

US escalates economic warfare against Russia and China

Nick Beams
18 July 2020

Having won a battle in its economic war against China with the reversal this week by the UK Johnson government of a decision to allow the telecom giant Huawei limited participation in the rollout the British 5G mobile phone network, the US is pushing forward.

It has now been reported the White House is considering taking action that would mean use of the Chinese popular video app TikTok was essentially banned.

The mechanism would be a decision by the Commerce Department to put the parent company ByteDance on its “entity list,” meaning it would be virtually impossible for Apple and other app sources to provide updates.

No decision has been made but the *Financial Times* cited an unnamed official who said it could come within a month and “we are going to send a very strong message to China.”

The administration is also reported to be considering using the 1977 International Emergency Economic Powers Act under which TikTok could be deemed an “unusual and extraordinary threat” to US national and economic security—the same justification used against Huawei.

In the pushing for a ban on Huawei by its allies, the US insisted, without providing any evidence, that the company represented a security threat and that even if it was not directly tied to the Chinese Communist Party it could be compelled to supply information.

Despite these claims, the UK government decided in January that it would allow Huawei to play a limited role in the 5G rollout, excluding it from so-called core areas. This provoked a furious response from the White House, as well as sections of Johnson’s own Conservative Party.

Accordingly, Washington upped the ante and in May

imposed export control regulations in relation to Huawei, effectively preventing the company from buying US-made technology and software, thereby opening the way to secure a reversal of the January decision.

Announcing the decision to remove all Huawei gear by 2027 and blocking the purchase of any new equipment after December this year, Oliver Dowden, the minister in charge of UK telecommunications, told Parliament: “As facts have changed, so has our approach.”

Next on the US hit list is Germany. So far, the Merkel government has yet to make a decision on whether to bow to US demands that it exclude Huawei, saying it will make a determination in the autumn.

There are major economic interests at stake. Deutsche Telekom, which is one-third state-owned and is the country’s major provider of mobile phone services, uses a large amount of Huawei equipment. It has warned against any decision that would make it harder to roll out 5G.

Any ban on Huawei would impose considerable costs and there are longer-term considerations as well. Having already fallen behind in the development of new telecommunications technology, Germany is concerned that it could lag still further if it accedes to US demands because Huawei equipment is often cheaper and better than the alternatives.

But as in Britain, there are powerful forces within the German political establishment lining up behind the demands of Washington. Reporting on the issue this week, the *Economist* cited remarks by Norbert Röttgen, an anti-Huawei parliamentarian: “We cannot trust the Chinese state and the Chinese Communist Party with our 5G network.”

The article noted that the Social Democrats, who

form part of the ruling grand coalition, are also opposed to Huawei, along with the Greens and cited a comment from a think tank representative that “if there were a vote in parliament today, Huawei would lose.”

The White House’s anti-China barrage is not only directed outwards but is also being aimed at US corporations that have a close connection with China.

In a speech in Michigan on Wednesday, Trump’s attorney general William Barr said some major companies, citing Disney and Apple, had become pawns of China and had enabled Beijing to acquire mass influence and wealth at the expense of the US.

Making it clear that the Trump administration’s drive against China has gone far beyond the issue of trade and US firms had to embrace broader geo-strategic issues, he said: “American companies must understand the stakes. The Chinese Communist Party thinks in terms of decades and centuries, while we tend to focus on the next quarter’s earnings report.”

Barr made it clear that his appeal could be backed by legal action under legislation covering foreign lobbying.

“America’s corporate leaders might not think of themselves as lobbyists,” he said. “But you should be alert as to how you might be used, and how your efforts on behalf of a foreign company or government could implicate the Foreign Agents Registration Act.”

In other words, if US corporations do not toe the line in the anti-China economic and military drive, they could find themselves on the wrong side of the law.

The increased bellicosity emanating from Washington is not confined to China or high-tech industries.

On Wednesday, the White House stepped up its drive to derail the construction of the Nord Stream 2 pipeline that would transport gas from Russia to Germany, now nearing completion, as Secretary of State Mike Pompeo warned companies providing assistance to the project would be hit by US sanctions.

The pipeline is being built by a company owned by the Russian energy giant Gazprom. But five major European energy groups have provided half the funding.

Pompeo said the sanctions threat was a “clear warning to companies that aiding and abetting Russia’s malign influence projects will not be tolerated. Get out now, or risk the consequences.”

Two years ago, Congress passed legislation to try to halt the project but the State Department said loans and investments made before its passage would be exempt from sanctions. Now those protections are to be withdrawn.

“Let me be clear,” Pompeo said, “these aren’t commercial projects. They are the Kremlin’s key tools to exploit this bad European dependence in Russian energy supplies ... a tool that ultimately undermines transatlantic security.”

The US attack on the pipeline is not just directed at Russia but is also aimed at Berlin and enjoys bipartisan support.

Texas Republican Senator Ted Cruz, one of the most vocal opponents of the project, said the move by the State Department to remove protection from sanctions “again confirms that there is a unified, bipartisan, bicameral, inter-branch consensus across the whole of the US government to ensure Putin’s pipeline never comes on line.”



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact