



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

CHINA UPDATE

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QUOTE OF THE WEEK

Over more than four decades since the establishment of our diplomatic relations, fast growing economic cooperation and trade have brought huge benefits to each country's development. They have served as a stabilizer that enables China-U.S. relations to forge ahead despite winds and waves. Today, bilateral trade is almost 500 billion US dollars and mutual investment more than 80 billion. According to the latest report from China-US Exchange Foundation, by 2022, our two countries will become each other's top trading partner. By then, US exports to China will exceed to 450 billion dollars, which means over 2.5 million jobs created in this country. The number of Chinese tourists visiting the United States will grow to 10 million from 1.5 million in 2012. These are conclusions of the joint study by Chinese and American scholars. They will give a strong impetus to the historic process of this new model of relationship." – Chinese Foreign Minister Wang Yi, in remarks at the Brookings Institution, Washington, DC, September 20, 2013

U.S.-CHINA RELATIONS

Kerry Meets With Chinese Foreign Minister

On September 19, Secretary of State Kerry met with Chinese Foreign Minister Wang Yi at the State Department in Washington, DC. Topics covered in the meeting included Syria, North Korea and the Six Party talks, the role of the U.S. as a Pacific nation, Iran and nuclear weapons.

Chinese Foreign Minister Delivers Remarks at Brookings Institution

On September 20, Foreign Minister Wang Yi was the guest of the Brookings Institution in Washington, DC and delivered remarks titled "Toward a New Model of Major-Country Relations Between China and the United States." A transcript of the speech can be found [here](#).

Treasury Note on Engaging China in Fair Innovation Policies

On September 24, Holly Shuman, spokesperson for International Affairs at the Treasury Department, submitted an article to the department's Treasury Notes site entitled "Engaging China in Fair Innovation Policies." The article summarizes the July 9th fourth round of the U.S.-

China Innovation Dialogue (part of the U.S.-China Strategic & Economic Dialogue). The article can be found [here](#).

State Department Seeks Proposals on Human Rights in China

The State Department's Bureau of Democracy, Human Rights, and Labor (DRL) has issued a Request for Statements of Interest (SOIs) from organizations interested in submitting proposals for projects that support the bureau's policy priorities of fostering democracy and human rights in China. This solicitation does not constitute a formal Request for Proposals; DRL will invite select organizations that submit SOIs to expand their ideas in full proposals at a later date. DRL seeks to fund projects that will have a direct and lasting impact by promoting reforms and structural changes that take advantage of changing social and political dynamics in China. High preference will be given to cutting edge, entrepreneurial program concepts that are responsive to emerging trends in Chinese society. DRL invites organizations to submit statements of interest outlining program concepts and organizational capacity to manage projects that will advance DRL policy priorities in the following areas: Rule of Law, Civil Society, Religious Freedom, Labor Rights, Public Participation, and Accountability and Free Expression. Proposals are due by Friday, November 1. Details can be found [here](#).

ENERGY & THE ENVIRONMENT

U.S.-China Clean Energy Research Center Second Annual Report

The U.S.-China Clean Energy Research Center (CERC) released its second annual report in August covering 2012-2013. The report focuses on: Advanced Coal Technology, Building Energy Efficiency, Clean Vehicles, and Intellectual Property. The report can be found [here](#).

China Anti-Subsidy Duties to US Polysilicon

In a September 16 announcement, the Chinese Ministry of Commerce said it will apply anti-subsidy duties to solar-grade polysilicon made by two American companies. Imported products made by AE Polysilicon Corp. and Hemlock Semiconductor Corp. will face anti-subsidy duties of 6.5 percent. The Ministry said subsidized imports have created substantial damage to the country's domestic polysilicon industry.

China to Phase Out HCFCs

On September 17, China's Ministry of Environmental Protection announced that, in order to comply with the Montreal Protocol on Substances that Deplete the Ozone Layer, it has initiated a plan to phase out the production of hydrochlorofluorocarbons (HCFCs). In order to undertake this effort, China will receive a grant from the Montreal Protocol executive committee in the amount of \$385 million.

USITC to Investigate Chinese Monosodium Glutamate

On September 20, the USITC published a notice in the Federal Register, announcing that it will commence a preliminary phase AD/CVD investigation on imports from China and Indonesia of monosodium glutamate. Unless the Department of Commerce extends the time for initiation, the USITC must reach a preliminary determination by October 31, 2013. The USITC's views are due to the Commerce Department within five business days thereafter, or by November 7, 2013.

USITC to Investigate Chinese Grain-Oriented Electrical Steel

On September 25, the USITC published a notice in the Federal Register announcing that it will commence an AD/CVD investigation into imports from China of grain-oriented electrical steel ("GOES"). Included in the investigation are imports of GOES from Czech Republic, Germany, Japan, Korea, Poland, and Russia. The notice can be found [here](#).

