2nc cp

Government subsidies to sectors like exports, manufacturing or transportation are viewed by other nations as trade-distorting subsidies- this causes other countries to engage in tit-for-tat retaliation conflicts that make trade impossible – that independently results in a global trade war – Disad turns the case, not the other way around

Hufbauer and Reinsch ‘8

[Gary and William. Senior Fellow @ the Peterson Institute for Intl Economics and President of the National Foreign Trade Council. “Climate Change: Competitiveness Concerns and Prospects for Engaging Developing Countries” FDCH, [www.nftc.org](http://www.nftc.org), 3/5/8 //GBS-JV]

Let me now turn to existing WTO rules that bear on climate change legislation. They contain several disciplines, summarized in tables 4, 5 and 6. At the same time, they permit many trade restrictions and penalties, in the name of ensuring human health and safety, and protecting the environment. But the existing rules do not preclude the eruption of tit-for-tat retaliation, if a major player, such as the United States, the European Union, or China, imposes its own brand of GHG trade policy without the prior blessing of a multilateral agreement. Any U.S. climate legislation which includes trade restrictive measures should reflect the core disciplines of the existing WTO system. If and when WTO members negotiate a new code on trade rules with respect to GHG emissions, these core disciplines are almost certain to be included.¶ • GATT Article I (Most Favored Nation Treatment): Non-discrimination is a core principle in the GATT/WTO system, and is reflected in GATT Articles I and III. Article I requires members to ensure that -- in the absence of an exception -- when favorable treatment is accorded to the goods or services imported from one country, the same treatment must be accorded to the products of all WTO members.¶ • GATT Article III (National Treatment): This article requires that the products of WTO members be treated no less favorably than “like” products made by firms in the importing country. In decided cases, this requirement has been strictly applied.¶ • GATT Article XI (General Elimination of Quantitative Restrictions): This article prohibits the imposition of quotas, import or export licenses, or other measures on trading partners unless they fall into one of the exceptions listed in paragraph 2 of GATT Article XI.¶ • GATT Article XX (General Exceptions): Even though an import restriction on imports violates another GATT article, including the articles discussed above, it might be acceptable if the trade measure conforms to the chapeau of GATT Article XX and falls under one of subsections. Relevant to climate change, these subsections allow otherwise inconsistent trade restrictions if they are “necessary” to protect human, animal or plant life or health (Article XX (b)) or if they conserve exhaustible natural resources (Article XX (g)), a term which covers GHG emissions.¶ Application of these basic rules to foreseeable GHG emissions controls is far from cut and dried. The NFTC published an excellent paper in December 2007, titled WTO Compatibility of Four Categories of U.S. Climate Change Policy, which explores many nuances. I commend this paper to your attention. Only a brave or foolish lawyer would give this Committee strong assurance that such-and-such a system of GHG controls is immune from challenge in the WTO. When the Committee hears such assurances, it should ask its own legal staff to prepare a “devil’s advocacy” memo describing the WTO vulnerabilities of the proposed system.¶ For now, the most reliable guidance for incorporating trade measures in the U.S. climate policy in a WTO-consistent manner can be found by examining the Appellate Body’s decisions on previous dispute cases and its interpretation of the shelter available under GATT Article XX. It must be remembered, however, that Appellate Body decisions are made case-by-case; they depend on the particular facts and circumstances, and the rule of stare decisis does not strictly apply. The Appellate Body’s rulings in previous cases (table 6) show considerable sympathy with environmental concerns and have increased the likelihood that trade restrictions in furtherance of GHG emissions controls would pass muster under WTO rules.¶ However, in the absence of a negotiated compact that defines WTO “red lines” and “green spaces” with respect to trade measures that foster GHG controls worldwide, tit-for- tat retaliation and prolonged WTO litigation are all but certain if each country goes its own way with climate legislation. In a response to the question #5 in the Committee’s White Paper, almost all trade restrictive measures stand a fair chance of being challenged in the WTO. The best guidelines I can offer are these: engage in good faith international negotiations before restricting trade; ensure that the measures adopted make a genuine contribution to the reduction of GHG emissions; and avoid discrimination, both among foreign partners and between US producers and foreign producers.¶ If the United States enacts its own unique brand of import bans, border taxes, and comparability mechanisms – hoping that measures which flaunt GATT Articles I, III and IX will be saved by the exceptions of GATT Article XX – the probable consequence will be a drawn-out period of trade skirmishes and even trade wars. During these battles, some countries will become more fixated on winning legal cases than fighting the common enemy, climate change. Global cooperation in limiting emissions could be the first casualty of a unilateral approach that ignores the basic GATT articles.

