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CHINA UPDATE

December 12, 2011

Notable Quotes of the Week

"We are already in a trade war. And we're losing." – Stacy Ettinger, Office of Senator Schumer (D-NY)

"Opening up markets in the Asia-Pacific region for American goods and services must be a priority for robust U.S. long-term growth – to create good U.S. jobs, increase the competitiveness of U.S. exporters, and to preserve U.S. influence and leadership in the region." – Rep. Brady (R-TX), Chairman, House Trade Subcommittee

"After more than a decade in which private companies have been the prime engine of China's economic miracle, the Chinese government is eager to control more of that wealth – even if that means running roughshod over private companies." – David Barboza, writing for The New York Times on December 7

Women in International Trade Event

Last week, **Women in International Trade**, a non-partisan professional organization for individuals – particularly women – who have an interest and expertise in international trade, hosted an event at the US Chamber of Commerce titled "A Look at the US-China Trade Relationship in Congress." Panelists included: Stacy Ettinger, Counsel, Office of Senator Schumer (D-NY); Angela Ellard, Chief Trade Counsel, House Committee on Ways and Means; and Christine Ramsdell, Director of Legislative Affairs, The Boeing Company. The event explored the challenges in Congress to address China's persistent barriers to trade and investment. All three speakers expressed concern at unfair practices used by China, and cited rising anxiety in Congress and among business leaders. Ms. Ellard and Ms. Ramsdell both cautioned that in addressing China's policies, the US must be sure to stay within its own WTO obligations or else risk counter-suits and retaliation from China. Ms. Ettinger warned that we should not be held back from implementing currency manipulation policy out of the fear of starting a trade war with China.

USTR Action on Chinese Poultry

On December 8, the USTR announced that it was asking the WTO to establish a dispute settlement panel regarding Chinese antidumping and countervailing duties on imported US "broiler products." The AD and CV duties were imposed by the Chinese government in 2009, some believe in retaliation for US duties imposed on Chinese tires that same year, and the US is alleging that, while allowed by the

WTO, the Chinese duties on American broiler products are being applied without abiding to applicable procedures and legal standards. Prior to the imposition of the Chinese duties, the US was the largest exporter of broiler products to China, but since the duties were imposed American exports of broiler products to China have fallen by 90%.

Commerce Preliminary Finding on Chinese High-Pressure Steel Cylinders

On December 8, the International Trade Administration at the Department of Commerce issued a preliminary finding that that high-pressure steel cylinders are being dumped in the US. The petition seeking the investigation was brought by Norris Cylinder Company and applies to seamless steel cylinders designed for the storage or transport of compressed or liquefied gas. As a result of the finding, the ITA will instruct US Customs and Border Protection to collect a cash deposit or bond based on the preliminary rates outlined in the [ITA fact sheet](#).

Durban Climate Talks

Last week, at the [United Nations Conference of the Parties \(COP 17\) Climate Change Conference](#) in Durban, South Africa, China announced a shift in policy and said it would accept binding obligations on future climate change agreements. In short, the Chinese said that they would begin taking on binding commitments in 2020, when voluntary commitments made by the US expire, but added that they want to see the US and other industrialized nations take on additional commitments in the interim. Xie Zhenhua, vice chairman of China's National Development and Reform Commission, when asked what commitments China was willing to make in 2020, and what they want to see others do in the meantime, was not specific.

US-China Defense Officials Meet

Last week, high-level defense officials, lead by US Undersecretary of Defense Michèle Flournoy and People's Liberation Army Deputy Chief of Staff General Ma Xiaotian, met to discuss the Asia-Pacific region, the Middle East, and North Africa. The talks also covered Taiwan and the South China Sea, although, according to Ms. Flournoy, "no new ground was broken" on those two issues. The [meeting](#) also provided Ms. Flournoy an opportunity to reassure the Chinese that the recent decision by the US to deploy Marines to Australia was not directed at China, but instead is an opportunity for the US to strengthen capabilities with an "incredibly steadfast ally."

December 13 Hearing on China and WTO

Tomorrow, the Congressional-Executive Commission on China will hold a [hearing](#) titled "Ten Years into the WTO: Has China Kept Its Promises?" with panelists including: Claire Reade, Assistant US Trade Representative for China; Grant Aldonas, Principal Managing Director, Split Rock International, former Under Secretary of Commerce for International Trade ((2001-2005); Alan Price, Partner and Chief of the International Trade Practice, Wiley Rein LLP; and Clyde Prestowitz, Jr., Founder and President, Economic Strategy Institute.

December 14 Hearing on Trans-Pacific Partnership

This Wednesday, the House Trade Subcommittee will hold a [hearing](#) on the status and future of the ongoing TPP agreement negotiations as well as the potential benefits of the agreement for US companies, workers, and farmers. The hearing will also explore how the TPP agreement will be a "21st century agreement" by addressing barriers to trade beyond tariffs and increasing trade facilitation. Interested parties may submit written comments at the link above.