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## **CHINA UPDATE**

**September 10, 2013**

### **QUOTE OF THE WEEK**

*"It gives me and all my colleagues great joy to learn that Mei Xiang, a star of the zoo, gave birth to a lovely cub on August 23, which is the second successful birth that Mei Xiang has made since she mothered Tai Shan in 2005. This is attributable to relentless efforts of the zoo and your Chinese partners over the years. I would like to take this opportunity to express my warmest congratulations. I also want to commend you and your team wholeheartedly for your dedicated efforts in giant panda research and the excellent care extended to Mei Xiang and Tian Tian. The couple, since they arrived in Washington DC, has brought so much joy to the American people. I can still vividly remember the excitement of giant panda lovers in the US when their first baby, Tai Shan, was born in 2005, and their outpouring emotions when Tai Shan returned to China in 2010. The giant pandas have become a truly unique bond connecting the peoples of our two countries. I send best wish to Mei Xiang and her cub. I sincerely hope that the cub, like its brother, will grow up healthily and happily, and become another fond symbol of China-US friendship. I also wish our collaboration on giant panda projects and research greater success. The Embassy and I myself stand ready to offer assistance you may need. – Chinese Ambassador Cui Tiankai's Congratulatory Letter to Director Dennis W. Kelly of the National Zoo on September 5*

### **U.S.-CHINA RELATIONS**

#### **Obama and Xi Meet at G-20**

On September 6, while attending the G-20 Summit in St. Petersburg, Russia, President Obama conducted a bilateral meeting with Chinese president Xi Jinping. This was the second meeting between the two presidents within the past three months. A transcript of remarks by President Obama and President Xi can be found [here](#).

### **U.S. Special Representative for North Korea Policy Visits China**

A U.S. delegation led by Special Representative for North Korea Policy Glyn Davies is traveling to the Republic of Korea (ROK), China, and Japan September 8 - 13 for meetings with senior officials in each country to discuss North Korea policy. Ambassador Davies will be in Seoul September 9 - 10 for meetings with senior ROK government officials, including Special Representative for Korean Peninsula Peace and Security Affairs Cho Tae-young. He will be in Beijing September 11 for meetings with senior Chinese government officials, including Special Representative for Korean Peninsula Affairs Wu Dawei. Ambassador Davies will be in Tokyo September 12 -13 for meetings with senior Japanese government officials, including Director-General for Asian and Oceanian Affairs Junichi Ihara. Ambassador Davies and his delegation will return to Washington, DC on September 13. Arriving at Incheon Airport, South Korea, on September 9, Ambassador Davies delivered brief remarks, which can be found [here](#).

### **U.S. Assistant Secretary of State for East Asian and Pacific Affairs Visits China**

Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel is traveling to the Republic of Korea, Japan, Brunei, Indonesia, and China September 5-14, marking his first visit to the region since his swearing-in. Assistant Secretary Russel's travel to the region will advance the close coordination of the U.S. with allies and its engagement with East Asia partners. Departing Washington, D.C. on September 4, Assistant Secretary Russel arrived in Seoul on September 5, where he met with senior Republic of Korea officials to consult and coordinate on the wide range of issues of importance to the U.S.-South Korea alliance, including North Korea, regional cooperation, and global issues. He traveled to Tokyo September 7-9 to meet with senior Japanese officials to discuss a broad range of bilateral, regional, and global issues. Assistant Secretary Russel will travel to Bandar Seri Begawan September 10-11 for Senior Officials' Meetings with his ASEAN and East Asia Summit (EAS) counterparts to coordinate preparations for the U.S.-ASEAN Summit and the East Asia Summit in October. He will continue to Jakarta, arriving on September 12 for discussions with senior Indonesian government officials on a range of bilateral and regional matters. He will also meet with representatives of the American and Indonesian business communities. Assistant Secretary Russel will arrive in Beijing on September 13 to meet with senior Chinese officials to discuss bilateral, regional, and global issues of mutual concern.

