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POLICY

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# UNCHARTED TERRITORY

Emerging World  
Order post COVID-19

Edited by  
Aarshi Tirkey



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Observer Research Foundation  
20 Rouse Avenue, Institutional Area  
New Delhi, India 110002  
contactus@orfonline.org  
www.orfonline.org

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# Editor's Note

Within a span of a few months, the novel coronavirus has spread across the globe and firmly established itself as the biggest disease outbreak since the 1918 Spanish flu. No one could foresee that the new decade of the twenty-first century would begin with a rapidly unfolding pandemic that indiscriminately attacks countries, both rich and poor. The impact of COVID-19 will be pervasive; it will affect all segments of our lives, including politics, society, governance, economy, trade and development. The disease's most profound and consequential impact, however, will be felt in its ability to reshape the global order as it stands.

To be sure, the global order was already undergoing a slow and steady metamorphosis. The rise of nationalist movements, protectionist sentiments, de-globalisation forces and a lack of faith in multilateralism were indicative of a departure from the established norms of global engagement. The escalation of great power rivalries between the US and China—with countries caught between the so-called American exceptionalism and Chinese revisionism—has further accentuated this departure. It remains to be seen if the onslaught of COVID-19 will hasten the denouement of these processes or push the world to an entirely new trajectory altogether. What is certain is that similar to the Great Depression, World War II and the 2008 financial crisis, the pandemic will also be a watershed moment in the history of humankind.

The two most prominent hypotheses of a post-COVID-19 world can be simplified in the following scenarios: first, is the emergence of a world order where China reigns supreme in a new unipolar world, or the second,

where the world collectively shuns China for its “Chernobyl moment” and embarks on a different global chapter. It is perhaps too early to forecast what the global order may look like once the pandemic has moved past its worst stage. Nonetheless, a section-wise study of elements that impact geopolitics, multilateralism, geoeconomics and geotechnology can help build a clearer picture of what we may come to expect in the future. As global actors are pushed deeper into ‘uncharted territory’, this volume of selected essays seeks to describe, investigate and critically analyse key factors that will shape the world’s journey to a post-COVID-19 era.

The first section on geopolitics examines both the theories and determinants that will contribute to shaping the new world order. The biggest perceptible challenge—exacerbated by the novel coronavirus—comes to the Western-led liberal order. The demise of Pax Americana and the changed perception towards multilateralism and globalisation demonstrate that these paradigms are not monolithic in nature. The writers recognise this fact, and posit that these structures will be reorganised to suit the order of the day. On geopolitical contestation, much of the predominant narrative focuses on binaries of either arriving at a China-led global order or going back to a US-led one. A series of events, beginning with the technology and trade war between US and China, followed by their deteriorating relations during the pandemic, could change the competition for global leadership in the 21<sup>st</sup> century. In this context, developments such as China’s concealment of the virus and the US’s abandonment of its role as a world leader are explored to discern their import and significance. Understanding the trajectory of geopolitics also calls for the need to examine how responses to the pandemic have differed by regime type. Regime types can induce geopolitical churn and vice versa; the rise of the Soviet Union propagated communism, while its collapse by the end of the Cold War saw the triumph of democracy. While these topics will be debated for years to come, the pandemic had certainly shown that irrespective of regime types, decisive leadership and state capacity are critical to shaping a suitable response to COVID-19.

The second section on multilateralism delves into the possible demise of the post- World War II global order. The institutions created in this era sought to maintain peace and security, and build a global community that worked towards progress and prosperity for all. Today, multilateral and intergovernmental organisations have become increasingly fragmented, politicised and are struggling to find relevance. Major international organisations like the United Nations, the World Health Organization (WHO) and the European Union have been criticised for failing to respond to the pandemic with the promptness and alacrity that the situation desires. The writers in this section highlight the institutional weaknesses of the WHO, as well as the concerns surrounding Beijing’s



increasing footprint in multilateral institutions. Rather than invoking these reasons to abandon international institutions, these developments demonstrate the need to strengthen the underlying foundations of the global governance architecture. The importance of this cannot be emphasised enough—a global disease outbreak requires a coordinated global response. Accordingly, the crisis has galvanised regional efforts in some pockets, such as Indian Prime Minister Narendra Modi's efforts to resurrect the SAARC, which provides a crucial case in point for continued support towards intergovernmental platforms and global institutions.

The third section on geoeconomics will look at the effect of COVID-19 on globalisation, supply chains, trade and economic relations. With closed borders, grounded flights, a decline in immigration and a massive dip in global trade, the neoliberal model of economic globalisation has suffered a severe reversal. Should this reversal become permanent, it will create more inward-looking national economies—a sharp contrast from the interconnected world that was, until recently, the natural state of affairs. The writers argue that a new form of 'gated globalisation' could emerge, one that is less free and less open than before. This will impact not only advanced economies, but emerging economies as well. For instance, the pandemic has drawn attention to the risks faced by emerging economies due to massive capital outflow and shortage of dollar liquidity in the region. This would require countries like India to overhaul fiscal policies and growth strategies to adapt to a less interconnected world. Closely related to geoeconomics is the resurgence of aid diplomacy, which utilises competitiveness in local industries to meet global demands for medical supplies, medical equipment and essential goods. If this forges new partnerships between countries and organisations, it will reorient foreign policy imperatives towards nations that are ready and willing to meet these demands. In focus is China's 'mask diplomacy' and its diplomatic charm offensive, which has been welcomed by some and shunned by many. While China has the resources to lead medical diplomacy, the comparative advantage of other countries—such as India's in manufacturing generic drugs—throws open the possibility of an improved global standing in a post-COVID-19 world order.

The last section on geotechnology considers the use of advanced and emerging technologies to combat COVID-19, and how increasing their use interfaces with geopolitical processes. Countries across the world have deployed mass surveillance applications—arguably, at the cost of privacy and data protection—to trace, track, detect and diagnose fresh infections before they spread further. Apart from the fact that these applications mirror the oft-criticised 'digital authoritarianism' of China, nations appear to be keen on learning from Beijing's experience to fashion their own responses to the pandemic. It will be useful to explore what the boost in



demand for such technology could mean for future norms on individual rights and cyberspace, which is currently the new plane of existence for mankind. Technological advancements have also spurred geopolitical contestation in emerging technologies between the US and China. The writers examine the expected decoupling between the two rivals, which is only set to become more acute due to their deteriorating bilateral relations. As technological and scientific advancements continue, new uncertainties will emerge to disrupt the extant world order. Humanity's woes have not ended yet; there are many challenges and conflicts that could face the world as the next disaster looms beyond the COVID-19 pandemic. In the midst of a world order in flux, these uncertainties underscore the need for global cooperation more than ever.

At present, it is difficult to discern the shape, form or substance of the post COVID-19 world order. Nevertheless, by bringing together some of the best global minds to meditate on this issue, this edition aims to contribute to the expanding scholarship on COVID-19 and endeavours to inform academics, researchers, journalists and stakeholders on understanding the most pernicious, significant and world-changing event of our times.

**Aarshi Tirkey**



# GEOPOLITICS

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# Order at The Gates: Globalisation, Techphobia and The World Order

Samir Saran

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Nearly three decades ago, Francis Fukuyama argued that the imminent collapse of the Soviet Union and the universalisation of liberalism would mark an end to the historical struggle over ideology and political models (1). His thesis was, by his own recent admission (2), overly optimistic. The resurgence of strong identities and nationalist leaders has given rise to the politics of resentment and tribalism. Coupled with new shifts in the global balance of power and disruptive technological and industrial processes, it is clear that a new world is upon us. The onset of the novel coronavirus at the turn of this decade has accelerated many of the processes that were compelling change, and has compressed timelines for governments, businesses and communities to make crucial decisions about the future.

Perhaps the most significant of these shifts is the unmistakable demise of Pax Americana. The COVID-19 outbreak is the first global challenge that has witnessed the complete absence of American leadership. It has also thrown into sharp relief the social and governance vulnerabilities of the West more broadly. Even the EU has struggled to equitably distribute resources between its member states amidst this pandemic, with many now openly expressing their reliance on China—a result of expediency and naivety. The divisions—between North and South Europe over economics, and Western and Eastern Europe over values—seem likely to widen. The weakened transatlantic core of the international liberal order is likely to slip further in relevance in the post-COVID-19 world.

Even so, it is not immediately obvious that any new leadership will take charge in the future. China, which by most estimates is a leading

contender, has drawn the ire of the international community for several interrelated reasons, beginning with its missteps in containing the virus (3). Despite efforts to launder its own image through the World Health Organization (WHO) and the provision of public health goods to various regions, its efforts to sow discord among EU member states (4) and its muscularity in dealing with Hong Kong (5), Taiwan (6) and the South China Sea littorals (7) is not winning it any friends. The documented racism towards its African diaspora (8) has added to the list of nations and communities that are re-evaluating their dependence and relationship with the middle kingdom.

Most nations are struggling to adjust to the fast changing and evolving balance of power equations between China and the western hemisphere. East Asian democracies, which have arguably responded most effectively to the outbreak, have watched these goings on with anxiety. It is clear that they will continue to play one against the other and carve for themselves room to manoeuvre. Russia, which was amongst the first to limit travel to and from China, is now being threatened by an outbreak in its own cities. It will nonetheless continue to bolster Beijing's agenda as long as it undermines what Moscow has always believed to be a fundamentally undemocratic world order managed under US hegemony. It would be interesting to see how Russia—under its presidency—steers the BRICS countries (Brazil, Russia, India, China, and South Africa) to respond to the series of disruptions that the world is grappling with.

These interrelated disruptions in various geographies also dovetail into another broader trend—the return of the strong state and the normalisation of nationalist leadership. The coronavirus outbreak will act as a catalyst for this process. Some governments will use emergency and national security powers to consolidate power, as Hungary's Viktor Orbán already has (9). Others may use this as an excuse to blame and undermine international institutions—the preferred bogeyman of the Trump administration (10). And many will enjoy the popular support of their citizens as they do so.

The most obvious impact of these developments will be the end of globalisation as we know it. Most states will aggressively move to reduce interdependence, especially with those regions where political trust is limited. Japan's efforts to incentivise its industry to diversify supply chains away from China through a stimulus package is indicative of this (11). But the ripple effect of these decisions will be felt across geographies—from the Gulf states, who are struggling to maintain supply of oil and manage flows of labour, to the ASEAN, which will see enormous disruptions to its trade flows that are deeply intertwined with both China and the US.

Indeed, a shift from a global village of relatively deeply integrated communities to a form of “gated globalisation” based on political and economic familiarity appears inevitable. The digitisation of the global economy will only accelerate this process and, perhaps, technology tools may well aid in this. As governments take advantage of digital and surveillance tools to combat the COVID-19 outbreak—in societies both liberal and illiberal—a new ‘techphobia’ will begin to affect foreign technology platforms and businesses. With nearly all social, economic, and strategic interactions moving to the virtual and digital realm, states will race to “encode” their political values and technology standards into the algorithms and infrastructure that will govern our societies. This will certainly be a competitive process which will give birth to a persistent “code war”.

