

11th-hour signing of pact averts tariffs battle with US

From MICHAEL CHUGANI in Washington

CHINA and the United States formally ended their bitter trade dispute in dramatic fashion on Saturday by signing an agreement just five minutes before the expiry of a deadline laid down by President George Bush.

The two sides had reached a tentative deal a day earlier but refused to release details, spending all of the final day behind closed doors haggling over the exact text. With just minutes to go before the midnight deadline (Washington time), the chief Chinese and American negotiators sat down to sign the sweeping agreement which pries open China's huge market to US industrial and agricultural products.

Under the agreement China will totally eliminate 75 per cent of its import restrictions, including licensing requirements, quotas, and controls, within two years starting from December 31.

Remaining controls on key American exports to China will be lifted by De-

Key pledges by Beijing

- To significantly reduce tariffs by December 31 next year on a wide range of products exported by US firms.
- Publish all laws, regulations, and decrees that govern trade.
- Eliminate standards and testing requirements which act as barriers to trade.
- Halt the use of restricted internal directives to govern trade.
- Lift most quotas, import restrictions, import licensing requirements and import controls.
- Make public commercial information on sales and marketing opportunities.
- Set up an export working group to discuss standards for agricultural products.

ember 1997 under a strict timetable.

American-made industrial products that will enjoy easy access to China include chemicals, computers, cars and car parts, telecommunications equipment, instant film and cameras, beer, wine, alcoholic beverages, pharmaceuticals, machinery products and steel products.

Agricultural products include fruit, wheat and other grains, tobacco and edible oil products.

In response to Washington's demand that China move rapidly to end import restrictions, Beijing has agreed to lift barriers on instant cameras, film and telecommunications on December 31, the first day of the process to dismantle restrictions.

"This historic agreement will provide the significant access that we have long sought to China's large and growing market," said Unit-

ed States Trade Representative Carla Hills.

Her deputy, Mr Michael Moskow, who signed the agreement, said after the signing ceremony that the US had wanted China to lift some import restrictions much sooner than the agreed two years but added that the deal was still "precedent-setting".

He said the US, which now exports about US\$7.5 billion worth of goods to China yearly, would be able to eventually increase this by "billions of dollars" under the deal.

Mr Moskow insisted the agreement would be acceptable to Congress which has demanded that retaliatory US tariffs be imposed against Chinese goods if China fails to open its markets completely to American goods.

The chief Chinese negotiator who signed the deal, vice-minister of foreign trade Tong Zhiguang, said the agreement "marks a new stage of China-US relations".

"The co-operation and understanding of the busi-

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11th hour deal averts trade war

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ness communities in China, the United States and Hongkong have also contributed positively to the progress of the negotiations," he said.

The trade dispute had been triggered by US charges that China was unfairly shutting out US goods with a complex system of barriers while increasing exports to America's open markets, amassing a \$13 billion trade surplus with the US last year.

The current year surplus is expected to be closer to \$20 billion.

Mr Bush set an October 10 deadline for Beijing to sign a market-access agreement or face punitive tariffs of up to 100 per cent against a wide range of Chinese goods.

Under the deal China

will radically liberalise its trading system by:

- Significantly reducing tariffs by December 31 next year on a wide range of products exported by US firms including edible fruits and nuts, vegetable oils, electrical machinery and parts, perfumery, cosmetic and toiletry preparations, various iron, steel and chemical products, and photographic goods.
- Publish openly and promptly all laws, regulations and decrees that govern trade, including information of commercial interest to US companies.
- Eliminate standards and testing requirements which act as barriers to trade.
- Publish all laws, regulations, policies and guidance on the operation of its import and export system.

● Establish a central repository for the publication of all trade regulations.

● Halt the use of restricted internal directives to govern trade. Only trade laws that are published and readily available will be enforced.

● All import approval agencies will be identified and an appeals process will be set up.

● Most Chinese quotas, import restrictions, import licensing requirements, and import controls will be removed according to a strict timetable.

● The Chinese Government will make public commercial information on sales and marketing opportunities, information to which exporters have not previously had access.

● The Chinese Government will not apply import substitution measures, nor

will it require the transfer of technology or local investment as a condition for granting import licences.

● An export working group will be created to discuss standards requirements applied to agricultural products. China will eliminate any scientifically unjustifiable restrictions on a list of products within 12 months.

Mr Tong said the liberalisation of China's trade system would help its application to rejoin the General Agreement on Tariffs and Trade (GATT).

He urged the US to honour its commitment to press for China's GATT membership after the signing of the market access deal.

Mr Tong said he would be leaving for Geneva next week to attend a meeting on China's GATT membership application.