



ML
STRATEGIES

Neal Martin

rmartin@mlstrategies.com

David Leiter

djleiter@mlstrategies.com

ML Strategies, LLC

701 Pennsylvania Avenue, N.W.

Washington, DC 20004 USA

202 296 3622

202 434 7400 fax

www.mlstrategies.com

JULY 24, 2012

CHINA UPDATE

Quote of the Week

“Our country’s economic future lies primarily in our own hands. But the choices China makes as it navigates its next phase of development will matter greatly for the kind of international playing field our companies, workers, farmers, and ranchers will face....China is critically important to us. Getting this relationship right is essential. We have made significant progress, but we know, just as you do, that what matters is not just what we agree to on paper, but what really happens on the ground. That’s why we remain vigilant and focused, using all appropriate tools and leverage to make a difference for our workers and our businesses.” – Treasury Under Secretary for International Affairs Lael Brainard at the Center for American Progress on July 18

Treasury Official on U.S.-China Economic Relationship

On July 18 Lael Brainard, Under Secretary for International Affairs at the Treasury Department, was featured at a Center for American Progress on “Challenges and Opportunities for the U.S.-China Relationship.” Her prepared remarks can be found [here](#). Ms. Brainard discussed a number of topics impacting the U.S.-China economic relationship, including: undervaluation of Chinese currency, intellectual property rights protection, Chinese state-owned enterprises, Chinese involvement in setting global standards for bank capital, Chinese accession to the World Trade Organization’s Agreement on Government Procurement, the Trans-Pacific Partnership trade agreement, the new Trade Enforcement Center created by President Obama, and U.S. efforts to expand and strengthen channels of access to Chinese government officials. The event was moderated by CAP chairman John Podesta, and the full event video can be viewed [here](#).

Chamber of Commerce Report on Chinese Investment in the U.S.

On July 17 the Chamber of Commerce issued a report titled [Faces of Chinese Investment in the United States](#). Introducing the report while in Beijing for the U.S.-China Investment Cooperation Forum, Chamber president Tom Donohue said that it was intended to “demystify” the investment climate in the U.S. for Chinese investors. The report included advice from 16 Chinese companies that have successfully invested in the U.S. They are the Chinese National Offshore Oil Corporation, China Telecom, Cirrus, Digital Li Ning, Easyway, GCL-Poly, Haier, Lenovo, Nanshan America, Nexteer, SANY America, Suntech Power, TPCO America Corp., Wanxiang America, Worldlawn Power Equipment, and ZTE.

ADB Includes Chinese Currency in Trade Finance Program

On July 17 the Asian Development Bank, based in the Philippines, moved to include the Chinese renminbi, as well as the Indian rupee, in its Trade Finance Program, which fills market gaps for trade finance by providing guarantees and loans to banks to support trade. While the U.S. dollar is currently used for 90% of all foreign trade in Asia, that number is expected to decline in coming years, and the renminbi and rupee are already seeing increased usage in intra-regional trade transactions. A press release from the ADB can be found [here](#).

China Promises Movement on Accession to GPA

On July 18 Chinese officials attending a meeting of the World Trade Organization's Government Procurement Agreement (GPA) said that China will, by the end of 2012, submit a revised market access offer in order to expedite its accession to the agreement. China agreed to negotiate accession to the GPA when it joined the WTO in 2001 and made its first market access offer in December 2007. A revised follow up offer was submitted in July 2010 and then again in November 2011. The revised offer expected later this year will be their third attempt to improve upon their initial offer. Concerns raised by other GPA members include the need for a more widespread inclusion of Chinese entities, state-owned enterprises, and public utilities, a lowering of the threshold for Chinese procurement contracts to fall under the GPA disciplines, a reduction of exemptions, and an alignment of Chinese government procurement legislation with requirements of the GPA.

China Initiates Investigation of U.S. Polysilicon

On July 20 China's Ministry of Commerce announced that, at the request of Chinese polysilicon manufacturers LDK Solar Co. and China Silicon Corp., it had initiated an anti-dumping investigation into polysilicon imported from the U.S. The investigation is expected to be completed by July 20, 2013.

