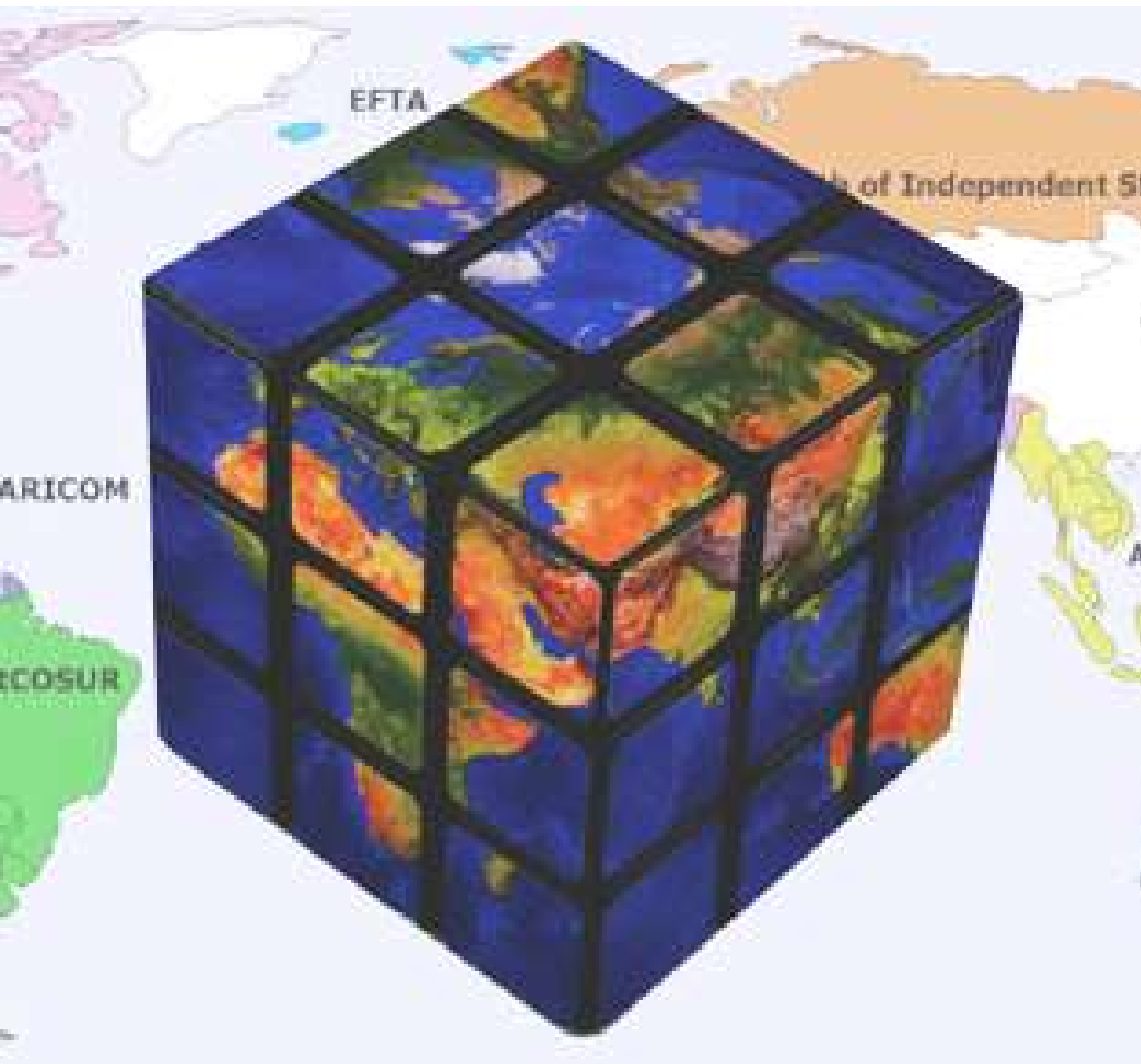


# Geoeconomics in the aftermath of the COVID-19 Pandemic: Trade and Development Perspectives from Bangladesh

The presentation consists of 30 slides, organized into a grid. The slides cover the following topics:

- Global trade under pressure:** Discusses the impact of COVID-19 on global trade and development perspectives from Bangladesh.
- The emerging geoeconomics order and Bangladesh's LDC graduation:** Focuses on Bangladesh's path to graduation from Least Developed Country (LDC) status.
- Decoupling of China & America:** Analyzes the economic relationship between China and the USA.
- China is the World's Manufacturing Superpower:** A slide with a bar chart showing China's manufacturing output.
- Geoeconomics: In search of a working definition:** Provides a conceptual framework for geoeconomics.
- U.S. foreign policy, Geoeconomics, and the WTO:** Examines the intersection of US policy, geoeconomics, and the World Trade Organization.
- Rise of China as the driver of the new Geoeconomic order:** A slide with a line graph showing China's economic growth.
- Asia will be the main centre of geoeconomics playground:** A slide with a world map highlighting Asia.
- Exports to the World: China and the U.S.:** A slide with two line graphs comparing exports between China and the US.
- WTO: Dispute Settlement Procedures:** A slide detailing the WTO's dispute resolution process.
- Trade disputes at the WTO: U.S. vs China:** A slide with a table of trade disputes between the US and China.
- How Geoeconomics can affect the multilateral trading system:** A slide discussing the impact of geoeconomics on trade systems.
- TPP did not materialize, but RCEP came to fruition:** A slide comparing the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP).
- How will the Biden Administration deal with the issues?:** A slide discussing the Biden administration's approach to trade and geoeconomics.
- Bangladesh: LDC graduation and Unfolding Geoeconomics landscape:** A slide with a bar chart showing Bangladesh's economic progress.
- Exploring opportunities in Geoeconomic minefields:** A slide with a globe highlighting potential economic opportunities.
- 3 plus 1 geoeconomic powers:** A slide with a map showing the US, EU, China, and India.
- Rise of geoeconomics can be a double-edged sword:** A slide with a globe and the text 'FTA' (Free Trade Agreement).
- Geoeconomics minefields:** A slide with a globe and text discussing economic challenges.
- Policy Implications:** A slide with a globe and text discussing the policy implications of geoeconomics.
- Thank you.**: A final slide with a globe and the text 'Thank you.'

