

EU asks China to clarify trade policies

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BEIJING: China must adopt more transparent trade policies and step up protection of intellectual property rights as it negotiates for market economy status with the European Union, its largest trading partner, a European Commission official said Tuesday.

China, a member of the World Trade Organization since 2001, has pressed the EU for years to be officially designated a market economy, which would make it easier for China to fight off claims of unfair trade practices.

China should take steps to eliminate export rebates, improve corporate governance, strengthen property rights and "reform the financial sector," Günter Verheugen, the commission's vice pres-

ident, said at a briefing in Beijing.

"We need to establish a level playing field between the EU and China," Verheugen said after meeting with Chinese officials. "Chinese exporters are already benefiting, while imports of European products to China are still subject to a number of complicated procedures."

Verheugen visited Beijing this week to meet with Chinese leaders as the 27-member EU and China renegotiate the terms of their trade relations.

The EU has used anti-dumping duties to curb imports from China and says its trade shortfall with the country last year widened 20 percent to a record €89.7 billion, or \$119.9 billion.

However, he added, the number of anti-dumping cases brought against

China was minuscule compared with its exports to the EU. And in one high-profile case, involving shoes made in China and Vietnam, the extra duties had not even affected retail prices in Europe, Verheugen said.

"A protectionist attitude towards China will not develop," he said.

Verheugen also emphasized the need for both China and the EU to strengthen "market surveillance" in order to protect consumers from harmful and fake goods.

China is under pressure from the United States and the EU to crack down on piracy. The United States says counterfeiting costs international companies more than \$60 billion a year.

The EU accounted for \$272.3 billion, or 15.5 percent, of China's external trade

last year, according to China's customs bureau. Chinese exports to the EU reached \$182 billion last year, a 27 percent increase from 2005, while imports climbed 23 percent from a year earlier to \$90.3 billion, according to the official Xinhua news agency.

Under EU practices, the commission can impose provisional anti-dumping duties to punish industries in exporting nations if it determines that goods are being sold in Europe below prices in their country of origin or below the cost of production.

Last month, the EU imposed five-year tariffs of as much as 63.5 percent on tungsten electrodes from China. The product is used for welding in industries like aerospace, automobiles and shipbuilding.