

WTO Faults China's Export Curbs

By MATTHEW DALTON

BRUSSELS — The World Trade Organization said Tuesday that China's restrictions on exports of nine industrial raw materials violate international trade rules.

Under WTO law, China can appeal the decision on raw materials. Here, a miner in a gold mine in China's Inner Mongolia region last year.



The decision, in response to a complaint brought by the European Union, the U.S. and Mexico, will in theory limit how resource-rich nations can act to reserve raw materials as inputs for their domestic industries. But it could be years before China agrees to remove the restrictions.

The EU, the U.S. and Mexico could impose tariffs on Chinese goods in retaliation if China doesn't end the measures, which include export quotas, tariffs and minimum export prices.

The materials in question are bauxite, coke, fluorspar, magnesium, manganese, silicon carbide, silicon metal, yellow phosphorous and zinc. **Steel and chemical firms are the main consumers,** but the materials are also used to make many other products, from beverage cans to refrigerators.

"This is a clear verdict for open trade and fair access to raw materials," EU trade commissioner Karel De Gucht said in a statement. "It sends a strong signal to refrain from imposing unfair restrictions to trade and takes us one step closer to a level playing field for raw materials."

China had invoked environmental concerns arising from the production of these materials as a reason to restrict their export. WTO rules allow countries to restrict trade to protect the environment.

But the panel said export restrictions alone, without measures to limit domestic industries from using the materials, don't effectively protect the environment and unacceptably insulate domestic industries from competition for the materials.