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## CHINA UPDATE

June 25, 2013

### QUOTES OF THE WEEK

*"The world's strategic and economic center of gravity is shifting east, and we in the United States are focusing ever more on the Asia-Pacific region. President Obama put it best when he said, "Asia will largely define whether the century ahead will be marked by conflict or cooperation..." And what better way to achieve cooperation than through prosperous economic partnerships in "Asia's World City," Hong Kong." – State Department Chief Economist Heidi Crebo-Rediker in June 11 remarks titled "Think Asia, Think Hong Kong"*

### U.S.-CHINA RELATIONS

#### **State Department Official on U.S.-Hong Kong Relationship**

On June 11, Heidi Crebo-Rediker, State Department Chief Economist delivered remarks at the USA Programme Dinner in New York City, titled "Think Asia, Think Hong Kong." Her speech focused on the U.S. shift to Asia, the role of Hong Kong in the global economy and trade relationship with the U.S., the Trans-Pacific Partnership trade agreement, a proposed Hong Kong free trade agreement with ASEAN countries, and Foreign Direct Investment. The text of Ms. Crebo-Rediker's remarks can be found [here](#).

#### **House Passes Taiwan Aviation Bill**

On June 18, the House passed with a vote of 424 to 0 bipartisan legislation introduced by U.S. Rep. Ed Royce (R-CA), Chairman of the House Foreign Affairs Committee, calling for the Secretary of State to endorse Taiwan's entry into the International Civil Aviation Organization (ICAO).

## ENERGY & THE ENVIRONMENT

### **First Chinese Carbon Trading Pilot Launches**

The City of Shenzhen started selling carbon dioxide credits on June 18 as part of China's first pilot program for a national carbon emissions trading initiative. 21,112 MT of carbon credits were sold for an average price of \$4.63 per ton. Six more regional pilot programs, including ones for Shanghai and Beijing, are expected to launch before the end of 2014.

### **EIA Shale Formation Report Released**

The Energy Information Administration released June 10 its report *Technically Recoverable Shale Oil and Shale Gas Resources: An Assessment of 137 Shale Formations in 41 Countries Outside the United States*. The report, which expanded upon a 2011 study, found that approximately 345 billion barrels of oil and 7,299 trillion cubic feet of natural gas are technically recoverable from shale formations worldwide. The natural gas estimate is up by 10 percent from the 2011 study. Russia, the U.S., China, Argentina, and Libya lead the recoverable shale oil shares while China, Argentina, Algeria, the U.S., and Canada have the most shale gas reserves.

### **China, U.S. Agree to Phase Out HFCs**

President Barack Obama and Chinese President Xi Jinping announced on June 8 that the two countries would work together to reduce the production and emissions of hydrofluorocarbons. The agreement allows both countries to work under the Montreal Protocol to reduce HFC use. Environmentalists hope that this will be the first step to a broad international agreement on HFC reductions, possibly through UN action or an amendment to the Montreal Protocol.

## TRADE

### **EU, China Restart Solar Tariff Talks**

European and Chinese officials announced June 18 that the EU and China would restart negotiations to reach an agreement over issues related to Chinese solar panel imports, which were the target of a large anti-dumping tariff set by the European Commission earlier this month. EC Trade Commissioner Karel De Gucht also traveled to China on June 21 to meet with Chinese Commerce Minister Gao Hucheng, though the solar tariff issue was not officially on their agenda.

### **Commerce Antidumping Determination on Chinese Silica Bricks**

On June 14, 2013, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the antidumping duty (AD) investigation of imports of silica bricks and shapes from China. Commerce preliminarily determined that producers/exporters in China sold silica bricks and shapes in the United States at dumping margins ranging from 84.89 percent to 91.16 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 scheduled to make its final determination in November 2013. If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of silica bricks and shapes from China materially injure, or threaten material injury to, the domestic industry,

Commerce will issue an AD order. If either Commerce's or the ITC's final determination is negative, no AD order will be issued. The ITC will make its final injury determination in December 2013.

### **USITC Determinations**

On June 13, the U.S. International Trade Commission (ITC) determined that revoking the existing antidumping duty orders on steel concrete reinforcing bar (rebar) from Belarus, China, Indonesia, Latvia, Moldova, Poland, and Ukraine 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 the rebar under review will remain in place.

On June 18, the ITC determined that revoking the existing antidumping duty order on sodium hexametaphosphate from China 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 determination, the existing order on imports of this product from China will remain in place. All six Commissioners voted in the affirmative. The action comes under the five-year (sunset) review process required by the Uruguay Round Agreements Act.

On June 20, the ITC determined that a U.S. industry is threatened with material injury by reason of imports of xanthan gum from China that the Department of Commerce has determined are sold in the U.S. at less than fair value. As a result of the ITC's affirmative determination, Commerce will issue antidumping duty orders on imports of xanthan gum from China.

## **MISCELLANEOUS**

### **CECC Hearing on Chinese Hacking**

On June 24, the Congressional-Executive Commission on China (CECC) will hold a hearing on "Chinese Hacking: Impact on Human Rights and Rule of Law." This 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. Panelists will include: Slade Gorton, Former U.S. Senator from Washington State, Commission Member, Commission on the Theft of American Intellectual Property; James Mulvenon, Vice-President, Intelligence Division, Director, Center for Intelligence Research and Analysis, Defense Group, Inc.; Wen Yunchao (Online alias "Bei Feng"), Independent Journalist and Blogger, and Visiting Scholar, Institute for the Study of Human Rights, Columbia University; and Louisa Greve, Vice President, Asia, Middle East & North Africa, and Global Programs, National Endowment for Democracy.

### **USCC Hearing on Macau and Hong Kong**

On June 27, the U.S.-China Economic and Security Review Commission (USCC) will hold a hearing on "Macau and Hong Kong." Hearing co-chairs are USCC commissioners William A. Reinsch and Dennis C. Shea. Panel 1, Administration Panel on Macau: Daniel Glaser, Assistant Secretary for Terrorist Financing, Office of Terrorism and Financial Intelligence, Treasury Department; Panel II, Money Laundering in Macau and Implications for the United States: A. G. Burnett, Chairman, Nevada State Gaming Control Board; I. Nelson Rose, Wittier Law School, Encino, California; and James H. Freis Jr., Clearly Gottlieb Steen & Hamilton LLP; Panel III, Hong Kong, Press Freedom, Universal Suffrage, and Police Surveillance: Sophie Richardson, China

Director, Human Rights Watch; and Madeline Earp, Research Analyst, Freedom House.

### **USCC Staff Reports on China**

On June 13, the U.S.-China Economic and Security Review Commission (USCC) issued a staff report titled “China Investment Corporation: Recent Developments in Performance, Strategy, and Governance.” The report can be found [here](#).

On June 14, the USCC issued a staff backgrounder titled “China’s Military Unmanned Aerial Vehicle Industry.” It can be found [here](#).

On June 19, the USCC issued a staff report titled “China’s Expanding Military Operations in Foreign Exclusive Economic Zones.” That report can be found [here](#).

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