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CHINA UPDATE

Romney Campaign on China

As the Republican Party convenes in Tampa this week for their presidential nominating convention, a review of the Romney campaign's official position on China seems timely.

According to the Romney-Ryan campaign:

"In 2010, after 30 years of dramatic growth, China surpassed Japan to become the world's second largest economy after ours. China's size in land and in population, its rapid economic growth, and its sharply increasing military expenditures are dramatically changing the strategic map of the world. While the potential for conflict with an authoritarian China could rise as its power grows, the United States must pursue policies designed to encourage Beijing to embark on a course that makes conflicts less likely. China must be discouraged from attempting to intimidate or dominate neighboring states. If the present Chinese regime is permitted to establish itself as the preponderant power in the Western Pacific it could close off large parts of the region to cooperative relations with the United States and the west and dim hope that economic opportunity and democratic freedom will continue to flourish across East Asia. Mitt Romney will implement a strategy that makes the path of regional hegemony for China far more costly than the alternative path of becoming a responsible partner in the international system."

The Romney campaign says that the U.S. should:

- Maintain robust military capabilities in the Pacific, expanding its presence in the Western Pacific and assisting partners that require help to enhance their defensive capabilities
- Deepen cooperation among regional partners, including India and Indonesia, not as an "anti-China

coalition,” but to strengthen cooperation among countries that share a concern about China’s growing power and increasing assertiveness

- Defend human rights, encouraging the evolution of China toward a more politically open and democratic order.

Secretary Clinton to Visit China

Secretary of State Hillary Clinton departs Washington on August 30 for a trip that includes stops in China, the Cook Islands, Indonesia, Timur-Leste, Brunei, and Russia. While in China, Secretary Clinton will meet with Chinese Foreign Minister Yang Jiechi while in Beijing September 4-5, for discussions that are expected to cover a wide range of issues including preparations for the upcoming meeting of the Asia-Pacific Economic Cooperation (APEC) in Russia later this year, as well as other upcoming multilateral meetings and numerous bilateral, regional, and global issues.

State Department Official Queried on China & Missile Defense

At the State Department daily press briefing on August 23, department spokesperson Victoria Nuland was asked about U.S.-China discussions about missile defense in recent strategic dialogues. Ms. Nuland responded that the U.S. and China do discuss missile defense as a part of military-to-military dialogues and the Strategic & Economic Dialogues making the point that U.S. missile defense efforts are not directed at China, but are, rather, reflective of concerns about threats from North Korea. The full transcript of the press briefing can be found [here](#). The question was raised in response to a Wall Street Journal article which can be found [here](#).

Treasury Under Secretary to Attend APEC Meeting In Moscow

On August 30 Lael Brainard, U.S. Treasury Undersecretary for International Affairs, will attend a Moscow meeting of Asia-Pacific Economic Cooperation (APEC) finance ministers that will focus on reducing tariffs on environmental goods and services. According to the Treasury Department, Under Secretary Brainard will participate in a meeting of regional finance ministers focused on policies to strengthen the global recovery and bring about strong, sustained and more balanced growth in order to boost job creation and incomes in the United States and throughout the APEC region. Under Secretary Brainard is attending the meeting in the place of Treasury Secretary Geithner.

China & Viet Nam Sign Transport Agreement

The Asian Development Bank announced on August 22 that China and Viet Nam have signed a historic road transport agreement opening a 1,300 kilometer route between Shenzhen and Ha Noi. The agreement also, earlier this month, opened up a route between Kunming to Ha Noi and Hai Phong. The ADB announcement can be found [here](#)

Asian Development Bank Report on Chinese Trade in Manufactured Goods

As a part of its “Working Paper Series on Regional Integration,” the ADB has released a report titled “Different Types of Firms, Products, and Directions of Trade: The Case of the People’s Republic of China.” Using highly disaggregated, Harmonized System (HS) 8-digit, product-category level data published by the Chinese government’s Customs Office for 2000 and 2008, the report’s authors perform an in-depth anatomy of China’s trade in manufactured goods. The report can be found [here](#).

