



Neal Martin
nmartin@mlstrategies.com
David Leiter
djleiter@mlstrategies.com

ML Strategies, LLC
701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004 USA
202 434 7300
202 434 7400 fax
www.mlstrategies.com

CHINA UPDATE

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Notable Quotes

“With constraints on resources and the environment intensifying, and as people’s living conditions improve, China needs to put more emphasis on increasing imports as it maintains stable export growth.” – China’s State Council on March 28

“The Obama Administration is committed to opening foreign markets for “Made-in-America” products – which means more jobs and increased opportunity for American workers and businesses. We continue to fight on behalf of America’s farmers, ranchers, manufacturers, and service providers to break down the obstacles to selling their products overseas. And we continue to use all available resources to ensure a level playing field for American goods and services.” – USTR Ambassador Ron Kirk on April 2

2012 BRICS Summit

Brazil, Russia, India, China, and South Africa (BRICS) held their fourth annual **summit** last week in New Delhi, India, with a theme of “BRICS Partnership for Global Stability, Security and Prosperity.” As emerging, yet large, economies with significant roles in the region and around the global, BRICS met for an agenda that was largely focused on economic and development issues including: India’s proposal for the creation of a new development bank focused on infrastructure projects in developing and least developed countries; the signing of two agreements to replace the U.S. dollar as the main unit of trade between BRICS nations with local currencies; and a call for follow through on promised changes for voting rights at the International Monetary Fund. They also discussed global security issues such as the unrest in Syria and trade restrictions on Iran. The Indian Ministry of External Affairs has posted the final joint declaration from the 2012 BRICS Summit [here](#). The next annual BRICS summit will be hosted by South Africa.

China to Cut Import Duties

China’s State Council, the chief administrative authority of the Chinese government, announced last week that it would cut import duties on consumer goods, raw materials, and energy sources. The effort to reduce the Chinese trade deficit will also include encouragement for importers to purchase from member countries of the Association of Southeast Asian Nations, and countries with free trade agreements with China.

China's Five-Year Plan for New Energy Vehicles

A special Five Year Plan announced by the Chinese Ministry of Science and Technology intends to increase the use of hybrid vehicles by 2015, and aims to have all-electric vehicles dominating the market for new vehicles by 2020. The government has designated 25 new-energy vehicle demonstration cities, with the goal of installing 400,000 charging points and 2,000 charging stations by 2015. The Five Year Plan for new energy vehicles is a part of the overall 12th Five Year Plan for 2011-2015.

Coal Production to Increase in China

China's National Energy Administration announced on March 22 that it would lift coal production to an annual capacity of 4.1 billion MT by 2015, while restricting domestic demand to 3.9 billion MT in order to reduce pollution and reliance on coal. China is the world's largest consumer and producer of coal, as well as the largest emitter of CO₂. The announcement came as part of the release of the 12th Five Year Plan for the coal industry, which calls for a consolidation of production with 20 Chinese companies accounting for more than 60% of the nation's coal output by 2015, with 10 companies producing an annual capacity of 100 MMT and 10 producing 50 MMT.

Energy & Environmental Goals in China

Wang Gang, head of China's Ministry of Science and Technology, told a March 29 gathering of the Macau International Environmental Cooperation Forum that energy independence and national security are driving China's energy and environmental changes. Offering further explanation, Zhao Penggao, Deputy Director of the Chinese government's Department of Resource Conservation and Environmental Protection of the National Development and Reform Commission, said that, as set forth in the 12th Five Year Plan for 2011-2015, China has the goal of increasing the percentage of GDP coming from 7 energy and environmental sectors to 8% by 2015 and 15% by 2020.

China's Petrochemical Energy Intensity Goals

On March 30, Sun Weishan, deputy secretary-general of the China Petroleum and Chemical Industry Federation, said China's petrochemical industry, accounting for 12.9% of the country's energy usage, must conserve energy and become more innovative in order to compete with higher value-added refined products made in other nations. Sun announced new energy intensity reduction goals for petrochemicals (due to be released later this month) as part of China's goal to reduce energy intensity 16% by 2015 from 2010 levels, and the petrochemical industry's energy industry by 20% in the same timeframe.

