

Relations between China and US fray

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Trade links between the two global super powers of US and China are expected to be tested even further this year, analysts said recently.

China and US trade relations will be strained again this year as imports bounce back from 2009 lows and American factories seek protection from lower-priced Chinese competition that they blame for lost sales and jobs.

But concern about damaging the fragile US economic recovery or alienating the largest foreign holder of US debt is likely to limit any action by President Barack Obama to force China to raise the value of its currency, the biggest irritant in the trade relationship.

Annual Chinese exports to the US could approach \$300 billion in 2009 when final statistics are in, down from \$338 billion in 2008. That's a much smaller drop than for many other countries that export products into the US.

"The robust growth of China's economy is going to overwhelm any routine trade barriers put into place," said Daniel Griswold of the Cato Institute think tank.

Industry groups and union workers in the US have filed dozens of cases in recent years accusing Chinese competitors of receiving government subsidies and selling goods in the US at unfairly low prices.

Roger Schagrín, a la

yer involved in one such case and he said he sees fertile ground for "a lot more dumping and subsidy cases" in 2010.

"Name the product, China has created massive overcapacity. They're going to export it. It's not going to be consumed in China... That creates a natural conflict," Schagrín said.

