# Biden's Tech-War against Beijing Goes into "High Gear": China and The Battle for Semiconductors

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> *"Lots of people don't know what happened yesterday [October 13, 2022]. To put it simply, Biden has forced all Americans working in China to pick between quitting their jobs and losing American citizenship. Every American executive and engineer working in China's semiconductor manufacturing industry resigned yesterday, paralyzing Chinese manufacturing overnight. One round of sanctions from Biden did more damage than all four years of performative sanctioning under Trump. Although American semiconductor exporters had to apply for licenses during the Trump years, licenses were approved within a month.*
>
> *With the new Biden sanctions, all American suppliers of IP blocks, components, and services departed overnight – thus cutting off all service [to China]. Long story short, every advanced node semiconductor company is currently facing comprehensive supply cut-off, resignations from all American staff, and immediate operations paralysis. This is what annihilation looks like: China's semiconductor manufacturing industry was reduced to zero overnight. Complete collapse. No chance of survival." (Posted at Jordan Schneider's Twitter account @jordanschnyc from a translated thread at @lidangzzz)*

The Biden administration intensified its war on China in [October 2022] when it "detonated a thermonuclear bomb" at the heart of Beijing's booming technology industry. In an effort to block China's access to crucial semiconductor technology, Team **Biden announced [October 7, 2022] onerous new export rules aimed at a "comprehensive supply cut-off" of essential semiconductor technology** which– according to one analyst– led to an "immediate operations paralysis." The terror unleashed by the announcement was aptly summarized in a thread posted at Jordan Schneider's Twitter account [October 14, 2022] from a translated thread at @lidangzzz [Chinese social media] (See above quote).

Washington's directive was issued on October 7, 2022 by the United States Bureau of Industry and Security.

Bureau of Industry and Security
U.S. Department of Commerce

**FOR IMMEDIATE RELEASE**
October 7, 2022
www.bis.doc.gov

**BUREAU OF INDUSTRY AND SECURITY**
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**Commerce Implements New Export Controls on Advanced Computing and Semiconductor Manufacturing Items to the People's Republic of China (PRC)**

Washington, D.C.—The Department of Commerce's Bureau of Industry and Security (BIS) is implementing a series of targeted updates to its export controls as part of BIS's ongoing efforts to protect U.S. national security and foreign policy interests. These updates will restrict the People's Republic of China's (PRC's) ability to both purchase and manufacture certain high-end chips used in military applications and build on prior policies, company-specific actions, and less public regulatory, legal, and enforcement actions taken by BIS.

Naturally, the Chinese government was blindsided by **the draconian new rules which include "all Chinese advanced computing chip design companies"** and will undoubtedly "ensure the elimination of all American products and technologies from the entire ecosystem." **The new sanctions regime will likely inflict significant damage on China's thriving technology industry while causing considerable harm to US partners who were not consulted on the matter.** But while the announcement was a complete surprise, it does fit with the much more extensive list of hostile US actions towards China in the last few months. Some of these include:

1. Multiple US delegations (Nancy Pelosi and other sitting Congressmen) traveled to Taiwan to challenge the One-China policy that has been the cornerstone for normal relations between the two countries for the last 40 years.
2. Two US warships sail through strait, BBC
3. US-India maneuvers on the India-China border
4. The Biden Administration's persistent determination to provide South Korea with a lethal missile defence system that can be used for offensive purposes and which threatens Chinese security
5. The relentless strengthening of an "anti-China" coalition
6. Two U.S. carrier groups conduct exercises in South China Sea
7. And, now–according to the Financial Times– The EU is being urged to rethink its China policy

While in no way exhaustive, the list should give the reader some sense of the uptick in belligerence that is presently aimed at Beijing. **Hectoring China has become a full-time job** which is not entirely unexpected as US-China "containment" policy dates back as far as the Cold War. What's different now –as Biden's **2022 National Security Strategy** indicates– is that **the US sees itself in the midst of a "great power struggle" in which the primary enemy is China who is regarded as "the only competitor with both the intent and, increasingly, the capability to reshape the international order." (NSS)** In other words, the Biden administration is admitting that we are at war with China and that we must use any means necessary to prevail in that conflict. As foreign policy analyst Andre Damon recently noted, **the NSS** is not a strategy for the defense of the Republic but **a "blueprint for World War 3".**

Indeed, so containment alone will no longer suffice. **What is required is increasingly provocative actions that will help to isolate, vilify and, ultimately, weaken China so that it becomes a "responsible stakeholder" in the "rules-based system". In other words, Biden seeks a compliant vassal who will click his heels and do as he is told.**

Sound familiar?

