

US initiates trade war investigation into Chinese aluminium imports

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The Trump administration has stepped up trade war measures against China. In a “self-initiated” move, the Commerce Department has launched an investigation into imports of Chinese-produced aluminium alloy sheeting into the United States, worth more than \$600 million last year.

The action was the first time in more than a quarter of a century that the Commerce Department has undertaken such a probe without a specific request from the industry concerned.

Announcing the decision on Tuesday, commerce secretary Wilbur Ross said: “President Trump has made it clear from day one that unfair trade practices will not be tolerated under this administration. He made a promise to American businesses, workers, and farmers that he would vigorously enforce our trade laws.... Today’s action shows that we intend to make good on that promise to the American people.”

The investigation will proceed on two fronts: whether “dumping” is being carried out, where goods are sold below what is deemed to be “fair value,” and whether the industry producing the goods is receiving financial assistance in the form of a government subsidy.

The aggressive character of the move is underscored by the fact that it comes just two weeks after Chinese authorities indicated they were seeking to take measures to curb aluminium production, under conditions of global overcapacity.

Speaking at an industry conference in Fuzhou, the deputy director of strategy development at the Aluminium Corp. of China, Chen Xuesen, said the government was striving to keep control of the industry, in order to hold back production, by closing down unlicensed and inefficient smelters. China produces more than half the world’s aluminium, and Chen said that the existing approved capacity of 44

million tonnes would meet demand, at least until 2020.

Under the investigation, the US International Trade Commission will deliver a preliminary “injury determination” within 45 days. If it finds that imports “materially injure” or “threaten material injury” to US domestic industry, it will proceed with further investigation. The results are to be brought down by April next year.

The actions of the Trump administration constitute a continuation and deepening of measures undertaken by the Obama administration, which had complained to the World Trade Organisation about alleged Chinese government subsidies to the World Trade Organisation (WTO).

The Trump administration insists, however, that WTO rules and procedures largely benefit other countries and work against the US. It is determined to bypass the WTO framework under its “America First” agenda.

Speaking to the *Financial Times*, Chad Brown of the Peterson Institute for International Economics said that while the general use of anti-dumping and anti-subsidy provisions was “normal fare” for the US government, “an administration that self-initiates an investigation is sending an aggressive signal that it is eager to impose import protection.”

Brown continued, “The Trump administration is not simply waiting for US industries to come forward and ask for it—they are showing a desire to provide import protection, perhaps even if American companies themselves do not want it.”

Ross declared that the Commerce Department had worked with the US aluminium industry to develop the case, and that the head of the industry association had taken part in the call to announce the decision.

The move by the Commerce Department is the latest

in a series of trade war measures, initiated, but not yet acted upon, by the Trump administration.

Last April, the Commerce Department announced an investigation into steel and aluminium imports on national security grounds, invoking a little-used section of a 1962 law allowing the US government to limit imports that threaten its security readiness.

But implementation of the measures appears to have run into complications. Significant Chinese imports consist of types of steel which America does not produce, and any measures taken by the Commerce Department would impact on steel imports from other countries that are utilised by US industry.

Last September Ross told Bloomberg that a final decision would be delayed until after Congress had considered the administration's tax cut legislation.

In another measure directed against China, the administration announced last summer that it would investigate alleged intellectual property theft. No action on this front has emerged so far.

However, the latest move appears to flow from an administration decision to move more aggressively on trade war measures, following Trump's strident declaration at the Asia-Pacific Economic Summit in Da Nang, Vietnam, earlier this month, that henceforth the US was going to put "America first."

Denouncing what he called unfair treatment by the WTO, the US president insisted that the US had abided by its rules but that other countries—he meant China without specifically naming it—had used "government-run industrial planning and state-owned enterprises" to engage in the "dumping" of subsidised goods as well as "currency manipulation and predatory industrial practices," leading to the stripping of jobs and factories from the United States.

Whatever the immediate outcome of the latest measures on aluminium, they are a further indication of the breakdown of the system of international trading relations established by the US after World War II, first under the General Agreement on Tariffs and Trade (GATT) and then under the WTO, which succeeded it in 1995.

Those arrangements were aimed at preventing the kinds of conflicts that characterised the 1930s: the formation of currency and trade blocs that had played no small part in creating the conditions for World War II.

The basis of this system was the application of international rules across the board. Today, however, global economists have characterised the international trading system as resembling a "noodle bowl," marked by criss-crossing bilateral and restricted trade agreements, rather than multilateral ones. The Doha round of trade negotiations, initiated at the beginning of the century, was aimed at trying to expand the global system. But negotiations effectively broke down in 2008, and there is no sign of them being revived.

The root cause of this situation is not the particular mindset of the present occupant of the White House, but the irrationality of the capitalist mode of production.

In the case of the aluminium industry, like every other area of conflict, the breakdown of the multilateral system is caused by overcapacity—the very growth of the productive forces—creating the conditions where, under the profit system, international trade increasingly becomes a war of each against all in the dog-eat-dog struggle for markets.



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