

Geopolitics and Grand Strategy: The Sino-American Cold War

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ΠΑΝΕΠΙΣΤΗΜΙΟ ΠΕΙΡΑΙΩΣ

UNIVERSITY OF PIRAEUS

Evolving Global Framework

Bipolar Cold War	Unipolar Moment	Fragmented Globalization
U.S. and allies Soviet Union and allies	U.S. Globalization	2+2+ (two major powers: China and the U.S. two secondary powers: Russia and Europe) New Cold War

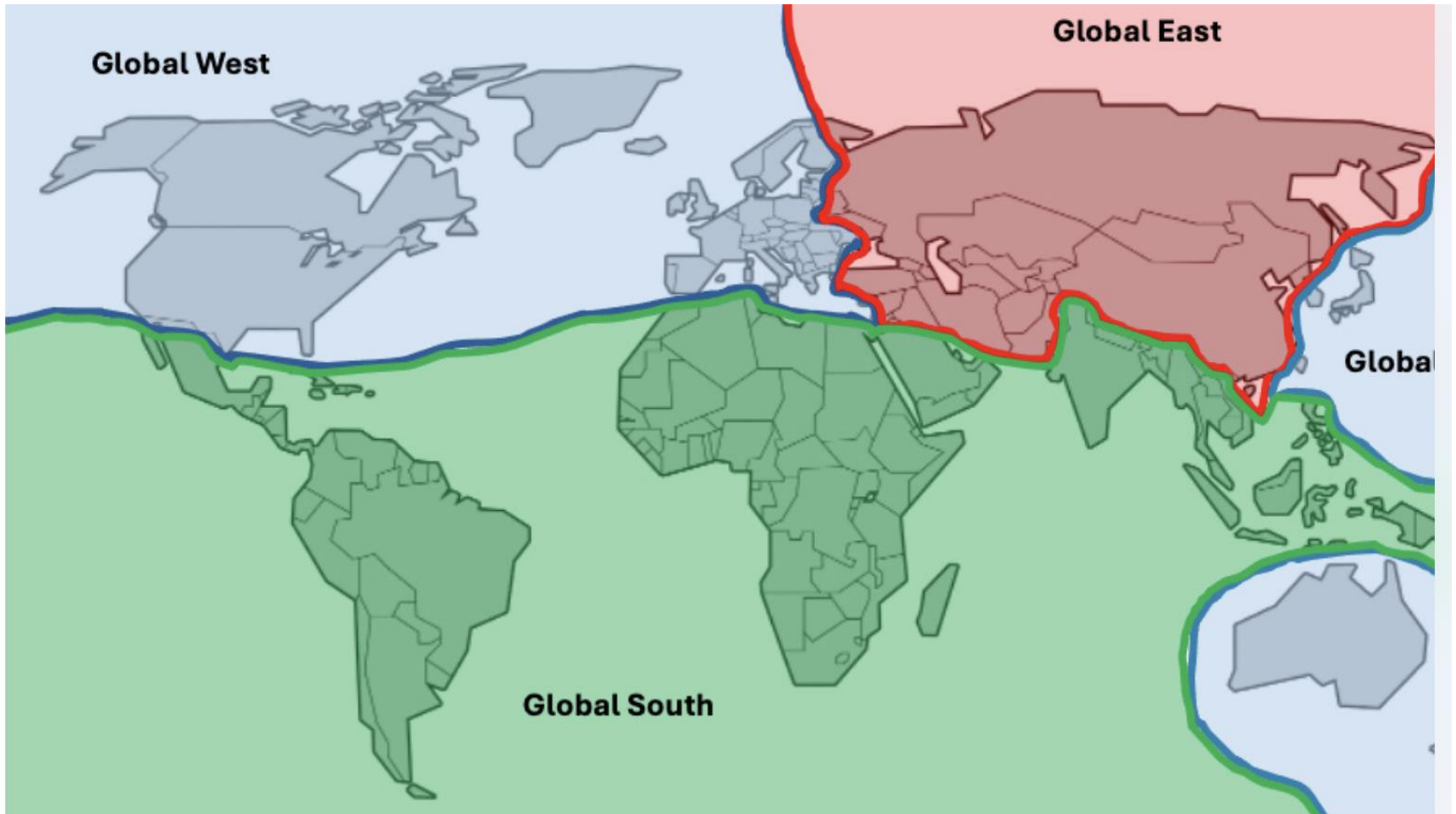
New Cold War vs Old Cold War

Similarities:

Geopolitical Competition for Supremacy
Arms Race (nuclear, space, cyber, AI)
Economic war
Intelligence war
Political warfare
Ideological struggle
Tech competition
Regional flashpoints

Divergences:

Much greater economic interdependence
No rigid alliance blocks



September 26, 2023



Jamie Dimon warns: 'Now may be the most dangerous time the world has seen in decades'

October 29, 2024

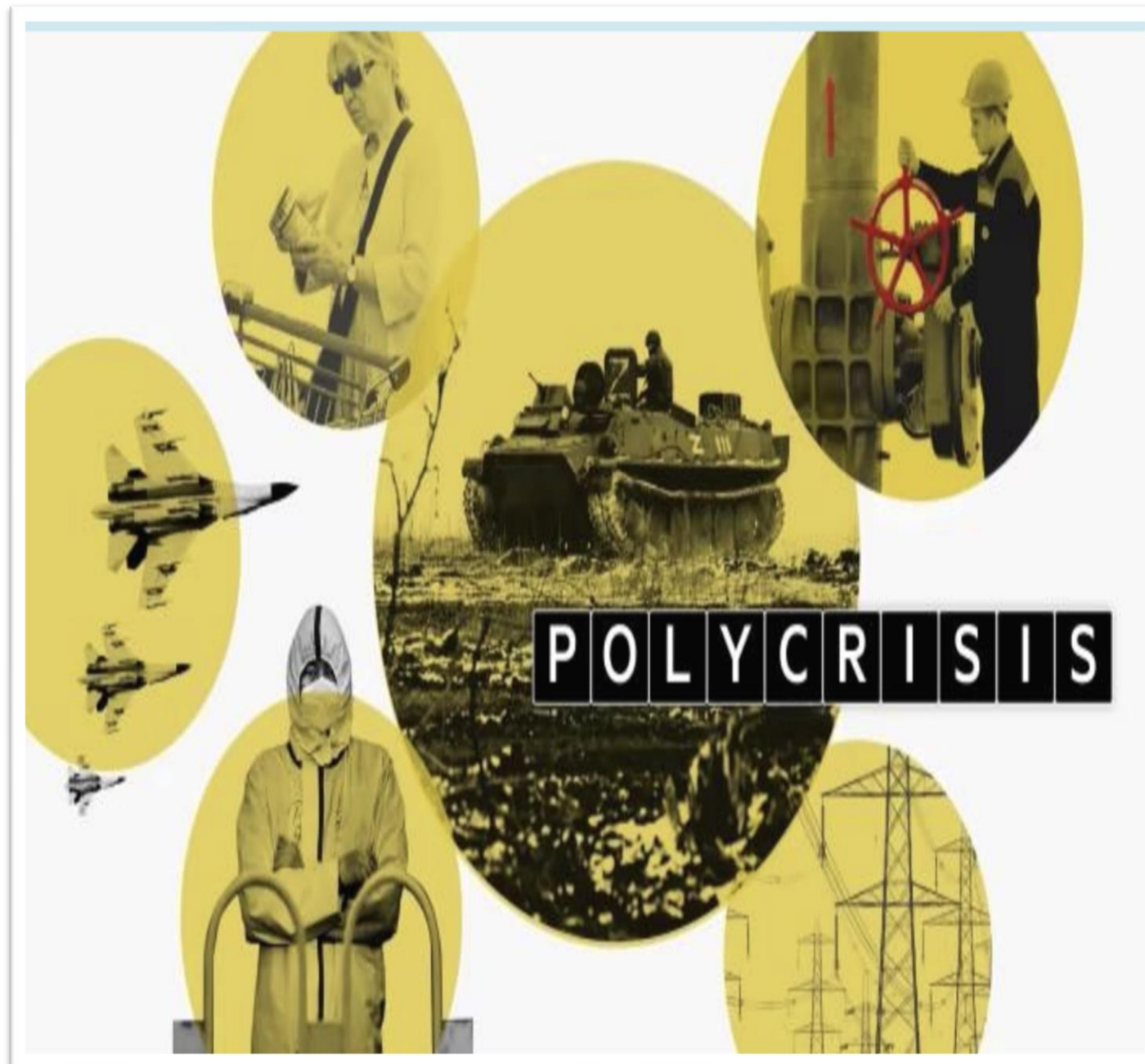
FINANCE · JAMIE DIMON

Jamie Dimon says World War III may have already begun

BY ELEANOR PRINGLE

October 29, 2024 at 5:52 PM GMT+2





polycrisis

[poli-krai-sis] *noun*

the simultaneous occurrence of
several catastrophic events



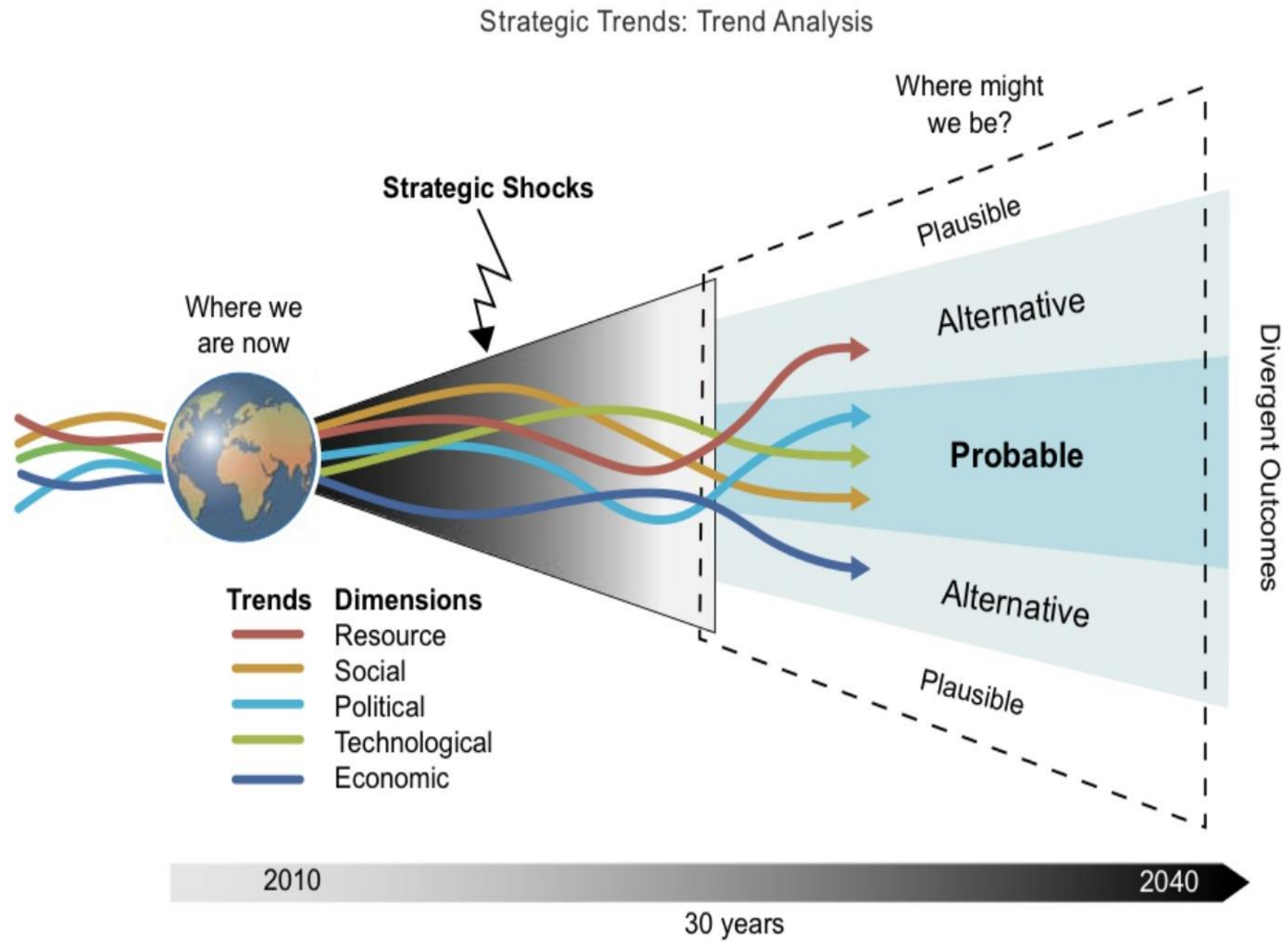
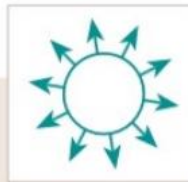
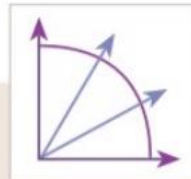


