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CHINA UPDATE

QUOTES OF THE WEEK

"It's important that our two countries cooperate to build a more secure and prosperous future for the Asia Pacific region and for the world. Premier Wen and I have also worked very closely together on our bilateral and global economic problems. And as the two largest economies in the world, we have a special responsibility to lead the way in ensuring sustained and balanced growth, not only there in Asia but globally. I very much believe that the cooperative and constructive approach that we've taken to our bilateral relations is good for both our countries and the world. And it is very important that as two of the largest economies in the world, that we work to establish clear rules of the road internationally for trade and investment, which can increase prosperity and global growth." – President Obama in a joint appearance with Chinese Premier Wen Jiabao at the East Asia Summit in Phnom Penh, Cambodia on November 20

"You and I share the view, Mr. President, that the China-U.S. relationship is one of the most important bilateral relationships in the world. The long-term sound and steady growth of China-U.S. relations serves the fundamental interests of both countries. It is also important for peace, stability, and prosperity in the Asia Pacific and the world. I hope our meeting today will send out such a positive message to the world – a positive message that both countries will remain committed to pursuing a cooperative partnership between the two sides based on mutual respect and mutual benefit. Our two sides will continue to work together to strengthen and enhance our dialogue mechanisms, including the strategic and economic dialogues, the strategic security dialogue, and the high-level consultation on people-to-people exchange. We will enhance our business cooperation and engage in large-scale cooperation in economy and finance to use it as a means to tackle the difficulties we have and resolve the differences and disagreements between us. Our two countries will enhance exchange and consultation on regional and international affairs, in particular to enhance our cooperation in the Asia Pacific region." – Chinese Premier Wen Jiabao in a joint appearance with President Obama at the East Asia Summit in Phnom Penh, Cambodia on November 20

U.S.-CHINA RELATIONS

Chinese Leadership Transition

More than two thousand delegates met last week at the Great Hall of the People in Beijing for the 18th National Congress of the Communist Party of China to begin the decadal transition of leadership for the country. Stepping aside as Communist Party general secretary, Hu Jintao was replaced by Vice President Xi Jinping, who immediately takes the helm at the party and will assume the presidency in March 2013 during the annual National People's Congress meetings. In an unexpected move, Hu gave up his role as head of the Central Military Commission which also goes to Xi. The Politburo Standing Committee was reduced in size from nine members to seven, with new members selected from the larger Central Committee. The new Politburo members will also assume other new government post next year during the National People's Congress meetings in Beijing.

The embassy of China in the U.S. issued a statement quoting a congratulatory note to Xi Jinping from President Obama saying "I recall your successful visit to the United States last February, and the positive and constructive discussions we had about the future of U.S.-China relations. I look forward to working with you in the years ahead to continue building a cooperative partnership that benefits both of our peoples and advances peace and prosperity, especially through practical cooperation in regional and global economic and security challenges."

East Asia Summit

Following the Association of Southeast Asian Nations (ASEAN) meeting, President Obama attended the East Asia Summit (EAS) in Phnom Penh, Cambodia on November 20. The EAS was attended by representatives of Australia, Brunei, Cambodia, China, India, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, Philippines, Russia, Singapore, South Korea, Thailand, the United States, and Vietnam. According to the White House, President Obama used the EAS to "explore with other Asia-Pacific leaders ways to enhance cooperation on the region's most pressing challenges, including energy, maritime security, non-proliferation, and humanitarian assistance and disaster response." Specific outcomes of the EAS are focused on Energy Cooperation, Maritime Security, Non-Proliferation, Humanitarian Assistance and Disaster Relief, and Health. A Fact Sheet issued by the White House can be found [here](#). The Joint Statement of the ASEAN-U.S. leaders meeting can be found [here](#).

USCC 2012 Report to Congress

On November 14 the USCC released its 2012 Report to Congress, addressing recent developments in the U.S.-China trade and economic relationship, the role of state-owned enterprises in China, the U.S.-China trade and investment relationship, recent developments in China's military, China's cyber capabilities, developments in China's nuclear and strategic abilities, China in the South China Sea, Taiwan, Hong Kong, China in Europe, China's demand and control of global resources, China's efforts to become a more innovative society, and the Chinese political transition. The USCC press release can be found [here](#), while the full report can be found [here](#).

TRADE

USITC Maintains Antidumping Orders on Chinese Honey

On November 19 the U.S. International Trade Commission (ITC) determined, with all six commissioners voting in the affirmative, that revoking the existing antidumping order on honey from China would likely lead to a continuation or recurrence of material injury to the U.S. market. The action was under the five-year sunset review process required by the Uruguay Rounds Agreement. The ITC announcement can be found [here](#).

State Department Official Speaks With Chinese Companies About U.S. Investment Policy

On November 15, Assistant Secretary of the Treasury Marisa Lago spoke with Chinese companies in Beijing about U.S. investment policy and the role of the Committee on Foreign Investment in the United States (CFIUS). Ms. Lago said that China needs to do more to open its markets to foreign investment, and also that the U.S. and China should “not take our remarkable economic relationship for granted.” The transcript of Assistant Secretary Largo’s remarks can be found [here](#).

ENERGY & ENVIRONMENT

China Rejects Proposal on HFC Reduction

Major developing countries, including China, rejected a proposal to steadily reduce the consumption and production of hydrofluorocarbons last week during the 25th Meeting of Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer. The proposal, which was advanced by the U.S., Mexico, and Canada, called for an 85% reduction in the production and consumption of 21 types of HFCs over the next 20 years. China, along with India, argued that the Protocol is not the appropriate vehicle for addressing the HFC issue and that it should instead be addressed during U.N. climate change negotiations.

World Resources Institute Report on Coal Exports

The World Resources Institute issued a report titled “Global Coal Risk Assessment: Data Analysis and Market Research” noting that the U.S. has been incentivized to increase coal exports due to increased demand from China and India. The report can be found [here](#).

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