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# The Global South responds to China's desire to be its leader by imposing customs barriers



China has found an alternative for growing exports of its products in developing economies, given that developed Western markets have been putting up even bigger barriers on cheaper Chinese products.

However, large developing economies have also been raising barriers, as increased imports from China pose a serious threat to their producers and result in the loss of thousands of jobs.

A portion of the world that China considers as its key economic and political partners presents Beijing with a double problem with these barriers.

First, it reduces the options for a strategy to reduce unsustainably large domestic stockpiles that are suffocating industry due to reduced demand through increased and state-supported exports.

Second, and even more worrying for Beijing, it raises the question of the overall influence on the Global South, of which China wants to become a leader.

## The US dictates the trend

In early September, Joe Biden's administration should announce decisions on import tariffs on Chinese products, which will provide important guidance to other economies on how to deal with China's growing industrial exports.

Last May, President Biden announced a large increase in tariffs on many Chinese products—50% on imports of semiconductors and solar panels, 25% on lithium batteries, and even 100% on imports of electric vehicles.

However, groups of American manufacturers have since put **pressure** on the administration, demanding milder tariff increases or complete bypasses for specific industrial equipment not made in the US.

As a result, the White House is not facing an effortless decision, because whatever the

decision, it will affect Kamala Harris' prospects in the continuation of the presidential campaign.

If the promised increase in tariffs is lower than announced, the Democrats will be under fire for softening their attitude towards China. Otherwise, it will cause resentment from a part of the industry that does not want to increase its costs and is willing to continue importing cheaper Chinese components.

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However, both the US and the developed EU economies have taken a big step into the terrain of customs blockades in response to China's export offensive, and in this respect, things will not change soon.

The planners in Beijing understand this completely, and their alternative strategy of forcing exports to developing economies makes sense. However, even those plans may soon prove insufficient, leaving Beijing with no effective options to ease the burden of its stifling industry's massive stockpiles.

## Tariffs and anti-dumping investigations

Indonesia, one of China's biggest economic partners in Southeast Asia, is under **pressure** from protests by industrial workers, whose jobs have been suffering because of huge and cheap imports from China.

The Confederation of Indonesian Workers' Unions announced that by July, as a direct result of increased imports from China, close to 15,000 workers in the textile industry had lost their jobs, with the number of layoffs trending up to 50,000.

As a result, the government has announced a

drastic increase in anti-dumping tariffs on Chinese products by 100–200%, primarily for those products whose domestic production it wants to protect—textiles, footwear, electronics, and ceramics.

### Turkey and India have launched anti-dumping investigations in connection with cheap Chinese steel exports

South Africa, a BRICS partner, has recently imposed tariffs of 10% on solar panels and equipment imports from China, while Chile has raised barriers of 25–34% on steel imports from China to safeguard its domestic industry, which is struggling due to cheap and state-supported imports from China.

Turkey and India have launched anti-dumping investigations in connection with cheap Chinese steel exports, which have escalated recently, causing "growing concern" for one of the world's largest producers, Tata Steel.

In the past year, Argentina, Brazil, Vietnam, and the EU have launched similar investigations to determine violations of free competition related to the export of electric vehicles.

During the same period, the developed economies of the EU, the US, and Canada, as well as the developing ones of Brazil, Indonesia, Mexico, and Turkey, introduced new tariffs on imports from China.

## Beijing's response

The resistance of China's "friends" from the Global South mainly refers to high-value-added products from China, but they come from the same sectors on which Beijing is building its new strategy of global economic influence.

This can cause great dissatisfaction in Beijing because the trend of introducing tariffs by developing economies threatens not only

China's effort to get rid of huge stocks of industrial products but also the long-term strategy of new penetration into the global market through high-tech products, EVs, batteries, semiconductors, and equipment for the production of green energy.



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For instance, China has already threatened to review its assistance to Indonesia's tourism development if it imposes excessive import barriers.

Developing economies in the Global South will understandably continue to protect their own producers from the flood of cheap Chinese exports, with little option but to impose tariff barriers.

These "small customs wars" against China make meaningless its ambition to mobilise the Global South in order to redefine the global political and economic model.