Presentation by:  
**Dr Abdur Razzaque**  
[m.a.razzaque@gmail.com](mailto:m.a.razzaque@gmail.com)  
 6 September 2021



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# Geoeconomics in the aftermath of the COVID-19 Pandemic: Trade and Development Perspectives from Bangladesh

Presentation by:

**Abdur Razzaque**

FES-RAPID Expert Group Webinar

5 September 2021

# Global trade under pressure

## 2021 global chip shortage

- Covid-19 pandemic
- US-China trade war
- Taiwan drought

## Problem existed prior to Covid-19

- Covid-19 aggravated geopolitical rivalry
- Off-shoring, reshoring, onshoring

Home News Views Coronavirus Sports Business Entertainment Life & Living Youth Tech

Careers

### Computer, IT accessories prices go up 20pc

Will affect online education amid pandemic, say experts

[f](#) [t](#) [p](#) [+](#)

 **Mahburur Rahman Khan, Sukanta Halder, Md Abu Talha Sarker**  
Tue Jun 1, 2021 12:00 AM



# The emerging geoeconomics order and Bangladesh's LDC graduation



Bangladesh expects a credible rules-based, inclusive, multilateral trading system

But the WTO-led system is under serious pressure

Geopolitical competition means building trade and investment linkages for Bangladesh could also be challenging

# Decoupling of Chimerica?

Chimerica = China + America

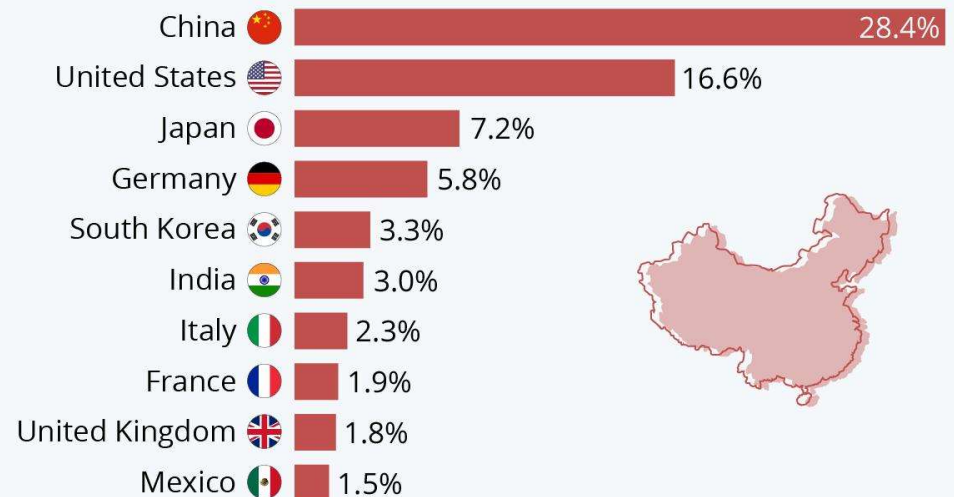
- International production system with China as the global workshop and the US as the tech headquarters

Covid-19 disrupted the China-centric supply chains

- But this has also been fuelled by geopolitical rivalries and are examples of geoeconomics in action!

