



# "Made In China 2025" Master Plan Has Hit a Wall Named Trump

The People's Republic of China (PRC), which has been on a non-stop roll for four-and-ahalf decades, has now hit a wall. That wall is named Donald J. Trump. Since the Kissinger-Nixon trip to China in 1972 and President Carter's recognition of China in 1979, the Beijing-based communist regime has been the beneficiary of countless sweetheart deals lavished on it by U.S. administrations both Republican and Democratic. Loans, credits, technology, technical expertise, entire manufacturing plants, low tariffs, no tariffs — you name it. Anything China wanted to transform itself from backward, Third World status into a modern superpower, there were always plenty of globalists in the White House, State Department, Wall Street, and Congress eager to deliver it.



Now, after 40-plus years of virtually unimpeded access to the American market, the PRC and its U.S. business "partners" are feeling the pinch. While President Trump's U.S. tariffs on Chinese steel and aluminum have garnered most of the headlines, Beijing is particularly worried about the Trump administration's specific aim at its "Made In China 2025" master plan.

What is "Made In China 2025"? Most Americans still haven't heard of it, although it has been the mantra drummed into 1.38 billion Chinese heads by the PRC propagandists for the past three years. On July 7, 2015, Communist China's premier, Li Kequiang, and China's ruling State Council issued their new ten-year "strategic blueprint" to dominate global hi-tech manufacturing. They named this breathtakingly ambitious roadmap "Made In China 2025." Their 38-page document outlining this blueprint notes that "China is still in the process of industrialization and there remain gaps between China and advanced economies. Chinese manufacturing is large but not yet strong."

The Chinese Communist Party's prescription for achieving a strong industrial economy targets key technology sectors: semiconductors (computer chips), robotics, cloud computing, artificial intelligence, pharmaceuticals and advanced medical products, aerospace and aeronautical equipment, railway transportation equipment, modern maritime transport, new-energy vehicles and equipment — and much more.

How did Beijing's commissars intend to achieve these lofty goals? The same way they had achieved their phenomenal industrial/economic successes of the past 50 years: partner up with globalist U.S. corporations to get as much over-the-counter technology and expertise as possible — and steal the rest. This tried and true path had worked wonderfully for them through U.S. Republican and Democratic





administrations, and they had every reason to believe it would continue to produce the same spectacular results. "Made In China 2025" became a sacred slogan to direct and inspire all of Chinese society, and to instill confidence in the Communist Party's vision and leadership.

However, something happened in 2016 that has upset the grandiose plans not only of China's communist elites, but the plans of their globalist elite comrades in the West as well. The election of Donald Trump has thrown a big wrench into their well-oiled "trade" machine.

## Trump Slams China's "Economic Aggression"

In a nationally televised <u>address</u> from the Diplomatic Room of the White House on March 22, 2018, President Trump threw down the gauntlet. He issued a memorandum aimed at what he called "China's economic aggression" and "very unfair" trade practices against the United States. Regarding U.S. policies that have aided and abetted this economic aggression against American companies, American jobs, and America's manufacturing and technological leadership, the president pledged: "Those days are over."

A few days later, White House trade adviser Peter Navarro took the rhetoric up another notch. "China, in my view, brazenly has released this China 2025 plan that basically told the rest of the world, 'We're going to dominate every single emerging industry of the future, and therefore your economies aren't going to have a future,"' Navarro told *Bloomberg Television* on March 28.

One of President Trump's biggest blows to the Made In China 2025 agenda has been his nixing of a number of Beijing's pending plans to acquire advanced U.S. computer chip makers. China's giant manufacturing base is the world's biggest consumer of semiconductors (or integrated circuits), but they are dependent on U.S.-made chips. In 2017, according to *IC Insights*, China consumed \$138 billion, or 38 percent, of the world's chips.

Although China has invested heavily in chip manufacture, its domestic companies are considered to be years behind when it comes to the faster, higher-end chips needed for the most advanced scientific, commercial, and military/intelligence applications. "Most companies — including Chinese ones — that want to buy artificial intelligence chips look to Intel and NVIDIA right now," a report in *The Motley Fool* noted earlier this year, referring to the two big U.S.-based chipmakers. "NVIDIA's processors are used by the world's largest tech companies to power everything from AI data centers and semi-autonomous cars, and the company estimates that its total addressable market in AI will grow to nearly \$40 billion by 2025."

China's Communist Party overlords are adamant that they will not remain dependent on U.S. chipmakers. They need their own advanced chip production plants to carry out their plans to dominate the new AI (artificial intelligence) and 5G (fifth generation wireless systems) battlefields. Trump is not accommodating them.

