

# On the Way to Global Leadership: Recent Shifts in China's Geo-economic Power

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*Formally, regional or bilateral public institutions and instruments of business cooperation with China's crucial role (the Asian Infrastructure Investment Bank, the Regional Comprehensive Economic Partnership, the agreed bilateral investment pact with the EU, China's bilateral free trade agreements, etc.) have an ever-increasing global impact. That, against the backdrop of China's and other Confucian countries' undeniable successes in the fight against the coronavirus pandemic, has led to systemic shifts in the global leadership architecture and the political consciousness of the West. As a rising superpower, China effectively applies a network of institutional platforms for informal multilateral intergovernmental, primarily financial and economic, policy coordination at a global level. Given the EU and post-Brexit Britain's intensive efforts to adapt to China's growing global impact and the China-influenced institutional framework, the US' strategic concept of the Indo-Pacific for containing Beijing seems problematic to implement without multiplying the resource support of the concept.*

*Keywords: global leadership, China, AIIB, RCEP, the Indo-Pacific region*

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## Introduction

During the second decade of the 21<sup>st</sup> century, significant shifts were observed in the architecture of global governance, centers of global economic and financial power. These trends have only intensified in the context of the COVID-19 pandemic. For Ukraine, which in February 2019 constitutionally reaffirmed “the European identity of the Ukrainian people and the irreversibility of the European and Euro-Atlantic course of Ukraine” (Constitution of Ukraine, 2020) and still solves complex problems of overcoming the systemic crisis and entering the trajectory of economic modernization and sustainable development, the geopolitical and geo-economic changes in the above architecture are especially relevant. Of

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particular interest in this regard is the study of the dynamics of the “soft power” of the world’s leading actors in the context of current global challenges.

In fact, we are currently witnessing the shadow of a new global “Cold War” based, like the previous one, on the deep ideological and economic split between the two world superpowers – this time, the USA and China. Alarming trends in socio-cultural dynamics, in particular polarization and fragmentation of Western liberal society, have sharply exacerbated against the backdrop of the current economic collapse caused by the coronavirus pandemic, the fiasco of many national health systems, and riots in the United States and Western Europe associated with criticism of identity politics. The pandemic global political stress has testified that countries with weak state capacity and low levels of liquid reserves or poor leadership will be set for stagnation. To handle the crisis successfully, countries need effective government and adequate resources, a great deal of social consensus, and competent leaders who inspire trust.

We shall analyze the recent shifts in the global leadership architecture caused by China’s geo-economic and soft power efforts through the interdisciplinary approach. The author is a supporter, foremost, of qualitative analysis in the extraction of humanitarian knowledge, reflecting the importance of the category of quality and reflection in the cognition of society. Simultaneously, the qualitative reflexive analysis in our study will be properly reinforced and complemented by examining available statistics, empirical data, and their factual analysis.

## **Main Text**

Since the beginning of the 21<sup>st</sup> century, against the background of the weakening global role of the IMF and the World Bank, China’s financial and instrumental capabilities have increased significantly (Jacques, 2012: 480). However, opinions among scholars worldwide about the proper motivation and implications of China’s predominantly economic initiatives and projects of the macro-regional, transcontinental and global nature differ significantly as well.

For example, political scientists Eric Helleiner and Hongying Wang from the University of Waterloo in Canada consider that China seems to be trying both to challenge and strengthen the existing global economic order (Helleiner & Wang, 2018). Instead, according to sociologist Salvatore Babones (University of Sydney, Australia), political scientists John Åberg (Malmö University, Sweden) and Obert Hodzi (the University of Liverpool, Great Britain), the PRC’s role in global economic governance is primarily characterized by “Business as Usual” behavior, so that while representing a regional challenge to the historical role of Japan, the China model is not so revolutionary as many scholars and experts suppose (Babones, Åberg, & Hodzi, 2020). However, according to Singaporean political economist Hong Yu, China “is determined to reshape the world order rather than be shaped by the changing world” (Yu, 2017: 356).