Figure 1 – Global Strategic Trends: Outcome Assessment



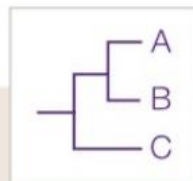
Level 4: true uncertainty

Not even a range of possible future outcomes



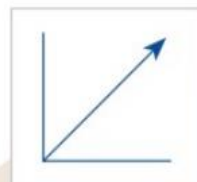
Level 3: range of futures

Range of possible future outcomes



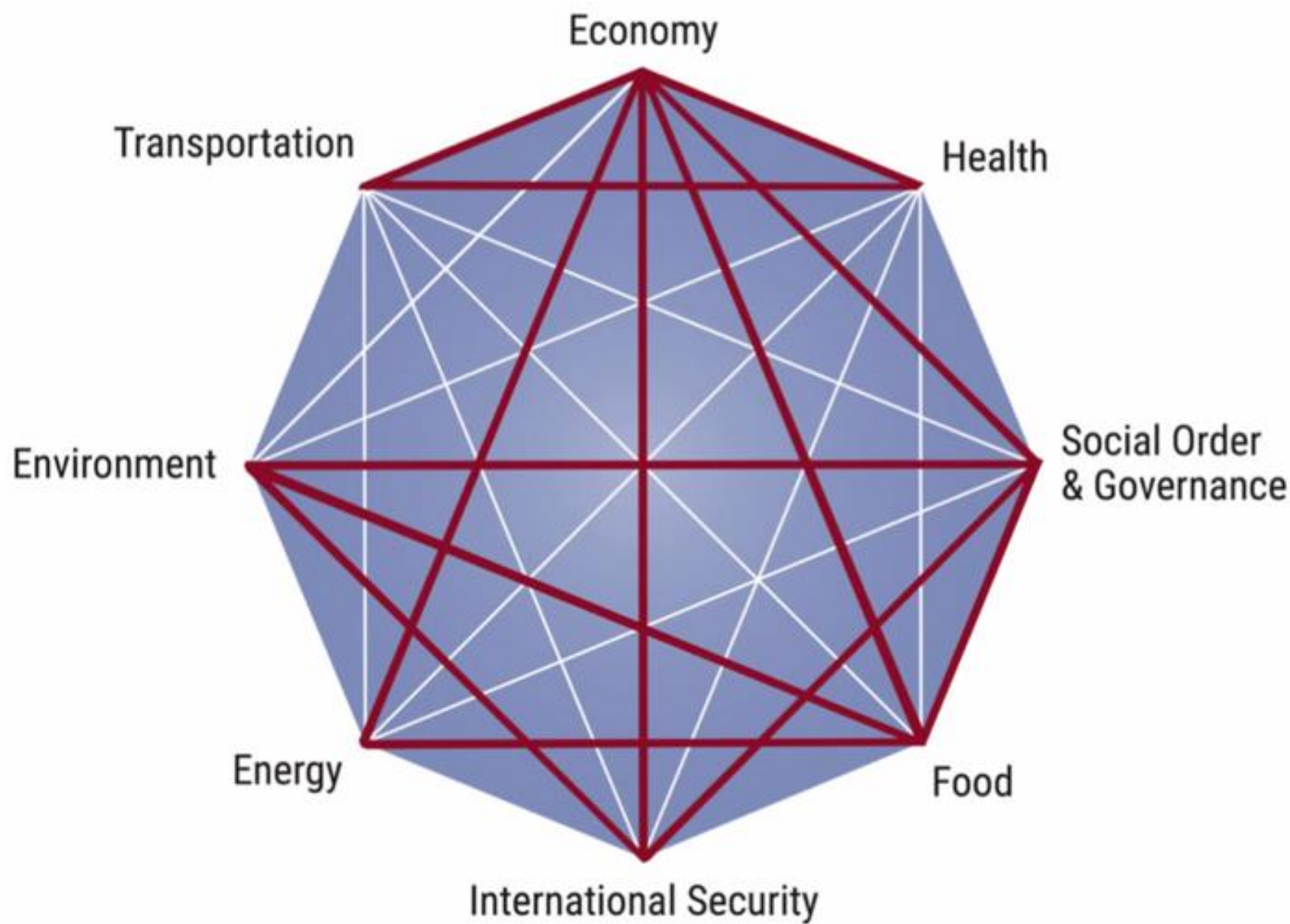
Level 2: alternative futures

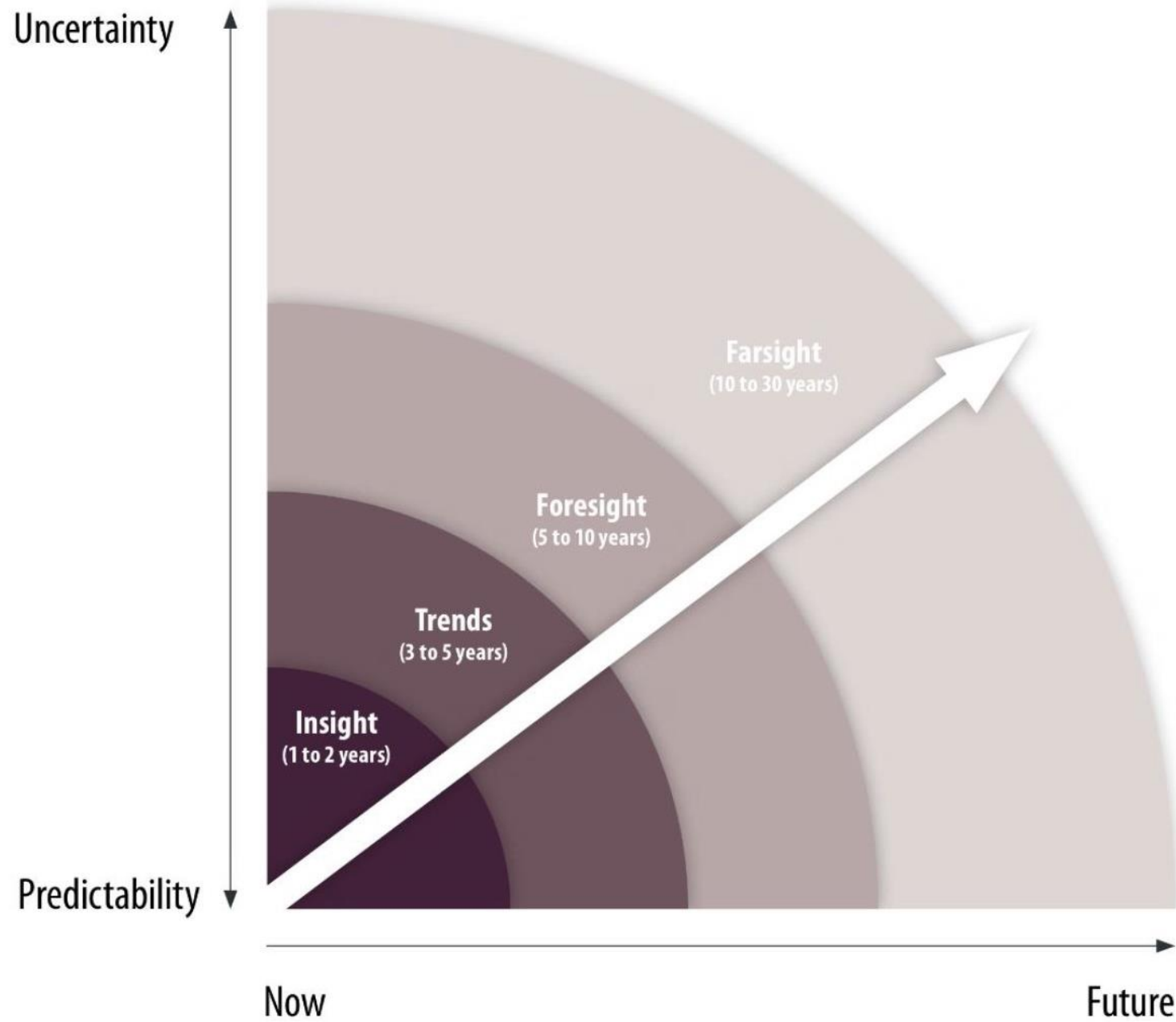
Limited set of possible future outcomes, one of which will occur



Level 1: clear enough future

Single view of the future



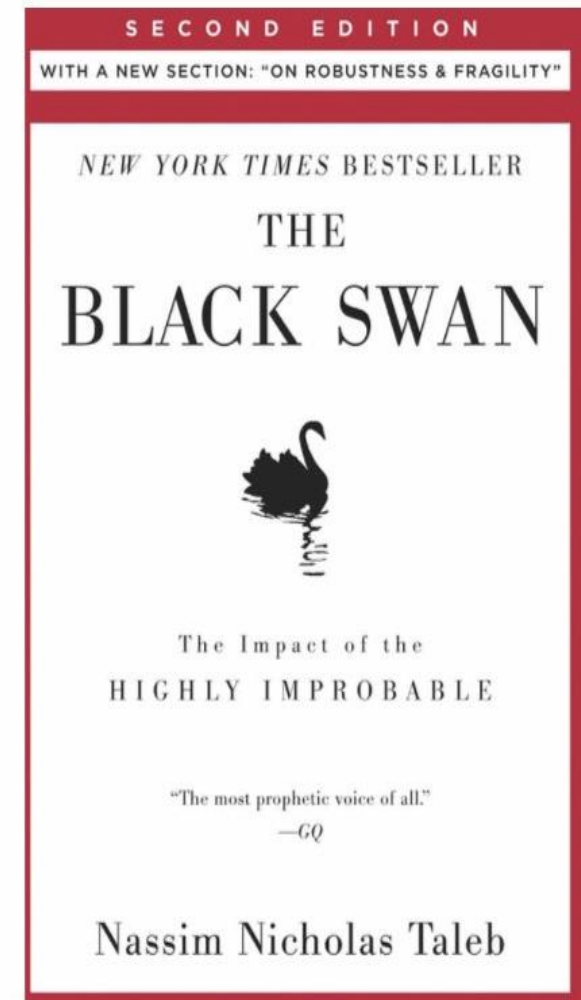


Black Swan: Low probability / High Impact

A Black Swan event has three criteria:

1. It must be an outlier
2. It must have a major impact
3. It must be declared predictable in hindsight (*Low probability/High Impact*)

Is the 2018 trade war a Black Swan event?



Unknown unknowns

There are known knowns; there are things we know that we know.

There are known unknowns; that is to say, there are things that we now know we don't know.

But there are also unknown unknowns – there are things we do not know we don't know.

-Donald Rumsfeld

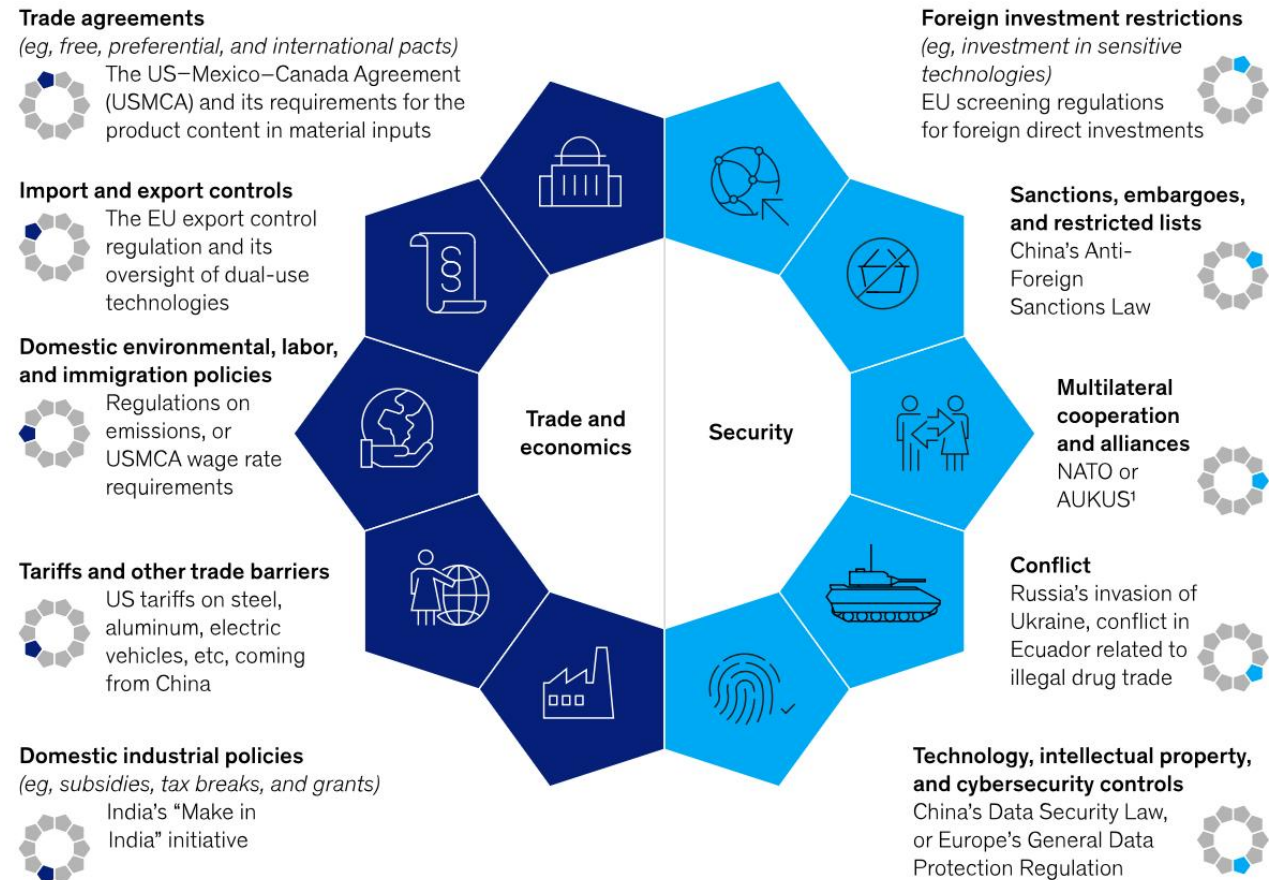


A close-up photograph of a person's hand holding a large, circular, metallic-looking button. The button is dark grey or black with the word "RISK" written in large, white, bold, sans-serif capital letters. The button has a thick, raised rim. In the background, there are blurred blue and purple curved surfaces, possibly part of a machine or a vehicle's interior. The lighting is bright, creating highlights on the button's surface and the hand.

RISK

There are ten key value drivers that leaders should explore in the wake of geopolitical shifts.

Actions taken in response to geopolitics



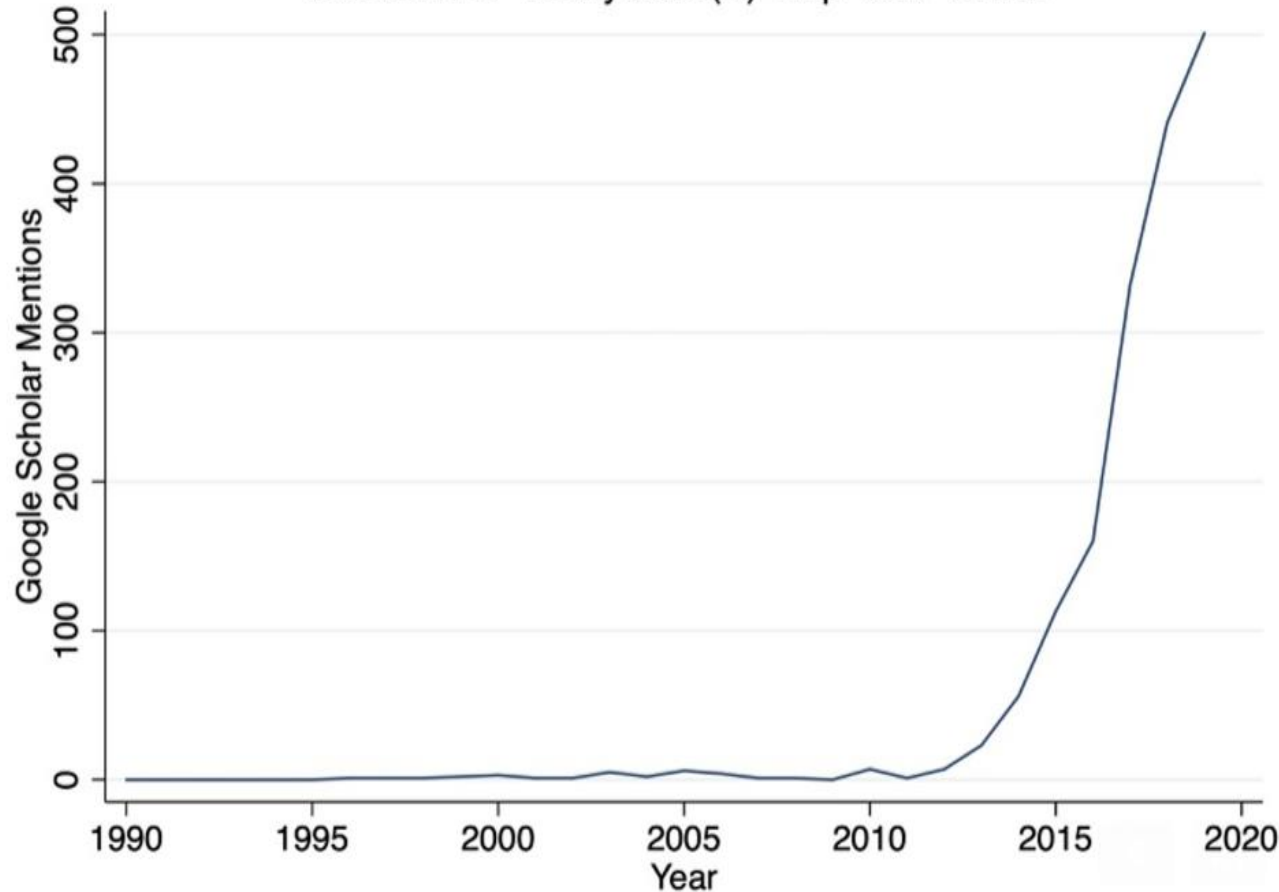
¹Trilateral security partnership between Australia, UK, US.



The Sino-American Antagonism

What do we really know about wars of Hegemonic Transition?

