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CHINA UPDATE

April 9, 2013

U.S.-CHINA RELATIONS

Secretary of State Kerry Visiting Beijing

Secretary Kerry will travel to the Republic of Korea, China, and Japan from April 12-15 to meet with his counterparts. He will discuss a range of bilateral and multilateral issues, reaffirming the Obama Administration's commitment to further broaden and enhance U.S. economic, security, and strategic interests in the Asia-Pacific region. The Secretary will arrive in Seoul on April 12, continue on to Beijing on April 13, and travel to Tokyo on April 14.

Washington Welcomes New Chinese Ambassador

On April 3, Cui Tiankai, the new Chinese ambassador to the U.S., was welcomed at the State Department by Secretary Kerry, who received a copy of his credentials. Secretary Kerry noted that the U.S. is prepared for greater dialogue and cooperation with China on the economy, trade, people-to-people ties, climate change, and international and regional hotspot issues. He also said that he looks forward to co-chairing the next round of the Strategic & Economic Dialogue. Ambassador Cui said that China is committed to working with the U.S. to move forward on a cooperative partnership based on mutual respect and mutual benefit. Ambassador Cui is the tenth Chinese ambassador to the U.S. and previously served as Vice Foreign Minister from 2010-2013 and as the Chinese ambassador to Japan. Cui also met with Deputy Secretary of State William Burns for a discussion that covered U.S.-China relations and international and regional issues.

Under Secretary Hormats in China

Under Secretary of State for Economic Growth, Energy, and the Environment Robert Hormats is in Beijing today and tomorrow for bilateral consultations with Chinese officials and to deliver the keynote address at the U.S.-China Internet Industry Forum. In his remarks, Mr. Hormats said that it is in China's interests to take action against hacking, saying, "The long-term interest of the Chinese government is to

investigate and halt these cyber intrusions wherever in this country they come from. The U.S. government is taking an active role in addressing this issue and we continue to raise our concerns with senior Chinese officials.”

Prior to his arrival in China, Mr. Hormats was at the Pacific Energy Summit in Vancouver. In his remarks there, he said that “Energy diplomacy is a core component of America’s focused engagement with Asia. We see an opportunity for a closer, mutually beneficial dialogue on a wide range of energy matters with Japan, China, India, South Korea, and ASEAN nations.” He also noted that by 2035 China is expected to use 68 percent more energy than the U.S. His full remarks at the PES can be found [here](#).

Field Hearing on China’s Agriculture Policy

On April 25, the U.S.-China Economic and Security Review Commission (USCC) will hold a field hearing at Iowa State University on “China’s Agriculture Policy and U.S. Access to China’s Market.” The hearing will include panels on 1) The Status and Future of China’s Agricultural Development, 2) Food Safety: Trade Barriers and Public Health Issues, 3) Bilateral Trade and Investment: Opportunities and Constraints, and 4) Intellectual Property and Value-Added Production. Panelist bios and written statements will be available on the Commission’s website at www.uscc.gov on Thursday, April 24.

House Hearing on Human Rights in China

Today, April 9, the House Foreign Affairs Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations held a hearing titled “Chen Guangcheng and Gao Zhisheng: Human Rights in China.” Witnesses included: Mr. Chen Guangcheng, Chinese human rights activist; Pastor Bob Fu, Founder and President, ChinaAid Association; Ms. Geng He, wife of Chinese human rights lawyer Gao Zhisheng; Mr. Jared Genser, Founder, Freedom Now; and Mr. T. Kumar, Director of International Advocacy, Amnesty International.

TRADE

USTR Meeting on China Trade Policy

On April 10, Ambassador Demetrios Marantis, the Acting U.S. Trade Representative, will meet with Reps. Charles Boustany (R-LA) and Rick Larsen (D-WA) to discuss trade policy with China.

Commerce Department Trade Mission to China

From September 16-18, the Department of Commerce general counsel will lead a legal services trade mission to China, according to an April 8 Federal Register notice. The mission is for U.S.-based law firms seeking to market legal services to Chinese companies. The department will begin reviewing applications, on a rolling basis, on April 15 and will conclude by August 16, selecting a minimum of 13 and a maximum of 17 participants. The mission will include stops in Shanghai and Beijing. In both cities, participants will receive market briefings to obtain key information from U.S. officials in the legal services environment in China. They will then participate in specially-tailored forums on U.S. legal services for audiences of Chinese persons seeking to do business in the U.S. Additionally, the trade mission will include opportunities for participants to have policy discussions with Chinese government officials in order to learn more about the regulatory landscape and present the benefits that U.S. law firms can provide to Chinese and U.S. companies. The Federal Register notice can be found [here](#).

