

U.S. won't probe yuan in China aluminum case

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WASHINGTON - The U.S. Commerce Department will not investigate China's currency practices as part of a trade case brought by U.S. aluminum manufacturers, a trade lawyer familiar with the preliminary decision said on Tuesday.

"They are not initiating on currency," the lawyer told Reuters. However, it is not a final decision, so potentially could be reversed, he said.

The United Steelworkers union and aluminum extrusion producers in nine states asked the Commerce Department in April to impose countervailing duties over China's yuan as part of a broader case alleging a long list of government subsidies and unfair pricing practices.

The Commerce Department agreed, for the first time, to consider the matter.

Since then, agency officials have been mulling whether they have strong legal grounds to launch a formal investigation into the charge China effectively subsidizes its exports by keeping its currency undervalued against the dollar.

Under both U.S. and WTO law, a subsidy is defined as a financial contribution from the government which provides a benefit to a specific industry.

In the aluminum case and a separate one involving coated paper cases, U.S. petitioners have argued the benefits that come from the Chinese government controlling its currency are specific to Chinese exporters since they account for about 70 percent of the country's foreign exchange transactions.

A Commerce Department statement on the aluminum case is expected later on Tuesday.

(Reporting by [Doug Palmer](#); Editing by [Jerry Norton](#))