

China Says New U.S. Duty Disrupts Relations

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China has called on the Bush administration to reverse a decision to impose steep duties on Chinese exports of coated paper, state-controlled news media reported during the weekend.

The Commerce Ministry issued a strong protest over the measures announced on Friday, which some American industry officials have suggested could be the first step in imposing tariffs on a wide range of manufactured imports from China, including steel, textiles, plastics and machinery.

"This action of the U.S. side goes against the consensus reached by the leaders of both countries to resolve disputes through dialogue," the official New China News Agency quoted a Commerce Ministry spokesman, Wang Xinpei, as having said. "China strongly requires the United States to reconsider the decision and make prompt changes."

Since the Democrats won control of Congress in November, the Bush administration has come under intensified pressure to curb the trade imbalance with China.

The American trade deficit with China reached a record \$233 billion in 2006, and influential lawmakers and industry groups say the imbalance continues to widen as China aggressively subsidizes exports.

Carlos M. Gutierrez, the secretary of commerce, said that preliminary duties of 10.9 percent to 20.35 percent would be applied to coated paper imports from China to counter the subsidies received by the manufacturers of these products.

The Commerce Department said in a statement that the volume of imports of coated paper from China last year increased by 177 percent from 2005 and were valued around \$224 million.

The move to impose duties as a penalty for Chinese subsidies is something of a departure from American practice over more than two decades. Washington had refrained from applying these sanctions on imports from so-called nonmarket economies like China, where it was difficult to calculate the value of government assistance to industry.

Instead, it relied on antidumping actions to combat what it said were unfair Chinese trade practices.

Mr. Wang said that the Commerce Department had ignored strong objections from China in breaking with its previous policy, the official press agency reported.

"The decision brings great harm to the interests and feelings of Chinese business people and is not acceptable," Mr. Wang added.

Disponível em: <<http://www.nytimes.com>>. Acesso em 3/4/2007.