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CHINA UPDATE

QUOTE OF THE WEEK

"On behalf of President Obama and the people of the United States, I would like to extend our best wishes and congratulations to the people of The People's Republic of China as you celebrate your 65th National Day on October 1. This year also marks the 35th anniversary of U.S.-China diplomatic relations. These past 35 years have seen our cooperation expand in remarkable ways. Our continued efforts to confront some of the world's most pressing challenges such as climate change, the deadly Ebola virus, wildlife trafficking, and nuclear nonproliferation demonstrate that comprehensive cooperation between our countries is indispensable. Now more than ever, a strong relationship between the United States and China is critical not only for the prosperity of our two countries but also for the world. We have a stake in each other's success. In this effort, we are aided by the millions of Chinese and Americans who are forging new business, educational, and cultural ties across the Pacific every day. Please accept the wishes of the people of the United States for a joyful National Day." – Secretary of State John Kerry in a press statement on The People's Republic of China National Day on October 1, 2014

U.S.-CHINA RELATIONS

China's Foreign Minister Meets with President Obama and Senior Officials

On October 1, National Security Advisor Susan Rice met with Foreign Minister Wang Yi of China at the White House. Ambassador Rice underscored the U.S. interest in closer coordination and cooperation between the U.S. and China on regional and global matters. Issues such as Afghanistan, global health security, the Middle East, and the risks posed by North Korea's nuclear program were highlighted. In discussing the preparations for President Obama's November 10-12 visit to Beijing for APEC, Ambassador Rice emphasized that this visit is an opportunity for in-depth discussions about the future potential of the U.S.-China relationship. President Obama joined the meeting to underscore his commitment to building a stable and constructive U.S.-China relationship, including by strengthening cooperation on shared challenges, such as climate change, the Ebola epidemic, and countering the threat posed by terrorists, particularly ISIL. President Obama affirmed that he is looking forward to his visit to China. The President and

Ambassador Rice also noted that the United States is following developments in Hong Kong closely, and expressed their hope that differences between Hong Kong authorities and protestors will be addressed peacefully.

On October 1, U.S. Secretary of State Kerry and Chinese Foreign Minister Wang Yi met at the State Department in Washington, DC. In their opening remarks, Kerry and Wang discussed the situation in Hong Kong, the Ebola crisis, the upcoming APEC summit in November, and climate change. A transcript of their opening remarks can be found [here](#).

CECC Chairs Issue Statement on Hong Kong

Also on October 1, the chairs of the Congressional-Executive Commission on China (CECC) issued a statement in response to the demonstrations in Hong Kong. The statement can be found [here](#).

USCC Statement on Hong Kong

On October 5, the U.S.-China Economic and Security Review Commission released a statement on the situation in Hong Kong. It can be found [here](#). On November 19, the Commission will release its annual report, which will include recommendations to Congress on Hong Kong.

Ambassador Baucus Speaks to NYU Shanghai Students

On October 7, U.S. Ambassador to China Max Baucus delivered remarks to students at NYU Shanghai, noting that “nearly 11 billion renminbi worth of goods and services flow between our countries every day,” that “total bilateral trade reached 3.7 renminbi in 2013,” and that “to put that in perspective that could buy as many as 700 million iPhone 6s.” A transcript of Ambassador Baucus’s remarks can be found [here](#).

CECC 2014 Annual Report

On October 9, the CECC released its 2014 Annual Report. The report provides detailed analysis on 19 human rights and rule of law issue areas. It also and offers bipartisan recommendations on ways to address these issues in the U.S.-China relationship. CECC Chairman U.S. Senator Sherrod Brown (D-OH) and Co-chair U.S. Representative Chris Smith (R-NJ) also announced bipartisan legislation to update the United States-Hong Kong Policy Act of 1992, to renew the annual reporting on U.S. interests in Hong Kong as provided for in Section 301 of the Act. The CECC 2014 Annual Report can be found [here](#).