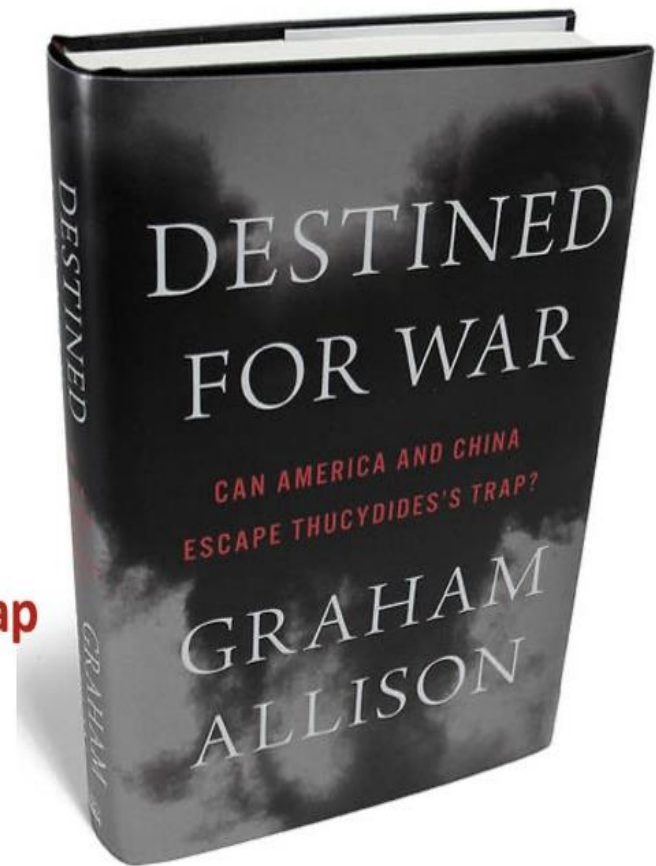
Mentions of "Thucydides('s) Trap" and "China"



Why the White House Is Reading Greek History:
The Trump team is obsessing over Thucydides, the
ancient historian who wrote a seminal tract on war
The Politico, June 2017

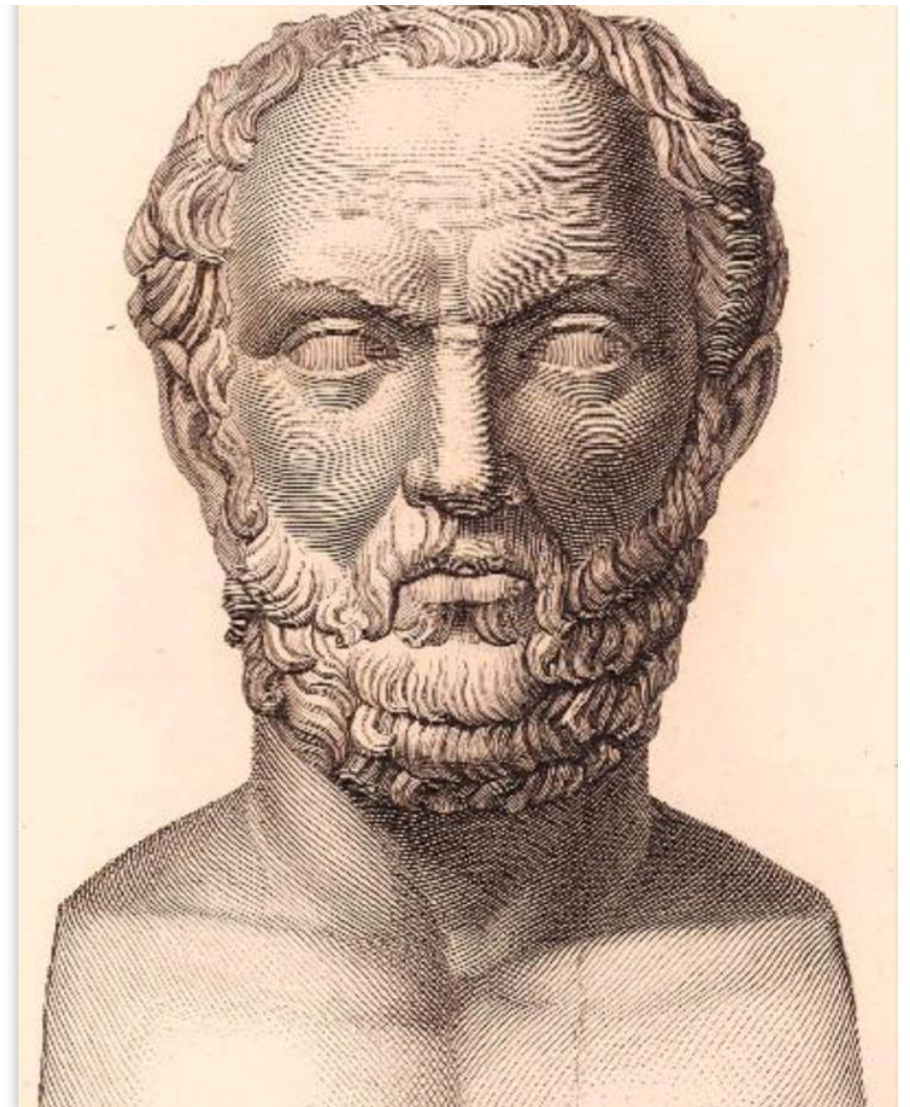
Xi Jinping: "There is no such thing as the so-called Thucydides Trap in the world,"

Ash Carter: "The dominant mental methodology of real policymakers is historical reasoning, not economics."



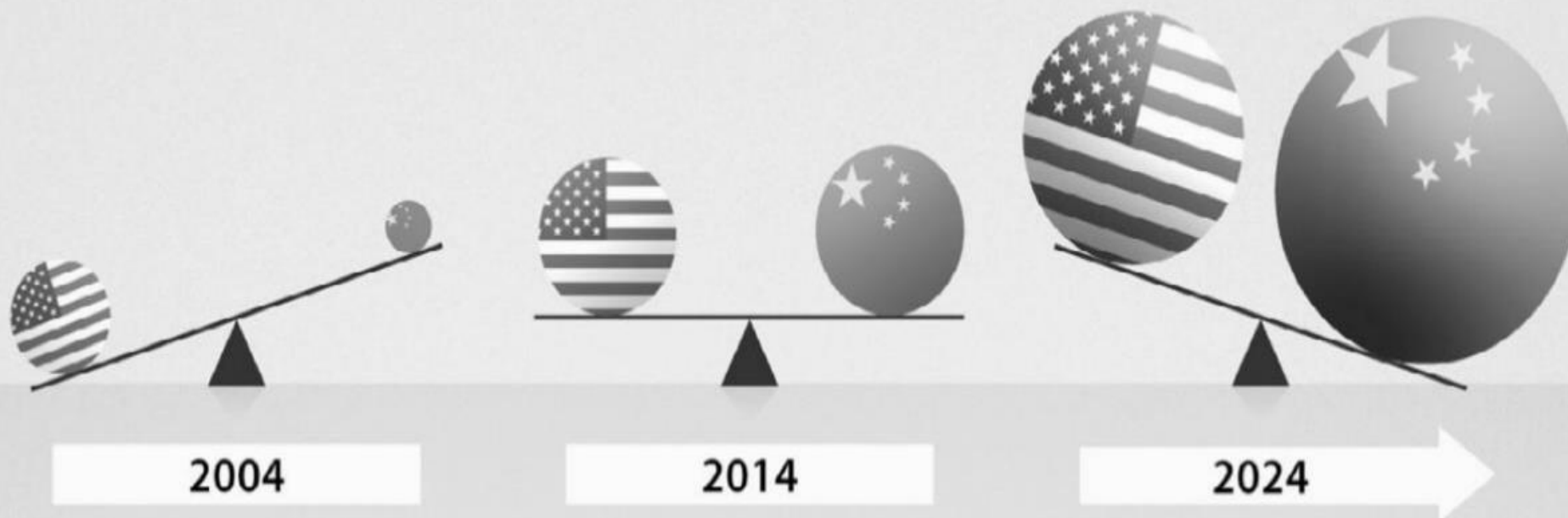
Thucydides Trap

A term coined to describe the instability resulting from systemic power transition, a tendency towards war when a rising power threatens to displace an existing dominant power.



No	Period	Ruling Power	Rising Power	Domain	Result
1	Late 15 th century	 Portugal	 Spain	Global empire and trade	No war
2	First half of 16 th century	 France	 Habsburgs	Land power in western Europe	War
3	16 th and 17 th centuries	 Habsburgs	 Ottoman Empire	Land power in central and eastern Europe, sea power in the Mediterranean	War
4	First half of 17 th century	 Habsburgs	 Sweden	Land and sea power in northern Europe	War
5	Mid-to-late 17 th century	 Dutch Republic	 England	Global empire, sea power, and trade	War
6	Late 17 th to mid-18 th centuries	 France	 Great Britain	Global empire and European land power	War
7	Late 18 th and early 19 th centuries	 United Kingdom	 France	Land and sea power in Europe	War
8	Mid-19 th century	 France and  United Kingdom	 Russia	Global empire, influence in Central Asia and eastern Mediterranean	War
9	Mid-19 th century	 France	 Germany	Land power in Europe	War
10	Late 19 th and early 20 th centuries	 China and  Russia	 Japan	Land and sea power in East Asia	War
11	Early-20 th century	 United Kingdom	 United States	Global economic dominance and naval supremacy in the Western Hemisphere	No war
12	Early-20 th century	 United Kingdom supported by France, Russia	 Germany	Land power in Europe and global sea power	War
13	Mid-20 th century	 Soviet Union ,  France ,  UK	 Germany	Land and sea power in Europe	War
14	Mid-20 th century	 United States	 Japan	Sea power and influence in the Asia-Pacific region	War

Who's rebalancing whom?



GDP (PPP), in billions of dollars

	2004	2014	2024 est.
China	5,760	18,228	35,596
US	12,275	17,393	25,093

Source: IMF, Economist Intelligence Unit

USA vs CHINA 2024

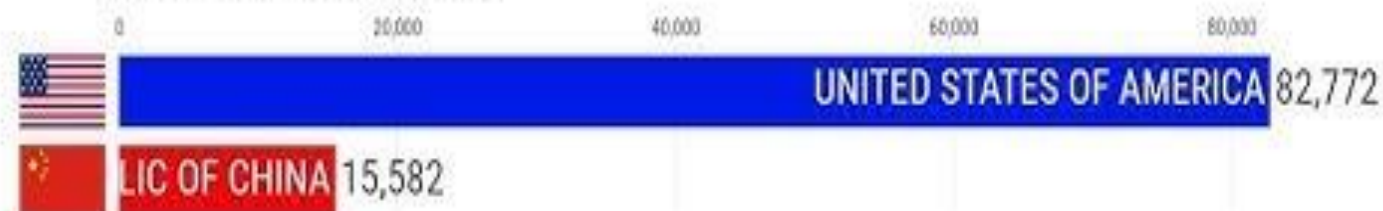
Nominal GDP (in billion \$)



GDP PPP (in billion \$)



GDP Percapita (in \$)



Population (in million)



The \$100 Trillion World Economy

GLOBAL GDP 2022

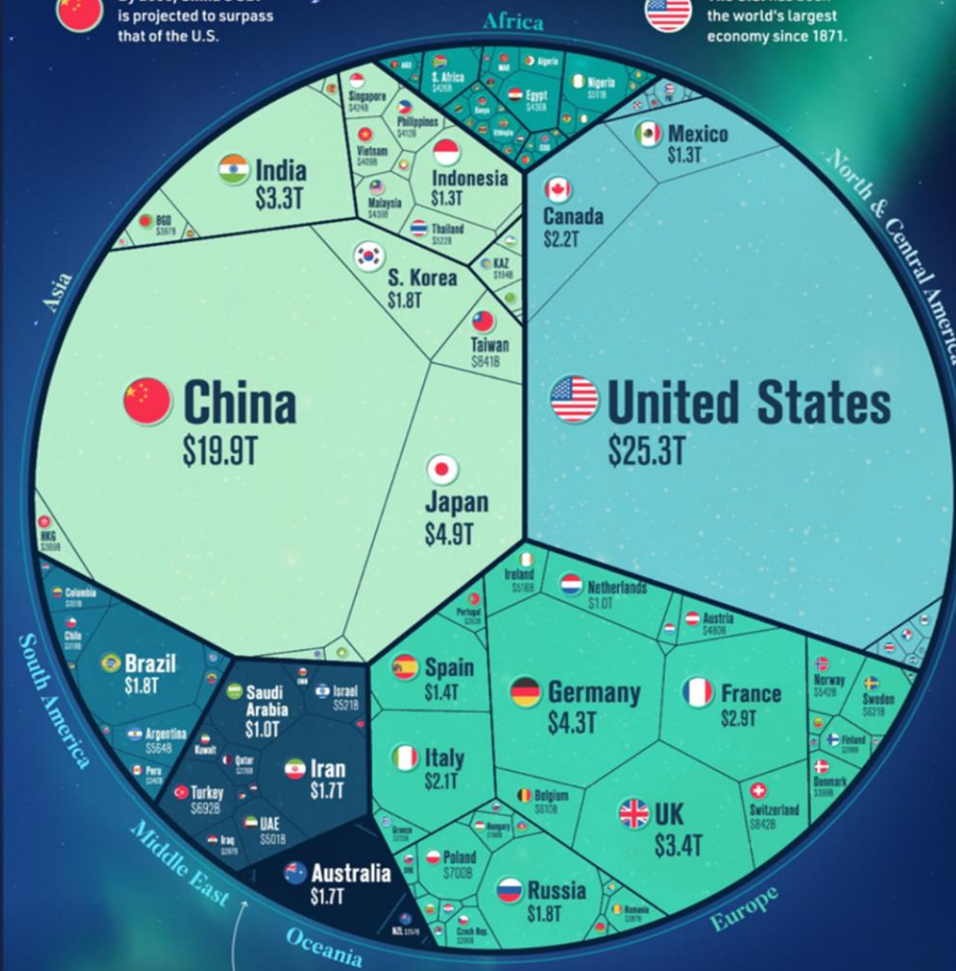
Despite conflict and looming stagflation, the global economy will hit an impressive new milestone, reaching **\$104 trillion**, according to the latest IMF projections for end of year.



By 2030, **China's GDP** is projected to surpass that of the U.S.



The **U.S.** has been the world's largest economy since 1871.



Many of the world's smallest economies are located in the Oceania region, such as **Tuvalu** with a GDP of \$66 million.



Ireland is expected to be the fastest growing economy in the Eurozone, with a 5.2% increase this year.

*2022 data was not available for a handful of countries, including Ukraine and Pakistan. For full data notes and detailed version of this visualization, visit visualcapitalist.com/100-trillion-global-economy/

Source: IMF (April 2022)



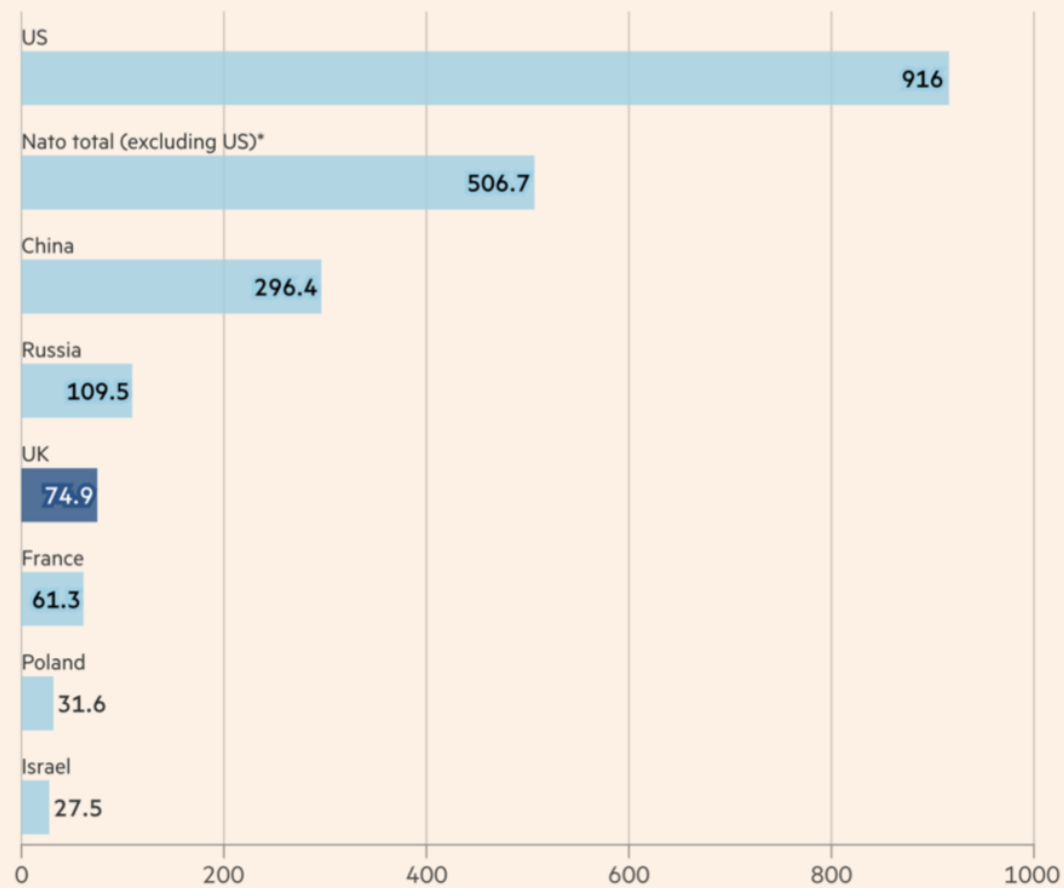
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Global military expenditure in 2023

