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INTERNATIONAL POLITICS
IN THE AGE OF DISRUPTION

ROUTLEDGE

Techno-Geopolitics

US-China Tech War and
the Practice of Digital Statecraft

Pak Nung Wong



SERIES EDITORS:
HARSH V. PANT, FRANK O'DONNELL
AND AVINASH PALIWAL

TECHNO-GEOPOLITICS

Techno-Geopolitics explores contemporary U.S.–China relations and the future of global cyber-security through the prisms of geopolitics and financial-technological competition. It puts forward a new conceptual framework for an emerging field of digital statecraft and discusses a range of key issues including the controversies around 5G technology, policy regulations over TikTok and WeChat, the emergence of non-traditional espionage, and potential trends in post-pandemic foreign policy.

Analysing the ramifications of the ongoing U.S.–China trade standoff, this book maps the terrain of technological war and the race for global technological leadership and economic supremacy. It shows how China's technological advancements not only have been the key to its national economic development but also have been the core focus of U.S. intelligence. Further, it draws on U.S.–China counterintelligence cases sourced from the U.S. Department of Justice and Federal Bureau of Investigation (FBI) to explore emerging patterns and techniques of China's espionage practice.

A cutting-edge study on the future of statecraft, this volume will be of great interest to scholars and researchers of international relations, security and intelligence studies, information technology and artificial intelligence and political science, especially U.S. foreign policy and China studies. It will also be of great interest to policymakers, career bureaucrats, security and intelligence practitioners, technology regulators, and professionals working with think tanks and embassies.

Pak Nung Wong teaches politics and international relations at the University of Bath, U.K. His recent publications include *Destined Statecraft: Eurasian Small Power Politics and Strategic Cultures in Geopolitical Shifts* (2018), *Discerning the Powers in Post-Colonial Africa and Asia: A Treatise of Christian Statecraft* (2016), *Post-Colonial Statecraft in South East Asia: Sovereignty, State-Building and the Chinese in the Philippines* (2013). He is Editor-in-Chief of *Bandung: Journal of the Global South*, which he founded with an international network of scholars, practitioners and policymakers in 2013. Apart from publishing in the English language, Dr Wong's Chinese-language columns in Hong Kong-based media have been followed, translated and used by governmental ministries in foreign affairs, defence, security and intelligence services, culture and religion, technology and higher education across the world.

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Techno-Geopolitics

U.S.–China Tech War and the Practice of Digital Statecraft

Pak Nung Wong

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Practice of Digital Statecraft

Pak Nung Wong

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CONTENTS

<i>List of figures</i>	<i>vi</i>
<i>List of tables</i>	<i>vii</i>
<i>Acknowledgements</i>	<i>viii</i>
1 Introduction: beneath the U.S.-China trade war	1
2 Techno-geopolitics: towards novel theoretical framework transcending the ‘techno-nationalism vs. techno-globalism’ dualism	19
3 Recharting the rimland: U.S.-China 5G techno-geopolitical containment and counter-containment in Asia and Europe	51
4 Rise of China’s intelligence capability: intelligence culture, panoptic state-building and tradecraft techniques	90
5 Conclusion: outline of the practice of digital statecraft	112
<i>Index</i>	<i>121</i>

FIGURES

1.1	Japan's total trade volume in percentage (1950–2011)	5
1.2	China's total trade volume in percentage (1950–2011)	6
2.1	Heartlands and competition over the non-heartland swing states	29
2.2	Average annual growth rate of industrial robots, 2016–2025	36
4.1	The prophetic worldview of the Ministry of State Security of China	102

TABLES

1.1	Top U.S. imports from China facing increased tariffs (as of May 2019)	11
2.1	Techno-globalism and techno-nationalism in comparison	23
2.2	Top owners of the 5G standard essential patents (as of 2020)	27
3.1	Comparison of 5G development strategies of six ASEAN countries (as of January 2021)	62
3.2	Comparison of the exports, imports and export–import differences among the world’s top 13 exporting countries in 2019 (in billion U.S. dollars)	75
4.1	How the U.S. compares to Chinese and U.S. tradecraft and intelligence cultures	94

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1

INTRODUCTION

Beneath the U.S.-China trade war

1.1 Introduction

What was the underlying dynamic for the Trump administration of the United States (U.S.) to launch the trade war with China from 2018? To answer this question, this introductory chapter will examine the following issues: (1) the U.S.-Japan trade war in the 1980s and 1990s, (2) how the U.S.-China trade war spilled over to such international arena as the World Trade Organization (WTO), (3) Trump's apparent rationale to close the U.S. trade deficit, and (4) how the Coronavirus Disease 2019 (COVID-19) exposed the U.S. biotechnological under-capacity. I will argue that, beneath the U.S.-China trade war, the technology competition between the two powers is actually the more deep-seated structural source of their ongoing unsettling rivalry.

