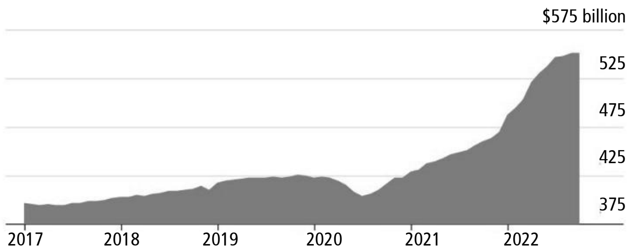
## Inventory glut

The crazed overloading that followed the epileptic resumption of circulation, which reacted to the bottlenecks created by producing a multiplication of its collapse, had to be followed by the overcrowding at the end point of all the commodities attracted in excess during the process (see "The Internationalist Proletarian, No.7, p.14-18). Now this glut multiplies storage costs and puts downward pressure on the price of commodities from excess inventory that cannot find a buyer.

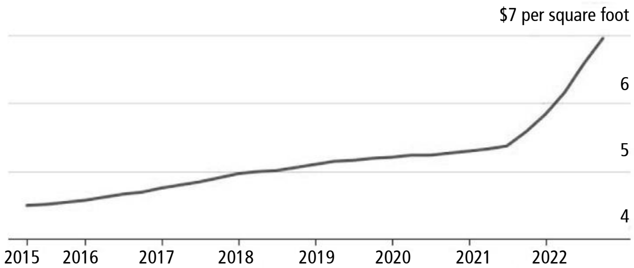
*"American store chains are sitting on so much inventory that brands — particularly for apparel and housewares — have resorted to listing their goods on resale websites, hosting sample sales and even giving stuff to employees. Companies are also offering deep discounts and implementing pack-and-hold (...), But for all the efforts to offload excess goods to consumers, nearly 8% of surplus stock globally will ultimately end up as waste, with about $163 billion of inventory tossed annually."* (Bloomberg, 10-11-2022). The evolution of the situation until November 2022 is as follows:

**Retail inventories, ex-autos**



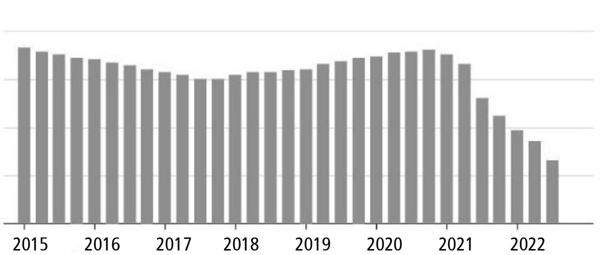

Source: US Census Bureau

**Cost of warehouse rents in the US**




Source: REIS by Moody's Analytics, Bloomberg Intelligence

**Space availability in US distribution warehouses**




Source: REIS by Moody's Analytics, Bloomberg Intelligence

*"If last year's holiday shopping season was characterized by empty store shelves and a race to meet demand (…), very different concerns have emerged just 12 months later: overabundance and sinking sales." (…) "They just don't want to pay to store it anymore". (…), retailer orders are down as much as 30% over last year, but inventory is up as much as 50% which is "tying up their cash and their credit." A number of his clients are offloading their inventory at a loss."* (Bloomberg, 08-11-2022).

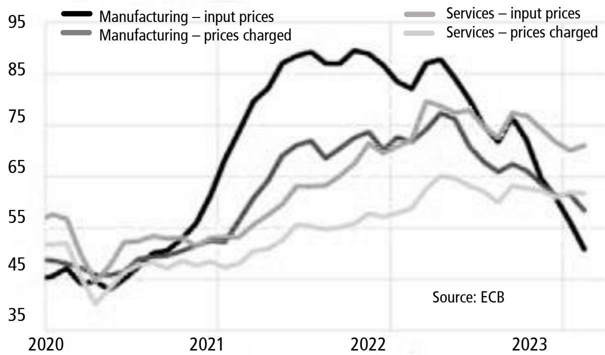
## Price war in distribution

Reduced demand makes it necessary not to raise prices as much as costs in order to retain or try to gain market share: *"The IRI data group says households are reverting to measures such as taking lunch, buying food that is about to expire at discounted prices, reducing alcohol consumption and visiting several supermarkets to get the cheapest deals."* (Expansión, 25-10-2022)

An example of a price war in distribution, despite price increases due to inflation, can be found in Spain: *"Carrefour was the group that started off in September with 10 measures linked to savings -guarantee of having the cheapest private label, 1,500 products at less than 2 euros, a digital subscription with a 15% discount. (...) [At Eroski] "More than half of the 1,000 products will be priced below 2 euros and more than 200 items will be below 1 euro"(...) Eroski predicts a 2023 that "is also going to be hot at the price level". Its costs increased in January by 21.5% compared to the same month in 2022, while the rise in its prices was 14.9%. "* (Expansión 14-03-2023).

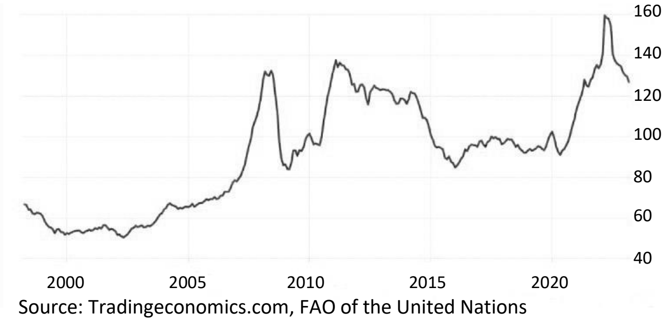
## Cost price and selling prices

In the graph, the phenomenon shown in Eroski above can be observed in a more general way. In the EU, the "input" prices (cost prices) of industry and services have been located since the end of 2020 above the "charged" (selling) prices. This situation continued until the end of 2022 when, with cost prices falling more rapidly, manufacturing prices were below cost of sales. In this last stretch, profits have soared, until sales prices fall again, weighed down by the fall in cost prices and by competition. The profit margin of the companies has been seriously affected in all the intermediate stretch.