On March 12, 2018, ten days prior to the White House "economic aggression" statement mentioned above, President Trump issued an <u>executive order</u> stopping the proposed hostile takeover of the San Diego-based chip maker Qualcomm Inc. by the Singapore-based Broadcom Ltd. The \$130 billion takeover bid would have been the largest tech acquisition of all time. In squelching the deal, the president stated that Broadcom, "through exercising control of Qualcomm … might take action that threatens to impair the national security of the United States." Citing section 721 of the Defense Production Act of 1950, he ordered that "The proposed takeover of Qualcomm by the Purchaser is prohibited, and any substantially equivalent merger, acquisition, or takeover, whether effected





directly or indirectly, is also prohibited."

The president was guided by the potential national security <u>threat assessment</u> provided by the Committee on Foreign Investment in the U.S. (CFIUS), which cited, among other concerns, that the Broadcom acquisition could weaken Qualcomm's position, thus providing Chinese companies with a critical leg up in the 5G standard setting process. CFIUS and other critics of the deal specifically mentioned China's Huawei Technologies, the world's largest telecommunications manufacturer.

On June 18, 2018, the White House Office of Trade and Manufacturing Policy issued a <u>report</u> titled, "How China's Economic Aggression Threatens the Technologies and Intellectual Property of the United States and the World." The report, which specifically takes aim at "Made In China 2025," also makes reference to "more than 600 high-technology investments in the United States worth close to \$20 billion conducted by China-based investors, with artificial intelligence, augmented and virtual reality, and robotics receiving particular focus." The report notes further, that "China's biggest sovereign wealth fund, the China Investment Corporation, has used a significant fraction of the \$800 billion of assets under management for a venture fund focusing on Silicon Valley."

# **Beijing's Wall Street Comrades**

The titans of Wall Street were, presumably, as furious as the Red Chinese commissars over Trump spoiling the carefully planned Broadcom-Qualcomm takeover attempt. A *Business Insider* story headline explains why: "Banks could earn \$280 million from Broadcom's mega-bid for Qualcomm."

Principal advisers and financiers participating in the Broadcom-Qualcomm deal, reportedly included: Bank of America, Citi, Deutsche Bank, JPMorgan, Morgan Stanley, Goldman Sachs, Evercore, and Silver Lake Partners. "All told, if the largest tech acquisition in history plays out, it could mean one of the largest Wall Street paydays in history, too: as much as \$280 million in advisory fees," according to the *Business Insider* report. That's a pretty good chunk of cash. Losing that payout is certain to have left the billionaire Wall Street vultures involved more than a wee bit miffed.

Last year the Trump administration thwarted China's hunt for top-end chip technology by blocking the planned buyout of San Jose-based Lattice Semiconductor by Canyon Bridge Capital Partners LLC, an investment firm backed by the Chinese government. As *Bloomberg News* reported at the time, "It was just the fourth time in a quarter century that a U.S. president has ordered a foreign takeover of an American firm stopped on national-security concerns."

But there's more that Team Trump has been doing to infuriate the Wall Street-Beijing-Silcon Valley axis. For example:

- Last year the Trump administration fined Chinese telecom titan ZTE Corp \$1.19 billion the largest fine ever assessed by the U.S. for export control violations and banned U.S. companies from exporting semiconductors to ZTE;
- Trump also signed legislation prohibiting U.S. government agencies from buying products from ZTE and Huawei Technologies, another of China's "national champion" tech giants closely aligned with the Communist Party;
- A major deal between Huawei and AT&T failed to pass national security concerns, thus scuttling Huawei's plans to penetrate the U.S. smart phone market;
- Ant Financial, an affiliate of Chinese Internet giant Alibaba, was forced to drop its \$1.2 billion proposed buy out of the U.S. remittance firm MoneyGram, after failing to get CFIUS approval; and





• Zhongwang USA, a Chinese investment firm, was blocked in its planned acquisition of Aleris Corp., a global producer/supplier of aluminum headquartered in Cleveland, Ohio.

In another unprecedented move, the Trump administration zeroed in on China's exploitation of America's high-tech university programs. The number of Chinese student visas has exploded in recent years. There are now 350,000 Chinese students at U.S. colleges and universities, accounting for one out of three foreign students. Twenty-five percent of graduate students in U.S. STEM (Science Technology Engineering Mathematics) programs are Chinese foreign nationals. They are an important component of the "Made In China 2025" blueprint. And, as FBI Director Christopher Wray noted in Senate testimony in February, this massive student presence is a serious national security concern. The Trump administration has dramatically shortened the STEM student visa from five years to one year and has initiated more strenuous screening.

These and other similar White House moves have been greeted with howls of protest by China (naturally), as well as by the usual pro-Beijing lobby. Shortly after the U.S. announced the fines and restrictions on ZTE, Xi Jinping defiantly doubled down on China's determination to achieve semiconductor dominance. In a speech to a Chinese technology conference, Xi urged officials to "keenly seize this historic opportunity" to master new technologies. Other top PRC officials were even more pointed in their condemnations of the Trump administration's actions. "We urge the US to cease and desist" from Trump's tariffs and restrictions, China's embassy in Washington said in a statement. "If a trade war were initiated by the US, China would fight to the end to defend its own legitimate interests with all necessary measures."