Former President Donald Trump (2017–2021) launched a series of trade wars against the American allies and other countries, including Canada, the European Union (E.U.), Japan, India, Taiwan and Turkey. In particular, Trump's trade war with China starting from April 2018 caught wide global attention because the U.S. and China were the two largest economies in the world. Apart from levying additional American tariffs on Chinese goods, Trump cited national security concerns and banned the Chinese technology giant Huawei's 5G technologies and urged the allies to follow the ban. He also banned the popular Chinese social media apps, WeChat and TikTok. Trump's moves, however, spurred a public debate in China on whether China should seek to decouple from the U.S. in the long term.¹ Therefore, by the end of 2020, the Chinese government formally announced their long-term plan to achieve technology independence.²

Many governments and analysts feared that the U.S.-China trade frictions and a potential economic-cum-technology decoupling between the two great powers would negatively affect others' economies, disrupt global supply chains and throw

2 Introduction

the global economy into recession. After some negotiations, the U.S. and China reached an initial trade agreement by the end of 2019. Trump needed the deal for his re-election in 2020. Beijing's willingness to buy substantial agricultural products from the 'swing states' (e.g. Ohio, Iowa and Wisconsin), where Trump once succeeded in garnering voters' supports in his 2016 electoral victory,³ also echoed John Bolton's claim that the Chinese Communist Party (CCP) might have supported Trump's bid for the second U.S. presidency.⁴

Against such international dynamics, this chapter argues that, despite the U.S.-China trade war being apparently about trade disputes, it reflected a deeper dimension in the U.S.-China structural rivalry – technological competition for global economic supremacy. I will first examine the U.S.-Japan trade war in the 1980s and 1990s as a comparative reference to identify a few observations about the U.S.-China trade war.

Second, I will examine how the U.S.-China trade war spilled over the international disputes into other international organizations. Using the WTO as a case study, I highlight that Trump's persistent blockade of the WTO Appellate Body judgement appointments not only corroded the post-war liberal international order that the U.S. created and led, it also discredited the U.S. global reputation and leadership status.

Third, through a historical-structural analysis of the formation of the U.S. chronic trade and current account deficits, I will argue that using trade war strategy to rectify American trade deficits neither had any scientific ground nor could lead to any fruitful result. As Trump's trade war with China focused mainly on Chinese technological products, I argue that, beneath the trade war, there was actually a 'tech war' – using technology competition to compete for global economic supremacy as a scientifically unfounded yet populist strategy to seize American state power.

Finally, the COVID-19 pandemic severely hit the U.S. from March 2020, causing a scale and speed of economic recession unprecedented since the Great Depression in the 1930s. Due to the lack of effective policy measures, medical supplies and protective gear to contain the coronavirus spread, the U.S. population suffered from the highest infection number and death toll in the world, thus discrediting the U.S. state incompetency. COVID-19 also showed that the Trump government committed a serious strategic error in launching the trade war with China too early before the U.S. succeeded in relocating and restructuring the global supply chains.

1.2 Lessons from the U.S.-Japan Trade War

According to Japanese economist Takeshi Abe,⁵ the factors contributing to the trade frictions that China has recently experienced with the U.S. are similar to those of Japan in the last century. Before the Second World War (WWII), Japanese textile products had already created a lot of pressure upon the U.S. textile industry. After WWII, Japanese textile and heavy industries surpassed the U.S. counterparts. In 1968, Japan quickly recovered from the post-war rubble and became the world's

second-largest economy. In the past four decades, China recorded impressive economic growth and has reached the same 'trade-superpower' status as Japan did in the 1970s.⁶

From 1970 to the 1980s, Japanese electronic products, home appliances and cars enjoyed growing and substantial market shares in the Western markets (the largest was the U.S., whereas the second largest was Europe). American voters in the most severely hit industrial areas in Detroit and the 'rust belt' actively lobbied the officials and politicians in the U.S. government and Congress to sanction Japanese imports.⁷

In 1981, the Republican Party's Ronald Reagan was elected the 40th U.S. president (1981–1989). Reagan immediately changed the past administration's passive policy in merely restricting Japanese imports by adopting the more aggressive trade policy in seeking to expand U.S. export to Japan. After rounds of trade wars and talks, the U.S. signed the 'Plaza Accord' with Japan in 1985 with France, West Germany and the U.K. The quadrilateral agreement required Japan to give up its post-WWII linked exchange-rate system. The move led to the emergence of the 'strong Japanese yen, weak U.S. dollar' currency exchange relationship.⁸ Such exchange rate arrangement immediately caused a surge of U.S. exports to Japan but weakened Japanese exports to the U.S. Also, Japanese property and stock market prices continued to inflate until its 'bubble economy' burst in 1990. Nonetheless, the U.S.-Japan trade dispute did not stop.

