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CHINA UPDATE

June 4, 2013

QUOTES OF THE WEEK

"The 24th anniversary of the violent suppression of demonstrations in Tiananmen Square on June 4 prompts the United States to remember this tragic loss of innocent lives. We renew our call for the Chinese Government to end harassment of those who participated in the protests and fully account for those killed, detained, or missing. We renew our call for China to protect the universal human rights of all its citizens; release those who have been wrongfully detained, prosecuted, incarcerated, forcibly disappeared, or placed under house arrest; and end the ongoing harassment of human rights activists and their families."
– a State Department Message on the 24th Anniversary of Tiananmen Square

"The breadth of the relationship that has developed between the United States and China is truly impressive. Our financial, trade, security, environmental, cultural, tourism, and ethnic links are each important to some part of American society, and are matched by the attentions of my colleagues in the Senate, each responding to his or her constituents. One bond that unites all Senators in their engagement with China is concern regarding the Chinese government's lack of respect for universal human rights."
– Senate Foreign Relations Chairman Robert Menendez in a June 4 letter to President Obama

U.S.-CHINA RELATIONS

President Xi En Route for Meeting with President Obama

On May 31, Chinese President Xi Jinping left departed for state visits to Trinidad and Tobago, Costa Rica and Mexico, before meeting with President Obama in California for talks on June 6 and 7. Xi is making the visits at the invitation of President of Trinidad and Tobago Anthony Carmona, President of Costa Rica Laura Chinchilla, Mexican President Enrique Pena Nieto and President Obama. Xi's entourage includes his wife Peng Liyuan, member of the Political Bureau and director of the Policy Research Office of the Communist Party of China (CPC) Central Committee Wang Huning, member of the Political Bureau and Secretariat and Director of the General Office of the CPC Central Committee Li Zhanshu and State Councilor Yang Jiechi. The Xi-Obama meeting will be held at the former Annenberg Estate in

California and is expected to provide the two presidents the opportunity to engage in discussions on a host of issues including the nuclear situation on the Korean Peninsula, cyber security, trade and economic issues, climate change, and regional security in Asia.

Secretary of Defense at Shangri-La Dialogue

From May 31 to June 2, Secretary of Defense Chuck Hagel attended the 12th IISS Asia Security Summit, otherwise known as the Shangri-La Dialogue. In his address to the conference, Secretary Hagel said “Building a positive and constructive relationship with China is also an essential part of America’s rebalance to Asia. The United States welcomes and supports a prosperous and successful China that contributes to regional and global problem solving. To this end, the United States has consistently supported a role for China in regional and global economic and security institutions, such as the G20. We encourage our allies and partners to do the same.” As tensions continue to mount between the U.S. and China over cyber security, the Secretary addressed the issue, saying “We are also clear-eyed about the challenges in cyber. The United States has expressed our concerns about the growing threat of cyber intrusions, some of which appear to be tied to the Chinese government and military. As the world’s two largest economies, the U.S. and China have many areas of common interest and concern, and the establishment of a cyber working group is a positive step in fostering U.S.-China dialogue on cyber. We are determined to work more vigorously with China and other partners to establish international norms of responsible behavior in cyberspace.” His prepared remarks can be found [here](#).

Senate Armed Services Chairman Urges President to Address Cyber Intrusions by China

On May 29, Senator Carl Levin (D-MI), chairman of the Senate Armed Services Committee, wrote to President Obama urging him to raise cyber theft concerns with President Xi Jinping in their meeting later this week. In his letter, Chairman Levin urged the president to use legislation he has offered – S. 884, the Deter Cyber Theft Act - with Senators John McCain (R-AZ), Jay Rockefeller (D-WV) and Tom Coburn (R-OK) as an example of U.S. willingness to act against cyber theft originating in China. The letter states that “S. 884 would require the Director of National Intelligence to produce a report that includes a priority watch list of foreign countries that engage in economic or industrial espionage against the United States in cyberspace. The bill also would require the President, if he determines such action is warranted, to block imports of certain categories of goods if they benefitted from the stolen U.S. technology or proprietary information.”