Selected countries

% of GDP Current \$bn



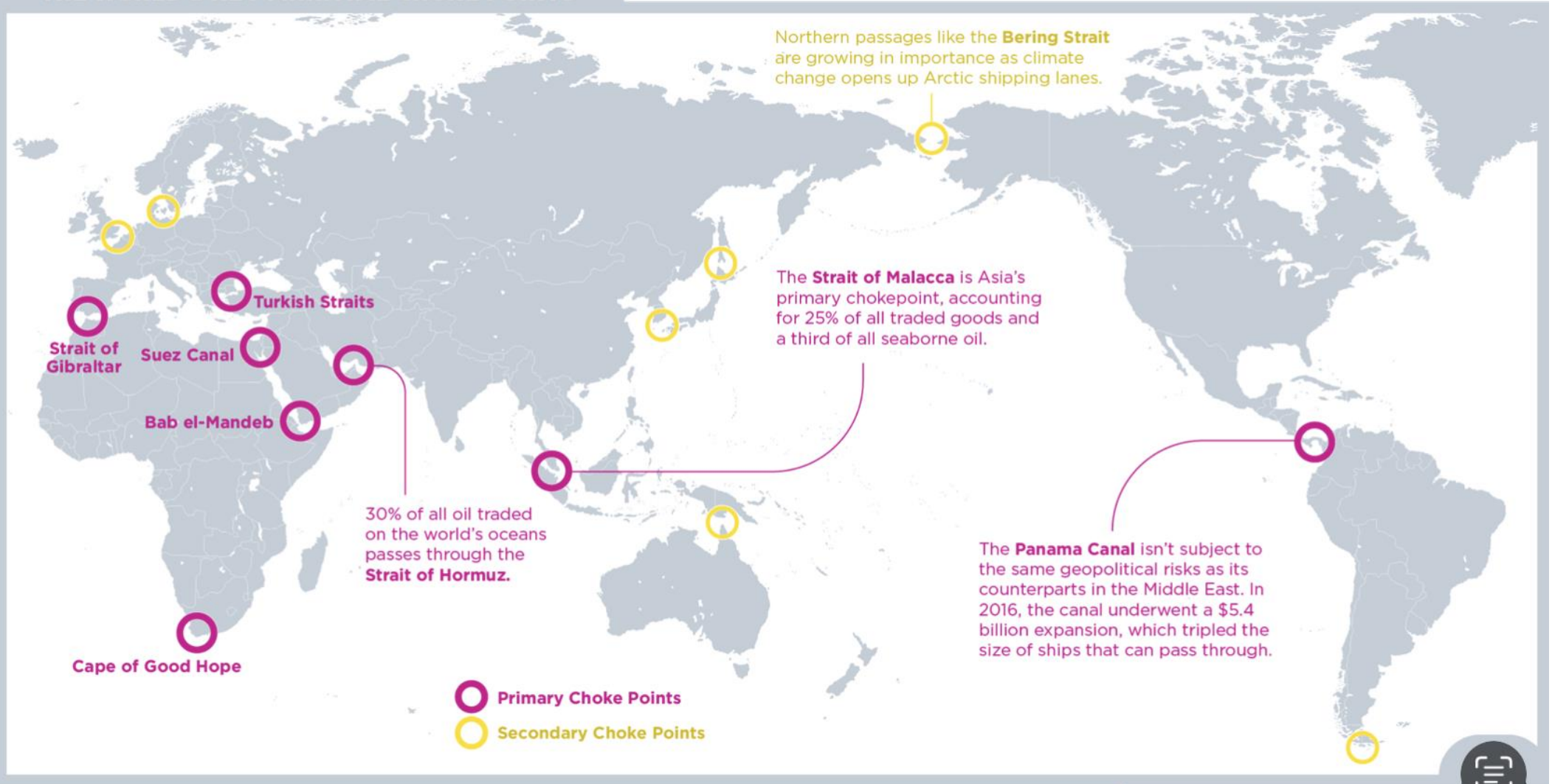
FINANCIAL TIMES

Source: Sipri • * 2024 estimate

Additional US strategic advantages

- Hegemony on the cheap: only 3,5% of GDP for defense (7% Cold War, 42% WWII)
- Geography: surrounded by two friends and two oceans
- Economic sufficiently
- Energy dominance, energy exporter
- Control of the sea (95%) and the global commons
- Share of world innovation:35%
- Primacy in Artificial Intelligence (AI), machine learning
- Leading education: 16 out of the top 20 universities
- Political and social resilience
- Alliance dynamics: bandwagoning
- Control of foreign currency reserves: 64%
- Good long-term demographics: stable median age
- Global military presence (600 bases) and formidable power projection

THE WORLD'S KEY MARITIME CHOKES POINTS



Pumped

Oil and gas production

As % of world total



Source: BP

Estimated petroleum and natural gas production in selected countries
quadrillion British thermal units

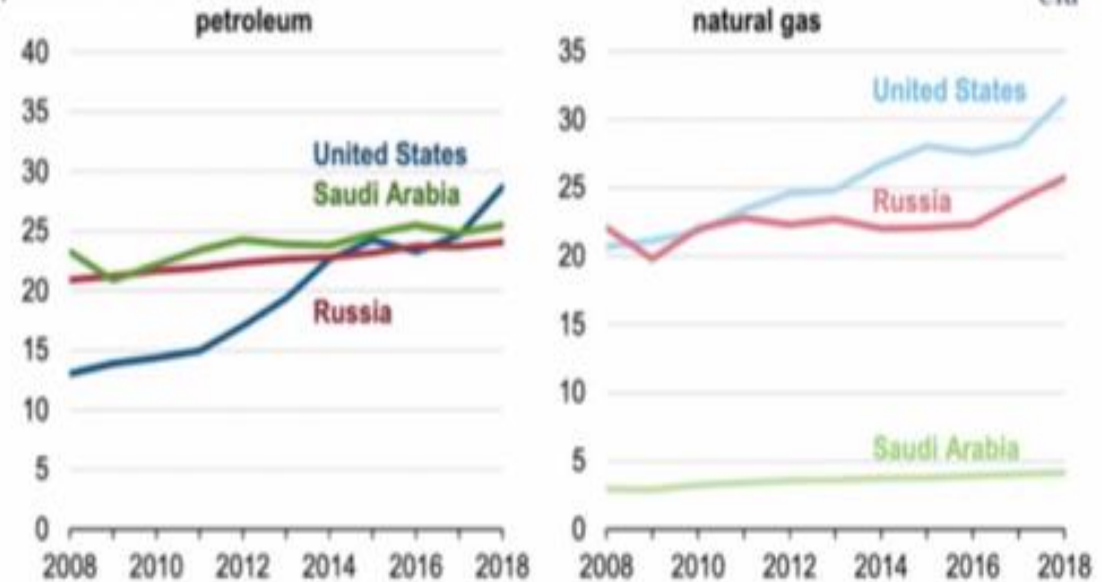


Fig. 11.1 Estimated petroleum and natural gas production in selected countries
(Source U.S. Energy Information Administration, based on International Energy Statistics. Note Petroleum includes crude oil, condensate, and natural gas plant liquids)

US grand strategy matrix

Deep

Soft

Engangement

Liberal
hegemony

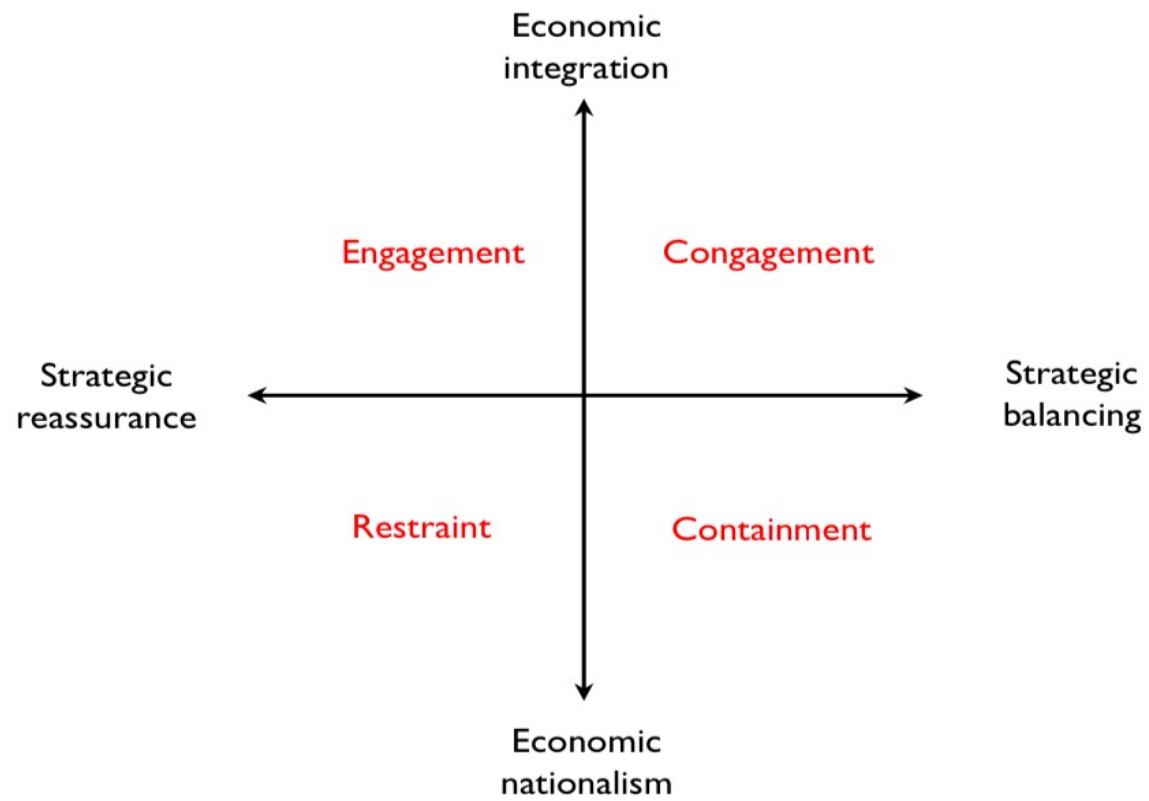
Selective
engagement

Disengagement

Isolation

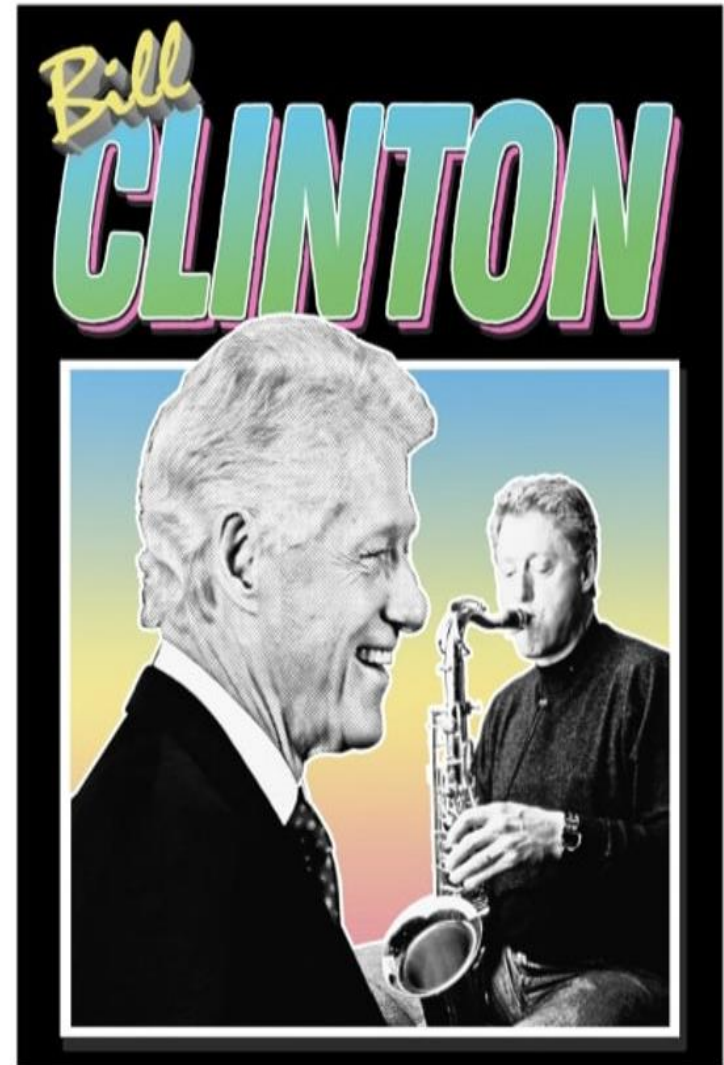
Restraint/Offshore
balancing

US strategic responses to China's rise



From engagement

By joining the W.T.O., China is not simply agreeing to import more of our products; it is agreeing to import one of democracy's most cherished values: **economic freedom**. The more China liberalizes its economy, the more fully it will liberate the potential of its people — their initiative, their imagination, their remarkable spirit of enterprise. And when individuals have the power, not just to dream but to realize their dreams, they will **demand a greater say**.



to decoupling and strategic protectionism (Containment?)

The PRC, by contrast (to Russia), is the only competitor with both the intent to reshape the international order **and, increasingly, the economic, diplomatic, military, and technological power** to advance that objective. 2022 USNSS, p.8

Dr. Peter Navarro:

Economic Security = National Security

Strategic Advantage VS. Comparative Advantage

FIRRMA - Foreign Investment Risk Review Modernization Act (2018)

Biden has retained the tariffs on China imposed by Trump and added lavish subsidies designed to reindustrialise America and give the US the lead in the technologies of the future.

NATIONAL SECURITY STRATEGY

OCTOBER 2022





US Geoeconomic Policy Actions

Confronting China – the U.S. National Security Toolbox

Export Controls

Military End Use
/ End User Rule

License
Exceptions (CIV,
APR)

Deemed Exports

De Minimis Rule

Emerging and
Foundational
Technologies

Entity List

Foreign-
Produced Direct
Product Rule

Enforcement

Hong Kong
Decertification

Other Export
Control Regimes
(e.g., DOE)

Sanctions

SDN
Designations
(e.g., human rights)