From 1989 to 1990, President George Bush (1989–1993) of the Republican Party changed the former Reagan administration's policy in enlarging U.S. exports to Japan. Under the newly conceived 'Structural Impediments Initiative' policy, Bush further sought to remove the structural barriers within the Japanese market by identifying Japan's internal structural problems. Bush's goal was to completely open up and liberalize the Japanese economy.⁹

In 1993, the Democratic Party's Bill Clinton was elected as the 42nd president (1993–2001). He continued to adopt Bush's structural trade war approach towards Japan by setting up 'objective criteria' to remove the deep-seated structural barriers within the Japanese market. Initially, Japan objected fiercely and feared that any 'objective criteria' set were resultant of America's arbitrary judgements. But Japan eventually complied with the U.S. demands.¹⁰

In view of the previous pattern, Takeshi Abe reflected that the U.S. trade war strategy to Japan entailed both unilateral and multilateral tactics, which contradicted the ethos of multilateralism that the U.S. government promoted in the Uruguay Round of General Agreement on Tariffs and Trade (GATT) from 1986 to 1994. Because of the U.S.-Japan trade war, Japan entered into a period of economic recession, which is widely known as the 'lost decade' in the 1990s and 2000s.¹¹

The U.S. trade war strategies toward Japan included two aspects: (1) import expansion policy, and (2) market opening policy. The former policy pressed down Japanese tariffs, loosened Japanese import restrictions and altered the Japanese currency exchange system. It was intended to increase U.S. total exports to Japan. The latter policy aimed at removing the systemic and structural barriers within the Japanese market. It was intended to enhance more American products absorbed

4 Introduction

into the Japanese market. Based on the last century's U.S.-Japan trade war, I have a few observations.

First, Japan's 'lost decade' economic recession was indeed attributed to the U.S. trade war. However, it was Japanese policymakers' faulty assessment that more deepening U.S.-Japan liberalist interdependency could bring more benefits to Japan. The Japanese policy mistake then allowed the U.S. government to tailor-make the Japanese liberalization policy that served American national interest at the expense of Japan's. In other words, despite the fact that liberalist trade policy is often packaged in the name of fairness and rule of law, the core spirit is still realism – tariff, import restriction, exchange rate and market liberalization measures are tools that serve national interest.

Second, present-day China is not as the same as the post-WWII Japan. The Chinese economic system is state capitalism (or socialism with Chinese characteristics), and its constitution did not hail from a post-war treaty signed as the defeated side, and China is not an American ally. China would therefore have more flexibility and options to deal with the U.S.-China trade war, whether it would be fought bilaterally or multilaterally. In June 2018, before the Trump administration formally launch the trade war against China, Beijing appeared to have taken preparatory measures. For example, in late June 2018, the People's Bank of China – China's central bank – poured an additional cash flow of 100 billion Chinese yuan into the Chinese market. This was intended to boost domestic consumption in order to hedge against any potential external shocks created by the U.S.-China trade war.

Third, the post-WWII Japanese economy relied on the U.S. and Europe (Figure 1.1). From 1980 to 2000, Japan's export to the U.S. was 25% to 35% of Japan's total export. In the same period, Europe received 5% to 12% of Japan's total export. As the U.S. and Europe market therefore absorbed 30% to 50% of Japanese export, Japanese economy was dependent on the U.S. and Europe.

In contrast, China's international trade has not relied on the West (Figure 1.2). From the 1990s to 2014, China's trade with the U.S., the U.K., Germany and France constituted less than 25% of the total Chinese trade volume. Under the 'Belt and Road initiative' (BRI), China continues to weaken its dependency on Western markets. These factors would partially explain why China was able to increase tariffs as a retaliatory measure against the U.S.-China trade war. Japan was not able to do this before.¹²

Finally, the reason the U.S. won the trade war with Japan in the last century was partially due to cooperation with key allies such as the U.K., Germany and France. In contrast, the fact that Trump launched trade war concomitantly with American allies significantly undermined the U.S.'s chance to win over China. Present-day China is significantly different from Japan in the 1980s in terms of politics and economics. Trump committed a serious strategic mistake by fighting a series of multi-frontal trade wars with China and key American allies at the same time, rendering the U.S. a vulnerable lone wolf.

