US Relations With China Just Went Down The Tubes

Did we just witness the economic trigger event that will cause the dramatic stock market crash that we were just warned about?

On Friday, U.S. stock prices absolutely plummeted once President Trump announced that China's new rare earth export restrictions would be countered by "a massive increase" in tariffs on Chinese imports into the United States. If tariff rates go above 100 percent, many Chinese-made goods that are currently filling our stores will no longer travel across the Pacific at all. In addition, whatever does come over from China will cost a lot more. For example, you may have noticed that many things that were priced at $ at Dollar Tree are now priced at $ or $. Of course this is just the beginning. Once the new tariff rates on Chinese-made goods go into effect, we will see price shocks like we have never seen before.

The reason why President Trump feels compelled to hit China with "a massive increase" in tariff rates is because China has decided to implement extremely strict restrictions on rare earth exports.

Some of those restrictions have already taken effect, some will take effect on Nov. 8, but the most comprehensive restrictions will take effect on Dec. 1st.

It is being reported that companies will have to get approval from the Chinese government "to export items containing even small traces of Chinese rare earths"…

> *The rules require foreign companies to obtain special*

> *approval to export items containing even small traces of Chinese rare earths.*
>
> *The same applies if using Chinese processing, smelting, recycling, or magnet-making technology. Exports for military purposes are expected to be denied.*

The Chinese had to know that President Trump would be absolutely livid over this, and that is precisely what has happened.

On Friday, Trump posted an extremely long message about this crisis on his Truth Social account…

> *Some very strange things are happening in China! They are becoming very hostile, and sending letters to Countries throughout the World, that they want to impose Export Controls on each and every element of production having to do with Rare Earths, and virtually anything else they can think of, even if it's not manufactured in China. Nobody has ever seen anything like this but, essentially, it would "clog" the Markets, and make life difficult for virtually every Country in the World, especially for China. We have been contacted by other Countries who are extremely angry at this great Trade hostility, which came out of nowhere. Our relationship with China over the past six months has been a very good one, thereby making this move on Trade an even more surprising one. I have always felt that they've been lying in wait, and now, as usual, I have been proven right! There is no way that China should be allowed to hold the World "captive," but that seems to have been their plan for quite some time, starting with the "Magnets" and, other Elements that they have quietly amassed into somewhat of a Monopoly position, a rather sinister and hostile move, to say the least. But the U.S. has Monopoly positions also, much stronger and more far reaching than China's. I have just not chosen to use them, there was never a reason for me to do so – UNTIL NOW! The letter they*

> *sent is many pages long, and details, with great specificity, each and every Element that they want to withhold from other Nations. Things that were routine are no longer routine at all. I have not spoken to President Xi because there was no reason to do so. This was a real surprise, not only to me, but to all the Leaders of the Free World. I was to meet President Xi in two weeks, at APEC, in South Korea, but now there seems to be no reason to do so. The Chinese letters were especially inappropriate in that this was the Day that, after three thousand years of bedlam and fighting, there is PEACE IN THE MIDDLE EAST. I wonder if that timing was coincidental? Dependent on what China says about the hostile "order" that they have just put out, I will be forced, as President of the United States of America, to financially counter their move. For every Element that they have been able to monopolize, we have two. I never thought it would come to this but perhaps, as with all things, the time has come. Ultimately, though potentially painful, it will be a very good thing, in the end, for the . One of the Policies that we are calculating at this moment is a massive increase of Tariffs on Chinese products coming into the United States of America. There are many other countermeasures that are, likewise, under serious consideration. Thank you for your attention to this matter!*

It is certainly true that the Chinese essentially have a "monopoly position" when it comes to the rare earth industry…

> *China controls roughly 70 percent of the global supply of rare earth minerals and 90 percent of the processing of it, meaning it has huge it leverage over the high-tech supply chain.*

Rare earth metals are in our phones, they are in our televisions, and they are in our electric vehicles.

If you are planning to purchase anything that contains rare earth metals, I would get it now.

A lot of the pundits don't seem to understand why the Chinese are doing this, but the Chinese would argue that they are simply responding to recent moves by the United States.

For example, the U.S. just slapped sanctions on "about 100 individuals, entities and vessels" in China…

> *The U.S. imposed sanctions on about 100 individuals, entities and vessels, including a Chinese independent refinery and terminal, that helped Iran's oil and petrochemicals trade, the administration of President Donald Trump said on Thursday.*
>
> *The Treasury Department sanctioned the Shandong Jincheng Petrochemical Group, which it said is an independent teapot refinery in Shandong Province that has purchased millions of barrels of Iranian oil since 2023.*

In addition, extremely painful port fees will go into effect on Chinese-built cargo ships next week…

- Port fees on Chinese-made freight vessels are set to go into effect next week.
- The fees are a bid by the Trump administration to counter China's dominant position in freight ship manufacturing and spur a moribund U.S. shipbuilding industry.
- But confusion and fears are running high among ocean carriers now scrutinizing ship financing deals to determine if their vessels may be considered Chinese

entities based on terms.

This trade war never should have started.

But it did, and now here we are.

As a result of other restrictions that have recently been implemented by the U.S., thousands upon thousands of packages are now stuck at UPS distribution hubs all over the nation…

> *Thousands of packages shipped by UPS are trapped at hubs across the country, unable to clear the maze of new customs requirements imposed by the Trump administration.*
>
> *As packages flagged for customs issues pile up in UPS warehouses, the company told NBC News it has begun "disposing of" some shipments.*

Hopefully you don't have a package that has been caught in that web.

One expert says that he has "never seen anything like this before"…

> *Frustrated UPS customers describe waiting for weeks and trying to make sense of scores of conflicting tracking updates from the world's largest courier.*
>
> *"I've never seen anything like this before," Matthew Wasserbach, brokerage manager of Express Customs Clearance, said of the UPS backlog. "It's totally unprecedented."*

Nothing that I have discussed in this article is going to be good for our economy.

Global trade is starting to freeze up, and everyone is going to feel it.

Just look at what is happening to our farmers. They are experiencing the worst downturn in 50 years, and one of the main reasons for that is because the Chinese are not buying our soybeans…

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> *The ongoing trade dispute with China has created serious headwinds for American farmers, with soybean producers having lost access to the world's largest market for the commodity.*
>
> *China halted purchases of American soybeans this spring in retaliation for the Trump administration's tariffs, as a means of looking to gain leverage in trade talks by shifting its purchases away from U.S. producers to countries such as Brazil and Argentina. China is the world's leading importer of soybeans, bringing in 61% of the world's traded soybean supplies over the last five marketing years, according to data from the American Soybean Association (ASA).*
>
> *The group said the U.S. has historically served as a primary supplier for China, as American soybean farmers exported an average of 28% of their crop to China before the 2018 trade war. That figure dropped to a low of 11% in the 2018-19 crop year, but recovered during the pandemic, reaching 31% in 2020-21 before declining to 22% in 2023-24.*

Unless we see some sort of a miracle, the outlook for the months ahead is extremely dire.

I think that today's events helped a lot of people on Wall Street to realize this, because the Dow Jones Industrial Average was down 878 points and the Nasdaq was down 820 points.

Our relations with China just went down the tubes, and those that follow my work regularly understand why that is such an important development.

History has shown that trade wars have a way of becoming shooting wars.

So let us hope that cooler heads prevail, because right now we are on a path that will not lead anywhere good.

Michael's *new book entitled "10 Prophetic Events That Are Coming Next" is available in paperback and for the Kindle on , and you can subscribe to his Substack newsletter at .*