## China Is the World's Manufacturing Superpower

Top 10 countries by share of global manufacturing output in 2018\*



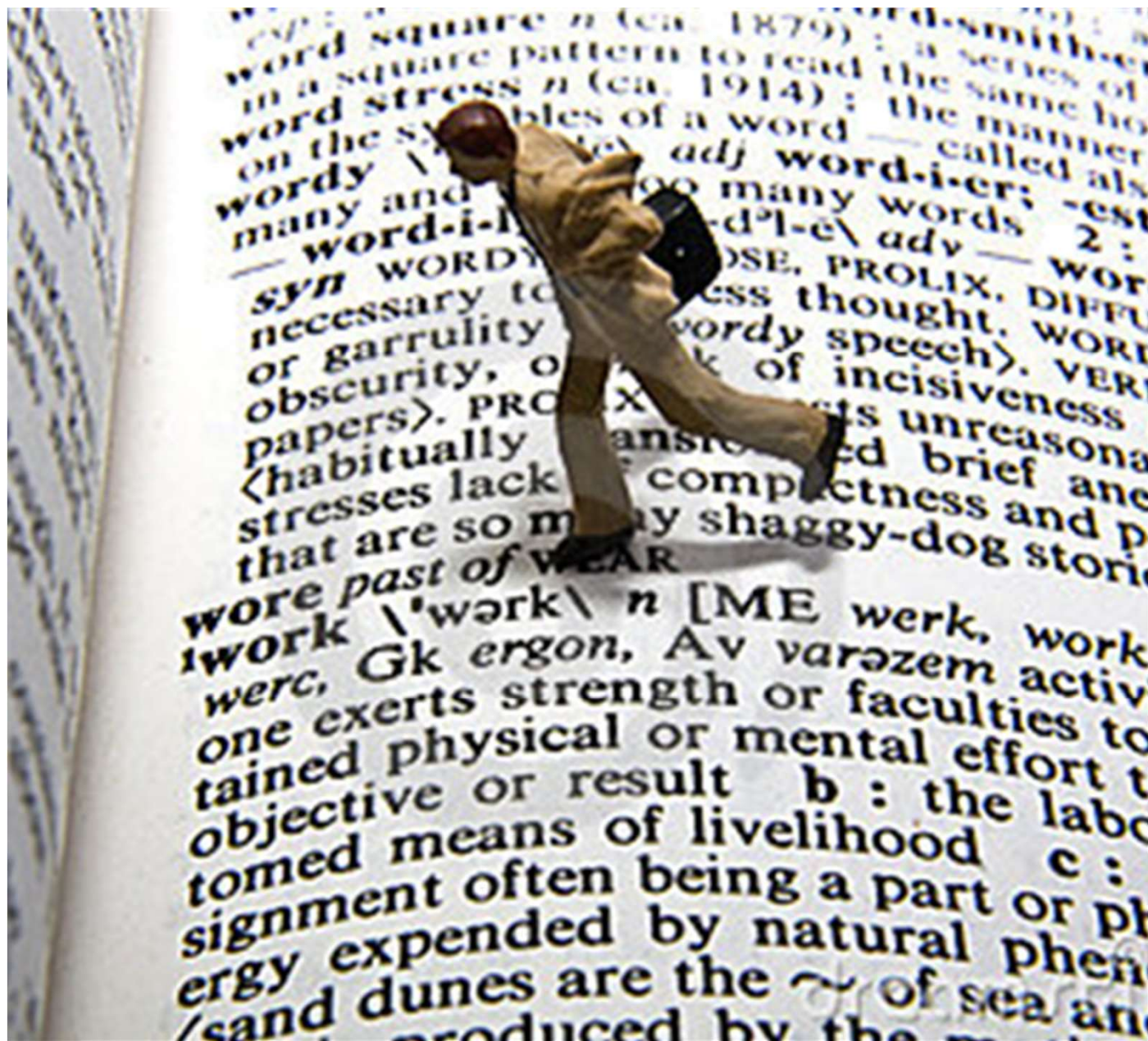
\* output measured on a value-added basis in current U.S. dollars  
Source: United Nations Statistics Division



## Geoeconomics: In search of a working definition...

Generally, perceived as – the use of economic tools to advance geopolitical objectives.

No consensus on the definition of geoeconomics



## Origin of the term

Term coined by Edward Luttwak in 1990 and a more recent (2016) work

### From Geopolitics to Geo-Economics

*Logic of Conflict, Grammar of Commerce*

Edward N. Luttwak

**E**XCEPT FOR THOSE unfortunate parts of the world where armed confrontations or civil strife persist for purely regional or internal reasons, the waning of the Cold War is steadily reducing the importance of military power in world affairs.

True, in the central strategic arena, where Soviet power finally encountered the *de facto* coalition of Americans, Europeans, Japanese, and Chinese, existing military forces have diminished very little so far. Nevertheless, as a Soviet-Western war becomes ever more implausible, the ability to threaten or reassure is equally devalued (and by the same token, of course, there is no longer a unifying threat to sustain the coalition against all divisive impulses). Either way, the deference that armed strength could evoke in the dealings of governments over all matters—notably including economic questions—has greatly declined, and seems set to decline further.

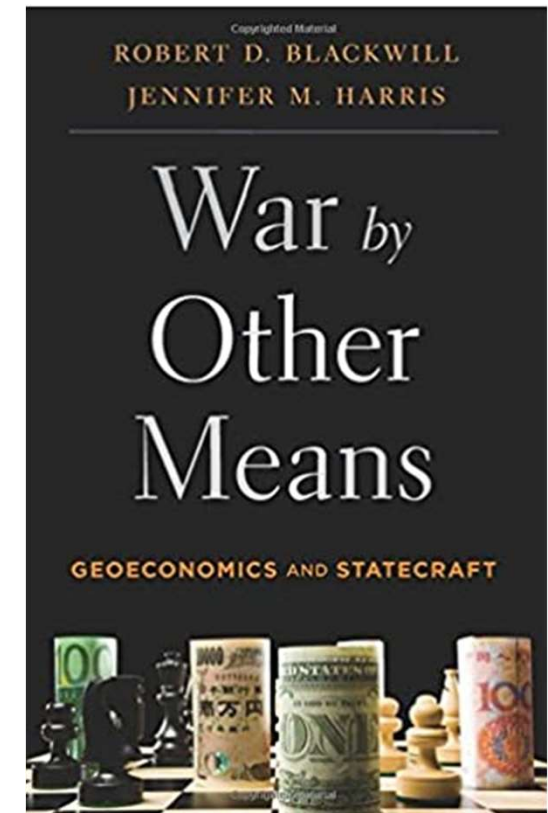
Everyone, it appears, now agrees that the methods of commerce are displacing military methods—with disposable capital in lieu of firepower, civilian innovation in lieu of military-technical advancement, and market penetration in lieu of garrisons and bases. But these are all tools, not purposes; what purposes will they serve?

Edward N. Luttwak holds the Burke Chair in Strategy at the Center for Strategic and International Studies, Washington, D.C.