*China’s recent geostrategic successes and major breakthroughs* in the context of global competition with the United States and, wider, with the West include:

### **1. The apparent gaining by the Asian Infrastructure Investment Bank (AIIB),<sup>1</sup> initiated, controlled and actually controlled by China, the character of a leading**

<sup>1</sup> The AIIB’s authorized capital amounts \$100 billion with almost \$30 billion invested by China. The latter collects 30.34% of stake and 26.06% of voting rights that makes China the largest shareholder and the crucial voter (capable to control any strategic decision) in the bank, followed by India, Russia, Germany, Australia, and South Korea. For comparison, even after the 2010-2015 vote-sharing reform, China has only 6.16% of the vote in the IMF (while the US with its share of 16.51% has the veto power), and in the Asian Development Bank (ADB) – 6.45% of the vote compared to Japan’s 15.62% and the US’ 15.51% both having the veto power.

**multilateral financial institution at the global level**, a real competitor to the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) in the struggle for global financial leadership. After the dynamic expansion during 2015-2016 of the bank's membership at the expense of leading Western states (except the United States and Japan), for 2017-2020 such influential countries in respective regions joined AIIB as Algeria (December 27, 2019), Belgium (January 10, 2019), Brazil (November 2, 2020), Canada (March 19, 2018), Hungary (June 16, 2017), Spain (December 15, 2017), Uruguay (April 28, 2020), and as regional members – Iran (January 16, 2017), Malaysia (May 27, 2017) and Bahrain (August 24, 2018), thus bringing the number of AIIB non-regional member states to 39, regional (from Asia and Oceania) members – to 46, the total number of full members – to 85, and with prospective members (among which, there are, in particular, Kuwait, Kenya, Morocco, Tunisia, South Africa, Argentina, Venezuela, Peru, Chile) – up to 103 (Asian Infrastructure Investment Bank, 2021).

It is characteristic that among AIIB's 84 governors, 67 are national heads of finance, central banks, or treasuries of their countries, 25 of whom combine responsibility for finance and economics (economic development) in national governments. However, it is noteworthy that governors from 12 AIIB member states are national ministers of economy and/or development, including those from Azerbaijan, Kazakhstan, Tajikistan, Uzbekistan, the United Arab Emirates, Pakistan, and some European donor countries: Denmark, Spain, Norway, Switzerland. A few states are represented at the board of governors by deputy prime ministers and assistants to the national president, including influential member states such as Germany, Russia, the Republic of Korea, and Singapore.<sup>2</sup> That reflects the perception of AIIB by many member states as a multilateral development bank and as a new institutional center for geostrategic decision-making as an institutional platform for informal multilateral intergovernmental coordination of financial and economic policies, especially with Beijing as a new global financial center.

Despite the ABII's membership of most major Western powers, China's leading role, diplomatic and geopolitical influence in this institution underscores the fact that no country that diplomatically recognizes Taiwan has gained membership in AIIB. Instead, Taiwan still has the status of a regional founding member of ADB, and the island states of Nauru, Palau, and Tuvalu, which have diplomatic relations with Taiwan, are the ADB regional members and have access to the bank's credit resources for development and infrastructure needs. Notably, however, the Solomon Islands and Kiribati, while remaining members of ADB, have recently switched their diplomatic relations from Taiwan to China. This indicates their probable intention to become ABII prospective members as well.

Meanwhile, in terms of share in the global GDP, 103 AIIB member countries (due to the absence of the United States and Japan) are still inferior to 68 ADB member countries (Cook, 2019).

**2. Founding on November 15, 2020, also at the initiative and under the actual leadership of China, within the framework of the Hanoi Regional Comprehensive Economic Partnership Agreement (further – RCEP), the world's largest free trade area** (2.2 billion people, or 30% of the world population, and the aggregated GDP of \$ 26.2 trillion in 2020) (Tani, 2020) with 10 ASEAN countries and their strategic economic partners – China, South Korea, Japan, Australia, and New Zealand. The agreement, signed as a result of 8 years

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<sup>2</sup> As of February 25, 2021.

of multilateral negotiations, will enter into force 60 days after ratification by at least 6 ASEAN signatory states and three non-ASEAN signatory states.