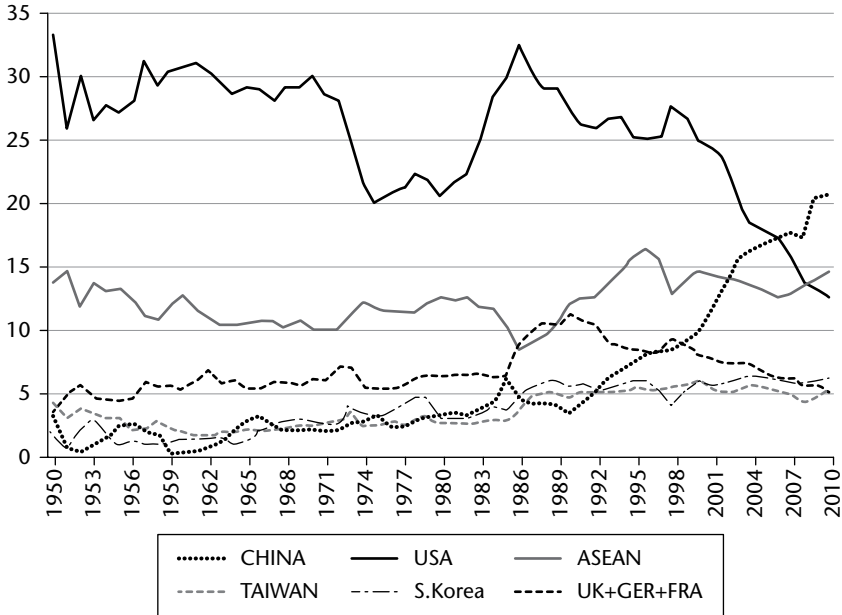


FIGURE 1.1 Japan's total trade volume in percentage (1950–2011).

Source: T. Sekiyama (2013). 'Thinking the Tokyo-Washington-Beijing Triangle from an Economic Perspective.' *The Tokyo Foundation for Policy Research*. 18 March 2013. URL: www.tokyofoundation.org/en/articles/2013/thinking-the-tokyo-washington-beijing-triangle.

1.3 U.S.-China trade war in the WTO

Because China is not the same as Japan, it was therefore unsurprising that the U.S.-China trade war spilled over to the international arena and institutions such as the WTO. In particular, in August 2018, in response to the U.S.-initiated trade war, China submitted a formal complaint to the WTO, which claimed that the U.S.'s move to increase tariffs was a violation of the free-trade agreement signed by the U.S. government. The WTO is actually the inheriting body of the GATT, which was first created by the U.S. in the 1940s. Analysts suggested that China's move in filing a complaint in the WTO wrong-footed the U.S.¹³ Apart from drawing the U.S. into the largest trade war since the 1930s, it also exposed the U.S.'s inconsistency in using both unilateral and multilateral tactics in trade wars.

Moreover, in August 2018, the Trump administration blocked a judge appointment procedure in the WTO Appellate Body. Trump claimed that the WTO Appellate Body was in favour of China and was biased against the U.S., causing the U.S. to lose cases.¹⁴ In September 2018, the U.S. blocked another judge appointment procedure in the Appellate Body.¹⁵ The Trump administration claimed that the Appellate Body had gone beyond its jurisdiction, violated code of conducts and intervened in American laws. It was reasoned that, if the judge appointment issues