If the players left in the field by the waning importance of military power were purely economic entities—labor-sellers, entrepreneurs, corporations—then only the logic of commerce would govern world affairs. Instead of World Politics, the intersecting web of power relationships on the international scene, we would simply have World Business, a myriad of economic interactions spanning the globe. In some cases, the logic of commerce would result in fierce competition. In others, the same logic would lead to alliances between economic entities in any location to capitalize ventures, vertically integrate, horizontally co-develop, co-produce, or co-market goods and services. But competitively or cooperatively, *the action on all sides would always unfold without regard to frontiers.*

If that were to happen, not only military methods but the logic of conflict itself—which is adversarial, zero-sum, and paradoxical—would be displaced. This, or something very much like it, is in fact what many seem to have in mind when they speak of a new global interdependence and its beneficial consequences.<sup>1</sup>

<sup>1</sup>The logic of conflict is “zero-sum” since the gain of one side is the loss of the other, and vice versa. That is so in war, in geopolitical confrontations short of war, and in oligopolistic competition (as the market share of one oligopolist can only increase at the expense of another’s), but not in a many-sided (“perfect”)





U.S. Secretary of State, George C. Marshall and others at Harvard University, 5 June 1947



Is Geoeconomics new?

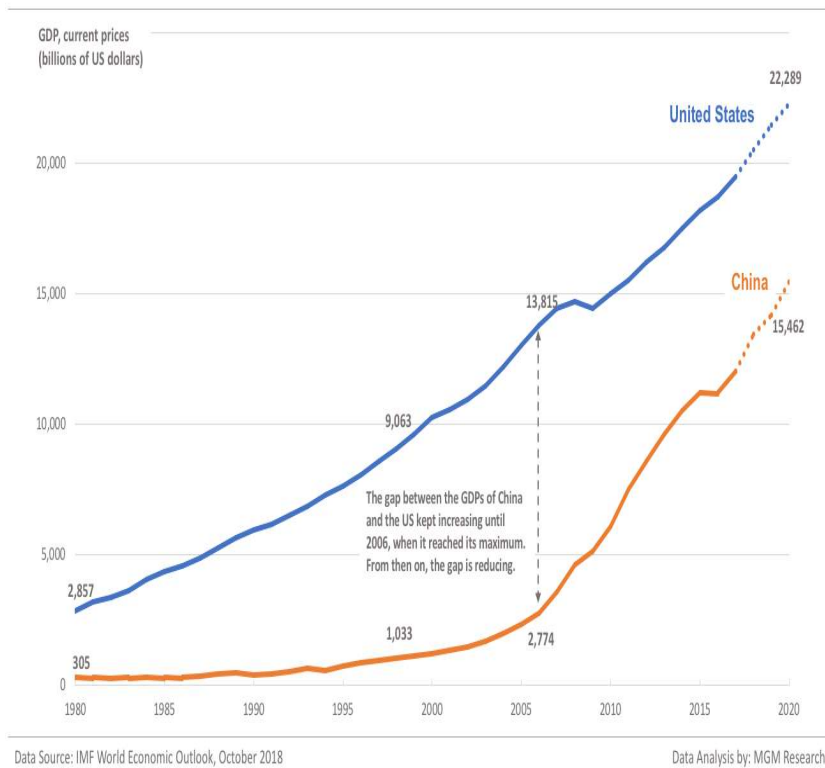
Geoeconomics is nothing new, it's not back either; it never went away