Beijing initiated RCEP in 2012 to counter another free trade area, the Trans-Pacific Partnership (TPP), which was then initiated and actively supported by US President Obama's administration and the US Democratic Party. From the very beginning, the TPP project excluded China as the main US geopolitical and geo-economic rival in the region. However, in January 2017, the newly elected US President Donald Trump withdrew his country from the TPP agreement. Since then, the RCEP project has become China's main tool for countering US efforts to curb the region's trade with Beijing.

It is expected that within 20 years after the agreement's entry into force, about 90% of import tariffs between the signatory countries will be abolished (Zhou, 2020). The RCEP introduces common rules for trade, e-commerce, and intellectual property. Uniform rules of origin will help facilitate international supply chains and reduce export costs within the new bloc.

The RCEP is the first multilateral free trade agreement to simultaneously embrace China, Japan, and the Republic of Korea, East Asia's most powerful economies. In the 21<sup>st</sup> century, these countries have repeatedly spoken of their intention to conclude a tripartite trade agreement. Still, the historical legacy of the colonial years and the unforgettable mutual insults have prevented its realization. For Tokyo, participation in the RCEP demonstrates a pragmatic effort to balance Japan's strong position in the security sphere (through the Indo-Pacific Strategy) with stable bilateral relations with China (Butyraska, 2020).

According to the latest forecast made at the Peterson Institute for International Economics (June 2020), which had taken into consideration India's non-participation in the RCEP, the latter would bring the biggest economic benefits to China, Japan and the Republic of Korea, and the largest economic losses – to the United States and India. For China, provided that a full-scale trade war between China and the United States is prevented, the probable revenues from its participation in the RCEP will reach \$ 85 billion by 2030, \$ 48 billion for Japan, and \$ 23 billion for the ROK. The RCEP will significantly stimulate the development of mutual trade between China, the ROK, and Japan. Thus, by concluding the agreement on RCEP, China and the ROK have repeatedly covered the potential losses of real national income from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) signed on March 8, 2018, without their participation (according to the Peterson Institute, respectively – \$ 10 billion and – \$ 3 billion) (Petri & Plummer, 2020: 11). In the absence of a global trade war between the United States and China, Japan and South Korea will gain the biggest effect of the RCEP among the participating countries in terms of real national income by 2030: the additional 1% increase per each country (Petri & Plummer, 2020: 11). This might explain the decision of both countries, being the closest allies of the United States, to join the RCEP dominated by China.

The US allies that participated in the drafting of the agreement, especially Japan, stressed the importance of India's participation in the RCEP to prevent the establishment of a macro-regional economic bloc under China's de facto hegemony (Tani, 2020). However, after participating in 28 of the 31 rounds of talks on November 4, 2019, during the expanded ASEAN summit in Bangkok, India withdrew from the RCEP, saying it did not shy away from openness to global competition in various sectors of international trade, but sought such a multilateral agreement which would be favorable to all participating countries and all trade sectors covered by such an agreement. In his speech at the Bangkok summit of the RCEP, the prime minister of

India, Narendra Modi, stressed that “the present form of the RCEP Agreement does not fully reflect the basic spirit and the agreed guiding principles of the RCEP. It also does not address satisfactorily India’s outstanding issues and concerns” (Mohan, 2019).

Thus, in India, the prevailing view turned up that the country had a negative balance of harms and benefits from participating in the RCEP, including the threat to the state’s ability to regulate domestic policies in the public interest through granting rights to large foreign, primarily Chinese, corporations as well as forced significant concessions in the areas of reduction of protectionist import tariffs and intellectual property rights. As a result, India has effectively cut itself off from integration processes in the Asia-Pacific region in fact.

India’s non-signing of the RCEP agreement could seriously jeopardize the implementation of the US strategic concept of the Indo-Pacific region friendly to American hegemony. At the same time, Japan, Australia, and New Zealand are lobbying in every possible way for the return of India, providing for a simplified procedure for its accession to the agreement, primarily to balance China’s influence within the RCEP. Ukrainian expert on East Asia, Natalia Butyrka emphasizes, “There is an assumption that India may instead join the competing Comprehensive and Progressive Trans-Pacific Partnership Agreement which the Trans-Pacific Partnership (TPP) was transformed into after the United States’s withdrawal in 2017, especially if the latter decides to rejoin the agreement” (Butyrka, 2020).

