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## CHINA UPDATE

### Quote of the Week

*“The United States and the People’s Republic of China share strategic and economic interests in advancing clean energy technology. Each is among the world’s greatest economies. The futures of both countries depend on the efficient use and innovative production of clean fuels and power.”* – Excerpt from the Foreword of the first annual report of the U.S.-China Clean Energy Research Center, June 2012

### U.S.-China Clean Energy Research Center Releases First Annual Report

The U.S.-China Clean Energy Research Center (CERC) has released its **first annual report**. CERC was established in 2009 by President Obama and Chinese President Hu Jintao to “accelerate clean energy innovation and help both countries improve quality of life and meet energy and environmental goals.”

The report notes that CERC’s first-year activities “laid a solid foundation for advancing collaborative research, development, and commercialization of new clean energy technologies in the United States and China through 2015.”

First-year achievements for CERC include: establishing formal leadership and oversight of CERC governance; developing joint work plans that enhance coordination; committing private sector and government funding (with leading U.S. and China businesses and research institutions investing at least \$75 million toward CERC collaborative research over 5 years, and each government securing approximately \$15 million to fund activities through 2012 and \$37.5 million over 5 years); creation of a framework for Intellectual Property (IP) protection throughout CERC collaborations; fostering long-term research partnerships; and the development of significant technological advancements.

## **U.S. Treasury Official Remarks on China**

In remarks before the Women's Foreign Policy Group on June 25, Lael Brainard, Under Secretary of the Treasury for International Affairs, said: "In recognition that its rise has presented a unique set of opportunities and challenges to the international financial system, we have engaged in intensive and unprecedented financial diplomacy with China. Through intensive engagement by President Obama, Vice President Biden and Secretary Geithner in the U.S.-China Strategic and Economic Dialogue, we have sought to shape the policy choices facing Chinese financial authorities to increase their consistency with international standards and norms and to create a more level playing field. With demand expected to be weak in advanced economies for some time, it has become increasingly clear that China's growth model was no longer sustainable, with its lopsided reliance on massive investments in resource intensive export industries, weak intellectual property protections and undervalued exchange rate. Just as we are reorienting the US economy to be more competitive and boost export performance, we have worked to encourage complementary changes in China. And we have seen some progress. China has reduced its current account surplus from 9 percent of GDP in 2008 to 3 percent today, due in part to an appreciation of its currency by 12 percent in inflation adjusted terms against the dollar. In the weeks ahead, China will be considering further measures to sustain Chinese domestic growth and create a more level playing field. As agreed in the S&ED, China's commitments to cut tariffs and consumption taxes and reduce taxes on services will boost the buying power of Chinese consumers and also create opportunities for U.S. companies. We will continue our financial diplomacy in the days and years ahead, recognizing we have a growing stake in each other's economic choices and in working together to strengthen the system."

Under Secretary Brainard's full remarks can be found [here](#).

## **USTR Seeking Comments on WTO Consultation of Duties on Chinese Products**

On June 22, the Office of the United States Trade Representative (USTR) [published](#) in the Federal Register a request for comments on the request by China for the World Trade Organization consultations on Department of Commerce countervailing duties on numerous Chinese imports, arguing that the U.S. violated the General Agreements on Tariffs and Trade, the Agreements on Subsidies and Countervailing Measures, as well as the Protocol of China's accession to the WTO.

Products included are crystalline silicon photovoltaic cells (whether or not assembled into modules), utility scale wind towers, circular welded austenitic stainless pressure pipe, circular welded carbon quality steel line pipe, citric acid and certain citrate salts, certain tow behind lawn groomers, certain kitchen appliance shelving and racks, certain oil country tubular goods, pre-stressed concrete steel wire strand, certain steel grating, wire decking, certain magnesia carbon bricks, certain seamless carbon and alloy steel standard line and pressure pipe, certain coated paper suitable for high-quality print graphics using sheet-fed presses, drill pipe, aluminum extrusions, multilayered wood flooring, certain steel wheels, steel wire, high pressure steel cylinders, and drawn stainless steel sinks.

Comments should be submitted by July 22 to ensure timely consideration, although comments will be accepted throughout the course of the settlement proceedings.

## **China Ends Antidumping Investigation of U.S. Grains**

On June 21, China's Ministry of Commerce (MOFCOM) announced that it was ending its antidumping investigation into imports of American dried distillers grains with solubles. The investigation had been launched in 2010 at the request of three Chinese companies, who have withdrawn their petition. Dried

distillers grains with soluble are a byproduct of the distillery industry and ethanol production and are used as livestock feed.

### **Chinese Government Issues White Paper on Rare Earth Industry**

On June 20, China's Information Office of the State Council released a **white paper** titled "Situation and Policies of China's Rare Earth Industry" which argues that China's export control quotas on rare earths are crucial to protecting the environment. According to the paper, excessive and unregulated mining of rare earths in China has created significant pollution problems. In March, the U.S. was joined by Japan and the European Union in filing a WTO complaint against China's rare earths export controls.

### **Fifth Round of U.S.-China Security Dialogue**

On June 25, the fifth round of the U.S.-China Security Dialogue was held at the State Department and was led by Acting Secretary of State for Arms Control and International Security Rose Gottemoeller and Chinese Assistant Foreign Minister Ma Zhaoxu. Issues discussed included arms control, nonproliferation, disarmament, and other international security issues.

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