

The G20 Meeting in Japan: The Trade War Unleashed by the United States Against China

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At the G20 in Japan, the leaders of the world's leading economies will meet on the next 28 June. On the table there is the discussion on the reform of international trade. In a context in which the US aims to "separate" the world and its economy, the risk of plunging back into a new cold war is more than current. China's moves to contrast this threat and to send a strong message of responsibility towards global leadership at a time when the US has decided to loosen the reins.

Everything is ready for the start of the session of the G20 that will be hosted on 28 and 29 June in the evocative setting of Osaka and there are many reasons why this summit could be particularly interesting.

The first is given by the fact that Japan holds the presidency of the G20 for the first time, at a very particular moment of re-articulation of its foreign policy, starting from the "new phase" in which relations with China following the spirit expressed by Shinzo Abe during the state visit in Beijing last October. In that occasion the Japanese Prime Minister declared:

"Today Japan and China play an essential role for the growth not only of Asia, but of the whole world. The proliferation of unsolvable problems for a single country tells us that the time has come for Japan and China to think commonly about global peace and prosperity", opening a new chapter in the relations between the two countries.

From a certain point of view, the instability in the foreign policy of the American President Donald Trump has ended up creating a completely new scenario for the continent to the point of pushing former rivals to cooperate, in order to contain an instability that threatens global peace and prosperity.

Secondly, the G20 summit was preceded by intense diplomatic activity by the major countries. Recently, for example, the state visit of Xi Jinping to North Korea was concluded, the last in a series of multilateral and bilateral meetings that the Chinese President had with Russia and Central Asian countries, with the purpose of supporting regional stability, including the Korean peninsula, after the failure of the summit between Kim and Donald Trump in Hanoi last February.

But it is not only diplomacy that occupies the stage of the meetings, whether official or not, scheduled in Osaka: it is above all the economy and trade, in a global context marked by the U.S. trade war against China (and in perspective against India), that holds the bench at

the top among leaders, finance ministers and central bank governors, which therefore represents an opportunity for a debate on the need to reform global trade and the WTO and avoid the escalation of trade wars. This line has already been advocated by the Chinese Premier Li Keqiang during the meeting with the summits of the European Union last April 9 in Brussels. Indeed, on exactly at that time, China declared that the Osaka summit would be the time to clarify the areas of openness to investment, investigating the issue of “equal treatment” for companies, as requested by the EU and the USA.

With this feature we are touching the central point of the whole issue. Because these actions proposed by Beijing are not only a countermeasure to the tug-of-war in the game with America, but the beginning of a further stage of reform and opening up of its economy, which will mark the future of the Asian giant.

If the reforms promoted by Deng have allowed China to emerge from underdevelopment (more than 700 million Chinese have emancipated themselves from poverty) and have made it into a prosperous and modern country, the new phase of opening up and reforms aims to lead a further stage in the development of the country to transform it into a rich nation in occasion of the hundredth anniversary of the founding of the People’s Republic, in the middle of the century. For these reasons, the economic model is undergoing a transition and a further phase of world-wide integration of the Chinese economy is underway.

This topic was strongly emphasised during the second “Belt and Road” Forum, where I was privileged to participate last April in Beijing. There I have had the clear feeling that China will commit itself for the next few years not only to adopting an agenda of economic reforms, as announced, but also to building a permanent platform for dialogue, involving individuals as well as institutions, with the aim of building an international community that works to tackle global imbalances. When the Chinese president defended the globalisation during the Davos summit, only a few people had a clear idea of the deep meaning of his words, imagining a reversal of Xi’s speech, as if it was in favour of western economic doctrines and liberal capitalism. Today, on the contrary, everything seems clearer. In fact, a process of “decoupling” the economy is underway in the world. We are witnessing an increasingly marked trend of separation of America (and its block of allies) with the rest of the world and in particular with Asia and the emerging countries: we are moving towards a separation of the Internet, the supply chains and there is a drastic decline in investment, trade, data and institutions. Before the beginning of the tariffs war (trade), a campaign started in the USA against the Confucius Institutes (institutions), with the decision of several universities to dissolve the inter-university agreements with China. On the data front, the campaign against Huawei and Zte for supremacy over 5G, makes clear the effort to avoid agreements between the states historically allies of the United States and Chinese companies and thus keep separate the telecommunications infrastructure in order to prevent the interconnection between Europe and Asia. Finally, the tariffs have the double function of hitting Chinese trade (and its export) and of calling back home, above all, the companies of the silicon valley that have relocated their production to Asia (China, but also Korea and Vietnam). An attempt is therefore being made to impose a reshoring of high-tech companies and a shortening of the value chains or their relocation to countries considered “friends”, with the aim of blocking the transfer of technology to China.

If these economic trends will intensify in the next few years, the conditions will be placed for the beginning of a new cold war, with a harsh iron curtain to divide the West from the Eurasian region. Therefore, the initiatives put in place by China (and, therefore, the true

meaning of the words spent by Xi Jinping in Davos against protectionism) to contrast the prospect of a new Cold War appear clearer, also through a radical reform of the international rules of trade and the strengthening and enlargement of the Belt and Road project, which, on the other hand, pushes for greater connectivity and integration of the economies as a driving force for a policy of peace and global stability.

In the light of these facts, Italy's signing of the MoU with China and the joining in the club of BRI's countries, has represented an important sign of countertrend, all politically, against the attempts to forge a new conflict with China and Asia, led by the USA. Now, however, is the time to be consequent and to move having in mind the place that the country must have in order to give its contribution to prevent the return of a new economic cold war. Not least because everyone in the world interpreted the visit of the vice-premier Salvini to the United States and the declarations he made, as a change of course in the country's foreign policy.

The forthcoming G20 summit in Japan is an important opportunity to clarify the official position of the government. Otherwise, the effort being made and the credibility being gained in China will be quickly eroded and Italy will now risk to be viewed as the country of turntables. A terrible scenario that we can't really afford.

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