## Food Price

The FAO's global food index is also declining from its peak, returning to late 2021 levels and trending further downward.




Source: Tradingeconomics.com, FAO of the United Nations

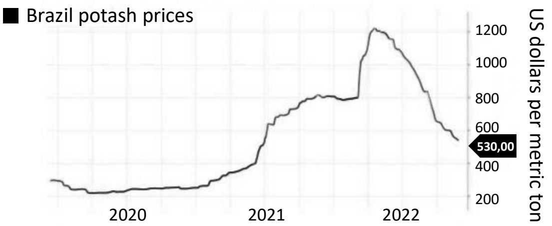
The escalation of food prices has also been one of the results of the blockage and resumption of circulation, with a major impact resulting from the rise in energy prices and with a not inconsiderable speculative component associated above all with the outbreak of the war in Ukraine.

### Cereals and fertilizers

An illustrative situation of the anarchy of mercantile production and how the capitalist market system is incompatible with the satisfaction of human needs has arisen with US wheat (see box).

As a result of the dollar appreciation, US wheat has become too expensive to be purchased from other countries, falling to a 50-year export low. What effect has this had within the US? Within the US there has been a relative overproduction of wheat that has caused the wheat futures market to fall to the lowest level since 2007.

Another irrational situation has involved fertilizers and Brazil: *"Brazil, which normally relies on fertilizer imports for crop yields, is re-exporting shipments because there is nowhere to store them (...) an importer will re-export 24,700 tons of DAP fertilizer that had arrived from Jordan, now, the shipment will be sent to Turkey in the next few days."* (Reuters, 11-10-2022).



Source: Green Markets, a Bloomberg company

From a trade war point of view, Russia has managed to displace Ukraine as a competitor, consolidating its position as the world's leading wheat exporter, followed by the EU, Australia, Canada, the USA and, only then, Ukraine.

With jolts every time it has to be renewed, the agreement allowing Ukraine to export grain and other crops from key Black Sea ports also means a drastic reduction in its export capacity: *"A queue of 105 ships was waiting in Turkish waters as of Monday, with some stalled for more than a month (...) More than 500 ships have departed Ukraine's Black Sea ports since the deal was inked in July, carrying 12 million tons of crops abroad. (...) delays - coupled with strikes on Ukrainian infrastructure - are forcing local farmers to sell at discounted prices."* (Bloomberg, 29-11-2022).

The overall damage to Ukrainian capitalism from the military conflict is obvious: *"Last year, the economy contracted by 30% and unemployment reached 35%. More than 75% of the companies stopped or reduced production."* (Expansión, 27-03-2023). *"Nibulon also shipped grain for 4,500 private farmers at farm-to-ship transport costs as low as $5 a tonne. (…) With no access to the Black Sea and much of the Dnipro off limits, the invasion pushed up transport costs to over $150 a tonne. (…) from a record 5.6mn tonnes in 2021, Nibulon's exports dropped last year by two-thirds to 1.8mn tonnes."* (Financial Times, 22-03-2023). A part of the grain manages to leave by land to neighboring states since, at the beginning of the war, the EU withdrew tariffs on imports from Ukraine.

### A CARDINAL POINT OF THE COMMUNIST PROGRAM: THE ELIMINATION OF THE ANARCHY OF MERCANTILE PRODUCTION

The following two fundamental quotations from Marxism explain that as long as commodity production and the law of value remain in place, all these uncontrollable upheavals and convulsions are inevitable. *"(…) **every society based upon the production of commodities has this peculiarity: that the producers have lost control over their own social interrelations.** Each man produces for himself with such means of production as he may happen to have, and for such exchange as he may require to satisfy his remaining wants. No one knows how much of his particular article is coming on the market, nor how much of it will be wanted. No one knows whether his individual product will meet an actual demand, whether he will be able to make good his costs of production or even to sell his commodity at all. **Anarchy reigns in socialised production.** But the production of commodities, like every other form of production, has its peculiar, inherent laws inseparable from it; and these laws work, despite anarchy, in and through anarchy. They reveal themselves in the only persistent form of social interrelations, i.e., in exchange, and here they affect the individual producers as compulsory laws of competition. They are, at first, unknown to these producers themselves, and have to be discovered by them gradually and as the result of experience. They work themselves out, therefore, independently of the producers, and in antagonism to them, as inexorable natural laws of their particular form of production. **The product governs the producers.*** (Anti-Dühring, F. Engels, 1878).

Only when we put an end to mercantile production will humanity be able to proceed to the planned and conscious organization of production and distribution.

***"With the seizing of the means of production by society, production of commodities is done away with, and, simultaneously, the mastery of the product over the producer. Anarchy in social production is replaced by systematic, definite organisation.** The struggle for individual existence disappears. Then for the first time man, in a certain sense, is finally marked off from the rest of the animal kingdom, and emerges from mere animal conditions of existence into really human ones. The whole sphere of the conditions of life which environ man, and which have hitherto ruled man, now comes under the dominion and control of man, who for the first time becomes the real, conscious lord of nature, because he has now become master of his own social organisation. The laws of his own social action, hitherto standing face to face with man as laws of nature foreign to, and dominating him, will then be used with full understanding, and so mastered by him. Man's own social organisation, hitherto confronting him as a necessity imposed by nature and history, now becomes the result of his own free action. The extraneous objective forces that have hitherto governed history pass under the control of man himself. Only from that time will man himself, with full consciousness, make his own history—only from that time will the social causes set in movement by him have, in the main and in a constantly growing measure, the results intended by him. It **is the humanity's leap from the kingdom of necessity to the kingdom of freedom.**"* (Anti-Dühring, F. Engels, 1878).