New Chinese Measures on Imported Hazardous Chemicals

On July 11 China's State Administration of Work Safety released a new set of measures – The Management Measures of Registration of Dangerous Chemicals – that go into effect on August 1 requiring companies to register imported hazardous chemicals. The new measures fall under Decree 591, the Chinese government's primary law regarding hazardous chemicals, and apply to both domestically and foreign-produced substances.

China Appeals WTO Decision on Imported U.S. Electrical Steel

On July 20 China's Ministry of Commerce filed an appeal to the WTO's July 15 ruling that sided with the U.S. in its complaint against Chinese antidumping and countervailing duties on imported U.S. grain-oriented flat-rolled electrical steel (GOES). The Appellate Body at WTO could take up to 90 days to issue a finding on the Chinese appeal, and, should the finding support the Chinese claim that the case report was in error, the U.S. has the option to file a counter-appeal. The duties imposed by China were targeted at Ohio-based AK Steel Corp. and ATI Allegheny Ludlum Corp, based in Pennsylvania.

CSIS Briefing on Market Access Barriers

On July 23 the Center for Strategic and International Studies held a briefing with USTR General Counsel Tim Reif titled "Update on U.S. Trade Enforcement" and focused on market access barriers in advanced developing countries, including China, India, Indonesia, Brazil, and Argentina. The event included commentary by Dan Price, Managing Director at Rock Creek Global Advisors, and was moderated by Meredith Broadbent, Scholl Chair in International Business at CSIS. Audio of the discussion can be found [here](#). Mr. Reif noted that for the office of the USTR China is of particular interest and that they are undertaking a multi-part strategy by pursuing clear industrial policies related to electronic payment systems and raw materials, addressing China's affinity to utilize trade remedies as a retaliatory tool, and engaging China through litigation and conversation. ML Strategies has a summary available upon request.

European Report on Global Per Person Carbon Emissions

On July 18 the European Commission's Joint Research Centre and the PBL Netherlands Environmental Assessment Agency released a joint report on "Trends in Global Co2 Emissions." According to the report, which can be found [here](#), while China's per person carbon emissions increased by 9% in 2011 and amount to 7.2 tonnes per person, the emissions of an average Chinese person is on par with those of an average European person at 7.5 tonnes per person – while carbon emissions for an average American are more than twice that amount at 17.3 tonnes per person.

Abound Solar Bankruptcy

On July 18 officials from Abound Solar Manufacturing told the House Oversight and Government Reform Subcommittee on Regulatory Affairs, Stimulus Oversight, and Government Spending that inexpensive solar panel imports from China led the company to file for bankruptcy on July 2 after receiving a Department of Energy loan guarantee. The company had drawn down \$70 million of the \$400 million loan guarantee.

Upcoming Events

On July 25 the House Foreign Affairs Committee will hold a [hearing](#) titled "Investigating the Chinese Threat, Part Two: Human Rights Abuses, Torture and Disappearances." Witnesses will include: Jared Genser, Founder, Freedom Now; Rebiya Kadeer, Uyghur Democracy Leader; Hai Li, Falun Gong Practitioner; Bhuchung Tsering, Vice President, International Campaign for Tibet.

On July 31 the Congressional-Executive Commission on China will hold a hearing on "Working Conditions and Worker Rights in China: Recent Developments." Witnesses will include: Charles Kernaghan, Executive Director, Institute for Global Labour and Human Rights; Li Quiang, Executive Director and Founder, China Labor Watch; Harry Wu, Founder and Executive Director, Laogai Research Foundation and Laogai Museum; Thea Lee, Deputy Chief of Staff, AFL-CIO; Mary Gallagher, Associate Professor of Political Science and Director of the Center for Chinese Studies, University of Michigan; and Earl Brown, Labor and Employment Law Counsel and China Program Director, Solidarity Center, AFL-CIO. The hearing's witnesses will discuss working conditions in Chinese factories, assess implementation of China's labor laws, and examine the roles the Chinese government, China's state-controlled union, Chinese NGOs, and private companies, including multinationals, play in addressing worker rights and labor reforms. For additional information from the CECC of these issues go [here](#) for a press release titled "NGOs Report Harsh Conditions at Chinese Factories Making Popular Electronics."

[Click here to view ML Strategies professionals.](#)

Boston | Washington www.mlstrategies.com