In general, the agreement covers four of Asia’s five largest economies (except India): China, Japan, Indonesia, and South Korea as a single free trade area, making it difficult for the United States to build an alliance within its concept of the Indo-Pacific macroregion to curb China’s economic, financial, and technological expansion (White House, 2021). Thus, the US East Asian allies, after signing the RCEP, are even less interested in confrontation, trade, or the Cold War with China. Accordingly, China is gaining even more effective institutional and economic levers to contain the United States in the Asia-Pacific region.

**3. Reaching an agreement at the China-EU highest political level on December 30, 2020**, after seven years of negotiations, in the conditions of a turbulent transit of power in the United States between the Trump and Biden administrations but without consulting any of them,<sup>3</sup> on *the bilateral investment pact, namely the China-EU Comprehensive Agreement on Investment*.

It is important to note that Germany, as the undisputed leader and main locomotive of the EU, during its presidency EU in the second half of 2020, made vigorous efforts to approve at the EU level the above-mentioned strategic investment agreement. Chancellor Angela Merkel personally worked actively with other EU leaders to ensure the adoption of the agreement, which the German government considers to be very profitable for the German industry (Fallon, 2021). Thus, reaching the agreement in principle on December 30, 2020, the penultimate day of the German presidency of the EU, should be seen as a significant strategic success not only for the Chinese but also for German diplomacy.

However, the China-EU investment agreement still needs approval by the European Parliament which may, as Ukrainian researcher Natalia Butyrka (2020) rightly points out, be

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<sup>3</sup> Despite the declared, on November 9, 2020, in his personal blog, shortly after the announcement of J. Biden’s victory in the US presidential elections, the EU’s foreign policy chief J. Borrell’s intention: “We can ... foresee an interest by the incoming Biden administration for close cooperation on China and the challenges it poses in terms of unfair trade practices, security and other issues where we both have concerns.” In its justification, Brussels referred to the fact that it had not been consulted by the Trump administration over US policy in Asia since 2017 (Hutt, 2020).

opposed by some European political forces due to what they consider to be the unsatisfactory human rights situation in China.

It can be argued that over the last decade, the EU has gradually come to a more favorable and understanding approach to China which has become the EU's second-largest trading partner after the USA and the largest importer of goods to the EU (22% of the EU's total imports in 2020 against the US' share of only 12%) (Eurostat, 2021). However, this does not mean that the EU is abandoning its approach to external relations from the standpoint of "regulatory force" (Huijskens et al., 2017: 2), promoting the observance and dissemination of a liberal system of values. However, the global financial crisis and the dynamic changes in the balance of power between the poles of world politics and geo-economy have forced the EU to soften its regulatory approach to China and its attitude to China's strategic economic, financial, and institutional initiatives. The qualitative shift towards a more pragmatic and less demanding ideological and value approach emerged since the Copenhagen 2009 EU summit. For now, the EU's "Chinese strategy" actively emphasizes the principles of "involvement" and "reciprocity" (Huijskens et al., 2017: 1).

The European Union's new international trade policy strategy adopted in February 2021 is based on the principle of "open strategic autonomy" of the EU. It emphasizes "the EU's ability to make its own choices and shape the world around it through leadership and engagement, reflecting its strategic interests and values" (The European Commission, 2021: 4).

At the same time, in response to sharp criticism from some influential European politicians of the Comprehensive Investment Agreement with China, the document contains a new emphasis on ensuring labor rights and the eradication of forced labor in the implementation of economic projects with EU partners, because the agreement is not so much about strict legal obligations but rather China's intentions in these areas (Riley, 2020).

In its quest "to rebalance the bilateral trade relationship," Brussels will focus on "ensuring that China takes up greater obligations in international trade, and dealing in parallel, with the negative spillovers caused by its state-capitalist economic system" (The European Commission, 2021: 9).

However, the strategy is rather complementary to China. Unlike China, it is noteworthy that its main text does not mention either Japan or the Republic of Korea – the West's key allies in the East Asian region. Equally noteworthy is the document's lack of a promise to Taiwan as a WTO member (contained in the European Commission's previous Trade for All strategy adopted in 2015) to conclude an investment agreement with it if such an agreement is agreed with China (Dreyer, 2021).