The result is a flood of Ukrainian goods, driving down prices and filling stores, exposing the difficulties of a possible integration of Ukraine into the EU. *"Poland, Romania, Slovakia, Hungary and Bulgaria have mobilized to demand that the European Commission provide funds and other means to alleviate the "negative effects" of increased imports of Ukrainian agricultural products on their markets or reinstate tariffs. (...) Ukrainian grain imports increased in the case of Poland from around 100,000 tonnes per year on average to more than two million tonnes in 2022. (...) In Bulgaria, where in recent days farmers have tried to block the customs border with Romania in a wave of protests, they increased from 361 tonnes imported from Ukraine to more than 16,700 tonnes."* (El País, 06-04-2023).

Western companies such as Cargill and Viterra are also giving up their grain distribution business in Russia, of which they controlled a relatively small volume (around 14%). However, this has only resulted in increased control by the Russian state and its satellite companies over exports and, along with it, Russian grain revenues.

### The attempt to stifle and isolate Russian imperialism

We have seen above that, with regard to Russian oil, Western imperialism has managed to impose a certain discount or price reduction but has not succeeded in eliminating revenues. On the contrary, it has forced some of its supposed allies (Saudi Arabia) to adopt a strategy of convergence with Russia.

We have just seen that, in the grain sector, Russian imperialism has had a rather advantageous situation, having eliminated a competitor and maintaining trade relations with all the grain-importing countries.

On the other hand, *"there are only about 40 countries that apply sanctions against Russia"* (El País, 20-02-2023) and *"only 9% of Western companies have disinvested in Russia since the war. Among the companies that choose to stay, two out of five are German."* (La Vanguardia, 21-01-2023).

Anyway, *"The substantial increase in Russia's deficit in January, which represents 60% of the negative imbalance of 2.925 trillion roubles (38.33 billion euros) budgeted for the whole year, reflects a 35% drop in revenues and a 59% increase in expenditures, according to Europa Press."* (Expansión, 07-02-2023).

Despite the damage effectively inflicted on the Russian economy by the war and sanctions, the economy resists on the basis of the above and an increase in bilateral trade especially with China: *"Bilateral trade between the two countries reached a record $190 billion in 2022. (…) Last year, China's imports of Russian energy – which account for more than 40 per cent of the Kremlin's revenues – rose from $52.8 billion to $81.3 billion. Russia was China's second-largest supplier of oil and coal, according to Columbia University's Center on Global Energy Policy (CPEG). In January, Russia overtook Qatar, Turkmenistan and Australia to become China's largest supplier of natural gas, supplying 2.7 billion cubic meters that month, according to Chinese customs data. (…) Moscow imported $4.8 billion worth of electrical machinery and components from China last year."* (Expansión, 22-03-2023). And while the Chinese president receives everyone without leaving home, he does travel to meet with the Russian president.

Nor at the February G-20 meeting (in India) did the Europeans and Americans manage to get a declaration approved even in the terms of the November (Bali) meeting. The host itself blocked any talk of sanctions or even the use of the term 'war'. The US had to coordinate the additional sanctions with the other G-7 countries in a separate virtual meeting.

The Western strategy of isolating Russia thus continues to fail to produce the expected results and, on the contrary, is allowing a growing agglutination around China and Russia.

### Competition over battery materials

For now, lithium battery prices are still too high, not because of a lack of lithium, but because of the time required to bring new mines on stream to provide sufficient supply: *"The company expects prices to continue to rise to $152 per KW/h next year. In 2010, prices reached an average of $1,160 per KW/h. The automotive industry has long considered the $100 per KW/h battery price to be the point at which electric cars will be competitive versus combustion-engine vehicles. (…) However, lithium prices have increased tenfold since the beginning of 2021 and nickel prices have risen 75%, while cobalt prices have more than doubled their 2020 average this year. (…) The increase in battery prices would have been even greater if the automobile companies and cell manufacturers in the Chinese market had not opted for cheaper lithium-iron-phosphate (LFP) batteries, which do not use cobalt or nickel, but have less autonomy. (…) In China they cost on average US$127 per KW/h, while in the United States and Europe they are 24% and 33% more expensive, respectively."* (Expansión, 08-12-2022).

The relative scarcity of these minerals (and in particular of lithium) that produces the increase in its price, pushes automakers such as Tesla, Mercedes-Benz, GM or BYD to start investing in mining and processing directly.

*"The International Energy Agency forecasts that increased demand for EV batteries will require 50 new lithium projects, 60 nickel mines and 17 cobalt complexes by 2030, an enormous challenge for an industry that typically takes 15 years or longer to develop a project. (…) Chinese companies in the sector have been pursuing this strategy for some time. BYD, the world's largest EV producer, has been trying to secure access to lithium mines in Africa and Chile. The world's largest battery maker, CATL, agreed last month to buy a near 25% stake in cobalt producer CMOC for about $3.7 billion (€3.585 billion)."* (Expansión, 16-11-2022).

CATL has also signed an agreement with Bolivia in January with which it *"will invest some 10 billion euros in direct lithium mining in Uyuni (...) CATL – a supplier to Tesla and Volkswagen – has signed an initial agreement to manufacture lithium carbonate, an essential element for the latest generation of batteries. Using a new extraction technology, it aims to produce 40,000 tons of carbonate by 2025. At current prices, this would represent a revenue of 3 billion euros. Bolivia is estimated to have 21 million tons of lithium reserves, a veritable white gold mine."* (La Vanguardia, 19-03-2023).

The lamentations of congressmen like the one from Texas who declared: *"For too long we have ignored our own backyard"* will not change the material fact of US withdrawal and the development of the interconnection of its former backyards with the new centers of gravity of world capitalism.

