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CHINA UPDATE

Quote of the Week

“In the past decade, we have watched as China has grown to become the world’s second largest economy, the world’s largest manufacturer and has invested hundreds of billions of dollars in modernizing its military capability. For the first time in our nation’s history one of our largest trading partners, and the single largest holder of our foreign debt, is an aspiring peer competitor. Faced with this challenge, the U.S. government has failed to develop a strategic vision to guide an integrated, government-wide approach to U.S.-China relations. Lacking a forward thinking framework, our government has been relegated to a position of reactionary policymaking.” – Rep. Randy Forbes (R-VA) in a press release regarding his Resolution identifying key issues in U.S.-China relations and nine objectives to address them (see below)

Strategic & Economic Dialogue

The Treasury Department announced yesterday that the fourth round of the U.S.-China Strategic & Economic Dialogue will be held in Beijing May 3 & 4. Secretary of State Hillary Clinton and Treasury Secretary Tim Geithner co-chair the S&ED with Chinese Vice Premier Wang Qishan and State Councilor Dai Bingguo.

U.S.-China Legal Experts Dialogue

The next round of the U.S.-China Legal Experts Dialogue will be held April 24 & 25 in Beijing. The U.S. delegation is lead by Michael Posner, Assistant Secretary for Democracy, Human Rights and Labor, along with Legal Advisor Harold Hongju Koh. Representing the Chinese government will be Senior Judge Hu Yunteng. As a part of the agreement by the U.S. and China to strengthen cooperation in the field of law, the Legal Experts Dialogue brings together government and non-government experts from both nations to discuss the benefits and practical implementation of the rule of law.

House Resolution on U.S. Relations with China

On April 16, Rep. Randy Forbes (R-VA), co-chairman of the Congressional China Caucus, and Rep. Frank Wolfe (R-VA), introduced H. Res. 616, a “sense of the House” regarding U.S.-China relations. The resolution identifies nine strategic objectives for the House to consider when creating new foreign, economic, and defense policies, including:

- 1) sustain and deploy clear and unambiguous defense and intelligence capabilities to resist any resort to force or other forms of coercion that would jeopardize the peace and stability of the Asia-Pacific region and the security of the United States friends and allies;
- 2) treat Taiwan in strict accordance with the Taiwan Relations Act, the three United States-People’s Republic of China Joint Communiqués, and the ‘Six Assurances’;
- 3) pursue a robust, balanced, and diversified United States economy as the surest means of providing the United States economic security for leverage in interactions with the People’s Republic of China on all fronts;
- 4) sustain and deploy clear and overwhelming counterintelligence capabilities and guidelines required to ensure the United States intelligence community can protect and promote the national security of the United States in the face of significant espionage efforts of the People’s Republic of China;
- 5) prevent the transfer of technology, intellectual property, or equipment that would make a substantial contribution to Chinese military or space capabilities;
- 6) encourage the People’s Republic of China to utilize its economic, political, and military power to contribute to the health and success of the international system;
- 7) encourage the Government of the People’s Republic of China to support political reform, the rule of law, transparency, democratization, human rights, and religious freedom;
- 8) encourage the peaceful resolution of maritime territorial disputes in the South China Sea and East China Sea, and support efforts to facilitate a multilateral, peaceful process to resolve these disputes; and
- 9) convey clearly to Beijing that responsible behavior on its part will create the possibility for a genuine partnership with the United States on matters of mutual interest, while unacceptable behavior will incur costs that would outweigh any gains.

U.S. Automakers Expanding in China

Ford and General Motors have both announced plans to greatly increase their presence in China. GM intends to increase its annual production capacity in China by more than fifty percent to 5 million vehicles per year by 2016. The company will also open 600 new dealerships in China, growing from 2,900 to 3,500. Ford will also double its annual manufacturing capacity in China to 1.2 million vehicles, and intends to build a new assembly plant in Hangzhou, China.

China Announcement on Carbon Intensity

Giving itself five additional years to achieve the voluntary carbon intensity reduction target it set during the 16th Conference of Parties of the United Nations Framework Convention on Climate Change (COP), China

announced last week at the Major Economies Forum on Clean Energy and Climate that it will adopt a goal of reducing its carbon intensity by 40% from 2005 levels by 2025.

United Nations Report on Commodities

Yesterday, the United Nations Conference on Trade and Development (UNCTAD) issued its flagship **Commodities and Development Report**, providing an analysis of issues related to energy, mining, minerals and metals, food, and agriculture, as they relate to the trade in commodities. This is to be a biannual report, and will provide readers with insight into commodity trade and development in Commodity Dependent Developing Countries (CDDC). According to UNCTAD, demand for most imported commodities in China has remained “relatively small” with the exceptions being hard commodities, including oil, copper, and iron ore. Chinese demand for imported agricultural commodities have remained low due to increased domestic production.

ITC Determinations on AD/CVD Investigations

Yesterday, the International Trade Commission (ITC) **determined** that the U.S. galvanized steel wire industry is not materially injured or threatened with material injury by imported product from China. As a result, the U.S. will not issue antidumping or countervailing duty orders on the product.

On April 19, the ITC **determined** that the U.S. stilbenic optical brightening agents industry is materially injured by the importation of the product from China and Taiwan, and will issue antidumping orders.

On April 17, the ITC **determined** that the U.S. steel wheel industry is not materially injured or threatened with material injury by the importation of the product from China. As a result, the U.S. will not issue antidumping or countervailing duty orders on the product.