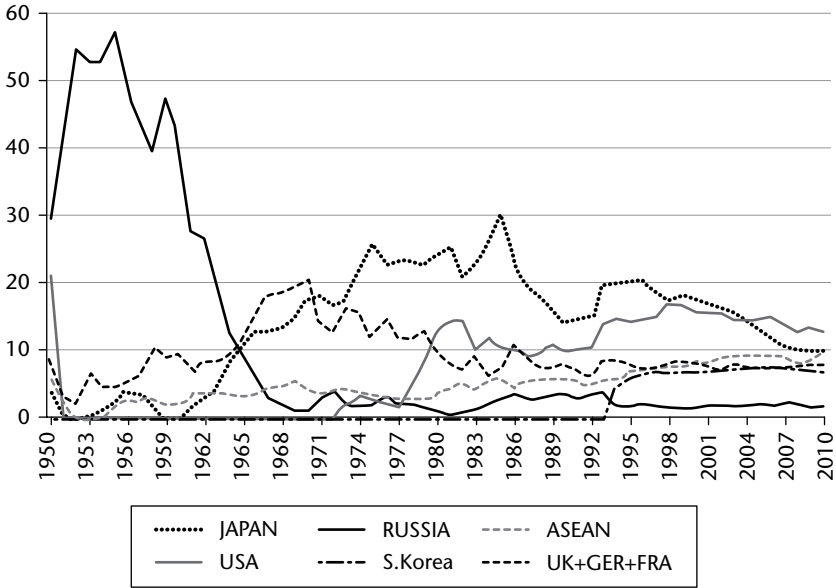


FIGURE 1.2 China's total trade volume in percentage (1950–2011).

Source: T. Sekiyama (2013). 'Thinking the Tokyo-Washington-Beijing Triangle from an Economic Perspective.' *The Tokyo Foundation for Policy Research*. 18 March 2013. URL: www.tokyofoundation.org/en/articles/2013/thinking-the-tokyo-washington-beijing-triangle.

persisted, the WTO Appellate Body would not be able to function by end of 2019, which would render the WTO completely paralysed.

Since Trump was elected to the U.S. presidency in 2016, the U.S. had expressed dissatisfactions about the 1995-established WTO. Trump criticized the WTO as the 'single worst trade deal ever made'.¹⁶ He also threatened that, if the WTO did not reform, the U.S. would activate the withdrawal procedure. He also accused the WTO of favouring China, allowing Beijing to make use of the WTO free-trade system to sell massive amounts of China-made aluminium and steel at cheap prices to the American market.¹⁷

Despite the fact that the Appellate Body has been the final arbitrator of all trade-related disputes in the WTO, the Trump administration insisted on not accepting the WTO Appellate Body's authority and verdicts. As a matter of fact, from January to November 2018, due to the U.S. multilateral trade war with not just China, the WTO had already received some 17 complaints against the U.S.'s alleged violations of various trade agreements. The number was already two times the total complaint number against the U.S. since 2002. Although the U.S.'s increased tariffs violated WTO rules, the Trump government insisted that the trade wars were necessary to protect American 'key security interests'. Trump also suggested that there are exclusive clauses in the GATT agreement that allowed the U.S. to act in such a way.¹⁸

In response to the U.S.–China dispute in WTO, countries had various responses and participated in different extents. For example, in October 2018, Canada did not invite China and the U.S. to join a WTO senior management meeting on WTO reform in the Canadian capital, Ottawa. Canada was afraid that the ‘rules-based world order’ that the WTO embodied would be damaged by Trump’s ‘America First’ agenda and protectionism. Canada also feared that China would take advantage of the WTO reform agenda to retaliate against the U.S.–initiated trade war.¹⁹

When the trade war started to affect one’s national interest, being a bystander was not an option for Canada.²⁰ In mid-October 2018, Canada joined India, Mexico, Norway, China, the E.U., Russia, Switzerland and Turkey to file a complaint against the WTO. They claimed that the Trump administration’s tariffs on aluminium and steel breached the WTO rules.²¹ The U.S. retaliated by filing a complaint requesting an investigation into China’s alleged violation of intellectual property rights.²²

Nonetheless, Trump’s criticisms against the WTO also triggered certain internal reforms within the WTO. For example, some developed countries grouped themselves into tactical alliance to confront countries that were accused of manipulating the trade rules. In particular, the U.S. joined forces with Japan and the E.U. to push reforms concerning industrial subsidies and coercive transfers of intellectual property rights. These reforms were all related to the ‘unfair trade practices’ allegations that the U.S. made against China.²³

Another WTO reform agenda was to reassess and decide whether to allow the member-states to self-select and self-subscribe membership category and status. For example, since China joined the WTO, it has been identified as a ‘developing country’, which allowed it to take fewer responsibilities than the member-states in the ‘developed country’ category.²⁴

To address the more urgent judge appointment issues of the Appellate Body, as Trump vetoed the appointments, some member-states made requests to reform the appealing procedure. For instance, the E.U. proposed increasing the number of judges from seven to nine. To enhance their independence and neutrality, more resources would be dedicated to the appointments for a longer period of tenure.²⁵ By the end of November 2018, a total of 66 member-states wrote letters to the U.S. requesting the Trump government to stop blocking the judge appointment procedures. But the U.S. said the reform proposal was still lack of accountability.

