

Sanctions in the New Cold War on China (shortened)

Background

The instinctive attitude of the United States towards the Chinese Revolution was of course one of hostility. In a protracted war between progress and reaction, between the future and the past, the governments of the US and the People's Republic of China were, and are, are on opposite sides of the barricades. Hence shortly after the formation of the PRC in 1949, the US maintained a strict embargo on China.

With the move towards rapprochement in the early 1970s and a tacit agreement to 'peacefully coexist', the embargo was finally removed. Then with China's strategic shift to integrate into the global economy, the trickle of trade and investment gradually expanded into one of the largest and most important economic relationships in the world, with bilateral trade volume currently standing at just over half a trillion dollars annually. Thousands of US businesses have generated enormous profits from their investments in China and (particularly in recent years) from selling to a vast and growing Chinese market.

Ruling classes in the West were, to a considerable extent, comfortable with incorporating China into globalised capitalism, to the extent that China's role was limited to providing cheap, competent and well-educated labour. However, it was never the intention of the Chinese leadership to remain permanently at the lowest rung of the global economic ladder. China has pursued a patient strategy of welcoming foreign investment, setting up joint enterprises with Western companies, learning the latest technologies and management techniques, and building up its own advanced industry. Meanwhile it has invested very heavily in education and innovation. China's R&D spending reached 378 billion USD in 2020 - 2.4 percent of its GDP and nearly three times the figure for the US.

As a result, China is on its way to becoming "a moderately developed socialist country by the middle of the 21st century", as Deng Xiaoping predicted some 35 years ago.¹ China has become a world leader in network technology, in renewable energy, nuclear energy, high-speed rail, artificial intelligence, nanotechnology, quantum computing, and several other important areas. It is increasingly competing with the US in spaces that the US is used to dominating, such as cloud computing and industrial automation.

The US ruling class has not responded favourably to all this. These uppity Asian communists refuse to stay in their lane! Columbia University economist Jeffrey Sachs recently described the response of US elites to China's emergence as a science and technology powerhouse: "The

¹ Deng, X 1987, *We Must Tell Our Young People About China's History*, Marxist Internet Archive, accessed 08 January 2022, <<https://www.marxists.org/reference/archive/deng-xiaoping/1987/74.htm>>.

basic attitude, if I could paraphrase, was: ‘how dare they do that? That’s what we do, not what they do. They’re a workshop, we’re the technology leader.’”²

The expansion of the China-led Belt and Road Initiative (BRI) into large parts of Central Asia, Southeast Asia, the Middle East, Africa and further afield has also become a major source of concern for those that seek to preserve US hegemony. In the words of US ‘elder statesman’ Henry Kissinger, the practical significance of the BRI will be to “shift the world’s centre of gravity from the Atlantic to the Pacific.”³ That is, China is creating a development path that isn’t defined by the US or US-controlled institutions.

In summary, the US ruling class finds itself in a position in which its role as sole economic, political and military superpower is under threat. To make matters worse, the source of this threat is a socialist, non-white, developing country which is working in concert with other countries towards the democratisation of international relations.

This is the overall context for the New Cold War, in which the US is the principal antagonist and China is the principal target. Just like the original Cold War (waged against the Soviet Union, the socialist countries and the Global South), the New Cold War is being fought on multiple fronts: political, military, ideological, propagandistic and economic.

Wave of sanctions under Trump and Biden

Then-secretary of state Hillary Clinton wrote in 2011 that “one of the most important tasks of American statecraft over the next decade will be to lock in a substantially increased investment - diplomatic, economic, strategic, and otherwise - in the Asia-Pacific region.”⁴ These words heralded the launch of the ‘Pivot to Asia’, which clearly identified China as the primary concern of US foreign policy in the modern era. But it was under the Trump administration that the New Cold War started to escalate in a serious way, with the initiation of a trade war - supposedly to put a stop to “the greatest theft ever perpetrated by anyone or any country in the history of the world.”⁵ Trump imposed a wide range of tariffs, unprecedented since the lifting of the trade embargo some 50 years ago.

Alongside the tariffs, the Trump administration imposed new US sanctions against China for the first time since 1989. In 2018, two of China’s top technology companies, Huawei and

² Sandhu, M 2021, *Jeffrey Sachs: ‘I see no financial obstacles to getting to net zero by 2050’*, Financial Times, accessed 08 January 2022, <<https://www.ft.com/content/ab219fef-ecce-463e-9b3c-6e4813d5effe>>.