Most worryingly, the international community’s ability and willingness to tackle collective challenges through global efforts will be irredeemably harmed. From the G20 to the UN Security Council, few international institutions have proved capable of responding to the pandemic with any level of speed or efficacy. Other institutions, like the WHO, have been subject to political capture and manipulation, adding to the waning global trust in these bodies. There is a dangerous fragility now to global co-operation—with uncertain implications for future challenges of this scale. What will this mean, for instance, when climate change begins to redraw coastal lines, cause food shortages, exacerbate inequality and strain national resources like never before? If the global response to the COVID-19 outbreak is any indication, it will be every nation for itself, with many suffering horrible consequences as a result.

The coronavirus may have heralded the sudden onset of what Ian Bremmer calls a “G-Zero” world (12)—one that is at once multipolar, leaderless and likely besieged by renewed geopolitical conflict. It will be a world where the West has lost its “moral” authority and one that Beijing seeks to reshape through its muscular and expansive Belt and Road Initiative; one where the Kremlin will see an opportunity to expand its geopolitical ambitions in East Europe, West Asia and the Arctic; and one where nations without geopolitical or geoeconomics prowess will have to “pick sides”, either by constraint or compulsion.

The coronavirus has certainly shone a torch on a world disorder, one where most communities are likely to be plagued by poverty, conflict, unemployment and inequality, while great powers either look away or cast their material resources towards their own populations and self-interest. Plurilateral efforts such as at the G20, G7, the BRICS, the Organization for Security and Co-operation in Europe and the Shanghai Cooperation

Organisation, among others, may become the only viable venues where key global actors coordinate and convene with purpose, and will be the arenas where actors who are unable to engage in meaningful conversations can speak through proxies. Will these become the norm builders for “gated globalisation” or can we find it within us to repurpose, resuscitate and radically reform the UN as it turns 75 to help shape a common future?

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# US and China in COVID-19 Era: Engagement, Strategic Competition and Beyond

Manoj Joshi

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Instead of providing leadership and promoting cooperation during a time of unprecedented global challenge, the US and China have got involved in a major quarrel that threatens to derail their already damaged ties. Just as a shooting war is often triggered by minor events, a new Sino-American conflict is being set off by seemingly trivial issues, such as the assigning of blame for the origin of the coronavirus and the expulsion of journalists (1),(2).

And then there has been the issue of the “China virus” (3),(4) followed by the contretemps over Beijing’s decision to pass a new national security law in Hong Kong, and Washington’s riposte in withdrawing special privileges that had been given to the island territory (5).

In the first half of 2020, things have gone from bad to worse. On one side there was the constant war of words seeking to control the narrative of the COVID-19 pandemic, on the other was the deepening of the political and economic divide between the US and China, which began with the Trump presidency.

The trajectory of US-China relations has always been one of sharp ups and downs. After fighting a war in Korea in 1950, the two were engaged in a long Cold War till the US reached out through former President Richard Nixon and Henry Kissinger in the 1970s and embraced China. Thereafter, the two operated as a quasi- alliance against the Soviet Union, with the US helping China enhance its military capacities to counterbalance the Soviets (6).

After the Tiananmen massacre, the military part of the relationship was constrained, but the commercial one boomed. Their information and technology dealings skyrocketed. The US helped China enter the World Trade Organization and become a dominant world exporter, and then it itself emerged as the largest trade partner of China. The role of China in maintaining the world order—as a permanent member of the UN Security Council, promoting non-proliferation, peacekeeping, humanitarian relief and fighting Islamic fundamentalism—was a bonus.

## **National Security Strategy**

The 2015 National Security Strategy (NSS) of the Obama administration boasted that “the scope of our cooperation with China is unprecedented” (7). The succeeding Trump administration upended these calculations by first walking out of the Trans-Pacific Partnership and then beginning an extended trade war with Beijing. Soon, it became clear that it was not just about trade. The 2017 NSS bluntly accused China and Russia of “attempting to erode American security and prosperity” and seeking to “shape a world antithetical to US values and interests.” The document repeatedly spoke of the need to advance US interests against “strategic competitors” in a range of areas, from diplomacy to science and technology (8).

At the end of May 2020, in a document titled ‘*United States Strategic Approach to the People’s Republic of China*,’ the US said that it had, in contrast to the past, adopted a “competitive approach to the PRC” but it had not determined any particular “end state for China”. Its goal was to protect the US, its way of life, promote American prosperity, preserve peace and promote US influence (9).

## **Trade and Technology**

The initial US tariffs in January and March 2018 on washing machines, solar panels, steel and aluminium, were universal. But after China, which was primarily targeted in this arrangement, retaliated, the “trade war” began in earnest.

By the end of 2019, the two sides had placed tariffs on US\$420 billion worth of each other’s goods, with China coming off worse because its exports to the US were far larger. But this time the US-China standoff was no longer just about tariffs (10).

This became apparent when the US began a crackdown on Chinese

technology companies. After giving ZTE, the Chinese telecom-maker, an unexpected reprieve in April 2018, the US banned American companies from exporting to Fujian Jinhua Integrated Circuit—China’s leading memory chip maker—which collapsed thereafter. Under the National Defense Authorization Act for FY 2019, US agencies were barred from procuring equipment from Huawei, ZTE and three other Chinese companies. The legislation also imposed greater restrictions on the export of foundational technologies on national security grounds. A major target was the world’s leading telecom company, Huawei, which was said to be the global leader in 5G technology. The US has undertaken a global campaign to persuade friends and allies to avoid using Huawei’s 5G technology (11).

All this was happening amidst a trend towards deglobalisation that promoted “reshoring” and “near shoring” encouraged by domestic political trends, rising wages in China, new manufacturing techniques and e-marketing. The US-China trade war accelerated these trends. According to the Kearney US Reshoring Index, US companies had sourced “substantially fewer manufactured goods from 14 traditional Asian trading partners” in 2019 because of US government policies (12).

Despite all this, the two sides were able to work out a phase I trade deal, through which China would buy an additional US\$200 billion worth of US goods over and above the 2017 level. Besides, they would take measures to protect the intellectual property rights of western companies. In turn the US would halve the tariffs it had imposed (13).

## **Coronavirus**

The spread of COVID-19 changed this dynamic dramatically. US-China relations have become increasingly bitter, arising from the charges being traded on the origins of the coronavirus. The blame game being played between the US and China is not merely about scoring diplomatic points. It was also about trying to evade blame for serious acts of negligence. China must accept blame for gross dereliction of its duty for allowing the virus to spread without raising an international alarm for almost a month. As it now transpires, US intelligence agencies had issued classified warnings about the seriousness of the virus since January, while the Trump administration played down its dangers till mid-March (14), (15).

It is when the economy started tanking that the seriousness of the outbreak hit Trump. Since the flourishing American economy and generally

buoyant job market were the key to his re-election in the November 2020 presidential polls, he realised that this could now be in serious danger. His immediate response was to step up the anti-China rhetoric (16), (17).

Five months into the pandemic both the US and Chinese economies have been gravely hit. Their rising trade tensions are bound to hamper their recovery, given the volume of trade they have. At present, 19 per cent of Chinese exports go to the US, and the economic downturn will not only affect the Chinese, who will fail to meet their new export targets, but also the US, who may simply not have sufficient demand for them. At another level, they may lack sufficient goods to export to China (18).

## **Decoupling**

As the global technology leader, the US has used a web of rules and regulations to restrict the export of certain technologies to everyone. China has chosen to build the Great Firewall between the global internet and its domestic version to promote its own e-commerce, as well as prevent flow of information from the West.

As the COVID-19 virus hit, the US suddenly caught up with the fact that it had offshored most of its personal protection equipment and pharmaceutical industry, mainly to China. But with the pandemic raging in China, and then spreading to Europe, not only were global supply chains disrupted, but there were shortages of key equipment like masks, swabs and ventilators everywhere.

So, one consequence of the pandemic has been to double down on restricting ICT technology to China and, indeed, expanding the scope of restrictions. White House advisers like Peter Navarro and Larry Kudlow began to speak about offering US firms incentives to “reshore” manufacturing back to the country (19), (20). At the same time, the US continued the process of tightening export rules in relation to China (21).

In mid-May 2020, even as the coronavirus pandemic peaked in the US, the Trump administration took two crucial decisions to underscore their seriousness on the issue—first, the giant Taiwan Semiconductor Manufacturing Company (TSMC) was persuaded to invest US\$12 billion to make high quality semi-conductors in the US. Second, rules were announced to make it difficult, if not impossible, for TSMC to work with Huawei. They required overseas manufacturers of semiconductors obtain licenses for exporting chips made using US equipment or technology to China (22), (23). These developments could slow down, if not halt, China’s quest to be a global leader in 5G technology.

## Conclusion

By the end of March, the US and China were locked in a war to control the narrative of the pandemic-related events. Where the Chinese sought to position themselves as a responsible power that had quickly brought a dangerous outbreak under control and wanted to help others (24).

Unfortunately for the US, the pandemic peaked there only by mid-April, but it continued to report between 1000-1500 deaths a day till mid-May (25). The pandemic had caught the US unawares. Besides the fumbling initial response of the administration, there was the real problem that offshoring had led to the production of personal protection equipment and other key medicines and equipment overseas, mainly in China. Leave alone help others, the US, which had a history of competent and confident global leadership, was finding it difficult itself to cope with the situation (26).

Moreover, it was led by a president whose contrary positions on the pandemic had enabled it to spread so widely in the US. And partly to cover this up, his administration was whipping up an anti-Chinese mood in the belief that a hard line on China was the best way of securing a re-election in November. But US actions could have wider consequences as well.

Kurt M. Campbell and Rush Doshi have noted that “Despite its responsibility in enabling the outbreak to get out of control, Beijing’s actions and the US’ lassitude, could fundamentally alter the US’ position in global politics and the contest for leadership in the twenty-first century” (27).

People expected that the COVID-19 pandemic would promote global cooperation, instead, it has accelerated trends in the emerging great power rivalry between the US and China. The US-China relationship was already undergoing a great churn but the COVID-19 experience has brought on a general awareness of the need for supply chain resilience and the importance of self-reliance in key areas relating to an extended concept of national security. It has accelerated those trends, and so a general political and technological decoupling of the US and China is now appearing inevitable. In the area of technology, decoupling ICT was already an important driver of US policy in 2018-19. To this can now be added pharmaceuticals and medical equipment, and, beyond this, we could see greater restrictions on a range of sectors connected to China’s ambitious ‘Made in China 2025’ plan. Given their long and intense engagement, their decoupling promises to be messy and extended.

As global powers, the US and China need to have a good working relationship to ensure stability and prosperity in the larger region in which they interact—East, Central and South-east Asia, and increasingly, West Asia, Africa and Europe. They need engagement, too, to address world order concerns like the climate change, freedom of navigation in the high seas, non-proliferation, terrorism and, of course, pandemics.

