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CHINA UPDATE

August 6, 2013

Note: The House of Representatives and Senate are in recess until after Labor Day

QUOTE OF THE WEEK

"Other countries have recognized the potential in clean energy and are making historic investments in their advancements. Last year, China alone invested a record \$67.7 billion in clean energy - 20 percent more than they invested in 2011. Can the U.S. afford to not make that same level of commitment? We've seen significant resources being committed to clean energy by the president over the past four plus years - we need a broader coalition to step up now. We need industry leaders - established companies and new startups, working with community and labor leaders, activists, scholars and scientists - and maybe even lawyers - working together." - EPA Administrator Gina McCarthy in remarks at Harvard University on July 30, 2013

"The territorial disputes at play in the Asia-Pacific region today are not about the past, but very much about the future of a region poised to serve as an epicenter for global economic development for the twenty first century," said Menendez. "With a long history of engagement in the region, the United States has a vital interest in working with all nations in developing, institutionalizing, and sustaining a rules-based order for the area. That starts with putting in place effective mechanisms to manage maritime disputes that destabilize the region, and supporting and encouraging the peaceful resolution of disputes in the Asia-Pacific maritime domain." - Senator Bob Corker (R-TN), Ranking Member of the Senate Foreign Relations Committee, in a July 30 statement on Senate passage of a resolution calling for peaceful outcomes to the maritime disputes in the East and South China Seas

U.S.-CHINA RELATIONS

U.S.-China Human Rights Dialogue

On July 30 and 31, the State Department participated in the 18th round of the U.S.-China Human Rights Dialogue hosted by China's Ministry of Foreign Affairs in Kunming. The U.S. delegation included representatives from the White House, National Security Staff, the

Department of Justice, the Environmental Protection Agency, and the Department of State. Ambassador Li Junhua, Director General for International Organizations and Conferences in the Chinese Foreign Ministry, led the Chinese delegation which also included representatives from several different government ministries. The U.S. delegation also visited Beijing for discussions with officials and civil society representatives. Uzra Zeya, Acting Assistant Secretary, Bureau of Democracy, Human Rights, and Labor at the Department of State, led the U.S. delegation and gave a press conference with Q&A on August 2. A transcript can be found [here](#).

Senate Resolution on Chinese Maritime Disputes

Also on July 30, the Senate approved Senate Resolution 167, which calls for the peaceful resolution of maritime and territorial disputes in the East and South China Seas. The resolution was sponsored by committee chairman Senator Robert Menendez (D-NJ), committee ranking member Senator Bob Corker (R-TN), Senator Ben Cardin (D-MD), and Senator Marco Rubio (R-FL). A copy of the resolution can be found [here](#).

State Department Official Visits China for UN Security Council Talks

Acting Assistant Secretary of State for International Organization Affairs Dean Pittman traveled to Kunming, China, July 30 to August 1 to participate in annual talks of the five permanent members of the United Nations Security Council. While in Kunming, Acting Assistant Secretary Pittman will lead U.S. participation as the P-5 officials discuss issues facing the Security Council, including peacekeeping, sanctions, country-specific issues, and the UN budget and organization.

House Committee Approves Taiwan Policy Act

On August 1, the House Foreign Affairs Committee approved H.R. 419, the Taiwan Policy Act of 2013, a bipartisan bill that expresses support for Taiwan and strengthens the U.S.-Taiwan relationship politically, economically, and through security assistance. During the discussion of H.R. 419, several Representatives stated that Taiwan must be able to defend itself against aggression from China and that Taiwan was key for the national security of the United States. They stated that H.R. 419 addresses this need by allowing the sale of defensive military equipment. A summary of the bill can be found [here](#). ML Strategies has a summary of the hearing available upon request.

USPTO Official to Deliver Remarks on China and Global Intellectual Property

On August 7, Acting Under Secretary for Intellectual Property and U.S. Patent and Trade Office Acting Director Teresa Stanek Rea will deliver the keynote at an interagency program on China at the USPTO's Global Intellectual Property Academy.

ENERGY & THE ENVIRONMENT

Global Energy Consumption to Rise 56 Percent

The Energy Information Administration reported July 25 in its *International Energy Outlook 2013* that global energy consumption is projected to grow 56 percent over the next 30 years. The rise is linked to growth in developing countries; China and India will account for half of the increase. The agency projects that 80 percent of the world's energy will come from fossil fuels in 2040 with natural gas being the fastest growing fuel.

China Begins Taxing Imported Polysilicon

The Chinese Ministry of Commerce began levying tariffs on July 24 against polysilicon, a key

component in solar panel production, imported from the U.S. and South Korea. While the tariffs may be as high as 57 percent, they will not be enforced on materials used to make panels destined for export. The tariff is a result of an anti-dumping study that began in 2012

EPA Administrator on Chinese Investment in Clean Energy

On July 30, the new Administrator of the Environmental Protection Agency, Gina McCarthy, delivered her first speech as head of the agency at Harvard University. In her remarks she noted that China has invested a record \$67.7 billion in clean energy. Her full remarks can be found [here](#).

TRADE

U.S. and China Jointly Seize Counterfeit Consumer Electronic Products

On July 31, U.S. Customs and Border Protection (USCBP) and the General Administration of Customs, People's Republic of China (GACC) announced the results of a joint intellectual property rights (IPR) enforcement operation, the first ever of its kind between the two customs agencies. The month-long operation resulted in the seizure of over 243,000 counterfeit consumer electronics products including popular trademarks such as Apple, Beats by Dr. Dre, Blackberry, Samsung, Sony, and UL. A press release from USCBP can be found [here](#).

EC Approves China Antidumping Settlement

The European Commission approved August 2 a settlement for the European Union antidumping duty case against Chinese solar panel companies. The settlement means Chinese companies will not have to pay the 47.6 percent duty beginning August 6 if they are participating in the agreement; in exchange, 70 percent of the EU solar panel market will be awarded to Chinese exporters at a set price. While most member states support the deal, France, Italy, and Spain expressed concerns that the agreement will set a bad precedent.


WTO Issues Report on U.S.-China Dispute on Broiler Products

Also on August 2, the World Trade Organization issued the panel report in the dispute "China – Anti-dumping and countervailing duty measures on broiler products from the United States." The findings and conclusions of the report can be found [here](#).

Ex-Im Bank Reviewing Loan Guarantee Application for Boeing 787s

On August 5, the Export-Import Bank of the United States published a notice in the Federal Register to announce that they have received an application for a loan guarantee to support the export of U.S.-manufactured Boeing 787 wide-body passenger aircraft to an airline in China, which will provide passenger services. The specific amount of the loan guarantee, the value of the transaction, and the amount of new foreign production capacity are not included in the notice because they are proprietary information. However, the notice does state that the total value of the transaction is in excess of \$200 million and the amount of increased wide-body seat capacity resulting from these aircraft and possibly other U.S.-manufactured wide-bodied aircraft could be 1% or more of comparable wide-body seat capacity within the U.S. airline industry. Interested parties may submit comments on the transaction within 14 days of the Federal Register notice, which can be found [here](#).

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