Extend 1NC Green 6 evidence- The plan is an economic subsidy to DOMESTIC producers – building the infrastructure SPECIFICALLY in the United States creates market distortions by prioritizing domestic companies rather than international investors- our evidence indicates that this decimates free trade and turns the entire aff- the perception of protectionism defeats the THESIS of the silk road because it causes countries to turn inward and collapses trade

And, More evidence- you crowd out the regional market and undermine investor confidence

UN ‘9

[UN Investment Guide to the Silk Road. 2009 <http://unctad.org/en/Docs/diaeia20096_en.pdf> //GBS-JV]

The size of the combined market (more than 145.2 million people) is widely recognized¶ By investors as one of the most attractive features of the region as an investment location.¶ The diversity and richness of natural resources, together with the overall political stability,¶ are additional strengths underlined by investors. Nonetheless, differences between Silk Road¶ countries exist, in terms of both sector opportunities and general business climate.¶ Although progress in the business environment is often mentioned, there remain¶ serious detriments to doing business in the region. Regulations concerning foreign workers,¶ governance issues and infrastructure (in particular quality of roads) are among the top¶ concerns for investors. In order to strengthen Silk Road countries’ attractiveness for foreign¶ investment, investors expect these issues to be addressed by the Silk Road Governments.¶ A. The political and economic climate¶ In general, investors signalled that the Silk Road countries offered a stable environment,¶ despite the developments in Kyrgyzstan in 2006 and early 2007. All the Governments were¶ said, at least in principle, to have a receptive open attitude to the private sector and its¶ concerns. For instance, some entrepreneurs mentioned special programmes aimed to help¶ investors in Uzbekistan and Kazakhstan, some more effective than others in terms of actual¶ implementation.¶ Steady growth between 7 and 10 per cent was appreciated by investors in all Central¶ Asian countries, and this tendency is expected to continue. Forecasts for price stability are¶ good for Kazakhstan, Uzbekistan and Kyrgyzstan, and these three countries should see their¶ inflation rates decrease in the near future.¶ On the other hand, investors mentioned concerns about the tendencies towards more¶ protectionism, including a nationalistic attitude towards some key sectors, such as mining.

Silk Road transportation infrastructure investment specifically is subject to the constraints of Buy American legislation

Dastvar ‘9

[Dean. MBA George Mason, JD Washington College of Law. “Follow The Global Silk Road to Security and Prosperity” Fall 2009, <http://www.wcl.american.edu/blr/documents/AU_BLBFall09_Dastvar.pdf> //GBS-JV]

The recent global economic recession changed the world’s¶ outlook on trade policy, and a new direction for such¶ policy emerged in the wake of such shifting realities in¶ our increasingly globalized world. In 2007, Afshin Molavi of¶ The New America Foundation wrote in The Washington Post¶ about an emerging economic and trade corridor between the¶ Middle East and East Asia along what was formerly known as the¶ Silk Road.1 Molavi explained that a “new Silk Road” is emerging,¶ one that bridges Middle Eastern and East Asian economies¶ through expanded free trade.2 This “new Silk Road. . .is not only¶ boosting economies . . .but is changing the geo-economic and¶ geopolitical landscape of the East, with serious ramifications for¶ U.S. policy.”3 According to Molavi, a “global” Silk Road—one¶ that connects Middle Eastern economies with those outside East¶ Asia (in Latin America, for example)4—presents new economic¶ and security opportunities for the U.S. if it does not focus myopically¶ on putting out fires in the region, (e.g. Iraq, Iran and the¶ Israeli-Palestinian conflict).5 This article discusses ways the U.S.¶ can fully leverage its economic and political assets and thereby¶ increase global security and prosperity. In light of China’s economic¶ rise in the last decade, the U.S. would do well to act decisively¶ else it continue to lose ground to China’s growing influence¶ in shaping our economically interdependent world. This article¶ will show that the recent global recession and financial crisis¶ pushed certain nations to follow the Silk Road more than before¶ in hopes of attaining prosperity and security in unknown times¶ by increasing the openness of their trade relationships.¶ Since the beginning of the recession in December 2007, the¶ U.S. has shed approximately 4.4 million American jobs, more¶ than half—about 2.6 million—since November 2008.6 In this¶ environment, the spectre of protectionism has crept in. The 2009¶ stimulus package and the American Recovery and Reinvestment¶ Act of 2009, now law, contains a “Buy American” clause that¶ requires:¶ None of the funds appropriated or otherwise made available¶ by this Act may be used for a project for the construction,¶ alteration, maintenance, or repair of a public¶ building or public work unless all of the iron, steel, and¶ manufactured goods used in the project are produced in¶ the United States.7¶ During the confirmation of new U.S. Trade Representative¶ Ron Kirk, Senator John McCain said that the “signal [the “Buy¶ American” bill] sends to the world is that the United States is on¶ a path of protectionism. . . . [I]solationism and protectionism¶ turned our economy [during the Great Depression] from a deep¶ recession to the worst depression of modern times.”8 Senator¶ McCain highlighted an issue the U.S. will need to address during¶ these troubling times: should U.S. trade policy lean towards¶ protectionism or towards free trade? Historically, the first instinct¶ has been to adopt protectionist measures, but history has shown¶ that protectionist policies have only exacerbated economic downturns.¶ For example, the Smoot-Hawley Tariff Act9 hurt American¶ trade in the 1930s by provoking retaliation from twenty-five¶ trading partners, causing U.S. exports to fall by nearly two-thirds¶ in only two years.10 Recently, China retaliated against new trade¶ tariffs imposed by the U.S. on tire imports by launching formal¶ investigations into U.S. chicken exports to China.11

