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CHINA UPDATE

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QUOTE OF THE WEEK

"I've been coming to China as a government official for over 20 years now: first as a state legislator, as governor, as Secretary of Commerce, and now as President Obama's Ambassador to China. Throughout all my visits – and especially in the past two and a half years I've spent living here – I've been amazed at China's transformation. This transformation – China's growth to become one of the world's largest economies, its development and the lifting of so many millions of people out of poverty – is due to the hard work of China's government and business leaders, but especially its people. The tireless efforts and the sacrifices of China's everyday people made the story of China's recent development a remarkable new chapter of China's history. I am proud of my Chinese heritage, and of the great contributions China has made to world civilization over thousands of years. But I'm also an American. And I'm proud of America as a land of freedom, hope, and opportunity, and of the great values the United States has brought to the entire world. I am dedicated to all that America stands for. It has been an honor and a privilege to have been President Obama's Ambassador and to serve my country in this capacity." – Ambassador Gary Locke on his departure from China on February 28

U.S.-CHINA RELATIONS

First Lady Michelle Obama to Visit China

From March 19 to March 26, First Lady Michelle Obama will travel to China with stops in Beijing and Chengdu. During her trip, the First Lady will meet with Madame Peng, the wife of China's President Xi Jinping, and will visit a university and high school in Beijing and a high school in Chengdu. The focus of the trip will be on the power and importance of education. The First Lady's mother and two daughters will accompany her on the trip. A statement announcing the trip from the Office of the First Lady can be found [here](#).

Kerry Statement on Departure of Ambassador Locke

On February 27, Secretary of State Kerry issued a statement on Ambassador Locke's departure from China. The statement can be found [here](#).

CECC Letter to Chinese President Regarding Rights Violations

On February 27, nine members of the Congressional-Executive Commission on China (CECC) issued a letter to Chinese President Xi Jinping expressing serious concern over the worsening crackdown on Chinese citizens peacefully exercising their internationally recognized rights to freedoms of expression, association, assembly, and religion in China. They called on President Xi to end the crackdown and to release all Chinese citizens who have been unjustly imprisoned. The letter was signed by Commission Chairman Senator Sherrod Brown; Commission Cochairman Representative Christopher Smith; Senator Carl Levin; Representative Frank Wolf; Representative Mark Meadows; Representative Robert Pittenger; Representative Timothy Walz; Representative Marcy Kaptur; and Representative Michael Honda. The letter can be found [here](#).

State Department Official on U.S.-China Space Cooperation

On February 27, Frank A. Rose, Deputy Assistant Secretary, Bureau of Arms Control, Verification and Compliance at the State Department, delivered remarks in Tokyo on "Strengthening Global Partnerships in SSA Activities" at the third international symposium on sustainable space development and utilization for mankind. SSA refers to Space Situational Awareness, and the remarks by Mr. Rose primarily address issues related to space debris, with comments on the U.S.-China space security relationship. The full remarks can be found [here](#).

Human Rights Report on China

On February 27, the State Department's Bureau of Democracy, Human Rights, and Labor released its 2013 Human Rights report on China. The report includes Tibet, Macau, and Hong Kong. The report can be found [here](#).

ASEAN Regional Forum Inter-Sessional Meeting on Disaster Relief

From February 27 to 28, 2014, the 13th ASEAN Regional Forum Inter-Sessional Meeting on Disaster Relief, sponsored by the Ministry of Foreign Affairs of China, was held in Chengdu, Sichuan Province. 27 members of the Forum from the Association of Southeast Asian Nations (ASEAN) countries, China, Japan, the Republic of Korea (ROK), the United States, Russia, Australia, and the European Union (EU), and more than 100 government officials, experts and scholars from ASEAN Secretariat, the United Nations Office for the Coordination of Humanitarian Assistance (OCHA), the Beijing Office of the United Nations Platform for Space-based Information for Disaster Management and Emergency Response and other regional and international organizations attended the Forum. The delegates exchanged their experience in responding to recent major disasters, and had in-depth discussions on issues of disaster warning, risk assessment, humanitarian materials reserve, emergency response dispatch, post-disaster damage assessment and reconstruction in disaster areas. They reached a broad consensus on deepening regional cooperation in disaster relief, helping the developing countries to upgrade the build-up of their responding ability to natural disasters, and strengthening coordination and cooperation among various regional cooperation mechanisms.