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# What Does COVID-19 Tell Us About Democracy Vs Authoritarianism?

Dhruva Jaishankar

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Few trends have been as evident or exasperating since the outbreak of COVID-19 as the use of the pandemic to advance preexisting political arguments. To those who see the coronavirus and its management as a vindication of authoritarianism, or evidence of the necessity of public healthcare, or proof of Western decline, or confirmation of flailing democracies, it is easy to cherry-pick examples to support these arguments. No less than Ben Rhodes, the former US Deputy National Security Adviser, tweeted “It is no coincidence that countries run by right-wing nationalists are handling COVID-19 the worst (see: US, Russia, UK, Brazil),” ignoring numerous glaring examples to the contrary (1). For example, center-left coalition governments in Italy and Sweden have presided over high rates of coronavirus deaths, as has a leftist leadership in Ecuador. Meanwhile, Hungary, often considered a poster-child of far-right European politics, has been relatively unaffected, along with many other eastern European countries.

So, what do countries’ handling of the COVID-19 pandemic say about the relative competence of various regime types? To make an informed assessment, it is possible to map proxy measures for governments and their success in tackling the pandemic. Freedom House’s annual Freedom in the World report is ultimately subjective (and its methodology debatable), but it uses a standard set of criteria to assess democracies and authoritarian governments on a scale from 0 to 100 (2). While there are many ways to assess countries’ success in managing the pandemic, the best proxy is the number of resulting deaths per million people (3). This captures success in limiting the number of infections and the quality of treatment to those who are infected.

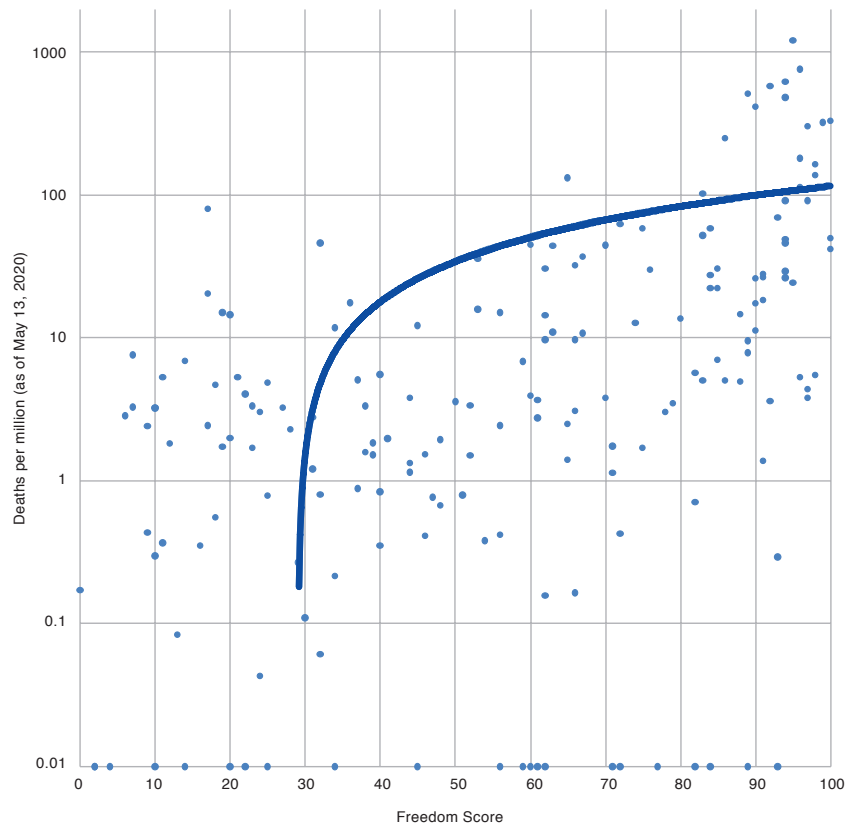
Any such analysis of these two metrics should also be accompanied by several important caveats. An obvious one is that the pandemic is not over. Certain countries that appeared to perform well in its early stages now appear to be worse off, while others have recovered admirably from early setbacks. Using the number of deaths per million people does not capture the secondary consequences of the pandemic, such as the resulting economic hardship that countermeasures may have caused. Ideally, the most effective governments will have minimised COVID-19 casualties while ensuring a minimal impact to economies and lifestyles.

Equally, there are limitations to simple political metrics. In addition to some of its methodological shortcomings, the single Freedom House score does not capture the complexity of countries' political characteristics, let alone their administrative or resource capabilities. Moreover, certain specially administered territories are excluded from the political analysis. Therefore, this exercise should be seen as little more than an illustration, based on what we know so far.

There is another important point to consider, as a forthcoming working paper by Mudit Kapoor, Shamika Ravi, Anup Malani and Arnav Agarwal makes clear (4). They found that 92 percent of reported coronavirus-related deaths were in democracies (which are home to 48 percent of the world's population), while only 8 percent were in hybrid or authoritarian regimes (home to the remaining 52 percent). As they dug deeper into this disparity, they noticed that there was far more deviation around the moving average of coronavirus reporting in democracies than in authoritarian regimes. In other words, the available data from more closed systems of governance was suspiciously tidy. This suggests that authoritarian governments may be significantly underreporting COVID-19 cases, including deaths linked to the pandemic.

With those important caveats in mind, what can be derived from the available data for the 182 countries and territories for which such data is available? As Figure 1 (below) shows, the trend line based on the coronavirus deaths updated on 13 May 2020 is ultimately inconclusive. At the lower levels, among countries that are relatively less affected by COVID-19 deaths so far, there is no correlation between the level of democracy or authoritarianism on the one hand, and the number of deaths per capita on the other. Among the countries that have been more adversely affected, however, the chart clearly skews towards democratic regimes. But many of these are a cluster of western European countries that experienced high rates of fatalities. However, what is clear by examining the lower-right quadrant is that a significant number of democratic countries also fared relatively well.

**Figure 1:** General Trends – COVID-19 Fatalities vs Political Freedoms



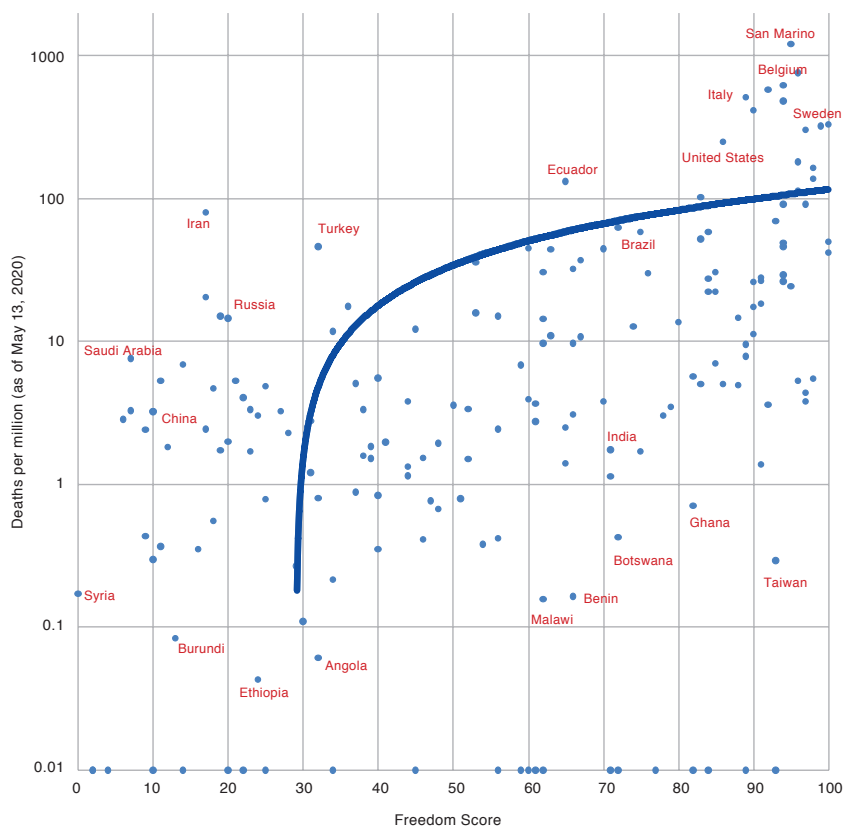
Source: "Coronavirus (COVID-19) Deaths", Our World in Data, accessed May 13, 2020, <https://ourworldindata.org/covid-deaths>; "Countries and Territories", Freedom House, accessed May 13, 2020, <https://freedomhouse.org/countries/freedom-world/scores>.

Not only is the cluster spread out with no clear correlating trend, but geography appears to play a more meaningful role. European countries, particularly western Europe, may be clustered on the upper-right quadrant, as democratic countries with high rates of COVID-19 deaths. But African countries with varying degrees of political freedom—from Ghana and Botswana to Angola and Ethiopia—appear to be equally unaffected by the virus, all appearing towards the bottom of the graph. Democratic Mongolia and single-party state-dominated Vietnam—both bordering China—have proved equally successful in ensuring a negligible number of COVID-19 cases.

The extremes also tell an interesting story. As Figure 2 (below) shows, Taiwan and Iran stand as outliers on opposite ends of the spectrum—Taiwan is a democratic polity with remarkably low coronavirus deaths, while Iran is a closed political system that suffered terribly during the early stages of the global pandemic. Along the other axis, the two extremes

are San Marino and Burundi (countries with 0 deaths per million do not appear on the graph). The former is one of the oldest democratic republics but was overrun with COVID-19 cases at the same time as Italy. Burundi, like a lot of other sub-Saharan African countries, remains mostly unscathed.

**Figure 2:** Major Economies and Outliers



Source: "Coronavirus (COVID-19) Deaths", Our World in Data, accessed May 13, 2020, <https://ourworldindata.org/covid-deaths>; "Countries and Territories", Freedom House, accessed May 13, 2020, <https://freedomhouse.org/countries/freedom-world/scores>.

Nor is the picture any clearer among large countries and economies. Despite a recent upsurge of COVID-19 cases, India remains on the lower end among democracies in the developing world, while Vietnam has had a negligible number of COVID-19 deaths. China, despite enjoying a closed political system, remains in the middle of the pack, even accounting for questions about the accuracy of its pandemic data. Neither Russia (with 14.5 deaths per million) nor Brazil (with over 50) appear to have acquitted themselves well, despite very different levels of political and social liberties.

In the absence of clear trends emerging from an analysis of regime type,

other factors—per capita incomes, openness to globalisation, the nature of healthcare systems, and geographic and demographic factors—probably offer better explanations for the varied impact of the coronavirus pandemic. Countries with warm-weather environments may generally be better off, but several Gulf states, Malaysia and Singapore stand out as being particularly vulnerable. These are all high-income states and international travel hubs. Countries with strong healthcare systems, such as Germany, have minimised fatalities relative to nearby France or Belgium, even when the number of cases was similarly high. Italy and Spain, with older populations, had higher fatality rates than South Korea, where the demographic profile of those who contracted the virus was noticeably younger. Such factors offer more compelling—albeit partial—explanations for the varying severity of COVID-19.

