China Asks WTO To Probe EU Steel Taxes

Bradley S. Klapper, Associated Press Writer

GENEVA (AP) — China said Monday that it will ask the World Trade Organization to examine whether European Union charges on imports of Chinese steel fasteners comply with international commerce rules.

Beijing argues that the EU is illegally taxing the screws needed for products from furniture to cars. The action unfairly penalizes the commercial interests of over 1,700 Chinese fastener producers, the Asian country says.

The 27-nation EU accuses Chinese manufacturers of breaking trade rules by selling a flood of screws at 30 percent to 50 percent below European prices, but China's exporters contend that their screws are weaker and less expensive than those made in Europe.

The dispute between the two trade powers is highly sensitive. Beijing said negotiations with the EU last month in Geneva failed to resolve the disagreement.

China will ask that an investigative panel be established when the WTO's dispute body meets next week, it said in a statement.

"The Chinese government (is) opposed firmly to ... any promotion of trade protectionism," it said.

In January, the EU slapped Chinese exporters with trade charges ranging between 26.5 percent and 85 percent for five years, arguing that below-cost selling by Chinese companies prevented European producers from gaining extra market share as sales boomed in recent years.

Brussels claims the antidumping charges on the fasteners were imposed in January in full compliance with WTO rules and with clear evidence of Chinese wrongdoing. Governments investigate dumping when they suspect foreign producers are exporting goods at artificially low prices — usually as a result of subsidies or in an attempt to corner a market.

Chinese screwmakers complained in February that the EU's actions would hurt consumers without helping European producers. Manufacturers from Jiaxing city in Zhejiang province in eastern China — representing a quarter of Chinese screw exports — say they are unfairly being singled out because they charge the same as Taiwanese producers and more than rivals based in Malaysia, Vietnam and India.

Brussels can delay the establishment of a WTO panel only once, meaning a formal investigation could be pushed back until November.

The WTO cannot force countries to comply with its rulings, but it can authorize

commercial sanctions against nations continuing to break the rules. Trade cases generally take years to reach that point.

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