

## What Sanctions on Russia and China Really Mean

The Pentagon may not be advocating total war against both Russia and China - as it has been interpreted in some quarters

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A crucial Pentagon <u>report</u> on the US defense industrial base and "supply chain resiliency" bluntly accuses China of "military expansion" and "a strategy of economic aggression," mostly because Beijing is the only source for "a number of chemical products used in munitions and missiles."

Russia is mentioned only once, but in a crucial paragraph: as a - what else - "threat," alongside China, for the US defense industry.

The Pentagon, in this report, may not be advocating total war against both Russia and China - as it was interpreted in some quarters. What it does is configure the trade war against China as even more incandescent, while laying bare the true motivations behind the sanctioning of Russia.

The US Department of Commerce <u>has imposed restrictions</u> on 12 Russian corporations that are deemed to be "acting contrary to the national security or foreign policy interests of the US." In practice, this means that American corporations cannot export dual-use products to any of the sanctioned Russian companies.

There are very clear reasons behind these sanctions – and they are not related to national security. It's all about <u>"free market"</u> competition.

At the heart of the storm is the <u>Irkut MC-21</u> narrow-body passenger jet – the first in the world with a capacity of more than 130 passengers to have composite-based wings.

<u>AeroComposit</u> is responsible for the development of these composite wings. The estimated share of composites in the overall design is 40%.

The MC-21's PD-14 engine – which is unable to power combat jets – will be manufactured by Aviadvigatel. Until now MC-21s had Pratt & Whitney engines. The PD-14 is the first new engine 100% made in Russia since the break up of the USSR.

Aviation experts are sure that an MC-21 equipped with a PD-14 easily beats the competition; the Airbus A320 and the Boeing-737.

Then there's the PD-35 engine – which Aviadvigatel is developing specifically to equip an already announced Russia-China wide-body twinjet airliner to be built by the joint venture China-Russia Commercial Aircraft International Corp Ltd (CRAIC), launched in May 2017 in

Shanghai.

Aviation experts are convinced this is the only project anywhere in the world capable of challenging the decades-long monopoly of Boeing and Airbus.

Will these sanctions prevent Russia from perfecting the MC-21 and investing in the new airliner? Hardly. Top military analyst Andrei Martyanov convincingly makes the case that these sanctions are at best <u>"laughable,"</u> considering how "makers of avionics and aggregates" for the ultra-sophisticated Su-35 and Su-57 fighter jets would have no problem replacing Western parts on commercial jets.

Oh China, you're so 'malign'

Even before the Pentagon report, it was clear that the Trump administration's number one goal in relation to China was to ultimately cut off extended US corporate supply chains and re-implant them – along with tens of thousands of jobs – back into the US.

This radical reorganization of global capitalism may not be exactly appealing for US multinationals because they would lose all the cost-benefit advantages that seduced them to delocalize to China in the first place. And the lost advantages won't be offset by more corporate tax breaks.

It gets worse – from the point to view of global trade: for Trump administration hawks, the re-industrialization of the US presupposes Chinese industrial stagnation. That explains to a large extent the all-out demonization of the high-tech <u>Made in China 2025</u> drive in all its aspects.

And this flows in parallel to demonizing Russia. Thus we have US Interior Secretary Ryan Zinke threatening no less than a <u>blockade</u> of Russian energy flows:

"The United States has that ability, with our Navy, to make sure the sea lanes are open, and, if necessary, to blockade ... to make sure that their energy does not go to market."

The commercial and industrial demonization of China reached a paroxysm with Vice-President Mike Pence accusing China of "reckless harassment," trying to "malign" Trump's credibility and even being the top US election meddler, displacing Russia. That's hardly attuned to a commercial strategy whose main goal should be to create US jobs.

President Xi Jinping and his advisers are not necessarily averse to making a few trade concessions. But that becomes impossible, from Beijing's point of view, when China is sanctioned because it is buying Russian weapons systems.

Beijing also can read some extra writing on the trade wall, an inevitable consequence of Pence's accusations; Magnitsky-style sanctioning of Russian individuals and businesses may soon be extended to the Chinese.

After all, Pence said Russia's alleged interference in US affairs paled in comparison with China's "malign" actions.

China's ambassador to the US, <u>Cui Tiankai</u>, in his interview with Fox News, strove for his diplomatic best:

"It would be hard to imagine that one-fifth of the global population could develop and prosper, not by relying mainly on their own efforts, but by stealing or forcing some transfer of technology from others ... That's impossible. The Chinese people are as hard-working and diligent as anybody on earth."

That is something that will be validated once again in Brussels this week at the biennial <u>ASEM</u> – Asia Europe – summit, first held in 1996. The theme of this year's summit is "Europe and Asia: global partners and global challenges." At the top of the agenda is trade, investment and connectivity – at least between Europe and Asia.

Washington's offensive on China should not be interpreted under the optics of "fair trade," but rather as a strategy for containing China technologically, which touches upon the absolutely crucial theme: to prevent China from developing the connectivity supporting the extended supply chains which are at the heart of the Belt and Road Initiative (BRI).

We don't need no peer competitors

A glaring giveaway that these overlapping sanctions on Russia and China are all about the good old Brzezinski fear of Eurasia being dominated by the emergence of "peer competitors" was recently offered by Wess Mitchell, the US State Department Assistant Secretary at the Bureau of European and Eurasian Affairs – the same post previously held by Victoria "F\*ck the EU" Nuland.

This is the <u>original Mitchell</u> testimony to the Senate Foreign Relations Committee. And this is the redacted, <u>sanitized</u> State Department version.

A crucial phrase in the middle of the second paragraph simply disappeared: "It continues to be among the foremost national security interests of the United States to prevent the domination of the Eurasian landmass by hostile powers."

That's all the geopolitics Beijing and Moscow need to know. Not that they didn't know it already.

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