Thus, the new EU trade policy strategy is adaptive, fully takes into consideration the new realities of world trade and significant changes in the structure of global economic and financial leadership, including the rise of China as a world superpower, which is rapidly changing the geo-economic balance of power becoming not only a leading trading partner of the EU, but also, probably in the near future, a leading investor in the EU economy. Simultaneously, significant ideological differences between Brussels and Beijing in the strategy are muted, which clearly contrasts with the ideologically colored confrontational statements about trade with China by both the old and the new US administration (White House 2021; Pompeo, 2020).

It should be noted that the ideological, value and geopolitical approaches to relations with China have many supporters in the European Parliament. The quintessence of their views was recently expressed by the chair of the European Parliament's delegation for relations with China, a co-chair of the European Green Party Reinhard Bütikofer: "In a world where geopolitics leads

geo-economics, you cannot shape your trade policy under a geo-economics rationale alone” (Dreyer, 2021). All this makes prospects for the ratification of the Comprehensive Investment Agreement by the European Parliament far from cloudless, especially given the vigorous efforts by the Joe Biden administration to consolidate and coordinate the strategic policy course of the US and the EU towards China based on shared values of neoliberal globalism (Hutt, 2020). A heated debate on the agreement between the EU member states is also to be expected. What is more in the context of Beijing’s imposition in March 2021 of personal retaliatory sanctions against Bütikofer as a part of its diplomatic answer, soon after the European Union adopted a package of sanctions against China over “human rights abuses,” especially in China’s Xinjiang Uyghur Autonomous Region, – the first sanctions against Beijing since an EU arms embargo in 1989 following the Tiananmen Square crackdown. Bütikofer himself, who has actively supported Taiwan and anti-Beijing protests in Hong Kong and Xinjiang is characterized in the PRC’s pro-governmental media as an anti-China “vanguard,” “promoting the “China threat” theory” (Cao & Bay, 2021).

Simultaneously, it should be noted that practically no other country followed the United States through a “trade war” with Beijing (Hutt, 2020). By the beginning of 2021, China signed 19 free trade agreements with 26 countries and regions so that the country’s share of trade with free trade partners reached 35% of the PRC’s total foreign trade turnover. As stated by Wang Wentao, the newly appointed in December 2020 China’s Minister of Commerce, in 2021, China will “promote the construction of a new higher-level open economic system” (China’s Commerce Ministry, 2021).

It is noteworthy that Wang Wentao came to the top-level nomenclature from the aerospace sector of the national defense complex, where he had worked for 16 years. This suggests that the advancement of technocrats from the high-tech spheres of the military-industrial complex is an essential component of Chinese leader Xi Jinping’s modernization of the public administration system in the face of new challenges related to escalating trade disputes and, wider, a geostrategic collision between China and the USA. In this regard, the priority for the new minister will be to increase consumer demand and ensure the Chinese economy’s self-sufficiency in key technology areas under the US severe sanctions against certain Chinese companies, especially in the ICT sector. Achieving this goal will be crucial to China’s economic progress, including Xi’s ambitious goal of doubling the PRC’s gross domestic product by 2035. Wang is likely to be a key player in any trade talks with US President Joe Biden’s administration, including possible negotiations on a second-phase bilateral trade agreement.

### **Geo-economic implications of US policy for the Asia-Pacific region, East Asia in particular**

For Trump’s presidency, the United States has significantly lost its geo-economic position and leadership potential in the Asia-Pacific region, particularly in trade liberalization, investment environment, and economic integration. However, the role of East Asia in the world economy is of paramount importance. The region is characterized by a highly capacious market, significant trade-oriented development, a solid portfolio of preferential trade agreements, strong innovation potential, and GDP at the United States or the European Union level. East Asia is nowadays more dynamic than Europe or North America. Thus, “decoupling from it may well steer the United States onto a historic sidetrack” (Petri & Plummer, 2020: 2) that is happening in fact due to the US’ withdrawal in January 2017 from the Trans-Pacific Partnership

Agreement and the consolidation in November 2020 of almost all East Asian economies in the format of the RCEP multilateral preferential agreement without US participation.