If in December 2022 there was talk of an increase in the price of lithium and cobalt, the reality is that the contraction in demand (due to high prices) and the successive start-up of new mining and processing operations will generate an overproduction (as relative as the current shortage) that will end up pushing down the prices of all these metals:

*"Over the past three months, lithium prices in China have plummeted by almost a third, following a drop in demand for this*

*key battery component in the world's largest electric vehicle market. (...) Even so, lithium prices in China are still eight times higher than they were two years ago and still have a long way to fall before they approach the cost of production at even the most expensive mines. (…) However, according to Fastmarkets, lithium destined for the US and Europe has fallen much less, by only 10% to $70,500 per tonne in the same period."* (Expansión, 23-02-2023).

*"Global cobalt production increased by 23%, or 35,000 tons, by 2022 (...). The increase in supply more than doubled the increase in demand, causing prices to plummet. (…) Cobalt is a by-product of copper or nickel mines, the prices of which have remained relatively strong, meaning that supply is not easily reduced even if cobalt prices fall. (…) informal small-scale mining, which represents between 15% and 30% of the DRC's production, has already been reduced. (…) Cobalt prices could fall further if Tenke Fungurume, the world's second-largest cobalt mine owned by China's CMOC, is allowed to resume exports from the DRC (...) The projected increase in China's share of global cobalt mining is largely due to the start of production this year at the CMOC-owned Kisanfu copper-cobalt mine in the DRC."* (Expansión, 14-03-2023).

According to the "US Geological Survey and Benchmark Minerals Intelligence", China controls 70% of "rare earth" and graphite mining. Nickel, cobalt, lithium and manganese are held by countries such as Australia, Brazil, Indonesia, South Africa, Chile, Democratic Republic of Congo, Turkey and others. But in terms of chemical processing, China controls 72% of nickel processing, 75% of cobalt, 100% of graphite, 58% of lithium, 93% of manganese and 94% of rare earths. In terms of component production, it controls 74% of cathode production and 92% of anode production, with 76% of lithium-ion battery production.

## The Inflation Reduction Act and its limitations.

Faced with this situation of almost complete dominance, competitors try not to stumbling over each other in order to be able to compete: *"The European Union and the US are nearing an agreement on critical minerals that would provide EU companies access to some of the massive green subsidies offered in president Joe Biden's Inflation Reduction Act. The deal will likely be similar to an agreement the US signed with Japan this week that also included a commitment to not impose restrictions or export duties on cobalt, graphite, lithium, manganese and nickel that are used in electric car batteries.* (Bloomberg, 29-03-2023).

But the fact that they try not to stumble over each other does not mean that they do not, nor that they can avoid it because they are also competitors among themselves and because the anarchy of mercantile production imposes these clashes.

What was intended to be the US government's mega-investment budget, and which was substantially reduced by a Democratic senator's blockade, became the "Inflation Reduction Act". This act, ostensibly directed against China and Russia, in practice provoked immediate rejection from the EU, South Korea and many US companies.

Initially, it served as a platform for Democratic and Republican governors to embark on a tour to attract investment from foreign companies: *"Delegations from Michigan, Georgia, Ohio and other states have toured Europe to explain the details of the subsidies offered by the Act (...) Since the passage of the IRA, at least twenty clean energy manufacturing plants have been announced to open in the United States, according to the American Clean Power Association. More than half are owned by foreign companies."* (Expansión, 25-01-2023).

This offensive has forced the EU to promise to match the conditions to prevent investment from shifting away from the US: *"Brussels has cleared the way for a subsidy race with the US over crucial technologies, allowing EU member states to "match" multi-billion-dollar incentives as they fight to keep projects in Europe. (…) The EU will help member states match subsidies offered by the US or any other third country under certain conditions."* (Financial Times, 09-03-2023).

On the immediate term, it does not appear that the EU can stem the bleeding: *"Executives from Solvay, Merck and Dow have warned that Europe's Net Zero Industry Act, announced last week, will not be enough to compete with the $369 billion in tax incentives and green subsidies offered by the US through the Inflation Reduction Act. (...) Since last year's passage of the IRA, the US has received more than $90 billion in green investments. (…) Volkswagen, BMW and Enel are among the major European companies that will review their investment plans in the bloc as a result of the US law."* (Expansión, 22-03-2023).

But the real and effective implementation of the IRA encounters two serious obstacles.

The first one is the determination of compliance with the criteria of the Act to receive the tax credit that is received. *"if at least half of their battery components are made in North America, and (…) 40% of critical minerals in an eligible EV battery — a minimum that gradually will rise to 80% in 2027 — must be extracted from or processed in countries that have a freetrade agreement with the US.* (…) *But determining whether one of these foes — a foreign entity of concern, in IRA terms — has control or influence over a company that mines or processes critical minerals? That's complex"* (Bloomberg, 24-03-2023).

The second is the globally agreed 15% minimum tax for multinationals. The advantage of the US plan over the EU plan is that it is based on tax advantages rather than subsidies, but... *"The concern is that US tax credits might reduce a company's US tax liability to less than the globally agreed 15 per cent, leaving multinational corporations investing in the US open to being taxed by foreign jurisdictions as part of a "top-up tax" mechanism to increase the tax liability to 15 per cent. (…) which become little more than a massive US tax transfer to foreign countries."* (Financial Times, 06-03-2023).

The cross-investment between European and US companies also promises the most varied conflicts of jurisdiction, such as the recent request by the US to the Spanish State to refrain from stopping the enforcement of an arbitral award on subsidies for renewable energy.