³ Delaney, R 2017, *Kissinger urges greater cooperation with China as ‘the world’s centre of gravity’ shifts*, South China Morning Post, accessed 09 January 2022, <<https://www.scmp.com/news/china/policies-politics/article/2112957/kissinger-urges-us-boost-cooperation-beijing-massive>>.

⁴ Clinton, H 2011, *America’s Pacific Century*, Foreign Policy, accessed 09 January 2022, <<https://foreignpolicy.com/2011/10/11/americas-pacific-century/>>.

⁵ Feith, D 2016, *Trump Would Make China Great Again*, Wall Street Journal, accessed 09 January 2022, <<https://www.wsj.com/articles/trump-would-make-china-great-again-1461258110>>.

ZTE, were banned from providing equipment to any federal US agency. A year later, US companies were prevented from doing business with Huawei or its subsidiaries unless they had specifically been provided with a government licence - due to Huawei allegedly violating the US's unilateral (and illegal) sanctions against Iran.

In the summer of 2020, the Trump administration announced two new sets of sanctions against China. Under the Uyghur Human Rights Policy Act, several senior Chinese officials were subjected to visa restrictions and asset freezing. Under the Hong Kong Autonomy Act, a number of top Hong Kong officials (including Chief Executive Carrie Lam) plus all 14 Vice Chairpersons of the National People's Congress were subjected to similar punishment.

Things have only got worse in the first year of the Biden administration. In June 2021, Biden signed an executive order banning US citizens from investing in Chinese companies with alleged ties to the defence or surveillance technology sectors.

The Uyghur Forced Labor Prevention Act was signed into law on 23 December 2021. Startlingly, this Act inverts the principle of presumption of innocence, since it contains “a rebuttable presumption that goods mined, produced, or manufactured (wholly or in part) in China's Xinjiang Uyghur Autonomous Region are made with forced labor, where goods designated as such will be subject to an import ban into the United States.”⁶ That is, there is a starting assumption that any item produced in Xinjiang incorporates forced labour. Any importer will have to provide “clear and convincing evidence” that goods have *not* been made with forced labour - a sufficiently high legal bar that, in practice, makes the Uyghur Forced Labor Prevention Act a blanket ban on all goods produced in Xinjiang.

Aside from these economic sanctions, the White House announced in December that it would be conducting a ‘diplomatic boycott’ of the 2022 Winter Olympics in Beijing, in light of “China's egregious human rights abuses and atrocities in Xinjiang.”⁷

The State Department has also been strongly encouraging US allies to join its growing system of sanctions and boycotts. Britain, Canada and the EU imposed travel bans and asset freezes over alleged human rights abuses in Xinjiang, in parallel with the US's sanctions.⁸ Canada, Britain and the European Union have also followed the US lead in passing Magnitsky legislation, providing for sanctions against individuals alleged to have committed human rights abuses. This essentially means that under a “unified set of rules”, US-imposed

⁶ Hansson, L 2022, *Uyghur Forced Labor Prevention Act becomes law*, Reed Smith, accessed 09 January 2022, <<https://www.reedsmith.com/en/perspectives/2022/01/uyghur-forced-labor-prevention-act-becomes-law>>.

⁷ Madhani, A 2021, *U.S. imposes sanctions on China over human rights abuses of Uighurs*, PBS, accessed 09 January 2022, <<https://www.pbs.org/newshour/world/u-s-imposes-sanctions-on-china-over-human-rights-abuses-of-uighurs>>.

⁸ Wintour, P 2021, *US and Canada follow EU and UK in sanctioning Chinese officials over Xinjiang*, The Guardian, accessed 10 January 2022, <<https://www.theguardian.com/world/2021/mar/22/china-responds-to-eu-uk-sanctions-over-uighurs-human-rights>>.

sanctions on individuals are automatically applied in those countries.⁹ Meanwhile, Australia, Britain and Canada have announced their support for Biden's 'diplomatic boycott' of the Olympics.¹⁰

The overall picture then is one of steadily escalating sanctions against China over the course of the last four years, with the changed occupancy of the White House not impacting this trajectory in the slightest.

Sanctions as New Cold War propaganda

The typical motivation for imperialist sanctions is to foment popular unrest by causing serious economic harm; "making the economy scream", like the CIA did in Chile when it had the temerity to elect a Marxist government.¹¹ Sanctions against Zimbabwe, Cuba, Venezuela, Nicaragua, Iran, Syria, Belarus and the Democratic People's Republic of Korea (DPRK) are manifestly designed with such a purpose in mind. Needless to say, such a strategy would have no chance of success in China, which is the second largest economy in the world and which is more than capable of imposing counter-measures that would cause significant damage to US business interests.