Potential Hong
Kong Sanctions

Other Measures

CFIUS /
FIRMMA

National Security
Tariffs

Telecom Supply
Chain Executive
Order

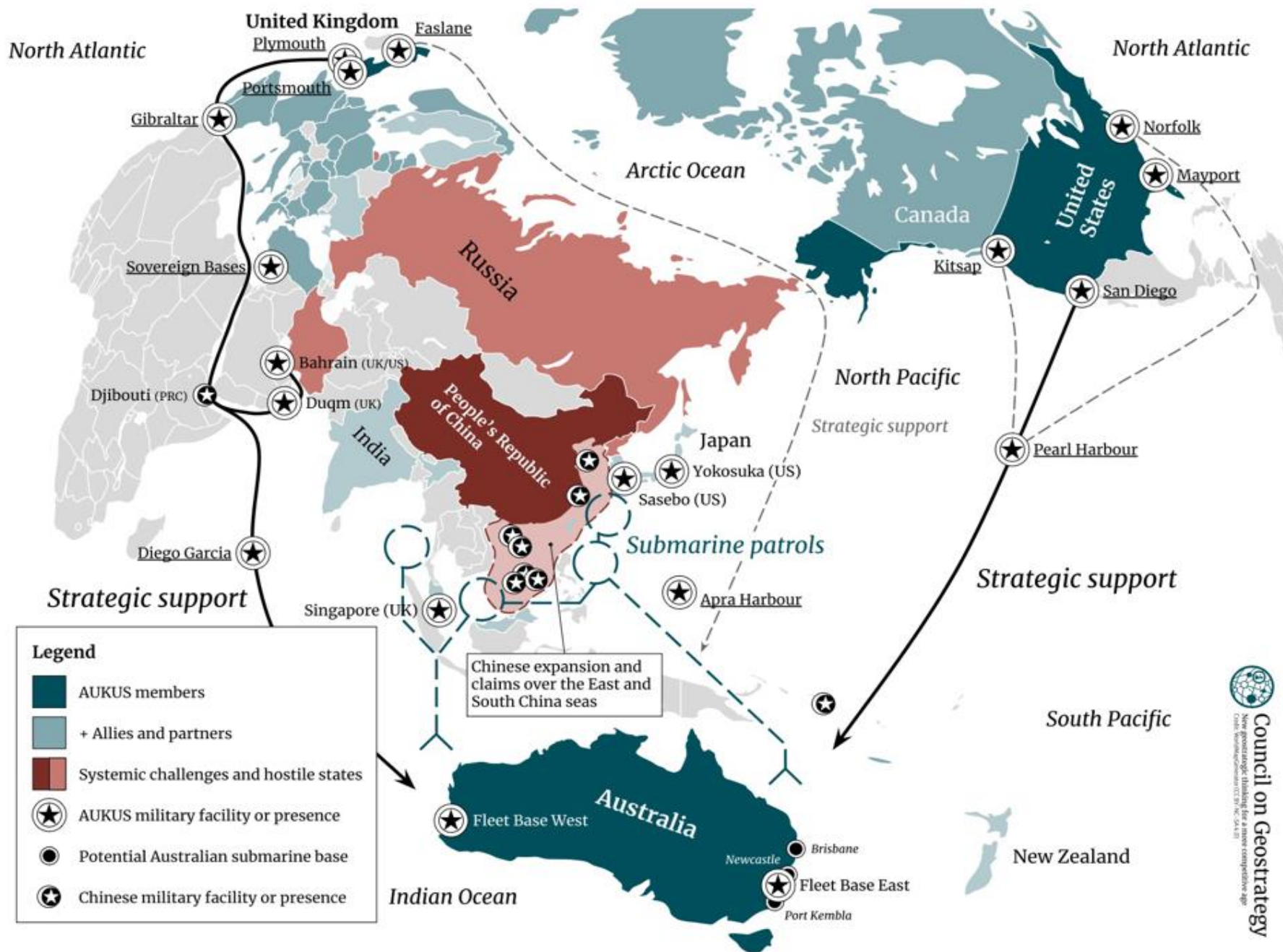
Immigration

Bulk Power
Executive Order

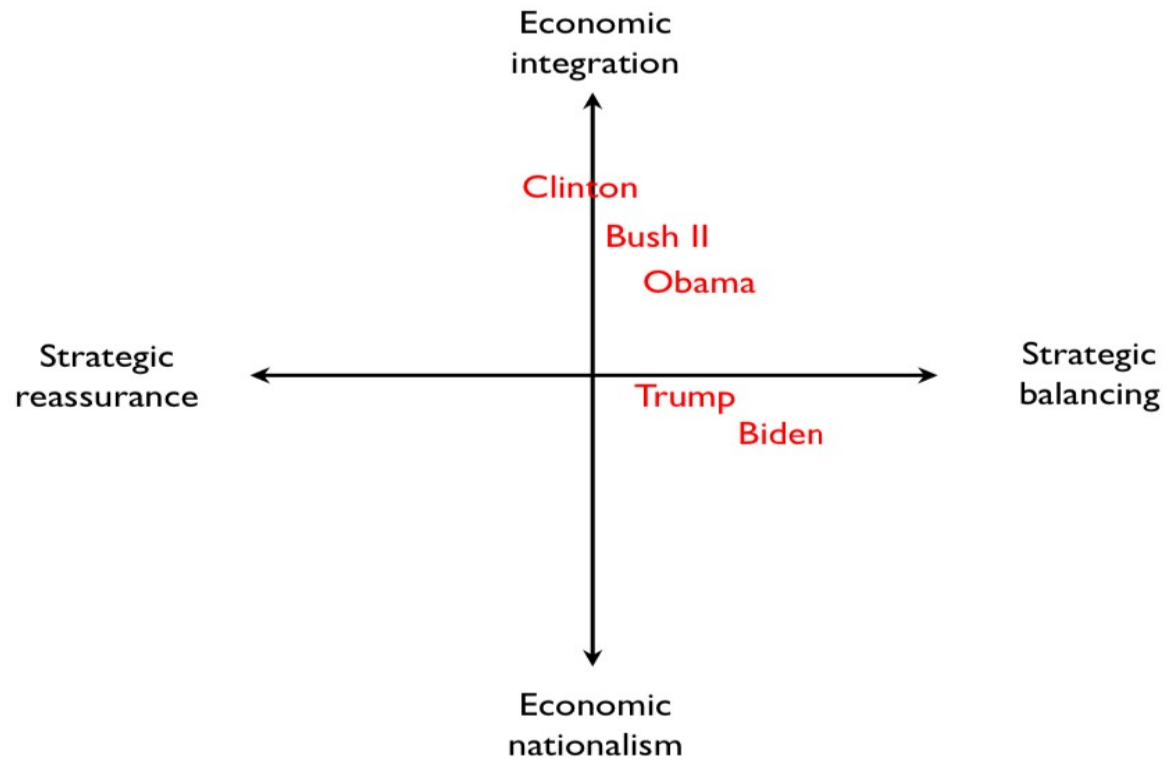
IP Theft
Prosecutions

Chokepoints and U.S. Encroachment





US responses to China's rise by president

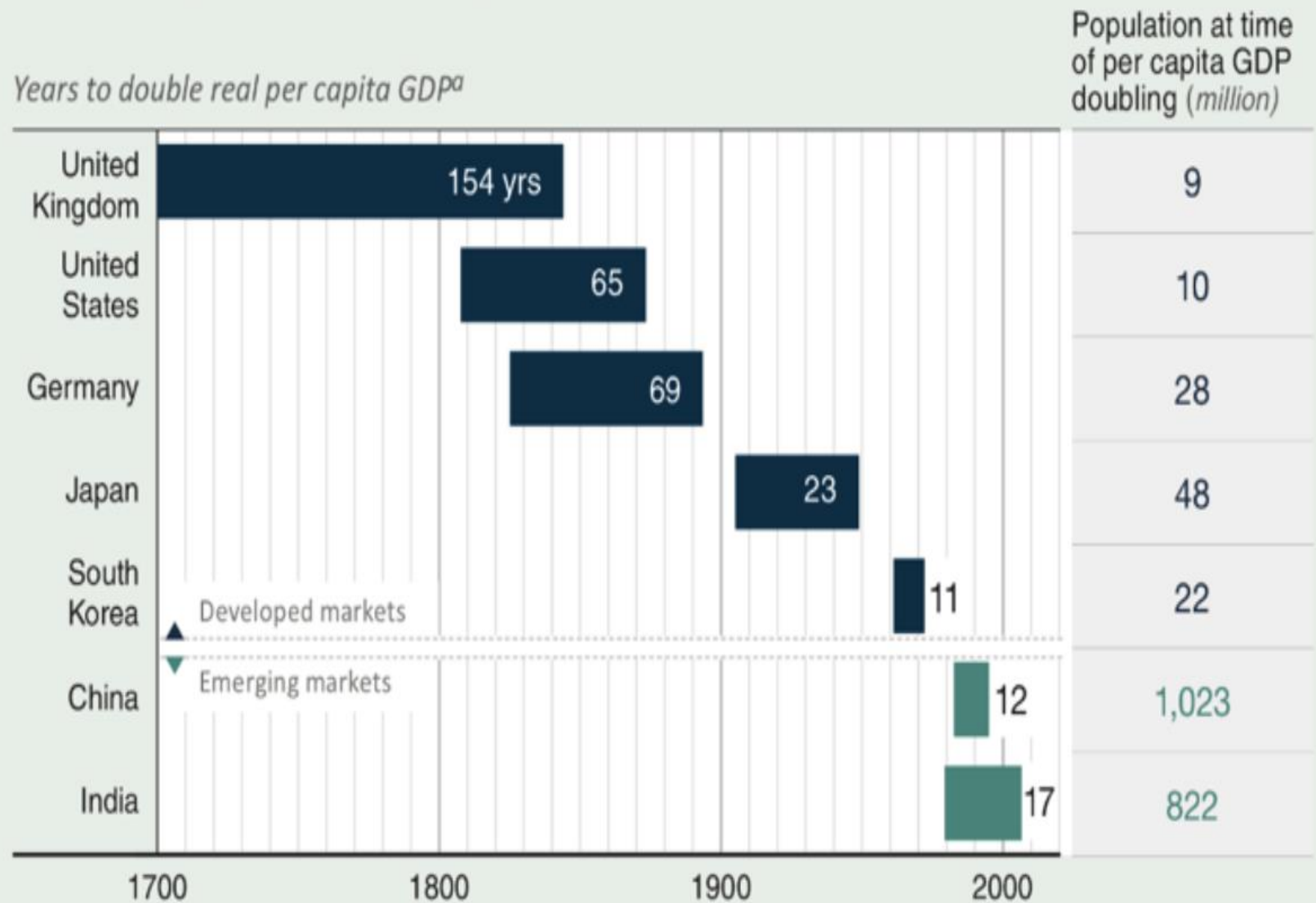




Britain's Royal Navy defeats China in the First Opium War, 1839–1841, giving Britain control over Hong Kong and initiating what China calls the “Century of Humiliation.”

In Emerging Economies, Incomes Are Rising Faster, and at a Greater Scale, Than at Any Point in History

India and China doubled per capita income much faster than much smaller emerging economies in the past.



^aFrom \$1,300 to \$2,600 per year at purchasing power parity.

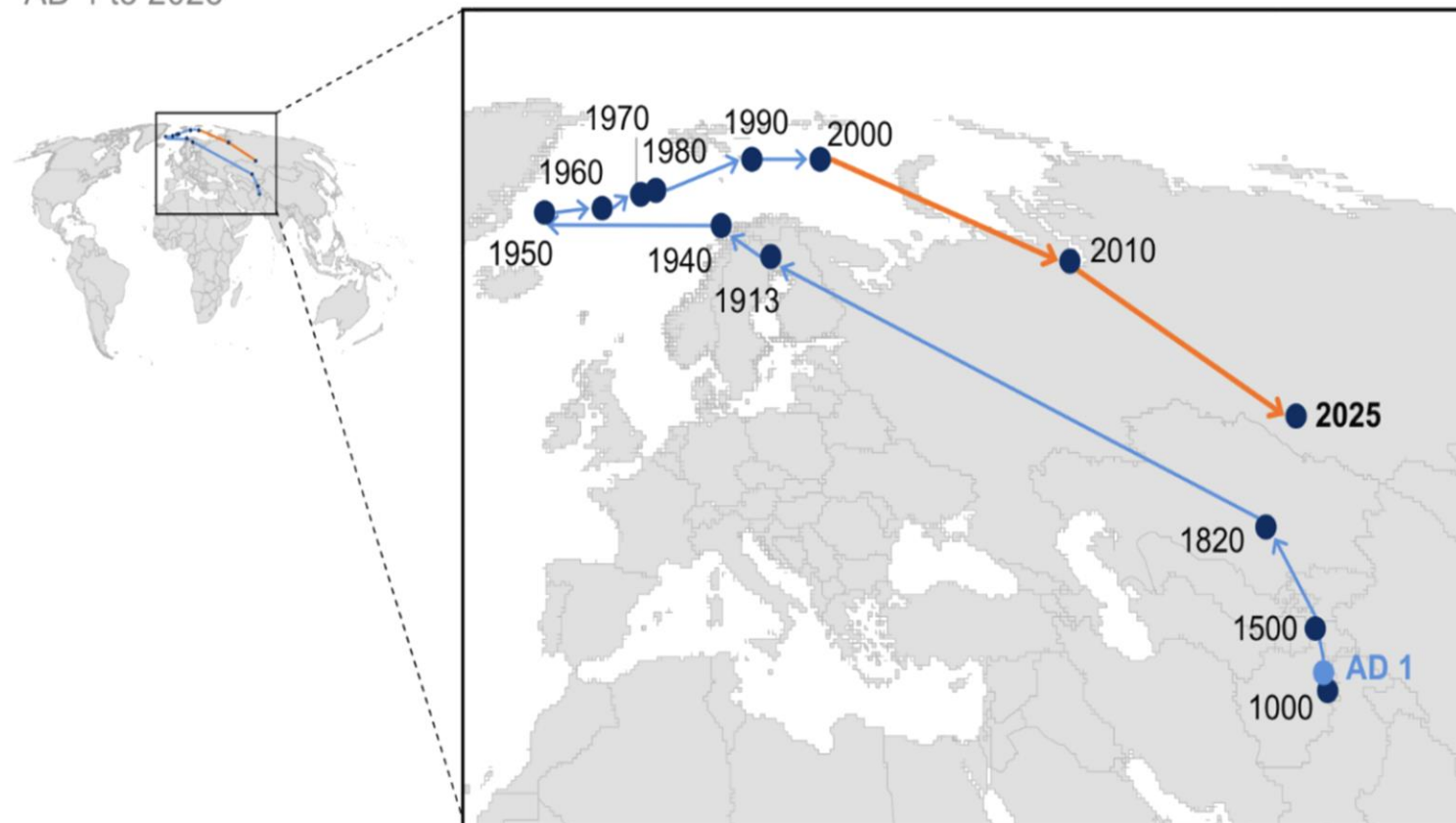
Source: Groningen Growth and Development Center, The Maddison-Project database, Groningen, Netherlands, 2013. <http://www.ggdc.net/maddison/maddison-project/home.htm>, 2013 version.

Exhibit 3

By far the most rapid shift in the world's economic center of gravity happened in 2000–10, reversing previous decades of development

Evolution of the earth's economic center of gravity¹

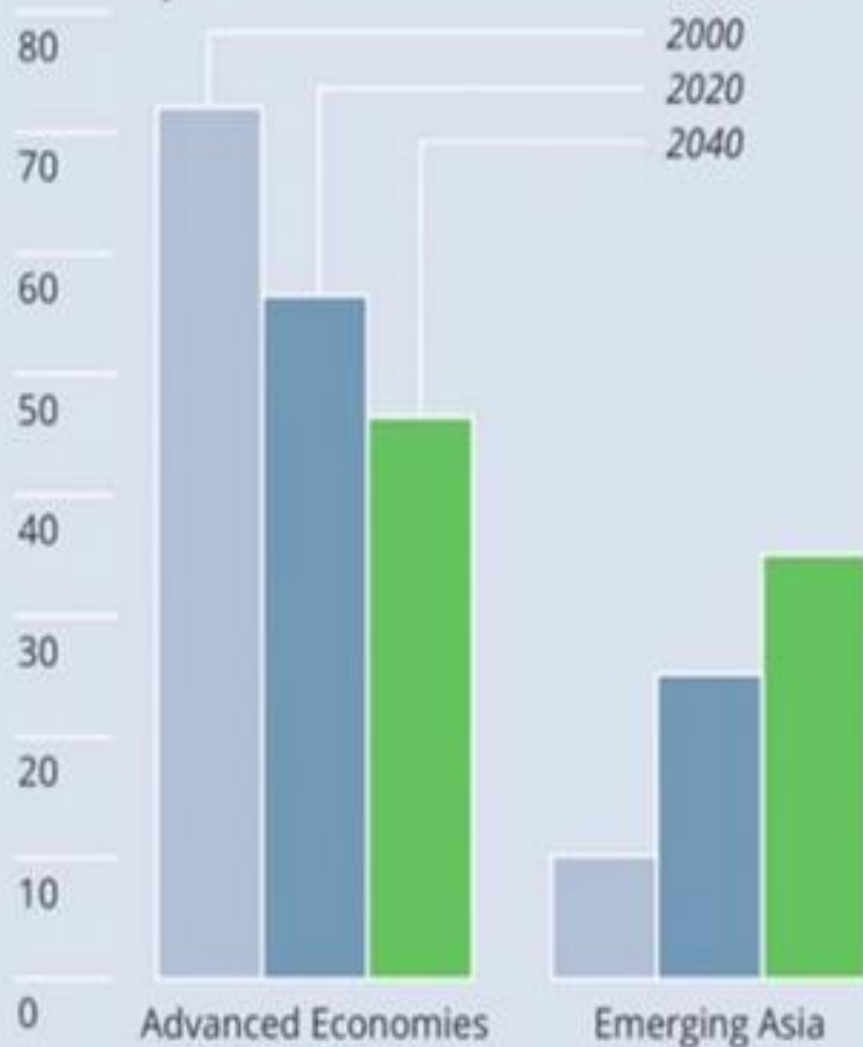
AD 1 to 2025



¹ Economic center of gravity is calculated by weighting locations by GDP in three dimensions and projected to the nearest point on the earth's surface. The surface projection of the center of gravity shifts north over the course of the century, reflecting the fact that in three-dimensional space America and Asia are not only "next" to each other, but also "across" from each other.

