

“Terror trap” hits global industrial chain and value chain

People’s Daily Commentator

“It is expected that the US will have a long-term trade war with almost all other countries, and the global stock market has fallen into panic”; “The trade action and the announced intentions of the US government foreshadow chaos on a broader sense in the future.” As the US is waging its trade war with the rest of the world, panic spreads in the global market.

The White House resorted to unilateral trade protectionism, which laid a “terror trap” and wantonly hit the global industrial chain and the value chain. This, however, does not mean that the US has the power to dominate the world, and it is by no means something worth showing off.

It is noted that anxiety in the US is growing. Up to 73% of respondents worry that trade war will do them harm, according to polls conducted by influential media including Washington Post.

Industrial transfer and technology spillovers are inevitable in economic globalization and is an important way to realize the interests of developed countries. In the current global division of labor led by multinational corporations, the biggest beneficiaries of technology spillovers are developed countries represented by the US.

There is no “forced technology transfer”. The Chinese government did not make this kind of request to foreign companies, and cooperation between Chinese and foreign companies in technology and other economic and trade field is contract behavior purely based on voluntary principle.

In 2017, China's external payments for IPR royalty totaled 28.6 billion U.S. dollars, and the US remained its status as the largest payment receiver. Thus America’s threat of sanctions and restrictions on China using the excuse of so-called “forced technology transfer” is untenable and has a bad effect. It is a basic development right for developing countries to promote industrialization and modernization through normal international trade and investment.

The US unilaterally intervenes in international affairs and imposes domestic law on other countries. As a result, enterprises that normally carry out international trade and investment are exposed to huge risks and may be subjected to US sanctions at any time. Abuse of “long-arm jurisdiction” of the US has disrupted the international economic and trade order and is a great threat to enterprises in all countries.

Investment layout based on the global industrial chain and value chain is normal for enterprises and is the basic law of market economy. However, the US administration even abused the label of “traitors” and repeatedly put pressure on multinational corporations to return to the US by means of threatening to raise taxes. Such practice has severely interfered with the normal business decisions of

enterprises, hurting the global market economy.

Countries use their comparative advantage and cooperate with each other and the world economy has become a highly efficient global industrial chain and value chain. The US has imposed tariffs on trading partners in violation of WTO rules. It is actually a tax on enterprises in all countries of the global industrial chain, including American enterprises in its trading partners. The increase in tariffs and non-tariff barriers will slow the spread of new technologies, resulting in a decline in global productivity and investment.

The White House has impacted severely on the global industrial chain and value chain by a series of actions including suppressing normal technology spillovers and abusing the “long-arm jurisdiction”. The fight against American trade hegemony to advocate multilateral and free trade helps safeguard the common interests of all peoples around the world and accelerate the formation of a more equitable and reasonable international economic and trade order.