House Hearing on China's Role and Influence in Africa

On Thursday, March 29, the House Foreign Affairs Subcommittee on Africa, Global Health, and Human Rights held a hearing titled "China's Role and Influence in Africa." Panelists included Donald Yamamoto, Principal Deputy Secretary of State, Bureau of Africa Affairs; Carolyn Bartholomew, Commissioner, U.S.-China Economic and Security Review Commission; Stephen Hayes, President and CEO, Corporate Council on Africa; J. Peter Pham, Director, Michael S. Ansari Africa Center, Atlantic Council; David Shinn, Adjunct Professor, Elliott School of International Affairs, George Washington University. Subcommittee members attending the hearing were: Chairman Christopher Smith (R-NJ), Ranking Member Karen Bass (D-CA), Vice Chair Jeff Fortenberry (R-NE). Congresswoman Sheila Jackson-Lee (D-TX) also participated. Chairman Smith said that an increasing number of Africans are skeptical of Chinese behavior in their countries and that some, particularly in Zimbabwe, consider the Chinese to be worse than British colonizers. Congresswoman Bass also noted that she is concerned about China becoming a new colonial power in Africa, and said that she wants to see an increase in the number of American companies doing business on the continent. Noting that Chinese investments in Africa are projected to rise by 70% in the coming months, Congressman

Fortenberry said that Africa is becoming a “lost continent” to the U.S. ML Strategies has a more detailed summary of the hearing available upon request.

U.S.-China Business Council Report on Exports to China

In a report issued March 26 titled “**U.S. Exports to China by State: 2000-2011**,” the U.S. China Business Council said that American exports to China in 2011 totaled \$103.9 billion. While this was the first time that U.S. exports to China have exceeded \$100 billion, USBC says that there is more work to be done since the U.S. still lags behind the European Union, Japan, Korea, and Taiwan, in global exports to China. According to the report, the top U.S. exporters to China are, in descending order: California, Washington, Texas, Louisiana, New York, Illinois, Pennsylvania, Georgia, Oregon, South Carolina, Ohio, Michigan, North Carolina, Alabama, and Massachusetts. According to the USBC: 48 states have registered at least triple-digit export growth to China since 2000, while 20 experienced quadruple-digit growth; 10 states have at least doubled their exports to China since 2009; 30 states now count China as one of their top export markets and 25 states exported more than \$1 billion in 2011.

USTR 2012 National Trade Estimate Report on Foreign Trade Barriers

On April 2, the United States Trade Representative (USTR) issued the 27th annual National Trade Estimate Report on Foreign Trade Barriers (NTE), which provides an inventory of significant trade barriers in 58 nations, as well as the Sanitary and Phytosanitary Measures (SPS Report), and the Technical Barriers to Trade (TBT) Report. All three reports can be found [here](#).

The China section of the NTE begins on page 65 and covers a wide range of issues, including Chinese policies related to automobiles, steel, semiconductors, fertilizer, telecommunications equipment, and agricultural support. The NTE also addresses U.S. concerns about Intellectual Property protection, service and investment barriers, government procurement, and electronic commerce. The SPS addresses barriers to agricultural exports, with the China section beginning on page 31. The TBT report, with a section on China starting on page 60, addresses unwarranted or overly burdensome technical barriers that make it difficult for American manufacturers to sell their products overseas.

Responding to the NTE report, Democratic members of the House Ways and Means Committee sent a [letter](#) to President Obama outlining their concerns about China’s trade policies, and offering their support to ensure that the newly formed Interagency Trade Enforcement Center (ITEC) is fully funded and lives up to its potential.

Boao Forum for Asia

The Boao Forum for Asia, a non-profit organization founded in 2001 that is similar to the World Economic Forum, hosted its 2012 Annual Conference March 31-April 3 in China’s Hainan Province. The theme of this year’s event was “Asia in a Changing World: Moving Toward Sound and Sustainable Development” and was focused on the status of the global economy, reform and transformation, and sustainable development in Asia.

Upcoming Events

On April 17, the U.S.-Taiwan Business Council, along with the Project 2049 Institute, will release a report titled “Chinese Reactions to Taiwan Arms Sales.” There will be a discussion with panelists including: Rupert Hammond-Chambers, President, U.S.-Taiwan Business Council; and Randall Schriver, President and CEO, Project 2049 Institute.

Congressional Recess

The House of Representatives and Senate are in recess until Monday, April 16.