

The shock of de-globalisation on globalisation

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Keywords: Globalization; de-globalization

Abstract: The current global outbreak of the New Coronavirus, the resurgence of Cold War thinking, the heightened sense of hostility between nations, the worsening Russian-Ukrainian war, and increased regional integration have led to unprecedented challenges to the economic globalization that has improved the lives of billions of people around the world. Globalization has brought countries closer and more interdependent politically and economically, and the rapid growth of economic globalization has facilitated the emergence of regional organizations such as the North American Free Trade Area (NAFTA) and the Asia-Pacific Economic Cooperation (APEC). But it has also set off a wave of discontent with globalization, the rise of populist ideology, the outbreak of pandemics, the US-China trade war, and the Russo-Ukrainian war have all exacerbated the trend towards de-globalization. This paper will examine the impact of globalization in terms of the effects of the spread of pandemics on states and economies and the impact of competition between powerful states on globalization, as well as the question of whether de-globalization is a threat to globalization.

1. The impact of the pandemic on globalization

Globalization is the expansion of socio-economic and socio-political activities beyond national boundaries in an international and transnational context, and its most prominent form is economic Globalization[1]. In other words, Globalization has made the world's economies more closely linked and supply chains can be spread across the globe and across national borders. For example, Apple, located in Silicon Valley, designs its products in the United States and assembles them in China before selling them worldwide is evidence that the production and trade of goods has crossed national borders. There is no denying that Globalization has brought about a surge of growth in the world economy. Governments see Globalization as a way to economic development[2]. Globalization has created the incentives to maintain a liberal order, a relatively free trade environment and international institutions to regulate competition between major powers, which ensure the economic interests of businesses and nations.

The trend towards globalization is irreversible, but as the instability of global industrial chains and supply chains is on the rise, regionalization is set to become the new trend. The outbreak of Covid-19 has indeed caused a number of troubles for globalization. The negative consequences of pandemics do not only refer to mortality rates, but also to the impact on the daily lives and economies of human societies, a toll exacerbated by Globalization and resulting in billions of US dollars of expenditure[3]. Firstly, the outbreak has directly restricted the movement of people and quarantine measures have been taken in many countries to prevent the spread of the virus, which has directly hit the tourism

industry and the transport sector as well as businesses that rely heavily on supply chains, such as the car manufacturing industry. The embargo measures have increased uncertainty about economic growth, increased remote working, reduced trade operations and labour who can work in the real world rather than working online, and limited supply and demand. The shutdown caused by the epidemic has led to a halt in logistics and more onerous regulatory measures thus affecting the timely delivery of goods, which has had a severe impact on supply chain dependent companies such as the automotive and electronics manufacturing industries. The stability of the supply chain of the global industrial chain is encountering great challenges. Secondly, the impact of the epidemic on Globalization is also reflected in supply chain management[4]. Some multinationals have established quasi-independent regional supply chains in the Americas and Europe to reduce risk so that companies can move production of critical components from one region to another in the event of a shutdown due to an epidemic, but supply chains are difficult to establish and move, and once a company makes this decision, it is clear that the shift to regionalised supply chains will be a lasting outcome[5]. This means that due to the impact of the epidemic, multinational companies are beginning to shift their thinking to change their supply chain management mindset, which used to be purely efficiency-driven, with the balance between efficiency and safety now becoming the focus of attention. Companies want to increase the resilience of their chains, but this process may lead to a certain degree of industrial out-migration from individual countries, so many countries want to build more independent and complete chains locally and revitalise their economies. However, not all companies can successfully survive in their home countries, so leading the return of key industries to regionalisation and shortening the value chain has become a good option for many countries. In other word, the development trend of regionalization, localization and short chains of global industrial chains is obvious, and the risk of supply chain breakage continues to rise.

Pandemics reinforce the concept of the national nation. Pandemics pose a huge challenge to the conventional security of human life, and people begin to be worried and fearful of the outside world. But the fact that rich countries can provide the goods for people's lives increases people's sense of national identity and further strengthens the concept of nation-state; at the same time, as the rich and poor are further divided, ordinary people will believe that globalization has blocked their upward mobility and increased social injustice, so in order to protect their own interests will provoke populism. A tendency can lead countries to exercise measures such as trade protectionism and xenophobia. The emergence of populist or nationalist leaders in key countries who prioritise national objectives and devalue the global liberal order is also an important factor in preventing cooperation between major powers. But georegional blocs based on trade agreements or closer economic ties offer possible solutions to this shortcoming - after all, the EU is the best example of this.

