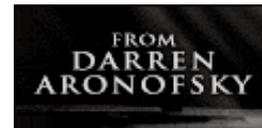


This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit [www.nytreprints.com](http://www.nytreprints.com) for samples and additional information. [Order a reprint of this article now.](#)



September 26, 2010

# China Imposes a Steep Tariff on U.S. Poultry

By **KEITH BRADSHER**

HONG KONG — Days after it flexed its economic muscle in a diplomatic dispute with Japan, **China** continued to display a more assertive international economic policy on Sunday as it imposed steep tariffs on poultry imports from the United States.

China's commerce ministry announced on its Web site that it would impose import tariffs on American poultry of up to 105.4 percent. It said the tariffs reflected the result of its own antidumping investigation, which looked at whether the United States was harming China's poultry industry by exporting chicken parts for less than it cost to produce them.

The commerce ministry started the investigation less than two days after **President Obama** imposed steep tariffs on Chinese tires a year ago. Chinese officials have denied that the inquiry was in retaliation, but poultry is one of the few categories in which the United States runs a trade surplus with China, making it an ideal target for Chinese trade actions.

The tariffs are another example of China's willingness to use its economic leverage when it feels it is being challenged. An official at one of Japan's top traders in rare earth minerals said on Monday that there appeared to be no resumption in shipments to Japan, a result of a still-simmering dispute over Japan's arrest of a Chinese fishing boat captain. The official, who spoke on condition of anonymity, said traders were watching closely to see whether Chinese customs would start letting shipments through again. "China's rising assertiveness on the international economic stage reflects its growing economic might and the self-confidence of its leadership, but is tempered by the realization that it faces many challenges in terms of its own development," said Eswar S. Prasad, an economics professor at Cornell.

Carol J. Guthrie, a spokeswoman for the United States trade representative, said, "We are disappointed that duties are to be imposed and will be examining the determination for consistency with applicable rules."

Quarrels over products as diverse as chickens and rare earth minerals might seem like minor spats. But they come against the backdrop of China's vigorous defense of its currency policy,

and its stepped-up activity in the [World Trade Organization](#).

China broke the peg of its currency, [the renminbi](#), to [the dollar](#) in June but has permitted it to appreciate less than 2 percent against the dollar since then. In recent weeks, Chinese state media have criticized the United States for pressuring China to reduce its intervention in currency markets and allow the renminbi to rise against the dollar.

China has also begun filing its own W.T.O. cases to challenge other countries' policies in the last three years, which it did not do for nearly six years after it joined the multilateral group in 2001. These include the cases against the tire tariffs and [European Union](#) over antidumping measures against Chinese footwear. The W.T. O. has extensive rules on antidumping tariffs. China has used those rules to challenge other countries' penalties.

Some experts on Chinese economic policy say Beijing is still committed to cooperative relations with trading partners.

"They don't want to be perceived as the guy flexing his muscles, because they are so interdependent with the outside world, especially with Japan and the United States," said Jiang Wenran, a specialist in Chinese natural resources policy and China-Japan relations at the University of Alberta in Canada.

But Beijing officials face intensifying internal pressure to stand up for China's perceived national interests.

"China feels increasingly under siege as it becomes an international economic power, as others try to contain it," Mr. Jiang said. "They don't want to appear to be weak, because domestic pressure is mounting."

China is an important market for American poultry, particularly for portions like chicken feet, which are a delicacy in China but barely marketable in the United States, said Gary Blumenthal, the chief executive of World Perspectives, an agriculture trade consulting firm in Washington.

American farmers and the Obama administration are likely to be particularly disappointed by the new poultry tariffs because China's increasing affluence has resulted in a surging appetite for protein, one that American chicken farms hoped to satisfy. "China is viewed as a potentially hugely growing market for poultry," Mr. Blumenthal said.

The United States exports about \$4 billion a year of chicken products, of which \$678.2 million went to China last year, according to Global Trade Information Services in Columbia, S.C.

China's dispute with Japan over rare earth minerals continues to be murky, especially because

the commerce agency has denied shipments were halted.

Chen Deming, China's commerce minister, said in an interview with Chinese television on Sunday that the government had complied with World Trade Organization rules by not ordering a ban on rare earth exports. But he seemed to hint that a halt on exports might have occurred anyway when he said that, "I believe entrepreneurs, they will have their own feelings, and will do their own thing."

There are 32 companies with rare earth export licenses in China, including 10 foreign firms. Mr. Chen was not asked why foreign companies would have felt a need to stop shipments.

Rare earths are important for automotive, electronics and clean energy industries. China mines 93 percent of the world's tonnage of rare earths.

*Hiroko Tabuchi contributed reporting from Tokyo.*