It is natural for political analysts and commentators to want to impose their own worldviews or thinking upon a problem, particularly one as all-encompassing as COVID-19. But there is little yet to suggest there is a strong correlation between the nature of governments and the impact of the pandemic. Politics matters, and questions surrounding the effectiveness of democracy will be salient in the coming months and years, as the immediate threat of COVID-19 recedes. But sometimes, a pandemic is just a pandemic.

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# MULTILATERALISM



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# What's Ailing the World Health Organization?

Harsh V. Pant and Aarshi Tirkey

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The world is currently reeling under its biggest crisis since World War II. The COVID-19 pandemic has escalated to catastrophic proportions and threatens to do irreversible damage to global economy, trade, health and development. As countries scramble to implement policies to balance both health and economic imperatives, the actions of the World Health Organization (WHO)—viewed as the first responder to a global disease outbreak—has come under increasing scrutiny.

A brief timeline of the events leading to the pandemic outlines the purported sluggish response of the WHO to the crisis (1). The offending counts include, *inter alia*, delay in naming COVID-19 as a “public health emergency of international concern” and subsequently, a “pandemic”; vacillation in visiting China to survey the situation; a delay in acknowledging human-to-human transmission of the virus; not endorsing the use of trade and travel restrictions (2); an erroneous appreciation of China’s swift response; and the alleged lack of independence of current WHO Director General Tedros Adhanom Ghebreyesus.

These developments have fueled observers to suspect Beijing’s influence on the organisation and raises questions regarding the politicisation of the WHO. Against this backdrop, this article examines WHO’s institutional underpinnings, its funding and organisational structure, and how these factors together may have contributed to weakening the position of the WHO vis-à-vis its member states.

## WHO: Genesis, Structure and Funding

The WHO was established in 1948 as a United Nations (UN) specialised agency. The potential for spread of diseases due to globalisation, mobility and urbanisation called for the creation of a global institution to expand international health cooperation. The WHO originated in the complex geopolitical environment of the Cold War era, when tensions between the US and the Soviet Union obstructed the realisation of the organisation's ideal vision. As such, the WHO remained largely subordinate to the UN and was a low-level technical organisation, with limited powers and limited funding.

The organisation's goal, enshrined in Article 1 of the WHO constitution, is to attain "the highest possible level health by all peoples" (3). Article 2 prescribes 22 functions for the organisation, including "stimulating or advancing work to eradicate epidemic, endemic and other diseases." The WHO has a three-tiered structure, described as follows:

- The World Health Assembly (WHA), the supreme decision-making body comprising all member states to determine policy direction
- The 34-member Executive Board, comprising technical experts to oversee the implementation of WHA's decisions
- The Secretariat—headed by the Director General—functioning as WHO's administrative and technical organ with the overall responsibility for implementing its activities

The WHO is funded through a system of assessed and voluntary contributions. Assessed contributions are paid by all member states and are calculated based on a country's gross national product and population. Voluntary contributions, on the other hand, are amounts voluntarily paid by other UN organisations, private companies, individuals, NGOs and member states. While assessed contributions (17 percent of WHO funds) (4) cover general expenses and program activities, voluntary contributions (80 percent of WHO funds) are earmarked by donors for specific activities (5).

The US is the WHO's largest contributor; it paid a total of US\$893 million in both assessed and voluntary contributions in 2019. At 22 percent (US\$234 million), it has the highest share among assessed contributions of all member states. On the other hand, China's total contribution stands at US\$85 million (only 0.21 percent of WHO's entire revenue) (6), and its assessed contribution stands at 12 percent (\$75 million) (7). Though China's funding to the WHO has grown by 52

percent since 2014 (8), this is primarily due to a sharp increase in the calculation of its assessed contributions, which stood at 5.1 percent (US\$48 million) (9) in 2014-15 and increased to 12 percent as of today.

Given China's still limited funding to the WHO, it is Tedros's close ties with China that has been the focus of global outrage. Tedros, a former Ethiopian health and foreign affairs minister, is said to have won the 2017 WHO director general elections with backing from Beijing. Following his election, he committed to endorsing the "One China" principle, leading to Taiwan's exclusion from the WHO (10). As concerns about the COVID-19 pandemic were mounting, Tedros met Chinese President Xi Jinping in Beijing on 28 January, and praised the Chinese leadership for "setting a new standard for outbreak control" and its "openness to sharing information" (11). This was viewed as being highly deferential to China when there was mounting evidence of concealment of the outbreak.

### **Politics and Pandemics: Contextualising WHO's Response**

Broadly, the WHO's powers are recommendatory in nature and include proposing conventions, agreements, public health practices and international nomenclatures. Provisions of WHO's constitution, such as its role to "assist" governments when *requested* [Article 2(c)], furnish "technical assistance" on *request or acceptance* of governments [Article 2(d)], or giving full power to the WHA to control the organisation's budget, impose politico-legal constraints on its authority and autonomy, and establish a relatively compliant and subservient international organisation.

The organisation's responsibilities during a pandemic include surveillance, monitoring and evaluation, and developing guidance for member states (12). There is no single document that comprehensively describes its responsibilities, obligations and powers with respect to infectious diseases. A collection of documents, such as treaties and regulations (2005 International Health Regulations), WHA resolutions and operational practices explain the WHO's powers in this regard. However, ambiguities persist in relation to its role as between one of coordination and facilitation, as opposed to action or decision-making. This has resulted in a lack of clarity over the division of roles between the WHO and national governments.

Past responses to epidemics and pandemics are illustrative of internal and external factors that constitute "grey areas" in the WHO's functions during outbreaks. For instance, the 2003 SARS outbreak, which caused over 8,000 infections and 700 deaths, was first detected in China in November 2002.

Beijing notified the existence of the virus in February 2003, and WHO issued an alert on March 2003. Initially, the organisation openly criticised China's attempt to engage a cover-up, following which—remarkably—the Chinese government changed its policy to become more cooperative. The WHO also issued advisories to avoid travel to SARS affected areas—a notice that effectively functioned as a travel ban. Many lauded the organisation's proactive leadership during the SARS outbreak.

These developments are frequently invoked to question why the WHO has failed to react in a similar manner, given a repeat of Chinese cover-up in the current outbreak. At the same time, commentators argue that WHO undertaking the role of a “government assessor and critic” in the SARS outbreak, including its self-expanded function to assess countries—on its own—to issue travel bans was uncharacteristic, impinged on state sovereignty, and could jeopardise the goodwill of member states and weaken the WHO's authority (13).

The perceived tardiness in the WHO's classification of COVID-19 as a pandemic needs to be contrasted with the similar classification of the 2009 H1N1 influenza (“swine flu”). First detected in Mexico in March 2009, H1N1 was declared as a pandemic in June in the same year. The declaration came when the outbreak hit 74 countries with 27,737 reported cases and 141 confirmed deaths. On the other hand, in the case of COVID-19, the pandemic declaration was issued when the disease reached 114 countries, 118,000 cases, and 4,291 fatalities (14).

Numbers aside, the 2009 declaration was deemed premature and incorrect, and invited sharp criticism from all quarters. Apart from the fact that H1N1 would not result in high morbidity, there were allegations that big pharmaceutical companies who were keen on promoting their patented drugs and vaccines had influenced the WHO's decision-making (15). The mischaracterisation resulted in diminished public confidence and an erosion of trust in the WHO as an institution. Paul Flynn, a rapporteur appointed by the Council of Europe to investigate the matter, asserted that this led to “distortion of priorities of public health services all over Europe, waste of huge sums of public money, provocation of unjustified fear amongst Europeans, creation of health risks through vaccines and medications which might not have been sufficiently tested.”(16)

## **COVID-19: The Geopolitical Quagmire**

The WHO's characterisation as a technical organisation, its vague mandate, limited funding, lack of defined functions, transparency issues and confusion about the extent of its “authority” over states have weakened

the functioning of the organisation. All this points towards the need to thoroughly evaluate why these problems arise and what member states can do to resolve them. Unfortunately, the backlash and criticism being faced by the WHO has vastly diminished its global reputation and standing.

US President Donald Trump's announcement of the suspension of US funding to the WHO in April 2020 also appears to be a final nail in the coffin (17). There is, of course, domestic politics writ large in the US decision. Apart from using this as a tool to deflect blame from his own tardy response to the crisis, this also forms a larger part of Trump's "America first" strategy to withdraw from multilateral engagements and international organisations such as the UN Human Right Council and the UNESCO. At the same time, there is a real concern that the US's withdrawal provides the perfect opportunity for China to consolidate its own role as a leader in international organisations.

While the politicisation of the WHO remains a serious concern, it also presents an opportunity to rethink the underpinnings of the broader global governance architecture. Great power politics has always shaped global institutional evolution, but the crumbling edifice of extant institutional framework should alert us to the very real possibility that time is running out for the creation of viable and effective new international organisations. If not rectified and responded to with a sense of urgency, global governance architecture might witness unprecedented fragmentation at precisely the time when it is most needed. And that would be a travesty for the most vulnerable and weak nations of the world.