China Revises Visa Requirements

Tourist and business travelers to China must now meet new visa requirements. Those seeking a business “F” visa will be required to submit a letter from an entity in China – a change from past procedures that allowed the letter to come from a company’s U.S. office. Those seeking a tourist “L” visa will be required to submit an invitation from a Chinese tourist agency, or a copy of the traveler’s travel itinerary and hotel reservations.

EU Chamber of Commerce in China Report on Innovation

On August 22 the European Chamber of Commerce in China released a report titled “Dulling the Cutting Edge: How Patent-Related Policies and Practices Hamper Innovation in China,” finding that, despite the rise of China to the number one country in numbers of domestic patent application filings, the number of quality, higher-end patent applications has declined. The report provides more than fifty recommendations for patent policy reform in China related to government-set patent targets and indicators, policies and other measures meant to promote patents, and rules and procedures for reviewing patent applications and those for enforcing patents. The Chamber describes the report as *“not just an important read for intellectual property rights (IPR) professionals, academics, business leaders, and government officials, but also anyone interested in understanding the nuances within and important impacts of China’s regulatory and institutional environment for innovation.”* The full report, with an Executive Summary, can be found [here](#).

U.S. Makes Affirmative Determination on Chinese Honey Antidumping Order

On August 21 the Department of Commerce’s International Trade Administration published its final determination finding that blends of honey and rice syrup are subject to the antidumping duty on honey from China. The antidumping order covers natural honey, artificial honey containing more than 50% natural honey by weight, preparations of natural honey containing more than 50% natural honey by weight, and flavored honey. All grades and colors of honey are included, whether in liquid, creamed, comb, cut comb, or chunk form. The Federal Register notice can be found [here](#).

China Issues Energy Plan

On August 21 China’s State Council issued a plan for energy savings and emissions reduction for the remainder of the period covered in the 12th Five Year Plan which runs from 2011 through 2015. According to the plan, China intends to spend approximately \$372 billion on energy conservation and emissions reduction, with the goal of reducing energy intensity per unit of gross domestic product by 16% by 2015. The Chinese government has budgeted \$244 billion for energy savings projects and enhancement of energy savings capabilities, and \$128 billion for emissions reduction.

China Eases Restrictions on Rare Earths Exports

On August 22 China’s Ministry of Commerce announced that it will increase the volume of rare earths allowed to leave the country by 2.7%. This is the first easing of restrictions on rare earth exports since 2005, and comes on the heels of a recent complaint to the WTO by the U.S., the European Union, and Japan regarding Chinese export restrictions.

China Sets Coal Industry Plan and Production Levels

China’s National Development and Reform Commission (NDRC) has issued a notice on the implementation of the coal industry plan for 2012, which is focused on expediting the reorganization of the nation’s coal

industry via mergers and acquisitions and shutting smaller mines. NDRC has also issued coal production levels for the remainder of 2012, with the overall production target now set at 3.65 billion metric tons – a decrease from 2011 levels.

Report on Chinese Work Force Investments

On August 22 the Center for American Progress released a report titled “The Competition that Really Matters: Comparing U.S., Chinese, and Indian Investments in Next-Generation Workforce.” The report finds that business investment in the U.S. between 2001 and 2007 was the slowest in our history. Meanwhile competition from China and India has increased dramatically, with China increasing its share of world economic output from 2% to 14% between 1980 and 2011, and India more than doubling its output from 2.5% to 5.7%. The U.S. share of world output fell from 25% to 19%. The report finds that China’s rise is attributable to the commitment of the Chinese government to make education the core of its strategy for economic revitalization. According to the report, in 2007 China surpassed the U.S. in the number of college graduates focusing on science, math, engineering, and technology, and in 2010 became the world’s largest provider of higher education. The full report can be found [here](#).

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