

## Inside US-China Trade

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### China Issues Strong Rebuke To U.S. For Allegations In DOD Cyber Report

China last week tore into the U.S. for alleging that the Chinese government is involved in cyber attacks against the United States and argued that the accusations undermine the countries' bilateral efforts to create a dialogue in that arena.

Chinese Foreign Ministry spokesman Hua Chunying said a May 6 Department of Defense (DOD) report on cybersecurity contained "unwarranted accusations" regarding China's involvement and that China's "necessary and moderate" national defense is "entirely for the purpose of safeguarding national independence, sovereignty and territorial integrity, which is also the legitimate rights and interests of any sovereign state."

The DOD report, which is issued annually, this year for the first time acknowledged that the Chinese government appears to be responsible for some of the cyber intrusions originating in that country (**Inside US-China Trade**, May 8). The findings came after a slew of U.S. private-sector complaints that China's government was complicit in the rising cyber attacks.

Hua also said the U.S. report "harms mutual trust and cooperation," and further stressed that his government "resolutely" opposes cyber attacks in any form. He said China stands ready to have "calm and constructive dialogue" with the U.S. on the issue, and that accusations such as those laid out in the DOD report "will do nothing but undermine" those efforts.

### MOFCOM Calls For Cooperation To Resolve Solar Disputes With EU

A Chinese government spokesman last week again signaled Beijing's strong preference for a negotiated solution to ongoing trade remedy investigations in the European Union against imported solar energy products from China.

In a May 9 press conference, Ministry of Commerce spokesman Yao Jian said "dialogue and consultations" are the "right choice" to solve the disputes covering photovoltaic products. Yao touted the ability of the two governments to make progress bilaterally in other areas in the past, such as investment, market access, urbanization and electric vehicle technology.

He added that preparations are underway for the fourth meeting of the China-EU High-Level Economic and Trade Dialogue, but did not indicate whether the solar issue would be on the agenda of that meeting. A spokesman for the European Commission declined to comment on the matter, but a source close to the investigations said he did not sense a serious effort from either government to reach a negotiated solution.

In the past three months, the EU has initiated both antidumping and anti-subsidy investigations into imports of Chinese glass used in solar cells. Last fall, the commission launched a similar investigation into the imports of panels and cells, prompting a Chinese investigation of some EU products in response. Altogether, these disputes cover \$20 billion in trade, Yao said in the briefing.

In a blog post last month, **Usha Haley** of West Virginia University and George Haley of the University of New Haven wrote that a surge in exports of Chinese solar panels buttressed by large domestic subsidies has depressed world prices by 75 percent since 2008.

"To survive, U.S. and European companies must seek government support to open Chinese markets and to protect themselves from subsidized products domestically," the scholars wrote. "If they don't significantly increase pressure on Chinese governments and businesses, the devastation that Chinese subsidies have wreaked on other countries' economies will continue."

#### RCEP Partners Complete First Round Of Talks, Set Next Session For September

The 16 countries negotiating the Regional Comprehensive Economic Partnership (RCEP) completed their first round of talks this week in Brunei, focusing on scoping and methodology, and announced that the next round will be held Sept. 24-27 in Australia.

A May 14 press release from the Japanese government outlined the details of the RCEP negotiations. In Brunei, senior officials participated in the meeting of the Trade Negotiating Committee while technical working group meetings were held covering trade in goods, services and investment, it said.

"The scope and method of negotiations, amongst others, were discussed," the Japanese government said in its release.

The RCEP is an "ASEAN plus six" trade initiative launched last November at the East Asia Summit in Cambodia. ASEAN refers to the Association of Southeast Asian Nations. In addition to ASEAN members, the initiative includes China, Japan, South Korea, India, New Zealand and Australia.

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