

The Unsung Casualties in The Trade War? Small Businesses on Both Sides

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What happens when titans battle? The earth shakes beneath them – but once they’ve settled their differences, the combatants will likely walk away with nothing worse than a few cuts and bruises. The real losers are the little people they’ve trampled heedlessly under their feet as they grappled for advantage. As a small business that buys and sells in both the US and China, we are one of them. The unsung casualties of the trade war between these two giants are the small and medium-sized businesses like us in both countries, being flattened underfoot as our governments wrangle. We hear about the trade war’s impact on power players like Apple and Boeing, but in truth they have deep cash reserves and the political muscle to protect their interests. Who will speak up for the smaller businesses knocked sideways by this trade dispute? So far, nobody. But the losses are piling up, and we on the ground are feeling it.

Our San Diego-based company is the world leader in highly specialized industrial machinery, [three roll mills](#), some of the components of which are made in China. Our biggest customer is in Canada, and we ship to 60+ other countries worldwide. But because of the trade war, the components we purchase from manufacturers in China have been hit with 25% extra duties; a significant extra cost we cannot simply pass along to our customers. This creates a big, expensive disruption for companies like ours, because it takes time to identify and qualify alternative suppliers. The Canadian Consulate in San Diego suggested that we move our operations up there – and right now, the only thing stopping us is the weather. And we’re far from being an isolated case: A friend of mine in China told me that the extra tariffs on US manufactured goods have forced him to dump his California supplier in favor of a competitor in Japan. That Los Angeles-based company is bleeding from what may be a mortal wound – and it doesn’t even know it. Yet it’s one of thousands that could wind up as collateral damage in this trade war. Another company in Vista, California that manufactures consumer products in China laid off nearly 50 people just before the holidays. That rated a small story in the business section of the local paper – but how many other businesses are experiencing similar losses, here and in China? How many families will feel the pinch?

Even if the trade war goes away, those companies who suffer customer losses may still go under, because once new relationships are made there’s no incentive for customers to switch back. That means their business is gone for good. Half a million dollars lost here, another half million there, and pretty soon you’re talking real money. That’s chump change for Apple, but not for us little

guys. Enterprises like ours are the engines of prosperity for both our countries, primary producers of jobs, income, and social stability. But there are no federal supports for us, and nobody to make the case for our relief, as President Trump did for the soybean farmers. Exclusion requests are a good mechanism - in theory – but our request, filed in August of 2018, still remains unaddressed, as are many, many others.

How many are bleeding cash as a result of this trade war? There aren't even statistics to measure the damage, because it's spread out across so many different kinds of industries. But all of us in the small business community here and in China are uneasily aware of the impact we're hearing about at our trade association meetings, or over lunch with business partners. The stories we share have a chilling similarity; John Doe's business is closing its doors; Jane Doe lost her job. The most vulnerable are going down – but nobody seems to see it. Yet these losses will hurt communities and individuals here and abroad for many years to come. Who will speak up for those of us crushed on the ground?

About the Authors: Ken Kuang, President and Founder of [Torrey Hills Technologies, LLC](#) and Jenny Tripp, writer and editor who writes about business trends in multiple industries.

Ken Kuang

Torrey Hills Technologies, LLC

+1 858-558-6666

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