

VIEWS

Harvey Dzodin

'Decoupling' cannot make US stronger

While not much is expected from US Secretary of State Antony Blinken's visit from Wednesday to Friday, especially because this is a US presidential election year when the only issue uniting the Democrats and Republicans is frenzied anti-China paranoia, the fact that the visit is even happening is a positive sign. The same can be said about the visits of US Commerce Secretary Gina Raimondo last year and Treasury Secretary Janet Yellen in early April, and the resumption of the high-level military-to-military video meeting between US Defense Secretary Lloyd Austin and Chinese Defense Minister Dong Jun — earlier this month.

Surely, talking is better than fighting, but too many aggressive and provocative US moves and veiled (and not so veiled) threats negate the nice words the administration's representatives have said recently.

Much work remains to be done to shore up damaged bilateral relations and avoid continuing lose-lose economic and political "decoupling". Here the picture is less rosy as exemplified by the ongoing US persecution of Huawei, China's top telecommunications company. I attended Huawei's Analyst Summit in Shenzhen, Guangdong province, last week.

The US, unwilling or unable to cooperate with China in the high-tech sector, continues its policy of restricting China's access to advanced computer chips. The US' stated position is "a small yard and high fence", highly targeted restrictions against China for the most advanced dual-use computer chips on the pretext of safeguarding national security, but in reality it is intended to prevent China's continued economic rise, because Washington fears Beijing could challenge its global domination.

Harvard professor Graham Allison says that in the past 500 years, a rising power spooking the established power has resulted in a conflict in 12 out of 16 cases. That's a frightening thought.

From what I learned at the Huawei Analyst Summit, the sanctions of the US and its allies against Huawei, although dealing a blow to the company, have not only made it stronger but also expanded its horizons, from making better telecom equipment to ambitiously moving into artificial intelligence, cloud computing and a host of new-horizon, all-inclusive "fifth industrial revolution" services for consumers and businesses alike.

It is a case of necessity being the mother of invention, first to stave off what could have been a fatal blow due to US pressure and then to move from

being debilitated to prosperity by building an ecosystem unimaginable when Huawei was a small manufacturer of telephone switchboards at its birth in 1987. It's no less a remarkable story than that of Shenzhen, which from being a small fishing village a little more than four decades ago has developed into a metropolis of 17 million people with GDP of \$500 billion, similar to that of Sweden or Thailand.

Blinken, a guitarist who loves the work of blues genius Muddy Waters, must also know Cole Porter's famous Western/cowboy song *Don't Fence Me In*. Instead of fencing China in, he should be razing fences and engaging with China and other countries to build a community with a shared future for mankind where national interests overlap, that is if, and it's a very big if, we are going to have a future at all.

Talking about the future brings us to Dubai. On April 16, the United Arab Emirates' city received more rain in one day than it normally gets in one full year. On the other hand, last year was the hot-

test in 100,000 years, according to meteorologists, which prompted UN Secretary-General Antonio Guterres to say "the era of global warming has ended" and "the era of global boiling has arrived". Yet globally, we are stumbling on a straight path to extinction unable to give up fossil fuels, especially because of the energy giants in the US and other countries and their army of lobbyists promoting short-term profits at the cost of human existence.

As for the US, although it has professed to have gone green for half a century, it has done little to prevent this catastrophe. As a matter of fact, it is resisting more fuel-efficient and clean-energy vehicles in favor of continuing to produce huge gas-guzzlers. It doesn't want to accept that the world has changed.

The US, however, could have been the global leader in clean energy but, due to political pressure from the farm lobby, opted to promote biofuels which are costly, raise global food prices and have negative environmental impacts like water pollution.

At a time when the US was indulging in such activities, China was still a relatively poor country but realized that it had to plan for a sustainable future. Today, China is the global leader in renewable energy, especially in solar and wind energy. But instead of applauding China for its green achievements, the US is trying to check its peaceful rise, just as it tried to strangle Huawei.

The smart, green and logical choice is to join forces with China when the alternative is extinction. But no, the US' response is the opposite.

