

How will situation evolve after Israel-Iran tit-for-tat?

By Ai Jun

Condemnation against Iran has been overwhelming in Western media since Saturday night, after Iran launched an attack on Israel in retaliation for an April 1 deadly Israeli strike on an Iranian embassy. Social media is abuzz with predictions of an imminent all-out war. Many Chinese experts, however, believe that this round of crisis is almost coming to an end.

The majority of Western media write-ups and Western officials' public statements touch upon the news as if the embassy strike didn't happen. Take US Defense Secretary Lloyd Austin, who called Iran's assault "unprecedented," claiming "we condemn these reckless and unprecedented attacks by Iran... We will not hesitate to act to protect our forces and support the defense of Israel."

More Western officials have been talking about defending Israel and its right to defend itself, while downplaying the fact that Israel's cross-border bombing of the Iranian embassy was a wrong and provocative move to begin with. Iran's reaction did not happen out of the blue.

Observers view Iran's action as restrained. US intelligence knew in advance that Iran could strike, with an Iranian official as the source. In other words, Iran hinted to the US about the strike beforehand.

On Sunday, the US announced that American forces helped Israel down "nearly all" of the drones and missiles fired by Iran. An Israeli army spokesman said on the same day that Iranian strikes caused "minor damage" to an Israeli base.

After the strike, Iran's Chief of Staff said, "our attack is over and we do not wish to continue it, but we will respond forcefully if Israel targets our interests. Our response will be greater than last night if Israel takes action."

Experts noted that if Iran were to desire to engage in war, its counterstrike should be unexpected, catching Israel off guard, and it should have been larger in scale, and occurred sooner in timing with severer consequence than "minor damage."

Israel is having a bunch of headaches now – being surrounded by enemies, the ongoing conflict with Palestine, growing domestic anti-war sentiments and calls for early elections. "Israeli Prime Minister Benjamin Netanyahu's political fate is tied to this conflict. Under pressure, he is trying to prolong and escalate the war, dragging Iran and the US into the mess. However, Iran's response indicates that Teheran is not taking the bait," Ding Long, a professor with the Middle East Studies Institute of Shanghai International Studies University, told the Global Times.

Nor does the US want to be trapped into joining the fight. Out of political correctness, US President Joe Biden condemned Iran after the strike. But at the same time, reports show that Biden told Netanyahu during a call on Saturday that the US won't support any Israeli counterattack against Iran.

Washington has been trying to reach a strategic shift to the Asia-Pacific region. The current situation in the Middle East obviously requires the US to invest more attention and resources in the region. This is apparently contrary to the US' macro strategy. Not to mention the US cannot afford another conflict in the Middle East, especially in an election year.

If Israel would not retaliate, or retaliate but in a controllable range, this sudden crisis can be settled soon, with Israel not having suffered major losses, demonstrating its defensive capabilities and Iran having vented its anger, showing the world its attacking power.

But who knows. The biggest nightmare in the Middle East is that peace is always immensely difficult to reach, and war is always terribly easy to occur.

Fortunately, observers sensed a positive change in the midst of crises.

With the decline of the US hegemon, its unconditional support for Israel is shrinking. Just forces are rising across the globe at the same time. The US and

Israel are no longer the only ones who have a say on the Gaza puzzle.

In March, the UN Security Council voted to adopt a resolution demanding an immediate humanitarian cease-fire in Gaza, the US abstained after multiple vetoes. Washington did not necessarily want to abstain, but it had to consider the pressure from the international community, Li Weijian, a research fellow with the Institute for Foreign Policy Studies of the Shanghai Institutes for International Studies, told the Global Times.

Li said that in the past, it was generally believed that the Israel-Palestine issue was unsolvable, with Israel unwilling to compromise, the US standing behind Israel, and other Arab countries powerless. However, when Palestine applied to join the United Nations as a full member state, many countries expressed their support. Even some Western countries, including the US, are gradually realizing that the two-state solution, long emphasized by China, is the fundamental way to unlock the key.

The challenges ahead are substantial, and the road ahead is long. But at least a momentum of international consensus toward the Middle East turmoil is taking shape in the right direction.

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Overcapacity rhetoric fails to cover West's waning competitiveness

By Ou Shi

Recently, politicians in the US and Europe have been complaining about "overcapacity." Following US Treasury Secretary Janet Yellen, German Chancellor Olaf Scholz also raised the issue during his visit to China. Advanced economies are unanimously attributing the challenges facing their green industries to "artificially cheap clean tech exports" from China, which, as they claim, result from overcapacity.

