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## China launches WTO complaint against U.S., EU over dumping rules



By Ben Blanchard and David Lawder | BEIJING/WASHINGTON

**BEIJING/WASHINGTON** China on Monday launched a complaint at the World Trade Organisation against the United States and Europe after they failed to treat China as a market economy and ease their calculations of anti-dumping duties on Chinese goods.

When China joined the WTO in 2001, its accession terms allowed other WTO members to treat it as a non-market economy and use a third country's prices to assess whether Chinese goods were being sold below cost.

**But part of that clause expired on Dec. 11, which China says means WTO trading partners must drop their use of such surrogate pricing.**

The U.S. Commerce Department said China's WTO accession agreement did not require members to automatically grant market economy status to China, and allowed continued use of "alternative antidumping methodologies."

"The United States remains concerned about serious imbalances in China's state-directed economy, such as widespread production overcapacity, including in the steel and aluminum industries, and significant state ownership in many industries and sectors," a senior Commerce Department official said in a statement. "China has not made the reforms necessary to operate on market principles."

**While the Obama administration made the decision not to change the dumping calculations, the case will be litigated by the Trump administration, which has promised a much tougher trade stance on China.**

The European Commission last month proposed a new way of treating China, but its plans await approval from the EU's 28 members and the European Parliament.

It said it had received a request for consultations, the first step in a WTO dispute.

"We regret that China is launching this dispute now despite the fact that the Commission has already made a proposal to amend the legislation in question," a Commission spokesman said.

**Last week it angered Beijing by launching an anti-dumping case under the old system - using the prices of a third country - just days before the Dec. 11 deadline.**

Separately, a Chinese ministry official said in another statement a U.S. investigation into what it regards as Chinese dumping of plywood products launched last week amounted to abuse of emergency trade relief measures.

The United States and European Union are some of the biggest levellers of anti-dumping measures under this process against China. The measures have seriously affected exports and employment for Chinese firms, the ministry added.

"China reserves the right under WTO rules to resolutely defend its legal rights," it added, without elaborating.