To me, it's a no-brainer that the US and its allies should join forces with China and the Global South, because their national interests and very future depend on it.

Sadly, I don't think they will, but they really should realize that "decoupling" cannot make the US stronger.

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JIN DING / CHINA DAILY

Zhang Monan

'Overcapacity' an excuse to target 'made-in-China'

Recently some US and EU officials have said China's overcapacity distorts global pricing and production patterns. Concurrently, the Joe Biden administration is considering imposing high tariffs on Chinese steel and aluminum, potentially opening a new front in the ongoing trade conflicts in order to contain Beijing's "made in China" drive.

Overcapacity is an economic term that signifies a situation in which there is too much production capacity relative to current demand levels, and hence it should not be overly "pan-securitized". Capacity utilization rates are crucial indicators of whether capacity is adequately leveraged, with a very high rate generally indicating a shortage and a low rate suggesting excess capacity or an irrational capacity structure.

According to the latest data from Trading Economics, the US has a capacity utilization rate of 78.3 percent while China's stands at 75.9 percent. Developed countries including the US and European nations consider any rate between 79 percent and 83 percent an indicator of supply and demand. China's rate is not significantly lower than the healthy range.

Moreover, China has eliminated outdated steel production capacity to a large extent, having reduced about 300 million tons of steel and 1 billion tons of coal capacities, including entirely eliminating 140 million tons of substandard steel

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capacity, over the past decade.

Western pressure on China's industries and trade has intensified in recent years, with many Western countries restricting the export of semiconductors to China and curbing the import of Chinese-made new energy vehicles, while taking "reshoring" or "near-shoring" measures, further exacerbating global overcapacity and straining the global economic governance system.

This is not the first time the West is using "overcapacity" as a pretext to suppress China's manufacturing sector. In 2012, the European Commission initiated an anti-dumping investigation into Chinese photovoltaic products, initially planning to impose a 47.6 percent tariff on them. But in July 2013, China and the European Union "amicably" settled the photovoltaic trade dispute.

Unlike previous occasions, however, this round of scrutiny by the West is focused on China's advanced manufacturing, particularly in clean energy sectors such as electric vehicles (EVs),

photovoltaic panels and lithium batteries — areas in which there is intense Sino-US competition and China enjoys competitive advantages.

In recent years, spurred by the "New Washington Consensus", the Joe Biden administration has increasingly used administrative and other non-market forces to ensure it has the upper hand in its competition with China in strategic future industries. Also, the US has been strengthening the industrial policy through government intervention, which, in essence, is strategic protectionism.

As many as 49 industries including automobile, aerospace, defense, electrical equipment, information and communications technology, and renewable energy in the US get huge government subsidies.

Also, while strengthening itself, the US has also increased efforts to weaken others. In recent years, under the guise of combating climate change and promoting low-carbon development, the US has enacted the Inflation Reduction Act, which imposes discriminatory subsidy policies on products from World Trade Organization member states, specifically EVs from China.

These measures distort fair competition and will disrupt the global supply chains, as well as violate WTO rules of national treatment and most-favored-nation status. With the US presidential election still seven months away, the

"overcapacity" issue is likely to be exploited by US politicians on the campaign trail, and the US could intensify its rhetoric on China's overcapacity, possibly imposing tariffs on Chinese exports including EVs, power batteries and photovoltaic panels.

It could also ramp up anti-subsidy and anti-dumping investigations, and impose green or labor standards barriers to limit Chinese exports. Alternatively, it may continue to forge alliances based on different issues to contain China.

The overarching US strategy of exaggerating the issue of China's overcapacity is not aimed at striking a balance between global supply and demand; instead, it is aimed at checking China's industrial development by resorting to a beggar-thy-neighbor policy.

The narrative of overcapacity is crafted by the US to curb China's industrial upgrading, safeguard certain Western countries' vested interests in the global industry and supply chains, promote the reshoring of supply chains to the US, bolster the US' manufacturing competitiveness, contain China's technological progress and prevent it from achieving breakthroughs in advanced manufacturing and strategic industries.

