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CHINA UPDATE

Quote of the Week

“Since China joined the World Trade Organization (WTO) in December of 2001, U.S. exports to China have increased more than six-fold – growing at seven times the pace of U.S. exports to the rest of the world. China is now America’s third largest export market and the largest market for U.S. products outside North America. According to a recent Washington Post article, exports to China from almost every U.S. state and Congressional district have grown exponentially in recent years. Clearly, fair and competitive access to China’s fast-growing middle class and business sector represents an enormous commercial opportunity for American manufacturers, service providers, and farmers.” – Robert Nichols, Chairman of the Engage China Coalition, testifying before the House Subcommittee on International Monetary Policy and Trade, May 16

Commerce Makes Affirmative Anti-Dumping Determination on Chinese Solar Products

On May 17, the Department of Commerce **issued** an affirmative preliminary determination in its antidumping investigation of crystalline silicon photovoltaic cells from China. The decision sets preliminary dumping margins of 31.22% and 31.14% for two of the mandatory respondents, and a rate of 31.18% for fifty-nine other Chinese companies involved in the investigation. All other Chinese producers/exporters were hit with a preliminary dumping margin of nearly 250% in order to prevent any Chinese company involved in the investigation from moving production to another company as a means of avoiding the new tariffs. Commerce also found that critical circumstances exist – meaning there is evidence of increased importation of Chinese product leading up to the agency’s decision – and therefore U.S. Customs and Border Protection is instructed to collect a cash deposit or bond on all affected product retroactive to 90 days.

Last week’s decision follows an earlier decision by the U.S. International Trade Commission that set countervailing duties of 4.73%. The antidumping and countervailing duties will be combined.

U.S. to Continue Antidumping Order on Chinese Garlic

In a Federal Register **notice** published May 14, the Department of Commerce and the U.S. International Trade Commission found that a revocation of the antidumping order on fresh garlic from China would likely lead to a continuance or recurrence of dumping and of material injury to the domestic industry. This decision

was made in compliance with the required five-year sunset review required by the Uruguay Round Agreements Act with the agencies have announcing a continuation of the antidumping order.

ITA Postpones Determination of Antidumping Investigation of Chinese Wind Towers

On May 17, the International Trade Administration published in the Federal Register a [notice](#) announcing that it has postponed until July 26, 2012 its preliminary determination in the antidumping investigation of utility scale wind towers from China and Vietnam. The preliminary determination was initially due on June 6. The investigation was launched on January 24 with a petition from the Wind Tower Trade Coalition.

ITC Determination on Foundry Coke from China

On May 14, the U.S. International Trade Commission [determined](#) that a revocation of the existing antidumping order on foundry coke from China would likely lead to continuation or recurrence of material injury and, therefore, the order will remain in place. The review of the antidumping order was made in compliance with the five-year sunset review required by the Uruguay Round Agreements Act.

FTA Talks Between China, Japan, and South Korea

China, Japan, and South Korea announced on May 13 that they will begin talks on a Free Trade Agreement (FTA) later this year. Trade between the three nations in 2011 totaled \$690 billion.

House Committee Approves Critical Minerals Regulatory Streamlining Bill

On May 16, the House Committee on Natural Resources approved [H.R. 4402](#), the National Strategic and Critical Minerals Production Act, introduced by Rep. Mark Amodei (R-NV). The bill streamlines the regulation of developing and mining minerals judged critical to energy, domestic industries, or national defense. China dominates global production of these minerals which are vital to the lighting, turbine, and battery technology industries. H.R. 4402 is intended to promote domestic development by limiting the total review process for issuing permits to thirty months, unless an extension is agreed to by all parties.

Greenhouse Gas Emissions from Airlines

On May 15, the European Commission said that, as part of their integration into the European Union Emissions Trading System (ETS), Chinese airlines have failed to comply with a requirement to provide data on their 2011 GHG emissions. Under a 2008 rule, all airlines flying into and out of the EU have been included in the ETS, although Chinese airlines, as well as those from the United States and other nations, have objected to their inclusion in the system.

Report on China's Electricity Grid

The Energy Transition Research Institute, a U.S.-based not-for-profit formed to encourage and facilitate international collaborations to promote conservation and protection of natural resources, has issued a [report](#) titled China Power: Benefits and Costs of the "Strong, Smart Grid" which finds that China will not meet its carbon and energy intensity targets without making significant changes to its electricity grid.

House Hearing on U.S. Market Access in China

On May 16, the House Financial Services Subcommittee on International Monetary Policy and Trade held a [hearing](#) titled "Increasing Market Access for U.S. Financial Firms in China: Update on Progress of the Strategic & Economic Dialogue." The witness list included Lael Brainard, Under Secretary for International Affairs at the Treasury Department; Rob Nichols, Chairman of the Engage China Coalition; David Strongin, Managing Director of International Policy at the Securities Industry and Financial Markets Association; Clay Lowery, Vice President of Rock Creek Global Advisors; and Nicholas Lardy, a senior fellow at the Peterson Institute for International Economics.

Lael Brainard noted that at the recent Strategic & Economic Dialogue (S&ED) in Beijing, the U.S. secured

new financial sector commitments from China that will reduce barriers to market access for American firms, and that China will soon allow investors to take up to 49 percent equity stakes in domestic securities ventures, exceeding their World Trade Organization commitment of 33 percent.

The May 8 China Update from ML Strategies provided a [report](#) on the recent (S&ED).

Upcoming Events

- Tomorrow, May 23, the Senate Banking Subcommittee on Security and International Trade and Finance will hold a [hearing](#) titled “Reviewing the U.S.-China Strategic & Economic Dialogue.” Witnesses will include Stephen Roach, a Senior Fellow at the Jackson Institute of Global Affairs at Yale University; Fred Bergsten, Director of the Peterson Institute for International Economics; John Dearie, Executive Vice President for Policy at the Financial Services Forum; and Dean Garfield, President and CEO of the Information Technology Industry Council.
- Also on May 23, the Center for National Policy will hold a [discussion](#) on “China’s Quest for Oil.” The event will feature Steve LeVine, Contributing Editor at Foreign Policy; Charles Ebinger, Director of the Energy Security Initiative at the Brookings Institution; and Carter Page, Fellow for Energy at the Center for National Policy.

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