



ML Strategies Update

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CHINA UPDATE

QUOTE OF THE WEEK

"The President spoke to Chinese President Xi Jinping on July 14 to discuss shared bilateral, regional and global challenges and ways the two countries can work together to address them. The two leaders reviewed the important progress achieved during the U.S.-China Strategic and Economic Dialogue July 9-10 in Beijing and the President thanked President Xi for hosting this year. The President reaffirmed his commitment to developing a relationship defined by increased practical cooperation and constructive management of differences. In this context, the President and President Xi discussed the need for continued U.S.-China cooperation in the ongoing P5+1 negotiations with Iran and the implementation of the Joint Plan of Action. The President underscored the need for Iran to take the steps necessary to assure the international community that its nuclear program is exclusively peaceful. The President also stressed the need for enhanced communication and coordination on actions with China to ensure North Korea meets its denuclearization commitments. The President said he looked forward to seeing President Xi at the APEC Leaders' Meeting in Beijing this November." – White House Readout of the President's Call with President Xi of China, July 14, 2014

U.S.-CHINA RELATIONS

U.S.-China Counterterrorism Dialogue

On July 15, the U.S. hosted the U.S.-China Counterterrorism Dialogue in Washington, D.C. Under Secretary for Civilian Security, Democracy and Human Rights Sarah Sewall delivered the opening remarks, and Ambassador Tina Kaidanow, Coordinator for Counterterrorism, led the U.S. delegation. Vice Foreign Minister Cheng Guoping from the PRC Ministry of Foreign Affairs led the Chinese delegation. The two sides reaffirmed their commitment to address the shared threat that terrorism poses to both countries and the international community. Ambassador Kaidanow and Vice Foreign Minister Cheng noted the success of the U.S.-China Strategic and Economic Dialogue held in Beijing July 9-10 for setting the tone for cooperative bilateral relations, in which counterterrorism cooperation plays an important part. During the dialogue, the two sides noted their

opposition to terrorism in all forms and agreed on the importance of promoting peace and prosperity around the world. Both sides sought practical ways to strengthen cooperation on counterterrorism and agreed to meet again next year.

U.S.-China Climate Change Working Group Report

Also on July 15, the State Department issued the Report of the U.S.-China Climate Change Working Group to the 6th Round of the Strategic and Economic Dialogue (S&ED), held in Beijing July 8-10. ML Strategies reported on the S&ED in a previous edition of the China Update, available [here](#). The Climate Change Working Group report provides an update on five action initiatives: Emissions Reductions from Heavy-Duty and Other Vehicles; Smart Grids, Carbon Capture, Utilization and Storage (CCUS), Energy Efficiency in Buildings and Industry, and Collecting and Managing Greenhouse Gas Emissions Data. The report also covers progress on the enhanced policy dialogue, as well as collaboration on hydrofluorocarbon (HFCs), and highlights new and possible areas of cooperation, including the Climate Change and Forest Initiative and the Study on Boiler Efficiency and Fuel Switching. The working group's report can be found [here](#).

State Department Official Visiting China for Talks on Nonproliferation

Assistant Secretary of State for International Security and Nonproliferation Tom Countryman is travelling to Seoul, the Republic of Korea (ROK) and Beijing, China July 28–August 1. Assistant Secretary Countryman will meet with senior ROK officials in Seoul July 28–30 to discuss U.S.-ROK civil nuclear cooperation and a broad range of issues related to joint efforts on strengthening the global nonproliferation regime. He will travel July 31–August 1 to China, where he will meet with his Chinese counterparts to discuss a wide range of nonproliferation issues. He will participate in a roundtable at the Chinese Academy of Social Sciences, which representatives from leading NGOs and academic institutions with expertise on nonproliferation activities will attend.

ENERGY & ENVIRONMENT

China Fines Over SO2 Emissions

China fined ten major coal fired power plants July 15 for failing to remove sulfur dioxide emissions, even while they took government subsidies to fund the process. The government fined the plants \$25.4 million. The government has levied a total of \$84 million in fines and penalties for desulfurization violations across the country.

TRADE

Chinese Trade Case

The World Trade Organization ruled July 14 that the United States broke rules on imposing substantial duties on Chinese steel products, solar panels, and other goods. The panel found that the United States had overstepped its authority in justifying the countervailing duties as a response to alleged subsidies to exporting firms by China's government. The panel ruled in a similar case in support of some claims by India against tariffs on steel exports.