- From **American Marshall Plan** to the **China's Belt and Road Initiative**

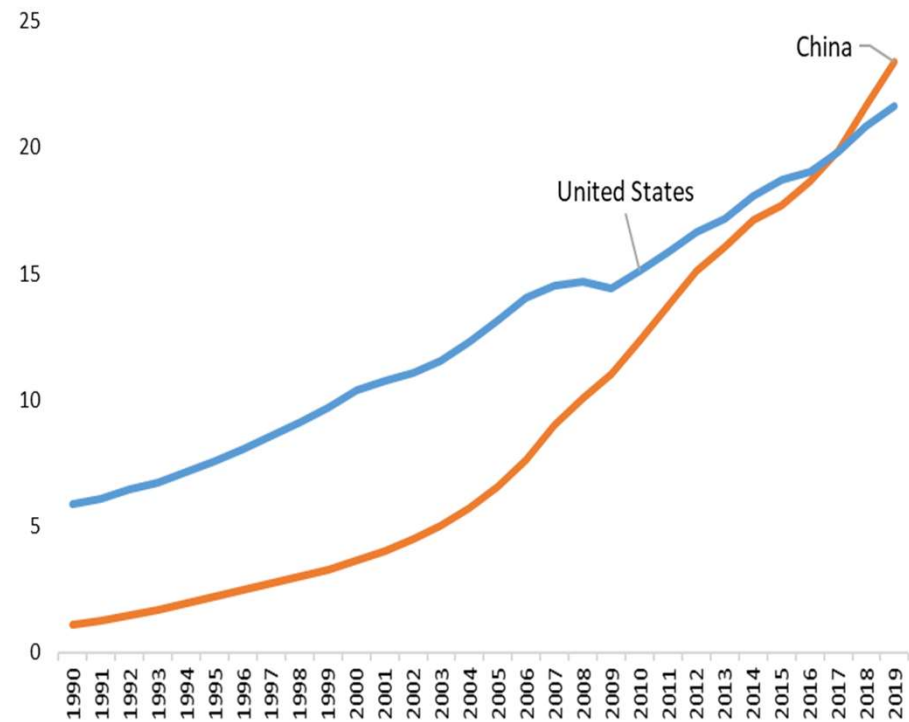


# Rise of China as the driver of the new Geoeconomic order

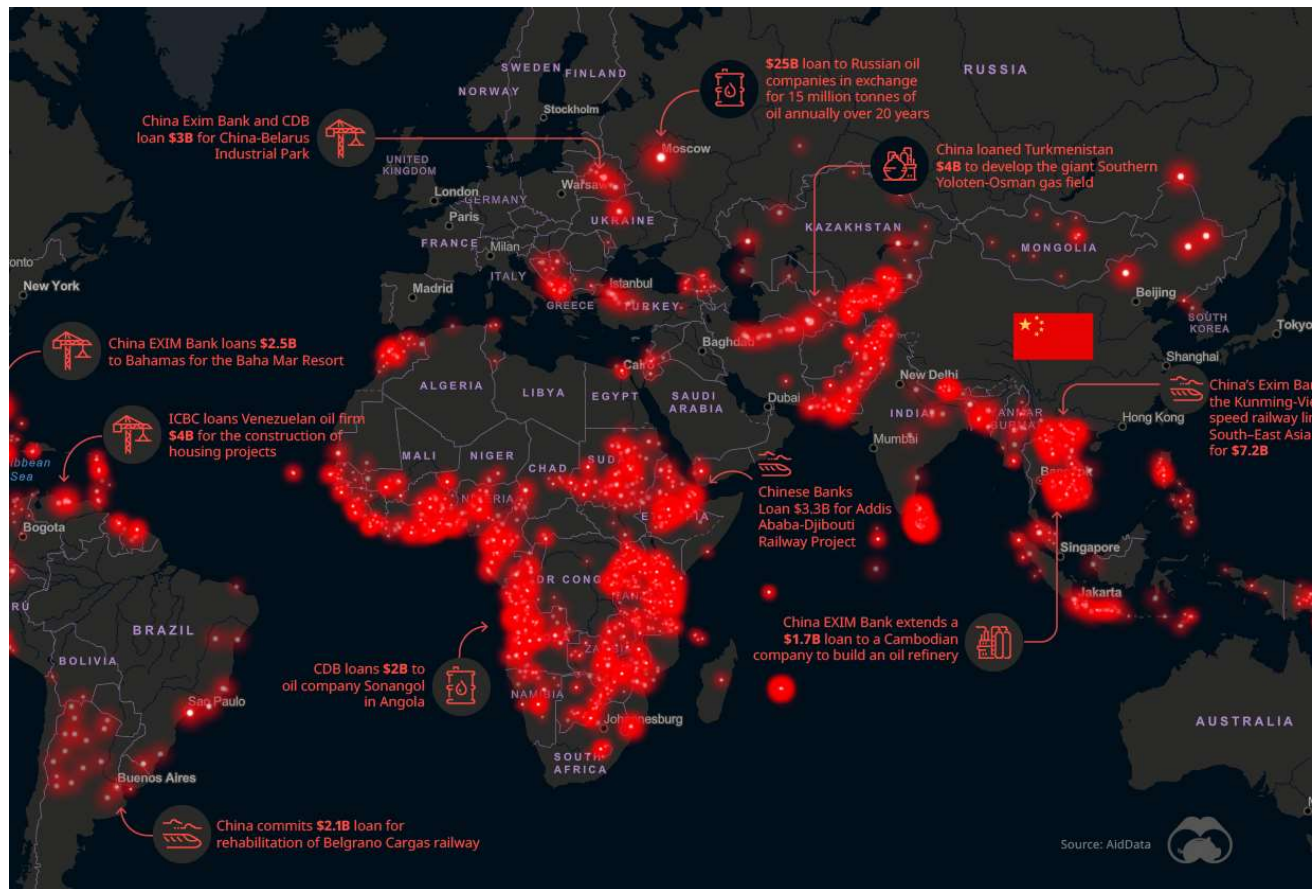
CHINA VS UNITED STATES: GDP COMPARISON



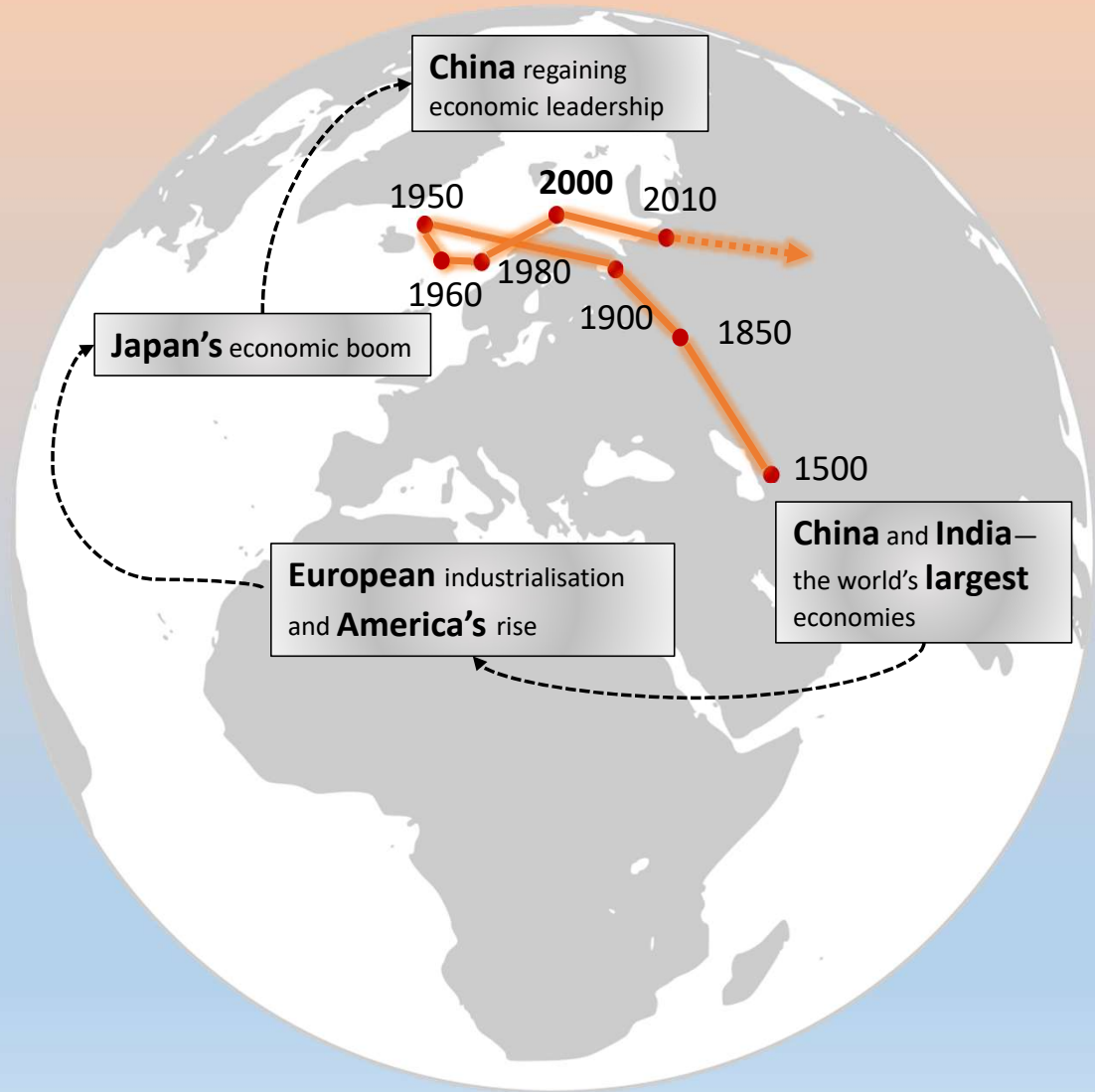
Gross National Income in PPP \$ (trillion)



# Chinese-backed projects since 2000



# Asia will be the main centre of geoeconomics playground



# Geoeconomics and the multilateral trading system

The U.S. not clear about its options to deal with China

Traditionally, the U.S. did not have both an economic and strategic competitor

USTR was established as a separate entity out of the State Department

The rules-based multilateral trading system (WTO) was established in 1995.