Unfortunately, by the end of November 2019, as the Trump administration continued to block the WTO Appellate Body’s judge appointments, it was reasoned that the Appellate Body was identified as the key obstacle to Trump’s tariffs, henceforth it had to be suspended. The E.U. therefore sought to put forth a temporary measure to replace the suspended Appellate Body.²⁶ However, it remains unclear whether the temporary replacement would be able to match up with the global legitimacy of the Appellate Body or not.

Based on selected episodes of the U.S.–China trade dispute in WTO, it is fair to say that one of the key policy objectives of Trump’s trade war strategy was to spill over the dispute across the world and into other international organizations.

It was intended to reshape and change the international trade rules in ways that would better serve American national interests. Such an ‘America First, Free Trade Follows’ agenda revealed the realist embedding of Trump’s statecraft.²⁷ However, Trump’s trade wars not only corroded the U.S.-led liberal international order but also discredited the U.S.’s own global reputation and leadership status.

1.4 Beneath the trade war: technology war

Trump repeatedly claimed that launching a series of trade wars simultaneously against China, the E.U. and other countries were necessary to mitigate the prolonged U.S. government’s structural debt problem caused by the chronic trade deficits that America has been suffered.²⁸ Was Trump’s claim scientifically justified?

According to the Yale University economist Robert Triffin in 1960, there was an irresolvable contradiction between American monetary policy and trade policy. This is widely known as the ‘Triffin’s dilemma’.²⁹ Triffin argued that, when a country’s national currency becomes the main reserve currency of the international economy and many foreign governments, this country inevitably has to suffer from such prolonged structural economic problems as international trade deficit and current-account deficit.³⁰ The U.S. dollar global hegemony and American current-account surplus cannot be achieved together. Why is that so? To answer this question, we need to review the historical trajectory of how the predecessor of the U.S. dollar hegemony operated before: the British pound-sterling global standard.³¹

Before the First World War (WWI), the British pound was the global trade currency because the British Empire dominated the world’s gold trade and international trade. The British pound dominated the world because it was the trading currency for all gold trade, which was internationally the most wanted precious metal. In the 19th century, having vast overseas colonies not only qualified the British Empire to be the ‘world factory’ but also to be the ‘world bank’. London was the global financial, trade and commercial centre. Britain was able to amass substantial monetary profits and conduct massive foreign direct investments to build railways and roads, develop mines and ranches and finance other industrial and commercial projects across the world.³²

Between 1880 and 1914, British exports already contributed to 30% of the global GDP. In 1914, 44% of global net total foreign direct investments came from Britain. In the 19th century, though the British pound was the main global trading currency, the British national economy continued to enjoy international trade surpluses and current-account surpluses. This was mainly because the British imperial sovereignty entailed exclusive colonial administrative and financial powers over the colonies in Africa, Asia and the Americas as well as Oceania, making the British national economy fully integrated with these overseas colonial economies. London became the global centre in finalizing all the trade settlements and commercial transactions of the colonies. The global standard of the British pound was therefore set against such context, which brought unprecedented financial income and wealth to Britain.³³

WWI and WWII put Britain into deep financial troubles and caused bankruptcy. The British pound global gold standard gradually gave way to the U.S. dollar. In between the two world wars, U.S. currency was increasingly used in the international gold trade and thus set the new gold standard. Though the present-day U.S. dollar is the international reserve currency, the U.S. did not possess the same level and scale of economic supports from the colonies that the British Empire possessed in the past. Today's New York therefore is incomparable with the imperial London, which was the sole global centre for settling all trades and transactions before WWI. In other words, governments across the world have been accumulating and using U.S. currency for settling trades and transactions on their own, causing massive outflows of U.S. dollars out of the American national economy. As huge and increasing amounts of U.S. currency are being kept overseas by the foreign governments, that the U.S. government continued to suffer from current-account deficit was very much a structural outcome and therefore could not simply be undone by trade war.³⁴

Moreover, major competing economies such as China and Japan have been the largest debt holders of the U.S. Federal Reserve. These governments kept substantial amounts of U.S. dollars out of American reach. Despite the fact that the American government could gain monetary seigniorage³⁵ through printing U.S. dollars indefinitely, such quantitative easing (QE) measures risk widening the U.S. trade deficits and causing more debts. In general, QE was once unconventional, but, nowadays, it is a widely accepted monetary policy in which a central bank purchases longer-term securities from its own market in order to increase the money supply and encourage lending and investment. Buying these securities adds new money to the economy and also serves to lower interest rates by bidding up fixed-income securities. It also expands the central bank's balance sheet. In this particular instance, American QE measures increase the U.S. dollar cash supply by purchasing U.S. assets with newly created assets in the Federal Reserve System in order to provide the American banks with more liquidity.

