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SEPTEMBER 16, 2014

CHINA UPDATE

"A number of my ancestors from Boston and from Massachusetts were merchants whose ships dropped anchor in Hong Kong as they plied the lonely trade routes to China. My grandfather, actually, was born in Shanghai and was a businessman who had a partnership with a Chinese businessman. So in our family and in Massachusetts, we've had a long sense of the possibilities and of this relationship. Today, East Asia is one of the largest, fastest growing, most dynamic regions in the entire world. And when the Trans-Pacific Partnership negotiations are complete, about 40 percent of global GDP will be linked by a high-standard trade agreement, a trade agreement that creates a race to the top, not a race to the bottom, where people understand the rules of engagement and there's accountability and transparency, and business and capital know exactly what the rules of the road will be so they're attracted to invest in each other's countries." – Secretary of State John Kerry at the East-West Center on U.S. Vision for Asia-Pacific on August, 14, 2014

U.S.-CHINA RELATIONS

Ambassador Baucus Remarks on Corruption

On August 15, U.S. Ambassador to China Max Baucus delivered remarks to the APEC Network of Anti-Corruption Authorities and Law Enforcement Agencies (ACT-NET) in Beijing. In his remarks, which can be found [here](#), Ambassador Baucus stated that he is "proud that the United States and China have worked together to combat corruption and crime, including through the Joint Liaison Group on Law Enforcement Cooperation. We were pleased that China amended its criminal law to prohibit foreign bribery. We look forward to working with China and other APEC economies to continue leveling the playing field for companies that play by the rules."

President Carter in China

On September 3, Ambassador Baucus welcomed former President Jimmy Carter and Mrs. Rosalyn Carter to the U.S. Embassy in Beijing. Mr. Carter was in China for events marking the 35th anniversary of the establishment of diplomatic ties between the U.S. and China.

The U.S.-China Film Relationship

On September 5, Charles H. Rivkin, the State Department's Assistant Secretary for Economic and Business Affairs penned an Op-Ed for Beijing's *The Economic Observer* newspaper on "Building a Dynamic U.S.-China Film Relationship." The Op-Ed, which can be found [here](#), states that "China's love of movies is clear: It has just become the first international movie market to exceed \$3 billion in box office revenue, according to the Motion Picture Association of America." Mr. Rivkin also delivered the keynote address at the Motion Pictures Association reception. Those remarks can be found [here](#).

National Security Advisor Meetings in China

On September 8, National Security Advisor Susan Rice met with Chinese State Councilor Yang Jiechi at the Diayutai State Guesthouse in Beijing. On September 9, Ambassador Rice met with Chinese President Xi Jinping at the Great Hall of the People in Beijing. Ambassador Rice was in China for meetings with senior Chinese officials to consult on a range of bilateral, regional and global issues.

USCC Reports

On September 11, the U.S.-China Economic and Security Review Commission (USCC) released a [report](#) titled "Trends in U.S.-China Science and Technology Cooperation: Collaborative Knowledge Production for the Twenty First Century?" and on September 12, the USCC released a [report](#) titled "The Risks of China's Internet Companies on U.S. Stock Exchanges."

House Resolution on South and East China Seas

On September 17, the House Foreign Affairs Subcommittee on Asia and the Pacific will mark up H. Res. 714, reaffirming the peaceful and collaborative resolution of maritime and jurisdictional disputes in the South China Sea and the East China Sea as provided for by universally recognized principles of international law, and reaffirming the strong support of the United States Government for freedom of navigation and other internationally lawful uses of sea and airspace in the Asia-Pacific region.

House Hearing on U.S.-China Relations

Also on September 17, the House Foreign Affairs Subcommittee on Asia and the Pacific will hold a hearing titled "A New Era of U.S.-China Relations?" with Christopher Johnson, senior advisor at the Center for Strategic and International Studies, and author Gordon Chang serving as witnesses.

