**China’s chess vs Western checkers**

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In ‘Chip War: The Fight for the World’s Most Critical Technology’, Chris Miller details the emergence and rise of chipmaking, especially of the Taiwan Semiconductor Manufacturing Company Limited, or TSMC, which is the world’s largest chip manufacturer. Chip War may be the most widely recommended book about geopolitics on the planet – and for good reason.

This year, TSMC is going to spend around $30 billion to expand its capacity to manufacture the best most advanced chips – the kind that companies like Apple and NVidia require to power the next generation of devices – capable of engaging with the demands of users that are increasingly bullish about artificial intelligence (AI) and the Internet of Things (IoT). Try to remember that figure the next time a Pakistani finance minister victoriously shares news of a rollover of debt or the securing of an IMF tranche: a Taiwanese chipmaker is going to spend $30 billion just this year to increase its production capacity.

For years, Western governments have been concerned about the proximity of TSMC and its headquarters in Taipei to mainland China and its One China policy – worried that a conflict involving Taiwan would have devastating consequences for how the world functions. Any disruption to the supply of advanced microprocessing capability, in smartphones, televisions, cars, weather satellites, and missile guidance systems would be catastrophic for global and local economies.

During the Covid-19 pandemic, these already substantial anxieties converged with a real-world global supply chain disruption – in part because of the change in consumption during the early weeks of lockdowns everywhere, and in part because of the lockdowns in China that lasted longer and affected supply chains more profoundly.

As it happened, the supply chain disruptions during Covid-19 helped reinforce the political rhetoric surrounding decoupling, as US tariffs on Chinese goods and services were ratcheted up dramatically in 2018 and 2019 as part of the economic dimension of China-US competition.

The idea behind the US effort to punish China was to slow down the varied ways in which China had, both tactically and strategically, sought to establish a robust footprint in important global supply chains. One of the most important among these supply chains was semiconductors and ‘computer’ chips. China is still substantially behind the United States in terms of the overall capacity to imagine, design and roll out new technology, but as Miller has detailed in his book, the gap has been shrinking rapidly.

In an op-ed for the Financial Times this weekend, Miller warns that “China’s chipmakers are ramping up production capacity despite concerns about oversupply”, and that China’s “chipmaking investment will drive down prices – and Western companies’ profits. Of course, unlike TSMC, which is where the most advanced chips in the world are made, a lot of what China is doing through firms like Semiconductor Manufacturing International Corporation (SMIC), is at the lower end of the chipmaking spectrum.

But this important detail doesn’t alter China’s constantly increasing spectrum of inevitability in global supply chains. Both in the restrictions that US government edicts have placed on chipmaking in China, and the wider tariffs regime, the lessons are the same. Many roads, no matter the detours taken, end up tracking back to China.

In a Vox EU-CEPR column, Caroline Freund, Aaditya Mattoo, Alen Mulabdic and Michele Ruta explain recent research that shows clearly how US tariffs have definitely made a dent in where the US sources some of the things it wanted to decouple from China, but that this dent comes with a backstory in which the ‘made in China’ label endures. How? As the US replaces some of its electronics supply chain from China with manufacturing from Vietnam, Taiwan, Canada, Mexico, India and South Korea, guess where those countries have increased their purchases from? That’s right. China. In essence what these countries have done is that “to displace China on the export side, countries have embraced industry-wide supply chains with China”.

Unlike Thanos, China doesn’t have to declare: “I am inevitable”. It assumes inevitability with what can be described as a mix of China’s long-term strategic opportunism and sustained strategic self-harm by the US and Western powers. This strategic self-harm creates and sustains a global ecosystem of anti-West actors that don’t need to be directed by China. Their behaviour is informed simply by the array of large windows that Western moral relativism opens.

In the Red Sea, these anti-Western actors attack ships at sea, carefully avoiding Russian vessels. In Syria and Iraq, these anti-Western actors rain rocket and drone attacks across a range of targets including US personnel. At the International Court of Justice, a global coalition of civil society and ‘Global South’ countries cheer on (openly or hiding in plain sight) South Africa’s courage in pursuing a cessation of the genocide currently being enacted on the people of Palestine by Israel. These are among the thousand cuts to the West’s standing as a legitimately sanctimonious bloc standing for a global order. China’s enduring ability to continue deepening its centrality to global trade and by extension, its global standing exists concurrent to these thousand cuts. Understanding these linkages – tenuous as they may seem – is vital to understanding the world we are transitioning out of and into.

Over the weekend, the United States, United Kingdom, Canada, Australia, Britain, Germany, Italy, the Netherlands, Switzerland, and Finland announced funding cuts to the UNRWA, which is the most critical organizational lifeline for about 1.7 million Palestinian refugees, housed across 58 different refugee camps. The prompt for this, the latest in a series of morally indefensible decisions made by the West, is the revelation that a dozen or so UNRWA employees may have been involved in the October 7 Hamas atrocities. It seems that collective punishment is inhuman, undemocratic, and indefensible – as long as it isn’t the Western powers that are engaging in it.

The moral arguments here are of course of little to no consequence. What is important is how rapidly the US is leading the charge against the very rules-based order that it established in partnership with its European allies and Japan. UNRWA is the latest of many UN agencies and offices that have been punished for trying to embody the values and norms that underpin the principles of multilateralism and the virtues of global mutual interdependence.

As the veneer of those values and norms is stripped away, the resulting vacuum will be filled with the thing that rushes fastest to empty spaces – unbridled ambition and power. There is one wellspring that fulfils that definition above all. It isn’t the Houthis. It isn’t Iran’s Ayatollahs. It isn’t even Mother Russia, though much poison has been injected into the global geopolitical landscape from that particular bosom. It is China.

China is playing four-dimensional chess whilst the Americans are playing checkers. This doesn’t mean China will win, but it does mean that even a series of American victories may not count for much. Those wins are accumulating on a battlefield that China isn’t invested in. When the US imposed tariffs to punish China, the new suppliers to the US ended up buying more inputs from China. When India took on China at Doklam in 2017, the resulting impact on trade was that India’s trade deficit with China grew from $44 billion in 2015 to over $100 billion in 2022. When the world’s non-Western powers see what the West is doing in Gaza – many nations are forced to watch in relative silence – all of them ache for a less humiliating alternative.

China is neither saviour nor natural ally to Muslim nations at large. Yet it has the size and the sustained, four-decade-long strategic intent and capability to establish itself as this less humiliating alternative. It has also established itself as a convenor of multilateralist principles if not multilateral fora. It has not done so on the back of a manifesto of human rights or democracy, nor has it done so through the power of the international financial system. Instead, it has simply inserted itself into global supply chains at a scale and depth that even the wisdom and foresight of American grand strategy is finding difficult to counter.

There are many lessons in how China has gone from being a third-world backwater to enjoying the kind of power it does today. Sadly, Pakistani elites are not very good at lesson learning.

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