

US-China trade war worsens



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OVER the weekend, the US-China trade war turned worse as President Donald Trump linked it directly to the continued North Korean nuclear development program—despite the UN sanctions for violating the international reduction of nuclear armaments—and indirectly accused Beijing of using it as a weapon in their trade war.

In international news service reports from Washington, Trumped stopped the scheduled fourth trip of US State Secretary Mike Pompeo to Pyongyang for another round of denuclearization and peace negotiations with his counterpart until the US-China “...trading relationship is resolved.”

This latest geopolitical development came after the UN International Atomic Energy Agency (IAEA) in Vienna reported that the “continued and farther development of the Democratic People’s Republic of Korea’s (DPRP) nuclear program and related statements by the DPRK are a cause for grave concern.”

The Washington reports attributed to the White House spokesperson quoted Trump as saying “...additionally, because of our much tougher trading stance with China, I don’t believe they (China) are helping the process of (North Korean) denuclearization as they once were (despite the UN sanctions which are in place).”

Of course, and naturally, China denies this and claims in its domestic and international propaganda/“information campaign” that its foreign policy is designed for global “cooperation and peace.” But it totally ignores world criticism of its military buildup in man-made atolls and reefs in the international waters of the disputed South China Sea region.

Beijing has anchored its foreign policy on the One Belt One Road (OBOR) technical and financial assistance offered to the world’s developing economies. Its aim is to directly link China’s sources of raw materials to its factories to turn out cheap—but inferior quality—products for its manufacturing-exporting hybrid economy.

The reports appear to be the first open admission by the White House, though in not so many words, in published reports that China has been using—and assisting—North Korea's continued development of a miniature nuclear rocket capable of hitting American mainland cities, as a tool of Beijing in the ambition to be the world's top superpower in his century.

This can mean one sure immediate future development: the fallout of the trade war will be harsher on underdeveloped or developing economies of the world, including the Asean member nations, and close neighbors of China, especially when and if a currency crises follow.

Researchers of government think-tanks and academic scholars can easily trace the consequences of the 1997 Asian financial crises, and the history of economic recessions since the late 1920s that led to World War 2 in 1939 through the geopolitical evolutions for lessons learned.

Hopefully, last week's Beijing visit of Malaysian Prime Minister Mohammad Mahathir and the warning statement of President Rodrigo Duterte on the West Philippine Sea explorations are the start of a unified Asean action on China's OBOR projects.

Mahathir scrapped the \$22-billion OBOR project deal with China because it would drive Malaysia into a debt trap Kuala Lumpur could not pay. He was trying to renegotiate the agreement but President Xi Jinping obviously was not responsive that he had to cancel it. Mahathir said repaying Malaysia's debts was his regime's priority now, not the railway and pipeline projects.

The Malaysian statement issued in Beijing at the end of his visit said 88 percent of the cost of the two oil pipelines in Sabah and Kedah had already been "paid to the Chinese contractor despite only 13 percent [being] completed."

Duterte warned China—after repeated Chinese warnings against Philippine military supply ships and planes delivering provisions to small Filipino communities in the West Philippine Sea—against exploring, and extracting, for oil and uranium in the area to avoid war. Besides, the Philippines does not pose a threat to China in any way.

He said "there will be trouble if China grabs for oil and uranium..." in the area.

These developments gain more importance because next month is the start of the negotiations to finalize the draft of the Code of Conduct (COC), in the South China Sea, the basis of a working agreement between China and the 10 individual Asean members as to how conflicts in the SCS will be resolved.

China has been delaying the negotiation for the last 15 years and does not want to sign any agreement with Asean as a group but as individual sovereign nation-states.

International geopolitical and economic analysts have warned against the OBOR offers of Beijing because of the danger of debt trap; huge financial and technical assistance could force the recipient economies into more national financial loans they can repay on the basis of a 50-year (or more) timeline only.

Now that China is internationally recognized as an “economic miracle” and a superpower, it is relevant for the Asean 10 to intensify their studies and research on how China uses all available instruments of diplomacy—to win friends and influence people—for its own national interest, aligned with or diametrically opposite ours.

This is imperative now, world history shows us, because of the dynamics of evolution and in this the information communication technology age. And whatever happens to the superpowers will certainly affect us all.

China is currently intensifying its drive to convince small countries still closely allied (and trading) with Taiwan although they recognize mainland China or the People’s Republic.

Take the case of Palau, a small South Pacific Island state about 500 miles east of Mindanao. Beijing banned Chinese tourists to Palau claiming it is an “illegal destination” for “lack of diplomatic status” (it is not yet a fully independent sovereign member country of the UN). China wants Palau to accept mainland China tourists only—a pressure it has been putting on Palau to formally acknowledge Taiwan as a province of China under Beijing’s one-China policy.

Palau is unmoved and sticks to Taiwan as a close traditional ally and trading partner.

Or Sri Lanka, which reportedly agreed to its OBOR railway project with Beijing

payable in 99 years. Now China wants a naval base instead and is reportedly putting pressure on Colombo to agree.

Or Djibouti by the southeast entrance to the Red Sea and the Suez Canal from the Arabian Sea, where the China's People's Liberation Army—the world's largest armed forces—now has its first naval base outside its sovereign territory.

Beijing wants naval bases and roads to prevent rival economies –and this is primarily the US and its allies, which it believes are dedicated to prevent China from succeeding on her “predestination in this century”—from controlling choke points in the high seas to have sustained raw supplies for energy and the Chinese factories.

Aseans must be always on the alert for any negative developments in the domestic politics of the superpowers to strategically anticipate and choose their individual and collective options to survive any backlash or war. Because while nobody wants a world war, it is not automatically erased as a possibility in the present environment.

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