US stocks plunge on tariffs for China

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US stocks plunged on Thursday to the Trump administration's announcement of new tariffs on Chinese imports, and various business and trade organizations said that while they shared the administration's concern over intellectual property and trade practices in China, the tariffs could be a costly remedy.  
On Wall Street, the major indexes suffered their biggest one-day percentage drop in six weeks. The Dow Jones Industrial Average fell 723.45 points, or 2.93 percent. The S&P 500 lost 68.23 points, or 2.52 percent, and the Nasdaq Composite dropped 178.61 points, or 2.43 percent. Boeing, which China has previously said could be targeted for reprisals in a trade war, was down 5.3 percent .  
Trump directed US Trade Representative Robert Lighthizer to impose the tariffs following an investigation under Section 301 of the 1974 Trade Act into alleged intellectual property (IP) theft by China. While the memo posted on the White House website did not give a specific amount of the tariffs, Trump said on Thursday "it could be about $60 billion".  
The Semiconductor Industry Association (SIA) said the industry shares the Trump administration's concerns regarding unfair and discriminatory trade practices that put at risk American intellectual property in China.  
"We are reviewing the Administration's Section 301 findings and proposed actions, and encourage an outcome that protects US intellectual property in a manner that avoids a costly trade war," SIA President and CEO John Neuffer said in a statement.  
"Semiconductors are America's fourth-largest export and are fundamental to the strength of our economy. (US companies) should be able to compete in foreign markets without putting their critical IP at risk.  
"At the same time, we welcome China's participation in the global semiconductor value chain as long as it conforms (to) its international obligations and is consistent with market-based principles." he said.  
US-China Business Council (USCBC) President John Frisbie said his group agrees that China's technology transfer practices and protection of intellectual property need to be addressed and improved.  
"American business wants to see solutions to these problems, not just sanctions such as unilateral tariffs that may do more harm than good. We urge the two governments to engage in results-oriented dialogue to bring about real, positive change. Doing so would help strengthen the commercial relationship between the world's two largest economies and ensure that mutually beneficial trade ties remain a source of stability in the overall relationship," Frisbie said in a statement.  
Jay Timmons, president and CEO of the National Association of Manufacturers, said his organization welcomes Trump's focus on China and US intellectual property but issued this warning about tariffs.  
"Any actions taken globally must be well crafted to lead to concrete solutions and limit damage back to the US economy, especially since trade overseas supports the jobs of millions of US manufacturing workers. Tariffs are one proposed response, but they are likely to create new challenges in the form of significant added costs for manufacturers and American consumers," Timmons said in a statement.  
"Holding China accountable for refusing to follow global trading rules is important and necessary, but instead, the tariffs proposed by the administration will punish ordinary Americans for China's violations," said National Retail Federation President Matthew Shay in a statement.  
Shay said that engaging in a trade war with China will erase gains from the benefits of tax reform and result in higher prices for a wide range of consumer products and basic household goods.  
"We urge the administration to reconsider and instead work with our trading partners to enforce the rules and advance targeted trade remedies," Shay said.

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