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US group says China 'subsidising' auto part makers

A US trade group has accused China of providing "illegal government subsidies" to car part makers, a practice it says was hurting US firms.

The Alliance for American Manufacturing (AAM) said China's practices had resulted in the loss of 400,000 jobs in the US since 2000.

It warned that as many as 1.6 million jobs in the US were at risk if action was not taken against such policies.

China is the fastest-growing source of US auto parts imports.

"China's blatant use of illegal government subsidies and a web of predatory trade practices on a massive scale are undercutting companies in the US auto supply chain," [said Scott Paul](#), Executive Director of AAM.

"It's essential that federal action be taken to challenge these abuses before they completely undermine the job recovery underway in the US auto industry."

Escalating tensions

The accusation comes just days after US President Barack Obama announced the set up of a new government body to investigate unfair trade practices in countries such as China.

Trade relations between the US and China, the world's two largest economies, have deteriorated in recent years.

US policymakers and businesses have accused China of keeping the value of its currency artificially low in a bid to help its exporters, a move they say gives Chinese exporters an unfair advantage.

There have been calls in the US to impose duties on Chinese imports in order to provide a level playing field for US-based manufacturers.

"We must be aggressive on trade enforcement, especially as China ramps up subsidies in strategic industries like auto parts," said Senator Sherrod Brown.

However, there are fears that any such move may result in a full-blown trade war between the two nations.

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