Training Workshops in China on Shale Gas Development

The U.S. Trade and Development Agency (USTDA) and the China National Energy Administration (NEA), supported by the U.S. Department of Energy, the U.S. Department of Commerce, and the U.S. Department of State, are sponsoring a series of four training workshops in China for the recent Chinese shale gas bid winners, government ministries, and the large state-owned enterprises. The purpose is to help create informed Chinese buyers and provide sales opportunities for U.S. suppliers of products and services for shale gas development. This is an opportunity for U.S. vendors to showcase offerings to a ready audience selected by the NEA. The audience will consist of 80 senior level Chinese representatives plus representatives from U.S. companies and U.S. government representatives. The third workshop in this program will be focused on Drilling and Completion and will take place in Xi'an, China, on September 26-27, 2013. The event will be coordinated and co-located with the 13th U.S.-China Oil and Gas Industry Forum (OGIF).

TRADE

Commerce Investigation of Chinese Hardwood and Decorative Plywood

On September 17, the Department of Commerce announced its affirmative final determinations in the antidumping (AD) and countervailing duty (CVD) investigations of imports of hardwood and decorative plywood from China. Commerce determined that imports of hardwood and decorative plywood from China have been sold in the U.S. at dumping margins ranging from 55.76 percent to 121.65 percent. Commerce also determined that imports of hardwood and decorative plywood from China have received countervailable subsidies ranging from de minimis to 27.16 percent. As a result of the final AD determination, Commerce will instruct U.S. Customs and Border Protection to collect cash deposits equal to the applicable weight-average dumping margins. As a result of the affirmative final CVD determination, Commerce will order the resumption of the suspension of liquidation and require a cash deposit for CVD duties equal to the final subsidy rates for 15 uncooperative companies and all other producers and exporters not selected for investigation. The U.S. International Trade Commission (USITC) is scheduled to make its final injury determination on October 31, 2013. If the USITC makes an affirmative final determination that imports of hardwood and decorative plywood from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders. If the USITC makes a negative determination of injury, the investigations will be terminated.

Commerce Launches CVD Investigation of Imported Chinese Chlorinated Isocyanurates

On September 19, the Commerce Department's International Trade Administration initiated a countervailing duty (CVD) investigation of imports of chlorinated isocyanurates from China. The USITC is scheduled to make a preliminary injury determination on or before October 15, 2013. If the USITC determines that there is a reasonable indication that imports from China materially injure, or threaten material injury to, the domestic industry, the investigation will continue and Commerce will be scheduled to make its preliminary CVD determination in November 2013. If the USITC determination is negative, the investigation will be terminated.

Termination of Investigation into Chinese Warmwater Shrimp

On September 20, the USITC determined that a U.S. industry is neither materially injured nor threatened with material injury by reason of imports of frozen warmwater shrimp from China, Ecuador, India, Malaysia, and Vietnam that the Department of Commerce has determined are subsidized. Commissioners Daniel R. Pearson, Dean A. Pinkert, David S. Johanson, and Meredith M. Broadbent voted in the negative. Chairman Irving A. Williamson and Commissioner Shara L. Aranoff voted in the affirmative. As a result of the USITC's negative determinations, Commerce will not issue countervailing duty orders on imports of these products from China, Ecuador, India, Malaysia, and Vietnam.

SEIA Proposes Compromise on U.S-China Solar Trade Dispute

On September 23, the Solar Energy Industries Association offered an industry compromise between U.S. and Chinese solar industries. According to SEIA, “The Governments of the United States and China and industry representatives should negotiate a U.S.-China Solar Agreement, based on goals and a win-win scenario, which would have a duration of at least five years from the date of execution and would: (1) Affirm that a negotiated solution to the U.S.-China solar trade conflict is in the best interests of both countries, including the interest of promoting solar energy; (2) Establish a U.S. Solar Manufacturing Settlement Fund and a U.S. Solar Development Institute; (3) Revoke the U.S. AD/CVD orders on imports of solar cells and modules from China and the provisional Chinese AD duties on polysilicon from the United States; (4) Terminate all existing regulatory and judicial proceedings related to the U.S. and China AD/CVD proceedings, including, but not limited to, pending appeals of the final determinations of the Commerce Department and the U.S. International Trade Commission in the U.S. case on solar cells and modules before the U.S. Court of International Trade, the U.S. Customs and Border Protection investigations into alleged circumvention, and the Chinese AD/CVD investigations on polysilicon from the United States; and (5) Bar the initiation of any new trade remedy investigations or other actions affecting imports of polysilicon, crystalline silicon solar wafers, cells, cell assemblies, and/or modules between the U.S. and China for the duration of the Agreement and 12 months thereafter.”

In a press release the same day, Senate Finance Committee Chairman Max Baucus (D-MT) and Senator Jon Tester (D-MT) released a statement saying, “We applaud the efforts of the Solar Energy Industries Association to resolve the solar dispute between the U.S. and China. Without a doubt, this dispute has had a harmful effect on jobs in the U.S. and undercut our competitiveness in critical high-tech industries. The best outcome for workers, manufacturers and consumers in Montana and across the country is to negotiate a settlement and bring the dispute to a close. We are ready to work with all parties to resolve this important matter.”

The proposal can be found [here](#).

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