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CHINA UPDATE

Quote of the Week

"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." – Senator Sherrod Brown and Representative Christopher Smith, co-chairs of the Congressional-Executive Commission on China, on June 5, in a statement commemorating the 23rd anniversary of the Tiananmen Square crackdown

U.S. Moves Forward with Chinese Wind Tower Investigation

On May 30, the Commerce Department's International Trade Administration (ITA) **issued** an affirmative preliminary determination in its countervailing duty (CVD) investigation of utility scale wind towers from China. ITA found that China has provided countervailable subsidies for the industry ranging from 13.74% to 26%. The affirmative preliminary determination means that U.S. Customs & Border Protection will be instructed to collect a cash deposit based on these preliminary rates. ITA conducted the investigation at the request of four petitioners located in Wisconsin, North Dakota, Nebraska, and Texas, and is expected to issue a final determination in August 2012. The U.S. International Trade Commission will make its final determination in September 2012. If both final determinations are affirmative, the Department of Commerce will issue a countervailing order; however, if either determination is negative no CVD order will be issued.

WTO Agreement on Chinese Export Duties on Raw Materials

On May 30, the World Trade Organization (WTO) circulated an agreement among its members outlining an agreement reached between the U.S., the European Union, Mexico, and China, under which China will, by the end of 2012, comply with a WTO ruling condemning Chinese export duties and export quotas on 8 raw materials – bauxite, coke, fluor spar, magnesium, manganese, silicon carbide, silicon metal, and zinc – that are used as inputs in the aluminum, chemicals, and steel industries.

Commerce Department to Issue Orders on Chinese High Pressure Steel Cylinders

In a unanimous vote on May 30, all 6 members of the U.S. International Trade Commission (USITC)

determined that high pressure steel cylinders imported from China materially injure the U.S. industry. As a result, the Department of Commerce will issue antidumping and countervailing duty orders on the imports of these products from China. A public report of the USITC investigation, containing the views of the commissioners and information gathered during the investigation, will be available to the public, upon request, after July 2, 2012.

WTO Report on G-20 Trade Measures

On May 31, the WTO issued a **Report on G-20 Trade Measures** for mid-October 2011 through mid-May 2012, saying that the “past seven months have not witnessed any slowdown in the imposition of new trade restricting measures by G-20 economies.” The report goes on to say that “G-20 governments need to redouble their efforts to resist protectionist measures and take active steps to keep markets open and advance trade liberalization.” Relative to China, the report says that “China’s economy has decelerated as a result of falling external demand for its exports and reduced investment expenditure at home.” But also says that “despite a slower pace of growth compared to its recent past, China’s growth remains impressive compared with most countries in the world.”

WTO Appoints Panelists on China Poultry Investigation

On May 29, the Director-General of the WTO appointed three trade law experts to a panel that will determine whether Chinese antidumping and countervailing duties on U.S. chicken boiler products are in violation of global trade rules. The panel has been convened as a result of a U.S. challenge to China’s Ministry of Commerce 2010 decisions to impose antidumping and countervailing duties on certain American poultry products. The panel should issue a ruling within the next 6 to 9 months.

IEA Report on Gas Production

The International Energy Agency **released** a report on May 29 finding that worldwide production of unconventional gas could more than triple in the next 25 years if producers follow certain good conduct rules and address public concerns about environmental risks. The report, *Golden Rules for a Golden Age of Gas*, concluded that production of unconventional gas, particularly shale gas, could increase to 1.6 trillion cubic meters by 2035, with China a major producer and the U.S. a net exporter of gas.

Chinese Alternative Vehicle Regulations

On July 1, China’s Ministry of Industry and Information Technology will begin enforcement of new quality, safety, and performance standards for all-electric vehicles with ranges of more than 50 miles and maximum speeds of 50 miles per hour or more. China’s State Council set aside \$9.4 billion for alternative energy vehicle policies and subsidies for vehicles with engines of 1.6 liters or less.

China’s State Council Approves Plan for Development of Strategic Industries

On May 20, China’s State Council approved a plan for 2011-2015, the 12th Five-Year Plan period, for the development of strategic industries including alternative energy, biotechnology, energy efficiency and water resource protection technologies, high-end equipment manufacturing, innovative vehicles, new materials, and next-generation information technology. China’s goal is to increase the share of GDP produced by these strategic industries to 8% by 2015, growing to 15% by 2020. The National Development and Reform Commission will initiate policies encouraging private investment in strategic industries.

23rd Anniversary of Tiananmen Massacre

Senator Sherrod Brown (D-OH) and Representative Christopher Smith (R-NH), co-chairs of the Congressional-Executive Commission on China, issued a **statement** commemorating the 23rd anniversary of the Chinese government’s crackdown on democracy protests in Beijing’s Tiananmen Square.

House Minority Leader Pelosi issued a **statement** saying “today, the spirit of Tiananmen lives on in the hearts

and minds of those continuing the struggle both in China and abroad.”

The Obama Administration, via the State Department, issued a [statement](#) saying that the U.S. “joins the international community in remembering the tragic loss of innocent lives” and that we “renew our call for China to protect the universal human rights of all of 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.”

Upcoming Events

On June 14 the Senate Energy and Commerce Committee will hold a hearing on competitiveness and collaboration between the U.S. and China on clean energy issues.

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