State Department Official in Asia for Security-Related Discussions

On June 3, the State Department announced that Thomas Countryman, Assistant Secretary of State for International Security and Nonproliferation, will be traveling to the Republic of Korea, China, Indonesia and Malaysia June 3 - 11, 2013. June 3-4, Assistant Secretary Countryman will be in Seoul, Republic of Korea as the Head of Delegation to continue negotiations on a new U.S. - ROK civil nuclear cooperation agreement. Assistant Secretary Countryman will travel to Beijing on June 5 to participate in the U.S.-China Security Dialogue chaired by Acting Under Secretary Rose Gottemoeller. These discussions will cover arms control, nonproliferation and international security issues. On June 10, Assistant Secretary Countryman will travel to Jakarta, Indonesia to meet with Indonesian officials on a wide range of international security, nonproliferation, and disarmament issues. He will also participate in a panel discussion with senior diplomats from Indonesia and from the ASEAN Secretariat concerning U.S.-Southeast Asia nonproliferation cooperation. On June 11, he will meet with Malaysian officials in Kuala Lumpur.

Cybersecurity on Agenda for Obama-Xi Meeting This Week

During the June 3 daily press briefing White House spokesperson Jen Psaki was asked about the goals of the meeting between President Obama and President Xi later this week in California. She replied that “cyber security is one of the Administration’s top priorities. The Pentagon report reiterates what has long been said, that we’re concerned about cyber intrusions emanating from China. The Secretary, the President, the Secretary – Secretary Hagel have made no secret about their concerns. Neither has NSA Director Tom Donilon, who recently said that from the President on down, this has become a key point

of concern and discussion with China at all levels of our government and it will continue to be. The United States will do all it must to protect our national networks, critical infrastructure, and our valuable public and private sector property. And last thing I would say is I know there are reports this weekend about a dialogue between China and the U.S. on this. This is something that the Secretary actually talked about back during trip in April. They'll continue that discussion, as the White House has previewed, later this week. And I expect it to be a big topic of conversation at the S&ED in July."

House Hearing on 24th Anniversary of Tiananmen Square

On June 3, the House Foreign Affairs Subcommittee on Asia and the Pacific held a hearing titled "Tragic Anniversary of the 1989 Tiananmen Square Protests and Massacre." Witnesses included: Mr. Wei Jingsheng, president of the Wei Jingsheng Foundation; Ms. Chai Ling, founder of All Girls Allowed; Yang Jianli, Ph.D., president of Initiatives for China; David Aikman, Ph.D., former Time magazine bureau chief in Beijing; and Sophie Richardson, Ph.D., China Director at Human Rights Watch. Video of the hearing, along with all prepared statements, can be found [here](#).

Senate Foreign Relations Chairman Letter to President Obama

On June 4, Senator Robert Menendez (D-NJ), chairman of the Senate Foreign Relations Committee, sent a letter to President Obama expressing his deep concern over ongoing human rights violations taking place in China. The letter was sent on the anniversary of the Tiananmen Square massacre and just days ahead of President Obama's June 7-8 meeting with Chinese President Xi Jinping in California. Chairman Menendez writes: "I know that you share my concerns and that I can count on you to raise these issues with President Xi next week. China has shown increasing obstinacy in responding to the international community's human rights concerns. Our response must not be frustration and despair, but rather to increase our attention and make clear to China's leaders that these issues cannot be pushed aside by security and economic concerns, but only removed through genuine changes and support for the rule of law." The full text of the letter can be found [here](#).

CECC Statement on the 24th Anniversary of Tiananmen Square

On June 4, the 24th Anniversary of Tiananmen Square, Senator Sherrod Brown (D-OH) and Representative Chris Smith (R-NJ), chair and co-chair of the Congressional-Executive Commission on China (CECC), issued a statement saying, in part: "We remain committed to the people of China struggling for freedoms and we urge the Chinese government to learn from the past and embrace the greater openness, democracy, and respect for human rights that its people called for 23 years ago, and continue to call for today. Only by doing so, can China embark on a path toward lasting peace, stability, and prosperity." The full statement can be found [here](#).

USCC Hearing on China and the Middle East

On June 6, the U.S.-China Security and Economic Review Commission (USCC) will hold a hearing on "China and the Middle East" co-chaired by commissioners Jeffrey L. Fielder and James Talent. The hearing will examine China's policies and perspectives related to the Middle East, including on energy security, trade and investment, regional conflict, and stability in countries like Syria and Iran. In addition, the hearing will assess how China's Middle East policies impact U.S. interests in the region and beyond. Panel I: China's Perspectives and Policy in the Middle East, will receive testimony from Dr. Dawn Murphy, Postdoctoral Research Fellow, Princeton-Harvard China in the World Program, and Dr. Yitzhak Shichor, Professor Emeritus, the Hebrew University of Jerusalem and the University of Haifa. Panel II: China's Energy and Other Economic Interests in the Middle East, will receive testimony from Dr. Erica Downs, Fellow, John L. Thornton China Center, Brookings Institution, and Mr. Bryant Edwards, Partner, Latham and Watkins LLP, Hong Kong. Panel III: China's Political and Security Challenges in the Middle East, will receive testimony from Dr. Jon B. Alterman, Director, Middle East Program, Center for Strategic and International Studies, Dr. Joel Wuthnow, Research Analyst, China Studies, CAN, and Dr. Andrew Erickson, Associate Professor and founding member, China Maritime Studies Institute, U.S. Naval War College. The hearing will be held from 9am to 2pm in Room 608 of the Dirksen Senate Office Building in Washington.