ECONOMIC WEIGHT SHIFTING TO ASIA

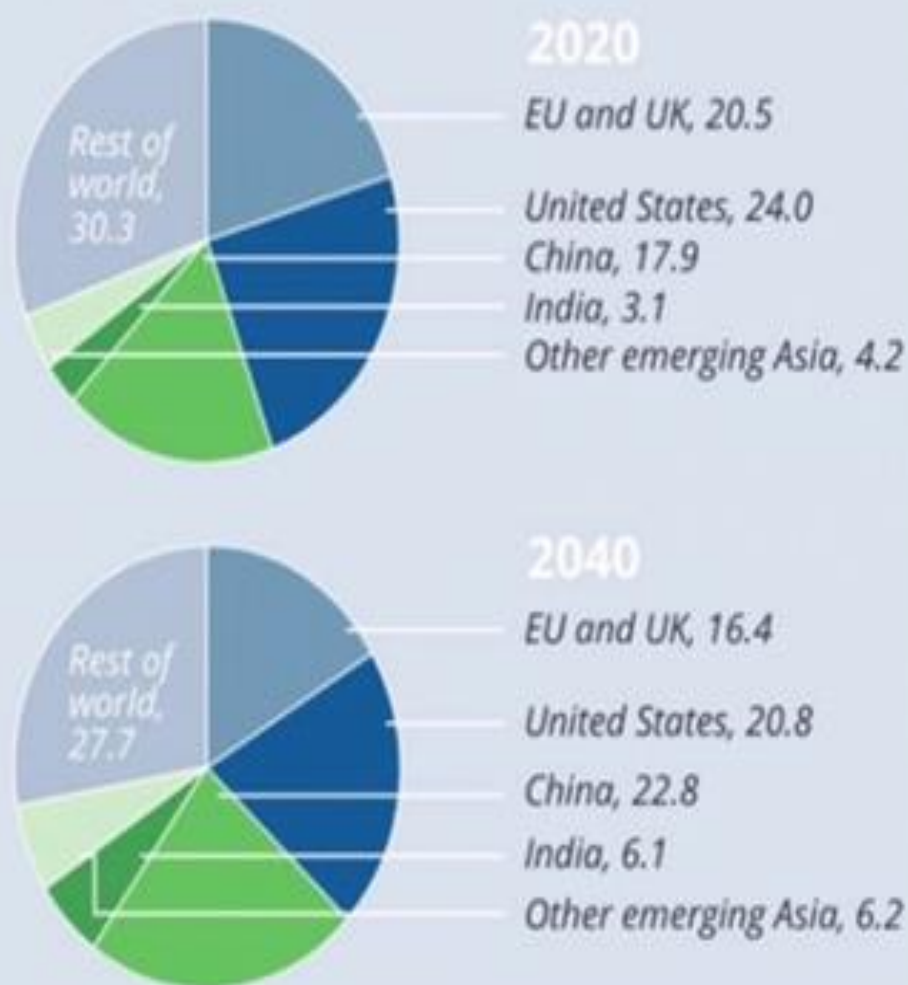
Percent of world GDP



Source: Oxford Economics.

FORECAST SHARE OF WORLD GDP

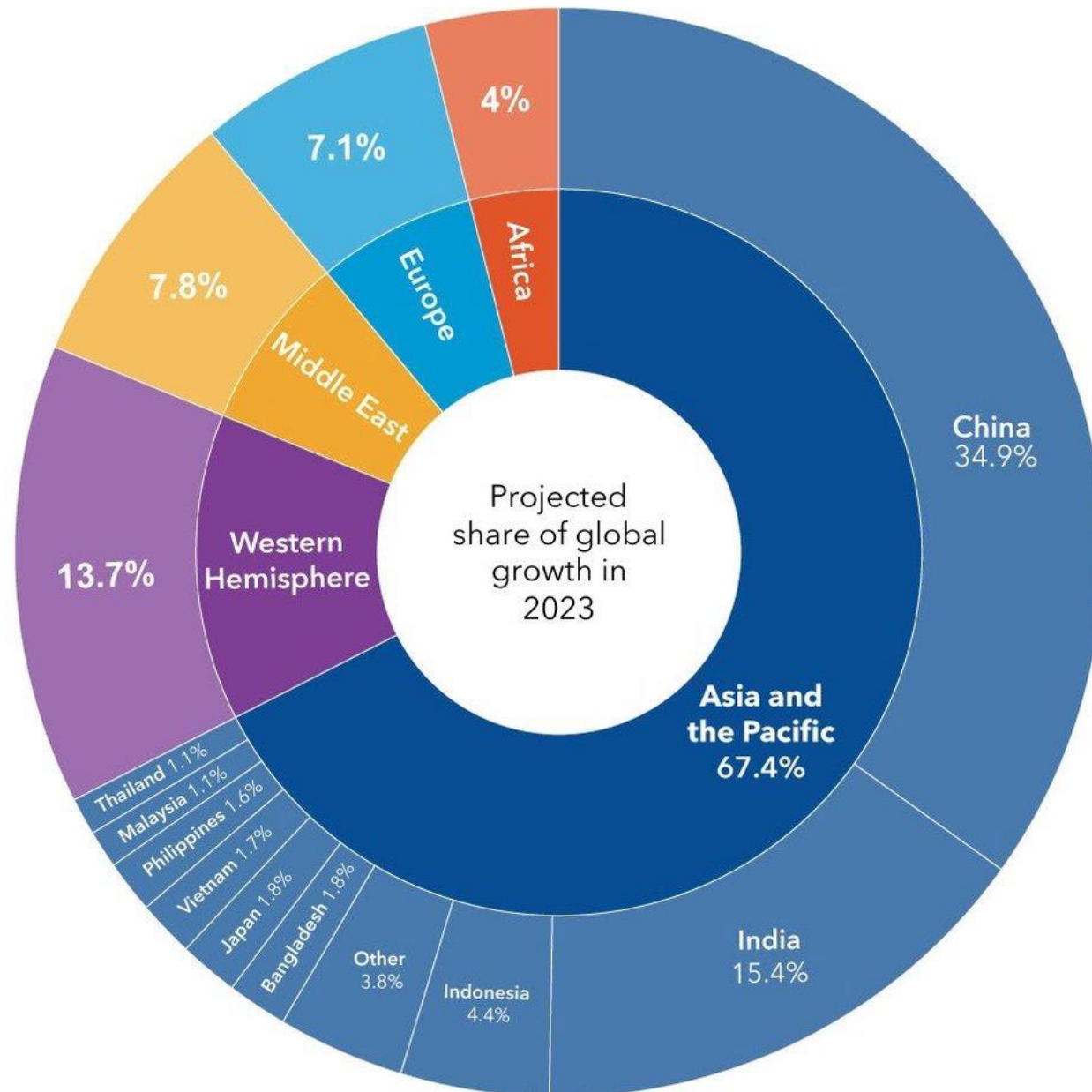
Percent



Source: Oxford Economics.

Bigger driver

Asia will contribute about 70% of global growth this year.



Source: IMF, World Economic Outlook, April 2023.

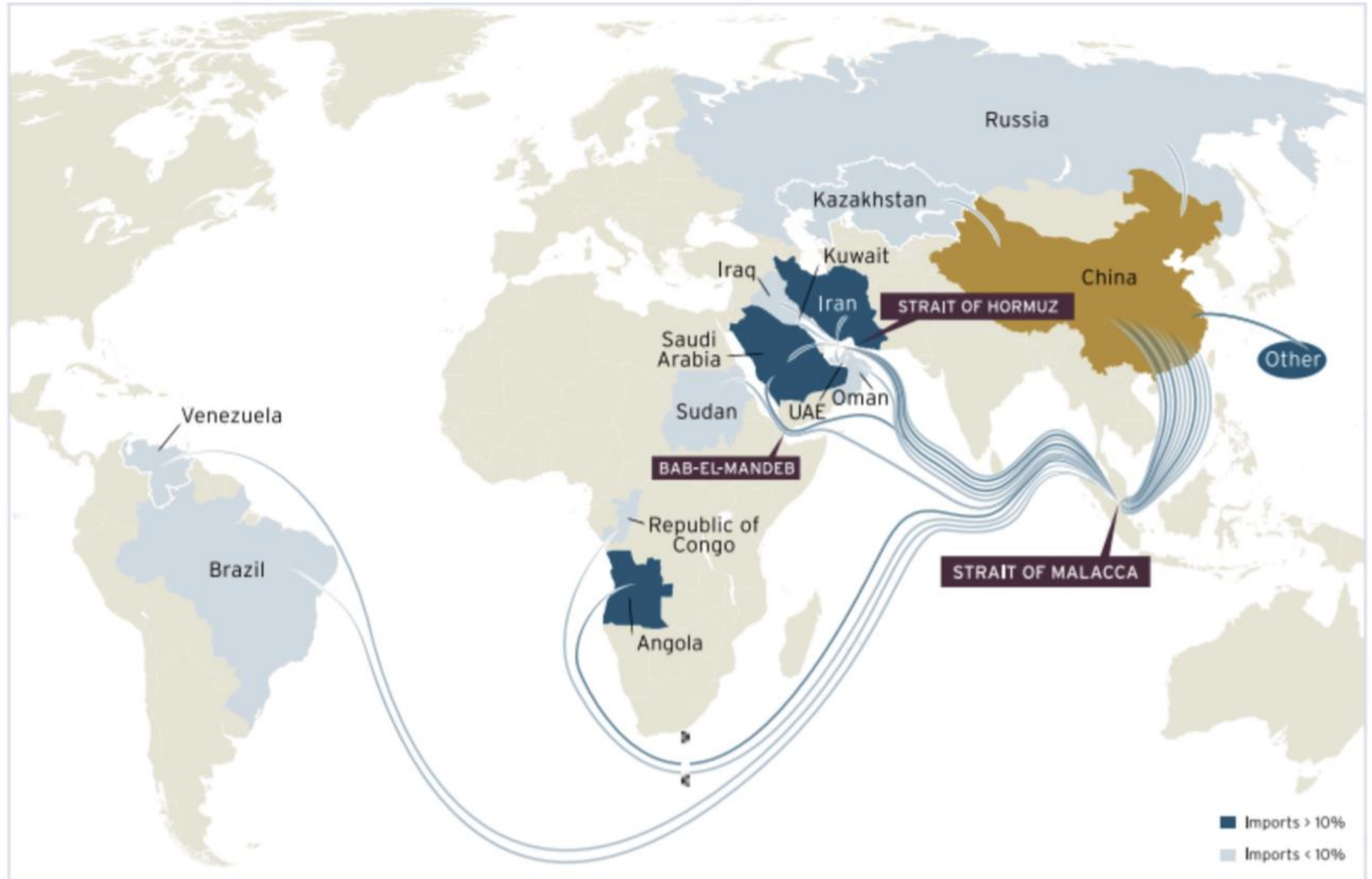
Note: Groupings based on IMF Regional Economic Outlook classifications.

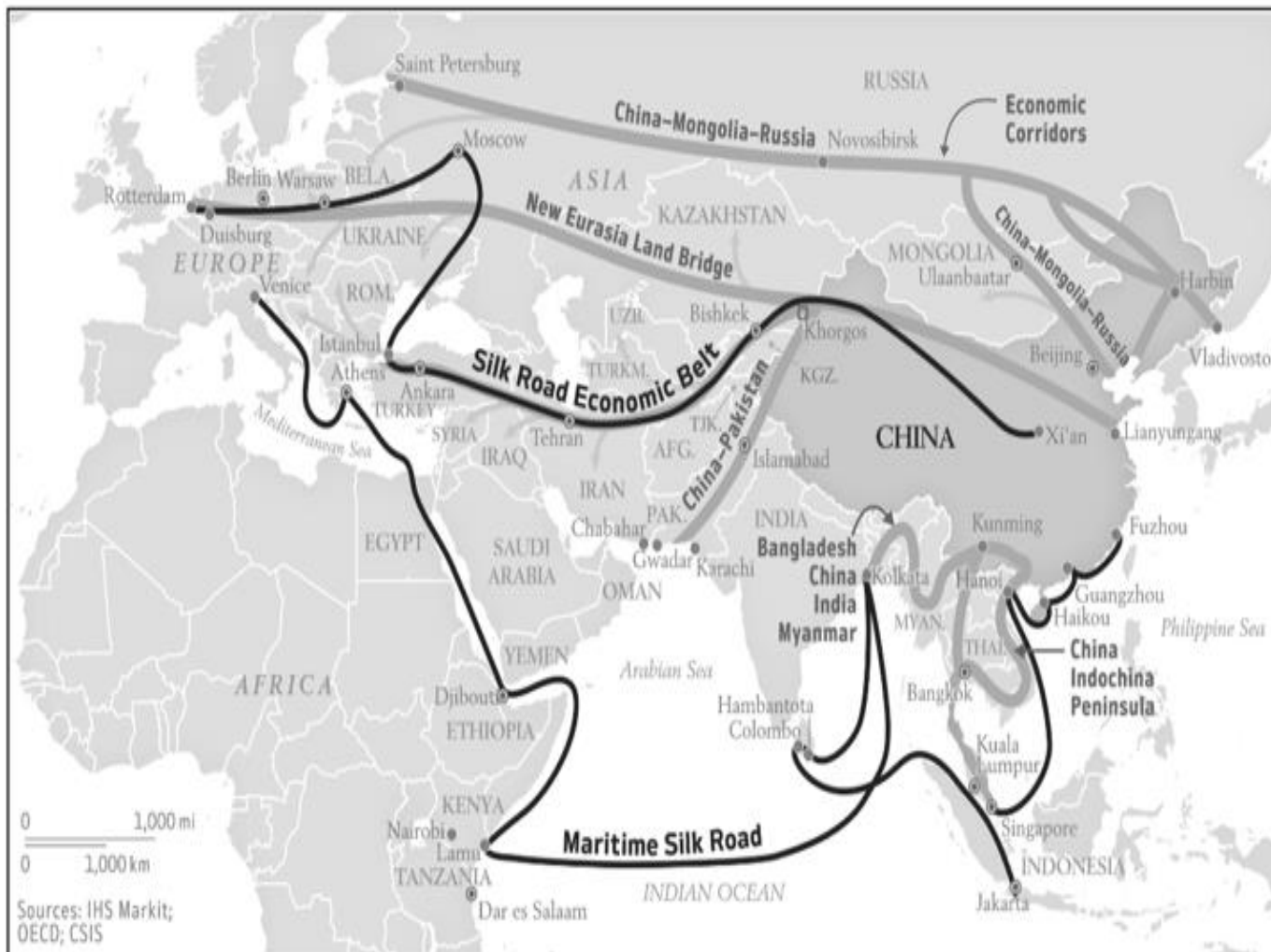
Meet My Five Billion Neighbors



POPULATION: Asia = 5 Billion > Americas (1 Billion) + Europe/Middle East/Africa (2 Billion)

China imports: Trade vulnerability and the Malacca dilemma





China's Belt and Road Initiative

Launched in 2013, the "BRI" aims to promote "connectivity" and reorder the global economy.

