

Trade Tension US vs. China, China Protests US Duties on Steel

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Steel and Beyond

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China protested U.S. duties on steel pipes and announced the start of an anti-dumping probe into American carmakers as trade tensions escalate ahead of President Barack Obama's first visit to the nation this month.

The levies of as much as 99 percent on \$3.2 billion of Chinese exports are "discriminatory," the Commerce Ministry in Beijing said on its Web site today. The penalties were announced in a preliminary decision by the U.S. Commerce Department yesterday.

The disputes may test relations between the U.S. and the biggest foreign buyer of its debt ahead of Obama's visit on Nov. 16. The two nations, with \$409 billion of trade between them, have swapped complaints about steel, poultry and tires as the worst economic crisis since the Great Depression spurred countries to protect jobs.

"Falling demand, caused by the financial crisis, is the ultimate reason for the problems in the [U.S. steel industry](#)," Yao Jian, a spokesman at the Chinese ministry, said in the statement. "The U.S. should take this into consideration in its further investigations and make a fair and reasonable final ruling."

The Asian nation is the second-biggest trading partner for the U.S. after Canada. China plans to investigate whether some U.S.-made sports utility vehicles and cars sold in the Asian nation benefited unfairly from American government help, according to a government statement today.

Rising Tensions

General Motors Co., the largest U.S. automaker, is majority owned by the government after a bankruptcy reorganization. The carmaker more than doubled September sales in China from a year ago.

Trade tensions are on the rise after Obama imposed tariffs on Chinese tires in September and China responded with a complaint to the World Trade Organization. The U.S. and the European Union this week asked the WTO to end Chinese restrictions on exports of nine commodities.

Duties of 36.5 percent will be imposed for the 37 largest exporters of pipes used in the oil and gas industry, the U.S. said in a preliminary decision yesterday, after complaints about dumping were received from companies led by U.S. Steel Corp. The tariffs will be on top of separate duties announced in September, averaging 21 percent to counter alleged Chinese subsidies.

“The anti-dumping ruling is unfair to Chinese producers who sold the pipes in the U.S. at a 20 percent premium to our domestic prices,” said Li Liancang, an export manager at state- owned Tianjin Pipe Group Co. “Chinese pipe exports to the U.S. have almost stopped since the preliminary ruling in September.”

Chinese steel exports to the U.S. plunged 73 percent in the first eight months from a year ago, the China Iron & Steel Association said last month.