## Competition for semiconductors

The US, with the help of the Netherlands and Japan, tightens sanctions against China to limit its access to essential equipment for manufacturing more advanced chips used in quantum computing, advanced wireless networks and artificial intelligence: *"Japan said it will expand restrictions on exports of 23 types of leading-edge chipmaking technology (…) spanning cleaning, deposition, annealing, lithography, etching, and testing"* (Bloomberg, 31-03-2023). The Netherlands has also approved export restrictions to China: *"The restrictions affect ASML's Deep Ultraviolet Lithography (DUV), which is used for advanced semiconductors, needed not only for consumer goods (in cell phones, computing or artificial intelligence), but also in the military industry."* (La Vanguardia, 10-03-2023).

These restrictions have the dialectical effect of forcing China's independent development of these technologies and, although they may slow down its access to them, they cannot prevent it in the long term: *"China has pledged to invest an additional $1.9 billion in the country's biggest maker of memory Chips."* (Bloomberg, 02-03-2023).

At the same time, *"China filed a dispute with the World Trade Organization trying to overturn US-imposed export controls, which aim to limit the Asian nation's ability to develop a domestic semiconductor industry and equip its military."* (Bloomberg, 12-12-2022).

In fact, the WTO has already ruled against the steel and aluminum tariffs imposed by the US in 2018 precisely by dismissing "national security" claims: *"The WTO panel said US national-security claims "are not justified" because they were not "taken in time of war or other emergency in international relations.""* (Bloomberg, 09-12-2022).

*"The US "strongly rejected the flawed interpretation and conclusions" in the report and will not remove its duties as a result of the ruling, (...) the US can effectively veto it by lodging an appeal at any point in the next 60 days. WTO appeals cannot currently be heard, because the US paralyzed the appellate body in 2019."* (Bloomberg, 09-12-2022).

*" The World Trade Organization "is getting itself on very, very thin ice" by ruling that the US violated trade rules with Trump-era steel and aluminum tariffs, Trade Representative Katherine Tai said, adding that the finding "challenges the integrity of the system"."* (Bloomberg, 19-12-2022).

Indeed, the US can ignore the outcome of the ruling issued by the WTO, appeal it to a paralyzed body and veiledly threaten the WTO of challenging the integrity of the system. But what is fundamental is to realize that the former first world power no longer controls the body created to materialize its domination over the rest of the world. It is not the WTO that defies the integrity of the system but it is the hegemony of the United States within the system that is disintegrating.

The US fantasy is to use this time gained with the slowdown imposed on China to recover its production capacity in this field. Here again it encounters two obstacles, which could be synthesized in one: the INTERNATIONAL DIVISION OF LABOR.

On the one hand, US capitalism does not meet the productivity conditions to effectively develop the required new plants in the required time and cost: *"By now it's clear that the Chips and Science Act — which includes a $52 billion splurge for the semiconductor industry — is unlikely to work (…) Producing chips in the US still takes 25% longer and costs nearly 50% more than doing so in Asia."* (Bloomberg, 28-03-2023).

Nor does it have the labor force with the required training: *"300,000 more skilled labourers may be needed just to complete US fab projects underway, let alone new ones. (…) the number of US students pursuing advanced degrees in the field has been stagnant for 30 years. (…) The strains are showing: New plants planned by Intel Corp. and Taiwan Semiconductor Manufacturing Co. are both struggling to find qualified workers."* (Bloomberg, 28-03-2023).

And the actual construction and start-up times for new chip plants are the longest: 736 days in the USA, 701 days in China, 690 days in Europe, 654 days in Taiwan, 620 days in South Korea and 584 days in Japan.

On the other hand, if the US, China and the EU want to increase their market share in semiconductors, this will have to be at the expense of the market share of South Korea and Taiwan, which will be very reluctant to give it up.

*"South Korea's parliament easily approved a bill Thursday to boost the country's powerhouse semiconductor industry by giving firms tax breaks to spur investments.*
*The legislation known as the "K-Chips Act" would increase the tax credit to 15% from the current 8% for major companies investing in manufacturing facilities, while smaller and medium size firms would see the tax break go to 25%, up from the 16% now. (…) The South Korean government has said the new restrictions would not prohibit technology upgrades at its chipmakers' factories in China, adding it's discussing the matter with US counterparts."* (Bloomberg, 30-03-2023).

*" (…) began bulk production of advanced 3-nanometer chips at its Tainan campus in southern Taiwan. In doing so, TSMC follows Samsung Electronics Co. in gearing up on production of a technology that's expected to control the next lineup of cutting-edge devices (...) On Thursday, TSMC Chairman Mark Liu expressed confidence in the longer-term outlook for chip demand and promised to build future generations of 2nm chips in the Taiwanese cities of Hsinchu and Taichung."* (Bloomberg, 29-12-2022).

### The tariff wall that stifles US own companies

One of the elements in which there has been a clear continuity between the US ruling faction and the previous faction is the maintenance of tariffs on Chinese products. This continuity is imposed by the material conditions that push US imperialism to try to stop the avalanche of cheap commodities: those commodities whose low prices were battering down the Chinese walls spoken of in the Manifesto of 1848 and which now travel in the opposite direction, breaking down the TARIFF WALLS of the former colonialists.

But this tariff wall, in addition to failing to stop the avalanche, is detrimental to US companies themselves, which have to buy the same materials more expensively than their competitors... from China.

*"US businesses big and small made a fresh push for the Biden administration to remove Trump-era tariffs on Chinese goods. (…) Many small businesses, which were among the almost 1,500 entities providing feedback, said the duties had pushed up their input costs. (…) the US Chamber of Commerce — the biggest business lobbying group and generally an opponent of managed trade — maintained its stance that untargeted, punitive tariffs "undermine US competitiveness and impose undue economic hardships on US businesses, workers, and families." (…) The Information Technology Industry Council — whose members include top chipmakers Intel Corp., Samsung Electronics Co., and Taiwan Semiconductor Manufacturing Co. as well as Apple Inc. and Amazon.com Inc. — said the tariffs have failed to counteract the Chinese government's unfair trade policies and practices, and called for their complete rollback. While the duties were originally intended to level the playing field for American businesses, "there is no evidence that the tariffs have met the stated objectives," the Washington-based ITI said. Instead, they have "caused significant harm to our industry and contributed toward rising costs"."* (Bloomberg, 19-01-2023).

