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CHINA UPDATE

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QUOTES OF THE WEEK

"Inevitably, there are areas of tension between our two countries, but what I've learned over the last four years is both the Chinese people and the American people want a strong, cooperative relationship, and that I think there's a strong recognition on the part of both President Xi and myself that it is very much in our interest to work together to meet the global challenges that we face. And I'm very much looking forward to this being a strong foundation for the kind of new model of cooperation that we can establish for years to come." – President Obama on June 8 before a bilateral meeting with Chinese President Xi

"President Obama and I both believe that in the age of economic globalization and facing the objective need of countries sticking together in the face of difficulties, China and the United States must find a new path -- one that is different from the inevitable confrontation and conflict between the major countries of the past. And that is to say the two sides must work together to build a new model of major country relationship based on mutual respect and win-win cooperation for the benefit of the Chinese and American peoples, and people elsewhere in the world. The international community looks to China and the United States to deliver this. When China and the United States work together, we can be an anchor for world stability and the propeller of world peace." – Chinese President Xi on June 8 following a bilateral meeting with President Obama

U.S.-CHINA RELATIONS

Obama-Xi Summit

On June 7-8, President Obama met with Chinese President Xi Jinping at the Sunnylands Estate in Rancho Mirage, California. According to National Security Advisor Tom Donilon, the

“discussions were positive and constructive, wide-ranging and quite successful in achieving the goals that we set forth for this meeting.” Topics of discussion included North Korea, the U.S. rebalance toward Asia, cybersecurity and cyber issues, the economy, human rights, and U.S.-China military-to-military relationships. Billed as an opportunity for the two presidents to meet “informally” after their respective elections last year and before the upcoming G-20 Summit in St. Petersburg, Russia in September, the summit did produce some tangible results. The U.S. and China agreed on an important new step to confront global climate change and, for the first time, both countries will work together and with other countries to use the expertise and institutions of the Montreal Protocol to phase down the consumption and production of hydrofluorocarbons (HFCs). Also, the two countries will establish a formal mechanism for Chinese trade officials to obtain information related to negotiations on the Trans-Pacific Partnership trade agreement. This mechanism is solely for information purposes, and there was no discussion of China joining talks on the TPP. The transcript of a post-summit press briefing by Mr. Donilon discussing how the summit came about, the structure of the meetings, and background on topics discussed, can be found [here](#).

In advance of the summit, the Co-Chairs of the Bicameral Task Force on Climate Change sent a [letter](#) to President Obama June 5 asking him to discuss joint action on climate issues with Chinese President Xi Jinping at the leaders’ meeting June 7 and 8. The group, which includes Representatives Henry Waxman (D-CA) and Ed Markey (D-MA) and Senators Sheldon Whitehouse (D-RI) and Ben Cardin (D-MD), urged the President to propose that China support an international proposal to reduce use of hydrofluorocarbons currently backed by the U.S., Canada, and Mexico.

State Department Arms Control Delegation in China

On June 5-7, Rose Gottemoeller, Acting Under Secretary of State for Arms Control and International Security, led the U.S. delegation to the U.S.-China Security Dialogue. Discussions with senior Chinese officials covered arms control, nonproliferation and international security issues.

State Department Hosts U.S.-China Economic Development & Reform Dialogue

On June 7, Under Secretary of State for Economic Growth, Energy, and the Environment Robert Hormats hosted the 10th Round of the U.S.-China Economic Development and Reform Dialogue at the State Department in Washington, D.C. The Chinese delegation was led by National Development and Reform Commission (NDRC) Executive Vice Chairman Zhu Zhixin and also included National Energy Administration Deputy Administrator Liu Qi. The U.S. side included participation from the Departments of State, Commerce, Treasury, Energy, Agriculture, and Health and Human Services; the Office of the U.S. Trade Representative; the National Security Staff; the Council of Economic Advisers; and the U.S. Trade and Development Agency. The objective of the dialogue was to foster increased exchanges on economic, energy, and environment issues between the State Department and other U.S. government agencies and the NDRC, which serves as China’s premier economic planning agency. This year’s dialogue focused on recent macroeconomic developments, the evolution of the health care and elder care industries, and the role of natural gas in energy security. Outcomes from the dialogue sessions will feed into other bilateral economic forums, including the upcoming U.S.-China Strategic and Economic Dialogue (S&ED) and the Joint Commission on Commerce and Trade (JCCT).