In 1971, troubled by prolonged trade deficits, President Richard Nixon (1969–1974) decided to delink the U.S. currency from the gold standard, thus declaring an end to the U.S. dollar gold standard. However, in 1974, the U.S. government forged a new agreement with the major oil-producing countries in the Persian Gulf (including Saudi Arabia) to link oil trade with the U.S. dollar.³⁶

It would be wrong to say that the U.S.'s 1974 shift from gold standard to oil standard suggested that the U.S. no longer valued gold. In fact, the U.S. Federal Reserve has been keeping increasingly substantial amounts of gold and other precious metals in order to buttress the international credibility of the U.S. oil standard.³⁷ According to the 2018 data released by the World Gold Council, the U.S. government was believed to keep the largest amount of gold among all governments in the world, reaching 8133.5 tons, which was 73.8% of the total value of the U.S. foreign reserve.³⁸

In the midst of the irresolvable 'Triffin's dilemma', paradoxically, the U.S. was the first world superpower to have given birth to the convertibility triad of the

'currency-gold-oil' system, after the British-pound gold standard faltered by the first half of the 20th century. The formation of the post-WWII U.S. dollar hegemony therefore has to do with the strategic linking of the U.S. currency, first with gold after WWI, then with oil after 1974.³⁹

Since 1974, global oil trade has been transacted in U.S. dollars. The new U.S. dollar-oil standard strengthened the dominating status of U.S. currency in international trade. Oil has been a strategic commodity needed by all countries. To secure stable oil supply for domestic energy use, industrialization and national economic development, all governments have had to keep even more U.S. dollars than before. It is reasoned therefore that the U.S. has been unable to escape 'Triffin's dilemma'.⁴⁰

Has Trump's trade war been able to address the complexity of the problem? I do not think so. By September 2019, the U.S. had already levied additional tariffs on Chinese imports worth a total of US\$550 billion. China retaliated by levying additional tariffs on American imports worth of US\$185 billion.⁴¹

According to the September 2019 data released by the General Administration of Customs of the People's Republic of China, in the first eight months of 2019, China total trade volume was valued at 20.13 trillion Chinese yuan. China's total trade surplus widened by 46%. The E.U. was the largest trading partner of China. With an increase of 9.7%, which constituted 15.6% of China's total trade, China's trade surplus to the E.U. increased by 22.9%. The Association of South East Asian Nations (ASEAN), the second largest trading partner of China, recorded an increase of 11.7% in total trade volume, which constituted 13.6% of China's total trade. The U.S. was China's third largest trading partner. The trade war brought down 9% of the bilateral total trade volume, which constituted 12% of China's total trade. China's export to the U.S. decreased by 3.7%. China's import from the U.S. decreased by 23.5%. However, China's trade surplus with the U.S. continued to widen for another 7.7%.⁴²

The American economy has appeared to slow down since 2018. Growth in the first quarter of 2019 was down from 2.6% to 2.2%, far lower than the 5% figure that Trump predicted.⁴³ With an annual increase of 8.2%, America's trade deficit in August 2019 reached the decade's highest point.⁴⁴

Given the previous figures, why did Trump still insist on the China trade war? There should be at least two angles to look into this. First, it was established previously that Trump's trade wars are not scientifically justified and will not mitigate the structural problem of U.S. trade and current deficits. His strategy to fight multi-frontal trade wars concomitantly against allies and competitors as well as international organizations undermined his own ability to win the China trade war. A plausible answer to explain all these idiosyncrasies is: Trump's trade wars were actually a populist strategy to win re-election by launching propaganda wars and identity politics against the others – China and other countries – in order to reshape the American people's political worldview into the narrative that the present liberal world order is against the U.S. national interest but only benefiting China. As China's spectacular rise has partially proved that the liberal world order works well for it (or China copes well with it), both China and the liberal

world order become the convenient targets for populists such as Trump to blame all America's problems on. These problems include but are not limited to widening the rich–poor gap, economic slowdown, lack of social mobility and healthcare provisions.