International backlash against protectionist Buy American policy

Hufbauer and Schott ‘9

[Gary Clyde Hufbauer and Jeffrey J. Schott, Reginald Jones Senior Fellow at the Peterson Institute for International Economics, a senior fellow at the Peterson Institute for International Economics, International Economics, “Buy American: Bad for Jobs, Worse for Reputation,” February 2009, <http://www.iie.com/publications/pb/pb09-2.pdf>//GBS-JV]

Moreover, foreign countries might extend their retaliation¶ list to other US manufactured goods, especially if the Senate¶ version of Buy American provision becomes law, since it covers all manufactured goods. In particular, foreign countries might¶ cut off purchases of US products for public projects.¶ To scope out this possibility, we identify 12 major US¶ trading partners. Table 3 (on page 6) shows government¶ procurement spending in each of those countries as a percent¶ of GDP. Applying that proportion to US exports of goods¶ and services to each country, we estimate what share of those¶ countries’ direct and indirect imports of US goods and services¶ are the result of government procurement. The total value is¶ around $104 billion. In our view, at least a small share of those¶ exports are “at risk” of echo or retaliation measures. But even if 1 percent of those exports were in fact lost by echo or retaliation¶ behavior, the resulting employment loss in the United¶ States would be around 6,500 jobs. In an extreme case that 10¶ percent of those exports are lost, as many as 65,000 jobs could¶ vanish (table 4).¶ To summarize: The negative job impact of foreign retaliation¶ against Buy American provisions could easily outweigh¶ the positive effect of the measures on jobs in the US iron and¶ steel sector and other industries. The difference is that jobs lost¶ would be spread across the entire manufacturing sector, while¶ jobs gained would be concentrated in iron and steel and a few¶ other industries.¶ Other factors not reflected in our calculations could also¶ have a negative impact on net job creation. For example, with¶ a Buy American requirement, the prices charged to public¶ agencies would likely be higher for US iron and steel and¶ other manufactured products. Higher prices would mean that fewer roads and schools could be built with the stimulus¶ money. Higher iron and steel prices could also hurt steel-using¶ firms that are major US exporters—such as heavy machinery.¶ On the other hand, prices might fall for foreign steel sold by¶ countries where the steel industry depends on exports to the¶ United States, such as Mexico and Canada. Private US buyers¶ might in turn switch their purchases to those foreign producers.¶ Depending on the size of the switch, the jobs created by¶ the Buy American provisions could be significantly reduced by¶ a loss of sales to private business in the United States.