Monthly Trade Data with China

On April 5, the U.S.-China Economic and Security Review Commission (USCC) released its “Monthly Summary of U.S. Trade Data with China.” According to the report, which covers February 2013,

bilateral trade between the U.S. and China declined by ten percent month-to-month in February. The report also notes that, although “U.S. exports to China are on the rise, with 9 percent year-on-year growth (nearly double the growth in 2011-2012), the growth in U.S. imports from China has outpaced exports to China by 2.7 percentage points, up from just 2.1 percentage points last year.” The full report can be found [here](#).

AmCham China Releases Annual Business Climate Survey

The American Chamber of Commerce in China (AmCham China) has released its 2013 China Business Climate Survey Report. Drawing on input from 325 respondents, the report finds that rising labor costs in China are considered as great a business risk in China as a Chinese economic slowdown. Further, the report says that China’s ranking as a destination for global investment declined slightly compared to year-ago levels, though over two-thirds of respondents still list it as a top-three global priority. Specific concerns of respondents included difficulties in obtaining business licenses, pressure to transfer technology, inadequate protection of intellectual property rights, and the potential for corporate data breaches. However, despite these challenges, most respondents said they are optimistic about their two-year outlook in China. The full 24-page report can be found [here](#).

USTR Releases Results of Section 1377 Review of Telecommunications Trade Agreements

On April 3, Acting United States Trade Representative Demetrios Marantis outlined the key barriers faced by U.S. telecommunications service and equipment suppliers and identified specific telecommunications-related issues on which USTR will focus its monitoring and enforcement efforts this year. He did this in his announcement of USTR’s release of the annual Report on the 1377 Review, which also provides information on the operation and effectiveness of telecommunications trade agreements under Section 1377 of the Omnibus Trade and Competitiveness Act of 1988 (1377 Review). The 1377 Review highlights the importance of regulatory impartiality generally as a precondition to meaningful market access, and specific issues encountered in China; focuses on foreign investment restrictions in China, and progress in Canada and Mexico; highlights problems that competitive telecommunications carriers are encountering in China, Colombia, and Mexico; highlights impediments U.S. satellite operators face when seeking to serve customers in China and India; and discusses the use of equipment standards and conformity assessment procedures (including testing requirements) that act as barriers to entry for U.S. telecommunications equipment, including policies in China, India, Brazil, and Costa Rica. The 2013 Section 1377 Review of Telecommunications Trade Agreements can be found [here](#).

ENERGY & ENVIRONMENT

Imported Chinese Vehicle Standards

On April 3, the Environmental Protection Agency (EPA) announced it has reversed its approval of imported all-terrain vehicles and on- and off-road motorcycles from China, citing a failure to conform to federal emission standards with proper controls. The vehicles were manufactured by Snyder Technology Inc. and Snyder Computer Systems Inc., which operates as Wildfire Motors Corp.; the vehicles previously received certificates to operate between 2006 and 2012. Up to 74,000 vehicles may be impacted by this decision.

China Climate Finance Policy

On March 22, the Climate Group and the Research Center for Climate and Energy Finance at China’s Central University of Finance and Economics released its report “Shaping China’s Climate Finance Policy.” The report, sent to the Chinese government, found that the country must raise \$243 billion per

year, or about 2 percent gross domestic product (GDP), by 2020 to mitigate the impact of climate change.

Climate Action Predictions

On April 2, London School of Economics Grantham Research Institute Chairman Lord Nicholas Stern said 2013 presented the best opportunity yet to have bold global climate change action. Speaking at a joint International Monetary Fund (IMF) and World Resources Institute (WRI) event, Stern said the fact that the U.S. and China do not have elections scheduled for the next few years means the two countries can emerge as climate action leaders. He also praised continued climate work by Ethiopia, India, Mexico, South Africa, the IMF, and the World Bank.

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