

RELEASE IN PART
B6

From: Sullivan, Jacob J <SullivanJJ@state.gov>
Sent: Friday, January 27, 2012 6:06 PM
To: H
Subject: FW: Corning Issue

FYI

-----Original Message-----

From: Regan, Timothy J [redacted]
Sent: Friday, January 27, 2012 5:33 PM
To: Sullivan, Jacob J
Cc: Valliani, Amira
Subject: FW: Corning Issue

Jake,

I called your office today to give you the heads up on a call that our CEO is going to have with Valerie Jarrett on Monday. It concerns the Corning trade secret issue in which the Secretary has an interest. She called me on Monday for an update. I don't want to blindside her or the State Department re Valerie Jarrett's call. So, I wrote a note to Kurt Campbell to give him a heads up. My email to him is provided below. It is self explanatory. If you have any questions, please feel free to call me on my cell at [redacted]

Thanks,

Tim

Tim Regan
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From: Regan, Timothy J
Sent: Friday, January 27, 2012 5:10 PM
To: CampbellKM@state.gov
Subject: Corning Issue

Kurt,

Secretary Clinton called me on Monday to get an update on our trade secret issue. In addition, Valerie Jarrett in the White House has asked to speak to Wendell on Monday about the matter. I want to make sure that the Secretary is aware of this call from the White House. We do not want to blindside her or the State Department.

I know you are swamped so I am going to give you a run-down on Wendell's likely report to Valerie. It is essentially the same thing I reported to the Secretary on Monday.

Basically, we think that we have made a breakthrough. As you know, we've been asking the Chinese to appoint a senior official to work with us to find a solution to the problem. They just agreed to this request and a dialogue has been initiated. We think this obviates the need for the matter to be raised with VP Xi and his team. We are not declaring victory, but we do not want to do anything that would undermine prospects for a cooperative solution. Let me explain.

Vice Chairman Zhang from NDRC called Wendell last week. He urged Wendell to seek a cooperative solution through dialogue with companies that have access to our technology. Wendell asked, and Zhang agreed, to sponsor and assign a senior representative, Director General Qi, to work with Eric Musser, our CEO in Corning, to launch the dialogue. Importantly, Wendell also explained that the dialogue should achieve a cooperative solution with an SOE and enable us to limit the proliferation of our technology that was misappropriated by a private company.

We want the dialogue to begin immediately after the New Year. Eric Musser was in the United States this week for consultations and global meetings with our management teams. He left today to go back to China. His plan is to ask for a meeting with DG Qi on Tuesday after he has a chance to consult with some of our friends in China on Monday. He will deliver a letter from Wendell to VC Zhang that will set the stage for the dialogue. I will get you a copy of the letter as soon as it is finalized.

We see this as major progress. But, it is too early to claim victory. The negotiations will be long and difficult because the problem has grown quite complex. There are a lot of parties involved now. The State Department should take credit for this progress. It would not have happened without your constant support. Given these positive developments, we think it is unnecessary to raise the issue with Vice President Xi and his team during the upcoming visit. It may undermine our ongoing dialogue or at least make it much more difficult.

Wendell is supposed to speak with VC Zhang when he returns from Davos to assess progress.

Thanks,

Tim

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