



Neal Martin

nmartin@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

AUGUST 21, 2012

CHINA UPDATE

Asian Development Bank Climate Change Investment in China

On August 14 the Asian Development Bank announced that it will assist China in the development of a roadmap for a staged demonstration and deployment of carbon capture and storage (CCS) systems as part of Chinese efforts to address climate change. The project will launch two large-scale CCS demonstration projects by 2016, with an installed capacity to capture at least 2 million tons of CO₂ per year. The ADB announcement can be found [here](#).

Asian Development Bank Report on Chinese Pollution

On August 15 the Asian Development Bank release a report titled "Toward an Environmentally Sustainable Future" that urges China to adopt comprehensive fiscal, economic, and legal reforms to help achieve ambition pollution reduction targets. The report can be found [here](#).

Asian Development Bank on Rapid Urbanization

On August 15 the Asian Development Bank released a report titled "Key Indicators for Asia and the Pacific 2012" that says Asian nations must do more to support green, resource-friendly cities. The annual report provides data and analysis of economic, environmental, financial, social, and Millennium Development Goal progress for the 48 members of the ADB, and includes a chapter on rapid urbanization in Asia and what must be done to convert the region's cities into centers of environmentally sustainable growth. The report can be found [here](#).

China Releases New Rules on Investment of Insurance Funds

China's Insurance Regulatory Commission (IRC) unveiled four new rules in four separate releases in late July that are intended to ease restrictions on the investment of insurance funds. It is believed that the IRC is considering as many as 13 similar measures. The new rules released so far boost the ratio of assets insurers are allowed to invest in private equity and real estate, broaden the scope of bonds open to investment, and allow brokerages or fund management companies the ability to invest insurance proceeds on behalf of an insurance company.

China Releases Draft Revisions to Patent Law

On August 9 China's State Intellectual Property Office released draft revisions to a Patent Law that are intended to address challenges with patent enforcement, particularly administrative enforcement issues related to patent infringement. The revised legislation allows patent administration departments to determine penalty amounts for compensation to patent infringement victims after a finding of infringement, as opposed to a requirement to file a separate lawsuit through the court system to secure compensation, provides the departments greater authority for investigating and collecting evidence, and provides for assistance to possible infringement victims in gathering evidence for their cases.

Senators Question Chinese Investment in ARRA Recipient Company

On August 14, Senators Grassley (R-IA) and Thune (R-SD) wrote to DOE Secretary Chu regarding their concern that Michigan-based lithium ion battery maker A123 Systems Inc. – a recipient of a \$249.1 million grant through the American Reinvestment and Recovery Act (ARRA) – has recently announced a sizable investment from China-based Wanxiang, potentially resulting in the Chinese company owning 80% of the company. The Senators have asked Secretary Chu numerous questions about the ARRA and Wanxiang transactions, requesting a response by today, August 21. The letter from Senators Grassley and Thune to Secretary Chu can be found [here](#).

Increased Tensions in Territory Dispute between China and Japan

Japan has detained several Chinese activists on a disputed island chain known as Diaoyu in China and the Senkakus in Japan. The detentions of the activists led to anti-Japanese protests across China.

China Maintains Role as Largest Holder of U.S. Treasurys

On August 15 the Treasury Department released Treasury International Capital (TIC) for June 2012, showing that China remains the largest holder of U.S. Treasurys, although Japan has continued to increase its holdings, and could displace China in the number one slot at some point in the near future. Detailed information can be found [here](#).

China Nuclear Power Co. Moves Forward on IPO

China's Ministry of Environmental Protection has given final approval to an initial public offering by the China Nuclear Power Co., enabling the company to file for a listing with the China Securities Regulatory Commission.

Chinese Vehicle Fuel Economy Targets

On July 25 the Innovation Center for Energy and Transportation released a report finding that China will face difficulty meeting its vehicle fuel economy targets unless it addresses imported models' higher rates of energy consumption. Titled "China Passenger Vehicle Corporate Average Fuel Consumption (CAFC) Trend Report 2011," the report recommends that the Chinese government make greater efforts to enforce fuel economy standards, particularly for imported vehicles and foreign brands produced in China. China's automotive industry development plan aims for new vehicle fuel economy to improve to 34.1 mpg by 2015 and 47 mpg by 2020. The Ministry of Industry and Information Technology's CAFC management regulations are currently being discussed with auto industry representatives, and final regulations could be issued by the end of the year.

Chinese Renewable Energy Plan

On August 8 China's National Energy Administration announced its Renewable Energy Development Plan which would have the country produce 9.5% of its energy from clean sources – including wind, solar, biomass, hydropower, geothermal, ocean-sourced, and nuclear power – by 2015. The agency has set a target of deriving 15% of China's energy from non-fossil fuel sources by 2020. The new plans target power

capacities for 2015 and 2020 as follows: grid-connected wind power at 100 GW for 2015 and 200 GW for 2020; grid-connected solar capacity at 21 GW by 2015 and 50 GW by 2020; biomass power capacity at 13 GW in 2015 and 30 GW by 2020; hydropower capacity at 260 GW by 2015; pumped hydropower storage capacity at 30 GW by 2015; geothermal, tidal, and other ocean powered capacity at about 170 MW by 2015; and nuclear power at about 40 GW by 2015.

China Finds that U.S. Violates Free Trade Rules on Renewable Energy Support

On August 20 China's Ministry of Commerce announced that it has found U.S. government support for renewable energy projects to be in violation of free trade rules. The projects investigated by the Chinese government include wind, solar, and hydropower projects in California, New Jersey, Massachusetts, Ohio, and Washington. The investigation was launched by China in November 2011 in response to the announcement of a U.S. investigation into China's support for its domestic solar industry.

China Participates in U.S.-Led Global Sports Mentoring Program

On August 16 the State Department joined with espnW to announce the final line-up of mentor organizations and emerging leaders participating in the first ever Global Sports Mentoring Program, which will connect seventeen emerging international women leaders with leading American women executives in sports-related fields for a 3 week mentorship in the U.S. The global emerging leaders hail from Australia, Brazil, China, Columbia, Egypt, India, Indonesia, Jamaica, Kenya, Macedonia, Nigeria, the Philippines, Russia, Rwanda, Tajikistan, Zambia, and Zimbabwe.

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

Boston | Washington www.mlstrategies.com