

US aggression on Korea, trade overshadows Southeast Asian meetings

Mike Head
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Dark clouds from the deepening US-China conflicts and their potentially disastrous economic fallout for the region were evident at the meeting on Saturday in Singapore, hosted by the 10-member Association of Southeast Asian Nations (ASEAN). The annual event brought together ministers from 26 countries and the European Union, for talks on political and security issues in the Asia-Pacific.

US Secretary of State Mike Pompeo used the occasion to warn Russia, China and others against any breach of US-led sanctions that North Korea still faces, despite the supposed success of the June 12 summit between US President Donald Trump and North Korean leader Kim Jong-un.

“Any violation that detracts from the world’s goal of finally fully denuclearising North Korea would be something that America would take very seriously,” Pompeo told journalists in Singapore.

Underscoring his threat, the Trump administration announced new sanctions on Friday against a Russian bank, accusing it of helping the North Korean regime facilitate illicit financial activity and, as a result, develop its nuclear weapons program.

Pompeo called specifically for countries to stop ship-to-ship transfers of petrol to North Korea. Cutting off fuel to Pyongyang would require enforcement, primarily by China, which supplies most of North Korea’s energy needs.

Pompeo’s declarations underscore the fact that the June 12 summit had nothing to do with peace. It launched a US bid to lure North Korea away from its erstwhile alliance with Beijing, in order to use the small state as a platform against China, backed by the ever-present threat of US military aggression.

In response, North Korean Foreign Minister Ri Yong Ho denounced the US for making “alarming” moves,

including “raising its voice louder for maintaining the sanctions against” his country. Ri reiterated Pyongyang’s insistence that denuclearisation of the Korean peninsula must happen “phase by phase,” that is, with reciprocal moves by the US to lift sanctions and guarantee his country’s safety.

Pompeo’s ultimatum came on top of escalating trade measures against China. In a series of tweets on Saturday, as the ASEAN event was winding up, Trump boasted that his administration’s tariffs against China were “working far better than anyone ever anticipated” and would make the US “much richer than it is today.” He claimed that the US market was “stronger than ever,” while the Chinese market “has dropped 27 percent in the last 4 months, and they are talking to us.”

Trump’s message was blunt: the US will continue its offensive to damage and cut down the economy of China, which the US ruling class regards as the greatest threat to its post-World War II global hegemony.

Since the White House launched the trade war, the two governments have imposed 25 percent tariffs on \$34 billion worth of each other’s imports. Trump has threatened 25 percent tariffs on another \$200 billion of Chinese products, and possibly on all \$500 billion’s worth of annual imports. Beijing has countered with a list of \$60 billion of imports from the US that may be subject to additional 5 to 25 percent tariffs.

These developments are causing alarm throughout Southeast Asian capitals, which depend heavily on exports to China, as well as trade and investment with the US.

Malaysian Foreign Minister Saifuddin Abdullah told reporters that he had informed Pompeo in a one-on-one meeting that Asian countries like Malaysia “are quite nervous on the possible negative repercussion of the ongoing trade war.”

Singaporean Foreign Affairs Minister Vivian Balakrishnan told a post-ASEAN meeting media conference that any trade war or unilateral sanctions would have a “disproportionate impact” on Singapore.

Aggravating these anxieties are fears that China may devalue its currency to counteract the US attacks. This would apply intense cost pressures to the region’s economies that supply components to Chinese factories, as well as undermine Chinese tourism and investment throughout Southeast Asia.

The Hong Kong-based *South China Morning Post* reported on August 4: “If China is pushed to devalue its currency, observers say the only reaction in Southeast Asian capitals from Kuala Lumpur to Hanoi, Bangkok and Jakarta will be panic.”

Since April, the Chinese yuan has slid almost 8 percent against the US dollar, but that fall would be even greater if Beijing actively drives it down.

Piyush Gupta, the chief executive of Southeast Asia’s largest bank, the DBS Group, told CNBC: “The fact that people are uncertain about where this is going creates a degree of lower confidence and that results in ... ‘animal spirits’ in the region coming off.” Gupta used the phrase coined by economist John Maynard Keynes, referring to market confidence.

The trade impact has begun to hit the region, although only marginally so far. Singapore and Malaysia each face their economic growth dropping by 0.3 percent by the end of the year, even without any ramped-up US tariffs, according to the Singapore-based Oversea-Chinese Banking Corp.

Confronted by Washington’s “America First” protectionism, ASEAN’s foreign ministers sought to accelerate a decades-old effort to establish a Regional Comprehensive Economic Partnership (RCEP). The trade bloc would include ASEAN countries, along with China, Japan, Australia, New Zealand, India and South Korea, but not the US.

The ASEAN communiqué pointedly depicted the RCEP as a shield against protectionism. It stated: “We reiterated the priority placed by ASEAN on the RCEP as a centrepiece of its external economic relations, particularly at a time of growing uncertainty in global trade.”

In another sign of rising antagonisms, two large economies, both formal US allies, condemned protectionism. Japan backed calls to conclude the

RCEP by the end of the year. “Given the current global situation where protectionism is on the rise, Japan would like to achieve the swift conclusion of the RCEP,” Japanese Foreign Minister Taro Kono said.

South Korean Foreign Minister Kang Kyung-wha warned that “rising anti-globalisation and trade protectionism among major countries is fueling tension and threatening our aspiration for sustained economic growth.”

Aggressive US moves to challenge Chinese occupation of islets in the South China Sea also pushed regional governments to conclude a pact to fend off possible military clashes in the strategic waterway. China and ASEAN announced an agreement on an initial draft of a regional “code of conduct” after 16 years of sporadic talks on rival territorial claims.

Chinese and ASEAN diplomats are now due to meet in Cambodia this month, or in September, to be followed by another meeting in the Philippines, to start actual negotiations to settle border disputes.

Chinese Foreign Minister Wang Yi said that “without disturbances from the outside,” the negotiations would shift to a “fast track.” China has accused the US, which has deployed aircraft carriers, warships and fighter jets into the disputed waters, of intervening in disputes between neighbouring states.

Singapore Foreign Affairs Minister Balakrishnan described the draft “code of conduct” as a “significant milestone.” A reporter asked whether ASEAN was at risk of becoming an arena of big power rivalry. Balakrishnan noted that the question suggested ASEAN members would end up being proxy states entangled in the “diplomatic, strategic and defence entanglements” of the superpowers.

“We have no intention of allowing that to happen,” he said. “And hence, we have ASEAN.” Whatever the manoeuvres of the regional ruling classes, however, the entire Indo-Pacific region and its several billion people are being inexorably drawn into the cauldron of the US drive to combat China’s rise.



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