



Neal Martin rnmartin@mlstrategies.com

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ML Strategies, LLC
701 Pennsylvania Avenue, N.W.
Washington, DC 20004 USA
202 296 3622
www.mlstrategies.com

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CHINA UPDATE

"This year marks the 35th anniversary of diplomatic relations between our two nations. I'm told that Deng Xiaoping said that we must "seek truth from facts." On this anniversary, it is a fact that the past three and a half decades have seen an extraordinary growth in the ties between our two countries -- more trade, more collaboration between our businesses and scientists and researchers, more connections between the Chinese and the American people, from tourists to our students. And it is a fact that when we work together, it's good for the United States, it's good for China, and it is good for the world."

- President Barack Obama in **remarks** with China's president Xi Jinping, Beijing, China, November 12, 2014

SPECIAL REPORT: 2014 APEC ECONOMIC LEADERS' MEETING

President Obama Visiting China, Burma, and Australia

President Obama is traveling to China, Burma and Australia from November 10-16. In China from November 10-12, President Obama attended the 22nd Annual Asia-Pacific Economic Cooperation (APEC) Leaders' Meeting and APEC CEO Summit. Upon the conclusion of the APEC Leaders' Meeting, the President participated in a state visit with President Xi Jinping of China. In Burma from November 12-14, President Obama will attend the East Asia Summit (EAS) and the U.S.-ASEAN Summit in Nay Pi Taw, and hold a bilateral meeting with President Thein Sein. In Rangoon on November 14, the President will participate in a town hall event with participants in the Young Southeast Asian Leaders Initiative (YSEALI) and meet with Aung San Suu Kyi. In Brisbane, Australia from November 15-16, the President will participate in the G20 Leaders Summit and deliver a speech on U.S. leadership in the Asia-Pacific.

APEC and the U.S. Economy

According to the White House, APEC member economies account for approximately 40 percent of the world's population, approximately 58 percent of world GDP and about 44 percent of world trade.

Further, the White House notes that APEC economies represent a significant and growing market for U.S. goods and services. In 2013, U.S. goods and services trade with APEC economies totaled \$2.5 trillion, accounting for 61.5% of overall U.S. exports in 2013. According to the Department of Commerce, U.S. goods exports supported an estimated 4.3 million jobs in 2013.

APEC Leaders Commitments

APEC Leaders committed to a number of concrete **actions** including: 1) advancing regional economic integration; 2) promoting innovative development, economic reform, and growth; and 3) strengthening comprehensive connectivity and infrastructure development. Commitments include: affirming that APEC members will meet the ground-breaking APEC commitment to reduce tariffs to five percent or less by 2015 on the basis of the 54 products in the APEC List of Environmental Goods; promoting widespread use of environmentally-friendly electric vehicles (EVs) in the region; doubling the share of renewable energy in the region's energy mix by 2030; reducing energy intensity by 45 percent by 2035; improving food security by undertaking research and capacity building to reduce post-harvest loss; jointly tackle pandemic disease, including the ongoing Ebola outbreak; announcing the goal of doubling the number of tourists to 800 million among APEC members by 2025; and developing greater capability among APEC economies to advance public-private partnerships in infrastructure investment.

White House Fact Sheet on President Obama's Visit to China

The White House issued, on November 12, a **Fact Sheet** on Mr. Obama's visit, highlighting several areas of discussion and cooperation in the U.S.-China bilateral relationship, that focused on: (1) Addressing Global and Regional Challenges, including Ebola, terrorism, nonproliferation and counter-proliferation issues, Afghanistan, and the trade in illegal wildlife products; and (2) Strengthening Bilateral Relations, including: the extension of short-term business and tourist visas from one to ten years, and of student visas from one year to five years, military-to-military confidence building mechanisms (CMB), and the expansion of law enforcement cooperation.

