



## SERIOUS ECONOMIC DANGER ALREADY TAKES FLIGHT TOWARDS A POTENTIAL ECONOMIC CRASH WITH TRUMP'S TARIFFS©

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President Trump's has now implemented economic trade tariffs which may be as high as 60% against the importation of Chinese Goods effective as of March 23, 2018.

This will likely provoke damaging retaliatory tariffs in kind and other more harmful actions by China against the United States outlined below, negatively impacting the United States Economy in many industries and to their service providers.

This may force many companies into bankruptcy to restructure, liquidate, or otherwise curtail their businesses outside of bankruptcy court:

- Boeing Aircraft is projecting to sell China nearly \$1 Trillion in aircraft over the next 20 years, a top tier exporter of goods from the United States to China. Nearly a fourth of Boeing's aircraft are purchased by China.
- China may likely impose high tariffs against the United States, including but not limited to Boeing, Apple, Technical Firms, as well as Food and Wine export Producers in the United States to seek to offset the President's tariffs now being actively imposed against the importation of Chinese goods.
- Since Boeing gains recently contributed nearly 25% to the New York Stock Exchange's gains, and Boeing's stock recently declined precipitously in response to President Trump's announcement, the imposition of such high tariffs are likely to damage Boeing further, its employees, and many national, regional, local, and international service providers of goods and parts to Boeing and other companies impacted by the tariffs.
- "China has lots of ways to hit back, and they don't necessarily have to do it by putting on tariffs," said Joel Naroff, president of Naroff Economic Advisors in Holland, Pennsylvania. "They can tweak regulations, squeeze inspections and a whole lot of other things. But they will likely do what Europe is planning on doing: hitting high-visibility imports that hurt Trump political supporters. The farm belt could shrivel up. They will be mean and nasty."
- "The impact could be indirect as well as direct, affecting both Boeing and the market at large" said Moody's Analytics chief economist Mark Zandi. "The most likely Chinese response would be to devalue the yuan. They could calibrate yuan devaluation to negate the impact of any increase in U.S. tariffs on their trade with the U.S.," Zandi said. "Alternatively, the Chinese could stop investing in U.S. Treasurys and other securities. This would cause U.S. interest rates to spike and financial markets to

swoon. Of course, Chinese investments in the U.S. would also suffer, but they may be willing to suffer the economic pain [to gain] retaliation."

Trump has repeatedly accused Beijing of unfair trade practices, including currency manipulation which helps China make its exports more affordable and of "stealing" Intellectual Property of the United States. The President has frequently taken aim at China's significant surplus in goods trade with the United States which reached \$375 billion last year. But today's tariffs are the first time the President has directly imposed large trade sanctions on China. Prior tariffs against steel, aluminum, and solar panels have been applied to other imports from other countries as well.

"China has repeatedly said that a trade war is not desired, but warned that it would take firm and necessary countermeasures if necessary. It reiterated that message today: China does not want a trade war, but China is not afraid of a trade war. 'We are confident in our capability to face up to any challenge' the [Chinese] Commerce Ministry said" according to CNN's Steven Jiang.

The bottom line is that all businesses and individuals in the United States should prepare for increased volatility in the Stock Market, Real Estate Market, and significant increased costs of doing and perhaps losing business volume in many sectors.

What does this mean for the business owner, consumer, and provider of goods?

- If a purchaser is slow to pay, impose COD or Pre-Pay for goods right away and do not deal with that purchaser(s) on payment terms.
- Minimize the amount of outstanding debt owing to you or your company that is on debt 90 days or older to avoid exposure for avoidance and recovery of such payments, if the purchaser files bankruptcy called a "preferential transfer."
- Seek legal help of a skilled financial lawyer specialist to negotiate a workout of debt owed to you or your business if possible to avoid forcing the slow or non-paying purchaser, or forcing your own business into a bankruptcy, or litigation, unless absolutely necessary.
- Proactively and immediately review all of your Business and Personal Accounts Receivable and Payables, your Business and Personal Income, Expenses, Assets, and Liabilities, if you or your company sense that a problem is about to occur.
- Planning ahead of cash flow problems anticipated and obtaining proper Legal and Financial/Accounting advice is always best.<sup>1</sup>

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