Sanctions against Chinese individuals over alleged human rights abuses in Xinjiang and Hong Kong will have very little effect on China's economic growth; rather, such sanctions form part of a propaganda 'full-court press' designed to vilify China, to cultivate broad anti-China sentiment, and to build public support for the New Cold War. This propaganda is already having an impact; in the US, it has produced "a bipartisan consensus in Washington towards getting tough with China that is now extending to the broader public."¹²

The propaganda surrounding the treatment of the Uyghur Muslim population of Xinjiang is particularly pernicious. Space does not allow here for a debunking of this web of lies, but there is an abundance of useful material available, for example in an academic study by Eurispes,¹³ an extensive report by the International Action Center,¹⁴ and numerous

9 Steinhaeuser, I 2021, *How human rights sanctions need to evolve for everyone's benefit*, Thomson Reuters, accessed 10 January 2022, <<https://www.thomsonreuters.com/en-us/posts/news-and-media/magnitsky-act-human-rights-sanctions/>>.

10 Mather, V 2022, *The Diplomatic Boycott of the Beijing Winter Olympics, Explained*, New York Times, accessed 10 January 2022, <<https://www.nytimes.com/article/diplomatic-boycott-olympics.html>>.

11 *Foreign Relations of the United States, 1969–1976, Volume XXI, Chile, 1969–1973 Document 93*, Office of the Historian, accessed 10 January 2022, <<https://history.state.gov/historicaldocuments/frus1969-76v21/d93>>.

12 Kyngge, J 2020, *US and China: edging towards a new type of cold war?*, Financial Times, accessed 06 June 2021, <<https://www.ft.com/content/fe59abf8-cbb8-4931-b224-56030586fb9a>>.

13 *Eurispes academic report: Xinjiang – understanding complexity, building peace*, Friends of Socialist China, accessed 10 January 2022, <<https://socialistchina.org/2021/06/03/eurispes-academic-report-xinjiang-understanding-complexity-building-peace/>>.

14 *Have you been lied to about Xinjiang, human rights – and China?*, International Action Center, accessed 10 January 2022, <<https://iacenter.org/2021/12/25/facts-on-xinjiang-%e2%88%92-exposing-u-s-anti-china-propaganda/>>.

investigative reports in the Grayzone.¹⁵ Suffice to note that no credible evidence whatsoever exists of genocide, cultural genocide, forced sterilisation, forced labour or concentration camps.

As such, sanctions against China over human rights abuses in Xinjiang can only be in the context of an elaborate campaign of information warfare, designed not to punish Chinese officials for misdeeds but to support an overall structure of disinformation portraying China as a malevolent force.

Trying to slow China's rise

Thanks to China's economic strength, the West can't starve the Chinese people into submission through economic warfare. However, one important motivation for the steadily escalating sanctions regime is to attempt to decelerate China's emergence as the world's pre-eminent leader in advanced technology. The authors of a recent report by Harvard's Belfer Center for Science and International Affairs observe that "China's rapid rise to challenge US dominance of technology's commanding heights has captured America's attention."¹⁶ The report notes that China has already established a leading role in several key areas and, "in others, on current trajectories, it will overtake the US within the next decade."

One 'choke point' the US can leverage is its head start in the design and manufacture of semiconductors. Advances in semiconductors are driving - and will continue to drive - transformative change in a wide range of industries, from energy to medicine to space research. The Belfer Center report estimates that China is on course to become "a top-tier player in the semiconductor industry by 2030." As such, preventing (or at least slowing) China's emergence as a semiconductor superpower is a key priority for the US.

This issue goes beyond economics. If China outpaces the US in technological innovation, it will shift the entire global balance of forces; it will significantly weaken the ability of the imperialist powers to impose their will on the rest of the world; and it will showcase the fundamental validity of socialism as a means of propelling human progress.

Indeed, developments in technology in the coming decades form a crucial component of the material basis for the progression to a more advanced socialism. British researcher Keith Lamb writes: "China's goal of building a modern socialist country by 2049 is predicated on mastering semiconductor technology which is the linchpin of the modern age, making

¹⁵ Porter, G; Blumenthal, M 2021, *US State Department accusation of China 'genocide' relied on data abuse and baseless claims by far-right ideologue*, The Grayzone, accessed 10 January 2022, <<https://thegrayzone.com/2021/02/18/us-media-reports-chinese-genocide-relied-on-fraudulent-far-right-researcher/>>.