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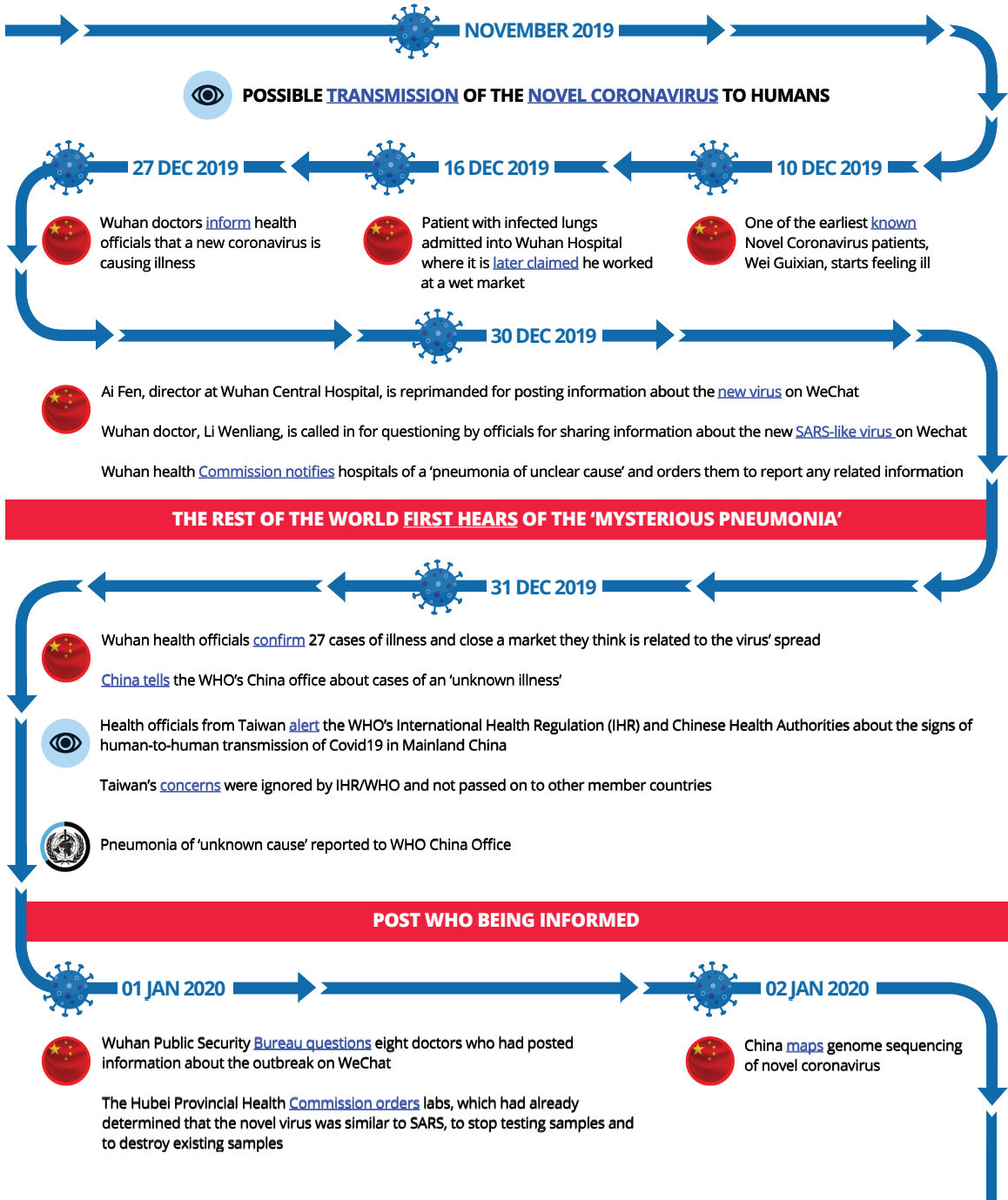
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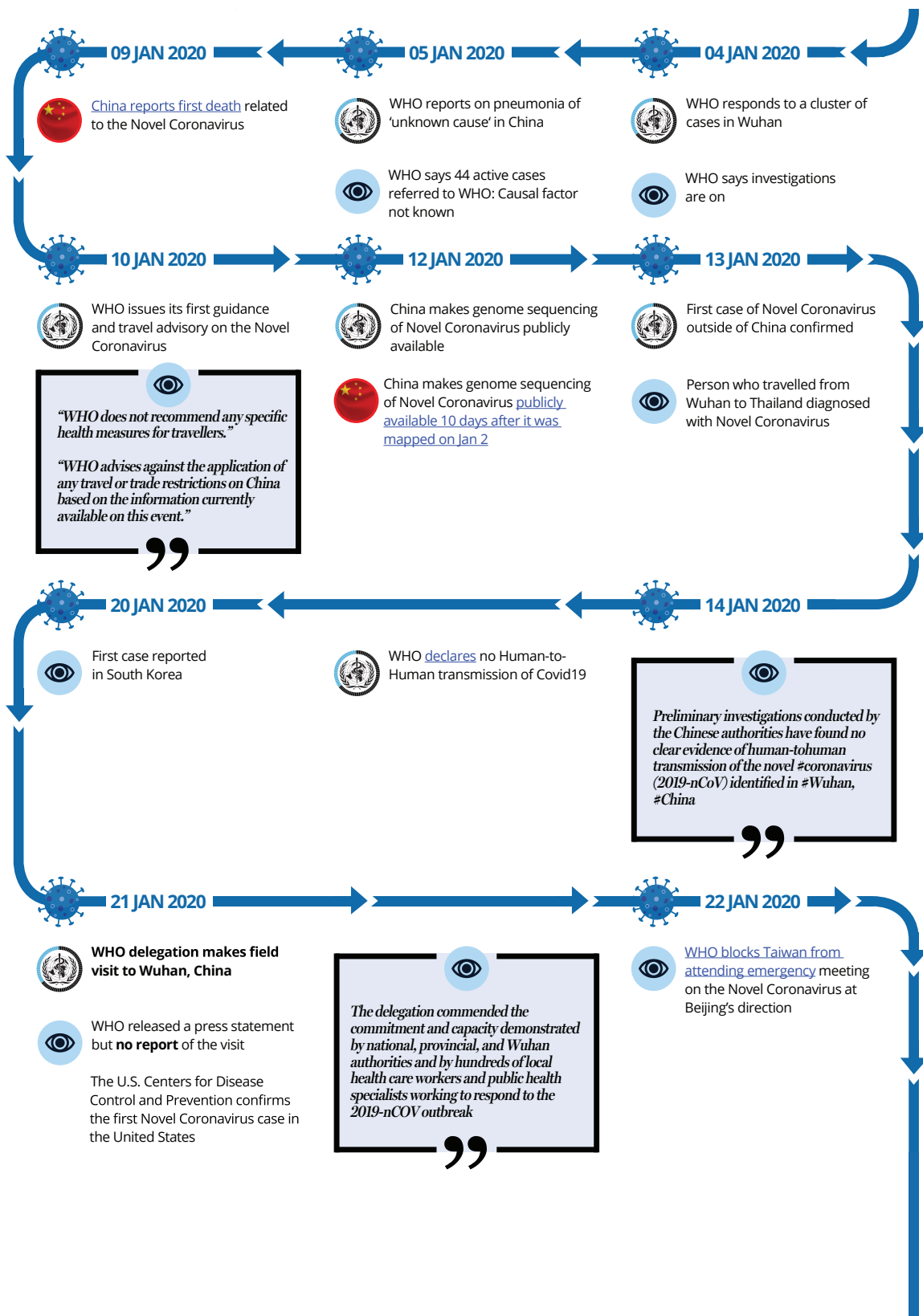


Behind the Scenes?

