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## **CHINA SHOULD TAKE 'SELF-DEFENCE MEASURES' IN TRADE WAR: GLOBAL TIMES**

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Straits Times (27 June 2018)

China should take "self-defence measures" against US tariffs by offering subsidies to companies and industries that may suffer losses from trade friction, the Chinese state-run tabloid Global Times said on Wednesday (June 27).

Chinese technology firms, in particular, could be treated unfairly and "become the victims of Trump's trade war", the newspaper said.

The United States is due to unveil restrictions on foreign investment in US technology companies on Friday, and President Donald Trump said they would not be confined to China.

The US administration says China has misappropriated US intellectual property through joint venture requirements, unfair licensing policies and state-backed acquisitions of US technology firms, accusations that China denies.

China, which has pledged to further open up its economy this year, might additionally adjust its policies due to economic uncertainty arising from the trade friction, the Global Times said.

"China can offer export subsidies to Chinese companies under the WTO (World Trade Organisation) framework and provide policy support to them," it said.

"High-tech industry is one key area where efforts should be made to protect Chinese companies from the attack launched by Trump."

The newspaper's stance does not necessarily reflect Chinese government policy.

China will assess the potential impact of the expected US investment restrictions on Chinese companies, the Commerce Ministry said in a statement on Wednesday.

Beijing is expected to issue a new "negative list" this week, setting out which sectors are open to foreign investors, which are open with conditions and which are shut. It was first drawn up in 1995, and had been revised seven times.

In the new list, China will either abolish or relax foreign ownership restrictions in sectors such as energy, resources, infrastructure, transport and professional services, in addition to previously announced changes for the financial and auto sectors, Commerce Ministry spokesman Gao Feng said on May 31.

The list, last revised in June last year, will be announced and implemented by June 30, Mr Gao said at the time.

Opening-up measures for the next few years will also be announced, he said.

## FINE-TUNING

"We cannot rule out the possibility that China might fine-tune its opening-up policies as needed," said Global Times, which is run by the ruling Communist Party's official People's Daily.

A US government official told Reuters on Sunday that the US Treasury Department had been working on a proposal to ban acquisitions of US firms with "industrially significant technology" by companies with at least 25 per cent Chinese ownership.

The Global Times said support could be provided to companies like ZTE Corp, China's second-largest telecommunications equipment-maker, which ceased major US operations after the United States imposed a ban in April.

"If China's ZTE Corp and some other enterprises become the first to bear the brunt of Trump's trade war, they will be also the first to receive support from the Chinese government," the newspaper said.

The state-owned China Daily newspaper, in a separate editorial on Wednesday, said US industries and workers could eventually "feel the pain" as Mr Trump's policies were affecting global supply chains.

The mounting trade friction between the world's two largest economies prompted a sell-off in global stock markets, including China, which entered bear territory.

Against the backdrop of the rising trade tension, US Defence Secretary James Mattis is on an official visit to China, where he is expected to meet his Chinese counterpart and other top government officials, possibly including President Xi Jinping.

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