Will Santa Trump Bring Candy or Coal for China’s Trade Stocking?

“Our country is now taking so steady a course as to show by what road it will pass to destruction, to wit: by consolidation of power first, and then corruption, its necessary consequence.” ~ Thomas Jefferson

The clock is ticking on getting the first stage of the new US-China trade deal completed. Diplomatic rumors indicate China wants all current sanctions removed, something I don’t think is to Trump’s liking, as he would not have that fire poker to prod Beijing into stage-two talks.

Concluding stage-one will take away the headline grabbing drama we have endured riding the rollercoaster with Trump. He loves having everyone wonder what he is going to say next, like that means anything with his history of running the oval office like a Presidential psyops agency. The world rarely knows what he is going to do, or if he will honor anything he agrees to.

Let’s look at what negotiating firepower each side has, starting with the numbers.

China’s US imports will be down around 25% for the year, while the US Chinese imports will be down in the 10+% range. The US trade imbalance was $295 billion at the end of October.

The US sanctions tariffs are paid by the registered import companies, but those costs are generally passed on to the consumer via price hikes. I know Trump supporters who think the tariff “taxes” are helping to keep our trillion-dollar deficit down. They end up paying the tariffs, even while they think they are putting a whupping on China. You just can’t make this stuff up. We really do have people like this.

Trump’s blocking Huawei’s high-tech US suppliers for 5G phone components hurt them, not only for this year but permanently, since a “national security” justification was used to justify that “wrecking ball” hitting their long-term supplier deals with China.

Beijing has been moving to replace US suppliers with a combination of other trade-partner sources, while its boosts domestic production on critical high-tech items, so as to never again be caught in this situation, similar to what Iran has been going through.

China does not apply a band-aid to the problem. As the US has weaponized its financial systems to use as trade war clubs to slow China’s continued growth, Beijing has responded via its growing list of trade agreement partners to create new international financial service companies that will be immune from foreign pressure. These include development banks and a new settlement payment infrastructure to defend against US financial blackmail via threats of being blocked from the SWIFT system or running any transactions through US banks.

Rather than weakening China long term, more westerner economists are beginning to see that just the opposite might be the case. Maximum pressure has been applied for years to other sanctioned countries such as Iran, and it has not only survived but grown stronger. Iran has had its military defense capabilities stimulated by years of preemptive strike threats from Israel that were supported by its “never say no” US patron.

The US sanctions machine has put in motion a wave effect, as multinational corporations now must routinely develop a defensive plan against any possible US sanctions and trade access demands. These companies will look to multi-source essential components from two or more suppliers who have more reliable records than what they have observed with a US that backs out of agreements as part of its nativist chauvinism.
The US has introduced a visa-driven guerilla war aspect to the current trade and political disputes by holding up and even denying visas for trading company personnel and UN and other international organization staff.

Companies and countries that want to work with both China and the US find themselves having to make a contingency plan for choosing one or the other. The 5G network battle is a perfect example.

While the US is having a delaying effect on China’s international rollout, it will still have 130,000 5G domestic base stations by the end of this year. By this time next year, Beijing wants to have 300 of its cities fully wired and be the world’s 5G showcase.

Where will that leave the US on 5G? Who will want to buy a future 5G US-made network when it has a record of sanctioning at the drop of a hat? What country would want to get an extortion call from the US that “if you don’t support us on this UN vote, you might start having trouble with your 5G network.”

Think of the US unipolar negative ripple effect this could have on international technical innovation collaboration where every step is under a national security looking glass so sanctions could be used to beat down competitors and run up prices even to US consumers, as is happening now.

Geopolitically, most of the world would not want to fall under the control of either China or the US. The non-democratic system of China is not widely desired, but it is respected as a dependable economic partner and leader because it does not require political subservience to its system for countries to be a close trade partner. Its national security states, “It is the right of every sovereign state to choose its own development path...it does not import foreign models, nor export the Chinese model and will never require other countries to replicate its practices.”

On the other hand, we have the US’ Mr. Unipolar Power offering a “Are you for or against us” Cold War mindset as a filter for defining relations with the US. This is the sales pitch from a country that openly advocates that it can break away from any agreement that it feels does not serve its interests.

Trump has thrown the rules-based international order out the window, thinking that in all the upheaval, the US could more easily impose its economic will on others, including US allies. As for now, the EU seems to want it both ways, to count on unipolar Washington to be its ultimate defender, but to not completely submit politically or economically.

Macron is the rebel, or the pretend-a-rebel, by reaching out to Russia, and to rattle Germany’s Merkel who has her own complex relationship with Russia as a staunch supporter of Nordstream 2, but fully behind the West’s sanctions on Russia for Crimea.

Even retired American diplomats are seeing their country’s influence waning fast under Trump. Gone are the days of weapons de-escalation, non-aggression treaties, and the idea that if everyone can build their economies up, then there can be more trade for the benefit of all.

In the past 50 years under the guise of spreading freedom and democracy, the US has been the destroyer of more countries than anyone, with the possible exception that NATO was involved in a number of the conquests in areas where there was no feasible or direct threat to NATO.

In contrast, none of the major EU countries will take repatriate their own ISIS jihadis that were captured in Iraq and Syria, preferring they remain a torment to the Syrian people; and all along they have tried to add Syria to NATO’s destroyed country list that includes Afghanistan, Iraq, Libya, Ukraine and Yemen.

The future of the two major geopolitical contenders is being laid out. The US has foolishly initiated a counterfeit Cold War encirclement strategy against Russia and China by attempting to foment ethnic and cultural disputes, hoping to create substantial internal destabilization. General Wesley Clark introduced us to phase one when he outlined the targeted countries.

The US seems to see its economic future as being a technology and major arms exporter. It needs to have real and manufactured threats stirred up or created out of thin air, Hollywood style. China and Russia want to do business and need stable and growing economies within their trading partner network.

China has bet the farm on the New Silk Road to link a multi-polar new order together which the US views as a mortal threat, as once the US is done installing puppets in South America, it might run out of countries to overthrow.

A day of could come when the Deep State sees itself as the declining economic power and would chance a war to turn things around but end up taking us all down with it. Then Americans might ask, “How could this all have
happened”, to which I would say if I am still around, “You should have asked that question long ago when you could have done something about it.”

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