No US-Sino trade war – your authors misunderstand economics

Alden 10-23

[Ed. Trade Fellow for CFR. “A US-China Trade War: Time to Abolish a Silly Notion” The Council on Foreign Relations, 10/23/12 <http://blogs.cfr.org/renewing-america/2012/10/23/what-exactly-is-a-trade-war-time-to-abolish-a-silly-notion/> //GBS-JV]

I have a suggestion for everyone who writes about international trade: it is time to bury, once and for all, the concept of a “trade war.” The phrase is so ubiquitous that it will be awfully hard to abolish; I have probably been guilty myself from time to time. Indeed, it is almost a reflex that every time the United States or some other nation takes any action that restricts imports in any fashion, reporters and editorial writers jump to their keyboards to warn that a trade war is looming. But it is a canard that makes it far harder to have a sensible discussion about U.S. trade policy.¶ No sooner had President Obama and Mitt Romney finished their latest round of “who’s tougher on trade with China?” in their final debate Monday night than the New York Times – to take one of many possible examples – warned that “formally citing Beijing as a currency manipulator may backfire, economic and foreign-policy experts have said. In the worst case, it could set off a trade war, leading to falling American exports to China and more expensive Chinese imports.”¶ But what exactly is a “trade war”? To take the U.S.-China example, the notion seems to be that, if the United States restricts Chinese imports, China will respond by restricting imports of U.S. goods, in turn leading to further U.S. restrictions and so on and so on until trade between the two countries plummets.¶ The closest historical example is the reaction to the infamous Smoot-Hawley tariff act of 1930, which raised the average U.S. tariff on imports to historically high levels. As trade historian Douglas Irwin of Dartmouth has show persuasively, Smoot-Hawley did not cause the Great Depression, and probably did not even exacerbate it very much since trade was a tiny part of the U.S. economy. But Smoot-Hawley did result in Great Britain, Canada and other U.S. trading partners raising their own tariffs in response. Irwin suggests that the higher tariffs were probably responsible for about a third of the 40 percent drop in imports between 1929 and 1932, and perhaps a slightly higher percentage of export losses. And the new trade barriers put in place took many decades to dismantle.¶ With imports and exports today comprising roughly a third of the U.S. economy, and the few remaining tariffs mostly in the single digits, the consequences of similar tit-for-tat tariff increases today would be far more severe. But what are the chances of such a “trade war” actually occurring? Pretty close to zero, for two big reasons. First, in 1930, there was no World Trade Organization, no North American Free Trade Agreement, no European Community/Union – in short, no rules to prevent countries from jacking up tariffs or imposing quotas whenever governments felt domestic political pressure to do so. Today, such unilateral action is largely forbidden. Indeed, the tit-for-tat measures we have seen in the U.S.-China trade relationship have all been take within the framework of WTO rules. When the Obama administration curbed purchases of Chinese steel in 2009 under the “Buy America” provisions of the stimulus, for example, China responded with an “anti-dumping” case which led to tariffs on imports of U.S. steel. But the United States challenged that action in the WTO, and just last week the WTO ordered China to lift the duties. No trade war – instead the phrase “see you in court” comes to mind.¶ Secondly, almost every nation in the world seems fully aware of the dangers of aggressive protectionism. One of the striking things about the Great Recession– which resulted in global trade volumes plunging by more than 12 percent in 2009, the biggest drop since World War II – is how little of the protectionism that is permitted under WTO rules actually occurred. Chad Bown of the World Bank has documented the surprising low level of new trade barriers imposed during the recession and its aftermath.

instability

( ) Transportation infrastructure’s insufficient to overcome the regional alt causes – our evidence comes from your solvency advocate and is comparative

Sholk ‘12

[Dena. “Private investment key to success of 'New Silk Road' after 2014” 4/25/12 <http://www.universalnewswires.com/centralasia/turkmenistan/viewstory.aspx?id=11883> //GBS-JV]

Improvements to regional transport infrastructure are welcome and should be continued. But physical infrastructure alone will not lead to a successful NSR development. The creation and development of institutions and a collective appreciation for the value of collective gains from policy integration and coordination are critical to the success of the plan.¶ “Once each country realizes that there is an alternative route to the one through its territory, and that if it wants to get in on all that continental transport brings it will have to be competitive. This is definitely happening, albeit slowly,” Chairman of the Central Asia-Caucasus Institute at The Johns Hopkins University, S. Frederick Starr, emphasizes.¶ It remains unclear whether Western firms will invest in the NSR region post-2014 without ISAF acting as “big daddy.” More apparent are the political incongruities between Central Asian regimes. To overcome the region’s challenging politics, firms and policymakers should focus on the development of transit corridors which will at least allow some form of investment inflows.¶ Still, convincing Central Asian regimes, particularly the security-obsessed leadership in Uzbekistan, to entertain a policy of freer transit corridors will be a long shot.