### **USCC Backgrounder on China's Naval Modernization**

On August 26, the U.S.-China Economic and Security Review Commission (USCC) released a staff research backgrounder on "China's Naval Modernization and Implications for the United States." The backgrounder can be found [here](#).

### **USCC Report on Cloud Computing in China**

On September 5, the USCC released a report entitled "Red Cloud Rising: Cloud Computing in China" that examines "the Chinese government's support for a growing cloud computing industry and the economic and security implications of that growth for American companies and consumers." A USCC press release, with a link to the full report, can be found [here](#).

### **Goodwill Visit by Chinese Naval Fleet to Pearl Harbor**

On September 6, a naval fleet of the Chinese People's Liberation Army arrived at Pearl Harbor, Hawaii for a three-day visit, after which it participated in a search-and-rescue exercise with the U.S. Navy. The Chinese fleet was comprised of the missile destroyer Qingdao, missile frigate Linyi, and supply ship Hongzehu.

### **U.S.-China Officials meet for Defense Consultative Talks**

On September 9, officials from the U.S. and China met in Beijing for the 14th annual Defense Consultative Talks. Dr. James Miller, undersecretary of defense for policy, and Lt. Gen. Wang Guanzhong, deputy chief of the People's Liberation Army General Staff, led their respective delegations. The U.S. delegation included representatives from the Joint Staff, U.S. Pacific Command, the National Security Staff and the State Department. Miller and Wang underscored the accomplishments that the U.S.-China military-to-military relationship has achieved thus far this year. They discussed how to sustain the positive momentum in building a constructive military relationship and advance a new model of military-to-military relations into the future. The two agreed to further the exploration of the two proposals on military confidence building offered by President Xi at the summit with President Obama earlier this year in California. The two leaders discussed how to enhance strategic trust and build upon opportunities to expand cooperation in areas of mutual interest, including humanitarian assistance, disaster relief, peacekeeping, and maritime safety. They also discussed ways to enhance communications to improve understanding and avoid misperception. Both agreed to continue discussions between maritime legal experts, and sustain dialogue in key strategic areas including nuclear, missile defense, space, and cyber. The two sides also exchanged views on the East and South China Sea. On North Korea, Miller emphasized the significant concerns of the United States regarding North Korea's nuclear and missile developments and called on China to maintain and increase pressure on North Korea to bring the regime back to credible and authentic negotiations aimed at denuclearization.

### **Chinese Position Paper for United Nations General Assembly**

Also on September 9, China released the Position Paper of the People's Republic of China At The 68<sup>th</sup> Session of the United Nations General Assembly. The paper focuses on I) The Role of the United Nations; II) United Nations Reform III) Political and Security Issues: Peacekeeping Operations, Peacebuilding, Protection of Civilians in Armed Conflict, Counter-Terrorism, Situation on the Korean Peninsula, Myanmar, Afghanistan, Iranian Nuclear Issue, Situation in West Asia and North Africa, Middle East Process, Syria, Relations Between Sudan and South Sudan, the Darfur Issue of Sudan, Somalia, Democratic Republic of the Congo, and Mali; IV) Development Issues: Millennium Development Goals, Post-2015 Development Agenda; Sustainable Development, Climate Change, Food Security, Energy Security, Financing for Development, South-South Cooperation, Doha Round Negotiations, Reform of the International Financial System, and Africa's Development; V) Arms Control, Disarmament, and Non-Proliferation: Nuclear Weapons, Chemical and Biological Weapons, Non-Proliferation, Peace in Outer Space, Information and Cyber Security, Military Transparency, and Humanitarian Issues in the Field of Arms Control; VI) Human Rights: Transnational Crime, HIV/AIDS, Public Health Security, and Anti-Corruption; VII) United Nations Financing; IX) Rule of Law: The Rule of Law at the National and International Levels, the International Court of Justice, and the International Criminal Court. The Position Paper can be found [here](#).

## **ENERGY & THE ENVIRONMENT**

### **Beijing Air Pollution Action Plan**

On September 2, the government of Beijing released its Air Pollution Action Plan, calling for restrictions on coal-fired power plants, heavily polluting industries, and motor vehicle use with the goal of reigning in the growing problems with air pollution in the region. The action

plan provides guidance for municipal departments and district governments through 2017.