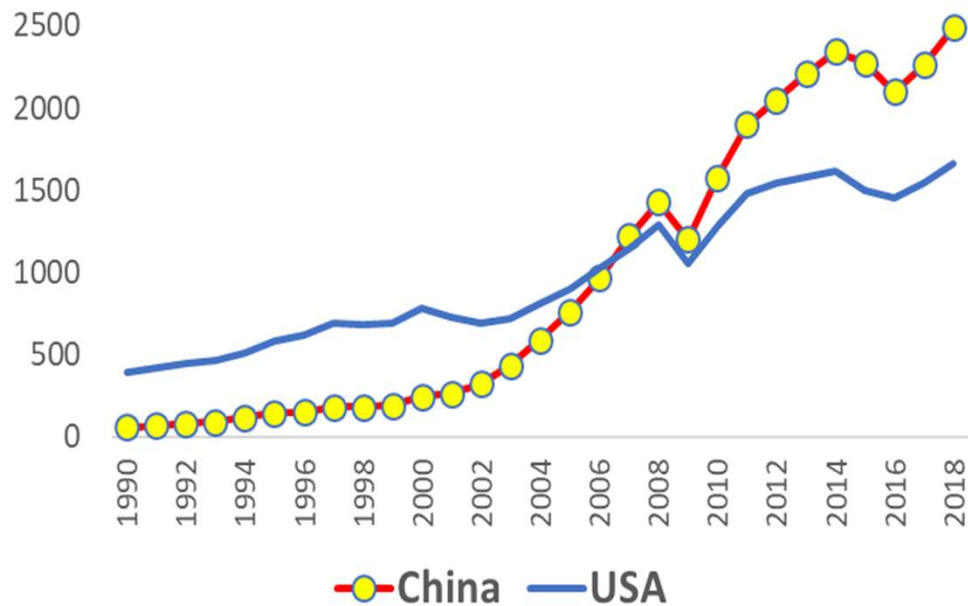
Source: from citizen.org

# U.S. foreign policy, Geoeconomics, and the WTO

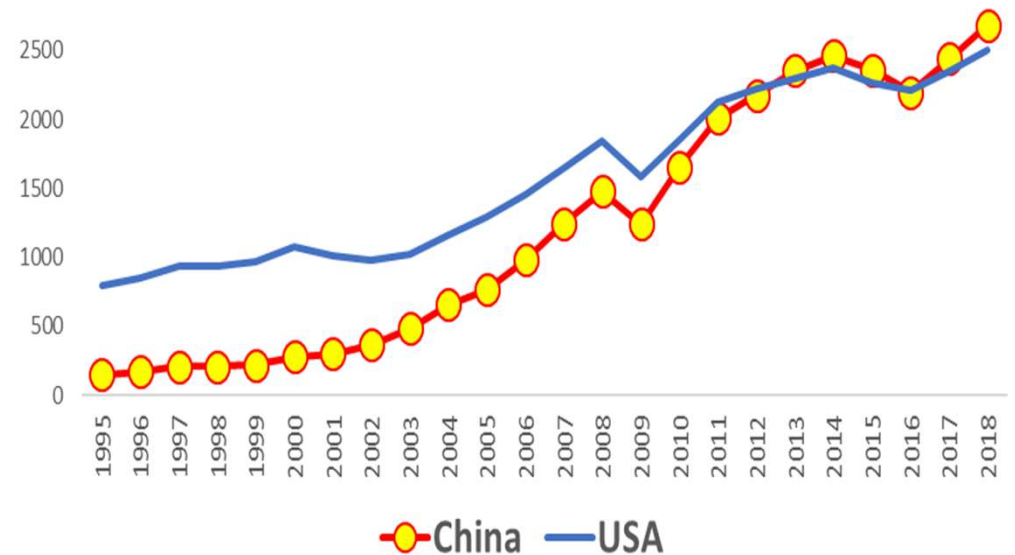


# Exports to the Word: China and the U.S.

Exports of goods: China and the U.S. (\$ billions)



Exports of goods and services: China and the U.S. (\$ billions)



## China's exports (billion US\$)



# WTO: Dispute Settlement Procedures

Specific Time Frame for settlement of Dispute

Consultation

Panel

Appellate body

DSB

Implementation

ROUSE  
The Royal Institute of  
International Affairs

## Top 5 Respondents



Source: The World Trade Organization

Figures correct as of 16 March 2017

Year	Number of Disputes	Number of Disputes Settled
2016	10	10
2015	12	12
2014	11	11
2013	10	10
2012	11	11
2011	12	12
2010	13	13
2009	14	14
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1860	163	163
1859	164	164



# Trade disputes at the WTO: U.S. vs China

**Table 1. WTO disputes between China and the United States, 2002-18**

Case status	Complainant	
	United States	China
Total number of WTO cases	23	15
Settled via/during consultation	9	1
Ruling favoring complainant	11	4
Ruling favoring respondent	0	1
Split decision	0	3
Pending	3	6
<b>Length of time</b>		
Average number of months from initial consultation to settlement	8	2
Average number of months from initial consultation to panel decision	28	26

*Sources:* World Trade Organization (WTO); US Trade Representative (USTR) Trade Policy Agenda and Annual Report (various issues).

# How Geoeconomics can affect the multilateral trading system

U.S. allies: the WTO cannot

- deal with state capitalism, currency manipulations!
- Labour and environment standards

Demand for reforms

- To Bring in new rules

In a member-driven organisation like the WTO

- negotiations are difficult
- Bringing changes can be a lengthy process

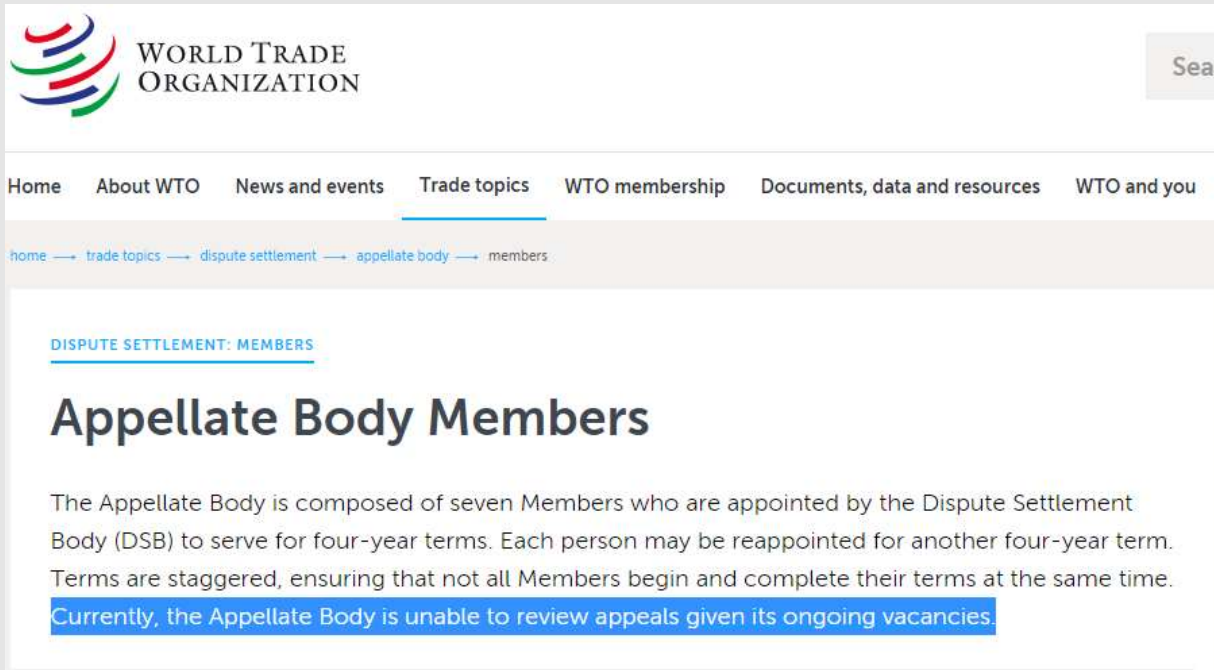
The U.S. attempted to develop new trading blocs

- with more stringent provisions than WTO
- the Trans-Atlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPP)

TPP did not materialize, but RCEP came to fruition



# How will the Biden Administration deal with the issues?



The screenshot shows the WTO website's navigation menu and a page titled "Appellate Body Members". The page content includes a sub-header "DISPUTE SETTLEMENT: MEMBERS" and a main heading "Appellate Body Members". The text describes the Appellate Body's composition and current status, with a highlighted sentence: "Currently, the Appellate Body is unable to review appeals given its ongoing vacancies."