However, after these initial outbursts an interesting thing happened. Chinese officials, agencies, and media platforms ceased mentioning "Made In China 2025." The *South China Morning Post* commented on this phenomenon on June 26, 2018, reporting that the Chinese government "has instructed Chinese state media agencies to avoid mentioning Made in China 2025 in their reports."

The *Morning Post* article noted that at a press conference in Beijing on June 26, 2018, "there was no mention of Made in China 2025 by officials from the Ministry of Science and Technology and the Ministry of Industry and Information Technology — even though their focus was a hi-tech 'smart industry' exhibition in Chongqing."

Reuters Business News similarly reported on June 25 that "Beijing has begun downplaying Made in China 2025, the state-backed industrial policy that has provoked alarm in the West and is core to Washington's complaints about the country's technological ambitions, diplomatic and Chinese state media sources said."

The Reuters report stated that China's "state news agency Xinhua, which made more than 140 mentions of Made in China 2025 in Chinese language news items in the first five months of the year, has not done so since June 5, a search of a public database found."

And another interesting thing: U.S. globalists suddenly discovered that China's aggressive push for tech acquisitions represents an "existential threat" to the United States. "In the saga of the U.S.-China economic rivalry, Made in China 2025 is shaping up to be the central villain, the real existential threat to U.S. technological leadership," says Lorand Laskai, a research associate at the Council on Foreign Relations (CFR), in a piece for the CFR's website.

Goodness, you say, these are the one-worlders who have been the chief sponsors of aid-and-trade with China for decades. It looks like these Deep State folks at the CFR are finally waking up to reality. Not so





fast; it's not what it seems. Just as Xi Jinping and the rest of the ruling thugs in Beijing realize its not smart now to broadcast their "Made In China 2025" boasts, so too their CFR colleagues recognize it's a propitious time to shift rhetoric, to avoid blowback by verbally mollifying both the Trump administration and the American public.

However, while Laskai and some CFR members now pedal faux concern about China's threat, the rest of the CFR cabal are pushing ahead with still more treasonous trade. As we have reported online, the National Committee on US-China Relations (NCUSCR), a major CFR front, is sponsoring a national "China Town Hall" webcast on October 9 featuring former Secretary of State Condoleezza Rice (CFR) and dozens of other "leading experts." And billionaire Wall Streeters at Goldman Sachs, Morgan Stanley, Blackstone Group, Carlyle Group, Kissinger Associates, et al, continue their predatory attacks on key American industries with their Chinese communist partners. The mutual objective for these globalist/communist elites is U.S.-China "convergence," the piecemeal merger economically, politically, socially — of our two antipathetic societies.

Blackstone Group's chairman Stephen Schwarzman has taken the lead in promoting convergence through high-level educational exchanges. Schwarzman has launched the <u>Schwarzman Scholars</u> project, in conjunction with Tsinghua University in Beijing, one of communist China's premier technological research centers, and a key institution in its Made In China 2025 agenda. Schwarzman, a co-founder of investment behemoth Blackstone, has a personal net worth of \$13.8 billion, according to *Forbes'* 2018 rating. He donated \$100 million toward building Schwarzman College at Tsinghua and is raising another \$250 million from fellow billionaires in the U.S. and China. Schwarzman is a leading member of the CFR and his Blackstone Group is a corporate sponsor of the Council.

Likewise, the Carnegie Endowment for International Peace has a <u>Carnegie-Tsinghua Center</u> at the university. The Center boasts on its website that Tsinghua "is the alma mater of many of China's top leaders, including President Xi Jinping and former President Hu Jintao." Carnegie's President President William J. Burns, the former Deputy Secretary of State in the Obama-Clinton-Kerry State Department, is a CFR member, as have been all of Carnegie's presidents since its founding in 1910, including former Soviet agent Alger Hiss (Carnegie President 1946-1949).

Also, as we <u>reported</u> last year, Microsoft billionaire Bill Gates and nine other American "foreign experts" in engineering and technology have been elected as new members of the Chinese Academy of Engineering (CAE). Other similar examples abound. Clearly, the Deep State elites intend to continue their decades-long treasonous love affair with communist China. They are continuing to facilitate the "Made In China 2025" agenda, even though it would be fatal for America's future as a free and prosperous nation.

This writer and others at *The New American* have previously expressed concerns over some of President Trump's appointments of pro-Beijing Wall Streeters and veteran CFR globalists to posts in his administration (with Schwarzman being a prime example). These actions, combined with ambiguous statements and overtures to Xi Jinping, provided just cause for suspicion that Trump's tough campaign rhetoric on China may have been yet more deception by yet another politician. However, in the past year, President Trump has done more to break the decades-long cycle of bipartisan betrayal vis-à-vis China than any previous White House occupant. This battle is far from over, but President Trump has made a good start.

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