



ML Strategies Update

Neal Martin, rnmartin@mlstrategies.com

FOLLOW US ON TWITTER: [@MLStrategies](https://twitter.com/MLStrategies)

ML Strategies, LLC
701 Pennsylvania Avenue, N.W.
Washington, DC 20004 USA
202 296 3622
www.mlstrategies.com

APRIL 07, 2014

China Update

QUOTE OF THE WEEK

"This is my first time visiting China, and let me tell you, it has been a phenomenal experience. Words can't describe -- I mean, I don't know if you followed my trip. I started in Beijing, yesterday we were in Xi'an, and today I'm here in Chengdu. And the cities are so vast and so complex and so different from one another. You can't lump any aspect of China into one stereotype. As I mentioned in my speech, sometimes in the United States, people don't -- they've never visited China, they don't know much about the culture, so sometimes they sort of exist on those stereotypes and misconceptions. Fortunately, I travel a little more than most people in the United States so I'm already pretty open to new cultures. But that's one of the things that I want to do through this trip. I want to encourage more young people in the United States to, what I call, step outside of their comfort zones and try new things -- get on a plane, travel to another country, experience another language, try new foods. Because, as I said in my speech, underneath all of those difference, we're still the same. When I look into your eyes -- and I've met many young people -- you all remind me of my girls. You remind me of my kids. And I want for you what I want for them and what I want for all kids." – First Lady Michelle Obama on March 25, 2014 at the Number Seven School in Chengdu, China

U.S.-CHINA RELATIONS

President Obama meetings Chinese President Xi Jinping

On March 25, President Obama met with President Xi at the U.S. Ambassador's Residence in The Hague, The Netherlands, while there for a Nuclear Security Summit. In his remarks, President Obama stated "I think it's fair to say that this bilateral relationship has been as important as any bilateral relationship in the world, and we've made great strides. I believe ultimately that by working together, that China and the United States can help to strengthen international law, respect for the sovereignty of nations, and establish the kinds of rules internationally that allow all people to thrive." In his remarks, President Xi stated "We are committed to our position of no confrontation, no conflict, mutual respect, and win-win cooperation with regard to the United States. We'll adopt a more positive attitude and more vigorous actions to strengthen cooperation with the United States, and also to effectively manage our differences and sensitivities and make sure the China-U.S. relationship will continue to move forward in a healthy and steady fashion." A full transcript of their public remarks can be found [here](#).

First Lady Michelle Obama in China

On March 21, First Lady Michelle Obama met with Chinese President Xi Jinping and his wife Madame Peng Liyuan in Beijing. A transcript of remarks by Mrs. Obama and President Xi can be found [here](#).

On March 23, Mrs. Obama met and U.S. Ambassador to China Max Baucus participated in a roundtable with Chinese educators, parents, and students. Their remarks can be found [here](#).

On March 25, Mrs. Obama visited a classroom at the Number Seven School in Chengdu, China. Her remarks and Q&A with students can be found [here](#).

State Department Hosts U.S.-China Young Scientist Forum

On March 26, ten female science professionals from ten Chinese research and policy institutions met with ten American female scientists at the Department of State in Washington for the fifth U.S.-China Young Scientist Forum (YSF). The YSF is an outcome of the science and technology working group of the U.S.-China Consultation on People-to-People Exchange (CPE). The CPE aims to enhance people-to-people exchanges in the areas of education, culture, sports, women's issues, and science and technology between citizens of the U.S. and China. The fifth YSF was co-led by Deputy Assistant Secretary of State for Science, Space and Health Jonathan Margolis and Chinese Counselor for Science and Technology Jianping Mei. The U.S. and Chinese female science professionals exchanged views on challenges and opportunities for female scientists such as building international networks and research collaborations, managing work/life balance issues, and the importance of scientific mentoring.

Dialogue on Law of the Sea and Polar Issues

The 5th U.S.-China Dialogue on the Law of the Sea and Polar Issues was held in Qingdao, China, March 27-28. Experts from U.S. and Chinese foreign affairs and maritime agencies exchanged views on a wide range of issues related to oceans, the law of the sea, and the polar regions. The United States and China supported deepening U.S.-China dialogue on these issues in future dialogues. The annual meeting began in 2010, and is called for by the U.S.-China Strategic and Economic Dialogue. The United States plans to host the next round in 2015.