CHINESE EMBASSY NEWS

Chinese Navy Welcomed by U.S. Navy Third Fleet

On August 10, Chinese Ambassador Cui Tiankai traveled to San Diego to welcome the visiting PLA Navy Task Group 171. Ambassador Cui, together with Vice Admiral Tian Zhong, Deputy Commander of PLA Navy, and Rear Admiral Shen Jinlong, Commander of the Task Group, attended the welcome ceremony held by the Third Fleet, US Navy. Rear Admiral Patrick Lorge, Commander of Naval Region Southwest, other U.S. senior officers and over 200 representatives of the overseas Chinese community attended the ceremony.

Texas Governor Visits Chinese Embassy

On August 21, Ambassador Cui Tiankai met with Texas Governor Rick Perry at the Chinese Embassy in Washington, DC. They exchanged ideas on how to promote economic and trade cooperation between China and Texas and other issues of mutual interest. Jeff Miller, Senior Adviser to the Governor, Travis Considine, Deputy Press Secretary of the Governor, and Heng Xiaojun, Minister Counselor of the Chinese Embassy joined in the meeting.

Bao Bao Turns One Year Old

On August 23, the Chinese Embassy and the National Zoo hosted a Zhuazhou ceremony and other events to celebrate panda cub Bao Bao's first birthday. Ambassador Cui Tiankai

and Dennis Kelly, director of the Zoo, walked to the panda yard to set up for Zhuazhou, a traditional Chinese rite for children celebrating their first birthday. According to the embassy, "3 posters, drawn by Chinese and American children and stuck to bamboo poles, respectively featured peach as a symbol of longevity, bamboo as a symbol of health and pomegranate as a symbol of fertility. Bao Bao's favorite food were placed under the paintings. With Zhuazhou items ready, Bao Bao ambled out of her enclosure and in a while noticed the strange items with great curiosity. Sizing up the posters, she first "kissed" the peach, then torn down the other two, while the audience cheered."

ENERGY & ENVIRONMENT

Chinese ETS Participants

On August 27, participants at the China Energy Saving and Environmental Protection Forum said that few foreign companies have been able to participate in China's seven carbon trading pilot programs. Shenzhen now officially allows non-Chinese companies to participate in its emissions trading system and has rules for foreign auditing, certification, and consultancies in projects related to exchanged emissions. However the Development and Reform Commission has not approved any foreign companies for participation. Environmental officials have approved draft amendments that would strengthen the Air Pollution Prevention and Control Law, the nation's primary air pollution control law.

US Consulate Receives Green Design Award

On September 15, the European Centre for Architecture Art Design and Urban Studies and The Chicago Athenaeum: Museum of Architecture and Design selected the U.S. Consulate General in Guangzhou, China for the 2014 Green GOOD DESIGN™ award, representing the world's most important manufacturers and design firms and leading FORTUNE 500 corporations that are emphasizing a more sustainable design and environment worldwide. The U.S. Consulate General in Guangzhou was selected from hundreds of submissions as an outstanding example of Green Design. The new Consulate General occupies a 7.5-acre lot in the city's Pearl River New Town district. The facility is Leadership in Energy & Environmental Design (LEED®) Silver certified by the U.S. Green Building Council and, as the first OBO project contracted to achieve LEED Silver, raised the bar for future new construction projects which must target LEED Silver as a minimum design standard.

Increased Chinese Solar Expectations

China's National Energy Administration announced last week a set of initiatives for photovoltaic projects connected to the local distribution grid, calling on local authorities to identify projects in regions where electricity can be distributed to nearby customers. Accordingly, Bloomberg New Energy Finance increased its 2014 solar installations forecast for China to 13-14 GW from 12-14 GW.

Chinese Discharge Fees

China's National Development and Reform Commission, Ministry of Finance, and Ministry of Environmental Protection announced on September 5 that local governments may double administrative discharge fees next year if the nation fully implements them by next June. The fees offset Chinese companies' discharge of key air and water pollutants.

India Drops Solar AD

India's Commerce Minister Nirmala Sitharaman said on September 10 that the government has abandoned a plan to impose antidumping duties on solar imports from the United States, China, Taiwan, and Malaysia. The previous government recommended tariffs ranging from 11 cents to 81 cents per watt on imports last May.