( ) Pakistan specifically screws the project

Tellis ‘10

[Senior associate in Carnegie’s South Asia Program (2010, Ashley, Carnegie Endowment for Peace, “IMPLEMENTING A REGIONAL APPROACH TO AFGHANISTAN,” <http://www.carnegieendowment.org/files/regional_approach.pdf>)

The discrepancy between Pakistani and American goals in Afghanistan continues in the realm of economics as well: while Washington has a strong interest in ensuring the viability of the fledging Afghan state by restoring it to its historical position as a trade and transit corridor between Central and South Asia, Pakistan’s fear of becoming merely an appendage in the process, mainly supporting the growth of other major powers such as India, has led it to obstruct all worthwhile proposals relating to the expansion of economic intercourse across the greater South Asian region.

Afghan instability doesn’t escalate

Finel 9 [Dr. Bernard I. Finel, an Atlantic Council contributing editor, is a senior fellow at the American Security Project, “Afghanistan is Irrelevant,” Apr 27 http://www.acus.org/new\_atlanticist/afghanistan-irrelevant]

It is now a deeply entrenched conventional wisdom that the decision to “abandon” Afghanistan after the Cold War was a tragic mistake. In the oft-told story, our “abandonment” led to civil war, state collapse, the rise of the Taliban, and inevitably terrorist attacks on American soil. This narrative is now reinforced by dire warnings about the risks to Pakistan from instability in Afghanistan. Taken all together, critics of the Afghan commitment now find themselves facing a nearly unshakable consensus in continuing and deepen our involvement in Afghanistan. The problem with the consensus is that virtually every part of it is wrong. Abandonment did not cause the collapse of the state. Failed states are not always a threat to U.S. national security. And Pakistan’s problems have little to do with the situation across the border.

First, the collapse of the Afghan state after the Soviet withdrawal had little to do with Western abandonment. Afghanistan has always been beset by powerful centrifugal forces. The country is poor, the terrain rough, the population divided into several ethnic groups. Because of this, the country has rarely been unified even nominally and has never really had a strong central government. The dominant historical political system in Afghan is warlordism. This is not a consequence of Western involvement or lack thereof. It is a function of geography, economics, and demography.

Second, there is no straight-line between state failure and threats to the United States. Indeed, the problem with Afghanistan was not that it failed but rather that it “unfailed” and becameruled by the Taliban. Congo/Zaire is a failed state. Somalia is a failed state. There are many parts of the globe that are essentially ungoverned. Clearly criminality, human rights abuses, and other global ills flourish in these spaces. But the notion that any and all ungoverned space represents a core national security threat to the United States is simply unsustainable.

Third, the problem was the Taliban regime was not that it existed. It was that it was allowed to fester without any significant response or intervention. We largely sought to ignore the regime — refusing to recognize it despite its control of 90% of Afghan territory. Aside from occasional tut-tutting about human rights violations and destruction of cultural sites, the only real interaction the United States sought with the regime was in trying to control drugs. Counter-drug initiatives are not a sound foundation for a productive relationship for reasons too numerous to enumerate here. Had we recognized the Taliban and sought to engage the regime, it is possible that we could have managed to communicate red lines to them over a period of years. Their failure to turn over bin Laden immediately after 9/11 does not necessarily imply an absolute inability to drive a wedge between the Taliban and al Qaeda over time.

Fourth, we are now told that defeating the Taliban in Afghanistan is imperative in order to help stabilize Pakistan. But, most observers seem to think that Pakistan is in worse shape now — with the Taliban out of power and American forces in Afghanistan — than it was when the Taliban was dominant in Afghanistan. For five years from 1996 to 2001, the Taliban ruled Afghanistan and the Islamist threat to Pakistan then was unquestionably lower. This is not surprising actually. Insurgencies are at their most dangerous — in terms of threat of contagion — when they are fighting for power. The number of insurgencies that actually manage to sponsor insurgencies elsewhere after taking power is surprising low. The domino theory is as dubious in the case of Islamist movements as it was in the case of Communist expansion.