2. Powerful countries compete for hegemony leading to a wave of de-Globalization

While globalization has led to global economic development, it has also increased global economic inequality, with some pointing out that the wave of globalization has eroded labour standards, local environments and industries, as well as people with traditional values, and that the Western-oriented nature of globalization has frightened other major countries. Globalization is all very well, but what matters most to a country is the interests of its people, and if Globalization affects national interests, it is not incomprehensible to choose to put it on hold and focus more on improving the country's economy. This is best demonstrated by the many trade protection measures implemented by the former US President Donald Trump. Pandemics, increased competition between the US and China, and ideological rivalries are all exacerbating the process of de-Globalization. Many governments and multinational companies are trying to reduce security risks, so they adopt de-Globalization strategies such as shortening international chains, but this approach is not only to

reduce the impact of the epidemic on companies and governments, but also to reduce the impact of great power politics on them. Barron's reports that the epidemic, costs and geopolitics are driving the Apple maker to shift production and sales elsewhere [6]. The war between Russia and Ukraine also exacerbated the trend towards de-Globalization. 1990 saw the arrival of McDonald's in Moscow as a wave of global integration, but the impact of the Russian-Ukrainian war led to the suspension of McDonald's operations in Russia [7]. Supply chains are very difficult to establish or transfer, particularly in the automotive sector, so any major shift in the supply chain can be permanent. Obviously, the withdrawal of U.S. companies from Russia, led by McDonald's, is not in the economic interests of the company, but represents more of a political purpose. Similarly, the U.S. crackdown on Huawei goes beyond export bans, and even the U.S. requires "loyalty testing" of allies [8]. When the U.S. sanctioned Huawei, many countries chose to join the U.S. in cracking down on Huawei, which does not mean that they all think Huawei is providing non-compliant products. Rather, these countries are more concerned that not supporting U.S. sanctions will affect their relationship with the United States. Geopolitics has risen to become the main theme of the global economy, and quarrels between powerful countries can make the global business environment volatile and unstable.

In early June 2019, the US Department of Defense released its Indo-Pacific Strategy Report, which not only highlights the importance of the "Indo-Pacific" region, but also shows that Washington is aware of the threat posed to the US by China[9]. It is not for nothing that the US sees China as a threat. The realist view is that the rise of East Asia is linked to the corresponding decline of the United States and Europe[10]. Mearsheimer believes that if China becomes an economic power, it will most likely translate its economic strength into military power, and as hegemony is the best way for any country to ensure its survival, China and the US are destined to become rivals as China's power grows[11]. Consequently, conflict is inevitable between the US, which needs to curb China's development if it wants to demand security, and China, which seeks development if it seeks security. The US is interested in the Indo-Pacific region not only because of the economic benefits it can bring to the US, but also because promoting the Indo-Pacific region can deter China. As more and more powers emphasise the Indo-Pacific narrative, Southeast Asian countries are aware that these non-ASEAN initiatives have the potential to undermine the centrality of ASEAN in regional affairs[12]. The US is worried about the threat of China. Globalization is a process pursued with the West at the centre, the US to be precise, but with the decline of the US and the revival of trade protectionism, a wave of de-Globalization has emerged. What the US fears most is the emergence of an international economic system headed by East Asia, or to be precise, China. As the US continues to reject Globalization and China continues to embrace it, a more China-centric system is likely to emerge under the Belt and Road initiative. As Sino-American rivalry intensifies and great power relations become more uncertain, all Southeast Asian countries recognise the dangers of becoming involved in great power conflicts, and although the US is still seen as an indispensable force in Southeast Asia, there is growing concern in some countries about the reliability of US security commitments. It is difficult for South East Asia not to recognise the dangers of their current position. While it is true that a show of goodwill to the US could constrain China, this act could also be interpreted by China as supporting the US and opposing China. And as the US-China divide widens, the ideological divide in East Asia has become even more divisive, with the two powers being opposed to each other in a way that is easily reminiscent of the Cold War. The US is also pursuing an "Indo-Pacific" policy, which is making Southeast Asian countries feel that their voice is being weakened. To hedge and mitigate risks, Southeast Asian countries have hedged by actively seeking just and inclusive partnerships with China and the U.S. For example, Vietnam has relied on inter-party relations between the two communist parties to offset the impact of its increasingly close security relationship with the U.S.; Singapore has used its expanding economic partnership with China to offset the sensitivities associated with its alliance with the U.S. Therefore, this cooperation of political systems dominated by large countries to

some extent to achieve regional market expansion, the country for national interests, corporate industrial chains and economic security is more will promote geopolitical development, making the regional integration process accelerated. This does not mean that globalization has been destroyed, but that globalization has changed its expression.

3. Conclusion

Globalization is irreversible. However, the trend towards "de-globalization" is now becoming stronger. The pandemic, the US-China conflict and the Russo-Ukrainian war have not reversed globalization, but they have only triggered a wave of anti-globalization. This wave will cause globalization to gradually move towards regional integration, at a level where its future manifestation is likely to be more towards a union between various geopolitically assembled regions. It is therefore likely that the future expression of globalization will not be at the global level, but at the regional level.

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