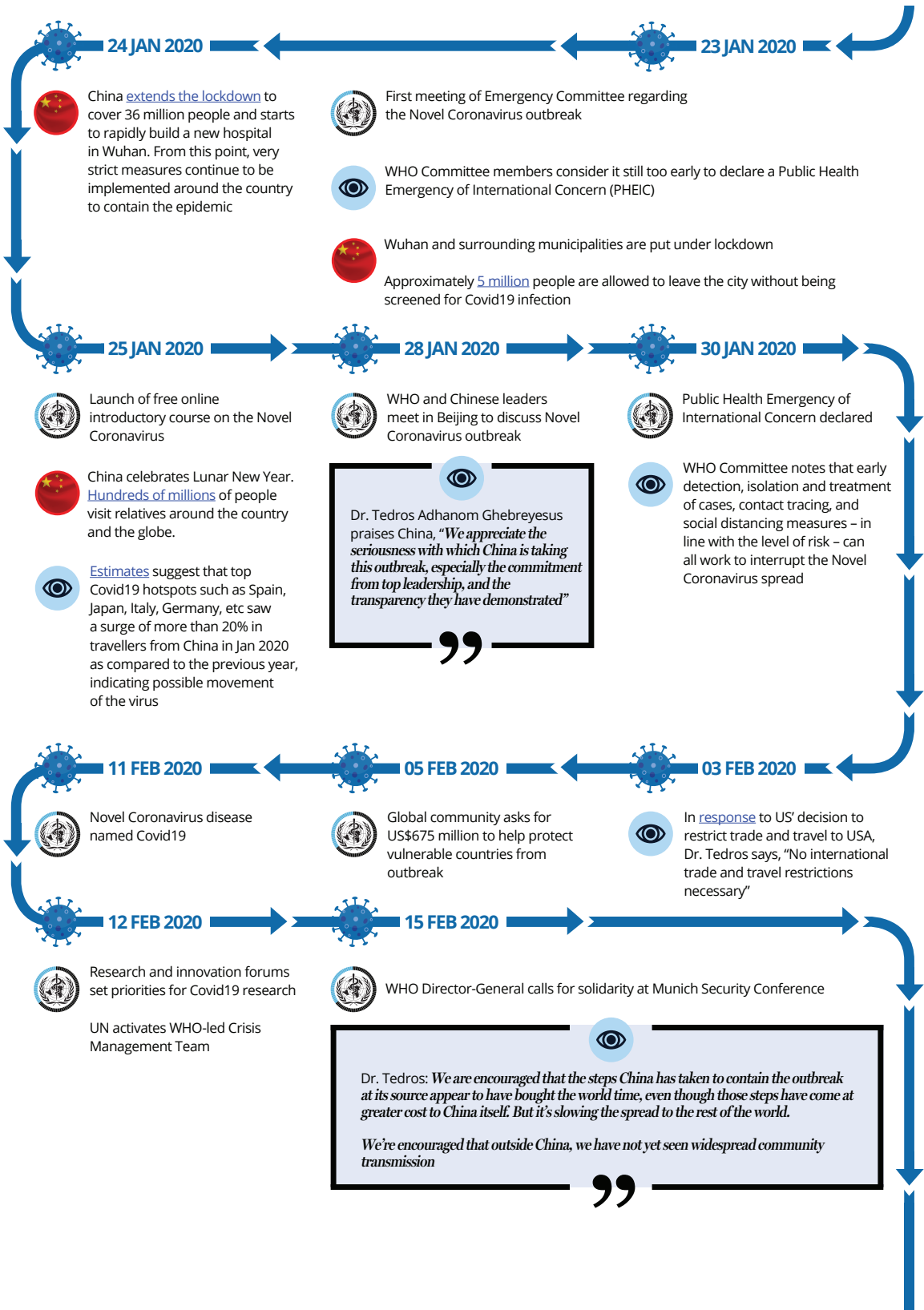


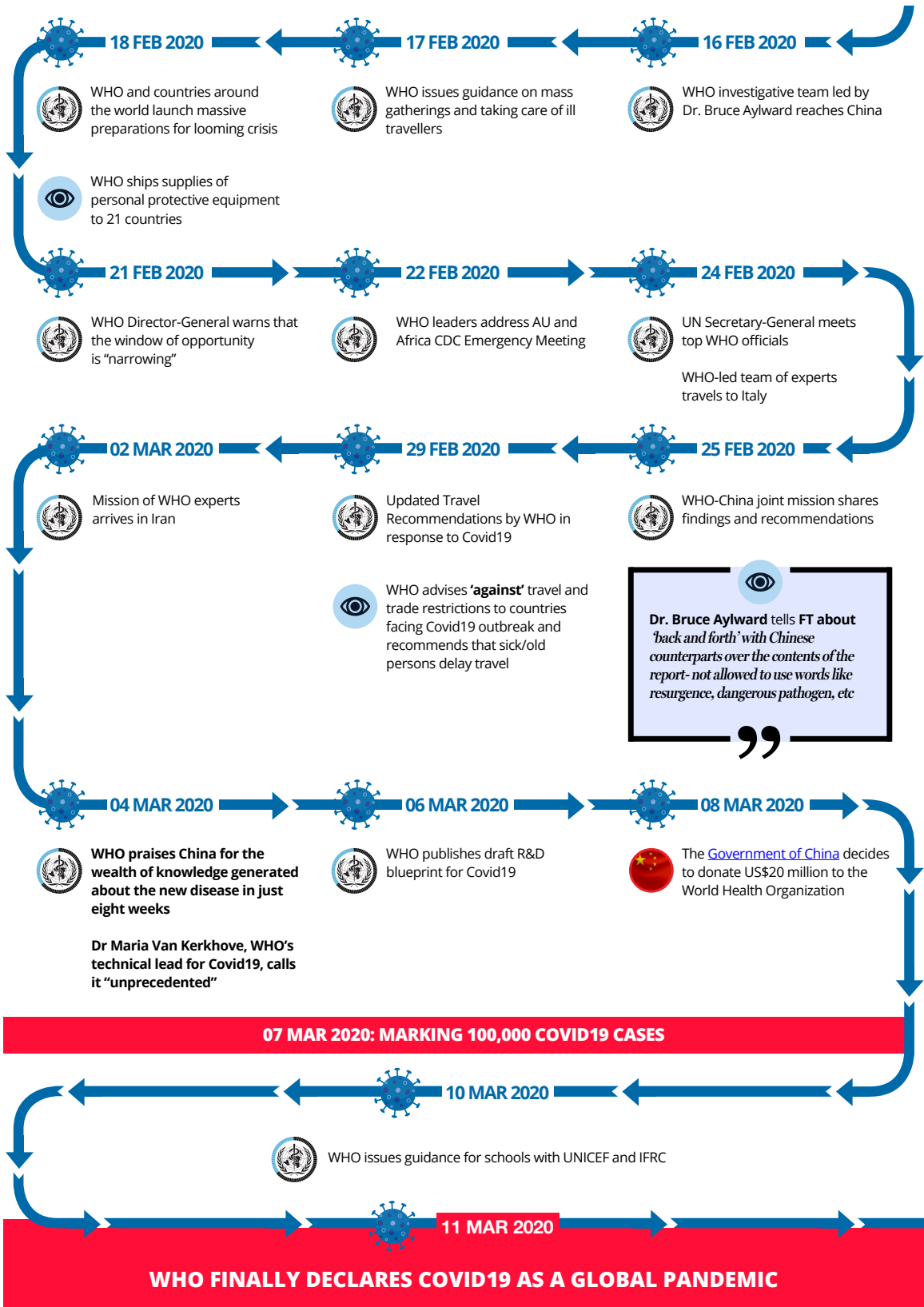
China's Response to the Novel Coronavirus











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# China's Footprint is Growing Within the United Nations

Seema Sirohi

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China is in assault mode to play great power politics while a divided world grapples with the coronavirus. No move is too small, no lie too big and no irony too tragic.

It is China's second big play after 2008 when it saw the first geo-political window open with the global financial crisis and a chink in American leadership. China flexed its muscle in the South China Sea, built artificial islands in frenzy and took over disputed areas. Its tactics were incremental and designed not to provoke the US but to get its neighbours in line.

The COVID-19 pandemic provides China a new window to expand influence. The world is on its knees and why would China let a crisis go to waste, especially one of this magnitude?

The global pandemic is an opportunity to assert, bribe and coerce—the ABC in Beijing's book of foreign policy. Selling masks and ventilators at a profit to countries in desperate need, including supplies that came to China as aid when it was fighting the virus, is an influence multiplier to some extent but Chinese-made test kits have been thrown out by many governments because they don't work.

But nowhere are the games likely to have a more lasting impact than in the United Nations (UN), the multilateral institution used and abused in equal measure by powerful countries but still the only door to knock for a vast number of developing nations. China's footprint has got wider and deeper.

China heads four of the UN's 15 specialised agencies—the Food and

Agriculture Organization, the UN Industrial Development Organization (UNIDO), the International Telecommunication Union and the International Civil Aviation Organization (ICAO). By comparison, France, the US and the UK lead one specialised agency each even though they contribute three times the amount of money as China to the UN budget. China pays only 12 percent of the UN budget compared to 22 percent by the US. So why is it that China called the shots at the World Health Organization (WHO) where it contributed US\$44 million in 2019 compared to over US\$400 million by the US government? The China story is the same across other UN agencies—minimal money for maximum influence.

What is more troubling is that China is increasingly in control of hundreds of bureaucratic levers of power in the vast UN system that can be used to dispense favours or deny them. It continues to capture and refashion both high- and mid-level positions where officials set the norms for the rest of the world. According to 2017 figures, Chinese nationals had 1,115 positions within the UN, including the under-secretary-general for economic and social affairs (1).

They are not always neutral, as the UN charter requires, but are often busy promoting China's interests, going after Chinese dissidents and NGOs and keeping Taiwan out. The independence of a UN bureaucrat is directly related to the politics back home—if you are likely to be arrested or made to disappear, you toe the national government line. A former Chinese under-secretary-general admitted as much in a 2019 interview to China's state-run television: "We have to strongly defend the motherland's interests" (2).

It is a two-in-one deal—Chinese bureaucrats within the UN build a China-friendly narrative inside and promote Chinese companies outside in vulnerable countries. A Republican Congressman Mark Green claimed that the Chinese told the French they would provide face masks only if France allowed Huawei entry for 5G. The claim was denied by the French Embassy (3). It is a bald power play with a major country, to say nothing of coercing smaller countries to open their doors.

On 30 March, the office of the UN secretary-general announced it had signed Tencent, the US\$500 billion Chinese tech giant, to provide video conferencing and digital dialogue tools for the 75<sup>th</sup> anniversary. The UN press release could have been written in Beijing, so in sync it was on the importance of "international cooperation and solidarity" as "more critical than ever" when the world is fighting the pandemic.

In other words, this is not the time to talk about China's responsibility for the spread of the virus. The UN rejected the deal 14 days later and the original UN press release has since disappeared, but the company statement is still available online (4).

The conduct of the WHO is by now well documented—how it took instructions from Beijing, repeated its official line and put millions of lives at risk. The WHO chose to lose its own credibility to burnish China's image.

Calls for WHO Director General Tedros Adhanom Ghebreyesus to resign have grown along with demands for a complete makeover of the organization before the next pandemic strikes.

China calls the shots at the WHO and pushes its political agenda. Taiwan is kept out of all deliberations—its best practices are not publicised—despite being enormously successful in curbing the coronavirus (5). Recently, the WHO said wet markets should not be shut down, even though COVID-19 is said to have originated in one such market in Wuhan, China, and despite the widespread support for a ban (6).

Why is China's voice louder when its contributions to the WHO are smaller than those of the US? Last year China gave only about US\$96 million for the WHO's budget and the US gave US\$893 million in "assessed" and "voluntary" contributions. The biggest reason is a general lack of interest in the US to improve the functioning of the UN except to walk out of its agencies or withhold funding, as the Trump administration recently did for the WHO.

China was recently appointed to the Consultative Group of the UN Human Rights Council in Geneva, an influential panel that picks experts to investigate and monitor freedom of speech, disappearances, detentions and the right to health.

But such cruel jokes are now routine within the UN system. China, where more than a million Uighurs are imprisoned in "concentration" camps, will determine whether human rights are being violated in other countries. It will help shape standards, select monitors, and decide the response on the fate of political detainees around the world.

Can other nations, especially the US, take strategic steps to contain Chinese influence in the UN? Last year, the US, India, Japan and others fought and succeeded in removing loaded Chinese language from various documents. It was a small step, but it was telling.

Earlier this year, the US lobbied hard to prevent another UN agency, the World Intellectual Property Organization (WIPO), from coming under China's sway. After months of US-led diplomacy, China's candidate Wang Binying—currently one of WIPO's four deputy director generals—lost to Singapore's Daren Tang in early March.

Wang's resume, available on WIPO's website, shows China's dedication to penetrating, using and rising within the UN system. She joined WIPO in 1992 as a senior programme officer, systematically rising to higher positions and finally becoming a deputy director general in 2009. But the topmost job eluded her, largely because Washington was able to prevent such an outcome.

The idea of China heading WIPO was like “hiring a thief to guard a bank,” according to Republican Congressman Ted Yoho. Secretary of State Mike Pompeo said China had “stolen hundreds of millions of dollars of intellectual property” from the US and was not the right choice to head WIPO. Many countries quietly welcomed this rare show of interest by the US in a UN election. The US is relieved that Singapore beat out China's nominee as the new UN IP agency head (7).

But what is needed is a comprehensive, long-term strategy that entails more engagement by Washington, not less. At least six elections for the top position at various UN agencies are coming up next year—ICAO, UNIDO, Universal Postal Union, World Trade Organization, UN Conference on Trade and Development, International Fund for Agricultural Development, UN Educational, Scientific and Cultural Organisation and Comprehensive Nuclear Test Ban Treaty Organisation.

Interested countries, including India, must nominate qualified candidates to bring a semblance of balance to the UN system. And the US must overcome its aversion to multilateral institutions—they are an integral part of pushing back against an aggressive China.

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# India's SAARC Diplomacy During the COVID-19 Crisis

K. Yhome

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The South Asian Association for Regional Cooperation (SAARC) grouping is geographically “India-centric.” This presents both opportunities and challenges for New Delhi. Geographical realism and taking a leadership role drive Delhi’s pro-active regional diplomacy in combating the COVID-19 pandemic that has rapidly evolved into a regional crisis. Locational centrality and asymmetry in size and capabilities allow India to shape the contours of cooperation in the SAARC region. At the same time, India’s location exposes it to challenges on all fronts, particularly when it is a threat that does not respect national boundaries. In a region where borders are highly porous and with densely populated borderlands, the only effective way to combat challenges such as the pandemic is through collective response. Given this ground reality, fighting the deadly virus requires a regional response to contain its spread through land borders. This would have prompted New Delhi to initiate its SAARC diplomacy in the wake of COVID-19 crisis.

Two SAARC member-states (Afghanistan and Pakistan) share long land borders with Iran, one of the early countries to become a hotbed of the COVID-19 crisis. When New Delhi initiated the regional approach to combat the coronavirus, the third highest number of coronavirus deaths was recorded in Iran after China and Italy (1). To be sure, four SAARC member-states share land boundaries with China, the epicentre of the COVID-19 outbreak. However, up till mid-March, the number of coronavirus cases in the Tibet Autonomous Region (2), that shares land borders with the SAARC member-states, was low, with the sole COVID-19 patient reportedly recovered and discharged from hospital on 12 February (3). Moreover, at the time Prime Minister Narendra Modi’s



regional initiative was announced (4), there were no confirmed COVID-19 cases in Myanmar (5), a member of the subregional grouping Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC), and India's Northeast region, which shares long land border with the country. This partly explains New Delhi's decision to activate SAARC and not BIMSTEC for the regional initiative to counter COVID-19.