Biden's onerous new export rules fit perfectly within this broader strategy of persistent confrontation and hostility. It also jibes with the oft-repeated neoconservative view that there is "no hope of coexistence with China as long as the Communist Party governs the country." So, once again, we can see that **the administration's attacks on China are not merely designed to "contain" Chinese development but are also aimed at regime change**. We believe that the recent ratcheting up of Biden's Tech War has nothing to do with national security concerns (like "still-emerging fields of artificial intelligence and quantum computing") but is actually another desperate attempt to preserve Washington's loosening grip on global power. Here's how author Jon Bateman summed it up in an article at Foreign Policy Magazine:

> "The Bureau of Industry and Security (BIS) announced new… limits on the export to China of advanced semiconductors, chip-making equipment, and supercomputer components. **The controls… reveal a single-minded focus on thwarting Chinese capabilities at a broad and fundamental level…**. the primary damage to China will be economic, on a scale well out of proportion to Washington's cited military and intelligence concerns….**This shift portends even harsher U.S. measures to come, not only in advanced computing but also in other sectors (like biotech, manufacturing, and finance) deemed strategic.** The pace and details are uncertain, but the strategic objective and political commitment are now clearer than ever. **China's technological rise will be slowed at any price."** ("Biden is Now All-In on Taking Out China", Jon Bateman, Foreign Policy Magazine)

There it is in black and white. The US is going to do whatever it takes to preserve its top spot in the global order "come hell or high water." And Bateman is right, there will undoubtedly be "even harsher U.S. measures to come, not only in advanced computing but also in other sectors (like biotech, manufacturing, and finance)" And that, of course, means more sanctions and tariffs, more disruption to vital supply-lines, and higher costs for everything. **If you thought the war with Russia impacted energy prices, "You ain't seen nothing yet!" Winding back 40 years of globalization is going to be an excruciating experience tantamount to major dental surgery absent the Novocain.** This is from Reuters:

> "The U.S. is scrambling to tackle unintended consequences of its new export curbs on China's chip industry that could inadvertently harm the semiconductor supply chain, people familiar with the matter said….as of midnight Tuesday, vendors also could not support, service and send non-U.S. supplies to the China-based factories without licenses if U.S. companies or people are involved. **As a result, even basic items like light bulbs, springs, and bolts that keep tools running may not have been able to be shipped until vendors are granted licenses. And without the minute-by-minute support the foundries need, they could begin shutting down, one source said.**..

> The U.S. planned to review licenses for non-Chinese factories in China hit by the new restrictions on a case-by-case basis, but even if approved that could create delays in shipments. Licenses for Chinese chip factories were likely to be denied." ("U.S. scrambles to prevent export curbs on China chips from disrupting supply chain", Reuters)

See what I mean? More supply-line disruption means higher prices, more battered household budgets, and fewer American families able to scrape by on their shrinking wages. Does anyone in Washington think about these things before they set the wheels in motion? The Biden administration is so obsessed with containing China, it is willing to send US standards-of-living off a cliff while bringing the world even closer to nuclear annihilation. Here's more background from an article at the *Asia Times*:

> The US measures won't affect China's sensors, satellite surveillance, military guidance and other strategic systems because **the vast majority of military applications use older chips that China can produce at home**…..The new US restrictions won't stop China's 2,000 surface-to-ship and surface-to-surface missiles from targeting US aircraft carriers in the Western Pacific, or US air bases in Guam and Okinawa, and they won't prevent China's more than 1,000 interceptors from aiming long-range air-to-air missiles at US planes…
>
> **It will also elicit an all-out Chinese effort to replace American chip-making and design technology**. CapEx and R&D will shrink drastically in the US semiconductor industry while China allocates a massive budget to the sector.
>
> On a five- or ten-year horizon, **America's technological edge in semiconductor design and fabrication is likely to vanish. As capital budgets collapse in the Western semiconductor industry, the damage to the US and other Western economies is likely to be greater than the harm inflicted on China.**..an all-out US ban on chip sales to China would eliminate 37% of the revenue of US semiconductor companies, lead to … **the loss of 15,000 to 40,000 highly skilled direct jobs in the US semiconductor industry."**..
>
> At worst, **the damage to China's economy is likely to be temporary… But the impact of the incipient depression in the Western semiconductor industry may well do permanent harm.** ("China chip ban a US exercise in extreme self-harm", *Asia Times*)

So, it could all backfire like the poorly thought-out sanctions on Russia that have thrust all Europe into an unprecedented energy crisis?

Yep, that's what he's saying. The new rules will cause China some short-term pain but—in the long run—they will only hurt American industry. It's another classic example of 'cutting off your nose to spite your face', which appears to be Biden's MO on a great number of issues.

It's worth noting, that the Biden plan is another giant leap towards "de-globalization. (which is the reimposing of cross-border trade barriers in order to prevent further economic integration and lower costs.) **For decades, business and political leaders have been touting the virtues of offshoring businesses and outsourcing jobs as if that was the true expression of God's divine plan.** But now that China's growth threatens US global hegemony, foreign policy elites have done a quick 180. Now the globalization genie must be drawn-and-quartered and shoved back into his bottle so the West can preserve its primacy by effectively divorcing itself from the Chinese powerhouse.

By the way, **"decoupling"** is the new buzzword among foreign policy wonks. What the word implies is that **the US must implement "some degree of technological separation from China, but shouldn't go so far as to harm U.S. interests in the process."** In other words, Washington is on track to selectively terminate many areas of commerce with China while trying not to shoot itself in its own foot.

Good luck with that.

So, where is all of this heading, you ask?

To more conflict, more confrontation, higher prices, lower standards of living and, eventually, a disintegration of the prevailing order. That much is certain. The problem, of course, is that **the China hawks now control the levers of power in Washington** which means that the attacks on China will intensify, decoupling will accelerate, and a massively-destabilizing international crisis will soon follow.

The Biden administration is squandering American power on unilateral actions it cannot enforce and that will no have meaningful impact on China's development. They'd be better off looking for ways to ease the transition to a new world, then pathetically trying to turn back the clock to the bygone "unipolar moment".

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