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CHINA UPDATE **February 28, 2012**

Notable Quotes

“Running an integrated global trading system that maximizes global economic welfare is impossible when the second-largest economy rejects the fundamental premise.” – Mr. Rob Atkinson in his ITIF report on Chinese mercantilism, February 28

“China has been very successful over the last 30 years with one structural model for development. That model has focused on export-led and heavily investment-led growth. The 12th 5 year plan recognizes that needs to change to focus more on domestic demand and consumption.” – World Bank Group President Robert Zoellick in remarks in Beijing, February 27

Department Commerce Decision on China Solar Trade Case

On Friday, March 2, the Department of Commerce is expected to issue a preliminary determination in its countervailing duties investigation on solar cells from China. The preliminary anti-dumping duty ruling is not scheduled until March 27.

U.S. & North Korean Officials Meet in China

Beijing hosted Ambassador Glyn Davies, the United States’ Permanent Representative to the International Atomic Energy Agency and Special Representative for North Korea Policy, and officials from North Korea on February 23 for the first formal meeting of representatives of the two governments since the death of North Korean leader Kim Jong Il. Ambassador Davies’ remarks upon his arrival in Beijing can be found [here](#).

ITIF Releases Report on Chinese Mercantilism

Today, February 29, the Information Technology & Innovation Foundation (ITIF) released a report titled “Enough is Enough: Confronting Chinese Innovation Mercantilism.” The report can be found [here](#).

In the report, author Rob Atkinson argues that Chinese mercantilism has gone beyond acceptable competition and is outside of international trade norms, and that China’s economic strategy consists of “two main objectives: 1) develop and support all industries that can expand exports, especially higher value-added ones, and reduce imports; 2) and do this in a way that ensures that Chinese firms will win.”

The ITIF is a non-partisan think tank focused on formulating and promoting public policies to advance technological innovation and productivity internationally, in Washington, and in the states.

World Bank Calls for Chinese Economic Reforms

On February 27, the World Bank issued a report titled “China 2030: Building a Modern, Harmonious, and Creative High-Income Society.” World Bank Group President Robert Zoellick was in Beijing for the release of the report and a transcript of his press conference can be found [here](#). The full report, executive summary, and supporting reports can be found [here](#). The supporting reports are focused on structural reform, technological convergence and innovation, green development, security, and “win-win” solutions with the rest of the world. The World Bank calls on China to “complete its transformation to a market economy, strengthen its private sector, open its markets to greater competition and innovation, and ensure equality of opportunity.” The report offers 6 directions for China’s future: 1) completing the transition to a market economy; 2) accelerating the pace of open innovation; 3) going “green” to transform environmental stresses into green growth as a driver for development; 4) expanding opportunities for services, such as health, education, and access to jobs for all people; 5) modernizing and strengthening its domestic fiscal system; and 6) seeking mutually beneficial relations with the world by connecting China’s structural reforms to the changing international economy.

Upcoming Events

- On Wednesday, February 29, the House Committee on Ways and Means will hold a hearing on the Obama Administration’s trade policy, with testimony from United States Trade Representative Ron Kirk. Other witnesses will include: Tim Harris, President of Harris & Ford, LLC; Brian Krzanich, Senior Vice President and Chief Operating Officer at Intel Corporation; James Quigley, Senior Partner at Deloitte and Touche, LLP; and Alan Wolf, Of Counsel at Dewey & LeBouef, LLP. The first panel will provide an opportunity to explore with Ambassador Kirk current trade issues such as: (1) ensuring prompt implementation of the three free trade agreements with Colombia, Panama, and South Korea; (2) seeking to conclude a good Trans-Pacific Partnership agreement this year; (3) considering Russia’s WTO accession; (4) improving our important trade relationship with China and addressing China’s trade barriers; (5) addressing the Obama Administration’s trade agency reorganization proposal and National Export Initiative (NEI); and (6) ensuring appropriate trade enforcement efforts. The first and second panels will also focus on areas of potential future trade negotiations such as: (1) advancing WTO negotiations, including “post-Doha” issues at the WTO such as an international services agreement, Information Technology Agreement (ITA) expansion and a trade facilitation agreement; (2) completing Bilateral Investment Treaties (BITs) with China and India and exploring new BITs and investment opportunities; (3) deepening and expanding the trade and investment relationship with the European Union; and (4) establishing long-term, closer ties with important trading partners such as Latin America and India. The committee is accepting statements or letters for the record [here](#).
- On Monday, March 5, the Congressional-Executive Commission on China will hold a hearing on “China’s Repatriation of North Korean Refugees.” Despite its obligations under international law, the Chinese government maintains an agreement with North Korea to repatriate North Korean refugees. The Commission hearing will address the current predicament of North Korean refugees who have been detained by Chinese authorities in recent weeks. Witnesses will include: Suzanne Sholte, President of the Defense Forum Foundation and Chairman & Founding Member of the North Korea Freedom Coalition; Songhwa Han, former North Korean refugee detained in China, repatriated to North Korea, and detained in North Korea; Jinhye Jo, former North Korean refugee detained in China, repatriated to North Korea, and detained in North Korea; and Greg Scarlatoiu, Executive Director of the Committee for Human Rights in North Korea.
- On Tuesday, March 6, the Center for National Policy will host an event titled “China’s Coming Slowdown.” The event will feature remarks by Anthony Solomon, Senior Fellow at the Peterson Institute for International Economics and Albert Keidel, the former Deputy Director of the Office of East Asian Nations at the Department of the Treasury. Joining with CNP President Scott Bates, they will discuss issues including China’s emerging housing bubble, pollution, and social and economic inequality.