

Chinese president in South East Asia to counter US economic warfare

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Amid an intensifying trade war with the US, Chinese President Xi Jinping arrived in Vietnam yesterday on the first leg of a trip to South East Asia that will also include Malaysia and Cambodia. The trip is part of Beijing's diplomatic efforts to enlist support internationally to counter the punishing "reciprocal" tariffs imposed by the Trump administration on virtually every country.

While most countries were given a temporary 90-day pause shortly after the tariffs came into effect last week, Trump maintained and escalated the tariffs on China, making clear that Beijing is the central target of his economic war. The world's two largest economies have imposed huge tariffs on each other's goods along with other bans that have far broader implications for global trade. The US tariff of 145 percent now applies to most Chinese goods, while a Chinese tariff of 125 percent applies to US products.

Xi is clearly hoping to find a receptive audience in South East Asia, which has been hit by Trump's tariffs—Vietnam and Cambodia face the prospect of some of the highest, 46 percent and 49 percent respectively. While lower, Malaysia still confronts a tariff of 24 percent. What happens after the 90-day pause will be determined by the outcome of negotiations in which the Trump administration will undoubtedly demand heavy economic concessions as well as a closer geo-political alignment with Washington.

In an editorial published in state-owned newspapers in both China and Vietnam ahead of his trip, Xi hit out indirectly at the Trump administration's policies, warning there were "no winners in trade wars or tariff wars, and protectionism leads nowhere." He called on "our two countries" to "resolutely safeguard the multilateral trading system, stable global industrial and

supply chains, and open and cooperative international environment."

As is the case with most South East Asian countries, China is Vietnam's largest bilateral trade partner, with total trade of more than \$205 billion last year. Xi hinted that Beijing was willing to take more imports from Vietnam, saying China would welcome "high quality" Vietnamese products into its market. He also called for stronger industrial and supply chain cooperation as part of broader regional initiatives.

At the same time, however, Vietnam is heavily dependent on exports to the US which have risen sharply after the first Trump administration imposed heavy tariffs on China. Investment flowed into Vietnam from major corporations, including American companies such as Intel, Nike and Apple as a hedge against the rising US confrontation with Beijing and also to avoid the tariffs imposed on China.

Last year, Vietnam ranked eighth among the top trading partners of the US with total bilateral trade of \$US149.6 billion, up by a huge 20.4 percent from 2023. The country also became the US's sixth largest source of imports last year worth \$136.6 billion, and recorded a record trade surplus with the US of \$123.5 billion.

The Singaporean bank OCBC has one estimate of the impact of Trump's tariffs on Vietnam if they go ahead in full, lowering its 2025 GDP growth forecast for the country from 6.2 percent to 5 percent. While Hanoi has a growth target of 8 percent, the latest economic data released last week recorded year-on-year growth of just 6.93 percent.

Vietnam's heavy dependence on both China and the US makes its balancing act between the two increasingly precarious. Any concessions that it makes to China will rebound in negotiations with the Trump administration that have already begun. Vietnam has

already offered to reduce all tariffs on imported US goods to zero. It has also made tentative steps to address Washington's claims that Chinese goods are simply being rebadged and transhipped through Vietnam by tightening controls on goods labelled "Made in Vietnam" but with little value added in Vietnam.

At the same time, the Vietnamese regime does not want to alienate Beijing. Vietnam's top leader, Communist Party general secretary To Lam, stated in an article published yesterday in the state-owned media that Hanoi wanted to boost cooperation with China in defence, security and infrastructure, especially on rail links. More than 40 agreements are to be signed in the course of Xi's two-day visit covering a range of issues but their content has not been made public.

Of the three railway projects to connect the two countries, the most significant is the construction of an \$8.4 billion railway linking the city of Lao Cai on the border with China to Hanoi and the associated port city of Haiphong. Vietnam will also allow the import of more types of aircraft, setting the stage for an agreement with the Commercial Aircraft Corporation of China (COMAC) that is struggling to break into the global market.

Xi only hinted at the most fractious issue between the two countries—territorial disputes in the South China Sea—calling for more maritime cooperation "to properly control disagreements at sea." For more than a decade, the US has exploited these disputes with China—not only involving Vietnam, but also the Philippines, Malaysia and Indonesia—to drive a wedge between China and its neighbours. In doing so, US imperialism has transformed the South China Sea into a dangerous flashpoint for a US-led war against China.

Trump's attitude to Xi's visit was summed up in his crude remark to reporters in the White House, declaring that China and Vietnam were trying "to figure out how do we screw the United States of America." The comment simply underscores the fact that the aim of the Trump administration is to economically cripple China, which the US regards as the chief threat to its global hegemony.

As far as Trump is concerned, negotiations with Vietnam, or any other country, will only succeed in avoiding the punitive "reciprocal" tariffs if the economic and geopolitical interests of US imperialism

are fully satisfied. Lacking room to manoeuvre, countries will be increasingly forced to choose where they line up—a process that is leading to trade and currency blocs, as in the 1930s when the result was world war.

The Chinese regime is reaching out not only to South East Asia, but also to other countries that confront hefty US tariffs. Last week, China held video calls with officials from the European Union and Malaysia, which is the current chair of the Association of South East Asian Nations (ASEAN), as well as Saudi Arabia and South Africa.

Xi made an appeal to visiting Spanish Prime Minister Pedro Sanchez last Friday, saying China and European countries should oppose "unilateral acts of bullying," obviously referring to the Trump administration. European Union leaders are to travel to Beijing in July for a summit with the Chinese president.



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