into China

On October 24, Mike Duke, CEO of Wal-Mart, announced that by the end of 2017 the company will purchase 70% of the goods it sells in the U.S. only from merchants that use the company's sustainability index to evaluate their products. The Wal-Mart Foundation will grant \$2 million to assist in the expansion of the Sustainability Consortium into China.

MISCELLANEOUS

CAREC Ministers Meet in China to Discuss Regional Issues & Goals

On October 29 – 31, representatives of the 11-member Central Asia Regional Economic and Cooperation Program, met in Wuhan, China to discuss ways to boost connectivity and cooperation in the region through 2020. CAREC is a program of the Asian Development Bank and member states include Afghanistan, Azerbaijan, China, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. As a result of the meeting, CAREC nations have agreed, in the Wuhan Action Plan, to implement \$23 billion in new transport infrastructure projects and energy and trade initiatives. The plan includes 68 transportation projects linking ports in eastern China with the Caucasus and beyond.

ADB & Peking University Issue Report on Making China a High-Income Economy

On October 27, the Asian Development Bank joined with Peking University to release a report titled "Growing Beyond the Low Cost Advantage: How the People's Republic of China Can Avoid the Middle Income Trap." The report finds that China is at a critical juncture where a new development model is needed to raise the economy to a higher level, and says that, with the right actions, this can be achieved by 2030. 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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