

# **China says it disagrees with WTO ruling in auto parts dispute, reserves right to appeal**

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BEIJING -- China said Tuesday it disagreed with a World Trade Organization ruling that Beijing's taxes on imported auto parts violate trade rules and said it reserved the right to appeal.

The ruling Friday, the WTO's first public condemnation of China's trade practices, said Beijing improperly taxes imports of auto parts at the same rate as imports of finished cars. It came in a case brought jointly by the United States, the European Union and Canada.

"The Chinese side does not completely agree with the contents and conclusions of the experts' report," the Commerce Ministry said in a brief written statement. "The Chinese side reserves the right to file an appeal."

The statement, China's first public comment on the ruling, gave no details of its criticism of the report but repeated Beijing's contention that its policy was needed to prevent evasion of import taxes.

The ruling by a three-member WTO panel called on Beijing to bring its policies "into conformity with its obligations."

China is the world's second-largest vehicle market after the United States.

China says the tariffs are meant to stop companies from evading higher tariffs for finished cars by importing vehicles in pieces and then assembling them. It said the measures complied with its WTO obligations.

Under the rules, cars made in China must contain at least 40 percent Chinese-made parts or they are taxed at the rate of imported finished cars.

Such cases can require years to reach a conclusion. If China forgoes an appeal, it will be given what the WTO says is a reasonable period to make legislative changes. A separate panel would then have to find that Beijing was still breaking the rules before penalties could be imposed.