China: Don't Let U.S. Auto Case In WTO Hurt Ties

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BEIJING (AP) — China's government said Friday it will "properly handle" a U.S. complaint to the World Trade Organization about its anti-dumping duties on auto imports and doesn't want the latest in a string of trade disputes to harm relations.

"It is normal for frictions to occur," said a foreign ministry spokesman, Liu Weimin, at a regular briefing. "What is important is to properly handle it and not to let it impede friendly relations."

The U.S. complaint Thursday adds to a series of disputes with Beijing over market access for goods ranging from poultry to steel. Political tensions over trade are mounting as governments try to boost exports at a time of slumping global demand.

Washington accused Beijing of improperly imposing anti-dumping duties on American-made autos worth $3 billion. The Chinese duties of 2 to 21.5 percent affect cars and SUVs with engine capacity of 2.5 liters or larger.

A Commerce Ministry statement said Beijing will "properly handle the request for consultations under the WTO dispute settlement procedures" — the first step in resolving a complaint.

If consultations fail to resolve the issue, Washington can request a WTO dispute panel. A ruling can take 18 months to two years.

WTO rules allow countries to raise import duties to offset improper subsidies and dumping. The United States contends China has imposed anti-dumping duties improperly to obstruct imports of U.S. goods and shield its own producers. Last month, the U.S. successfully challenged Chinese tariffs imposed on American steel products and has also objected to tariffs on chicken products.

The Chinese duties cover more than 80 percent of U.S. auto exports to China and fall disproportionately on General Motors and Chrysler because of actions Obama took to support the auto industry during the financial crisis, according to White House spokesman Jay Carney.

In March, the U.S., the European Union and Japan filed a WTO challenge to Chinese curbs on exports of rare earths used in making mobile phones and other high-tech products. China has about 30 percent of the world's rare earths deposits but accounts for more than 90 percent of production.

China's trading partners say export quotas and other controls raise the price of rare earths abroad, giving its manufacturers an unfair advantage. Beijing says the curbs are for environmental protection, not intended to help Chinese companies.

In December, Chinese Commerce Minister Chen Deming defended the duties on U.S.-made vehicles as legal under international rules.

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