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Fan Hongda

Can peace still be restored in Middle East?

China has expressed profound disappointment following the US veto of a Palestinian request for full UN membership in the UN Security Council on April 18. The resolution received 12 votes in favor, two abstentions from the UK and Switzerland, and one opposing vote from the US.

In March 2023, Saudi Arabia and Iran achieved reconciliation with China's mediation, subsequently followed by Turkiye easing decade-long tensions with Saudi Arabia and the United Arab Emirates. It was also anticipated that relations between Israel and Saudi Arabia would normalize.

But the Hamas attacks on Israel on Oct 7, 2023, and the outbreak of the Israel-Palestine conflict have "halted" the reconciliation trend in the Middle East. Saudi Arabia has postponed the talks with Israel to normalize relations, with Arab countries divided over whether and how to punish Israel for the relentless attacks on Gaza, in which nearly 34,000 people, a majority of them women and children, have been killed.

Relations between Israel and Turkiye, too, are not normal. Worse, Israel bombed the Iranian Consulate in Syria on April 1, raising tensions to a new height in the Middle East. And after Iran retaliated by launching a calculated attack on Israel on April 14, Israel's response is being closely watched.

Before the Gaza crisis, the reconciliation trend reflected the Middle East's desire for peace. The ongoing Israeli attacks on Gaza and the Iran-Israel confrontation show that long-term peace remains a dream for the Middle East. It is not difficult to ascertain that the root cause of confrontations and conflicts in the region is the Palestinian issue and the mutual dislike between Iran and Israel.

Immediately after the Oct 7 Hamas attacks, Israel accused Iran of being behind them. After Israel bombed Iran's consulate in Syria, Iran said it was an Israeli attempt to divert international attention from the crisis in Gaza.

It is obvious that an Iran-Israel conflict would be far more damaging for the Middle East and the world.

The ongoing Israel-Palestine conflict and the Israel-Iran confrontation have made it even more difficult to restore long-term peace and promote development in the region. On March 25, 2024, more than 170 days since the Israel-Palestine conflict broke out, the United Nations Security Council finally adopted the first resolution, calling for an immediate cease-fire in Gaza and the unconditional release of all hostages.

However, negotiations between Israel and Hamas on a cease-fire and the release of hostages have not been successful so far. On the one hand, the Israeli defense minister has said that Israel will not stop the attacks on Gaza while the hostages are still held in Gaza. On the other hand, Hamas has emphasized that the prerequisite for the release of the hostages is a permanent cease-fire and the withdrawal of Israeli forces from Gaza.

The biggest concern at present is whether Israel will attack the southern Gaza city of Rafah, where hundreds of thousands of Gaza residents have fled to escape the Israeli onslaught in central and northern Gaza. Reports say about 1.4 million Palestinians are now in Gaza. As such, any Israeli attack on Rafah will lead to an even bigger humanitarian crisis in Gaza.

Reports suggest Israel plans to attack Rafah, but has not yet said when.

However, the global focus on Gaza has somewhat diminished because of the Israeli-Iranian confrontation. After the Israeli attack on the Iranian consulate in Syria on April 1 and Iran's retaliatory attack, the world has been closely watching Israel's next move. It is obvious that an Iran-Israel conflict would be far more damaging for the Middle East and the world.

Both the Palestine issue and the Israel-Iran confrontation have obvious international characteristics. Therefore, it is difficult to find the key to resolving them based on the perspective of a single country.

Since the two-state solution, based on relevant United Nations resolutions, is the best way to resolve the Palestinian issue, the international community must urge Israel as well as Palestine to implement the two-state solution. More importantly, external powers should stop blindly supporting Palestine or Israel, such as weapons that could fuel their conflicts.

As for the Israel-Iran confrontation, the two countries must first acknowledge each other's right to exist. Almost as important is that between Iran and Israel, some countries can no longer continue to seriously support one side in attacking the other. That can only intensify rather than alleviate the Israel-Iran conflict.

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