There is a notion that “everything changed on 9/11.” We are backing away as a nation from that concept in the case of torture. Perhaps we should also come to realize that our pre-9/11 assessment of the strategic value and importance of Afghanistan was closer to the mark that our current obsession with it. We clearly made some mistakes in dealing with the Taliban regime. But addressing those mistakes through better intelligence, use of special forces raids, and, yes, diplomacy is likely a better solution than trying to build and sustain a reliable, pro-Western government in Kabul with control over the entire country.

Regional cooperation will prevent escalation

Innocent and Carpenter 09 – foreign policy analyst at Cato who focuses on Afghanistan and Pakistan AND \*\*vice president for defense and foreign policy studies at Cato (Malou and Ted, “Escaping the Graveyard of Empires: A Strategy to Exit Afghanistan,” http://www.cato.org/pubs/wtpapers/escaping-graveyard-empires-strategy-exit-afghanistan.pdf)

Additionally, regional stakeholders, especially Russia and Iran, have an interest in a stable Afghanistan. Both countries possess the capacity to facilitate development in the country and may even be willing to assist Western forces. In July, leaders in Moscow allowed the United States to use Russian airspace to transport troops and lethal military equipment into Afghanistan. Yet another relevant regional player is the Collective Security Treaty Organization, made up of Russia, Kazakhstan, Tajikistan, Kyrgyzstan, Uzbekistan, Armenia, and Belarus. At the moment, CSTO appears amenable to forging a security partnership with NATO. CSTO secretary general Nikolai Bordyuzha told journalists in March 2009 of his bloc’s intention to cooperate. “The united position of the CSTO is that we should give every kind of aid to the anti-terror coalition operating in Afghanistan. . . . The interests of NATO and the CSTO countries regarding Afghanistan conform unequivocally.”83

Mutual interests between Western forces and Afghanistan’s surrounding neighbors can converge on issues of transnational terrorism, the Caspian and Central Asia region’s abundant energy resources, cross-border organized crime, and weapons smuggling. Enhanced cooperation alone will not stabilize Afghanistan, but engaging stakeholders may lead to tighter regional security.

cooperate

Collins and Wohlforth, 4 - \*professor of political science at Notre Dame AND \*\*professor of government at Dartmouth (Kathleen and William, “Defying ‘Great Game’ Expectations, Strategic Asia 2003-2004, <http://www.dartmouth.edu/~govt/docs/15-Central%20Asia-press.pdf>)

While cautious realism must remain the watchword concerning an impoverished and potentially unstable region comprised of fragile and authoritarian states, our analysis yields at least conditional and relative optimism. Given the confluence of their chief strategic interests, the major powers are in a better position to serve as a stabilizing force than analogies to the Great Game or the Cold War would suggest. It is important to stress that the region’s response to the profoundly destabilizing shock of coordinated terror attacks was increased cooperation between local governments and China and Russia, and—multipolar rhetoric notwithstanding—between both of them and the United States. If this trend is nurtured and if the initial signals about potential SCO-CSTO-NATO cooperation are pursued, another destabilizing shock might generate more rather than less cooperation among the major powers.

Uzbekistan, Kyrgyzstan, Tajikistan, and Kazakhstan are clearly on a trajectory that portends longer-term cooperation with each of the great powers. As military and economic security interests become more entwined, there are sound reasons to conclude that “great game” politics will not shape Central Asia’s future in the same competitive and destabilizing way as they have controlled its past. To the contrary, mutual interests in Central Asia may reinforce the broader positive developments in the great powers’ relations that have taken place since September 11, as well as reinforce regional and domestic stability in Central Asia.

China

No china war – four reasons

Rosecrance et al 10 (Richard, Political Science Professor @ Cal and Senior Fellow @ Harvard’s Belfer Center and Former Director @ Burkle Center of IR @ UCLA, and Jia Qingguo, PhD Cornell, Professor and Associate Dean of School of International Studies @ Peking University, “Delicately Poised: Are China and the US Heading for Conflict?” Global Asia 4.4, http://www.globalasia.org/l.php?c=e251,)

Will China and the US Go to War? If one accepts the previous analysis, the answer is “no,” or at least not likely. Why? First, despite its revolutionary past, China has gradually accepted the US-led world order and become a status quo power. It has joined most of the important inter-governmental international organizations.