No limits Friendship

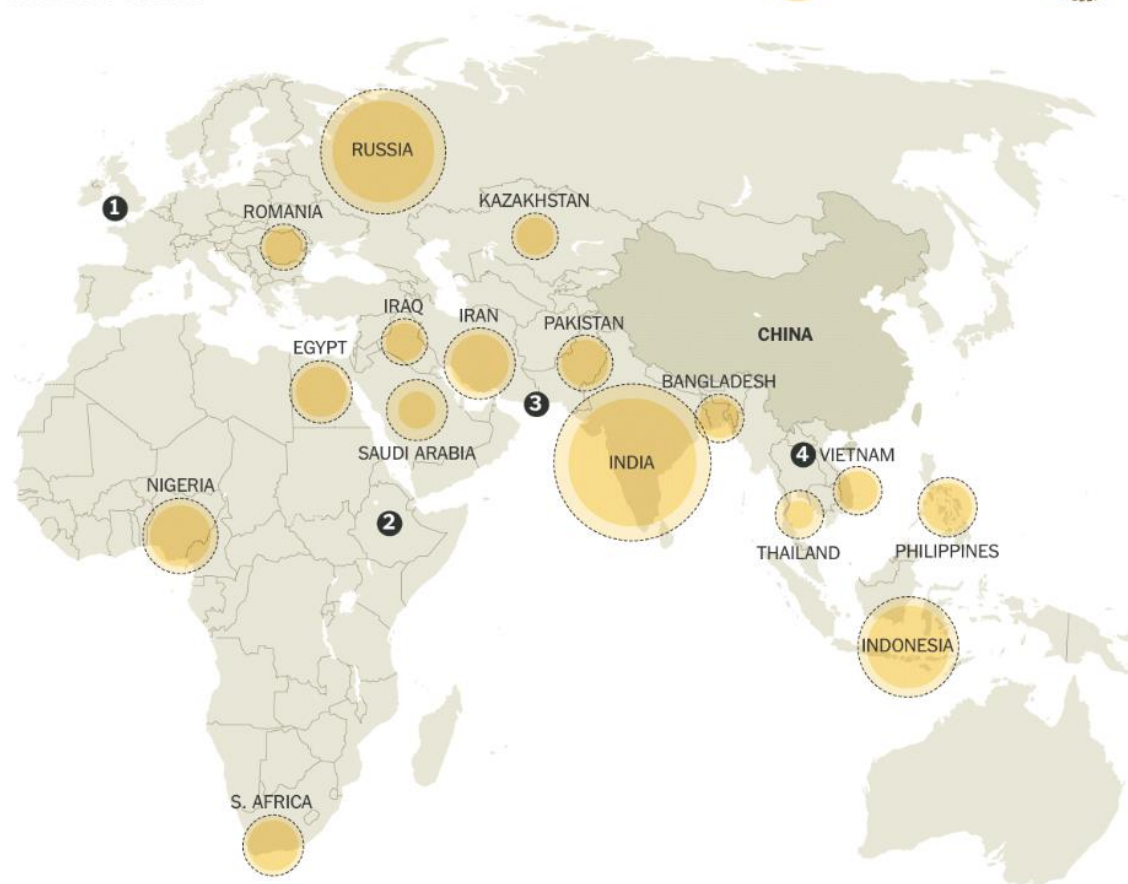


China's Global Ambitions

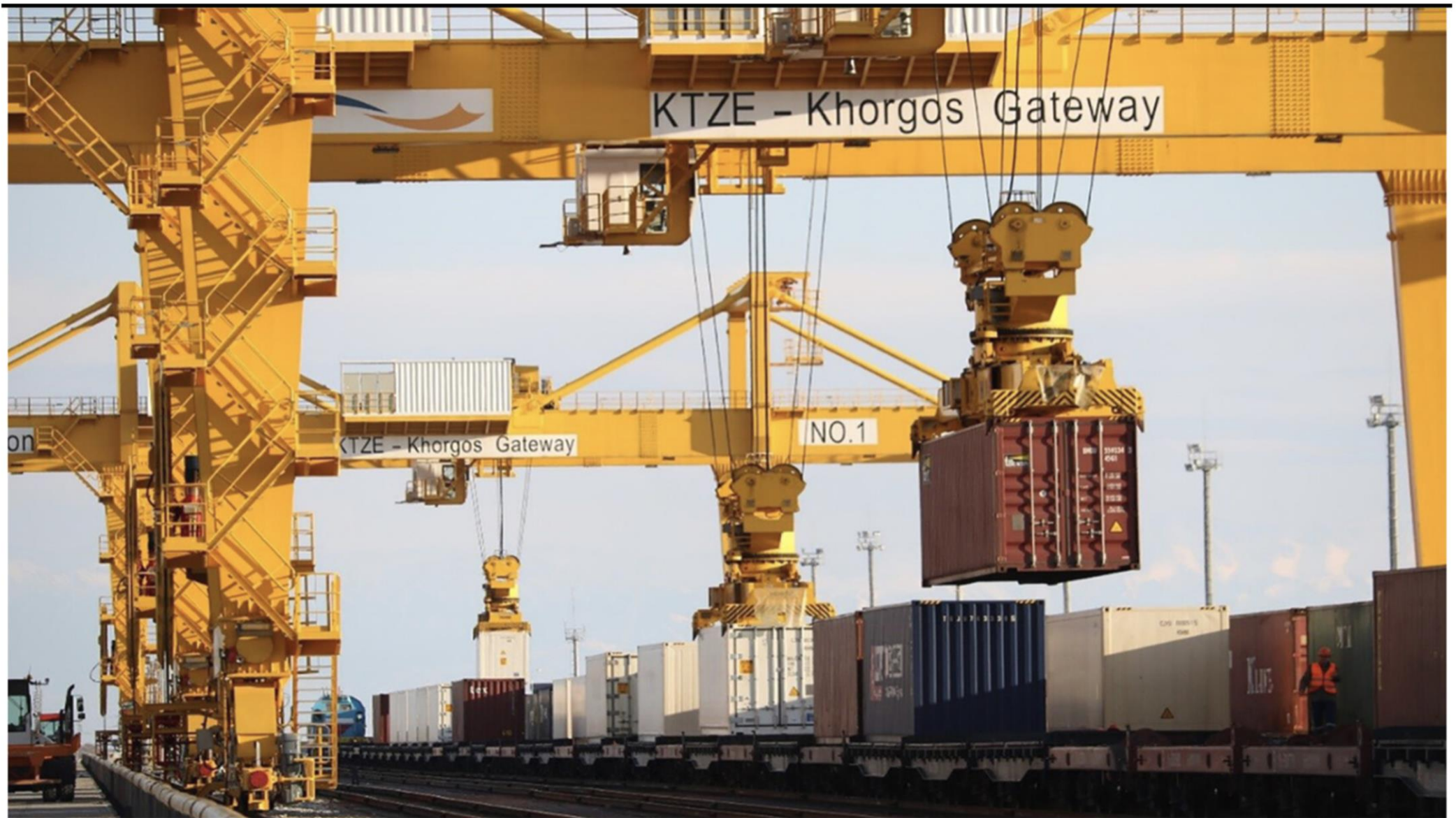
Under the "One Belt, One Road" plan, President Xi Jinping is remaking global trade and nurturing geopolitical ties. The audacious plan, with little precedent, promises more than \$1 trillion in infrastructure investments that span 60-plus countries across Europe, Asia and Africa.

Countries participating in the plan and selected African countries expected to receive the most investment from China from 2017 to 2021

Forecast investment from China 2017 - 2021, in billions



Selected major Chinese international investment projects



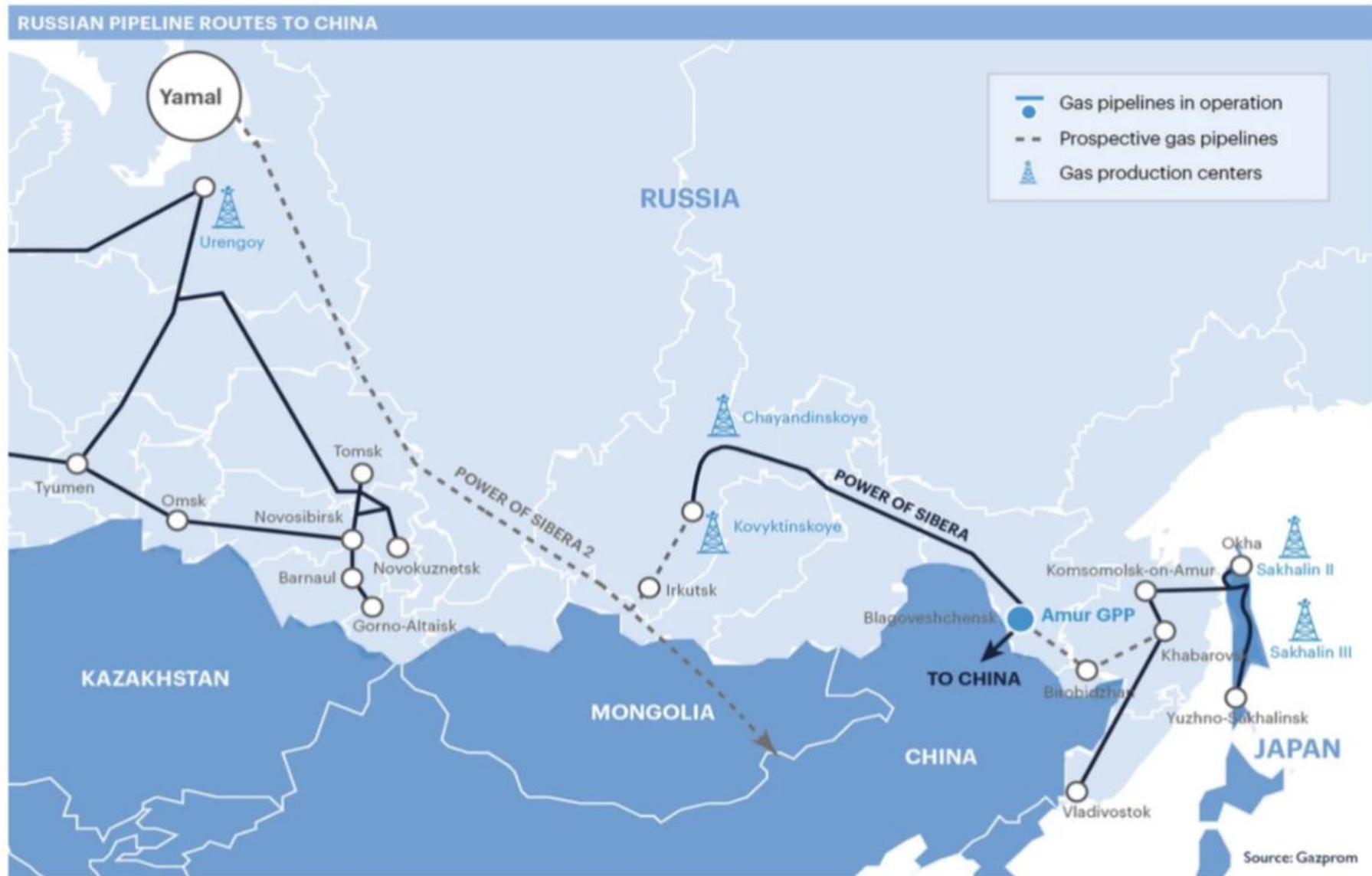
Khorgas was a crossing point through the mountains on the ancient Silk Road. Today, on the border between China and Kazakhstan, it is the giant “land port” for speeding containers filled with goods from China on to Europe.



A freight train leaves Khorgos, on the border of China and Kazakhstan, October 2017

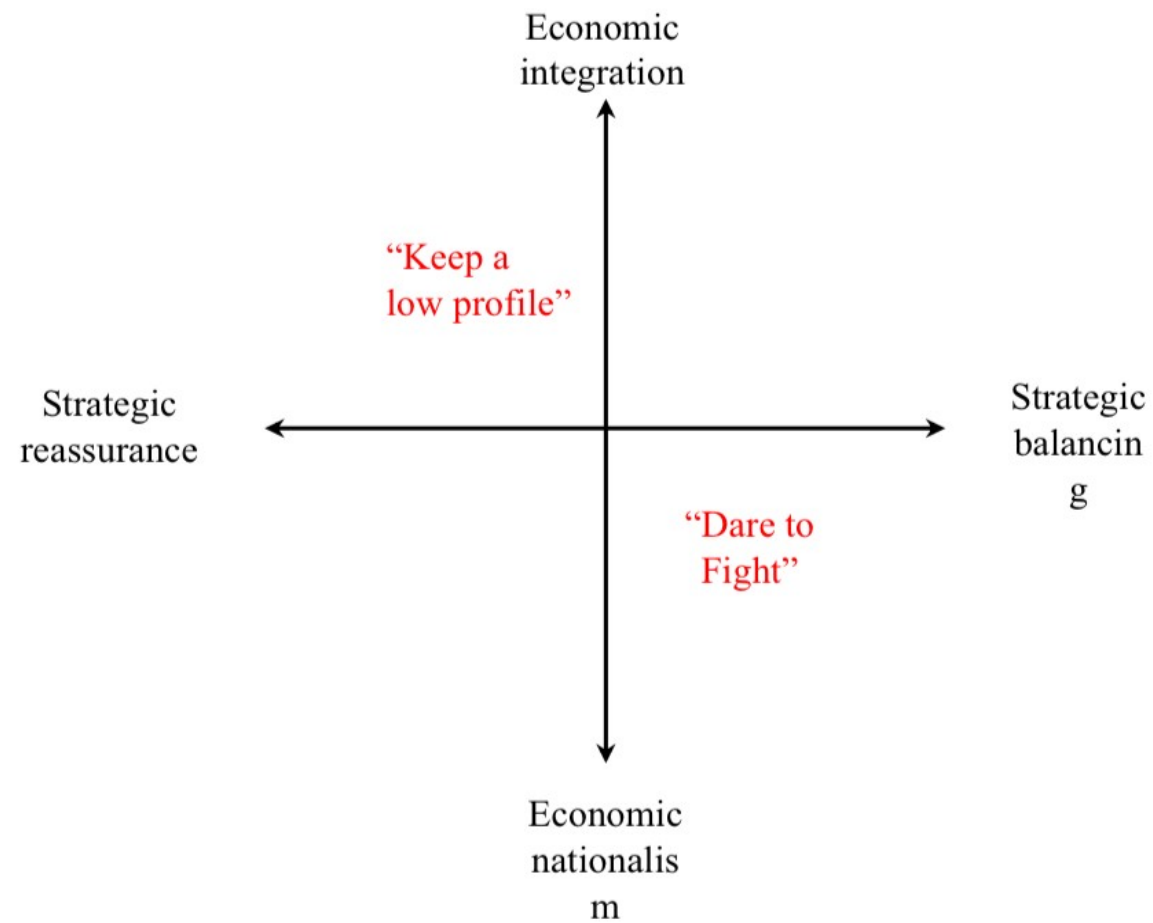


Piloting to the East



[Trans-Mongolian Route for Power of Siberia 2](#)