Apart from the geographical factor, another reason that seems to have prompted New Delhi to undertake the initiative is its desire to take regional leadership role. In recent years, India has been positioning itself as "first-responder" in regional humanitarian crisis and taking a leadership role in managing emergency situations under its 'Neighbourhood First' policy. In 2015, when a tragic earthquake of 7.9 magnitude struck Nepal, India was the first to send relief teams and aid. India has also been the first responder in other crises that have struck Indian Ocean littorals and islands. In 2017, India was the first to respond to the devastating Cyclone Mora that hit Sri Lanka and Bangladesh. Taking a pro-active role in the neighbourhood also pre-empts other major powers from taking the lead and allows New Delhi to take centre-stage in shaping regional dynamics.

During the video conference with SAARC leaders, Modi announced the creation of the COVID-19 Emergency Fund, with an initial contribution of US\$10 million. New Delhi has asked SAARC member-states to use the fund to meet the cost of immediate actions and medical requirements. New Delhi's decision to not place the fund under the auspices of SAARC Secretariat appears to have been driven by the concern that it might get trapped in bilateral politics. India reportedly favoured control of the fund to avoid unnecessary bureaucratic hassles that may hinder its effective implementation (6). At the same time, New Delhi's willingness to use existing mechanisms like the SAARC Disaster Management Centre, its proposal for SAARC to set up new mechanisms like a common platform to coordinate epidemic research within the region, and its recommendation to evolve the common SAARC Pandemic Protocols indicate that it would not only use but also strengthen SAARC institutions to deepen cooperation in fighting common challenges.

A couple of early and significant collaborative measures that resulted from New Delhi's regional initiative are evident. On 22 March, a dedicated website for information related to the COVID-19 pandemic in the region was launched by the SAARC Disaster Management Centre (7). More importantly, on 26 March, a video conference of health professionals representing all SAARC countries was held to discuss how to collectively fight the pandemic (8). After the two successful follow-up actions, the

regional initiative saw a slight setback when Pakistan skipped a video conference to discuss the impact of the pandemic on regional trade on the ground that the meeting was not through the SAARC Secretariat. But the meeting went on, and senior trade officials from the other SAARC member-states agreed to jointly identify “new ways and means” to sustain and expand the intra-regional trade (9).

While making its contribution to the COVID-19 Emergency Fund, Pakistan put the condition that the fund “be administered by the SAARC Secretariat and that the modalities for the Fund’s utilisation should be finalised through consultations with the Member States as per the SAARC Charter”(10). The contrary positions between India and Pakistan created some debate over the utilisation of the fund. However, the positive response of other SAARC countries and their contributions (11) to the fund without raising any issue over New Delhi’s arrangement of its utilisation meant that they were in favour of an approach that helps the SAARC region collectively fight the pandemic, seeing it through the humanitarian lens rather than political.

This SAARC solidarity in the fight against COVID-19 might have prompted Islamabad to host the video conference of SAARC health ministers on 23 April. During the meet, India proposed sharing an electronic platform—SAARC COVID-19 Information Exchange Platform—for designated health experts from all member-states to use to share and exchange information on COVID-19, with plans to offer and facilitate various online training resources and e-learning modules. A statement issued by the Indian foreign ministry reaffirmed India’s “strong commitment towards greater sharing of knowledge, expertise and best practices in the joint fight against COVID-19 for the larger regional good”(12).

New Delhi’s SAARC diplomacy also involves supplying medical aid and continued engagement at the leadership level during the pandemic. Since the video conference in March, Modi has held telephonic conversations with all SAARC leaders except Pakistan. During his interactions with the leaders of Nepal (13), Bhutan (14), Bangladesh (15), the Maldives (16), Afghanistan (17) and Sri Lanka (18), Modi assured continued support to minimise the health and economic impact of COVID-19.

New Delhi’s regional initiative has raised hopes for SAARC’s rejuvenation. Although that prospect remains uncertain, the coordination modalities and the experience gained from working together in fighting COVID-19 may help create the habit of cooperation in the future. For now, one thing is clear. India’s call to collectively fight against COVID-19 and the positive

response it has received from SAARC member-states has helped the region better prepare in countering the pandemic.

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# GEOECONOMICS

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# Gated Globalisation and Fragmented Supply Chains

Jayant Sinha and Samir Saran

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**T**he coronavirus pandemic has forced the world to confront many of the fault lines that have steadily been building over the past two decades—economic inequality, shifts in the balance of power, dysfunctional global leadership and a stressed international economic order. Perhaps the most important systemic challenge is China’s role in the global economic order and consequently the future of globalisation. For decades, the West, led by US strategic thinking, bet that full-on engagement with Beijing would alter the opaque nature of Chinese politics, making it more liberal and open. The rapid spread of the COVID-19 pandemic is leading to a quick burial of this belief.

The free and open liberal world order has run into the great political wall of China, with deleterious consequences. Not only did the intense engagement with China fail to alter its politics, but many liberal democracies have also adopted Chinese-style industrial planning policies. The irony of today’s geopolitical moment is that Western taxpayers underwrote China’s bid for global influence. Successive US administrations, encouraged by Big Business and Big Finance, played a crucial role in bringing China into the global community, culminating in former US President Bill Clinton’s decision to welcome China into the World Trade Organization system.

## **Building Its Appetite**

The subsequent outsourcing of manufacturing and industrial capabilities from the West to China allowed Beijing to ‘bide its time’ as it strategically

built its influence through control over global supply chains. Because of the enormous financial returns accruing from labour arbitrage, governments turned a blind eye as China used this economic dependence to flex its political muscle, first in Asia and now, through the Belt and Road Initiative (BRI), into the very heart of the European Union (EU). The hyper-globalisation processes that were steadily building up China's industrial might were simultaneously causing enormous social and political churn among the Western working and middle classes. Shorn of the decent wages afforded by manufacturing jobs—and increasingly alienated from the financial and technology elite—those left behind turned against globalisation.

And China was prepared to step into this void. This shift was best captured perhaps at the World Economic Forum in 2017, where political and business leaders congregated in Davos in the aftermath of Donald Trump's election as US president. Addressing a gathering increasingly concerned about the US' economic trajectory under Trump, Chinese President Xi Jinping emerged as an unlikely champion of the global economic order (1).

The current global flux induced by COVID-19 offers us a moment to reflect on what was, and to examine the contours of, what may well be Pax Sinica. Two large projects define China's recent emergence. The first, reminiscent of Pax Britannica and Pax Americana, is the much-discussed BRI. China's outward expansion through the construction of new supply chains and trade routes has been designed to serve its economic interests by capturing the flow of raw materials from Asia and Africa and, thereafter, supplying finished products to the world. And just as the British packaged their imperial design as a show of benevolence—think of the argument that the railways in India were built to benefit Indians—so, too, is China selling its political proposition as a new pathway for global growth, solidarity and development.

In the post-war order, China's proposition under the BRI is probably the first large global project that is purely unilateral. The design and implementation of projects only superficially takes into account the interests of smaller states, with evidence mounting that the debt obligation of emerging economies is unsustainable. In July 2019, the IMF approved a US\$6 billion bail-out for Pakistan (2)—money that will undoubtedly service its significant debts to China.

The second aspect of its expansion relates to technology, and its concerted effort to control and leverage the global data economy for itself. By globalising its technological prowess (3)—from building next-generation communications infrastructure and digital platforms to offering



surveillance tools to authoritarian governments—Beijing is well-positioned to script future administrations and regimes around development, finance, and even war and conflict. And it does this even as it isolates its own people from external flows of information and technology.

The Made in China 2025 initiative, meanwhile, is an effort to indigenise production and manufacturing capacities across a range of strategic and future technologies—undermining many of the promises of globalisation (4). For one thing, a significant component of China's strategy involves forced technology transfers—all of which dramatically reduce the competitiveness of other economies. More importantly, it puts to rest the assumption that supply chains would eventually trickle down to other emerging economies once China moved up the value chain and provide them similar development opportunities.

Some argue that Pax Americana was no different. Like Beijing, the US leveraged its pole position in the global economy, its military and industrial strengths, and its technological supremacy to build a world order that responded to its interests. There is, however, no equivalence between the two. US society was largely open—individuals, communities and nations from around the world could engage, convince or petition its institutions; write in its media; and, often, participate in its politics. Its hegemony was constrained by a democratic society and conditioned by its electoral cycles.

## **Recipes Old, Mistrusts New**

It was these characteristics that encouraged nations to place some degree of faith in multilateral institutions, which were largely underwritten by the US. It also encouraged countries to participate in the free flow of goods, finance and labour; to move towards open borders, markets and societies; and, indeed, to embrace US-led globalisation at the turn of the last century.

Few will be able to navigate the dark labyrinth of Chinese politics, much less claim to influence its Communist Party. It is worth recalling that at the peak of its might, the US withdrew from Vietnam because intense media scrutiny dramatically undermined public support for the war at home. Will images of damage to the livelihood and ecology along the Mekong (5) convince the Communist Party of China to abandon its damming projects upstream? Will the thousands of deaths caused by COVID-19 within China make it more transparent?

Despite China's behaviour in the early days of the outbreak, Beijing has exacerbated regional and global tensions. China is accelerating its territorial

revisionism in the South China Sea (6) and in the Himalayas (7); it is using state propaganda on social media to spread disinformation about the cause and origins of the coronavirus (8) and bullying other nations from attributing Beijing publicly; and it has continued threatening economic sanctions against those who defy its political or economic interests, like Australia (9), which has rightly called for an independent COVID-19 review.

In the post-COVID-19 world, China's goals are likely to remain the same—restoring its ostensibly historical position of supremacy in Asia, and replacing the US international order with China-centric norms, institutions and networks of partnership. Therefore, the next globalisation era, increasingly underwritten by Beijing, may well be less free and less open than before. To balance China's global ambitions, nations may opt to trade with geographies and nations where political trust exists, thereby fragmenting supply chains. Governments will 'gate-keep' flows of goods, services, finance and labour when national strategic interests are at stake. Indeed, we should be ready for a new phase of 'gated globalisation'. Even as the recovery and progress of the post-COVID-19 world will be worse for it.

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# COVID-19's Reality Shock for Emerging Economies: Measures to Deal with Dependence on External Funding

Alicia García Herrero and Elina Ribakova

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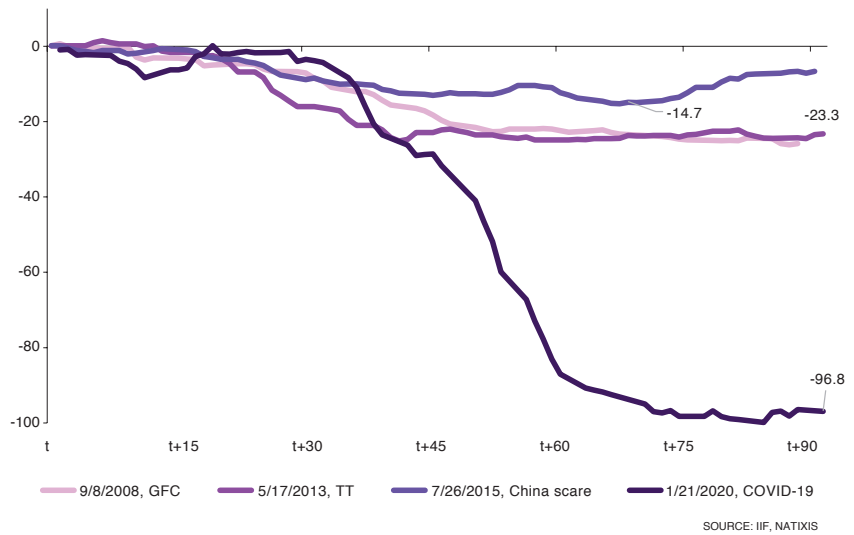
The spread of COVID-19 to emerging economies has brought back their excessive dependence on external financing. Such dependence, a long-standing problem exemplified by the large number of crises experienced in the emerging world space since the 1970s, seemed to have been overcome in an era of ample dollar liquidity. However, COVID-19 has brought to light a different reality, with massive capital outflow from the emerging world due to their potential weaknesses in the light of the pandemic but also a global dollar shortage which hit the world in May.