It has subscribed to most of the important international laws and regimes. It has not only accepted the current world order, it has become a strong supporter and defender of it. China has repeatedly argued that the authority of the United Nations and international law should be respected in the handling of international security crises. China has become an ardent advocate of multilateralism in managing international problems. And China has repeatedly defended the principle of free trade in the global effort to fight the current economic crisis, despite efforts by some countries, including the US, to resort to protectionism. To be sure, there are some aspects of the US world order that China does not like and wants to reform. However, it wishes to improve that world order rather than to destroy it. Second, China has clearly rejected the option of territorial expansion. It argues that territorial expansion is both immoral and counterproductive: immoral because it is imperialistic and counterproductive because it does not advance one’s interests. China’s behavior shows that instead of trying to expand its territories, it has been trying to settle its border disputes through negotiation. Through persistent efforts, China has concluded quite a number of border agreements in recent years. As a result, most of its land borders are now clearly drawn and marked under agreements with its neighbors. In addition, China is engaging in negotiations to resolve its remaining border disputes and making arrangements for peaceful settlement of disputed islands and territorial waters. Finally, even on the question of Taiwan, which China believes is an indisputable part of its territory, it has adopted a policy of peaceful reunification. A country that handles territorial issues in such a manner is by no means expansionist. Third, China has relied on trade and investment for national welfare and prestige, instead of military conquest. And like the US, Japan and Germany, China has been very successful in this regard. In fact, so successful that it really sees no other option than to continue on this path to prosperity. Finally, after years of reforms, China increasingly finds itself sharing certain basic values with the US, such as a commitment to the free market, rule of law, human rights and democracy. Of course, there are still significant differences in terms of how China understands and practices these values. However, at a conceptual level, Beijing agrees that these are good values that it should strive to realize in practice. A Different World It is also important to note that certain changes in international relations since the end of World War II have made the peaceful rise of a great power more likely. To begin with, the emergence of nuclear weapons has drastically reduced the usefulness of war as a way to settle great power rivalry. By now, all great powers either have nuclear weapons or are under a nuclear umbrella. If the objective of great power rivalry is to enhance one’s interests or prestige, the sheer destructiveness of nuclear weapons means that these goals can no longer be achieved through military confrontation. Under these circumstances, countries have to find other ways to accommodate each other — something that China and the US have been doing and are likely to continue to do. Also, globalization has made it easier for great powers to increase their national welfare and prestige through international trade and investment rather than territorial expansion. In conducting its foreign relations, the US relied more on trade and investment than territorial expansion during its rise, while Japan and Germany relied almost exclusively on international trade and investment. China, too, has found that its interests are best served by adopting the same approach. Finally, the development of relative pacifism in the industrialized world, and indeed throughout the world since World War II, has discouraged any country from engaging in territorial expansion. There is less and less popular support for using force to address even legitimate concerns on the part of nation states. Against this background, efforts to engage in territorial expansion are likely to rally international resistance and condemnation. Given all this, is the rise of China likely to lead to territorial expansion and war with the US? The answer is no.

Rare earth supply is increasing from US and Australian mines and China won’t restrict exports

REUTERS 9-16-2012 (Analysis: Rare earth prices to erode on fresh supply, China, http://www.reuters.com/article/2012/09/19/us-rareearths-outlook-idUSBRE88I0O020120919)

Prices of rare earth elements, which tumbled after a speculative bubble burst last year, are likely to erode further as new supplies hit the market and exports edge higher from dominant producer China due to weak demand at home.

Prices of the 17 elements used in technologies such as smartphones and hybrid cars soared last year by hundreds of percent after China clamped down on exports. Hot money flowed into an illiquid sector but later departed, causing a crash.

Lanthanum, used in rechargeable batteries for hybrid autos and in night-vision goggles, rocketed 26-fold from $5.15 a kg in January 2010 to a peak of $140 in June 2011. Although it has slid to $20.50, the price is still well above earlier lows.

The market has steadied in recent months, but new output from U.S. Molycorp (MCP.N) and Australia's Lynas Corp (LYC.AX) is likely to pressure prices, especially those of "light" rare earths which are not as scarce as their "heavy" cousins.

Weaker economic growth in China is also weighing on the market since the world's second largest economy not only produces over 90 percent of global rare earths, but is the biggest consumer of the materials.

"Prices will continue to drop so long as Chinese GDP continues to face downward pressures on the manufacturing side," said Michael Silver, chief executive of American Elements, which buys rare earths from China.

China's slowdown - rather than a trade complaint filed by Western nations - is expected to prompt some relaxation of Beijing's tough export controls, Silver added.