### **Study on China Solar PV Success**

On September 5, the National Renewable Energy Laboratory and MIT released a joint report, funded by the Department of Energy, entitled "Assessing the Drivers of Regional Trends in Solar Photovoltaic Manufacturing." The study found that the success of the Chinese photovoltaic sector can be linked to production scale and not lower labor costs. The large production scale was achieved partially through preferred access to capital. The report can be found [here](#).

## **TRADE**

### **U.S. Seizes Shipment of Counterfeit Chinese Products**

On August 27, U.S. Customs and Border Protection (CBP) announced that its officers had seized a shipment of 70,000 counterfeit consumer products arriving from China on July 22 at the port of Newark, N.J. Working closely with the Consumer Product Safety Commission (CPSC), CBP officers intercepted an estimated \$3.9 million worth of the illicit products, including razor blades, toys, sunglasses, markers and batteries, for violating intellectual property laws. A CBP press release can be found [here](#).

### **Chinese Airline Applies to U.S. Export-Import Bank**

On August 28, the U.S. Export-Import Bank announced in the Federal Register that it had received an application from a Chinese airline for final commitment for a long-term loan or financial guarantee in excess of \$100 million. The transaction would support the export of U.S.-manufactured commercial aircraft to Hong Kong to be used for worldwide air cargo services. The obligor is Cathay Pacific Airways. The principal supplier is Boeing, primarily exporting the 747 aircraft. The Federal Register notice can be found [here](#).

### **USITC to Investigate Flash Memory Chips**

On September 4, the U.S. International Trade Commission (USITC) voted to institute an investigation of certain flash memory chips and products containing the same. The products at issue in this investigation are flash memory chips used in devices such as laptops, wireless routers, video game consoles, handheld gaming devices, and game cartridges. The investigation is based on a complaint filed by Spansion LLC of Sunnyvale, CA, on August 1, 2013. The complaint alleges violations of section 337 of the Tariff Act of 1930 in the importation into the United States and sale of certain flash memory chips and products containing the same that infringe patents asserted by Spansion. The complainant requests that the USITC issue a general exclusion order and cease and desist orders. Among the 13 respondents identified by USITC is one Chinese company - Macronix (Hong Kong) Co., Ltd. The USITC will make a final determination in the investigation at the earliest practicable time. Within 45 days after institution of the investigation, the USITC will set a target date for completing the investigation. USITC remedial orders in section 337 cases are effective when issued and become final 60 days after issuance unless disapproved for policy reasons by the U.S. Trade Representative within that 60-day period.

### **USITC Votes to Expedite Reviews of Chinese Steel Pipe**

On September 6, the USITC voted to expedite its five-year ("sunset") reviews concerning the antidumping and countervailing duty orders on circular welded carbon-quality steel pipe from

China. As a result of these votes, the USITC will conduct expedited reviews to determine whether revocation of these orders would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The USITC's notice of institution in five-year reviews requests that interested parties file responses that discuss the likely effects of revoking the order under review and provide other pertinent information. Generally within 95 days from institution, the USITC will determine whether the responses it has received reflect an adequate or inadequate level of interest in a full review. If responses to the USITC's notice of institution are adequate, or if other circumstances warrant a full review, the Commission conducts a full review, which includes a public hearing and issuance of questionnaires. The USITC will issue a report after it completes its reviews.

### **Smithfield Foods Acquisition Moving Forward**

Also on September 6, a joint press release from Smithfield Foods Inc. and China's Shuanghui International Holdings Ltd. announced that the two companies have received clearance from the Committee on Foreign Investment in the United States (CFIUS) for the proposed acquisition of Smithfield by Shuanghui. According to the joint release, the transaction remains subject to Smithfield shareholder approval and other customary closing conditions, with Smithfield's shareholders scheduled to vote on the transaction at a special shareholders meeting on Tuesday, September 24. Shuanghui International and Smithfield expect the transaction to close shortly thereafter. The press release can be found [here](#).

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