

No compromise in economic war against China, says US commerce secretary

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US Commerce Secretary Gina Raimondo has made it clear to her Chinese counterparts during a four-day visit to the country this week that there will be no let up in the economic warfare waged by Washington.

The main purpose of the visit and the talks, which the US has said are aimed at keeping open lines of communication, has been to ensure that China does not escalate retaliatory measures in response to a swathe of US sanctions covering the export of high-tech components and US investments in Chinese enterprises.

Even as it intensifies the pressure, the US is seeking to extract concessions from Beijing. As was the case earlier this year during visits by US officials, including Treasury Secretary Janet Yellen, Raimondo's statements reeked of hypocrisy. She made clear the US is not going to shift from its measures being implemented under the banner of "national security."

Speaking on her departure to return to the US, Raimondo said the newly established "commercial relations working group" would lessen frictions and was the beginning of a new relationship overcoming the problems of the past.

"We have to make it different. The US-Chinese relationship is too consequential and we can't drift to a place of greater conflict."

Raimondo, however, made clear in the course of her visit that there will be no let up in the economic war waged by the US.

Speaking to reporters during a high-speed train trip from Beijing to Shanghai earlier this week, she told reporters: "Increasingly I hear from businesses, 'China is uninvestible because it's become too risky.' There are the traditional concerns that they've become accustomed to dealing with. And then there's a whole new set of concerns, the sum total of which is making China too risky for them to invest."

The chief factor that has increased the risk is the ever-growing list of US sanctions aimed at the high-tech sector. The US claims they are narrowly based but the aim is actually to cripple China's development in this area, now and into the future.

On Monday the two sides agreed to establish more dialogue on commercial questions and to set up regular meetings to share information on the enforcement of the Biden administration's export controls.

However, that will not mean any concessions by the US. As Bloomberg reported: "Raimondo emphasized... that opening the lines of communication wouldn't result in Beijing influencing US policy. She said she refused requests from Chinese officials during the visit that the US lower tariffs, cut export controls and scrap plans to limit some forms of outbound investment."

The "information exchange" was to build an understanding about US laws, not to open the door for negotiation.

"The very fact that now we would have informal communication, be able to pick up the phone and talk, is a step forward," she said. "It doesn't mean when we talk, I'm going to compromise or concede. It means we have a shot at reducing miscalculation and sharing information."

The reference to "miscalculation" is the fear in Washington that, in response to its increasing economic belligerence, China is going to hit back with its own sanctions that will impact vital supply chains before the US has developed alternatives.

China has announced restrictions on the export of gallium and germanium, both of which are used in making computer chips. In May, it banned the use of products from the US firm Micron Technology, the biggest American maker of chips, citing network security risks.

In a vivid display of the staggering hypocrisy of US statements, Raimondo said there had been no rationale given for what had happened to Micron. There was “no place for arbitrary rules, lack of due process, lack of clarity, lack of the rule of law.” That was an “uneven playing field... and we’re going to stand up to them when they do that.”

The response from Beijing, as expressed by Premier Li Qiang, who met with Raimondo, contained pious hopes, coupled with a warning.

Li called the economic ties between the two countries the “ballast and anchor of stability.” He added that “we do hope the US side will work in the same direction as the Chinese side, show sincerity and take concrete actions to maintain and further develop the bilateral relationship.”

But as Li and the entire political leadership are well aware, none of that is going to happen. The US is hell-bent on suppressing the economic advance of China particularly regarding high-tech development which it regards as an existential threat to its economic hegemony, quite apart from any military implications.

The conflict between the world’s number one and number two economies is very often described as a new Cold War. This is a serious misdiagnosis.

The existence of the Soviet Union and its military capacity formed an obstacle to US global ambitions. Washington always harboured the desire to overturn the nationalised property relations established by the October 1917 revolution. But despite the enormous economic advances these property relations made possible, the Soviet Union never constituted a threat to the economic supremacy of the US.

Today, as the US continues its economic decline, its once dominant industrial capacity seriously undermined by the growth of financial parasitism and recurring financial crises, China does. This situation is the driving force of its interconnected offensive: escalating economic warfare and the ever-increasing preparations for a military conflict.

In remarks reported by the Chinese state-owned news agency Xinhua, Li fired something of a warning shot across the US juggernaut.

“Politicising economic and trade issues and overstretching the concept of security will not only seriously affect bilateral relations and mutual trust but also undermine the interests and enterprises of the two

countries and will have a disastrous impact on the global economy.”

In other words, under conditions where the Chinese economy—a mainstay for global growth, especially since the financial crisis of 2008—is already experiencing major economic and financial problems, the US drive to bring it down could have major consequences for the global economy, on which the US ultimately depends.

Recently at a fundraising event, Biden, having just made an executive order banning US investments in high-tech areas in China, gleefully referred to the lowered Chinese growth rate and said it was a “ticking time bomb.”

Such is the interconnected character of the global economy, he may well find that it blows up in his face.



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