



ML Strategies Update

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FEBRUARY 25, 2015

CHINA UPDATE

QUOTE OF THE WEEK

"We constantly remind Chinese leaders that recognizing and guaranteeing the Chinese people their internationally-recognized human rights and fundamental freedoms is the most effective way to build a prosperous, stable, and modern society. We do this because we believe that the rule of law, the free flow of information, a robust civil society, and respect for cultural and religious differences are essential to enable citizens in every country to hold their governments accountable on issues like, corruption, environmental degradation and food safety, which affect us all." – Deputy Assistant Secretary of State Tom Malinowski in a February 13 Twitter Q&A on how the U.S. fulfills its human rights commitments

U.S.-CHINA RELATIONS

State Department Officials in China

Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel traveled to Beijing from February 9-12 to discuss a broad range of bilateral, regional, and global issues with senior Chinese government officials.

In his first trip overseas as Deputy Secretary of State, Deputy Secretary Antony Blinken traveled to China, South Korea, and Japan February 9-14 to meet with a wide range of government officials and non-governmental experts. While in Beijing, Deputy Secretary Blinken met with senior Chinese government officials to discuss ongoing cooperation on a wide range of bilateral, regional, and global issues. According to the State Department, "his visit reflects continuing U.S. engagement with China and the importance of strengthening our bilateral relationship."

Readout of President Obama's Call with President Xi of China

The President spoke to Chinese President Xi Jinping on February 10 to review progress in the development of U.S.-China relations and to look ahead to opportunities to grow bilateral relations in 2015. The President expressed appreciation for China's contributions to the Ebola response and longer-term global health security in West Africa and also for President Xi's commitment to partner in reducing greenhouse gas emissions and in achieving a successful outcome at the Paris Climate Summit this December. The President encouraged China to continue its move toward consumption-led growth and a market-determined exchange rate, reiterated his commitment to pursue a high-

standard and comprehensive bilateral investment treaty, and called for swift work to narrow our differences on cyber issues. The two leaders reaffirmed their commitment to coordinate closely on security challenges, including by jointly encouraging Iran to seize the historic opportunity presented by P5+1 negotiations. Finally, President Obama noted that he looks forward to welcoming President Xi to Washington for a State Visit later this year.

USCC Report on China's Incomplete Military Transformation

Also on February 11, the U.S.-China Economic and Security Review Commission (USCC) released a report entitled "China's Incomplete Military Transformation: Assessing the Weaknesses of the People's Liberation Army." The report examines many of the weaknesses in the PLA's human capital and organization realms, its combat capabilities across various domains, and China's defense research and industrial complex. Further, the report analyzes how these weaknesses affect the PLA's performance of missions tasked by Beijing. The report can be found [here](#).

Deputy Secretary of State on U.S. Human Rights Commitments

On February 13, Tom Malinowski, the State Department's Assistant Secretary of State for Democracy, Human Rights, and Labor answered questions on Twitter about how the U.S. fulfills its human rights commitments. A transcript of the Q&A can be found [here](#).

U.S. Special Representative for North Korea Delivers Remarks on Asia-Pacific

On February 24, Sung Kim, the Department of State's Special Representative for North Korea Policy delivered remarks at a Mansfield Foundation event in Washington, DC. In his remarks, Mr. Kim, the former U.S. Ambassador to South Korea, touched on recent territorial tensions between China and Japan, saying that, as the two largest economies in Asia, stable and productive relations between the two countries are essential to the peace and prosperity of the region and the world. The speech touched on other issues, including the Trans-Pacific Partnership (TPP) free trade agreement, the U.S. relationship with Japan and South Korea, and issues related to North Korea. The prepared remarks can be found [here](#).

Secretary Kerry Testifies Before Senate Appropriations Committee

Also on February 24, Secretary of State John Kerry testified before the Senate Appropriations Committee's subcommittee on foreign operations regarding the Fiscal Year 2016 funding request for the Department of State. In his remarks, Secretary Kerry touched on issues related to the Asia Pacific. His remarks can be found [here](#).

House Subcommittee Hearing on the Asia Pacific

On February 26, the House Foreign Affairs Committee's subcommittee on Asia and the Pacific will hold a hearing titled "Across the Other Pond: U.S. Opportunities and Challenges in the Asia Pacific." Witnesses include Karl D. Jackson, Director of the Asian Studies Program at the Johns Hopkins School of Advanced International Studies; Van Jackson, Visiting Fellow at the Center for a New American Century; Matthew Goodman, Senior Adviser for Asian Economics at the Center for Strategic and International Studies; Abraham Denmark, Senior Vice President for Political and Security Affairs and External Relations at The National Bureau of Asian Research; and Patrick Mulloy, a former commissioner at the U.S.-China Economic and Security Commission.

TRADE

U.S. Exports Hit New Annual Record With China Among Leading Markets

On February 5, Secretary of Commerce Penny Pritzker announced that U.S. exports in 2014 set a record for the fifth consecutive year, reaching \$2.35 trillion. International Trade in Goods and Services Data released by the Commerce Department show that U.S. exports are up more than \$760 billion since 2009. In 2014, the largest export markets for U.S. goods were Canada, Mexico, and China, with exports to each country registering annual records.

U.S. Launches Challenge to Chinese Export Subsidy Program

On February 11, United States Trade Representative Michael Froman announced that the U.S. has

pursued dispute settlement consultations with the Government of China at the World Trade Organization (WTO) concerning China's "Demonstration Bases-Common Service Platform" export subsidy program. According to USTR, under this program, China seems to provide prohibited export subsidies through "Common Service Platforms" to manufacturers and producers across seven economic sectors and dozens of sub-sectors located in more than one hundred fifty industrial clusters throughout China known as "Demonstration Bases." The United States previously brought a WTO challenge to what appear to be prohibited export subsidies that China provides for auto and auto parts manufacturers pursuant to China's "National Auto and Auto Parts Export Base" program. After requesting consultations with China on those subsidies in an effort to resolve its concerns, USTR further developed information and concern that China had created the Demonstration Bases program to provide prohibited export subsidies to many other industries.

Commerce Department Initiates Duty Investigation of Paper from China

Also on February 11, the Department of Commerce announced the initiation of antidumping duty (AD) and countervailing duty (CVD) investigations of imports of certain uncoated paper from China (AD/CVD), Australia (AD), Brazil (AD), Portugal (AD), and Indonesia (AD/CVD). The U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determinations on or before March 9, 2015. If the ITC determines that there is a reasonable indication that imports of certain uncoated paper from these countries 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 April 2015 and its preliminary AD determinations in June 2015, unless the statutory deadlines are extended. If the ITC's preliminary determinations are negative, the investigations will be terminated.

USITC Launches Investigation of LED Lighting Products from China

On February 12, the USITC voted to initiate an investigation of certain light emitting diode products and components. The products at issue are LED products, such as LED bulbs, and other LED products and components of those products including LED chips and chip packages. The USITC has identified four respondents in the investigation, including Feit Electric Company, Inc., of Xiamen, China.

USITC Expedites Sunset Review of Tetrahydrofurfuryl Alcohol from China

On February 6, the USITC voted to expedite its five-year "sunset" review concerning the AD order on tetrahydrofurfuryl alcohol from China. As a result of the vote, the USITC will conduct an expedited review to determine whether revocation of this order would be likely to lead to a 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 USITC determine that revoking the order or terminating the suspension agreement would lead to a continuation or recurrence of dumping or subsidies (Commerce) and of material injury (USITC) within a reasonably foreseeable time.

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