

US firms rethink China presence: survey

● Three-quarters of the 250 respondents said increases in US and Chinese tariffs are having a “negative impact” on their business

Beijing, China

Most US businesses in China are hurting from the tariffs war between the two countries, forcing some companies to relocate abroad or refocus their business, a survey showed Wednesday.

The recent poll by the American Chamber of Commerce in China and its sister organisation in Shanghai paints a gloomy picture of the business environment for American companies.

Three-quarters of the 250 respondents said increases in US and Chinese tariffs are having a “negative impact” on their business as orders were drying up owing to rising manufacturing costs and prices.

Nearly half said they have experienced non-tariff retaliatory measures in China since last year, with one in five reporting increased inspections and a similar amount enduring slower customs clearance. And 14 percent complained of other complications from increased bureaucratic oversight and regulatory scrutiny.

The United States and China have so far exchanged tariffs on more than \$360 billion in two-way trade.



Shoppers at an outlet mall walk past a Skechers store on May 21, 2019 in Los Angeles, California. More than 170 shoe companies and retailers, including Adidas, Nike, Skechers and Under Armour, have warned US President Donald Trump against a trade war with China, warning of the “catastrophic” effects his proposed 25 percent tariffs will have on the US economy, consumers and companies.

The poll was conducted from May 16 to May 20, days after the United States more than doubled duties on \$200 billion in Chinese goods and Beijing retaliated with higher duties on \$60 billion in American products.

The poll showed that 35 percent of companies would adopt an “in China for China” strategy -- sourcing within China and targeting the domestic market -- as a result of tariffs.

But more than 40 percent said

they were “considering or have relocated” production facilities outside China, with Mexico and Southeast Asia the preferred alternatives for manufacturing.

Fewer than six percent said they have moved or are considering moving their factories to the United States, undercutting President Donald Trump’s hopes of seeing American companies move production back home.

Trump launched the trade war last year to extract profound

economic reforms from Beijing, accusing China of seeking to forge global industrial dominance through massive state intervention in markets and the theft of US technology.

‘Structural issues’

Despite the pain, more than half of respondents said they favour protracted trade talks to continue in order to address “structural issues allowing them to operate on a more level play-

ing field”.

Others wanted a quick deal and a return to the “pre-tariff predictability and stability” that existed before the world’s two biggest economies locked horns.

After talks ended in Washington this month China’s top trade negotiator Liu He said another round would take place in Beijing, but neither side has announced a date.

Trump has left open the door for reconciliation, saying he ex-

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I had not seen the survey. Even when the US threatens to impose tariffs on China, the enthusiasm for foreign investment in China has not diminished and continues to increase. China has no intention to take retaliatory action against US companies because of the trade war

LU KANG

CHINESE FOREIGN MINISTRY SPOKESMAN-ANALYST, SPREADEX

pected a “fruitful” meeting next month with his Chinese counterpart Xi Jinping at a Group of 20 summit in Japan.

China’s big three airlines seek 737 MAX payouts from Boeing



An Air China Boeing 737 MAX 8 plane (back C) as a China Southern Airlines Boeing 787 (top) lands at Beijing Capital Airport in Beijing.

Shanghai, China

China’s three biggest airlines have filed claims seeking compensation from Boeing over the grounding and delayed delivery of 737 MAX 8 aircraft following two deadly crashes, Chinese state media reported yesterday.

The reports in various state-run media that China Southern Airlines, China Eastern Airlines, and Air China would seek payouts from the American aerospace giant come against the backdrop of an escalating US-China trade war.

China Southern is Asia’s largest carrier by fleet size, China Eastern is the country’s number two, while Air China is the state flag carrier.

A spokesman for China Eastern confirmed to AFP that a dispatch by state-run Xinhua news agency saying the airline had presented Boeing with a compensation claim was correct.

Neither the spokesman nor the report gave any financial or other details.

Spokespersons for China Southern and Air China could not immediately be reached for comment.