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home —> trade topics —> dispute settlement —> appellate body —> members

DISPUTE SETTLEMENT: MEMBERS

## Appellate Body Members

The Appellate Body is composed of seven Members who are appointed by the Dispute Settlement Body (DSB) to serve for four-year terms. Each person may be reappointed for another four-year term. Terms are staggered, ensuring that not all Members begin and complete their terms at the same time.

Currently, the Appellate Body is unable to review appeals given its ongoing vacancies.

- **WTO DG appointment**
  - Former Nigerian finance minister Dr Okonjo-Iweala is the current DG
- **WTO Appellate Division**
  - Should have 7 judges, currently none
  - and at least 3 are needed to rule on a case
  - a stop-gap measure in place
- If there is going to be a significant shift in U.S. stances?

# Bangladesh: LDC graduation and Unfolding Geoeconomics landscape



- Bangladesh needs a stable global trading environment, boosted by a recovery from the Covid-19 pandemic
- New trading opportunities
- Attracting foreign direct investment

What impact of the rise of Geoeconomics?



## Exploring opportunities in Geoeconomic minefields

- A weakened MTS has triggered a new bout of heightened protectionism
- ‘Made in China 2025’, ‘Make in India’, and ‘America first’
- Post-Covid, policy push for shifting supply sources away from China—a protectionist agenda?
- Continuation of trade benefits and privileges after graduation: pursuing through the WTO?

# 3 plus 1 geoeconomic powers



- U.S., China, the EU, and (India at a regional level)
- The EU perhaps has been less proactive in making use of geoeconomics.
- But the EU has a great deal of scope for using Geoeconomics.
- The EU was keen to have an FTA with Vietnam
- For Bangladesh, it might be a different situation.

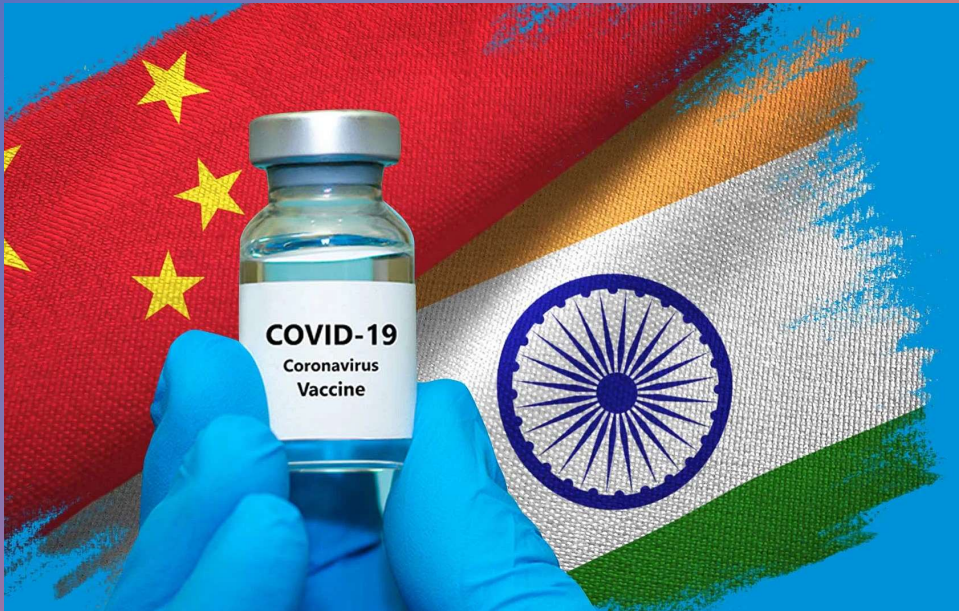
# Rise of geoeconomics can be a double-edged sword



- Investment diversion away from China can benefit countries like Bangladesh (but, unsettling global rules can be a problem)
- Geoeconomic rivalry could mean increased investment sourcing from India and China
- Rival powers could compete to offer better trade concessions and investment deals
- Making use of such opportunities and avoid being a victim of geopolitical rivalry.



# Geoeconomics minefields



Vaccine diplomacy of China and India

However, in Rohingya crisis, both China and India failed to provide unequivocal support to Bangladesh

- China is one of the largest investor in Myanmar and its biggest trading partner
- India has been trying to counter China's clout in Myanmar by constructing strategic ports, highways, and other massive investments.

In Nepal, Sri Lanka and Maldives – there have been geoeconomics rivalry tensions

The Bangladesh-China-India-Myanmar corridor: progress stalled

# Policy Implications



- **A reinforced integration of foreign policy, trade policy, and economic development objectives is needed.**
- **Strongly advocate for a rules-based multilateral trading system**
- Maintaining productive relations with both China and India are critical.
- Avoid falling into either India's and China's power orbit
- **Proactively pursue favourable trade deals with India and China**
- Have an open mind about investments from India and China considering the merits of individual projects.

# Policy Implications



- **Assess risk of debt unsustainability** for any concessional loans and from China and India.
- Settling post-LDC trading arrangements with the EU and UK will greatly help insulate from uncertainty in export trade.
- A **productive bilateral relationship with the U.S.** is also important. (FTA or a mega-trading bloc)
- **Build diplomatic and trade negotiation capacities** so our interests can be pursued without being a victim of geopolitical competition of rival economic powers.



Thank you.