While the US exports its produce in massive terms across the globe, it throws dirt on China for what it calls an overcapacity of clean tech goods. To be clear, the examination of overcapacity is never based on a single country's output or exports.

If it were, the US should be blamed as a major source of overcapacity for its production of more than 30 percent of the world's corn.

Meanwhile, whether or not data supports the overcapacity concern deserves a closer look. According to estimates by the International Energy Agency, by 2030, the world will need 45 million EVs, and the addition to installed PV capacity will reach 820 gigawatts, almost four times that of 2022. These targets are high and challeng-

ing considering the current level of global production. There is a gap in supply, not overcapacity.

Back home, China's mega-market requires a continuous supply, whether local or foreign. Last year, the domestic market consumed most of the EVs produced in China. With over 330 million cars running on Chinese roads, there are more than 20 million updates per year based on a 15-year refresh rate. Foreign cars are also popular. In 2023, the sales of German-made EVs in China increased by nearly 50 percent.

As for prices, Chinese EVs are significantly more expensive in foreign markets compared to the Chinese market. China's leading EV companies are not lowering prices in order to expand their business. The overcapacity accusation laid on China proves unfounded if excess production inevitably leads to lower prices.

The underlying cause of the "overcapacity" complaint from the West is actually a shift of competitiveness. The US and Europe once enjoyed "happy globalization," when they took almost all critical segments of

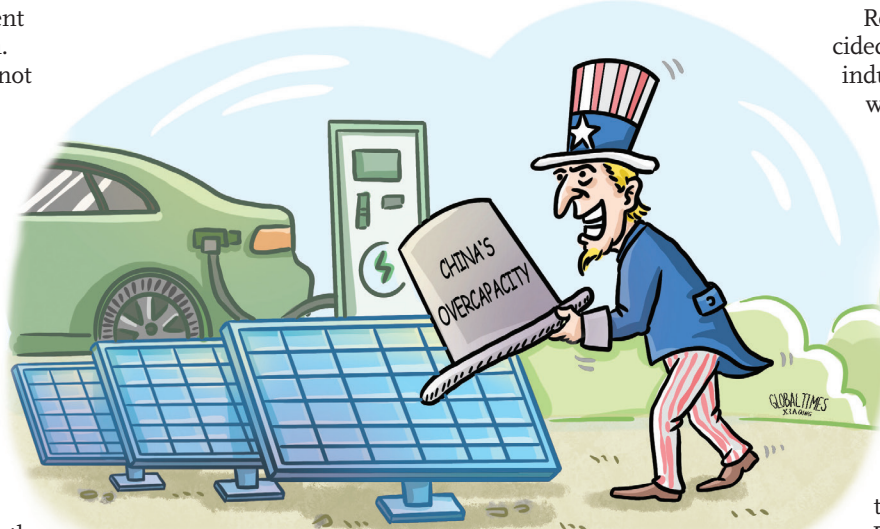


Illustration: Xia Qing/Global Times

the supply chain, making profits easily. When things begin to change, they are becoming concerned. As Bloomberg pointed out, it's not excess capacity that worries advanced economies, but rather the efficiency of Chinese companies.

So the real issue under discussion is competition. Competition, as a natural process of market economy and globalization, results in the division of labor under which countries leverage their own comparative advantages to allow the global economy to run in the most efficient way. One buys cheaper goods produced by others and sells things that

it can produce more cheaply. This is the standard economics of the West over the past 200 years, and now it is being challenged by wary Western governments.

To get ahead in the competition, companies need to make relentless efforts for innovation and efficient business ecosystems. Now that the Chinese government has scrapped all EV subsidies, those who stand out have all survived fierce competition. In 2023, BYD invested nearly 40 billion yuan (\$5.53 billion) in R&D, and Chinese engineers and workers are always known for their talent and hard work.

Regrettably, the EU has decided to punish innovation and industriousness. Within a few weeks, a series of investigations were announced, targeting companies from China. If the EU is serious about its climate ambition, it should thank China for contributing to green development with its affordable clean energy products. By blocking Chinese green tech products, the EU is turning its back on its own commitment to the green transition.

Division of labor is a natural outcome of economic globalization. All countries have their own place in a globalized economy. Instead of pinning the fake label of "overcapacity" on China, the US and Europe should stop looking for excuses for waning competitiveness, see things as they are, and get ready for fair competition.

After all, picking fault with others never makes one stronger.

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