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CHINA UPDATE **February 13, 2012**

Notable Quotes

“Forty years ago, leaders of our two countries, with extraordinary wisdom and vision of statesmen, reopened the long-closed door to China-U.S. exchanges. Since then, China-U.S. relations have forged ahead despite some twists and turns and made historic achievements, bringing huge benefits to both countries and peoples. China-U.S. relations have become one of the most important, dynamic and promising bilateral relationships in today’s world... What has happened over the past 40 years tells us that a sound and stable China-U.S. relationship is crucial for both countries and for peace, stability and prosperity of the Asia-Pacific region and the world at large.”

– Chinese Vice President Xi Jinping in advance of his visit to the United States

“For many of us, there are concerns that the leadership in China has been hardening over the last few years, with a young, aggressive military pushing out into the South China Sea, increasing rockets opposite Taiwan, a policy against the Tibetans that most of us do not understand. So I’m hoping this visit will set a new tone.”

– Senator Diane Feinstein on the visit of Chinese Vice President Xi Jinping to the United States

“While Xi Jinping brings a change in leadership for China, I am hopeful that this transition also brings changes in policy for the U.S.-Chinese economic relationship. China has been both an opportunity and an obstacle when it comes to our economy and American jobs.”

– House Ways and Means Committee Chairman Dave Camp on Chinese Vice President Xi Jinping’s visit to the United States

Chinese Vice President Xi Jinping Visits U.S.

Xi Jinping, the Chinese Vice President expected to ascend to the presidency of that country later this year, is in the U.S. this week to meet with President Obama and Vice President Biden, who is his official host for the visit. Xi will also visit Los Angeles and Iowa – a state he visited in the 1980s when he was a provincial government official. While in Washington, Xi will meet with the president at the White House, and will also visit Capitol Hill, the State Department, and Pentagon.

In advance of Xi’s visit, the White House held a **briefing** on February 10 with Deputy National Security Advisor Ben Rhodes; National Security Advisor to the Vice President Tony Blinken; Deputy National Security Advisor Michael Froman; and Senior Director for Asian Affairs Daniel Russel.

Vice President Xi's itinerary this week is as follows:

Monday, February 13

- Arrive in Washington, DC

Tuesday, February 14

- Meetings at the White House with President Obama, Vice President Biden, and senior cabinet officials
- Lunch at the State Department with Secretary Clinton and Vice President Biden
- Visit to Pentagon for meeting with Secretary Panetta and Joint Chiefs of Staff Chairman Dempsey
- Roundtable discussion at U.S. Chamber of Commerce with Vice President Biden
- Dinner at the Vice President's home with the Vice President and Dr. Biden

Wednesday, February 15

- Meetings on Capitol Hill with House and Senate leaders, including Senate Majority Leader Reid, Senate Minority Leader McConnell, Senate Foreign Relations Committee Chairman Kerry, Senate Foreign Relations Committee Ranking Member Lugar, and House Speaker Boehner
- Lunch at the U.S. China Business Council where Xi is expected to deliver a "major policy speech"

Thursday, February 16

- Travels to Iowa with Secretary Vilsack and Ambassador Locke
- Meets with family who hosted him during 1980s visit there
- Attends U.S.-China Agriculture Symposium

Friday, February 17

- Meets Vice President Biden in Los Angeles
- Visit to a high school to meet with students studying Chinese
- Lunch with Los Angeles Mayor Villaraigosa, Governor Brown, and local business leaders
- Dinner hosted by Vice President Biden

The U.S. considers this visit by Xi to be critical to establishing a working relationship with the incoming President of China who would serve in that role for the next decade.

Senators Write to President in Advance of Xi Jinping Visit

Democratic Senator Menendez (NJ) joined several of his Republican colleagues including Senators Cornyn (TX), Boozman (AR), Wicker (MS), Hoeven (ND), Grassley (IA), Burr (NC), Barrasso (WY), Kyl (AZ), Heller (NV), Isakson (GA), and Ayotte (NH) in a letter to President Obama urging that he raise numerous issues in his meeting with Vice President Xi. Those issues include:

- China's aggressive military modernization and the lack of transparency regarding the strategic purposes behind it;
- The importance of strong U.S. support for Taiwan's security interests;
- China's continued undermining of U.S. and international sanctions against Iran;
- The increasing amount of cyber-attacks and cyber-theft emanating from China;
- China's failure to protect intellectual property rights; and
- China's ongoing human rights abuses.

