
Import tax cuts to relieve pressure on price rises

BEIJING, May 30 --The government's move to temporarily reduce import taxes on 26 commodities, including food items, medical products and cotton, will help reduce inflationary pressure, analysts said Thursday.

The Ministry of Finance said that:

Tariffs on frozen pork will be lowered from 12 percent to 6 percent from June 1 to the end of the year.

Temporary tariffs on frozen fish will be reduced to 5 percent from 10-12 percent during the same period.

Tariffs on baby food will be lowered to 5 percent from 10-15 percent.

Tariffs on soymeal and peanut meal, two major livestock feed products, will be reduced to 2 percent from 5 percent during the same period.

Tariffs on coconut oil and olive oil will be lowered from 10 percent to 5 percent, effective June 1 to the end of September.

Tariffs on medical products have also been cut. No tariffs will be levied on blood product antiserum, vaccines and antibiotics from June 1 to the end of December. The previous level was 3 percent.

Cotton imported in excess of annual quotas will be levied 357 yuan (52 U.S. dollars) per ton from June 5 to October 5. The previous level was 570 yuan per ton.

Hu Yijian, an economist at Shanghai University of Finance and Economics, said the revisions mainly target quake-relief efforts in Sichuan, which was hit by a devastating earthquake on May 12. The reduction of tariffs will help imports of commodities that are badly needed in Sichuan, Hu said.

Other analysts, however, believe that the move is to help control domestic prices, which rose by 8.5 percent year-on-year in April, the second highest in the past 12 years.

Economists and senior officials broadly agree that it is hard to attain the goal of keeping inflation below 4.8 percent - the central government target - this year.

"It does not have much to do with the earthquake," said Ma Hongman, a Shanghai-based economist. "The move is targeted at helping control prices."

Wang Li, researcher at the Chinese Academy of International Trade and Economic Cooperation of the Ministry of Commerce, added: "Failure to bring inflation under control could undermine efforts in quake reconstruction and hosting the Olympic Games."

(Source: China Daily)
