

Economist: Beijing Is the Real Trade Protectionist

The Epoch Times

January 3, 2010

<http://www.theepochtimes.com/n2/content/view/27333/>

When the U.S. announced it would set preliminary anti-dumping duties on imported steel grating from China, Beijing accused the U.S. of protectionism.

Some economists, however, believe it is Beijing that is practicing protectionism by adopting trade and tariff barriers, underrating the yuan, and dumping low-priced commodities.

Unfair Pricing

In 2008, the U.S. imported US\$9.1 million worth of steel grating which is widely used in the industry.

U.S. companies charge that these products receive subsidies from the Chinese government or are sold in the U.S. at unfair prices. In 2009, U.S. companies filed a dozen trade litigations, including one about steel grating.

The U.S. Department of Commerce announced on Dec. 29 that the tariff can go up to 145.18 percent to countervail unfairly low prices.

A [Xinhua](http://big5.xinhuanet.com/gate/big5/bt.xinhuanet.com/2009-12/31/content_18649243.htm) report (http://big5.xinhuanet.com/gate/big5/bt.xinhuanet.com/2009-12/31/content_18649243.htm) quoted an unnamed official from China's Ministry of Commerce saying that the tariff will severely impact the interests of downstream steel consumers in the U.S. and damage normal steel trade relations between the two countries.

The European Union (EU) on Dec. 22 also extended a 15-month anti-dumping measure on a Chinese export—this one on leather footwear. Beijing protested, calling it trade protectionism.

Counteracting the Effects of the Underrated Yuan

Economist Jian Tianlun in an interview with NTDV said there were 281 complaints regarding the dumping of Chinese-made products in the first half of 2009. The main complaint was the underrated yuan, he said.

"With the yuan 40 percent underrated, China's exports become very inexpensive, and China's trade rivals are unable to compete. Placing anti-dumping duties on Chinese exports is, in fact, counteracting the effects of the underrated yuan," Jian said.

Marketing Professor Frank Xie of Drexel University in Philadelphia, said that bartering for market

shares in exports has always been accomplished through a low-price strategy.

"A lot of Chinese products are cheaper in the U.S. than they are in China. This results from the policy of low-price dumping. China's Ministry of Commerce did not prove that it wasn't dumping but accused others of trade protectionism. Ironically, it is China that is practicing trade protectionism, Xie said.

Since Sept. 2009, in addition to the U.S. and the E.U., Argentina, India, Brazil, and Mexico have launched anti-dumping and anti-subsidy investigations regarding China's low-priced goods.