

US - China Trade Dispute

Why in news?

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U.S. President Donald Trump has ordered an enquiry to determine whether an investigation into China's trade practices and policies was warranted.

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What is the practices that U.S. object?

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- Chinese laws require American and other foreign companies who are directly investing in China to set up joint ventures with Chinese partners.

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- In some cases, transfer of intellectual property assets are also mandated.

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- China is already on the USTR Priority Watch List, which is a list of countries whose IP regimes are deficient.

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- But it is also to be noted here that China is the U.S.'s largest goods trading partner.

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What could be the possible actions?

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- There are provisions in the U.S. Trade Act, 1974, which enable the U.S. to take action to enforce trade treaties, or use counter measures, such as retaliatory tariffs.

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- China has said if that it will retaliate if the U.S. acts against it in a manner that violates existing international trade agreements.

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- If retaliatory measures come in place, then it is possible that a trade war

could ensue between the two.

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Source: The Hindu

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