

'U.S. tariffs will obstruct economic recovery'

Adverse effect: The U.S. tariffs are likely to have a downstream impact in other countries, as China-based export firms outsource parts and sub-assemblies from other world locations. AFP

China on Friday warned that the U.S.'s move to impose tariffs on Chinese goods would trigger market turmoil across the globe, obstruct economic recovery, and pose a "grave threat" to the security of industrial value chains.

A statement by the Chinese Commerce Ministry warned that the U.S. was indulging in "bullying".

Beijing has declared retaliatory tariffs after the U.S. announced a 25% additional levy on Chinese products worth \$34 billion. U.S. President Donald Trump threatened to incrementally increase tariffs on the entire range of Chinese exports, worth more than \$500 billion, in case Beijing retaliated

The new U.S. market restrictions are likely to have a downstream impact in other countries, as China-based export firms outsource parts and sub-assemblies from other world locations.

The Chinese retaliation followed immediately after the U.S. Trade Representative (USTR) issued a note that stated that any goods that entered the country or were pulled out of warehouses after 12:01 a.m., Eastern Time, would face the new tariff regime.

The latest set of levies target 818 Chinese product lines in industries such as aerospace, information and communications technology, robotics, industrial machinery, new materials and automobiles, USTR list released earlier had stated.

In mid-June, the Chinese Commerce Ministry had declared that 545 types of U.S. products of equal value, including soybeans, automobiles and seafood, would face an additional tariff of 25%.

By restricting its market for high-end products, the U.S. hopes that this would deter its companies, with cutting edge technology, from investing in China.

Intellectual property

The U.S. has earlier charged Beijing of forcing American companies to part with their intellectual property, which can be funnelled into the Made-in-China 2025 project, as a precondition for doing business in China.

A member of China's central bank monetary policy committee, Ma Jun, said on Friday that the first punches will have a "limited impact" on the Chinese economy. "The \$50-billion trade war will slow down China's GDP growth by 0.2 percentage points," Mr. Ma told Xinhua, China's official news agency.

During a visit to Sofia, Bulgaria, Chinese Prime Minister Li Keqiang told reporters that "China would never start a trade war but if any party resorts to an increase of tariffs, then China will take measures in response to protect development interests."

On Friday, Chinese state-media went ballistic as Mr. Trump fired the first salvo. State-run *China Daily* called the Trump administration "a gang of hoodlums with its shakedown of other countries, particularly China".

In a commentary, the state-run tabloid *Global Times* said China was ready for a fight. "If the U.S. is determined to escalate conflicts with China, then so be it. Perhaps Trump can only clear its mind after a fight."

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