¹⁶ Pan, C 2021, *US-China tech war: China to overtake America in core 21st century technologies within next decade, Harvard report predicts*, South China Morning Post, accessed 12 January 2022, <<https://www.scmp.com/tech/tech-war/article/3159107/us-china-tech-war-china-overtake-america-core-21st-century>>.

innovations such as self-driving electric vehicles; fully-automated AI production systems, and supercomputers possible.”¹⁷

Such are the reasons for the wave of sanctions connected to the semiconductor industry. The US wants to restrict China’s ability to import semiconductors and, more importantly, to prevent China achieving self-sufficiency in semiconductor production. Blacklisting SMIC, China’s biggest manufacturer of computer chips, in December 2020, means that it is no longer able to source supplies from US companies. Chinese chip designers have been cut off from access to leading-edge chip design tools.¹⁸ Meanwhile Huawei has been prevented from importing chips, impacting its production of high-end smartphones.¹⁹ The US has been able to enforce many of these sanctions on an international scale, by virtue of its ‘long-arm jurisdiction’ - sanctioning non-US chipmakers that use US-made components. One notable absurdity here is that Taiwan, a region of China, complies with the US sanctions regime, and therefore Taiwan Semiconductor Manufacturing Company (TSMC) - the world’s most valuable semiconductor company - has been forced to stop its exports to the companies on the US Entity List, including Huawei.²⁰

Unfortunately for US imperialism - but thankfully for China and the peoples of the world - this campaign of economic warfare is doomed to failure. As Radhika Desai notes, “US efforts to restrict chip supply to China will only increase its resolve to develop the necessary technology to produce the chips it needs domestically.”²¹

In the meantime, while stimulating China’s fast track to semiconductor self-sufficiency, sanctions are adversely impacting technology companies outside China, which for the last two decades has been the largest market for computer chips, in addition to being the ideal hi-tech manufacturing location. In recent years, the US semiconductor industry has derived over a third of its revenues from sales to China.²² These revenues have in turn fed into the R&D cycle and contributed to an impressive pace of innovation. It seems the US has settled on a ‘lose-lose’ strategy to replace the framework of cooperation that had brought significant benefit to both sides in recent decades.

17 Lamb, K 2021, *U.S. seeks to engage in tech war by strangling China’s semiconductor industry*, CGTN, accessed 12 January 2022, <<https://news.cgtn.com/news/2021-11-23/U-S-to-wage-a-tech-war-by-strangling-China-s-semiconductor-industry-15q13B7M1uE/index.html>>.

18 Schneider, J 2021, *Will China Hit Back on Chips?*, ChinaTalk, accessed 13 January 2022, <<https://chinatalk.substack.com/p/will-china-hit-back-on-chips>>.

19 Fried, I 2019, *Huawei’s smartphone effort takes a giant hit*, Axios, accessed 13 January 2022, <<https://www.axios.com/huaweis-smartphone-effort-takes-a-giant-hit-03390bfc-bb30-4465-b177-2dc17d9469fi.html>>.

20 Feng, C 2021, *US-China tech war: supercomputer sanctions on China begin to bite as Taiwan’s TSMC said to suspend chip orders*, South China Morning Post, accessed 13 January 2022, <<https://www.scmp.com/tech/tech-war/article/3129362/us-china-tech-war-supercomputer-sanctions-china-begin-bite-taiwans>>.

21 Desai, R 2021, *A dangerous dialogue*, CGTN, accessed 13 January 2022, <<https://news.cgtn.com/news/2021-11-26/A-dangerous-dialogue-15v2s5XVslO/index.html>>.

22 *ibid*

Another area in which the US is using sanctions to gain a competitive advantage is solar power. China is by far the world's largest producer of solar energy, with an installed capacity of 254 GW - more than three times that of the US, and growing fast.²³ China also produces the bulk of the global supply of polysilicon (a key material in the production of solar panels).

Unable to compete on price or productivity, the US has resorted to imposing sanctions on large parts of China's solar panel industry²⁴ - ostensibly on the basis of evidence-free and comprehensively debunked claims of the manufacturers using Uyghur forced labour.²⁵ This is profoundly irresponsible and short-sighted behaviour. The Western powers should be working closely with China and other countries on developing and deploying clean energy, rather than imposing sanctions with a view to gaining some fleeting economic advantage.

