

Trump's plans to impose \$60 billion taxes on Chinese imports poses grave threat to global trade

By CHINA DAILY and XINHUA

China said on March 23 said it would defend itself and safeguard global trade against US moves of protectionism.

Despite strong warnings from business groups and trade experts, US President Donald Trump on March 22 signed a memorandum that could impose tariffs on up to \$60 billion of imports from China,

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the latest unilateral move that poses a threat to global trade.

The Ministry of Commerce, in an early morning statement published on its website on March 23, said it would take legal action under the framework of the World Trade Organization (WTO) to maintain the stability of global trading rules. The US move is against the interests of the Chinese side, of the US itself, and of the globe and sets a very bad example, the ministry's statement said.

China's position has been clarified repeatedly. The Chinese side does not want a trade war but will never recoil from one. "We have the confidence and capability of facing any challenge," it said.

The ministry added, however, that it hopes the US side could "pull back the horse from the edge of the cliff".

In Washington, Chinese Ambassador to the US Cui Tiankai said: "If somebody tries to impose a trade war upon us, we will fight. We will do whatever we can to defend the legitimate interests. We will also do whatever we can to safeguard the open global trading system."

In a video posted on the embassy Facebook account on March 23, he said, "Let me assure those people who intend to fight a trade war. We will certainly fight back. We will retaliate. If people want to play tough, we will play tough with them, and see who will last longer."

China is "strongly disappointed and firmly opposes" the US plan for imposing tariffs on Chinese imports, the Chinese embassy in Washington said in a statement on March 23. It said China will fight to the end to defend its own legitimate interests with "all necessary measures".

The embassy's statement added: "We urge the US to cease and desist, make cautious decisions, and avoid placing China-US trade relations in danger."

Trump has directed the US' trade representative, Robert Lighthizer, to publish a list of proposed Chinese goods that could be subject to tariffs in 15 days, while the US Treasury



Investors monitor stock price movements at a securities company in Shanghai on March 23. Hong Kong and mainland Chinese stocks plunged at the opening on growing fears of a global trade war. AFP

China to take legal action, counter measures

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Department will have 60 days to propose restrictions on Chinese investment in the United States, according to the presidential memorandum.

The tariffs "could be about \$60 billion", Trump said on March 22 at the White House before signing the memorandum. But a senior White House official told reporters earlier in the day that the number would be close to \$50 billion.

The memorandum is based on a so-called Section 301 investigation into alleged Chinese intellectual property and technology transfer practices, launched by the Trump administration in August 2017.

Section 301, once heavily used in the 1980s and the early 1990s,

allows the US president to unilaterally impose tariffs or other trade restrictions on foreign countries. But the US has rarely used the outdated trade tool since the WTO came into being in 1995.

"It became no longer necessary really for the United States that they have to use that law, because now we have an effective dispute settlement system under the WTO," said Chad Bown, a trade expert and senior fellow at the Washington DC-based Peterson Institute for International Economics.

US stocks plunged on March 22, with the Dow dropping more than 700 points, after Trump announced plans to impose tariffs on imported products from China.

US-listed Chinese companies traded sharply lower on March 22, with all the top 10 stocks by weight in the S&P US Listed China 50 index witnessing big losses. Shares of BeiGene, Sina and Baidu slumped 7.25 percent, 6.78 percent and 5.57 percent respectively, leading the decreases in the top 10 stocks of the index.

Shares of Alibaba and JD.com, two Chinese tech giants listed in the US equity market, dropped 5.45 percent and 2.30 percent respectively on March 22.

Hong Kong stocks also tumbled on March 23. The Hang Seng Index dropped 2.68 percent or 831.66 points, posting its worst daily drop since Feb 9. The Shanghai Composite Index declined 2.54 percent or 82.79 points, while the CSI 300 — which tracks the large caps listed in Shanghai and Shenzhen — dropped 2.53 per cent or 101.85 points.

A 25-percent tariff on information and communications technology imports from China would cost the US economy \$332 billion over the next 10 years, according to a report recently released by the Information Technology and Innovation Foundation, a US technology policy think tank.

"Simply put, tariffs are damaging taxes on American consumers," said Thomas J Donohue, president and CEO of US Chamber of Commerce, warning that the Trump administration's tariff plan could lead to "a destructive trade war" with serious consequences for US economic growth and job creation.

He said tariffs of \$30 billion a year would wipe out over a third of the savings American families received from the doubling of the standard deduction in tax reform while tariffs of \$60 billion would be "even more devastating".

The memorandum follows Trump's recent tariff plan on steel and aluminum imports and January's tariffs levied on imported solar panels and washing machines. These unilateral moves have prompted strong opposition and warnings from business groups around the world.

China said on March 23 that it is considering tariff increases on imports of some US products to make up for losses caused by the US tariff on steel and aluminum imports from China.

China is considering a 15 percent tariff on US products including dried fruit, wine and steel pipes and a 25 percent tariff on pork products and recycled aluminum, the commerce ministry said in a statement on its website.

China has assembled a list of 128 US products in total that could be targeted if the two countries are unable to reach an agreement on trade issues, the Commerce Ministry added.

The ministry said China would implement the measures in two stages: First the 15 percent tariff on 120 products including steel pipes and wine worth \$977 million and later the higher 25 percent tariff on \$1.99 billion of pork and aluminum.