

China Threatens Sanctions Against Boeing For Arms Sale

Elaine Kurtenbach, AP Business Writer

SHANGHAI (AP) — China blasted Washington's approval of an arms sale to Taiwan again Monday, but industry experts say Beijing's reliance on foreign technology may limit its ability to make good on threats to impose sanctions on the companies involved.

State media commentaries and editorials attacked U.S. plans to sell \$6.4 billion of arms to Taiwan and backed the idea of punishing Boeing and other defense contractors involved, with the newspaper Global Times urging, "Let U.S. feel the heat over arms sales to Taiwan."

China protested vehemently and suspended military exchanges with Washington after the plan was announced Friday. It has not yet said what sanctions it might impose to penalize the companies supplying democratic-ruled Taiwan with missiles, Black Hawk helicopters, information distribution systems and two Osprey Class Mine Hunting Ships.

But given China's reliance on foreign technology and know-how in the high-tech and aviation industries, Chinese analysts say Beijing's self-interest could limit its willingness to impose sanctions or boycotts. China would likely hold back from penalizing companies involved in important joint ventures or supplying key products, according to Wu Xinbo, a professor at the Center for American Studies at Shanghai's Fudan University.

Boeing said Monday it had not received any notice of sanctions. "This is a government-to-government issue. We are not in the position to comment or speculate on this matter," it said in a statement.

Boeing has contracted hundreds of millions of dollars worth of parts for its 787 Dreamliner to Chinese suppliers, and more than a third of its aircraft have major parts made or assembled in China. More than half of the aircraft flown by China's airlines are Boeing or McDonnell-Douglas jets, and just keeping them maintained and supplied with parts is a huge part of Boeing's global business.

In October, the Chicago-based company signed an agreement — the Chinese side was represented by Jiang Mianheng, son of former leader Jiang Zemin — with the government-affiliated Chinese Academy of Sciences to collaborate on research on energy, materials and wireless technology.

But Wu also noted China's reaction was unusually strong and reflects its determination to discourage U.S. military support to the self-ruled island it views as its own territory.

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"This is the first time the government has issued such an announcement, and I think they are very serious," said Wu about the threat of sanctions.

In the long-term, that anger could sway China toward favoring European aviation giant Airbus for aircraft contracts, or stall or cancel some planned purchases of Boeing jets. In the past, Beijing has often used such purchases to reward governments and companies for toeing the line on key issues like Taiwan.

Associated Press researcher Ji Chen contributed to this report.

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