New U.S. Consulate General in Guangzhou, China

On March 5, there was a ribbon cutting ceremony for the new U.S. Consulate General in Guangzhou, China. The ceremony was hosted by Under Secretary of State for Management Patrick F. Kennedy; Charge d'Affaires Dan Kritenbrink; Consul General Jennifer Zimdahl Galt; and Deputy Director of the Bureau of Overseas Buildings Operations Casey Jones alongside local Chinese officials. The \$267 million project was designed by Skidmore, Owings & Merrill LLP of

San Francisco, California and was built by BL Harbert International, LLC, of Birmingham, Alabama and China Huashi Enterprises, Ltd., of Chengdu, China.

U.S. Embassy-Beijing Webchat on Tapping the Chinese Market

On March 12, Dan Kritenbrink, Charge d’Affaires at the U.S. Embassy in Beijing, will host a webchat on “Tapping the Chinese Market.” According to the embassy: “China’s growing middle class has embraced international travel in a big way. Already, China is one of the top sources of foreign tourists to the U.S. Chinese nationals made almost 1.5 million trips to the U.S. last year, and this number is increasing rapidly. The U.S. Department of Commerce estimates that each of these tourists spends approximately \$6,000 per person, per trip. But Chinese are also increasingly aware of the variety of overseas destinations available and many have already made a first trip to the U.S. This webchat will focus on how to appeal to this market and keep them coming back again and again.” The webchat will also feature Mavis Zheng of Brand USA and Mark Lewis of the Embassy’s Global Markets team. You can RSVP [here](#).

USCC Hearing on China and the Evolving Security Dynamic in East Asia

On March 13, the U.S.-China Economic and Security Review Commission (USCC) will hold a hearing on “China and the Evolving Security Dynamic in East Asia.” This hearing will explore the evolving security dynamics in Asia and the effects of this changing environment on the United States. More specifically, it will address how Northeast Asia, Southeast Asia, and Oceania are responding to China’s rise and consider what implications follow for U.S. alliances and partnerships in the region. Panelists will include: Dr. Robert Sutter, Professor, Elliot School of International Affairs, George Washington University; Ms. Bonnie Glaser, Senior Adviser for Asia, Freeman Chair in China Studies, Center for Strategic and International Studies; Mr. James Schoff, Senior Associate, Asia Program, Carnegie Endowment for International Peace; Dr. Jennifer Lind, Associate Professor, Department of Government, Dartmouth College; Mr. Walter Lohman, Director, Asian Studies Center, Heritage Foundation; and Dr. Ely Ratner, Senior Fellow and Deputy Director, Asia-Pacific Security Program, Center for a New American Security. A USCC hearing announcement can be found [here](#).

CHINA NEWS

Official Visits to China

On March 4, China’s Vice Foreign Minister Zhang Ming met with a delegation headed by Joy Hutcheon, Director General for Country Programmes at the United Kingdom’s Department for International Development and Harriet Matthews, Director of the African Department of the Foreign and Commonwealth Office (FCO), who were visiting China to attend the 7th Round of China-UK Consultations on African Affairs.

On March 4, China’s Vice Foreign Minister Wang Chao met with Belgian Ambassador to China Michel Malherbe.

Official Travel by Chinese Officials

From February 27 to March 2, 2014, China’s Vice Foreign Minister Zhang Ming paid a visit to Madagascar. He met with President Hery Rajaonarimampianina of Madagascar and held talks with Acting Minister for Foreign Affairs Victor Manantsoa.

On March 1, 2014, Ambassador Wu Sike, China’s Special Envoy of China on the Middle East Issue, attended the second Conference on Cooperation among East Asian Countries for Palestinian Development (CEAPAD) held in Jakarta, Indonesia.

From March 5 to March 12, Ambassador Wu is visiting Italy to attend the International Ministerial Conference on Support to Libya and visiting Palestine and Israel for talks on the economic and social reconstruction of Libya, the latest progress in Palestine-Israel peace talks and the current regional situation.

On March 10 and 11, Yang Chuantang, the Special Envoy of President Xi Jinping and China's Minister of Transport, will be in Chile to attend the presidential inauguration of Michelle Bachelet.

TRADE

CASE Seeks Solar Trade Resolution

On February 24, the Coalition for Affordable Solar Energy sent a letter to President Obama asking him to direct the administration to seek a negotiated solution in the ongoing solar trade dispute with China and Taiwan. The Department of Commerce is investigating dumping and countervailing duty allegations against China and dumping charges against Taiwan.

