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CHINA UPDATE

Quote of the Week

“China’s tighter embrace of state capitalism now runs directly counter to the economic reform goals that originally drove its pursuit of WTO membership. The United States continues to urge the Chinese government to reconsider its divergence from the path of reform.” – Deputy U.S.T.R. and U.S. ambassador to the World Trade Organization Michael Punke on June 12

The Atlantic NextGen Energy Forum

On June 18, The Atlantic magazine hosted a “Next Generation Energy Forum” on clean energy in the U.S. with a focus on wind and biofuels. The discussion included several exchanges related to China, primarily focused on Chinese efforts on investment and development of renewable energy. In an exchange between The Atlantic’s Washington Editor-at-Large Steve Clemmons, Michael O’Sullivan, Senior Vice President of Development at NextEra Energy Resources, and Willet Kempton, Professor and Research Director at the University of Delaware’s Center for Carbon-Free Power Integration, Mr. Clemmons noted that China’s share of global wind production has increased from 5% to 70% and asked if the U.S. has lost the wind battle. Mr. Klepper responded that the U.S. had not lost the battle since the biggest wind projects are in the U.S. and that solar photovoltaic in the U.S. is decreasing in price and is expected to increase overall capacity. Mr. O’Sullivan noted that an issue with wind farms in China is that they are not connected to the grid, whereas America has the infrastructure set up to get electricity to customers.

President Obama Attends G-20 Plenary Session

President Obama was in Mexico earlier this week for the annual meeting of the Group of 20. While there, he held a bilateral meeting with China’s president Hu Jintao.

Senate Hearing on China and Clean Energy

Senate Energy and Natural Resources Chairman Jeff Bingaman (D-NM) held a **hearing** on June 14 to discuss competitiveness and collaboration between the U.S. and China on clean energy. The focus of the hearing was China’s success with clean energy development and how the U.S. could emulate that success. Most of the panelists stated that public and private partnerships in funding were important in the development

of the clean energy industry. There was some discussion of China's increased dependency on imported coal and oil, while the clean energy focus was on photovoltaic solar panels and wind turbines. Chairman Bingaman praised consortium work in American development, while Senator Franken (D-MN) pushed for both a Clean Energy Standard and a Renewable Energy Standard. The recent solar dumping case was briefly addressed, with one witness saying that U.S.-initiated dumping complaints could help the American economy, before the Chairman stated that the hearing would not include discussion of the case since it is outside the committee's jurisdiction. The hearing also included a discussion on best practices for promoting U.S. competitiveness with China and other countries in the clean tech sector. ML Strategies has a detailed summary of the hearing available upon request.

Decline in Imports of Chinese Solar Panels

On June 12, the Coalition for American Solar Manufacturing (CASM), the group lead by SolarWorld and other petitioners in the recent China solar dumping case, said that domestic imports of solar cells and panels from China declined from March to April following the imposition of preliminary subsidy duties by the Department of Commerce. April was the first full month that the countervailing duties were in effect.

Chinese GHG Inventories Differ

Nature reported on June 10 that Chinese national and provincial carbon inventory totals in 2010 were 1.4 gigatons apart – or about 5% of annual global emissions. The report, "The Gigatonne Gap in China's Carbon Dioxide Inventories," examined Chinese inventories from 1997 to 2010, and found that emissions grew at an average annual rate of 7.5% according to national data, and 8.5% according to provincial data. The report for 2010, the most recent report, showed the greatest gap, with a difference of 18% between the two totals.

World Investment in Renewable Energy Grows

On June 11, the United Nations Environment Program released a report titled "Global Trends in Renewable Energy Investment in 2012" showing that global investment in renewable energy was \$257 billion in 2011, representing a 17% increase over 2010. The growth was driven by \$147 billion in solar technology investment from rooftop photovoltaic installations in Europe, PV systems in China and the United Kingdom, and utility-scale solar generation in the U.S. American investment in 2011 increased by 57% over 2010, coming in at \$51 billion.

IEA Plans Work with Developing Nations

Over the next 25 years the International Energy Agency (IEA) will seek to establish special arrangements with China, India, and other emerging countries expected to be the world's largest emitters of carbon dioxide. These countries are expected to account for 90% of energy growth over the next quarter century. China has already surpassed the U.S. in emissions and IEA is working to enhance communications and partnerships between the two countries.

China to Tax Electronics in Effort to Address Electronic Waste

China's government has announced that it will impose a tax on domestic producers and importers of electronics products, including televisions, refrigerators, washing machines, air conditioners, and computers in order to fund the management and recycling of waste electronic and electrical equipment (WEEE). The taxes will equal \$2.05 for televisions, \$1.89 for refrigerators, \$1.10 for washing machines and air conditioners, and \$1.58 for computers and other devices such as cell phones.

U.S. Critique of China at WTO

In a June 12 meeting of the World Trade Organization's trade policy review of China, U.S. Deputy Trade Representative and ambassador to the WTO Michael Punke said that, with regard to Chinese efforts toward market liberalization, the U.S. is concerned "not only of China standing still, but also moving backward." In response, the Chinese government, via Deputy Commerce Minister Yu Jianhua, said that China "will push

forward reform in all fronts with greater determination and courage, particularly reform in the economic system.”

USCC Hearing on U.S.-China Trade & Investment

A June 14 hearing by the U.S.-China Economic and Security Review Commission on “The Evolving U.S.-China Trade & Investment Relationship” focused on Chinese government subsidies, unfair Chinese business practices, and continuing issues related to Chinese theft of Intellectual Property Rights (IPR). After hearing from the panel’s three business sector witnesses – representing Infinera Corporation, Fellowes, Inc., and Go Go Mongo – commission member Jeffrey Fielder said that he doesn’t “have any optimistic policy prescriptions, unless we are punitive. How do we get the Chinese government’s attention at a sufficient level to make a difference?” The USCC will hold additional hearings this year as they work toward preparing their annual report to Congress in November.

World Bank Discussion of China’s Race for Resources

On June 13, the World Bank held a **discussion** with Dambisa Moyo, author of “Winner Take All: China’s Race for Resources and What It Means for Us.” Moyo is an International Economist and New York Times best-selling author. She was joined by Rogier van den Brink, Lead Economist, Poverty Reduction and Economic Management Department, East Asia and Pacific Region, World Bank.

House Leaders Concerned about China & Cybersecurity

The House Intelligence Committee, lead by Chairman Mike Rogers (R-MI) and Ranking Member Dutch Ruppersberger (D-MD), has ramped up its **investigation** of two Chinese telecommunications companies – Huawei and ZTE. The investigation was launched to review the threat posed to U.S. national security interests by telecommunications companies with potential ties to the Chinese government. Committee members and staff recently traveled to China for meetings with officials from the two companies, and have returned to Washington with ongoing concerns about the expansion of the two companies into the U.S. telecommunications infrastructure. The committee has requested further information from both companies.

USTPO at IP Forum in Beijing

U.S. Patent and Trade Office Deputy Under Secretary Terry Rea will be in Beijing June 19-22 to speak at the Managing Intellectual Property China-International IP Forum. He will also participate in a diplomatic conference with China’s State Intellectual Property Office (SIPO).

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