Continued Growth in Chinese Travel to the U.S.

On June 10, the Department of Commerce released travel and tourism data on annual 2012 arrivals, along with a new forecast suggesting continued strong growth in arrivals through 2018. Countries among the top 20 with the largest increase in 2012 from the previous year were: China (+35 percent), Colombia (+21 percent), Venezuela and Argentina (both up +20 percent), and Brazil (+19 percent). All five countries set records for visits to the United States in 2012.

U.S. Consulate General Shenyang to Host Call on Chinese Tourism to the U.S.

On June 27, the U.S. Consulate General in Shenyang, China, including Consul General Sean Stein, Foreign Commercial Officer Steve Green, and Consular Chief Tyler Allen, will host a Direct Line call to discuss “Attracting Tourists from Northeast China.” According to the State Department’s Bureau of Economic and Business Affairs, “China’s strong economy and growing middle class mean more Chinese citizens are traveling abroad. Last year, China’s tourism expenditures exceeded \$100 billion. With more than 110 million people and 10 percent annual GDP growth, Northeastern China is an important part of China’s tourism market.”

CECC Hearing on Chinese Hacking

On June 25, the Congressional-Executive Commission on China (CECC) will hold a hearing titled “Chinese Hacking: Impact on Human Rights and Commercial Rule of Law.” The hearing will “examine the impact of Chinese cyber-attacks on Chinese activists and human rights organizations as well as on American businesses and industries harmed by intellectual property theft.”

ENERGY & THE ENVIRONMENT

Wilson Center Event on Chinese Renewable Energy Investment in the U.S.

On June 10, the China Environment Forum at the Wilson Center hosted an event titled “Scaling Up: Chinese Renewable Energy Investments in the United States and Beyond.” Ms. Yingzhen Zhao from the World Resources Institute (WRI) presented her organization’s recent research on the trends and drivers of China’s overseas investment in the solar and wind industries and discussed effective policies, market conditions, and financing enablers to encourage solar and wind investments. Mr. Todd Foley, from ACORE’s U.S. Partnership for Renewable Energy Finance, discussed the challenges and opportunities for increasing capital formation and investment in renewable energy in the U.S. Dr. Hu Tao, WRI senior associate and former senior economist from the Ministry of Environmental Protection of China, spoke more broadly on China’s policies to promote renewable and other forms of environmentally friendly goods and services.

TRADE

USITC to Review Antidumping Order on Chinese Persulfates

On June 4, the U.S. International Trade Commission voted to conduct a full five-year (“sunset”) review of the antidumping order on persulfates from China, to determine whether revocation of the order would be likely to lead to a continuation or recurrence of material injury within a foreseeable time. An announcement on the decision from USITC can be found [here](#).

USTR Nominee on Solar Trade Dispute

On June 6, at his nomination hearing to serve as the U.S. Trade Representative, Michael Froman, currently Deputy National Security Advisor for International Affairs, stated that the U.S., China, and the E.U. are engaged in “initial discussion” about how to resolve the ongoing solar trade dispute. Senate Energy and Natural Resources Chairman Ron Wyden (D-OR), who has discussed the talks with Froman, stated that they have the goal of leveling the playing field for American solar producers and ending retaliatory Chinese cases. The talks come after the EU announced June 4 that it will impose tariffs on Chinese solar panels. On June 11, the Senate Finance Committee unanimously approved Mr. Froman’s nomination, sending it to the full Senate for consideration.

USITC to Continue Case on Steel Rail Tie Wire from China

On June 7, the USITC determined that there is a reasonable indication that a U.S. industry is materially injured by reason of imports of prestressed concrete steel rail tie wire from China, Mexico, and Thailand that are allegedly sold in the United States at less than fair value. All six Commissioners voted in the affirmative. As a result of the USITC’s affirmative determinations, the Department of Commerce will continue to conduct its investigations on imports of these products, with its preliminary antidumping duty determinations due on or about September 30, 2013.

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