Unite to oppose hegemonism and Cold War

China is a leading voice opposing the West's illegal sanctions regime, consistently using its role in international forums (including the UN Security Council and the G20) to oppose unilateralism and bullying. China has added its voice to the global demand to end the blockade on Cuba. Foreign Ministry spokesperson Zhao Lijian demanded last year that the US "immediately and completely lift unilateral sanctions against Cuba in compliance with the purposes of the UN Charter and basic norms governing international relations", adding that China "resolutely rejects any external interference in other countries' internal affairs, imposition of unilateral sanctions, and attempt to gang up on other countries."²⁶ China has

²³ *Installed solar energy capacity*, Our World In Data, accessed 14 January 2022, <<https://ourworldindata.org/grapher/installed-solar-pv-capacity?country=CHN~IND~USA~Europe>>.

²⁴ Angel, R 2021, *US bans target Chinese solar panel industry over Xinjiang forced labor concerns*, The Guardian, accessed 14 January 2022, <<https://www.theguardian.com/world/2021/jun/25/us-bans-target-chinese-solar-panel-industry-over-xinjiang-forced-labor-concerns>>.

²⁵ *Rumors of 'forced labor' in Xinjiang refuted*, Global Times, accessed 14 January 2022, <<https://www.globaltimes.cn/content/1182815.shtml>>.

²⁶ O'Connor, T 2021, *China Backs Cuba in Saying US Should Apply Sanctions To Itself*, Newsweek, accessed 14 January 2022, <<https://www.newsweek.com/china-backs-cuba-saying-us-should-apply-sanctions-itself-1612735>>.

consistently opposed unilateral sanctions against the DPRK,²⁷ Zimbabwe,²⁸ Eritrea,²⁹ Afghanistan,³⁰ Venezuela,³¹ Nicaragua,³² Syria,³³ Iran³⁴ and Belarus.³⁵

With its strong opposition to sanctions, war, interference and hegemonism; through its pursuit of multilateralism and its support for the principles of the UN Charter; and through its consistent engagement with the countries of the world on the basis of equality, friendship, solidarity and mutual benefit, China is an indispensable force in the development of a new, multipolar system of international relations. Such a framework is desperately needed by the peoples of the world, and those of us living in the belly of the imperialist beast should do what we can to support it.

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- 27 *China opposes 'unhelpful' unilateral U.S. sanctions on DPRK*, CGTN, accessed 14 January 2022, <<https://news.cgtn.com/news/2022-01-13/DPRK-is-sanctioned-by-Biden-for-first-time-after-missile-tests-16MqSSqFanK/index.html>>.
- 28 Liu, C 2021, *China, African countries call on US to remove illegal sanctions on Zimbabwe*, Global Times, accessed 14 January 2022, <<https://www.globaltimes.cn/page/202110/1237275.shtml>>.
- 29 *China stands against any unilateral sanctions on Eritrea: Chinese FM*, Global Times, accessed 14 January 2022, <<https://www.globaltimes.cn/page/202201/1245253.shtml>>.
- 30 *Chinese top diplomat calls on US, other Western countries to lift sanctions on Afghanistan*, TASS, accessed 14 January 2022, <<https://tass.com/world/1354583>>.
- 31 *China Ratifies Its Rejection of US Sanctions Against Venezuela*, Telesur, accessed 14 January 2022, <<https://www.telesurenglish.net/news/China-Ratifies-Its-Rejection-of-US-Sanctions-Against-Venezuela-20210927-0007.html>>.
- 32 *Foreign Ministry Spokesperson Wang Wenbin's Regular Press Conference on January 12, 2022*, Ministry of Foreign Affairs of the People's Republic of China, accessed 14 January 2022, <https://www.fmprc.gov.cn/eng/xwfw_665399/s2510_665401/202201/t20220112_10481428.html>.
- 33 Zhou, L 2021, *China says Syria needs end to US sanctions, not a colour revolution*, South China Morning Post, accessed 14 January 2022, <<https://www.scmp.com/news/china/diplomacy/article/3142089/china-says-syria-needs-end-us-sanctions-not-colour-revolution>>.
- 34 Reuters Staff 2021, *U.S. should lift Iran sanctions, including on China - Chinese envoy*, Reuters, accessed 14 January 2022, <<https://www.reuters.com/article/iran-nuclear-china-idUKL1N2SK2OY>>.
- 35 Majeed, Z 2021, *Belarus Strengthens Ties With 'ironclad Friend' China As West Slaps Sanctions On Regime*, Republic World, accessed 14 January 2022, <<https://www.republicworld.com/world-news/europe/belarus-strengthens-ties-with-ironclad-friend-china-as-west-slaps-sanctions-on-regime.html>>.