UN NYC Summit Attendees

The United Nations published September 11 a [list](#) of heads of state who will attend the National Action and Ambition Announcements of the Climate Summit on September 23 in New York. The leaders of India, China, and Canada will not attend the summit, though they will send envoys, but President Obama and the heads of state or government from

the United Kingdom, Indonesia, Brazil, France, Egypt, Iraq, Japan, Denmark, Italy, Spain, South Africa, the Philippines, Sweden, Mexico, Venezuela, Peru, Chile, Turkey, and Qatar, among others, will.

TRADE

Secretary Kerry on U.S. Vision for Asia-Pacific

On August 14, Secretary of State Kerry delivered remarks at the East-West Center on U.S. Vision for Asia-Pacific in Honolulu, Hawaii. His remarks, which can be found [here](#), covered numerous issues, including climate change, bilateral relations, territorial disputes in the South and East China Seas, and the Trans-Pacific Partnership (TPP) free trade agreement.

USITC to Investigate Chinese Beverage Capsules

On September 4, the U.S. International Trade Commission (USITC) voted to launch an investigation of certain beverage brewing capsules, components thereof, and products containing the same. The products at issue in this investigation are individual capsules used in consumer machines for brewing or making beverages, such as coffee and tea. Among the respondents identified for the investigation are Guangdong Province, China; Ever Much Company Ltd. of Shenzhen, China; LBP Packaging (Shenzhen) Co. Ltd. of Baoan District Shenzhen, Guangdong, China; and B. Marlboros International Ltd. (HK) of Kowloon Bay, Hong Kong. The USITC will make a final determination in the investigation at the earliest practicable time. Within 45 days of the start 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 the U.S. Trade Representative disapproves them for policy reasons within that 60-day period.

Commerce Investigation of Chlorinated Isocyanurates from China

On September 9, the Department of Commerce announced its affirmative final determination in the countervailing duty (CVD) investigation of imports of chlorinated isocyanurates from China. As a result of the affirmative CVD determination, if the USITC reaches an affirmative determination of material injury, the Department of Commerce will order the resumption of liquidation and require cash deposit for CVD duties equal to the applicable final subsidy rates. If the USITC issues a negative determination, the investigation will be terminated, and no producers or exporters will be subject to CVD duties. In this event, all CVD cash deposits collected will be refunded.

ITA Support for Exports to China

On September 10, the U.S. International Trade Administration (ITA) announced that:

- The California Asian Pacific Chamber of Commerce (CAPCC) will receive \$300,000 from the ITA's Market Development Cooperator Program (MDCP) to help the processed foods industry generate exports to China. These funds are expected to generate an estimated \$85 million in exports during the next three years by U.S. companies.
- The Modification and Replacement Parts Association (MARPA), a Washington, D.C.-based non-profit organization, will receive \$300,000 from the MDCP to help the aircraft parts industry generate exports to China, Japan, France, Germany, and United Arab Emirates. These funds are expected to generate an estimated \$567 million in exports during the next three years by companies across the U.S.
- The Portland Development Commission (PDC) will receive \$299,420 from the MDCP to help the green building industry generate exports to China, Mexico, and Qatar. These funds are expected to generate an estimated \$9 million in exports during the next three years.
- The American Water Works Association (AWWA) will receive \$299,955 from MDCP to help the water industry to generate exports to Australia, Brazil, China, Germany, India, Indonesia, Peru, Saudi Arabia, Singapore, South Korea, and United Arab Emirates. These funds are expected to generate an estimated \$14 million in exports

- during the next three years by companies across the U.S.
- The Washington State Department of Commerce (WSDOC) will receive \$300,000 from the MDCP to help the aerospace industry generate exports to Brazil, Canada, China, France, Germany, India, and the United Kingdom. These funds are expected to generate an estimated \$50 million in exports during the next three years by U.S. companies.

U.S.-China Talks on Intellectual Property Rights

On September 15, U.S. Patent and Trademark Office officials welcomed Chinese Ministry of Commerce Assistant Minister Tong Daochi and his delegation of Chinese IP officials for a meeting of the Intellectual Property Rights Working Group of the Joint Commission on Commerce and Trade, co-chaired by the Office of the U.S. Trade Representative. The meeting covered patent, trademark, copyright and trade secret issues that are at the forefront of the U.S.-China relationship.

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