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CHINA UPDATE

US-CHINA RELATIONS

Secretary of the Treasury Lew in China

Less than one month after assuming office as the 76th US Secretary of the Treasury, Jack Lew is in China March 19-21 for meetings with the new Chinese leadership, senior economic officials, and U.S. business leaders. The visit comes just days after the conclusion of the annual National People's Congress in Beijing, where China's new leadership was elected. Secretary Lew is visiting China for talks on the U.S.-China bilateral relationship and opportunities for cooperation and growth, as well as efforts to level the playing field and create new opportunities for U.S. workers and businesses. Today, March 19, he met with newly elected Chinese president Xi Jinping, Chairman of the National Development and Reform Commission (NDRC) Xu Shaoshi, and with Finance Minister Lou Jiwei. Tomorrow, he will continue his meetings with China's new leadership and senior economic officials, and will participate in a roundtable discussion with business leaders from American companies with a presence in China. Finally, he will meet tomorrow with People's Bank of China Governor Zhou Xiaochuan and Premier Li Keqiang before departing for Washington. Secretary Lew was accompanied by Under Secretary of the Treasury for International Affairs Lael Brainard, and Evan Medeiros, a China specialist at the National Security Council.

President Obama Talks with Chinese President

On March 14, President Obama spoke with newly elected Chinese President Xi Jinping to congratulate him on his new role in the Chinese government. The discussion covered a range of issues that included the U.S.-China Strategic & Economic Dialogue (S&ED), cybersecurity, and the stability of the Asia-Pacific region.

Secretary of State Kerry Talks with Chinese State Councilor

On March 18, Secretary of State Kerry held a telephone discussion with Chinese State Councilor Yang Jiechi to discuss bilateral ties. According to the Chinese embassy in Washington, the talk between Kerry and Yang included a discussion of an “inter-power relationship.” They also exchanged views on the situation on the Korean peninsula, climate change, cyber security, and other issues. Finally, the two agreed to begin preparations for the round of the U.S.-China Strategic and Economic Dialogue. The last round of the S&ED was held in May 2012 in Beijing. Secretary Kerry is expected to visit China next month during a tour of several Asian nations including China, Japan, and South Korea after meeting with the foreign ministers of the Group of 8 industrial powers in London on April 10-11.

U.S. Military Leader to Visit China in April

While details are not yet finalized, the Chairman of the Joint Chiefs of Staff, General Martin Dempsey, will visit China next month.

Secretary of Defense Announces Missile Defense Buildup

On March 15, newly confirmed Secretary of Defense Chuck Hagel announced that, in response to the challenge posed by Iran and North Korea’s development of longer-range ballistic missile capabilities, the U.S. will strengthen its homeland missile defense with increased deployment of ground-based interceptors (GBI), deploy an additional radar in Japan, conduct Environmental Impact Studies for a potential additional GBI site in the U.S., and restructure a ship-based missile system. China has responded by saying that the U.S. response to the North Korean threat will deepen tensions in the region and, according to Hong Lei, Chinese Ministry of Foreign Affairs spokesman, “can only deepen antagonism and will be of no help to solving problems.” However, China signed on to the final draft of North Korean sanctions unanimously approved by the United Nations Security Council earlier this month.

USCC Report on Chinese Income Inequality Reform Plan

On March 13, the U.S.-China Economic and Security Review Commission (USCC) released a staff research backgrounder on “China’s New Income Inequality Reform Plan and Implications for Rebalancing.” The backgrounder examines China’s already large and steadily growing gap in income and the Chinese Communist Party’s efforts to address it. The backgrounder can be found [here](#).

Senate Hearing on Rebalance to Asia

On March 21, the Senate Foreign Relations Subcommittee on East Asia and Pacific Affairs will hold a hearing titled “Rebalance to Asia: What Does it Mean for Democracy, Good Governance and Human Rights?”. Panelists will include: Joseph Yun, Acting Assistant Secretary for East Asian and Pacific Affairs, U.S. Department of State; Daniel Baer, Deputy Assistant Secretary for Democracy, Human Rights and Labor at the State Department; Steven Rood, Country Field Representative for the Philippines and Pacific Island Nations at The Asia Foundation; and Ellen Bork, Director for Democracy & Human Rights at The Foreign Policy Initiative.

House Hearing on Cyber Threats from China

On March 20, the House Homeland Security Subcommittee on Cybersecurity, Infrastructure Protection, and Security Technologies will hold a hearing entitled “Cyber Threats from China, Russia and Iran: Protecting American Critical Infrastructure.” The witness list includes: Frank Cilluffo, Director of the Homeland Security

Policy Institute at The George Washington University; Richard Bejtlich, Chief Security Officer and Security Services Architect at Mandiant; Ilan Berman, Vice President at the American Foreign Policy Council; and Martin Libicki, Senior Management Scientist at RAND Corporation.

Brown and Smith Reappointed to Lead CECC

On March 18, Senate Majority Leader Reid reappointed Senator Sherrod Brown (D-OH) as chair of the bipartisan Congressional-Executive Commission on China (CECC), and House Speaker Boehner reappointed Representative Chris Smith (R-NJ) as co-chair.

CECC Leaders Call on China to End Tibetan Immolations

Newly appointed leaders of the CECC, Senator Sherrod Brown and Representative Chris Smith, on March 18 called on China to end repressive policies against the Tibetan people and to resume a dialogue with the Dalai Lama amid “ongoing and tragic” Tibetan self-immolations, which have surpassed 100. According to the CECC: “This month marks five years since the start of mostly peaceful protests that swept across the Tibetan plateau in March and April 2008 in opposition to Chinese policies that infringe on the culture, language, religion, and livelihood of Tibetans. Following the protests, policies that were already harsh have intensified. Since 2009, there have been a reported 107 instances of self-immolations in which Tibetans have called for Tibetan freedom and the Dalai Lama’s return, most occurring within the past year.”

U.S.-Asia Institute Briefing

On April 10, the U.S.-Asia Institute will hold a briefing at its Washington office on “Religion in China.”

TRADE

USITC Issues Report on Information Technology Agreement

On March 13, the US International Trade Commission (USITC) issued a study titled “The Information Technology Agreement: Advice and Information on the Proposed Expansion, Part 2.” The report finds that extending duty-free treatment under the Information Technology Agreement (ITA) to certain information technology products would likely increase US export opportunities to ITA member countries. Covering a draft list of products compiled by the office of the United States Trade Representative (USTR) that could be considered for duty-free treatment under the ITA, the study notes that the most frequently occurring major US export markets for products on the list were the European Union, Canada, Mexico, China, and Japan. The report can be found [here](#).

China Ramps Up Trade Negotiations With Japan

With Japan signaling this week that it will seek to join the Trans-Pacific Partnership (TPP) trade agreement, China is ramping up its efforts to finalize a trade deal with Japan and South Korea. Talks will be held in South Korea March 26-28, with subsequent talks to occur in China and Japan. China is not involved in TPP negotiations.

ENERGY & ENVIRONMENT

China Plans to Limit Pollutants

On March 5, China’s Ministry of Environmental Protection released a plan to limit pollutants from coal-fired power, iron and steel, cement, nonferrous material, petrochemical, and chemical facilities in 47 major cities and 19 provinces. The plan covers particulate matter, volatile organic compounds, and soot, as well as other

pollutants. The plan covers existing facilities as well as new ones.

China CCS Plan

On March 11, China's Ministry of Science and Technology released a 12th five-year development plan for carbon capture, utilization and storage (CCUS). China's goal is to accelerate its CCUS technology.

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