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CHINA UPDATE

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QUOTE OF THE WEEK

"America is really a land of immigrants, whether first generation or fourth generation, whether our ancestors came from China or Ireland or France or Germany or Japan or Brazil. America is a land of immigrants who came to that country in pursuit of freedom and opportunity. The Chinese first came to the United States in the mid-1800s to help finish the American Transcontinental Railroad. They then stayed to work in the gold mines, the lumber camps, and actually served as the merchants in some of the great cities of the West Coast, from San Francisco to Los Angeles to Seattle, and of course they settled in cities like New York. Wave after wave of immigrants from around the world have contributed to the prosperity of America and brought new ideas, new customs, and new cultures that have constantly made America fresh and young." – U.S. Ambassador to China Gary Locke in a speech at Xinjiang University on April 25

U.S.-CHINA RELATIONS

State Department Officials in China to discuss Human and Religious Rights

From April 22-25, Ambassador at Large for International Freedom Suzan Johnson Cook and Deputy Assistant Secretary for Democracy, Human Rights, and Labor Daniel Baer were in China to promote human rights and religious freedom. While in Hong Kong, they discussed religious freedom issues with non-governmental organizations and government representatives. They also met with Cardinal John Tong Hon and engaged other religious leaders to encourage continued interfaith dialogue. In Beijing, the delegation discussed enhancing exchanges on religious freedom issues and raised concerns, such as those related to Tibetans, Uighurs, and unregistered Christian groups, with officials from the State Administration for Religious Affairs and the Chinese People's Political Consultative Conference. They also consulted with representatives of minority groups and other civil society leaders.

State Department Releases Documents on Carter Administration & China

On April 22, the State Department released “Foreign Relations of the United States, 1977-1980, Volume XIII, China” – the first publication in a new subseries of the Foreign Relations series that documents the most important foreign policy issues of the Jimmy Carter presidential administration. The documentation in this volume focuses primarily on the normalization of diplomatic relations between the United States and the People’s Republic of China, as well as the concomitant ending of formal diplomatic relations between the United States and the Republic of China (Taiwan). The volume is available from the State Department Office of the Historian [here](#).

USCC to Hold Hearing on Chinese Investment in the U.S.

On May 9, the U.S.-China Economic and Security Review Commission (USCC) will hold a hearing on “Trends and Implications of Chinese Investment in the United States.” The hearing will explore patterns of Chinese investment in the U.S. and the implications of that investment for U.S. policymakers. The hearing will consist of two panels. Panel I: Panels of Investment in the United States will include testimony from Mr. Thilo Hanemann, Research Director at Rhodium Group, Dr. Derek Scissors, Senior Research Fellow at The Heritage Foundation, and Mr. Andrew Szamosszegi, Principal at Capital Trade, Inc. Panel II: Issues for Policymakers will include testimony from Ms. Elizabeth J. Drake, Partner at Stewart & Stewart, Mr. Mark E. Plotkin, Partner at Covington & Burling LLP, and Mr. Dean G. Popp, former Acting Assistant Secretary of the Army for Acquisition, Logistics and Technology.

U.S. Ambassador to China Speech at Xinjiang University

On April 25, U.S. Ambassador to China Gary Locke hosted a town hall meeting and delivered a speech with the theme “Building the Future Together – China and the United States” to an audience of approximately 200 students at Xinjiang University in Urumqi, Xinjiang province. Locke was in the province as part of a trade delegation focusing on energy, clean energy, energy efficiency, and transportation, especially the rail sector. His full remarks can be found [here](#).

Senate Hearing on U.S. Rebalance to Asia

On April 24, the Senate Foreign Relations Committee held a hearing titled “Rebalance to Asia II: Security and Defense: Cooperation and Challenges.” Panelists included Mr. Joseph Y. Yun, Acting Assistant Secretary for East Asian and Pacific Affairs at the Department of State, The Honorable David F. Helvey, Deputy Assistant Secretary of Defense for East Asia at the Department of Defense, Dr. Janine Davidson, a Senior Fellow at the Center for a New American Security, and Mr. Michael J. Green, Senior Vice President and Japan Chair at the Center for Strategic and International Studies. The archived hearing and testimony transcripts can be found [here](#).