U.S.-China Joint Announcement on Climate Change

One of the most notable, and so far controversial, announcements made by President Obama while in China was that the U.S. has reached agreement with China for a far-reaching agreement on addressing climate change. The United States intends to achieve an economy-wide target of reducing its emissions by 26%-28% below its 2005 level in 2025 and to make best efforts to reduce its emissions by 28%. China intends to achieve the peaking of CO₂ emissions around 2030 and to make its best efforts to peak early and intends to increase the share of non-fossil fuels in primary energy consumption to around 20% by 2030. The two countries intend to continue strengthening their policy dialogue and practical cooperation, including cooperation on advanced coal technologies, nuclear energy, shale gas and renewable energy. To further support achieving their climate goals, the two sides announced additional measures to strengthen and expand their cooperation, using the existing vehicles, in particular the U.S.-China Climate Change Working Group, the U.S.-China Clean Energy Research Center and the U.S.-China Strategic and Economic Dialogue. These include: expanding joint clean energy research and development; advancing major carbon capture, utilization and storage demonstrations; enhancing cooperation on HFCs; launching a climate-smart/low-carbon cities initiative; promoting trade in goods; and demonstrating clean energy on the ground.

The climate change announcement has been greeted with much excitement by the environmental community, while the reaction from some sectors of the business community, as well as from many congressional Republicans, has been critical. Senator Mitch McConnell (R-KY), who was today elected by his Republican colleagues to serve as the Majority Leader in the 114th Congress, has said that he is "distressed" by the agreement, while House Speaker John Boehner (R-OH) has said that he will push for legislation to limit the implementation of the agreement.

Secretary Kerry Op-Ed on Climate Change

Following the climate change announcement by the U.S. and China, Secretary of State John Kerry published an **Op-Ed** in the New York Times on November 11, titled "China, America and our Warming Planet." In his Op-Ed, Secretary Kerry stated that "We need to solve this problem together because neither one of us can solve it alone. Even if the

United States somehow eliminated all of our domestic greenhouse gas emissions, it still wouldn't be enough to counteract the carbon pollution coming from China and the rest of the world. Likewise, even if China went down to zero emissions, it wouldn't make enough of a difference if the United States and the rest of the world didn't change direction."

Secretary Kerry Meetings with Chinese CEOs in Beijing

While in Beijing for the APEC Leaders' Meeting and President Obama's state visit to China, Secretary of State Kerry met with Chinese business leaders in Beijing today to discuss the importance of open investment climates and innovation as critical ingredients for continued economic success. **Topics discussed** included trade and investment, Intellectual Property rights, and the free flow of information. Secretary Kerry was joined at this event by U.S. Ambassador to China Max Baucus, U.S. Deputy Secretary of Commerce Bruce Andrews, Deputy U.S. Trade Representative Robert Holleyman, and Assistant Secretary of State for Economic and Business Affairs Charles Rivkin.

U.S-China Announcement on Business and Tourist Visas

Starting November 12, the U.S. and China will reciprocally increase the validity of short-term business and tourist visas and student and exchange visas issued to each other's citizens. Chinese applicants who qualify for a B-category nonimmigrant visa (NIV) may now be issued multiple-entry visas for up to 10 years for business and tourist travel. Qualified Chinese students and exchange visitors and their dependents who qualify for F, M, or J-category visas are now eligible for multiple-entry visas valid for up to five years or the length of their program. U.S. citizens eligible for Chinese short term business and tourist visas should also receive multiple-entry visas valid for up to 10 years, while qualified U.S. students may receive student residency permits valid up to five years, depending on the length of their educational program.

State Department Official at U.S.-China Film Summit

Assistant Secretary of State for Economic and Business Affairs Charles H. Rivkin traveled to Los Angeles, California, November 4 – 6 before joining the U.S. delegation to APEC in Beijing. On November 5, in Los Angeles, Mr. Rivkin delivered **remarks** at the Asia Society Southern California's U.S.-China Film Summit, noting that China's "box office has grown 300 percent over the last five years. And that growth is rapidly accelerating. Last year, China was operating more than 18,100 screens and its film industry grossed \$3.6 billion. This year, it's projected to reach 25,000 screens for a box office total of \$5 billion."

House Foreign Affairs Chairman Statement on President's Visit to Asia

On November 7, House Foreign Affairs Chairman Ed Royce (R-CA) issued a **statement** on the president's upcoming trip to Asia, calling on Mr. Obama to expand U.S. ties in the Asia-Pacific region.

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