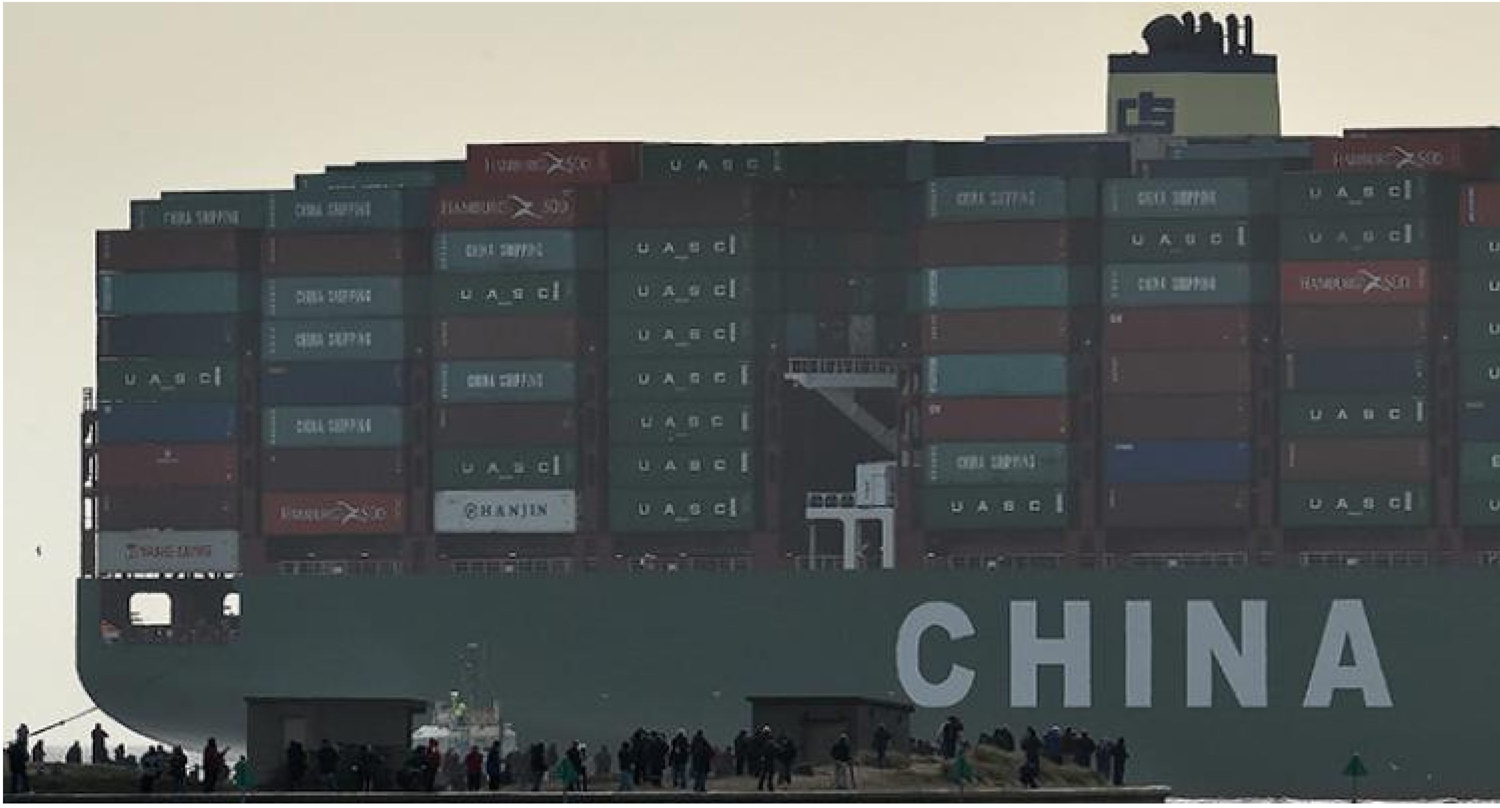
U.S. considers delisting Chinese firms from its trade market



Washington, September 29 (RHC)-- The White House is considering delisting Chinese companies from United States stock exchanges, said three separate sources to Reuters. The move would be a major escalation in trade tensions between the world's number one and two biggest exporters.

If the plan happens, it would be part of a broader effort by the U.S. to limit U.S. investment in Chinese companies. Yet it's not immediately clear how any delisting would work, or specifically, which companies would be targeted. What is certain is that the 'delistment' talk lowered the value of several Chinese companies on the exchange, as well as the Nasdaq.

In June, U.S. lawmakers from both parties introduced a bill to force Chinese companies listed on the U.S. stock exchange to submit to regulatory oversight, including providing access to audits, or face delisting. Chinese authorities have long been reluctant to let overseas regulators inspect local accounting firms, citing national security concerns.

The Asian giant says it cannot allow its companies to submit to oversight by foreign entities because of rules prohibiting the storage, processing or transfer of any material considered to be under pervue of the Chinese state. As of February, 156 Chinese companies were listed on the NASDAQ and New York Stock Exchanges, according to U.S. government data, including at least 11 state-owned firms.

The possible and ambiguous 'delisting' measure comes as trade talks between the U.S. and China are set to resume October 10th and 11th after months of tariffs increases have left China with $550 billion more in U.S. import fees, and the U.S. with $185 billion from China.

Stephen Roach, senior fellow at Yale University and former chairman of Morgan Stanley Asia, called the possible act, an “unmitigated disaster,” stating that open access to markets between the two biggest traders is really important, “especially with China likely to be the biggest consumer market in the world in the first half of this century.”

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