ENERGY & THE ENVIRONMENT

EU Imposes Tariff on Chinese Solar Panels

On June 3, the European Union announced that it has imposed a 12 percent anti-dumping tariff on solar panels imported from China. The tariff will rise to 47 percent in August if the E.U. and China are not able to reach a settlement within 60 days.

U.S.-China Working Group on Climate Change

Todd Stern, the U.S. Special Envoy for Climate Change at the Department of State, is in Beijing this week for a meeting of the U.S.-China Working Group on Climate Change. The group was formed in April, and will report its findings and recommendations to the U.S.-China Strategic and Economic Dialogue which is scheduled to meet in Washington in July. In the interim, President Obama and President Xi will be meeting for talks in California this month. Stern is joined this week by China's lead climate negotiator, Xie Zhenhua, who serves as Vice Chairman of China's National Development and Reform Commission. In a statement to the press on June 4, Stern said that "Action on climate is a major priority for the United States. Under President Obama, the United States has done more to combat climate change and reduce greenhouse gas emissions than ever before. The administration has put in place aggressive new fuel efficiency standards for cars and light trucks; we've invested tens of billions in clean energy, which has contributed to a doubling of renewable energy generation in last four years; and we're implementing standards and policies to significantly improve energy efficiency in American homes and businesses." With regard to the task of the Working Group, he said that the American and Chinese teams have been "working collaboratively over the past six weeks to take stock of existing bilateral programs and to evaluate new opportunities for joint action" and that this week they have "held very constructive and in-depth discussions on a number of substantive areas that hold promise for reducing emissions in various segments of our economies." His full statement can be found [here](#).

TRADE

U.S. Releases Trade Data for April 2013

On June 4, the U.S. International Trade Administration (ITA) released the April 2013 International Trade in Goods and Services data. According to the Under Secretary of Commerce for International Trade Francisco Sánchez, in April 2013 exports of goods and services reached their second-highest monthly total on record, increasing to \$187.4 billion, representing a \$2.2 billion increase from March 2013. Total services exports hit an all-time record of \$56.3 billion, led by increases in travel and other private services. April 2013 also posted record exports of auto vehicles, parts and engines, as well as consumer goods. The Fact Sheet, found [here](#), shows that the fastest growth rate for international visitor spending markets in 2012 was China at 19%.

Commerce Finds Dumping of Xanthan Gum from China

On May 29, the Department of Commerce announced its affirmative final determinations in the antidumping (AD) investigations of imports of xanthan gum from China and Austria. The U.S. International Trade Commission (USITC) is scheduled to make its final injury determination on or before July 12, 2013. If the ITC makes an affirmative determination that imports of xanthan gum from China and/or Austria materially injure, or threaten to materially injure, the U.S. industry, Commerce will issue an AD order. If the ITC makes a negative determination of injury to China and/or Austria, the respective investigation will be terminated.

China to Consider Joining Trans-Pacific Partnership Talks

On May 31, China's Ministry of Commerce (MOFCOM) said that it will consider joining the Trans-Pacific Partnership (TPP) trade agreement. Countries already engaged in TPP talks include the U.S., Canada, Mexico, Peru, Chile, Japan, Vietnam, Malaysia, Singapore, Brunei, Australia and New Zealand. The next round of TPP negotiations is set for July 15-25, 2013, and talks are slated to conclude later this year.

Commerce Finding on Warmwater Shrimp from China

On May 31, the Department of Commerce announced its preliminary affirmative countervailing duty (CVD) determinations in the investigations of imports of certain frozen warmwater shrimp from China, India, Malaysia, Thailand, and Vietnam. In the China investigation, the department preliminarily concluded that the sole respondent and its cross-owned affiliates received subsidy rates of 5.76 percent. Final determinations are expected by August 13, 2013. If those final determinations are affirmative, and the U.S. International Trade Commission (USITC) makes affirmative determinations that the import of products covered in the investigation materially injure, or threaten to materially injure, the U.S. industry, Commerce will issue CVD orders. If, for a specific country, the final determination from Commerce or ITC is negative, no order will be issued.

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