### Chinese dominance in patents

The EU is also trying to oppose China's bullying in the trade war by going to the WTO.

*"The European Commission decided yesterday to take China to the World Trade Organization (WTO) due to its disputes with Beijing over trade restrictions against Lithuania and due to preventing European companies from accessing European courts to protect and defend high-tech patents. (…) patent owners who go to court out of China can face daily fines of up to 130,000 euros."* (La Vanguardia, 08-12-2022).

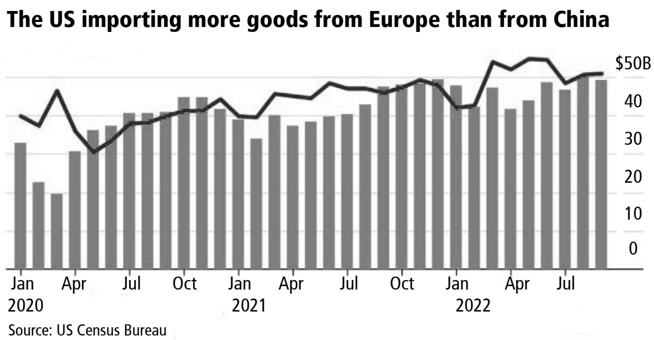
Right is the force to impose it and the EU's tantrum in the WTO will not stop the process of absorption of technologies by Chinese capitalism. For its part, China has almost complete dominance in new patent applications: *"According to data from the World Intellectual Property Office (WIPO), China filed 1.59 million patent applications in 2021, more than half of the 3.4 million that were filed worldwide that year. According to the data, announced earlier this week, the United States is again relegated to second place, filing less than one-third as many patent applications (591,473) as China. They are followed by Japan, South Korea and the European Patent Office. In Europe, it is noted that Germany has lost dynamism, with 3.9% fewer patent applications filed in 2021 compared to the previous year. (...) on a global scale, the number of patent applications reached an all-time high, with 16.5 million in 2021, up 4.2%."* (La Vanguardia, 25-11-2022).

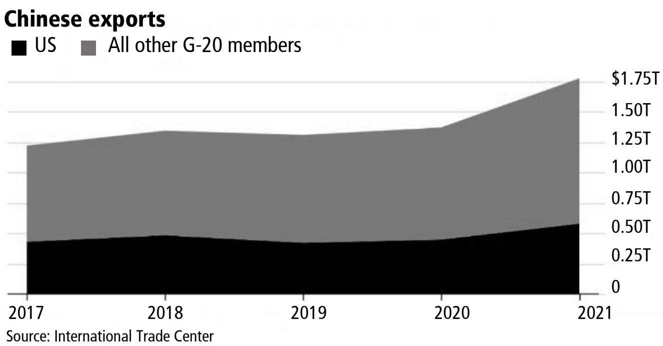
**Trade Agreements: CPTPP vs RCEP**

The United Kingdom has joined the Trans-Pacific Partnership Agreement (CPTPP). Chile has also recently joined this agreement. The total GDP of the CPTPP countries ($14.8 trillion) is still half of the total GDP of the RCEP countries, promoted by China, at $29.6 trillion.

**USA, China and the world**

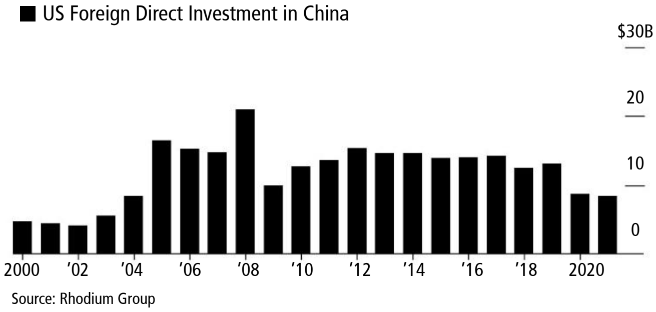
Imports to the US from Europe have exceeded imports from China. And China is exporting more goods to other countries than to the US.



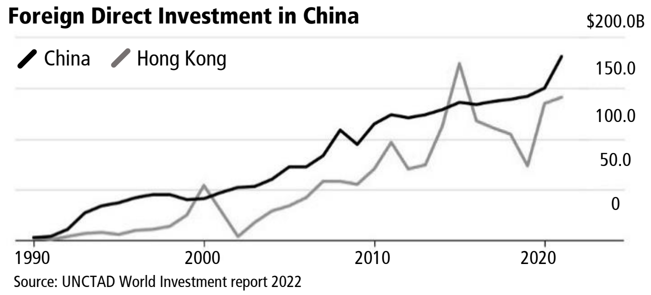




And yet, the same graphs show that trade between China and the US continues to grow.

In contrast, US direct investment in China has stopped and is beginning to slow.

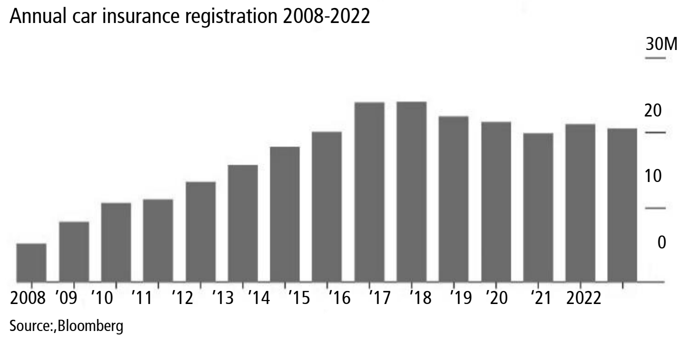



But direct investment in China from the rest of the world continues its upward trend.




