

China Puts Trump, Trade, and Foreign Business in the Crosshairs

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Barricades are set up outside of a court in Beijing in a file photo. Goh Chai Hin/AFP via Getty Images



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Commentary

“The attempt to block economic cooperation under all sorts of pretexts and break up the interdependence of the world is nothing but backpedaling,” [declared](#) China’s President Xi Jinping at the just concluded APEC summit in Peru.

“Stand up to protectionism and unilateralism,” [said](#) Ren Hongbin, a former Commerce Ministry official and now chairman of the China Council for the Promotion of International Trade, also at APEC. “There is the rhetoric of the decoupling and derisking,” he warned. “The artificial severance of the global supply chain is detrimental for everyone”

Beijing’s campaign against the next president of the United States has just begun. China is trying to position itself as the defender of free trade and tar Donald Trump as the global disruptor.

The Chinese Communist Party narrative is far from the truth, however. China is both a predatory and criminal trader, and becoming even more so in recent months.

How do we know this? The regime, among other things, is stepping up attacks on foreign businesses. AstraZeneca confirmed this month that Chinese investigators had [detained Leon Wang](#), president of the company’s China business.

Wang is the subject of a corruption probe.

Business in China is riddled with corruption, and the pharmaceutical business is among the most corrupt. Among other reasons, Beijing has traditionally forced hospitals to fend for themselves, so doctors and administrators have devised devious ways to make up for the lack of support.

It is true that AstraZeneca’s China’s sales force has been investigated for doctoring genetic tests to make more patients eligible to receive Tagrisso, a lung cancer drug, and there have also been revelations about the illegal importation of drugs from Hong Kong. Nonetheless, it

is highly unlikely that AstraZeneca is the only pharmaceutical company guilty of shenanigans. Selective prosecution of foreigners is a Communist Party specialty.

Several factors are at play at the moment. First, Xi Jinping is absolutely determined to reserve the Chinese market for China's state enterprises. He hits foreign companies whenever he can. He took down the U.S.-based Mintz Group in March of last year and has not let up since.

Second, foreign pharmaceutical businesses are at special risk because they occupy a sector that Xi Jinping is determined to control. He is, infamously, the driving force behind [Made in China 2025](#), the predatory ten-year plan to achieve dominance in ten key technology areas. One of those ten sectors is medicine and medical devices. Moreover, his "Strategy Outline" seeks self-sufficiency in, among other things, high-end medical devices and patented pharmaceuticals.

Xi's assault on AstraZeneca, which has done well in China because of its portfolio of innovative pharmaceuticals, is a warning to foreign drug companies.

Third, Xi, while branding himself as the planet's leading champion of globalization, is in reality cutting China's links with the world, reversing the *gaige kaifang*—"reforming and opening up"—policies of Deng Xiaoping, Communist's China's "second generation" leader and Mao Zedong's successor.

Xi is leaving no aspect of society untouched, relentlessly trying to eliminate foreign influence. His continued attack on foreign business is just one part of this all-of-regime effort.

The paradox is that Xi now needs the world more than ever. He has, apparently for ideological reasons and his unwillingness to challenge core Communist Party constituencies, rejected the commonsense advice to make consumption the basis of the Chinese economy. Instead, he is trying to export his way out of a developing crisis, making China critically dependent on access to foreign markets.

Trump, in these circumstances, poses a direct threat to the Chinese regime. During his campaign for the presidency, [he promised](#), in an interview with Fox News’s Maria Bartiromo, across-the-board tariffs of at least 60 percent on China’s products, which would shut off the American market to many Chinese goods.

To keep that market open, Beijing will have to absorb much of the cost of new tariffs, as it did in 2018 when Trump, using Section 301 of the Trade Act of 1974, imposed tariffs of up to 25 percent on Chinese goods. Then, Beijing and Chinese manufacturers, through various stratagems, [picked up](#) somewhere between 75 percent to 81 percent of the 2018 levies.

History is repeating itself. China this month, beginning immediately before the American elections, has been driving down the value of the renminbi and making Chinese products cheaper. This is “currency manipulation,” and it is especially predatory.

Now, Xi apparently hopes that his propaganda offensive will help convince others to help him defend what he calls “free trade.” He does not really believe in free trade, however: He really wants China to have unfettered access to other markets while denying others access to China’s.

Xi should know that his mercantilist tactics are convincing others to protect their industries from China’s onslaught. The United States is not the only market that will erect high tariff walls. The European Union is doing so too, and even countries in the “Global South”—China is trying to make itself the champion of the world’s less developed regions—are putting up tariff walls against Chinese goods.

So Trump, despite his tariff promises, is not the one attacking the rules-based trading order.

The real culprit is Xi Jinping.

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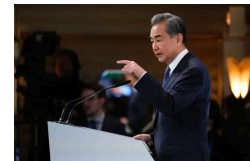
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