Commerce Department Initiates Investigation of Chinese Tires

On July 15, the Department of Commerce (Commerce) announced the initiation of antidumping duty (AD) and countervailing duty (CVD) investigations of imports of certain passenger vehicle and light truck tires from China. The petitioner for these investigations is the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC. In 2013, imports of certain passenger vehicle and light truck tires from China were valued at an estimated \$2.1 billion. Under the applicable statute, the U.S. International Trade Commission's (USITC) preliminary determination will be within 25 days after the date on which the USITC

receives notification from Commerce of the initiation of the investigations. At this time, the ITC is scheduled to make its preliminary injury determinations on August 1, 2014, but it is permitted additional time under the statute. If the ITC determines that there is a reasonable indication that imports of certain passenger vehicle and light truck tires from China materially injure, or threaten material injury to, the domestic industry, the investigations will continue, and Commerce will be scheduled to make its preliminary CVD determination in September 2014 and its preliminary AD determination in December 2014, unless the statutory deadlines are extended. If the ITC's preliminary determinations are negative, the investigations will be terminated.

Commerce Department Determination on Chinese Calcium Hypochlorite

On July 17, 2014, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the antidumping duty (AD) investigation of imports of calcium hypochlorite from China. Commerce preliminarily determined that calcium hypochlorite from China has been sold in the United States at a dumping margin of 210.52 percent. As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on this preliminary rate. In 2013, imports of calcium hypochlorite from China were valued at an estimated \$8.1 million. Commerce is scheduled to announce its final determination on or around November 28, 2014. If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (USITC) makes an affirmative final determination that imports of calcium hypochlorite from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue an AD order. If either Commerce's or the ITC's final determination is negative, no AD orders will be issued. The ITC is scheduled to make its final injury determinations in January 2015.

USITC Determinations

On July 22, the USITC made several determinations related to products from China:

- The USITC determined that revoking the existing antidumping duty order on malleable iron pipe fittings from China would likely lead to continuation or recurrence of material injury within a reasonably foreseeable time. As a result of the Commission's affirmative determination, the existing order on imports of this product from China will remain in place.
- The USITC determined that revoking the existing antidumping duty order on steel threaded rod from China would likely lead to continuation or recurrence of material injury within a reasonably foreseeable time. As a result of the Commission's affirmative determination, the existing order on imports of this product from China will remain in place.
- The USITC determined that there is a reasonable indication that a U.S. industry is materially injured or threatened with material injury by reason of imports of certain passenger vehicle and light truck tires from China that are allegedly subsidized and sold in the United States at less than fair value. As a result of the Commission's affirmative determinations, the Department of Commerce will continue to conduct its investigations on imports of these products from China, with its preliminary countervailing duty determinations due on or about August 27, 2014, and its antidumping duty determinations due on or about November 10, 2014.

Commerce Department Determination on Chinese Crystalline Silicon PV Products

On July 25, Commerce announced its affirmative preliminary determinations in the AD investigations of imports of certain crystalline silicon photovoltaic products from China and Taiwan. Commerce preliminarily determined that certain crystalline silicon photovoltaic products from China and Taiwan have been sold in the United States at dumping margins ranging from 26.33 to 165.04 percent and 27.59 to 44.18 percent, respectively. As a

result of the preliminary affirmative determinations, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates as adjusted for export and domestic subsidies found in the companion countervailing duty (CVD) investigation. The petitioner for these investigations is SolarWorld Industries America, Inc. In 2013, imports of certain crystalline silicon photovoltaic products from China and Taiwan were valued at an estimated \$1.5 billion and \$656.8 million, respectively. Commerce is scheduled to announce its final determinations on or about December 16, 2014. If Commerce makes affirmative final determinations, and the USITC makes affirmative final determinations that imports of certain crystalline silicon photovoltaic products from China and/or Taiwan materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD orders. The USITC will make its final injury determinations in January 2015. If either the final determinations from Commerce or the USITC are negative, AD orders will not be issued. This development is discussed in further detail in this week's Energy and Environment Update from ML Strategies, which can be found [here](#).

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