South China Sea Arbitration Case Filing

On March 30, the Republic of the Philippines submitted a memorial filing in its arbitration case concerning competing claims in the South China Sea. In a statement issued by the State Department, the U.S. reaffirmed its support for the exercise of peaceful means to resolve maritime disputes without fear of any form of retaliation, including intimidation or coercion. According to the statement, "All countries should respect the right of any States Party, including the Republic of the Philippines, to avail themselves of the dispute resolution mechanisms provided for under the Law of the Sea Convention. We hope that this case serves to provide greater legal certainty and compliance with the international law of the sea."

USCC Issue Brief on "China's Hunger for U.S. Planes and Cars"

On March 27, the U.S.-China Economic and Security Review Commission (USCC) released an Issue Brief titled "China's Hunger for U.S. Planes and Cars: Assessing the Risks." According to the USCC: "The U.S. trade deficit with China continues to grow but at a slower rate. A key reason for this is the boom in U.S. automotive and aerospace shipments to China. As China becomes more affluent and urbanized, ordinary Chinese are driving more cars and traveling more frequently by air. China's future demand, however, could be affected by pollution, traffic bottlenecks, and other factors. U.S. companies must also contend with China's industrial policy, which tilts the playing field toward domestic industry. In the long run, technology transfer and off-shoring could erode

U.S. competitiveness and take business away from U.S. plants.” The brief can be found [here](#).

USCC Paper on China’s 2014 Government Work Report

On April 1, the USCC released a paper providing an overview and assessment of key points of China’s 2014 Government Work Report’s plans for financial system liberalization, fiscal reform, administrative reform, environmental regulation, urbanization and rural land reform, and healthcare reform. Titled “China’s 2014 Government Work Report: Taking Stock of Reforms,” the paper can be found [here](#).

USCC Hearing on China’s Healthcare Sector, Drug Safety, and Trade in Medical Products

On April 3, the (USCC) held a hearing on Capitol Hill titled “China’s Healthcare Sector, Drug Safety, and the U.S.-China Trade in Medical Products.” Panelists included: Dr. Christopher J. Hickey, Country Director for China, U.S. Food and Drug Administration; Dr. Karen Eggleston, Faculty Director, Asia Health Policy Program, Stanford University; Dr. Yanzhong Huang, Senior Fellow for Global Health Policy, Council on Foreign Relations; Xiaoqing Lu Boynton, Director, Albright Stonebridge Group; Benjamin Shobert, Managing Director, Rubicon Strategy Group; Rod Hunter, Senior Vice President, International Affairs, PhRMA; Ralph Ives, Executive Vice President, Global Strategy and Analysis, AdvaMed; Allan Coukell, Senior Director, Drugs and Medical Devices, The Pew Charitable Trusts; Charles Bell, Programs Director, Consumers Union; Dr. Ginger Zhe Ji, Professor of Economics, University of Maryland; and Dr. Roger Bate, Visiting Fellow, American Enterprise Institute. A webcast of the hearing can be found [here](#).

CECC Roundtable on Hong Kong

Also on April 3, the Congressional-Executive Commission on China held a roundtable on “Prospects for Democracy and Press Freedom in Hong Kong.” Panelists were Martin Lee, Barrister, founding Chairman of the Democratic Party of Hong Kong, former Member of the Drafting Committee for the Basic Law, and former Member of the Legislative Council of Hong Kong (1985-2008); and Anson Chan, Former Chief Secretary for Administration of Hong Kong, former Member of the Legislative Council of Hong Kong (2007-2008), and Convener of Hong Kong 2020, a political group working toward achieving universal suffrage in the 2017 election for Chief Executive and 2020 Legislative Council elections. In their opening statements, Senator Sherrod Brown (D-OH), CECC Chair, said “The future of freedom and democracy in Hong Kong is under serious threat, as China continues to backtrack on the promises made to the people of Hong Kong. Hong Kong is not just a financial center of seven million people, but a test of whether China will allow genuine democracy and fundamental freedoms to take root in Hong Kong. We urge China to respect Hong Kong’s autonomy and to ensure implementation of universal suffrage in accordance with international law;” while Representative Chris Smith (R-NJ), CECC Co-Chair, said “The steady erosion of Hong Kong’s autonomy is a chilling reminder of Beijing’s intent to roll-back many of Hong Kong’s fundamental freedoms and elect political leaders of its own choosing. China’s actions raise critical questions whether the “one country, two systems” model can ever fully guarantee human rights and democracy for the people of Hong Kong. Hong Kong’s continued autonomy, and the advance of democracy there, is a concern of this Congress and all freedom-loving people.”