Unlike Donald Trump, a staunch opponent of participation in international economic integration, Joe Biden admits the possibility of the US' returning to the Trans-Pacific Partnership agreement. However, he will have to overcome the resistance of American society, set up by his predecessor against the TPP under the pretext of the threat of job losses in the United States (Butyrka, 2020).

### **Geostrategic concept of the Indo-Pacific region: causality, state, and prospects**

In fact, with his impulsive decision in January 2017 to withdraw from the preferential agreement on the Trans-Pacific Partnership, Trump essentially gave the US' closest allies in the Asia-Pacific region into the "tight friendly hug" of China as a potential regional hegemon. At the same time, the positions of American exporters of wheat, beef, and many other products to the capacious markets of Japan and other APR countries have sharply weakened (Bevege, 2018; US farmers, 2018).

Under Trump's presidency, the United States has failed to sufficiently institutionalize and instrumentalize within its geostrategic concept of the Indo-Pacific region (IPR) the US-Japan-Australia-India four democracies format (Quadrilateral Security Dialogue, also known as the Quad) to contain China's military ambitions, trade and economic expansion, especially through exploiting the ASEAN countries, Japan, South Korea, India and Australia's fears about China's possible establishment of naval bases in the Indian Ocean, particularly in the Maldives,<sup>4</sup> as well as about Beijing's use of high-interest rates on its investment loans to Sri Lanka, Bangladesh, Myanmar, Pakistan, etc. that potentially threatens the debt security of those countries.<sup>5</sup> US efforts in this way to oppose the systemic implementation of China's "One Belt, One Road" (OBOR) strategic initiative by implementing long-term multi-purpose US strategic programs in the "free and open IPR" (primarily for East and Southeast Asia)<sup>6</sup> look rather like an attempt of point target reaction only, as the amount of the US respective funding is not comparable to the scale of OBOR (Morgan Stanley estimates that China's total spending on this megaproject by 2027 will amount to \$ 1.2-1.3 trillion) (Morgan Stanley, 2018).

Of particular interest from the viewpoint of the US strategy in the region is a recommendation made in 2018 by the Quadripartite Commission on the Indian Ocean Regional Security composed of representatives of the four brain centers designated respectively by the four Quad participating states: The Sasakawa Peace Foundation (Japan), Australian National University, Vivekananda International Foundation (India), and Sasakawa Peace Foundation

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<sup>4</sup> So far, China has only one naval base in Djibouti.

<sup>5</sup> Speaking at the Center for Strategic and International Studies (CSIS) in Washington in October 2017, US Secretary of State Rex Tillerson explicitly called China's policy a threat to the economic order in the Asia-Pacific region.

<sup>6</sup> Particularly, in July 2018, the United States allocated \$ 113 million for infrastructure development in the Indo-Pacific region. On November 13, 2018, at a meeting in Tokyo between US Vice President M. Pence and Japanese Prime Minister S. Abe, it was decided to create a joint fund of \$ 70 billion to invest in "quality infrastructure" projects for ITR countries. Also in November 2018, at the Asia-Pacific Economic Cooperation (APEC) summit, the United States announced the allocation of \$ 300 million to BIMSTEC (The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) that will allow the South and Southeast Asia countries to receive information from partners about shipping and possible threats in the region (Lebedeva, 2019).

USA. The Commission recommended that Japan and the United States consider participating in the Asian Infrastructure Investment Bank to promote implementing high standards in projects involving China and to develop, within the AIIB projects framework, their economic cooperation with other regional partners, including Australia and India (The Quadripartite Commission, 2018: 15). Under the incumbent US President Joe Biden, the above Quadrilateral Security Dialogue will undoubtedly be continued and intensified.

After the advent of the Biden administration, which professes the values and principles of neoliberal globalism and strives to steadily defend the US global hegemony, Washington has emphasized its geopolitical and geo-economic concept of the Indo-Pacific as a net structure of the US allies and strategic partners – primarily India, Japan, South Korea, Taiwan, Singapore, Australia, and New Zealand – to contain China as its main strategic rival's "hard" and "soft" power. As the new American leader stressed shortly after the inauguration in his keynote speech at the virtual meeting of the 2021 Munich Security Conference: "I believe in the global system Europe and the United States, together with our allies in the Indo-Pacific, worked so hard to build over the last 70 years" (White House, 2021).