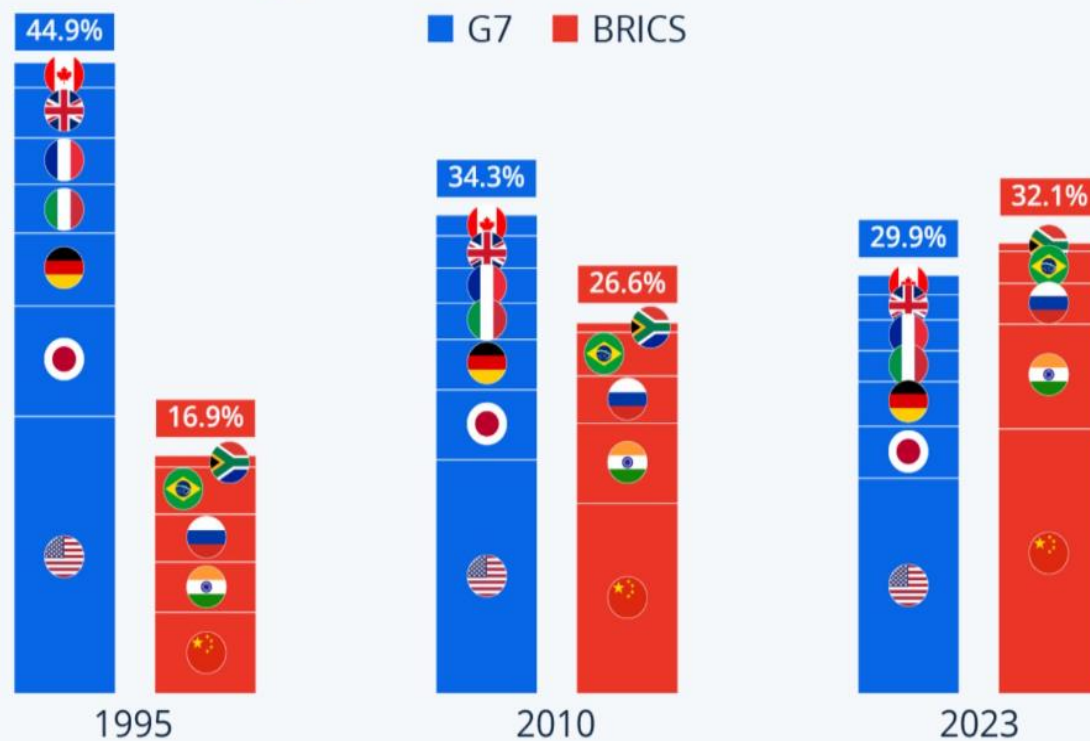
China's responses to American hegemony





The Rise of the BRICS

G7 and BRICS countries' share of global GDP at purchasing power parity



2023 data based on IMF estimates as of April 2023

Source: IMF World Economic Outlook





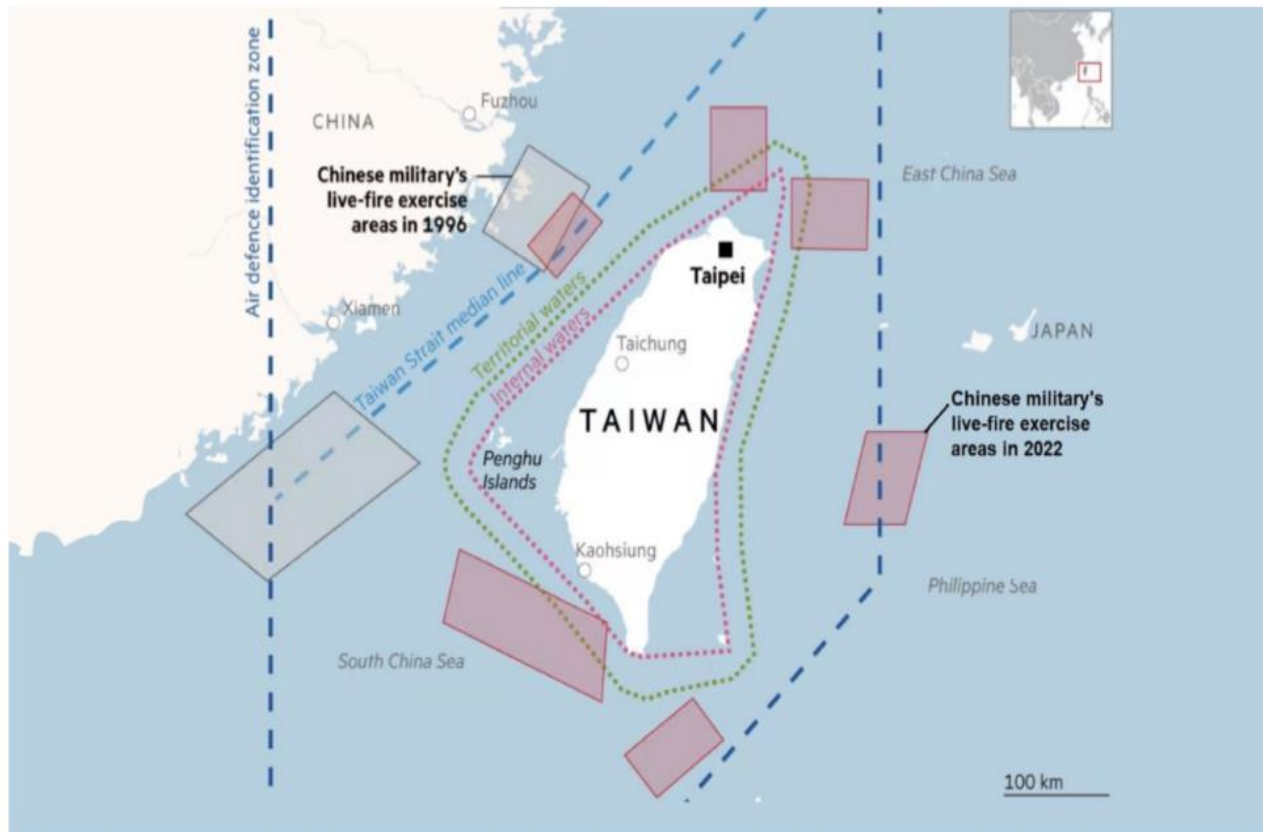


South China Sea

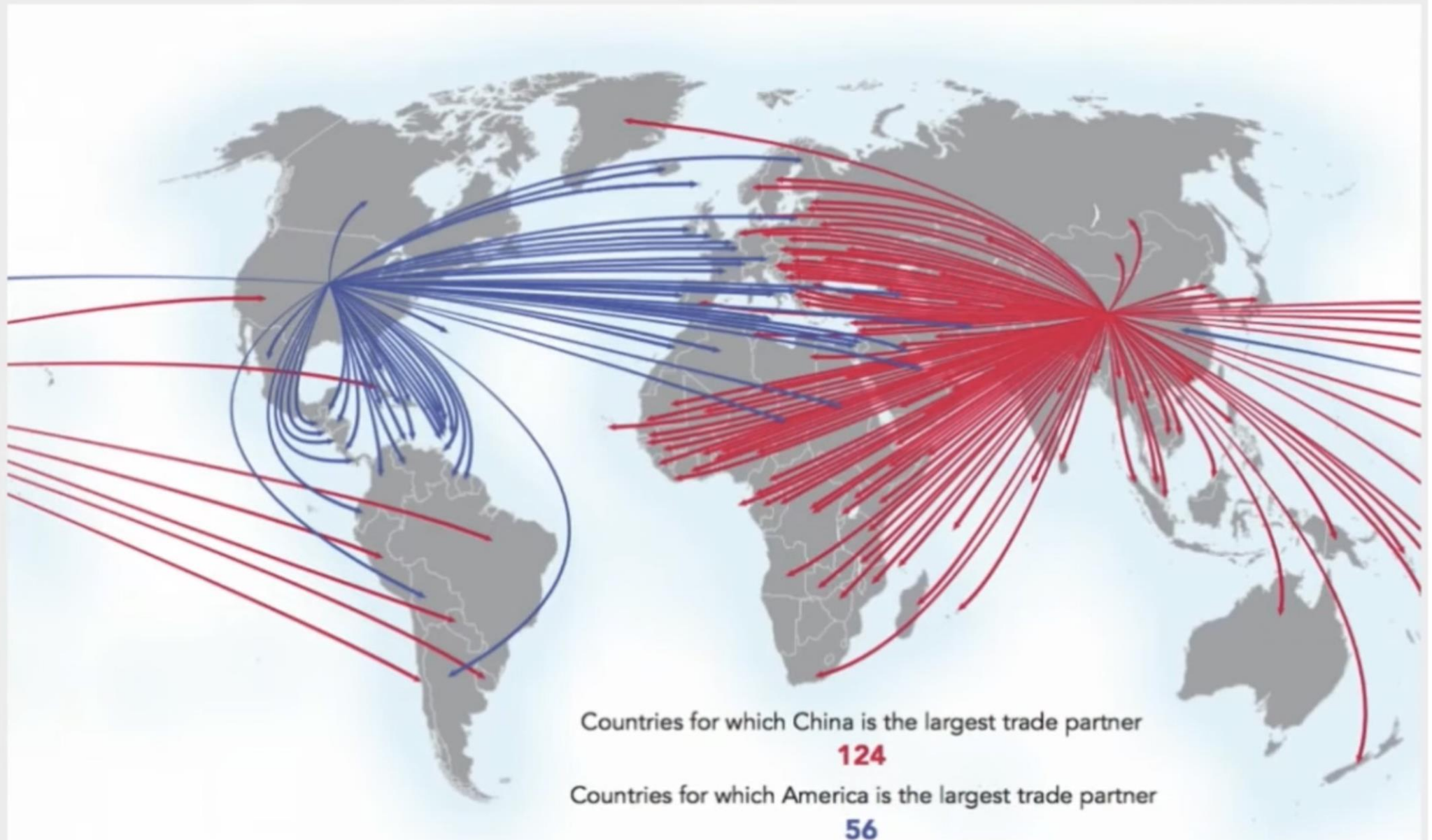
China is claiming most of the South China Sea with its Nine-Dash Line map, leading to tension with Southeast Asian countries and the United States.



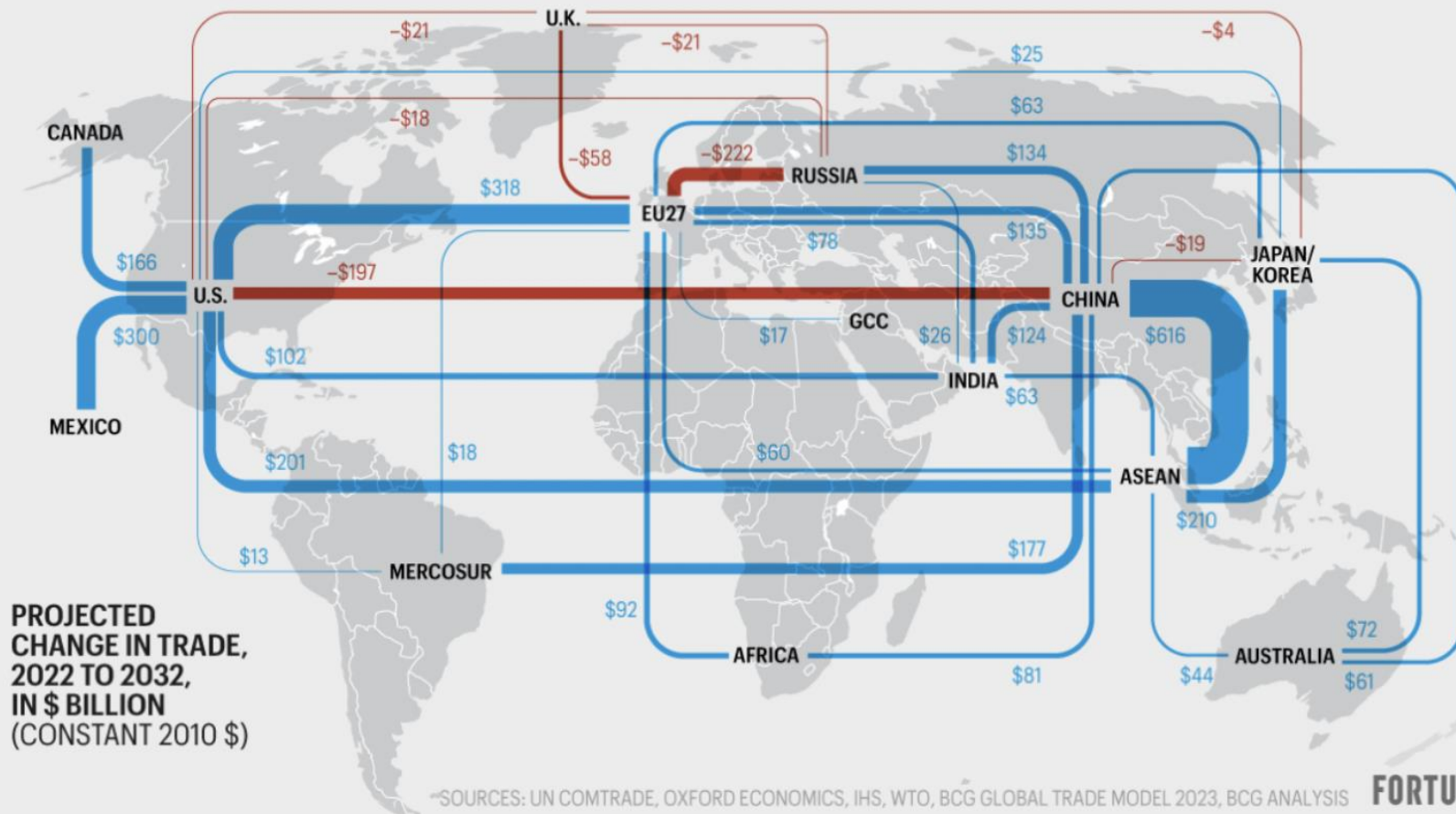
East Asia: Impact of China and Taiwan conflict on shipping



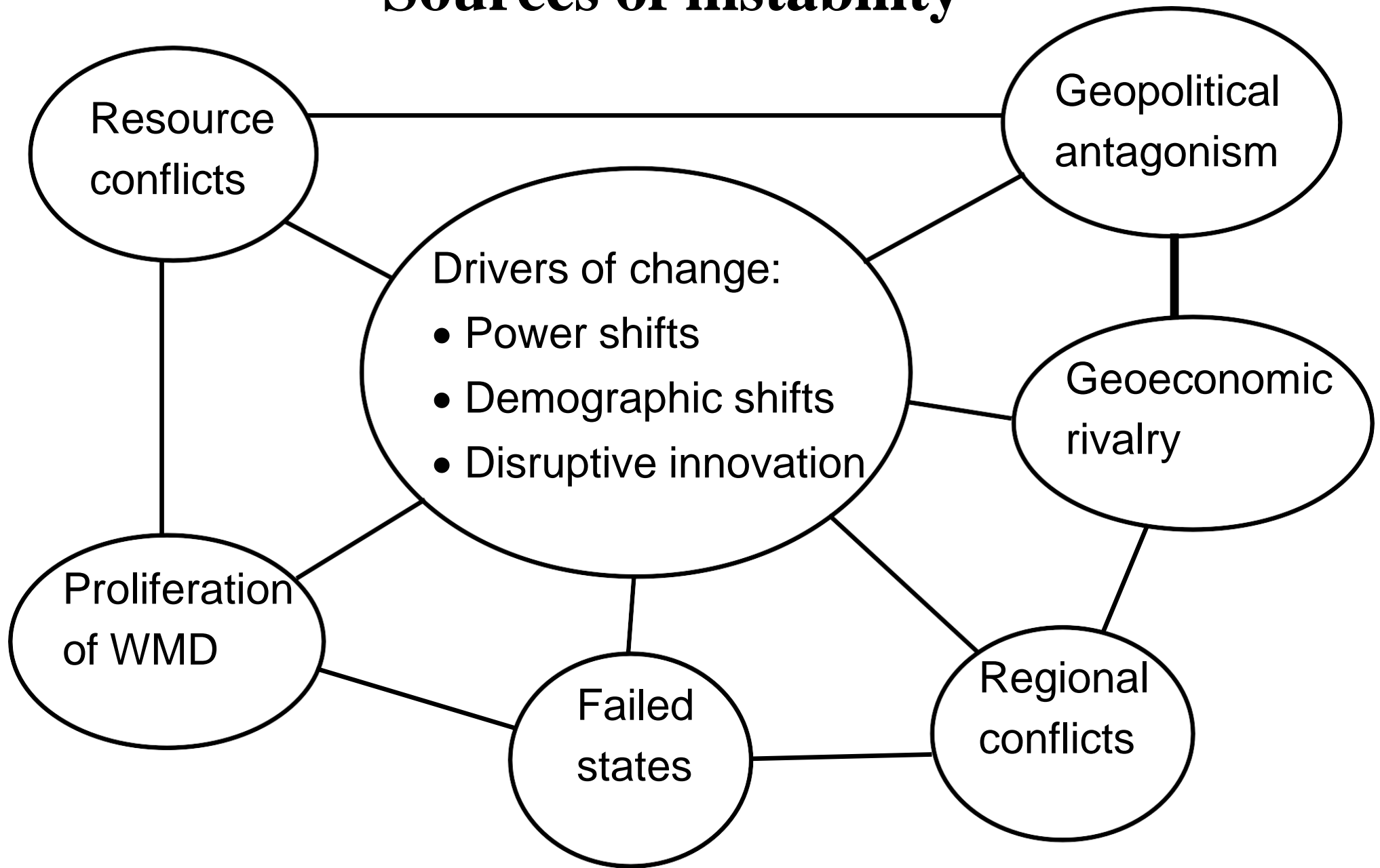
Top Trading Partner of Most Nations



How trade flows will be reshaped by 2032



Sources of instability



A clash of strategic perceptions

USA: Americans perceive that China is determined to alter the strategic and territorial status quo in the western Pacific, establish a Chinese sphere of influence, and remove America's military presence from the wider region. Ultimately the Chinese strive for primacy in the international system.

China: The Chinese believe that the American policies of containment are designed to frustrate China's rise, to weaken and ultimately break up China.



Sino-American Antagonism

- Ideological : Democracies vs Autocracies
- Geopolitical: Oceanic vs Eurasian coalitions
- Economic: resilience, decoupling
- Military: Nuclear and Conventional Arms Race
- Technological: primacy in AI, technological denial





Red Lines in Sino-American Relations

- Abstain from cyberattacks targeting critical infrastructure
- Abstain from targeting space assets
- Avoid provocative military exercises, deployments, and maneuvers in the Taiwan Strait.
- Avoid changing the status quo in Taiwan



Strategic cooperation in the New Cold War

- Nuclear Arms Control in order to improve strategic stability
- Mitigation of the strategic impact of AI: always a human on the loop
- Upheld the nuclear non-proliferation regime
- Environmental sustainability
- Management of pandemics: build a better system for distributing future vaccines to the developing world.
- Improve global financial stability, especially by agreeing to reschedule the debts of developing countries hit hard by natural or medical disasters.



Thank you for your attention!