

Report on Supply Chain Compliance Volume 3, Number 16. August 20, 2020

Sino-US conflict threatens Balkanization

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The most recent developments in the ongoing political and economic conflicts between China and the United States point toward a possible decoupling of the two largest economies in the world.^[1]

The decoupling involves the critical economic hub of Hong Kong—a major trading partner with the U.S. as well as a gateway for trade with mainland China—and the internet. China has long kept its domestic internet under strict control by banning applications such as Facebook, WhatsApp and others, but the recent moves by the U.S. to follow suit pose difficult questions for data exchange, the app economy and the possibility of a fractured internet.^[2]

The administration of President Donald Trump took several actions in the first weeks of August that furthered the general aims of the China Initiative,^[3] announced in 2018.

One of the actions was actually announced^[4] on July 31, when the U.S. Department of the Treasury's Office of Foreign Assets Control placed sanctions on "the Xinjiang Production and Construction Corps (XPCC), Sun Jinlong, a former Political Commissar of the XPCC, and Peng Jiarui, the Deputy Party Secretary and Commander of the XPCC." The designation was placed pursuant to the Global Magnitsky Human Rights Executive Order, which allows for sanctions against entities and individuals for alleged violations of human rights. The Uighur minority in the northwest Chinese region of Xinjiang are allegedly the victims of human trafficking and other human rights violations^[5].

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