

# China Presses On WTO Case, Emphasizes 'Bilateral' Relations

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BEIJING (AP) -- China tried Tuesday to allay fears of a trade war with Washington over tire tariffs, saying it will press a World Trade Organization case against new U.S. duties but wants to avoid harming relations.

"U.S. and Chinese trade and economic relations are the most important bilateral relations. We don't want to see anything bad happen to bilateral relations," said a Commerce Ministry spokesman, Yao Jian, at a news conference.

Beijing filed a WTO complaint Monday challenging the higher tariffs on U.S. imports of Chinese-made tires as a violation of free-trade rules. President Barack Obama approved the duties Friday to slow the rapid growth of imports that a labor union blamed for the loss of thousands of U.S. jobs.

The case adds to a string of trade disputes at a time when Beijing and Washington are cooperating on sensitive issues including the global economic crisis, climate change and efforts to end North Korea's nuclear program.

The conflict is a potential irritant as Washington and Beijing prepare for a summit of the Group of 20 leading economies in Pittsburgh on Sept. 24-25 to discuss efforts to end the worst global downturn since the 1930s. Obama and his Chinese counterpart, Hu Jintao, are due to attend and both governments want the meeting to be a success.

Beijing's unusually prompt response to the tire tariffs showed the urgency Chinese leaders attach to maintaining exports and jobs amid weak global demand. But the decision to go through the WTO appeared to reflect a desire to keep the dispute contained and avoid damage to other parts of the relationship.

Yao repeated Beijing's rejection of the tire duties as an improper trade barrier but said Beijing wants to settle the dispute through negotiation and stressed the importance to both sides of close relations.

"The source of the financial crisis was in the United States. So the U.S. side, as a developed country, should use protectionist measures less or use them cautiously," Yao said. However, he added later, "We have consensus in a lot of trade and economic fields. We will negotiate the conflicts under this general framework."

Yao said Hu and China's commerce minister, Chen Deming, will take a message of opposing protectionism to the Pittsburgh summit.

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The White House said Obama acted under a provision in the U.S.-Chinese agreement on Beijing's accession to the World Trade Organization that lets Washington slow the rise of Chinese imports to give time to American industry to adjust.

Obama's order raised tariffs for three years on Chinese tires -- by 35 percent in the first year, 30 percent in the second and 25 percent in the third.

Beijing's WTO complaint, filed in response, triggered a 60-day process in which the two sides will try to resolve the dispute through negotiations. If that fails, China can ask for a WTO panel to investigate and rule on the case.

Beijing and Washington also have been embroiled in disputes over access to each others' markets for steel pipes, auto parts, movies, poultry and other goods.

The United States imported about 46 million tires from China last year, three times as many as in 2004. In that time, China's share of the U.S. market went from less than 5 percent to almost 17 percent.

The United Steelworkers brought the tire case to the U.S. International Trade Commission in April, and says annual imports should be capped at 21 million. The union says 5,000 American tire workers have lost their jobs since 2004.

Yao questioned the basis of the White House decision, saying tire exports to the United States fell by about 15 percent in the first half of this year. He said 68 percent of tires exported to the United States are made by Chinese-foreign joint ventures, which means foreign companies, some of them American, are profiting from the trade.

"The U.S. judgement about the disturbance is groundless," he said. "During the Chinese-U.S. negotiations, the U.S. side never gave feedback on whether Chinese tire products disturbed local markets."

*Associated Press researcher Bonnie Cao contributed to this report.*

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