CECC Hearing on China’s Crackdown on Rights Advocates

On April 8, the CECC will hold a hearing on “Understanding China’s Crackdown on Rights Advocates: Personal Accounts and Perspectives.” Witnesses will include Jewher Ilham, daughter of detained Uyghur scholar Ilham Tohti; Donald Clarke, Professor of Law, George Washington University School of Law; and Dr. Sophie Richardson, China Director, Human Rights Watch. Additional witnesses may be added. According to the CECC, Chinese officials have cracked down on independent rights advocacy, detaining large numbers of individuals for peacefully advocating on issues ranging from combating official corruption and protecting the rights of ethnic minorities

to ensuring educational equality for migrant children and seeking greater freedom of the press. Those detained include Ilham Tohti, a scholar and an advocate for the Uyghur ethnic minority, who sought to build bridges between Uyghurs and the majority Han population. They also include individuals from the New Citizens' Movement, who have called for social justice, rule of law, and citizen rights. The detentions are occurring against the backdrop of the Chinese government's own anti-corruption campaign and stated push for legal reforms. Witnesses will discuss, among other things, personal accounts of the crackdown as well as its significance for China's human rights and rule of law development.

CHINA NEWS

Official Visits to China

April 3 to 4, a delegation representing the Community of Latin American and Caribbean States (CELAC) led by Foreign Minister Enrique Castillo Barrantes of Costa Rica is paying an official visit to China.

April 5 to 11, H.R.H. Princess Maha Chakri Sirindhorn of Thailand will visit China.

April 8 to 10, President Shimon Peres of Israel will pay a state visit to China.

ENERGY & ENVIRONMENT

Q&A on China's Energy Future

On March 17, the Carnegie-Tsinghua Center for Global Policy published a Q&A with Wang Tao, a resident scholar in the Center's Energy and Climate Program, on "China's Energy Future at a Crossroads" analyzing major developments in China's energy policy in 2013. The Q&A can be found [here](#).

EU-China Solar Agreement

On March 18, German polysilicon producer Wacker Chemie AG agreed to not sell its products in China below a minimum price in order to avoid Chinese antidumping and countervailing duties. China set final antidumping and countervailing duties on imports of the same material from the United States in January. A release from the European Commission can be found [here](#).

USTR to Negotiate Elimination of Tariffs on Certain Environmental Goods with China

On March 21, United States Trade Representative Michael Froman notified Congress of plans to negotiate an agreement with China, the European Union, and other countries to eliminate tariffs on a number of environmental goods, including wind turbines, solar panels, and catalytic converters. A letter from Froman to House Speaker Boehner (R-OH) can be found [here](#).

US and China Climate Change Leadership

On March 24, President Obama told Chinese President Xi Jinping that the United States and China needed to work together to set an example on reducing GHG emissions ahead of the 2015 international climate change negotiations.

EPA Action on Chinese Vehicles and Engines

On March 27, the Environmental Protection Agency announced that American Lifan Industry, Inc., an Ontario, California-based vehicle and engine importer, has agreed to ensure that future imports meet federal emission standards after illegally importing and selling nearly 28,000 highway motorcycles, recreational vehicles, and engines manufactured in China that did not comply with Clean Air Act standards to limit harmful pollution.

More New Solar than Wind

Clean Edge released a [report](#) last week concluding that the world installed more photovoltaic solar last year, 36.5 GW, than wind, 35.5 GW, for the first time since tracking began in 2000. The shift is due to fewer wind installations in the United States and increased solar investments in China, Japan, and the United States.

TRADE

USITC Keeps Duty Orders on Innerspring Units from China

On March 25, the U.S. International Trade Commission (USITC) determined that revoking the existing antidumping duty orders on uncovered innerspring units from China, South Africa, and Vietnam would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. As a result of the Commission's affirmative determinations, the existing orders on imports of this product from China, South Africa, and Vietnam will remain in place.

WTO Sides with U.S. In Trade Dispute With China

On March 26, United States Trade Representative Michael Froman announced that that a World Trade Organization (WTO) dispute settlement panel has agreed with the United States in a major dispute, finding in favor of U.S. claims that China's imposition of export restraints on rare earths, tungsten, and molybdenum breach WTO rules. Rare earths, tungsten, and molybdenum are key inputs in a multitude of U.S.-made products for critical American manufacturing sectors, including hybrid car batteries, wind turbines, energy-efficient lighting, steel, advanced electronics, automobiles, petroleum and chemicals. A release from USTR can be found [here](#).

* * *

View ML Strategies professionals.

Boston · Washington www.mlstrategies.com