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## **CHINA UPDATE**

**January 22, 2014**

### **QUOTE OF THE WEEK**

*“The phrase that now adorns coffee mugs and t-shirts all over Washington – ‘a new model of relations between major powers’ – is a catchphrase that the Chinese are very fond of but that we also endorse. What we mean by a new model is not the notion of some sort of G2 condominium, but rather a conviction that the U.S. as an enduring power and China as a rising and important nation – certainly in the region and on a global scale as well – that these two countries are not condemned to some sort of mechanistic standoff. We are not in the business of recreating the Cold War. This is not a zero-sum equation. China’s growth and development can occur in a way that contributes net-net to the prosperity and the stability and the interests of the region and ultimately the world.” – Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel at an event on Transatlantic Interests in Asia on January 13 in London, United Kingdom*

### **CHINA NEWS**

#### **Gulf Cooperation Council Meets in Beijing**

On January 17, the third round of the strategic dialogue between China and the Gulf Cooperation Council (GCC) was held in Beijing. The dialogue was co-chaired by Chinese Foreign Minister Wang Yi and First Deputy Prime Minister and Foreign Minister Sabah Al-Khalid Al-Hamad Al-Sabah of Kuwait. The rotating presidency of the GCC is currently held by Kuwait. The dialogue included GCC Secretary-General Abdul Latif bin Rashid Al Zayani, Mr. Mohammed Rumaihi, Assistant of the Foreign Minister of Qatar, which is the next rotating president of the GCC, and officials of foreign ministries or representatives of foreign ministers of other GCC members.

## **Travel by Chinese Officials**

On January 22, China's foreign minister Wang Yi will attend the Geneva II Conference on the Syrian issue in Switzerland.

From January 25-28, Chinese state councilor Yang Jiechi will visit Belgium to co-chair the fourth China-E.U. High-level Strategic Dialogue with Catherine Ashton, E.U. High Representative for Foreign Affairs. He will also visit Germany.

Chinese president Xi Jinping will attend the Winter Olympics in Sochi, Russia from February 6-8.

## **U.S.-CHINA RELATIONS**

### **Baucus Nomination Hearing Scheduled**

The Senate Foreign Relations Committee has scheduled a hearing on the nomination of Senator Baucus to serve as the next U.S. ambassador to China on January 28. The White House announced on December 20, 2013 that President Obama intended to nominate Senator Baucus for the post, with a statement saying "“For more than two decades Max Baucus has worked to deepen the relationship between the United States and China. The economic agreements he helped forge have created millions of American jobs and added billions of dollars to our economy, and he's perfectly suited to build on that progress in his new role.” The nomination was formally submitted to Congress on January 7.

### **State Department Officials Travel to China**

On January 8-17, the State Department's Special Advisor for Children's Issues Ambassador Susan Jacobs visited Vietnam, Cambodia, and China. While in the region, Special Advisor Jacobs met with government officials and non-governmental organizations to discuss the Hague Adoption Convention and strengthening child protection systems. Special Advisor Jacobs first visited Cambodia and Vietnam, both of which are in the process of implementing the Hague Adoption Convention, and then completed her trip with a visit to China, the top country of origin for inter-country adoptions to the U.S. to discuss continued cooperation regarding adoption issues.

On January 19, Deputy Secretary of State William Burns began a trip to the Republic of Korea, China, and Japan. In Seoul, he is meeting with senior government officials to discuss a broad range of issues that reflect the breadth and depth of the U.S.-South Korea bilateral alliance. The visit will provide an opportunity to follow up on last month's U.S.-R.O.K. Strategic Dialogue and to continue to coordination on the shared goal of the denuclearization of North Korea. The Deputy Secretary will then travel to Beijing for meetings with senior Chinese officials on a range of bilateral, regional, and global issues. The Deputy Secretary will conclude his travel in Tokyo, where he will meet with senior Japanese officials to discuss regional economic and security issues and joint U.S.-Japanese cooperation on matters of global concern.

Assistant Secretary for East Asian and Pacific Affairs Russel left Washington on January 20 for travel to China, Japan, the Republic of Korea, and Singapore. In Beijing and Tokyo, he is scheduled to join Deputy Secretary of State Burns for meetings with senior

government officials. In Beijing, he will also separately lead the Asia-Pacific Consultations and other bilateral meetings with Chinese counterparts. On January 26, he will travel to the Republic of Korea for consultations on a range of bilateral and regional issues. Assistant Secretary Russel will then travel to Singapore January 27 to lead the U.S. delegation to the U.S.-Singapore Strategic Partnership Dialogue.

### **Transatlantic Interests in Asia**

On January 13, at Chatham House in London, United Kingdom, Assistant Secretary for East Asian and Pacific Affairs Daniel Russel participated in a Q&A on “Transatlantic Interests in Asia.” China was the focus of many of the Assistant Secretary’s remarks, covering issues such as the U.S.-China military-to-military relationship, North Korea, territorial disputes in the East China Sea, and the Trans-Pacific Partnership (TPP) free trade agreement. A transcript of the Q&A can be found [here](#). Remarks by Assistant Secretary Russel and Chatham House project director Xenia Dormandy can be found [here](#).

On January 14, Assistant Secretary Russel participated in a press conference at the German Marshall Fund in Brussels, Belgium. His exchange with members of the media covered issues such as the six-party talks on North Korea’s nuclear program, bilateral relations among East Asian nations, the global economy and trade, the East China Sea territorial dispute, and China’s participation in the upcoming biennial Rim of the Pacific (RIMPAC) international maritime warfare exercise. A transcript of the press availability can be found [here](#).