**The automotive sector in China**

China's auto registrations peaked in 2017, slowing thereafter:




The major automakers operating in the Chinese market (and their share) are: Volkswagen (14%), BYD (12%), Toyota (8%), Chang'an (8%), Geely (7%), GM (4%), BMW (4%), Nissan (4%), SAIC-GM-Wuling (4%), Mercedes-Benz (3%). Together they control 68% of the automotive market.

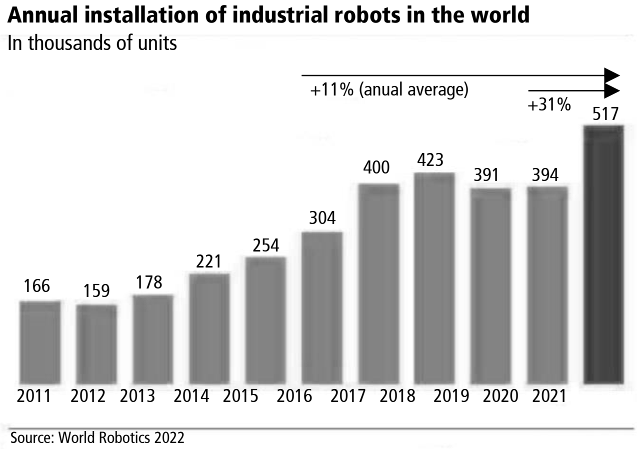
In order to gain a foothold in this market, fierce competition has been unleashed by one of the US companies, which is not exactly renouncing direct investment: *"In October,* [Tesla] *— a major player in hyper-competitive China — cut prices on models produced at its enormous factory on the outskirts of Shanghai. Matters escalated in January, with another discount that left Tesla's locally made cars as much as 14% cheaper than last year, and in some cases almost 50% less expensive than in the US and Europe (…) At least 30 more carmakers have cut prices, according to calculations by Bloomberg News and local media. (…)."* (Bloomberg, 23-03-2023).

Tesla currently has the capacity to manufacture around two million cars per year in four factories: in Fremont, California; Shanghai, China; Austin, Texas; and Berlin, Germany; and plans to build the next factory in Mexico. The reasons for choosing Mexico are as simple as they are significant: it has several free trade agreements that will allow it to export vehicles to Europe or Latin America, and it has no tariffs on several supplies imported from China.

**Worldwide increase in robotization**

The installation of new industrial robots has grown at a rate of 11% per year on average since 2016, increasing by 31% from 2020 to 2021.

And how are they distributed among the various competing capitalist powers? *"(…) The country where most industrial robots are installed is China (268,000 in a single year), followed by Japan (47,000). In Spain the figure reaches 3,400 (+1% in one year)."* (La Vanguardia, 23-10-2022).




### China and the EU, and the world

China's current role in the capitalist world is also reflected in the diplomatic arena. At the very least there has been the following string of diplomatic visits to China since October 2022: German chancellor, Cuban president, Mongolian president, president of the European Council, Australian Foreign minister, president of the Philippines, president of Turkmenistan, president the UN General Assembly, prime minister of Cambodia, president of Iran, Foreign minister of Singapore, President of Belarus, President of Brazil, Minister of Foreign Affairs of New Zealand, minister of Foreign Affairs of Equatorial Guinea, secretary general of ASEAN, minister of Foreign Affairs of Malaysia, minister of Foreign Affairs of Japan, Foreign minister of Honduras, Spanish president, prime minister of Malaysia, prime minister of Singapore, French president and president of the European Commission.

As a curtain-raiser to the visit of the President of the European Commission and the President of France, the President of the Spanish State came previously to pay obeisance. Despite the headlines that expected demands for intervention on the Ukrainian issue, in reality, they were going to do business just as they are: *"a committee for managing the common affairs of the whole bourgeoisie."* (Manifesto of the Communist Party, 1848). Thus, he attended the Boao Forum for Asia (BFA) to meet with *"former CEO and current senior advisor of Mitsubishi, (...), as well as with the non-executive chairman of the pharmaceutical company AstraZeneca", with "a representation of the 800 Spanish companies present in China"* and with *"eight of the largest Chinese tour operators to reposition Spain as a major tourist destination."* (Expansión, 22-03-2023).

Before the visit of the President of the Spanish State, the President of Germany had been present, and after the European Commission and France, the next will be the President of Italy.

This trickle of visits has prompted the following statements from the President of the European Commission: *"A sound European policy on China is based on strong coordination between member states and EU institutions and a willingness to avoid the divide-and-conquer tactics that we know we may face."* (Expansión, 31-03-2023). On the other hand, *"She asserted that the EU would have to "reevaluate" the Comprehensive Investment Agreement with China, a trade agreement that was not ratified and has been stalled since 2021.* (Expansión, 31-03-2023). The truth is that the trade relationship between the EU and China has evolved as follows: *"En 2022, (...) bilateral* [EU-China] *trade will reach a new record of $847.3 billion while new investments by European companies in China increased 70% to $12.1 billion."* (CGTN, 08-04-2023).

And what happened when she went to China in the flesh? It was a three-day visit at the highest level (compare with the visit of the Spanish curtain-raiser, who was received on the same day as two other presidents, from Malaysia and Singapore), outside Beijing, during which meetings were held between the capitalists forming the entourage (Bank of China with BNP Paribas, China National Nuclear Corporation with Électricité de France, etc.) and, secondly, a series of major trade agreements were reached.

*"China's Ministry of Commerce reported during a meeting of Chinese and French businessmen on April 6 that 36 companies from China and France signed 18 agreements."* (CGTN, 08-04-2023).

