

WTO To Probe 'Protectionist' Tariffs On Chinese Tires

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GENEVA (AP) — The World Trade Organization will launch an investigation into American import taxes on Chinese tires at a meeting of trade diplomats next week, according to a statement Monday.

The dispute focuses on a three-year tariff approved in September by President Barack Obama, which aims to slow China's rapid export growth and protect American jobs in the tire sector.

It is the latest in a string of trade battles over subjects ranging from steel and song downloads to patents and poultry between the U.S., the world's biggest importer, and China, the top exporter.

The WTO included China's complaint in an agenda published for a meeting on Jan. 19 of its dispute body. Washington delayed Beijing's request last month for the establishment of an investigative panel, but cannot do so again under WTO rules.

The panel will be asked to evaluate whether the U.S. tariffs violate rules governing trade among the WTO's 153 members. Trade cases often take years to resolve, but can result in the WTO authorizing retaliatory sanctions.

Obama ordered the higher tire tariffs for three years, including a 35 percent additional charge in the first year. It comes on top of a regular 4 percent tariff.

China's exports have surged since joining the Geneva-based commerce referee in 2001, rankling manufacturers in the United States, Europe and elsewhere. Critics of the Asian country say its rise as a trade juggernaut has been aided by unfair policies that boost sales of Chinese goods abroad while limiting the amount of foreign products entering the Chinese market.

Tires imported from China are usually low-end models. While American-made, name-brand tires can easily run to more than \$100 apiece, Chinese imports sometimes sell for half that. The tariffs would make them more expensive.

The U.S. imported about 46 million tires from China in 2008, 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.

Beijing calls the tariff protectionist, and notes that its tire exports to the United States fell by about 15 percent in the first half of 2009. It says two in three tires exported to the U.S. are made by Chinese-foreign joint ventures, meaning some American companies are also profiting from the trade.

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The two countries are also squabbling over American imports of Chinese steel pipes. Last month, the U.S. government imposed new duties on pipes mainly used in the oil and gas industries, affecting about \$2.8 billion worth of Chinese exports.

Beijing immediately criticized the decision, but has yet to initiate a WTO case.

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