However, given the above global geo-economic shifts and changes in the architecture of global economic and financial leadership, it is difficult to disagree with the opinion of a prominent South Korean political scientist Chung Min Lee: "Despite the resounding assurances that America is back – in a more recognizable way – Biden's presidency is unlikely to fundamentally alter the global balance of power in a way that will fully restore US supremacy" (Chung, 2021).

A large-scale public opinion poll (more than 15,000 respondents) conducted in late November – early December 2020 in 11 European Union countries by a German sociological company Datapraxis and the international research and data analytics group YouGov (headquartered in London) on behalf of the European Council on Foreign Relations, testified: most Europeans (68%) believe that China will become more powerful than the United States over the next 10 years. Moreover, they are skeptical of US efforts to curb China's rise. At the same time, Europeans prefer their countries to remain neutral in a possible US conflict with China or Russia. And the Europeans consider Germany, not the United States, to be their most important strategic partner (Krastev & Leonard, 2021).

On its part, the post-Brexit United Kingdom's government has officially declared in March 2021 its will "to adapt to China's growing impact on many aspects of our lives as it becomes more powerful in the world," especially to "invest in enhanced China-facing capabilities, through which we will develop a better understanding of China and its people," as well as the pragmatic determination to "continue to pursue a positive trade and investment relationship with China," even while reacting to the "systemic challenge that it poses to our security, prosperity and values" (HM Government, 2021: 22).

The unprecedented success of China and East Asian "dragons" in the fight against the coronavirus pandemic in 2020 proved the viability of rationalist Confucian models of social organization, which prefer community values, consensus, dialogue, a reasonable compromise, cooperation over the ego cult, zero-sum policy, the desire to resolve disputes with the "Other" by force, the imposition on the latter one's values and patterns of life.

## Conclusions

An important feature of Beijing's regional and geo-economic policy is a particular emphasis on the multilateral format of relations and normative regulation. After all, international negotiations in a multilateral format often have a better chance of success in addressing the acute challenges of modern development than bilateral formats. This is particularly true in Asia, where regional integration institutions have much greater potential for improvement than, for example, within the EU, which in recent years, especially after Brexit and the coronavirus pandemic challenges, has faced some "integration fatigue."

The AIIB, initiated and systemically controlled by China, is perceived by the many Member States not only as a multilateral development bank but also as a new institutional center for geostrategic decision-making, as an institutional platform for informal multilateral intergovernmental financial and economic policy coordination, as a new global financial center (Piliaiev, 2020).

In both the geopolitical and geo-economic contexts, the RCEP idea has been promoted by Beijing as an alternative to the Trans-Pacific Partnership in the context of the China-US struggle for influence in Asia-Pacific – the key region for global leadership in the 21<sup>st</sup> century. The RCEP agreement covers four of the five (excluding India) biggest Asian economies: China, Japan, Indonesia, and South Korea, making it problematical for the US to build, based on the latter's Indo-Pacific macro-region concept, an alliance to curb China's economic, financial, and technological expansion.

At the same time, despite ideological disputes and the recent exchange of limited sanctions between Brussels and Beijing, there is a geostrategic rebalancing of the EU's trade, economic, and investment policies to the Confucian East, which has demonstrated the powerful potential and high efficiency of its public, social and business management in the fight against the COVID-19 pandemic and remains the region of the world's highest socio-economic dynamics.

Since the Biden administration (which professes the values and principles of neoliberal globalism and seeks to unwaveringly defend the USA and West's hegemony in the process of globalization) came to power in the United States, Washington has been emphasizing its geopolitical and geo-economic concept of the Indo-Pacific region as a consolidated US-led network of allies and strategic partners – primarily India, Japan, South Korea, Taiwan, Singapore, Australia and New Zealand – to contain its main strategic rival China's "hard" and "soft" power.

At the same time, if a strategic agreement is reached between China and the United States, a cooperative ("a diarchy of global superpowers") scenario cannot be ruled out, although, at least in the short term, China's accession to the CPTPP or the US' accession to the RCEP seems unlikely to happen.

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