### **Statement on U.S.-China MOU on Archaeological Material**

On January 13, the State Department released a statement on an agreement to extend the Memorandum of Understanding between the U.S. and China on the “Imposition of Import Restrictions on Categories of Archaeological Material from The Paleolithic Period Through the Tang Dynasty and Monumental Sculpture and Art at Least 250 Years Old.” The release can be found [here](#).

### **State Department Statement on Missing Chinese Professor**

On January 16, the State Department issued the following statement: “We are deeply concerned by reports that Beijing police have taken into custody prominent economics professor Ilham Tohti on January 15, together with at least six of his students. The detention of Mr. Tohti, who has been outspoken in support of human rights for China’s ethnic Uighur citizens, appears to be part of a disturbing pattern of arrests and detentions of public interest lawyers, Internet activists, journalists, religious leaders and others who peacefully challenge official Chinese policies and actions. We call on Chinese authorities to immediately account for the whereabouts of Mr. Tohti and his students and guarantee Mr. Tohti and his students the protections and freedoms to which they are entitled under China’s international human rights commitments, including the freedom of expression.”

### **Ambassador Locke Delivers Remarks on Rule of Law**

On January 17, outgoing U.S. Ambassador to China Gary Locke delivered remarks at China’s Renmin University on “Freedom of Expression and the Rule of Law for Building Prosperous Societies.” His prepared speech can be found [here](#).

## **ENERGY & THE ENVIRONMENT**

### **Quarter of Chinese Companies Fail to Meet Energy Goals**

On January 3, China's National Development and Reform Commission released a report finding that almost a quarter of the 16,078 major companies evaluated as part of the Top 10,000 Energy Savings and Low-Carbon Action Enterprises program failed to meet their 2012 goals for reducing energy and carbon intensity. The program was launched during the previous five-year planning period, when it covered only 1,000 companies.

Punishments will vary depending on the degree to which companies missed their goals.

### **Solar Investigation Determination Forthcoming**

On January 17, the Department of Commerce announced that it would make a decision on January 22 on whether to proceed with another investigation into solar imports from China and Taiwan. The case, requested by SolarWorld Industries, would focus on a broader category of crystalline silicon photovoltaic products than the previous investigation and would involve Taiwan as well as China. Because of a "snow day" in Washington on January 21, during which the federal government was closed, the decision is now scheduled for January 23.

### **Chinese Solar Duties**

On January 21, China's Commerce Ministry announced final anti-dumping and anti-subsidy duties on imports of solar-grade polysilicon. The anti-dumping duties are in line with initial levels levied last year of up to 57 percent on imports of the raw material used to make solar panels.

## **TRADE**

### **Commerce Launches Investigation of Calcium Hypochlorite from China**

On January 1, the Department of Commerce initiated antidumping (AD) and countervailing duty (CVD) investigations on imports of calcium hypochlorite from China. The petitioner for the investigation is Georgia-based Arch Chemicals, Inc. According to the International Trade Administration, in 2012 imports of calcium hypochlorite from China were valued at an estimated \$7 million. The U.S. International Trade Commission (USITC) is scheduled to make its preliminary injury determinations on or before February 3, 2014. If the USITC determines that there is reasonable indication that imports of calcium hypochlorite from China materially injures, or threatens material injury to, the domestic industry, the investigations will continue and the Department of Commerce will be scheduled to make its preliminary CVD determination in March 2014 and its preliminary AD determination in May 2014. If the preliminary determinations from USITC are negative, the investigations will be terminated.

### **USITC Launches Investigation of Chinese Solar PV Products**

On January 3, the USITC launched a material injury investigation on imports of allegedly dumped crystalline silicon photovoltaic solar products from China and Taiwan. The commission is expected to issue a preliminary injury decision in February 2014.

## **USITC Continues Orders on Chinese Products**

On January 6, the USITC determined that current AD and CVD orders on off-the-road tires from China will remain in place. The USITC found that revocation of the orders would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The affirmative determination in the sunset reviews means the orders will stay in place for another five years.

On January 16, the USITC determined that revoking the existing CVD order on sodium nitrite from China and the existing AD duty orders on this product from China and Germany would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. As a result of the affirmative determinations, the existing orders on imports of these products from China and Germany will remain in place. Also on January 16, the USITC determined that revoking the existing AD order on non-malleable cast iron pipe fittings from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. As a result of the affirmative determination, the existing order on imports of these products from China will remain in place.

## **CECC Hearing on China’s Compliance with Trade Rules**

On January 17, the Congressional-Executive Commission on China (CECC) held a hearing on “China’s Compliance with World Trade Organization and International Trade Rules.” Witnesses were: David Horn, Executive Vice President and General Counsel, AK Steel Holding Corporation; Elizabeth Drake, Partner, Stewart and Stewart; Thea Lee, Deputy Chief of Staff, President’s Office, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO); and Timothy Webster, Assistant Professor of Law, and Director of East Asian Legal Studies, Western Reserve University School of Law. Prepared statements from the witnesses, along with CECC chairman Senator Sherrod Brown (D-OH) and co-chairman Representative Chris Smith (R-NJ), as well as a webcast of the hearing, can be found [here](#).

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