

carry out indirect attacks by pro-Iranian militias operating in Iraq, Yemen, Lebanon and Syria. The militias served as a cover for the attacks on Aramco and they still serve as a deterrent to any foreign aggressor. The potential fighting front could extend over a larger part of the region and would lead to further destabilisation.

Until the situation develops further, it should be assumed that the US allies, as well as Iran itself, will become the target of deterring actions (e.g. cyberattacks, sabotage, etc.). It can be expected that within one year, some attempts will be made to shift the simmering conflict into a continuous, irregular proxy war. It would allow Iran to potentially gain more time, as well as build a stronger negotiating position for the future.

## **Fuel Cell Electric Vehicles in China and Poland**

*Łukasz Sarek*

A growing number of cars is one of the important sources of pollution in Chinese cities. It also drives the rapid increase in demand for oil imports, decreasing China's energy security. These factors are pushing Beijing to look for alternatives. After electric batteries, hydrogen seems to have recently gained endorsement and support of the Chinese authorities. Fuel cell electric vehicles (FCEV) are being favoured over electric cars and their development has gained clear traction. China is the world's top producer of hydrogen. Currently 95 percent of the hydrogen is produced from the hydrocarbons either through gas reforming or coal gasification. Domestic solutions based on electrolysis are still lagging behind those used by the global leaders and wider use of the renewable energy resources is minimal. Despite this Beijing is currently pushing for a much greater share of "green hydrogen" to be produced with the use of solar or wind energy.

China is in the early stage of establishing a complex ecosystem for the mass manufacturing and adoption of FCEVs. The number of market players in this field is limited, however, and they are facing serious challenges. There are few refueling stations in China as of now and the network of hydrogen transportation and distribution is greatly underdeveloped.

FCEVs' development is supported by the administration at the central and local levels, however. Despite the state's growing engagement in the industry, China still lags in

localisation of the FCEV manufacturing chains. Key domestic vehicles manufacturers use mainly foreign components. Chinese companies seek ties and develop cooperation with foreign manufacturers to catch up in know-how and technology and to develop more advanced products and solutions.

Chinese authorities have adopted a different approach in the development of FCEVs than their Korean or Japanese counterparts. In the early stages of FCEVs development, Chinese administration and enterprises are focusing on trucks, buses and logistics vehicles and the relevant infrastructure, while adopting and cautiously moving the mass production and distribution of passenger cars to post-2020 phase. Chinese enterprises have become world leaders in commercial vehicles, especially in terms of sheer numbers of vehicles on roads. Poland is clearly behind China in terms of manufacturing chain development and value capturing. For now, however, it may be said that in both countries industry development is still in early stages. That Chinese enterprises will achieve success on this market and become its leaders is very likely, but not preordained.

As the electric car industry has matured and expanded, China became a global leader of this market. Hence, the PRC government has recently decided to scale down its subsidies and support for this industry. Beijing has instead switched its focus to development of hydrogen-powered vehicles. These constitute the next stage of the overall development of the Chinese automotive industry. Considering the dynamic expansion of the Chinese electric cars industry so far, the directions and actions undertaken by the Chinese administration to boost manufacturing and adoption of FCEVs should be closely watched. This segment can become the next game changer, as its electric predecessor has become. It is quite possible that in a couple of years Polish manufacturers of fuel cell vehicles will face highly challenging Chinese competition on the European turf.

### **The trade dispute between Japan and South Korea: causes and prospects**

Since July, Japan and the Republic of Korea (ROK) have been in a trade war. It started with growing tensions over the last year's ruling by the South Korean High Court, which stated that the Japanese companies should pay personal compensation to Korean forced labourers, who had to support Japan's arms industry during the Japanese occupation of