

## **U.S. files two new trade cases against China with WTO**

By Howard Schneider

The Obama administration said Friday that it had launched two new appeals against China to the World Trade Organization as new data showed the trade gap between the two countries rose to a record level last year.

**The new appeals to the WTO are part of an evolving administration strategy to press China for better market access while playing down the high-profile dispute over how Chinese authorities manage the value of the country's currency.**

The latest cases attack import duties imposed on certain types of U.S. steel and challenge the virtual monopoly over electronic payment processing granted to a state-owned Chinese company. They come on top of other trade actions filed by the administration, including the tariffs on imported Chinese tires and a high-profile challenge of the subsidies and other support that the country provides to its alternative-energy industries.

"In each of these cases, [the United States] will be pressing to ensure that we obtain the trade benefits provided by the WTO agreement," U.S. Trade Representative Ron Kirk said in a statement.

Wang Baodong, spokesman for China's embassy in the United States, said China conducts business "strictly in accordance with its WTO and bilateral commitments."

"We stand for settling trade disputes with other countries through consultations on an equal footing," Wang added.

In talks last year, China appealed to the Obama administration to hold off on imposing duties and appealing to the WTO, urging negotiations on trade tensions between the countries.

The WTO and other trade actions come as the Obama administration has become less concerned about China's management of the value of its currency, the renminbi.

Many economists say the value of the currency is being held at an artificially low level as a way for China to help its exporters, whose goods are comparatively less expensive because of the exchange rate.

The issue has been politically volatile in the United States, and this week members of Congress reintroduced legislation, approved by the House last year, that would impose duties to offset the effects of an undervalued currency.

**But Chinese officials have been allowing the renminbi to rise in value, and many longtime critics of China's currency management say recent signs are encouraging. Including the effect of inflation and a recent drop in the value of the dollar, the Chinese currency is appreciating at a rate of about 10 percent a year.**

**"We may be on the road" to a renminbi that trades at close to its market value, at least in relation to the dollar, said C. Fred Bergsten, head of the Peterson Institute for International Economics, who has denounced China's currency management.**

**There is a similar feeling among U.S. officials that recent changes in how the renminbi can be bought and sold outside China, if sustained and expanded, will lessen central government control over the exchange rate.**

**China's central bank controls the exchange rate by actively buying or selling renminbi in exchange for dollars, increasing supply or demand as needed. The more the currency is bought and sold around the world, independent of those transactions, the more difficult it will be for the central bank to manage the rate.**

**The U.S. trade deficit with China hit a record \$273 billion in 2010 as \$91 billion worth of U.S. exports to the country were exceeded by Chinese imports.**

**Francisco Sanchez, U.S. undersecretary of commerce for international trade, said that despite the shortfall, China is now the United States' fastest-growing export market - evidence of why the administration wants to focus on gaining more access to the Chinese economy.**

**Overall U.S. exports rose nearly 17 percent, to \$1.83 trillion, a rate Sanchez said was "right on track" to meet Obama's goal of doubling U.S. exports over the next five years.**

**The overall U.S. trade deficit last year was \$497 billion, one-third greater than 2009 but far less than the 2008 peak of \$698 billion.**