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CHINA UPDATE

Olympics Medal Count

With the 2012 Summer Olympic Games now concluded, the U.S. finished with the most medals at 104 (46 Gold, 29 Silver, and 29 Bronze) followed by China which won 87 medals (38 Gold, 27 Silver, and 22 Bronze). Olympics host “Team GB” came in fourth after Russia with 65 medals.

U.S. International Trade in Goods and Services Report

On August 9 Acting Secretary of Commerce Rebecca Blank issued the June 2012 U.S. International Trade in Goods and Services Report, prepared by the Census Bureau and Bureau of Economic Analysis. Her statement can be found [here](#). According to the accompanying U.S. Exports Fact Sheet, found [here](#), U.S. exports of goods and services increased by 0.9 percent in June 2012, representing the highest level on record. Imports decreased 1.5 percent. The fact sheet also says that exports to China in the first half of 2012 totaled \$52.8 billion – making them the third largest export market for U.S. goods among Asia-Pacific Economic Cooperation Forum (APEC) member nations after Canada and Mexico.

U.S.-China Middle East Dialogue

On August 14 in Beijing Under Secretary of State for Political Affairs Wendy R. Sherman and Chinese Vice Foreign Minister Zhai Jun held the inaugural round of U.S.-China Middle East Dialogue. The dialogue was agreed to at the fourth round of the Strategic and Economic Dialogue in May. They discussed ways for both countries to promote greater cooperation on regional and global challenges including energy security. Under Secretary Sherman and Vice Foreign Minister Zhai also discussed pressing issues in the Middle East, paying particular attention to Iran and Syria. The U.S. reiterated its commitment to working together to build a cooperative partnership with China and welcomed China playing a more active and positive role in world affairs.

American Security Project White Paper on South China Sea

The American Security Project (ASP), a non-profit, non-partisan public policy and research organization chaired by former Senator Gary Hart (D-CO), has issued a fact sheet titled “Counteracting Chinese Hegemony in the South China Sea” that provides an overview of why various nations are vying for control of the South China Sea and concludes that a diplomatic solution is in the best interest of both the U.S. and

China. ASP calls on the U.S. to continue to support multilateral partnerships with regional forums such as the East Asia Summit, create closer bilateral ties with ASEAN states to offset Chinese soft power, and reduce barriers that impede international trade and commerce. The fact sheet can be found [here](#).

China Issues New Rules for Rare Earth Mining

On August 6 China's Ministry of Industry and Information Technology (MIIT) issued new rules that put into place minimum production requirements on certain types of rare earth mining, requiring mining operations to produce a minimum of 20,000 metric tons of material annually. Smelting operations are required to meet an annual production volume of 2,000 metric tons. It is believed that the new rules could lead to a 20 percent reduction in Chinese production capacity of rare earths as smaller mining and smelting operations are forced to close. MIIT officials have said that as many as one-third of rare earth mines and one-half of smelting operations could be affected.

Shanghai Launches Pilot Carbon Emissions Trading Scheme

The Shanghai municipal government has issued guidelines for implementation for a pilot carbon emissions trading scheme that aims to reduce carbon intensity by 19 percent by the end of 2015. The pilot program is to start in 2013. Shanghai was selected by the central government along with Beijing, Tianjin, and Shenzhen for the voluntary pilot program. All are scheduled to start the pilot next year and meet their goals by 2015. Hubei and Guangdong provinces and the municipality of Chongqing are expected to launch their schemes by 2015.

Chinese Government Sets New Water & Air Pollutants Standards

On August 2 China's Ministry of Environmental Protection released new standards on emissions of water and air pollutants by the steel, iron, and coking industries, replacing standards not updated since the 1990s. The new standards are intended to reduce emissions of sulfur dioxides, nitrogen oxides, waste water levels of ammonia nitrogen, chemical oxygen demand, and coarse and fine particulate matter. New facilities must meet the new standards by October 1, while older facilities have until January 1, 2015 to be in compliance.

China Improving Environmental Cases

Speaking at a conference sponsored by the Woodrow Wilson Center's China Environment Forum, the Environmental Law Institute, and Vermont Law School on August 9, a panel of Chinese judges said that the country is working to improve the way its courts decide environmental cases as it continues to prioritize economic development. China has 3,700 courts, including 94 that deal exclusively with environmental cases.

Apple Faces Another Patent Challenge in China

On August 5 a case was brought before the Zhenjiang Intermediate Court in Jiangsu province by a Taiwanese man claiming to own the utility model patent for the technology used in the iPhone FaceTime application. Apple recently settled a dispute over the iPad trademark for \$60 million with Shenzhen Proview Technology and is also facing challenges related to the iPhone voice recognition software and the name of the Snow Leopard operating system.

China & Taiwan Sign Cross-Strait Agreements

On August 9 China and Taiwan signed agreements related to investment protection and customs cooperation. Since China and Taiwan resumed cross-strait dialogue in 2008 they have signed 18 agreements, leading to increased economic interaction and engagement.

National Clean Energy Summit 5.0

On August 7 Senate Majority Leader Reid convened his annual National Clean Energy Summit to bring together clean energy leaders, public officials, business executives and entrepreneurs, investors, students, and the media to discuss how to empower the public with tools to promote clean energy. Various participants, including Air Force Secretary Michael Donley, United Steel Workers International president Leo Gerard, and former president Bill Clinton included remarks about China. ML Strategies has available, upon request, a full summary of the discussion.

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