

Posted on Tue, Mar. 28, 2006

CHINA

U.S. calls for better market policies

During an official visit, U.S. Commerce Secretary Carlos Gutierrez called on China to settle currency disputes and open its markets, ahead of a Senate vote that could impose sanctions.

By Alexa Olesen

Associated Press

CHONGQING, China - U.S. Commerce Secretary Carlos Gutierrez on Monday called on China to open its markets to foreign goods and settle currency disputes, warning it could face protectionist sentiment in the United States if its record trade surplus keeps growing.

Gutierrez visited this industrial center in China's southwest en route to Beijing for talks ahead of a possible Senate vote this week on proposed sanctions to punish China for manipulating its currency.

In a speech to university students, Gutierrez said Washington wants to see China give foreign competitors the same market access that its companies enjoy abroad, to adopt a more flexible currency and to stop piracy of intellectual property.

The U.S trade deficit with China hit \$202 billion last year, the highest amount ever recorded with a single country.

PRODUCT PIRACY

In an interview later, the secretary also called for more aggressive Chinese efforts to stamp out rampant product piracy, saying Washington isn't satisfied with progress in stopping illicit copying of movies, music and other goods.

"We want to see more results. We're not there," he said. "I don't think there are enough criminal prosecutions. I believe penalties are still on the light side."

China promised on Monday to tighten a crackdown on piracy and improve enforcement cooperation with foreign governments ahead of President Hu Jintao's trip to the United States.

The government shut down 17 production lines making pirated DVDs and CDs last year and six this year, said Yan Xiaohong, deputy commissioner of the National Copyright Administration of China.

"We are very tough in our measures," Yan said at a news conference. "Of course we need to speed up the process, but we can't expect that the problem will go away overnight," he said.

China is widely regarded as the world's top source of illegal copies of music, movies, software, designer clothes and other products despite government crackdowns.

U.S. officials contend unauthorized goods cost legitimate producers around the world billions of dollars a year in lost potential sales.

PROPOSED TARIFFS

Gutierrez is due in Beijing this week for talks ahead of a U.S. Senate deadline of Friday to vote on a proposed bill to impose 27.5 percent tariffs on Chinese imports to the United States unless Beijing moves to resolve the currency dispute.

Supporters of the measure say they hope it will push Beijing to raise the value of its currency, the yuan, which some U.S. manufacturers say is up to 40 percent too low and gives China an unfair price advantage.

Chinese authorities set the yuan's value against a basket of world currencies and have allowed it to appreciate by only about 1 percent against the U.S. dollar.