House Action on Taiwan Policy Act

On April 25, the House Foreign Affairs Subcommittee on Asia and the Pacific met to mark up H.R. 419, the Taiwan Policy Act of 2013. The purpose of the legislation is to strengthen and clarify the commercial, cultural, and other relations between the people of the United States and the people of Taiwan, as codified in the Taiwan Relations Act, and for other purposes. An amendment in the nature of a substitute was offered by subcommittee chairman Steve Chabot (R-OH) and was accepted by voice vote, sending the bill to the full committee for consideration.

TRADE

Commerce Makes Preliminary Determination Regarding Chinese Hardwood & Plywood

On April 30, the Department of Commerce announced its affirmative preliminary determination in the antidumping (AD) investigation of imports of hardwood and decorative plywood from China.

Commerce preliminarily determined that producers and exports in China sold hardwood and decorative plywood in the U.S. at dumping margins ranging from de minimis to 63.96 percent. As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates. Commerce is tentatively scheduled to make its final determination in July 2013. If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative determination that imports of hardwood and decorative plywood from China materially injure, or threaten material injury, to the domestic market, Commerce will issue an AD order. If either Commerce or ITC's final determination is negative, no AD order will be issued. The ITC will make its final injury determination in August 2013.

USITC to Investigate Chinese Actuators

On April 30, the USITC announced that it has voted to institute an investigation of certain linear actuators. The products at issue in this investigation are linear actuators that are used in seating and reclining furniture to power operation of a footrest. The investigation is based on a complaint filed by Okin America, Inc., of Frederick, MD, and Dewert Okin GmbH of Kirchleugern, Germany, on April 3, 2013. The complaint alleges violations of section 337 of the Tariff Act of 1930 in the importation into the U.S. and sale of certain linear actuators that infringe a patent asserted by the complainants. The complainants request that the USITC issue an exclusion order and a cease and desist order. Changzhou Kaidi Electrical Co. Ltd. of Changzhou, China is identified by USITC as a respondent in the investigation.

WTO Adopts Ruling on China-E.U. Trade Dispute Regarding Security Equipment

On April 24, the World Trade Organization made official a ruling from a dispute panel that condemned the imposition of antidumping duties by China on imports of European Union x-ray security inspection equipment. WTO acted after China declined to appeal the findings of the dispute panel.

ENERGY & ENVIRONMENT

China to Implement Regional Cap and Trade Pilots

On April 15, Susanne Hefeli-Hestvik, managing director of a Swedish carbon asset managing firm, lauded China for its progress in establishing regional pilot programs for trading carbon emissions. Shenzhen and Shanghai both recently announced that their municipal programs will begin in June, while programs in the cities of Tianjin, Beijing, and Chongqing and the provinces of Guangdong and Hubei will launch by the end of 2013. While the programs are described as voluntary, all have guidelines that will eventually compel companies with certain pollution levels to participate. Several national Chinese governing bodies, including its Ministry of Finance, Ministry of Environmental Protection, and National Development and Reform Commission are also said to be considering carbon tax proposals, though none have been made public.

Funds Support Chinese Phaseout of HCFCs

On April 22, the Multilateral Fund in the Montreal Protocol announced it would fund China in its efforts to reduce production of hydrochlorofluorocarbons (HCFCs). The Fund will provide up to \$385 million to help curb 4.3 million metric tons of emissions by 2030. In the agreement, China pledged to retire surplus stocks of HCFCs that are not currently in use. HCFCs have been found to deplete the ozone and are used in refrigerants and fire-suppression systems.

U.S. First in Tax Code Sustainability Incentives

On April 25, KPMG International released an index ranking 21 countries on their efforts to encourage sustainable corporate activity through the tax code. The U.S. is ranked number one, and KPMG cited

energy efficiency incentives at the federal level, green building tax incentives, and the renewable energy production tax credit. The index reviews incentives and penalties on a variety of topics ranging from energy efficiency to carbon emissions. Following the U.S. are Japan, the U.K., France, South Korea, and China in the top six positions.

Wilson Center Briefing on The Green Revolution in China

On April 30, the Wilson Center held a briefing in Washington titled “The Green Revolution in China.” The purpose of the briefing was to examine civil society and environmental justice in China, specifically the environmental movement consisting of non-governmental organizations (NGOs), news media, and community leaders opposing a dam on the Tiger Leaping Gorge. Speakers included Ms. Jennifer Tuner, Director of the China Environment Forum at the Wilson Center, Dr. Judith Shapiro, a professor at American University, and Mr. Liu Jianquiang, Editor of chinadialogue Beijing. ML Strategies has a summary of the briefing available upon request.

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