

WTO: China Unfairly Limits Raw Materials Exports

John Heilprin, Associated Press

GENEVA (AP) — The World Trade Organization ruled Monday that China unfairly limited exports of nine raw materials to protect domestic manufacturers.

A WTO appeals body rejected China's appeal of an earlier ruling in July that concluded the Asian economic powerhouse had violated international trade rules. The appeals body largely sided with the United States, European and Mexico, which had taken issue with Chinese restrictions on its exports of nine materials used widely in the steel, aluminum and chemical industries.

They had complained that China drives up prices on overseas shipments of the materials by setting export duties, quotas and licensing requirements on them, giving the country's manufacturers an unfair edge over competitors. But China had argued that its export limits were needed to protect the environment.

The ruling affects China's exports of certain forms of bauxite, coke, fluorspar, magnesium, manganese, silicon carbide, silicon metal, yellow phosphorous and zinc. In it, the WTO appeals body says China must now "bring its export duty and export quota measures into conformity with its WTO obligations."

The issue has sparked tension with some of China's major trading partners. In a statement, U.S. Trade Representative Ron Kirk called the ruling "a tremendous victory for the United States — particularly its manufacturers and workers."

He called it a decision that "ensures that core manufacturing industries in this country can get the materials they need to produce and compete on a level playing field."

The European Commission said in a statement that while the case requires China to comply, the EU "continues to be deeply troubled by China's use of export restrictions" for other rare earth and industrial raw materials.

China's WTO mission in Geneva said it "deeply regrets" that the appeals body upheld major parts of the earlier panel's conclusions, but noted that some other aspects were reversed. It vowed to abide by the WTO findings.

But it explained that Chinese government had in recent years "reinforced its administration on certain resource products, especially the 'high-pollution, high-energy-consuming and resource-dependent' products" to protect the environment and conserve natural resources.

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