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WTO rules against US tariffs on Chinese and Indian goods

By Lucy Hornby in Beijing and Shawn Donnan in London | [Author alerts](#)



The World Trade Organisation has ruled that the US improperly applied punitive tariffs on steel, solar panels and other imports from China and India, in a blow to Washington's efforts to challenge the role of state-owned companies in developing economies.

The rulings highlight the difficulties posed by the industrial structure of China and many other developing countries, dominated by a few state-owned or state-supported champions, for a global trading system built around the idea of corporations clearly separated from the government.

The US has been trying for years to build a case against Chinese state-owned companies, saying they benefit from both overt and hidden subsidies that unfairly lower their cost of production. It has argued that those amount to government subsidies for export industries, which are banned by the WTO.

The two cases disputed the way Washington imposed "countervailing duties", which can only be applied when the exporters are "public bodies".

In its ruling in the Chinese case on Monday, a WTO panel reaffirmed a 2011 judgment that set a narrow definition for what could be considered a government entity. It stuck to the 2011 panel's definition that state-owned companies could not be simply considered "public bodies" because they were majority-owned by governments. Instead, the panel said, the US had to prove that Chinese state-owned enterprises also performed "government functions" or exercised "government authority".

The ruling was welcomed by China's commerce ministry. "China urges the United States to respect the WTO rulings and correct its wrongdoings of abusively using trade remedy measures, and to ensure an environment of fair competition for Chinese enterprises," it said in a statement.

Mike Froman, the US trade representative, said Washington was "carefully evaluating its options, and will take all appropriate steps to ensure that US remedies against unfair subsidies remain strong and effective".

Monday's ruling challenges many tariffs imposed by Washington between 2007 and 2012, hobbling Washington's use of tariffs as a punitive tool. The US now has to revise those tariffs.

In a separate case before the WTO on Indian steel, a panel of WTO judges cast aside Washington's argument that supply from state-owned iron ore and coal miners allowed Indian steel exporters to be treated as public bodies, although it also rejected many of the technical aspects of India's case.

The Chinese plaintiffs also objected to the way Washington used third-country benchmarks, rather than actual transactions, to establish the true cost of exports from China. However, the WTO panel upheld the US approach.

In many of the industries in question, including steel, solar panels, aluminium extrusions, paper and citric acid, overcapacity and cut-throat competition have pushed the cost of Chinese products to the minimum in China as well as overseas.

Washington argues that Chinese domestic prices reflect the distorting effects of state subsidies on land, interest rates and other input costs.

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john7823547

1 hour ago

...and Solyndra, Evergreen Power, Beacon, Sun Power, Willard and Kelsy, Abound Solar, etc... Were not government funded?

Her is a complete list...

<http://dailysignal.com/2012/10/18/president-obamas-taxpayer-backed-green-energy-failures/>

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dpk65

1 hour ago

just quit buying will do the same thing

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disgusted57

2 hours ago

Yeah, no doubt..... Anybody else like to see a list of names and where they are from that make up the Panel from the WTO that prosecuted this suit?

I say the American Republic makes its own rules based on its own Laws, and the WTO can go collectively urinate up a rope.

I say the US Coast Guard needs to start turning around any container ship from China and India at the start of our territorial waters.

If Americans want it, it should be built here! I go out of my way to avoid purchasing anything made overseas.

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Jersey Prophet

3 hours ago

Of course the Chinese get a pass from the WTO (World Thug Organization) in continuing their prohibitive tariffs and penalizing duties on foreign imports into China. That's ok because China is a 'developing country!' Never mind they already have the largest economy, slave labor, and steal copyrights and patents right and left.

Try to buy a car manufactured offshore (US or EU) in China. It'll cost you nearly double the price in the states. All because of tariffs supporting China's domestic industries. Well, that's ok but the US instituting reciprocal tariffs is Verboten!

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genauer

2 hours ago

[@Jersey Prophet](#) Germany obviously has no problem at all to sell record numbers of cars of all sizes and types in China, as a honest merchant, who can provide superior quality at competitive prices.

Just not for the american imperialist, like you, wanting to stuff his expensive crap down the throat of others by force

[2 Recommend](#) | [Reply](#)**newslover**

32 minutes ago

[@Jersey Prophet](#)

The Chinese labor is paid like in any other emerging nations with the same per capita income. It's the Americans who are overpaid despite their low skill and competence, and of course they are utterly lazy and drunk or drugged most the time.

And if the US can find that China has stolen any copyright, please bring it forth to the WTO. So far nothing yet, it's all the losers' poor and malicious excuses.

[Recommend](#) | [Reply](#)**business**

9 hours ago

Hi, This page is very informative and fun to read. I am a huge follower of the things blogged about. I also love reading the comments, but it seems like a great deal of readers need to stay on topic to try and add something to the original topic. I would also encourage all of you to bookmark this page to your most used service to help get the word out. Thanks

I have recently posted on topic Low Doc motorcycle finance visit [http:// www.candobikeloans.com.au/](http://www.candobikeloans.com.au/)

[Recommend](#) | [Reply](#)**genauer**

10 hours ago

Reo,

you have to give them a little time. The Reuters on the topic was just yesterday

[Recommend](#) | [Reply](#)**Zeena**

10 hours ago

[@genauer](#) hhaha....in this day and age of breaking news?

[1 Recommend](#) | [Reply](#)**genauer**

6 hours ago

[@Zeena @genauer](#) Zena, have some mercy for and patience with them.

In the moment they are losing everywhere, football, BRICS talks. Nobody joins their Russia bashing, BP makes multi billion dollar deals with Rosneft

The Chinese Central bank opened shop in Frankfurt.

"A troop of 400 Russian sailors have arrived in France to begin training on two helicopter assault ships " (FT 30.06.2014)

They have a lot to digest in the moment : -)

[2 Recommend](#) | [Reply](#)**Zeena**

10 hours ago

US - losing competitiveness, lawsuits, wars, and moral authority.

Bitter loser?

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Reo

11 hours ago

Did you guys notice that this news was never in Bloomberg (I checked) and never ever occurred in Yahoo, NYT ?

If the ruling were against China, I'm sure they will be pounding China like "US triumphant calling at China for unfair trading"?

This shows the media bias.

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Zeena

10 hours ago

[@Reo](#) definitely - there is free and unbiased media in the US !

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Emkay

9 hours ago

[@Reo](#) That's because the NYT hasn't found an angle to spin a negative China story around the WTO ruling yet. It's an inconvenient truth. Credit to the FT for reporting this front page and just laying out the facts. Nice work Lucy.

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Realist

12 hours ago

1. My sense is that for purposes of domestic politics, the United States representatives are under some compulsion to present the outcome of multilateral dispute settlement system as favouring the United States. Adverse outcomes may strengthen those lobbies in the United States that do not favour a multilateral dispute settlement system.

2. Chins is learning fast in this area, and its work today is evidently more professional than it was even five years back.

3. Ms Lucy Hornby in Beijing might note that "judges" is not the term ordinarily used for those persons who make findings and recommendations in such WTO disputes for the reason that they simply are not judges in any legal sense.

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Emkay

12 hours ago

"China urges the United States to respect the WTO rulings and correct its wrongdoings of abusively using trade remedy measures, and to ensure an environment of fair competition for Chinese enterprises."

I never thought I'd be reading about China lecturing the US on fair trade.

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LSBrew

11 hours ago

[@Emkay](#) I look at today's headlines and read lots of news that I never thought possible.

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loyalbuilt

12 minutes ago

[@Emkay](#) No surprise! You are just one of the products of the US brainwashing.

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