

Delisting Chinese Firms from US Exchanges. “Risks of Military Confrontation”... Destabilization of Capital Markets?

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US anti-China legislation dates from the mid-19th century, including measures to prohibit or limit emigration of its nationals to America.

Today, US war on China by other means rages with no end of it in prospect, things worsening, not improving, a situation fraught with dangers.

Measures introduced or adopted by Congress since late 2019, including what’s signed into US law, include:

The Hong Kong Human Rights and Democracy Act, wrongfully blaming China for months of made-in-the-US violence, vandalism, and chaos in the city.

The Uygher Human Rights Policy Act: The world’s leading human rights abuser USA calls for sanctioning China over alleged mistreatment of these people.

Credible evidence backing claims about its alleged detention of millions of Uyghurs in so-called Xinjiang “re-education camps” is sorely lacking.

The measure also requires the director of national intelligence (DNI) to report regularly on the alleged threats of Chinese hegemony over the global 5G wireless infrastructure buildout, falsely claiming it poses a threat to US national security.

The Chinese Government COVID-19 Accountability Act — wanting Beijing falsely blamed for spreading outbreaks worldwide.

The China Hong Kong Autonomy Act, calling for sanctions on Chinese entities that allegedly violate Beijing’s “obligations” to the city, along with secondary sanctions on banks doing business with sanctioned entities.

The Trump regime imposed visa restrictions on current and former Chinese officials — on the phony pretext of undermining Hong Kong’s autonomy, “human rights and fundamental freedoms...”

Earlier in June, Pompeo falsely claimed Europe is being “forced to choose between the United States and China (sic).”

No either or choice exists. Yet he tried to pressure EU countries away from normal relations with China, wanting US interests served at Beijing’s expense.

In May, the Senate passed the Holding Foreign Companies Accountable Act by unanimous consent.

With overwhelming or unanimous House adoption virtually certain, it's heading toward becoming US law.

The measure calls for delisting Chinese firms from US exchanges.

Introduced by Senators John Kennedy and Chris Van Hollen, their press release falsely claimed the measure aims "to protect American investors and their retirement savings from foreign companies (that flout SEC) oversight (sic)," adding:

"(W)e're giving Chinese companies the opportunity to exploit hardworking Americans...because we don't insist on examining their books (sic)."

"China is on a glide path to dominance and is cheating at every turn (sic)."

The measure is one of numerous US anti-China actions that jeopardize bilateral relations, risking confrontation between both countries.

If adopted as US law ahead, what's highly likely, the measure to delist Chinese firms with market values of around \$1.3 trillion from US exchanges will deprive them of access to the world's largest capital markets.

It'll give all Chinese companies pause about listing on US exchanges ahead, including privately owned ones that consider going public in the US.

They'll be more likely to list on the Hong Kong, Shanghai and Shenzhen exchanges instead.

The measure calls for foreign firms listed on US exchanges to be audited for certification by the Public Company Accounting Oversight Board.

If the Board is unable to audit a company for three consecutive years, it'll be delisted from a US exchange.

Chinese firms on US exchanges must disclose whether Beijing officials have a financial interest in them.

According to US-China Business Council director of government affairs Anna Ashton, the measure is "another instance among many (that the US) approach (toward) China wasn't completely thought through."

US investment firms and individuals with large-scale Chinese holdings will be adversely affected if these firms are delisted.

Economist Rory Green noted that it'll be "almost impossible for fund managers to match or outperform the MSCI China (Index) if they do not own companies like Alibaba, and to a lesser extent Baidu, NetEase and JD."

Morningstar explained that Chinese American Depositary Receipts (ADRs) represent 35% of emerging market funds.

Only three large Chinese firms are listed on both New York and Hong Kong exchanges.

With this measure likely to become US law ahead, it'll widen the breach between both countries more than already — more congressional anti-China actions likely to follow.

Last week, the South China Morning Post (SCMP) cited "Chinese experts" who warned of a growing "risk of a military confrontation between" both countries.

According to National Institute for South China Sea Studies president Wu Shicun, Sino/US political distrust led to shutting down "intergovernmental communication channels."

Communications between the Pentagon and China's military have been "in sharp decline since 2018."

Wu noted that "the risks of conflict are rising, especially after the near-collision between the USS Decatur guided-missile destroyer and China's destroyer the Lanzhou in September in the South China Sea."

So-called US freedom of navigation exercises are provocative intrusions in parts of the world not its own.

Instead of going all-out to reduce tensions with China, Russia, Iran, and other sovereign independent countries, provocative US actions heighten them.

According to commander of US Naval Forces in Europe, Africa, and NATO's Allied Joint Force Command Admiral James Foggo:

"NATO can no longer ignore China's activities in Europe." Citing no credible evidence, he falsely claimed Beijing aims to undermine the international rules-based order.

Claiming as well that it maintained peace throughout the post-WW II era ignored endless US preemptive wars against invented enemies.

Is US conflict with China inevitable — given the country's growing prominence on the world stage while the US declines?

Does Washington's drive for unchallenged dominance risk unthinkable nuclear war if it pushes things too far??

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