

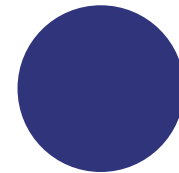
Agenda

April 15, 2024

- Video : Sino-American Rivalry
- Chinese “Art of War” : Sun Tzu
- China and US : Cybersecurity
- Negotiating cooperation
- Round Table Questions/Discussion



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The Art of War and China's Foreign Policy

China has implemented a wide-ranging strategy of economic outreach and expansion of all its national capacities, including military , technology and diplomatic capacities.

The Art of War by Sun Tzu, has been applied to many fields well outside of the military. Much of the text is about how to fight wars without actually having to do battle

All warfare is based on deception. When we are near, we must make the enemy believe we are far away; when far away, we must make him believe we are near.

The art of war teaches us to rely **not on the likelihood of the enemy's not coming, but on our own readiness to receive him**; not on the chance of his not attacking, but rather on the fact that we have made our position unassailable.

If he is secure at all points, be prepared for him.

If your opponent is of choleric temper, seek to irritate him

If his forces are united, separate them.



Highlights

The State of Play in Beijing: Sun Tzu: All warfare is based on deception

Domestic Policy

Xi: “Great rejuvenation of the Chinese Nation”. Sound familiar?

- Seen domestically as tough on the US
- Focused and **succeeded** on getting power at home
- Externally keeps the US / China relations on an even keel.

Foreign Policy:

- **Xi** is in charge, he has **no term limits**
- Major modernization and reorganization of the military
- **Chinese Vice Minister of Foreign affairs:** The American Century is over: Reconfiguration of the global power balance, other nations are gaining year by year.
- **Peoples Daily:** Bizarre soap opera, US foreign policy is in total disarray and world regard for the US has plummeted. China cannot afford to play such political games
- **Tik Tok**
- **Huawei Technologies**



Highlights (continued)

Foreign Policy (cont.):

- **Sun Tzu: The art of war teaches us to rely not on the likelihood of the enemy's not coming, but on our own readiness to receive him.**
- China expanding ASEAN influence and has asserted sovereignty over South China Sea, Tibet, Indo Himalaya borders , and the Indian Ocean.
- Mercantilism, military-civil fusion (MCF) and military buildup
 - MCF includes quantum computing, big data, semiconductors, aerospace and AI
 - Much more than plastic toys, shoes and cheap fashion knockoffs
- China has the most miraculous economic transformation in history
- AMTV or **American Multimedia Television's** (CCTV) "American reporter"



Larry Ellison: Time to hand cybersecurity over to computers.



- Nearly all cyber attacks and digital data thefts begin with human error.
- Can be prevented by autonomous cloud computer systems which leverages machine learning.
- Difficult to attack because they don't allow humans to configure them, relaying instead on data bases and operating systems that automatically configure themselves (patch, tune, back up, upgrade itself).
- Need to eliminate Passwords and replaced by Passcodes which are computer generated ("hash") and constantly change.

China allows Crypto to Sidestep Sanctions



The world largest “stablecoin” currency, the Tether (USDT), is distributed by Tether Holdings, British Virgin Islands, to customers in exchange for dollars, which is mostly invested in US Treasuries.

Stablecoin transactions are estimated > \$ 10 trillion in 2023, not far of what VISA processed.

Russian smugglers use Tether for buying “dual use” parts from China. Example Kalashnikov buying parts for their drones from Hong Kong supplier Kynix Semiconductor.

US Treasury Department tries to block stablecoins. Needs Congress legislation and approval.

To win without fighting is best (Sun Tzu)

- **On the use of Spies, there are 5 kinds of spy:**

- The local spy, hired from among the local people.
- The inside spy, hired from among enemy officials.
- The reverse spy, hired from among enemy spies.
- The dead spy, transmits false intelligence to enemy spies.
- The living spy comes back to report.
- NO MATTER IS MORE SECRET THAN ESPIONAGE.
- NO ONE IS GIVEN REWARDS AS RICH AS THOSE GIVEN TO SPIES.



China's plans for deep sea mining.



1. Global Preeminence:

- China's President **Xi Jinping** aims for global leadership.
- By securing access to deep-sea minerals, China solidifies its position in tapping **nickel, copper, cobalt, manganese, zinc, silver, and gold reserves**.
- Their influence at the **International Seabed Authority (ISA)** allows them to shape international rules in their favor¹².

Negotiating Cooperation

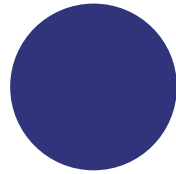
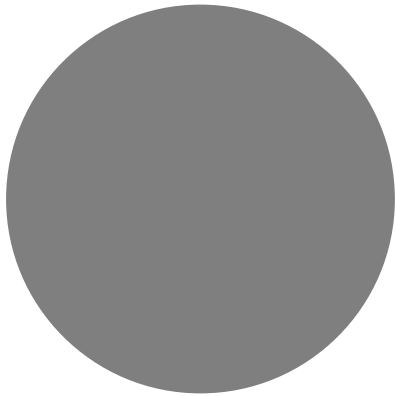
- **Sun Tzu: Therefore the skillful leader subdues the enemy's troops without any fighting**
- Multilateral (multicountry) Or Bilateral (country by country) trade agreements: which one will work?
- What tools do we need to develop so that we are more effective in economic engagement?
- **Cyber Security:**
 - Do we strengthen our technology relationship with our allies Japan/S/Korea/Philippines/Thailand and Australia
 - What will be our cyber security strategy?
 - Or do we work with Beijing and others gradually to develop technology security structures that include both powers.
- Each of these have ramifications
- The US is not in a position to **dictate cooperation**....cooperation **needs to be negotiated**.



Questions from Book

- Is China a national security threat or a business opportunity?
 - What policies might Washington adopt to address this circumstance?
 - If China is a national security threat, should the US denial strategy attempt to slow China's overall economic development, or just its military development?
 - If China is a national security threat and a technology denial strategy, how can US obtain better compliance from its business sector?
- Should US investors and fund managers be prohibited from buying and owning Chinese defense companies?
- Is the US in a new cold war with China? Is it in a technology cold war?
 - Can Tariffs and sanctions prevent China from becoming THE global technology leader





Thank You
