

Trade Wars: Is There an Off-Ramp? Towards a Global Catastrophe?

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Global Research, August 25, 2018

Region: [Asia](#), [Russia and FSU](#), [USA](#)

Theme: [Global Economy](#)

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That an economic world war has already started is beyond dispute. Whether it is Washington or Trump who has lost it is immaterial but between the sanctions imposed on several countries and prohibitive tariffs inflicted on friends and foes alike most are warning against a catastrophe, not just for those directly involved, but the world generally.

Trump's unilateral withdrawal from the Joint Comprehensive Plan of Action (JCPOA) otherwise known as the Iran nuclear deal is, arguably, at the heart of the recent trade spats between the US and the five co-signatories. Although it must be said that US sanctions were not unique to Iran. Cuba, Venezuela, North Korea and Russia and many others were and are victims of American sanctions declared on a capitalist whim. Iran itself was victimised on no other pretext than its Islamic Revolution.

As has become customary America has no compunction about lying. Russia was sanctioned on trumped up charges of invading East Ukraine, annexation of Crimea, meddling in the 2016 American presidential elections and, the most recent charge of "highly likely" having poisoned a former, inconsequential Russian double agent, who is an MI6 asset.

But, thus far the Russian economy has not succumbed. Instead, on 1 March 2018 President Putin announced what was to upset US military superiority irretrievably, at least for several decades to come: Russia has developed weapons against which there is no defence.

Abandoning the JCPOA on the pretext that Washington wants the treaty renegotiated opened the way to a new barrage of sanctions against Iran with Trump declaring that state parties and commercial entities found breaking them will be penalised. The other five signatories/guarantors to the JCPOA protested. Russia already a victim of US sanctions openly declared that she will continue normal relations with Iran.

China, with tariffs already imposed on her for some nefarious allegations among them currency manipulation, which to all intents and purposes has escalated into a trade war, saw fit to find ways around the sanctions against Iran. In anticipation of the November threat on import of Iranian oil China has increased its monthly volume substantially setting a ceiling well above the present, in readiness. India, another major Iran oil importer, has followed suit.

But China is the world's second largest economy and the Renminbi is now part of the IMF's Special Drawing Rights (SDR) basket of currencies. Beijing's "Made in China 2025" program of turning China into an advanced manufacturing powerhouse is, too, no reason for the US to cheer. A further manifestation of China's growing economic muscle is the launch of the

Petroyuan last March. There is, therefore, no disputing that China is signalling its challenge to US economic dominance. To make matters worse China is no military walkover, not even for the USA.

For their part the European signatories, namely, Britain, France and Germany were disgruntled. The JCPOA debacle resulted in the reactivation of the 'blocking statute' to protect European companies doing business in Iran. But Washington had by then assaulted Europe with the 25% steel and aluminium tariffs slapped on Mexico, Canada, China, Russia et al.. Brussels retaliated with a US\$3.3 billion in tariffs against US products. However, fearing an escalation Europe pledged to increase imports of American soy bean and LNG.

America's NATO allies are, therefore, not off-limits. Given the strain in relations with Turkey in recent years it is not surprising that tariffs would hit Ankara too. On the pretext that Turkey is holding an American citizen under house arrest for spying, the Turkish lira is now in a tailspin. Qatar, a Turkish ally, has pledged financial support. In fact, there is an obvious overall realignment going on where Turkey is visibly going the Eurasian way.

Meanwhile, when sanctioned by the Obama administration Russia looked East towards China as an ally, now declared a strategic alliance. Trump then is forced, at least for now, to write off a hot war as an option to bring everyone to heel. Defeat in Syria is no help.

Fortunately for Trump, whose 2020 re-election depends on the success of his first term, today's war is hybrid, asymmetrical and can be executed on several platforms simultaneously. An economic assault by the world's number 1 economy under the circumstance must seem to him feasible. Fortunately for the world, America's economy is groaning under the burden of massive debts caused by her perpetual war policy, one intended to keep the military industrial complex ticking over nicely.

Thus far the annual US\$1 trillion defence budget is financed by printing dollars, the world's number one reserve currency facilitating international trade. The Petrodollar takes care of the oil trade the world over because OPEC under Saudi influence will not have it any other way. Why? Because it buys them US protection.

But to overcome unreasonable American sanctions and exorbitant tariff increases that go against WTO regulations, countries are beginning to trade in their own currencies and the Euro. The oil and gas trade has found an alternative in the Petroyuan, which has shown strong growth indicating that it has the ability to challenge the Petrodollar. Its success will destroy the US dollar's dominant position.

Trump himself appears unable to push his campaign pledges through. On the foreign front, under him Russophobia has gotten worse. At home "Making America Great Again" is driving him ever fiercer towards protectionism and trade wars. As a result the US is now regarded as unpredictable, unreliable and maybe even dangerous. So why is Trump pushing hard on sanctions and tariffs?

Despite his Helsinki meeting with Putin, Trump has imposed even harsher sanctions on Moscow based on unproven allegations made by London reminiscent of the false narrative leading to the Iraqi invasion.

On China Trump threatens further tariffs as high as US\$500 billion. Can China withstand such an onslaught? Beijing, however, holds over a trillion US dollars in American debt

instruments. When push comes to shove will this be weaponised?

A combination of factors have, therefore, come together to drive the trade wars: the American mid-term elections; military defeat in Syria; and, de-dollarisation. And, Trump has adopted Bush's uncompromising position of either the world is with the US, or against the US. As it stands the world is looking a lot like it is "against" the US except for such fading powers as Britain and Japan, and Australia, never a power centre.

An off-ramp is, then, sorely needed especially when the trade wars have added momentum to de-dollarisation which, when accomplished, loosens the stranglehold of the dollar over the global economy. When the trade wars have backfired on Washington can Trump be persuaded to step back from the brink and gracefully accept the end of US hegemony?

But what if the US will not relinquish its imperial ambitions? What if the US is not looking for an off-ramp? If so, why wouldn't she? Could it be that her imperial agenda is long term and not easily surrendered?

It is fair to argue that with regard Iran and Turkey — and Syria, too — all three being staunch supporters of Palestine, America is looking for trouble in an effort to execute the Zionist "Greater Israel" project, which objective is to make Israel the regional imperial power, which in turn is the proxy for the West, namely, the United States. Greater Israel would roughly stretch from the Nile in the West to the Euphrates in the East into Iraq, north through Lebanon to southern Turkey and in the south it cuts the Arabian peninsula into two, all areas very rich in oil and gas.

Nevertheless, this does not completely explain Trump's global rampage. But if the Greater Israel project is a part of a Zionist US imperial plan — in less emotive terms the neo-conservative global New World Order — then a plausible answer is possible. The trade war is Washington's strategy of choice as a first phase to bring the world to its knees.

But why should Moscow and Beijing surrender to Washington's imperial will when they hold the trump card, the former militarily and the latter financially? President Putin has said, "Why would we want a world without Russia?" And, would not President Xi be thinking the same?

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