

# COUNCIL *on* FOREIGN RELATIONS

[Home](#) > [About Cfr](#) > [Newsletters](#) > [Daily Brief Newsletter](#) > U.S.-China Trade Dispute

Daily News Brief

September 14, 2009

## EXECUTIVE SUMMARY

- China responds to U.S. tariffs.
- Iran and international community to meet.
- Russia opens credit line for Venezuelan arms purchases.
- EU sanctions on Zimbabwe to continue.

## Top of the Agenda: U.S.-China Trade Dispute

China's commerce ministry took steps toward imposing tariffs (*China Daily*) on U.S. automotive and poultry exports, two days after U.S. President Barack Obama decided the United States would levy tariffs of up to 35 percent on Chinese-made tires. China launched anti-dumping and anti-subsidies investigations into U.S. chicken and automotive products, citing complaints from Chinese manufacturers that they entered Chinese markets with "unfair competition."

Obama's decision to impose the tariff is a sign that he will follow through on a pledge to labor unions to more strictly enforce trade laws, especially against China, the *New York Times* reports.

Chen Deming, China's minister of commerce, said the tariff increase violated World Trade Organization rules (*FT*) and "contravenes commitments the US government made at the [April] G20 financial summit."

### Analysis

Daniel Ikenson of the Center for Trade Policy Studies at the Cato Institute says the negative impact of the tariffs on Chinese tires will outweigh any economic benefits, and warns that such policies could "unleash a protectionist backlash in the United States and around the world."

In a *Financial Times* op-ed, former assistant U.S. trade representative for China affairs Charles Freeman says Obama's decision on tire tariffs could "play into a broader trend within China to roll back market-opening reforms."

### Background

An interactive CFR timeline tracks developments in the U.S.-China relationship since 1949.

The *Christian Science Monitor* reports on the Chinese auto industry, noting that China's car market is now the world's largest.

#### MIDEAST: Meeting Planned for Iran, International Community

Iran will meet with the five permanent members of the UN Security Council and Germany on October 1 to discuss a possible start to a dialogue (WSJ) over Iran's nuclear program. The Security Council requested the meeting (Iranian Labour News Agency) in response to a proposal Iran submitted last week of issues it would like to discuss with the international community.

**Israel:** Israeli Prime Minister Benjamin Netanyahu ruled out a complete freeze on settlement construction (Haaretz) in the West Bank, and said construction on Jerusalem would continue normally. Earlier, U.S. envoy George Mitchell said he hopes to finalize an agreement in the coming days with Israeli and Palestinian leaders on a settlement freeze and on restarting peace talks (Reuters).

An interactive CFR Crisis Guide looks at the Israeli-Palestinian conflict.

#### PACIFIC RIM: Xinjiang Attacks

Tests concluded that victims of a recent spate of stabbings with hypodermic needles in China's Xinjiang province have not been infected (Xinhua) with any dangerous viruses or chemicals. The stabbings sparked unrest, as the region's Han Chinese community felt it was the target of the attacks.

#### SOUTH AND CENTRAL ASIA: Commission Findings on Airstrike

An Afghan government-appointed commission found thirty Afghan civilians were killed (al-Jazeera) and nine wounded in a NATO airstrike earlier this month in Kunduz province. The airstrike, ordered by the German military, was aimed at Taliban insurgents who hijacked NATO oil tankers.

**Pakistan:** A bomb killed three paramilitary troops (Dawn) in Pakistan's Khyber region and injured five others. Separately, security forces killed a suicide bomber when he attempted to attack a security post in the Swat Valley.

**India:** At least four people were killed in a car bombing (Dow Jones) near the main jail in Indian Kashmir's summer capital Srinagar. It was the first major attack in the region this year.

#### AFRICA: EU Sanctions on Zimbabwe Continue

Following a visit to Zimbabwe over the weekend, leaders of an EU delegation said the European Union would not lift sanctions (NYT) on the country, citing continuing human rights violations and the political strife surrounding last year's power sharing agreement. At a political rally, Zimbabwean Prime Minister Morgan Tsvangirai said President Robert Mugabe's Zanu-PF party has been persecuting his Movement for a Democratic Change (MDC) group (Telegraph).

**World Bank:** The World Bank announced a \$7 million Zimbabwe Emergency Agricultural Input Project grant (VOA) for small-scale farmers in Zimbabwe. The grant aims to reduce Zimbabwe's dependence on food aid and

imports.

#### AMERICAS: Venezuela-Russia Arms Deal

Russia opened a \$2.2 billion line of credit for Venezuela to purchase weapons (Bloomberg), Venezuelan President Hugo Chavez said. The arms deal includes possible sales of armored vehicles and surface-to-air missiles.

**Costa Rica:** Authorities detained fifty-four migrants (AP) from Africa and Nepal heading for the United States when the boat they were traveling on landed in Costa Rica. Some of the boat's passengers were being treated for dehydration, and authorities arrested three Colombians on board who were suspected smugglers.

#### EUROPE: German Debate

Chancellor Angela Merkel and Social Democrat challenger Frank-Walter Steinmeier participated in a televised debate ahead of the country's elections on September 27. *Deutsche Welle* reports there was "no clear winner" in the debate, which twenty million people viewed.