On March 11, China became the first country to order its airlines to ground the 737 MAX 8 as a result of the two tragedies.

The day before, an Ethiopian Airlines 737 MAX crashed minutes after takeoff from Addis Ababa, killing all 157 people on board, including eight from China.

That followed the October crash of a Lion Air 737 MAX, which went down shortly after takeoff from Jakarta, killing all 189 people on board.

Xinhua had reported that “grounding Boeing 737 MAX 8 planes had resulted in great losses for the company (China Eastern), and the losses are still expanding”.

Shanghai-based China Eastern has grounded its 14 MAX planes while the US aviation giant addresses the safety risks, Xinhua reported.

It was not immediately clear how many planes the other two airlines had grounded.

May’s final bid to save Brexit at risk

● Analysts and British newspapers gave May little-to-no chance of winning on this occasion, with the eurosceptic Daily Telegraph calling her move: “Desperate, deluded, doomed.”

London, United Kingdom

British Prime Minister Theresa May’s final bid to salvage her EU divorce deal appeared doomed on Wednesday as pro-Brexit Conservatives and opposition MPs rejected her attempts at a compromise to end months of deadlock.

The beleaguered leader is set to face a torrid session at Prime Minister’s Questions in parliament on the eve of European elections that Britain had not even expected to take part in three years after the Brexit referendum.

The poll could see the vote of the two main parties decimated. May vowed Tuesday to give lawmakers a vote on holding a public referendum on Brexit if they approve her unpopular withdrawal agreement in a series of votes starting in early June.

She also dangled a package of other sweeteners to the deal aimed at opposition Labour MPs, in a bid to break trenchant opposition which has seen parliament reject her plan three times this year.

May has said she will leave

office shortly after the measures she outlined are voted on -- no matter the outcome.

“I recognise the genuine and sincere strength of feeling across the house on this important issue,” May said.

However, MPs from across the political spectrum reacted furiously to the prime minister’s latest offer, with Conservative Brexiters crying betrayal and Labour lawmakers saying she had not compromised enough.

In a sign of the scale of the backlash, Environment Secretary Michael Gove hinted that the vote in the week of June 3 may not go ahead after all.

“We will reflect over the course of the next few days on how people look at the proposition,” he told BBC radio.

‘A question of democracy’ May’s offer comes as Britain votes in EU elections Thursday with the two main parties trailing behind the Brexit Party and the pro-EU Liberal Democrats, according to polls.

The latest YouGov survey showed eurosceptic populist Nigel Farage’s new Brexit Party claiming 37 percent of votes, with Labour in third on 19 percent and the Tories lagging in fifth place with just seven percent.

“If we win big on Thursday, we will kill off any prospect of parliament forcing a second referendum upon us because they know they would lose!” Farage told supporters at a final rally Tuesday.

Liberal Democrat leader Vince Cable, whose party is set to come second in the polls, told

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The prime minister needs to today accept that what she announced yesterday is not going to work and pull the vote

LABOUR PARTY’S BREXIT SPOKESMAN KEIR STARMER S

a party gathering on Tuesday that a vote for his party was “a vote to stop Brexit”.

The pro-EU party’s outright rejection of Brexit appears to be resonating with Remain voters who would normally back Labour or the Conservatives.

‘Last chance’

May pitched her “new Brexit deal” as MPs’ “last chance” to end political gridlock that has already delayed Britain’s departure from the bloc past its original March deadline and prompted public anger.

The government is aiming for the law to be approved by the time parliament’s summer recess begins on July 20, which

would let the country leave at the end of that month -- as long as lawmakers reject a second referendum.

Otherwise the process could be delayed until October 31 -- the deadline set by the EU -- or even later if its leaders grant Britain another postponement.

May on Tuesday set out a series of incentives for MPs to vote for her deal.

Some were in line with demands from Labour, but fell short of their full demands put forward during weeks of cross-party talks which ended in deadlock last week.