USITC FY15 Budget Justification

On March 4, President Obama submitted his Fiscal Year 2015 Budget Request to Congress. Following that, on March 6 the U.S. International Trade Commission (USITC) submitted its Budget Justification to Congress, including language on China – particularly as it relates to the Commission's antidumping (AD) and countervailing duty (CVD) investigations. The justification notes that external factors that are likely to influence the scope and number of requests for analytic investigations in FY 2015 include shifting trade patterns and relationships with countries such as China and Brazil, and Organisation for Economic Co-operation and Development (OECD) partners will present challenges and opportunities (e.g., competitive pressures in specific industries). The 48-page USITC FY15 Budget Justification can be found [here](#).

Commerce Determinations on Duty Investigations

- On February 21, the Department of Commerce (Commerce) announced the initiation of antidumping duty (AD) and countervailing duty (CVD) investigations of imports of carbon and certain alloy steel wire rod from China. In 2013, imports of carbon and certain alloy steel wire rod from China were valued at an estimated \$313 million
- On March 5, the Department of Commerce announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of monosodium glutamate (MSG) from China and negative preliminary determination in the CVD investigation of imports of MSG from Indonesia. Commerce also announced its affirmative preliminary finding that critical circumstances exist with respect to imports of MSG from China. As a result of the preliminary affirmative determination in the China investigation, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these preliminary rates. Because Commerce also found that affirmative critical circumstances exist, the agency will instruct CBP to impose provisional measures retroactively on entries of MSG from China up to 90 days prior to the publication of this determination. Commerce is scheduled to announce its final determinations on or about May 19, 2014; unless the statutory deadline is extended. If Commerce makes affirmative final determinations, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of MSG from China and/or Indonesia materially injure, or threaten material injury to, the domestic industry, Commerce will issue CVD orders. If either Commerce's or the ITC's final determinations are negative, no CVD orders will be issued. The ITC issues its final injury

determination approximately 45 days after Commerce issues final determinations, if affirmative.

- Also on March 5, Commerce announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of grain-oriented electrical steel from China. As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these preliminary rates. Commerce has determined to align the final determination in the instant CVD investigation with the final determination in the companion antidumping duty investigation. Therefore, Commerce is scheduled to announce its final determination in this investigation on or about July 16, 2014, unless the statutory deadline is extended. If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of grain-oriented electrical steel from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue a CVD order. If either Commerce's or the ITC's final determination is negative, no CVD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

USITC Determinations

- On February 24, the U.S. International Trade Commission (USITC) determined that revoking the existing antidumping duty (AD) order on persulfates from China would be likely to 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 action comes under the five-year (sunset) review process required by the Uruguay Round Agreements Act.
- On February 28, the USITC determined that revoking the existing antidumping (AD) and countervailing duty (CVD) orders on laminated woven sacks from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. As a result of the Commission's affirmative determinations, the existing orders on imports of these products from China will remain in place. The action comes under the five-year (sunset) review process required by the Uruguay Round Agreements Act.

ENERGY & ENVIRONMENT

US-China Discussions over 2015 Climate Agreement

As preparations for the 2015 international climate conference in Paris continue, Secretary of State John Kerry and top Chinese leaders discussed potential actions February 13 that both countries could take to address climate change. Secretary Kerry praised the working group's efforts thus far, but said that both countries needed to do more ahead of the conference, and called on both to meet their goals to phase down the use of hydrofluorocarbons.

China's Low-Carbon Projects

The National Development and Reform Commission and the National Energy Administration announced February 14 that China has designated 42 cities and provinces as low-carbon pilot areas, and 81 cities and eight industrial parks as new-energy demonstration areas. The Commission updated progress on its 2010 low-carbon pilot program, finding that through 2012, the first ten cities and provinces reduced their carbon intensity by 9.2 percent compared to 2010 levels.

China Calls for Solar Trade Dialogue

Responding to a February 14 preliminary conclusion by the International Trade Commission that the United States solar industry is harmed by Chinese and Taiwanese dumping and subsidy benefits, China's Ministry of Commerce issued a statement February 17 calling for a forthright dialogue on the issue in order to resolve the trade disputes.

Chinese Methods of Cleaner Production

China's National Development and Reform Commission and the Ministries of Environmental Protection and Industry and Information Technology released February 17 drafts of evaluation methods and strategies for ensuring cleaner and less polluting production techniques for nine industries. Comments will be accepted on the drafts, which cover issues including evaluating energy consumption, production facilities and techniques, pollutant levels, product features and uses, management techniques, and resource utilization.

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