ENERGY & ENVIRONMENT

Indian, Chinese Energy Solutions Complicated

On October 7, Representative John Dingell (D-MI) told a town hall hosted by The Atlantic in Detroit that there are no easy solutions for ensuring that China and India enact adequate environmental and energy policies to address GHG emissions. Congressman Dingell said that energy disputes will continue to create conflict around the world.

TRADE

USCC October 2014 Trade Bulletin

On October 3, the USCC released its October 2014 Trade Bulletin, which finds that the U.S. trade deficit in goods with China was \$30.2 billion in August, a 2.2 percent decline from July. Overall, however, the report finds that the trade deficit continues to grow, with the August year-to-date balance showing an increase of 4.1 percent year-on-year. The report also finds that transportation equipment continued to lead U.S. exports to China in August with a total value of \$2.49 billion, an increase of 20 percent year-on-year.

Following transportation equipment, the top U.S. goods exported to China are computer and electronic products, chemicals, machinery (not including electrical machinery), waste and scrap, food and kindred products, electrical equipment, appliances and components, and agricultural products. The report can be found [here](#).

Solar Duty Scope Expansion

Also on October 3, the International Trade Administration proposed expanding the scope of duties on billions of dollars of solar energy products from China and Taiwan in a case brought by SolarWorld AG. The case is advancing toward a final decision in December. The change would bring American anti-dumping (AD) and countervailing duties (CVD) more in line with those imposed by the European Union, making them easier to enforce.

Sunset Review of Duties on Chinese “Lawn Groomers”

On October 6, the U.S. International Trade Commission (USITC) voted to expedite its five-year (“sunset”) review concerning the AD order on certain tow-behind lawn groomers and parts thereof from China. As a result of this vote, the Commission will conduct an expedited review to determine whether revocation of this order would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

Chief Economist Visits Company Re-Shoring from China

Also on October 6, Department of Commerce Chief Economist, Dr. Sue Helper and Acting Manufacturing Extension Partnership Director Phillip Singerman visited the Rodon Group in Hatfield, PA, as part of the nationwide Manufacturing Day event. The Rodon Group is a plastic injection molding company that makes billions of parts each year. The company's CEO delivered opening remarks about his company's experience re-shoring from China, and the importance of manufacturing in America. A press release from the Department of Commerce's Economics and Statistics Administration can be found [here](#).

AD/CVD Investigations of Chinese Non-Oriented Electrical Steel

On October 7, the Department of Commerce announced its affirmative final determinations in the AD investigations of imports of Non-Oriented Electrical Steel (NOES) from China, Germany, Japan, Korea, Sweden, and Taiwan. It also announced its affirmative final determinations in the CVD investigations of imports of NOES from China and Taiwan. As a result of the final affirmative AD determinations, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect cash deposits equal to the applicable weighted-average dumping margins. With respect to the affirmative final CVD determinations, because the six-month provisional measures period has expired, Commerce will order the resumption of the suspension of liquidation and require cash deposits for CVD duties equal to the final subsidy rates if the USITC issues final affirmative injury determinations. If the USITC issues negative injury determinations, the investigations will be terminated and no producers or exporters will be subject to future cash deposits for either AD or CVD duties as applicable. The USITC is scheduled to make its final injury determination on or about November 2014.

International Trade Administration Event in NYC

On October 7-8, the Commerce Department hosted the “DISCOVER GLOBAL MARKETS: Greater China Business Form” in New York City. The International Trade Administration's official blog, “tradeology,” posted about the event [here](#).

USITC Determination on Chinese Shelving Units

On October 10, the USITC determined that there is a reasonable indication that a U.S. industry is materially injured by reason of imports of boltless steel shelving prepackaged for sale from China. These shelving units are allegedly subsidized and sold in the United

States at less than fair value. All six Commissioners voted in the affirmative. As a result of the affirmative determinations, the Department of Commerce will continue to conduct its investigations on imports of these products from China, with its preliminary CVD determination due on or about November 19, 2014, and its AD determination due on or about February 2, 2015.

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