

CHINA-U.S. FEUD RISES OVER TAIWAN

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Amid growing trade tensions with the U.S., China is going ahead with its decision to sanction American companies selling weapons to Taiwan.

The State-run tabloid, *Global Times*, earlier this week nailed specific steps that China can take to hurt four American military hardware firms — General Dynamics, the maker of the M1A2T tanks, Raytheon, the manufacturer of Stinger missiles, and tank equipment contractors, BAE and Oshkosh.

On July 8, the U.S. Defense Department notified Congress of its proposed arms sales to Taiwan. These included 108 M1A2T Abrams tanks, as well as Hercules armoured vehicles and heavy equipment transporters. Besides, Congressional clearance was also sought for the sale of Stinger anti-aircraft missiles, worth \$220 million.

Analysts say that China now has the tool kit to retaliate against the U.S. decision on arms sales to Taiwan. For instance, China as the third largest buyer of Gulfstream executive jets built by General Dynamics can upset the company's balance sheet, should it decide to restrict imports. China is also a big purchaser of aircraft rescue and fire fighting vehicles produced by Oshkosh.

According to a *Global Times* report, China can more fundamentally disrupt parts of the supply chain, including export of rare earths material, used by U.S. military firms.

"Rare earths, the industry which is largely controlled by China, are imperative in making advanced weapons and equipment. For instance, the M1A2 tank of General Dynamics uses samarium-cobalt in its navigation system," the daily said.

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