*"China State Shipbuilding Corp. (CSSC) and the French shipping group CMA CGM signed on Thursday in Beijing an order for 16 container ships for a total value of 21 billion yuan ($3.06 billion) (...) the record for the largest single order in the Chinese shipping industry (…) The order includes the construction of 12 dual-fuel methanol-powered containerships, which can carry 15,000 twenty-foot equivalent units (TEUs), and four dual-fuel liquefied natural gas (LNG)-powered containerships, which can carry 23,000 TEUs."* (CGTN, 08-04-2023).

*"Airbus, the European aircraft manufacturer, and its Chinese partners signed an agreement to expand its A320 family final assembly capacity with a second line at its plant in Tianjin, northern China. (…) the new assembly line will contribute to Airbus' goal of producing 75 A320 family aircraft per month by 2026 across its global production network."* (CGTN, 08-04-2023).

It should be recalled that Airbus recently urged European governments to *"commit resources and implement solutions in terms of access to space, otherwise Europe will fall behind China, India or the United States, which are investing heavily in this future opportunity."* (Expansión14-03-2023).

### Competition for Africa

In Africa, European colonialism was partially displaced by US imperialism and both are being cornered by Chinese, Russian and Turkish imperialism.

US imperialism is trying to regain positions: *"Vice President Kamala Harris next week becomes the latest top official to visit, with stops scheduled in Ghana, Tanzania and Zambia. She's following Treasury Secretary Janet Yellen and Secretary of State Antony Blinken, who've both been in the region recently. At a December summit with the continent's leaders, Biden pledged a $55 billion support package for Africa."* (Bloomberg, 24-03-2023).

*"President Biden, who offered his support for the African Union (55 nations) to become a permanent member of the G-20, also plans to undertake this trip in 2023, but no date has been set yet."* (La Vanguardia, 27-03-2023).

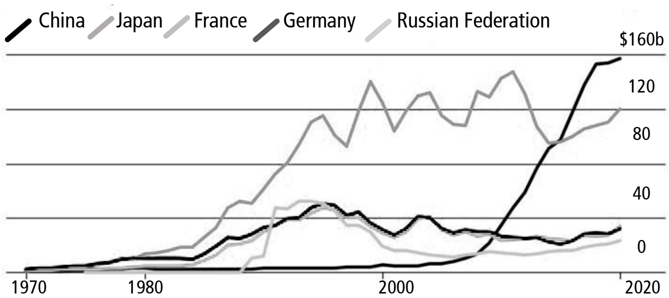
European diplomats who have toured Africa have received a series of public rebuffs, such as that of the President of Namibia to the German Ambassador or that of the President of the Democratic Republic of Congo to the French President.

This is a reflection of the loss of influence on the continent, which French imperialism is trying to maintain, but with a disguised version: *"Paris will maintain contingents in Senegal, Ivory Coast, Nigeria and Chad, but they will no longer be French bases only, but shared, "mutualized". They will even be renamed. Macron spoke of "academies"."* (La Vanguardia, 01-03-2023).

But so far, the disguise hasn't worked: *"Earlier this year, Burkina Faso followed the example of neighboring Mali and ordered the withdrawal of French troops from its territory. The two countries, along with the Central African Republic and Guinea, form a quartet of former French colonies that have* *approached Russia for security assistance through the Wagner mercenaries. (...) In the last 15 years, China's trade in Sub-Saharan Africa has gone from representing barely 2% of total imports and exports to 20.5%. Over the same period, France's trade weight has been reduced by a third, that of the United States is now half the percentage it was three decades ago, and that of the United Kingdom has gone from 9% of the total to 1.88%. "* (La Vanguardia, 15-03-2023).

Chinese imperialism multiplies by three times the direct investment in Africa (70.6 billion dollars) with respect to its next competitor, the UAE (23.8 billion), which in turn slightly surpasses the USA (23.7 billion), followed by France (19.5 billion), the UK (16.3 billion) and Germany (9.7 billion). Chinese imperialism also far outstrips the rest in loans to "developing" capitalist countries, closely followed by Japanese imperialism:

**Largest Lenders to Emerging and Developing Countries**



Source: World Bank

China's expansion in Africa also extends to the entertainment and information network, as described in the following report: *"Technicians from StarTimes, a Chinese media company operating primarily in Africa, arrived to (...) launch the Satellite TV Access Project for 10,000 Villages in Africa. (...)"Xinhua (the Chinese state news agency) closed its Paris bureau and moved it to Nairobi and there is no media that has as many journalists in Africa as Chinese public television.", (…) Beijing spent "some $6.6 billion since 2009 to strengthen its global media presence". (…)"China is increasingly using local languages and has become very adept at cooperating with local media and journalists. "(…) " in countries such as Ghana, Italy, South Africa and Indonesia, influential news services regularly used Xinhua content, which was then picked up by other media outlets"(…) "120 out of 160 news items published by the Ugandan newspaper The Independent on the war in Ukraine came from Xinhua. ". (…) Soap operas from the Asian giant now reach more than 200 countries and regions, their foreign sales reached pre-pandemic levels in 2021 and their export volume amounted to 56.83 million dollars (52.14 million euros) a year-on-year increase of 118%. In 2021, 714 Chinese soap operas could be seen outside the country, more than 30,000 episodes and about 25,000 hours, according to the report. "* (El País, 12-02-2023).

For its part, Russian imperialism is trying to transform its military presence into effective participation in the exploitation of natural resources. In the Central African Republic, *"has created a "military hub", a center of influence guarded by Wagner, from which to expand into other territories, such as Mali or Burkina Faso. (…) the profit from the exploitation of the country's mines could have fattened the coffers of Prigozhin's group by about $1 billion (about 922 million euros). (...) This firm is allegedly in charge of trading diamond and gold from the mines. Diamville, which the EU considers a front for Wagner, was registered in March 2019, the same month in which Bois Rouge is registered, also in the sphere of the Russian group, dedicated to the exploitation of the buoyant timber business in the southwest of the country. "* (El País, 24-03-2023).