Solar CEOs Urge Discussion of Trade Dispute in Xi Jinping Visit

In advance of Xi Jinping's arrival in Washington today, 45 CEOs from American solar companies wrote to President Obama saying "We are hopeful that you and Vice President Xi will discuss the mutual interests that America and China have in regard to expanding the use of solar technology. This is especially important in light of the potential for a mutually destructive trade war as both nations consider tariffs and duties on each other's imports of solar technology."

President Seeks Funds for Trade Enforcement

Today, President Obama submitted to Congress his budget request for Fiscal Year 2013 and included a request for \$26 million for the Interagency Trade Enforcement Center he proposed during his State of the Union address last month. The new organization would be staffed by at least 50 people who would investigate unfair trade practices by other nations, most notably China, drawing personnel from the Department of Commerce and Office of the U.S. Trade Representative.

CECC Hearing on China and Human Rights

The Congressional-Executive Commission on China (CECC) will host a hearing on Tuesday, February 14, on "The Case and Treatment of Prominent Human Rights Lawyer Gao Zhisheng." The hearing, which coincides with the arrival of Xi Jinping in Washington, is to be held on Capitol Hill and will be led by CECC Chairman Rep. Chris Smith and Co-Chairman Senator Sherrrod Brown. Witnesses at the hearing will include: Gao's wife, Geng He; Li Jing, wife of democracy advocate Guo Quan; Jared Genser, Founder of Freedom Now and Managing Director of Perseus Strategies, LLC; and Bob Fu, Founder and President of ChinaAid Association.

The CECC, established by the U.S.-China Relations Act of 2000, is mandated by law to monitor human rights, including worker rights, and the development of the rule of law in China.

USCC Hearing on China's State-Owned and State-Controlled Enterprises

As noted in last week's MLS China Update, tomorrow the U.S.-China Economic and Security Review Commission (USCC) will hold a hearing on China's State-Owned and State-Controlled Enterprises.

Canada & China Sign Foreign Investment Agreement

Canadian Prime Minister Stephen Harper was in China last week for meetings with Chinese Premier Wen Jiabao. The highlight of the trip was the conclusion of negotiations on a Foreign Investment Protection Agreement (FIPA) that has been nearly twenty years in the making. The agreement would give equal treatment to foreign investors with domestic businesses in either country. The FIPA still has to be reviewed

and ratified by both governments. More on the FIPA can be read on the website of Prime Minister Harper [here](#).

Harper and Wen also concluded several cooperative agreements related to natural sciences, education, environment, agriculture, science, and technology.

ITC on Wind Trade Case

On February 10, the U.S. International Trade Commission voted 5-0 finding a reasonable indication that the US wind industry, represented by the Wind Tower Trade Coalition, is being adversely affected by dumped wind towers from China and Vietnam. The vote allows the investigation to proceed to the next stage, where the exact impact of the dumping will be quantified and assessed. Broadwind Towers Inc., DMI Industries, Katana Summit LLC, and Trinity Structural Towers Inc. make up the coalition, and this marks the second consecutive ruling by the ITC in the renewable energy sector, the other being in a case involving crystalline silicon photovoltaic solar panels, where the panel found evidence of dumping.

NREL Solar Comparison

The National Renewable Energy Laboratory published a presentation February 7 finding that Chinese solar producers hold no significant cost advantage over the United States counterparts when trans-oceanic shipping costs are factored into the equation. The analysis estimates that China currently holds a roughly one percent cost advantage over U.S. manufacturers of photovoltaic solar panels and modules, but when trans-ocean shipping costs for the Chinese equipment are factored into overall costs, U.S. manufacturers gain a five percent advantage selling into domestic markets.