Second, leading American strategist Ashley Tellis reflected that, after two decades of conflicted hesitancy, the U.S. strategic circle finally acknowledged that America has been involved in a long-term strategic competition with China.⁴⁵ I also think that this rivalry actually involves a marathon struggle not just for political influence in the international system but also for the source of most deep-seated structural power in defining economic supremacy of the present and future – technology, which enables the economic superpower to set the standards and therefore can show the world the best future directions for global development.

I should emphasize that this marathon is not the same as the usual competition wherein there are time and space limits to determine who the winner is. Over several thousand years, China has been running this marathon, and the U.S. just happens to be among the strategic competitors in the entire Chinese history. In light of this acknowledgement, despite the fact that Trump's China trade war strategy was scientifically unjustified and strategically problematic, the majority of the tariff-affected Chinese imports to America were unsurprisingly of high-end technology, e.g. telecommunications equipment and computer components (Table 1.1). This largely explains why the Chinese telecommunication giant Huawei and top-notch scientists in U.S. universities and technology firms have been the main targets of Trump's China trade war.⁴⁶

Unfortunately, the surprisingly rapid spread of the COVID-19 pandemic in the U.S. caused the highest infection numbers and death toll in the world. It also showed that Trump's trade war strategy against China was not well prepared in advance and not grounded in material reality but more or less a populist tactic. The next section will provide details.

TABLE 1.1 Top U.S. imports from China facing increased tariffs (as of May 2019).

<i>Rank</i>	<i>Category</i>	<i>Value (In US\$ billion)</i>
1	Telecommunications Equipment	19.1
2	Computer Circuit Boards	12.5
3	Processing Units	5.6
4	Metal Furniture	4.1
5	Computer Parts	3.1
6	Wooden Furniture	2.9
7	Power Converters	2.7
8	Vinyl Tile Floor Coverings	2.5
9	Seats with Wooden Frames	2.5
10	Car Parts	2.3

Source of Data: U.S. International Trade Commission.⁴⁷

1.5 COVID-19 exposed America's biotechnological under-capacity

Since the Chinese government officially reported the COVID-19 outbreak in Wuhan city to the World Health Organization (WHO) on 31 December 2019, the U.S. intelligence agencies updated the White House, the U.S. Congress and the Senate on a daily basis. From the end of January to early February 2020, the U.S. intelligence community repeatedly issued pandemic warnings to President Trump and the lawmakers. They, however, did not take them seriously. The Republican senator Richard Burr even sold off stock shares worth of US\$620,000 to US\$1.72 million, which was criticized as conflict of interest in using the intelligence for one's own gain.⁴⁸

What was even more surprising was that Trump dismissed the intelligence warnings. On 7 February 2020, the WHO warned the global public that medical supplies would be in demand 100 times more than usual. Trump still sent 17.8 tons of medical supplies to China.⁴⁹ On 19 February 2020, Trump still claimed that as the weather became warmer and the summer approached, the coronavirus would weaken on its own. What Trump did was contradictory to the warnings issued by the U.S. intelligence community.⁵⁰

When the COVID-19 outbreak occurred in Europe and the U.S. in March, American public opinion questioned why the West squandered the time that China bought for the world.⁵¹ The White House immediately accused China of concealing the outbreak and lack of transparency and insisted that the coronavirus originated from China.⁵² Only when the pandemic hit America in mid-March 2020 did the Trump government start to take more aggressive and stringent measures. On 20 March 2020, his approval rate reached a high of 55%.⁵³ These developments suggested that, by smearing the Chinese authorities as the origin, cause and perpetuator of the pandemic, he used the U.S. suffering for manufacturing populist support.

The U.S.-China trade war substantially increased the tariffs of Chinese medical supply exports to America. Before the trade war, the U.S. imported medical supplies and equipment from China of a total worth US\$5 billion, which was 26% of total U.S. imports in medical supplies and equipment.⁵⁴ In 2018, U.S. medical supply imports from China dropped 16%, worth US\$200 million. In the same time, the U.S. increased medical supply imports from other countries by 23%. In 2019, the U.S. levied an additional 15% tariffs on Chinese products, causing a further 13% decline in Chinese medical supply imports to America. However, because of the high tariffs, the U.S. was not able to overcome the high production costs and therefore did not manage to boost homegrown American medical and pharmaceutical industries.⁵⁵

This showed that Trump made a serious strategic mistake in the U.S.-China trade war: before Trump launched the trade war, he did not think thoroughly enough and prepare well enough by first relocating and restructuring the global supply chains of medical supplies and equipment.⁵⁶ The global pandemic led to supply shortage of medical supplies, causing the U.S. lack of medical supplies.⁵⁷