

The new international economic order

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India also shares concern about BRI along with the US, which thinks China may use BRI as a vehicle to extend its military presence in the geographies hitherto not touched upon such as Israel. (Representational image: Reuters)

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The global economic order of the day resonates a mercurial temperament frequently hitting the headlines, but geopolitics experts very skittishly avoid going to the depths of this debate. I am reminded of the Cold War—the continued discreet skirmish between the US and USSR; it ended with Glasnost and Perestroika, leading to eventual demise of the USSR. Though slightly hyperbolic, the term resonates again, now involving a superpower of the East.

The US-China trade conflict, which data shows may be hurting US exports more than China, could give a new direction to the emerging patterns in global geopolitics. Trade tensions have reignited commitments made by China towards its Belt and Road Initiative (BRI), which due to cost-related issues was facing bottlenecks in some host countries. Worth \$1 trillion, BRI includes various projects and intends to create economic corridors in Asia, Europe and East Africa. India also shares concern about BRI along with the US, which thinks China may use BRI as a vehicle to extend its military presence in the geographies hitherto not touched upon such as Israel. India may be right that the initiative of creating an analogy of BRI with the Silk Route is a strategic

move by China in the guise of economic development. Had it not been so, the Sri Lankan move to handing over Hambantota port to China on a 99-year lease would not have led to an explanation by the Sri Lankan PM about the usage of the port.

The Chinese President has never shied away from showing assertive ambitions. I am reminded of 'Balance of Power'—by David Hume in his Essay on the Balance of Power. Though it is difficult to say if the trade war raged by the US is an attempt to balance out the growing economic clout of China, there is a need for new strategic alliances to play down China.

On the economic front, the Asia-Africa Growth Corridor (AAGC) appears to have been thought of as a counter-initiative to balance the ambitious BRI. With almost similar economic objectives as BRI, and with Japan and India leading the way, AAGC looks more conciliatory in nature and more consultative in bringing out ideas and implementing them.

While China has been investing heavily for diplomatic, economic and military gains, India has also gained substantially as far as global opinion is concerned. While staying broadly non-aligned, India has been able to maintain good ties with developed as well as developing nations.

AAGC may turn out as a counter reply to BRI. It would connect Asia with Africa (an untapped market that presents exciting opportunities for trade and business). In the world order of today, the Cold War analogy may not hold true, but, going forward, increase in the share of economic gains, enhancing of trade benefits and grabbing of potential markets would drive the new global economic order.

(The author is AGM-Economist, SBI. Views are personal)

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