

China to impose deposit on imported nylon 6

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The Chinese government yesterday charged chemical firms from the United States and Europe of dumping polycaprolactam or nylon 6 in the domestic markets.

In its preliminary ruling, the government said the companies involved in the case including BASF Corp and Honeywell Resins & Chemical LLC will have to pay a security deposit from today until a final decision is taken in this regard.

This is the second such ruling announced by China against imports from the US and Europe, following the growing trend of trade remedy investigations and measures being resorted to by developed nations against China.

On Oct 12, the Ministry of Commerce decided to impose anti-dumping duties as high as 37.5 percent on imports of nylon from the US and some European nations including Italy and France, and said the measures would last for five years.

China had decided to start investigations against imports of nylon fibers late April. Besides the US and Europe, chemical companies from Russia and China's Taiwan region were identified as having sold nylon fibers at an unreasonably low price in the mainland. Nylon fibers are widely used in textiles, chemicals, medicines and food packaging.

"The ruling involves business worth more than \$1 billion," said a MOFCOM official on condition of anonymity. He, however, refused to disclose when the final ruling on the case would come out.

The three American companies are required to pay a deposit ratio of 34.2 percent, while the figure is 11.6 percent for the five European companies.

In a statement, BASF Corp said it regrets the high duties on its polycaprolactam imports into China. "We have been working closely for several months with the Chinese authorities on the investigation. However, we will not speculate on any potential future impact since the findings are still provisional," the company said.

Taiwan-based Formosa Chemicals & Fibre denied the dumping charges and said it would cooperate in the investigations, according to a Bloomberg report.

Hong Fuyuan, president of Formosa Chemicals, said there would be little impact as exports accounted for less than 1 percent of the company's total sales.

The two rulings that China made come after the US and Europe imposed duties on Chinese imports like tires, screws and bolts, steel pipes and shoes in the past few months.

"Trade protectionist measures are being used more frequently by foreign nations amid the financial crisis. China is now responding to the measures and resorting to the WTO rules for protecting its own industry, in an active way," said He Weiwen, WTO expert.

A few days after US President Barack Obama decided to impose high duties on imports of tires from China, the government said it had started anti-dumping and anti-subsidy investigations into broiled meat from the US.

Last Tuesday, China also asked the WTO to set up a dispute settlement panel to judge on the legality of EU's decision to impose anti-dumping duties on screws and bolts.(China Daily)

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