COVID-19 is having a massively negative impact on emerging economies' growth prospects, their exports and fiscal accounts. Several factors put emerging economies at risk of a sudden reduction in dollar liquidity amid the COVID-19 outbreak.

## Dependence on Dollar Liquidity

Emerging markets depend on foreign capital and income through many channels (1). The capital channel reflects the net borrowing through capital inflows. The income channel mostly refers to the net exports of goods and services, or the payment for the cross-border use of a country's endowments, which for emerging economies, tends to be labor and remittances. A shock like COVID-19 is sharply reducing emerging markets' access to dollars, exports, tourism receipts and even remittances, coupled with the unprecedented and sudden stop in portfolio flows (See Figure 1).

**Figure 1:** Accumulated non-resident portfolio flows to emerging markets since indicated date (US\$ billion)



The question to ask is what tools emerging markets can count on to address this challenge. These countries have several options. Our focus is on liquidity problems (not solvency ones) but we acknowledge that the line between the two will be blurrier than ever due to the massive economic impact of the pandemic. Furthermore, illiquidity left unaddressed for an extended period or in already borderline cases may push countries into a solvency crisis.

### What Can Emerging Economies Do?

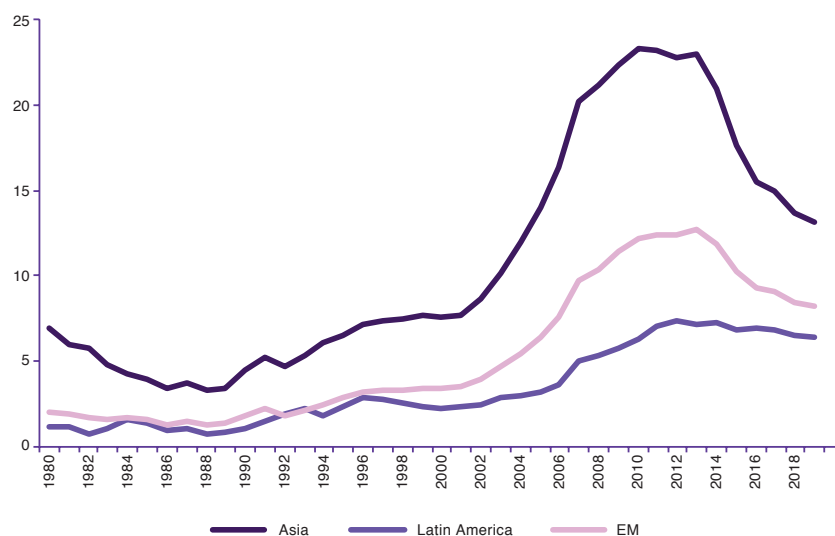
The first and most obvious line of defense is to use a country's own monetary policy. This is what central banks in the emerging world have been doing but the policy room is limited as emerging currencies have massively depreciated. In other words, the space to continue to use monetary policy independently is capped by the investors' willingness to accept currencies that have depreciated extensively and may not have reached the bottom.

The obvious shortcut to stem off capital outflows is to introduce capital controls. The main argument in favour of capital controls is the increasingly deep financial integration of emerging economies with the rest of the world, which turns the well-known trilemma of keeping independent monetary policy, a flexible exchange rate regime and an open capital account into a dilemma (2). There is, however, an undeniable cost

associated with introducing capital controls, at least for those emerging economies with market access, namely losing such access.

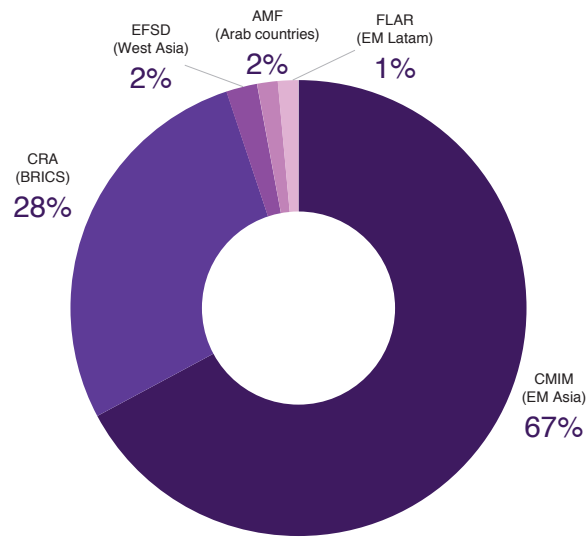
In addition, other tools are needed to address the negative impact of COVID-19 on external funding. The two most obvious lines of defense that have been built over time are self-insurance through the accumulation of forex reserves and regional insurance schemes. Only few emerging economies can safely claim that their reserves are adequate. Most importantly, reserves tend to be concentrated in Asia and the Middle East. Low oil prices and commitments to production cuts mean that oil producers in the Middle East will have to draw down their forex reserves. As for Asia, the lack of external demand from the rest of the world should also reduce their current account balances, probably dragging down reserves. It should be noted that this process has already started since oil prices picked in 2014 and even in Asia as current account surplus have been shrinking since 2011 (See Figure 2). On regional insurance schemes, the heterogeneity among regions is also very large. The most developed scheme has been created in Asia, more specifically, under the aegis of the ASEAN + 3 but it is still subject to external conditionality, namely that of the International Monetary Fund (IMF) (3). The rest of emerging regions hardly count with any scheme of relevant size (See Figure 3).

**Figure 2:** Foreign reserve (% GDP)



SOURCE: IMF, NATIXIS

**Figure 3:** Regional financing arrangement capacity in emerging economies (%)



Note: The regional financing agreements are: Chiang Mai Multilateral Initiative, BRICS Contingent Reserve Arrangement, Eurasian Fund of Stabilisation and Development, Fondo Latinoamericano de Reservas, Arab Monetary Fund

SOURCE: IMF, NATIXIS

Leaving aside self and regional insurance schemes, the US Federal Reserve (Fed)—as provider of cross-border liquidity—deserves attention. After some hesitation, the 2008 global financial crisis opened the door for the Fed to offer limited but relevant support for central banks mostly in the developed world. This time around the European Central Bank has been faster in setting up swap lines and has even opened a repo facility for a large number of central banks. It should be noted, though, that this repo line is not targeted to any particular central bank and collateral is needed to borrow, which makes it a clearly inferior option compared to a swap line. However, the Fed should not be expected to be the solution to emerging markets’ dollar problems.

The IMF is obviously the best player to deal with emerging countries’ liquidity issues but the problem lies in lack of lending capacity. There are currently three liquidity facilities provided by the IMF, two facilities that had existed in the past—Flexible Credit Line (FCL) and Precautionary Liquidity Line (PLL)—and the third that was introduced during April 2020 Spring Meetings—Short-Term Liquidity Facility. The FCL, unlimited in terms of size of access but based on stringent pre-qualification criteria, was set up in 2009. The PLL, introduced in 2011 (4), has strong pre-qualification criteria as well as some ex-post conditionality and is rather limited in size. Beyond the suitability of the IMF’s toolkit, the key question is whether it comes with enough financial resources for the pressing needs of its members. The IMF’s available resources are currently estimated

at just under US\$800 billion, which is already committed to existing programs (5). A cursory look at the IMF's resources can help us understand the difficulties to increase them—quotas account for 65 percent (US\$651 billion); the New Arrangements to Borrow (NAB) follow with US\$250 billion, which were doubled last January (6), but still need consent from all creditors; and the Bilateral Arrangements to Borrow (BBs), which currently stand at US\$ 434 billion. Existing BBs end this year, but new ones have been agreed this March up to 2023. Quotas have a “forward commitment capacity” of around US\$285 billion. An overall quota increase for the IMF would be desirable to garner more resources and improve composition of financing—a large share of the IMF's funding will come from a pool not requiring additional rolling approvals. Ultimately a quota increase will be needed, including to address voting power issues. However, it is not a quick solution.

## Conclusion

COVID-19 is by far the biggest challenge that policymakers in emerging economies have had to deal with in recent history. More specifically, the worsening of their external funding conditions will be a major issue for most countries. The first line of defense—a country's monetary policy room to support growth—is becoming ineffective as investors shy away from weak currencies. Capital controls could provide a temporary relief but are costly as it would imply losing access to foreign funding altogether. Self-insurance and regional insurance schemes are an option for a select few countries, especially those in Asia, but the duration and depth of the shock is uncertain, which justifies exploring other potential options. The Fed has been quite fast in providing cross-border dollar liquidity but it risks being overburdened due to massive domestic needs. Finally, the IMF continues to be the most obvious—albeit constrained—lender of last resort. Two changes are urgently needed for the IMF to be more effective. First, a more targeted set of liquidity facilities with quicker disbursement and less conditionality. Second, further recapitalization is a must but the options being discussed, namely a new Special Drawing Rights allocation, will take time. Meanwhile, the recently approved NAB needs to result in actual disbursement by creditors, and a rethinking of the timeline for BBs into a much more imminent one is also needed.

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# Exploring China's Diplomatic Offensive in Central and Eastern Europe Amidst its 'Mask Diplomacy'

Alicja Bachulska

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After having seemingly controlled the first outbreak of the COVID-19 epidemic domestically, China has now embarked on an ambitious diplomatic mission to restore its image globally. The two-fold mission aims to boost Beijing's soft power by restarting certain parts of its economy through massive sales of sanitary and medical equipment made in China while presenting it as "aid", or the so-called "mask diplomacy" (1). China's global image has been tarnished by the Chinese Communist Party (CCP) and its mishandling of the situation at the initial stage of the epidemic in late 2019. To shift global attention from the CCP's mistakes and the country's systemic ills to the outside world, especially the US, Beijing has initiated an international charm offensive (2). China's international propaganda campaign has centred around the theme of its alleged systemic efficiency in combatting the virus and in presenting itself as a global aid-giver able to deliver medical equipment to those countries still fighting the pandemic. It is important to note, however, that most of the supplies delivered or promised to be delivered have actually taken the form of commercial purchases, although they have been widely promoted by the Chinese side as "aid" (3). How does "mask diplomacy" play out in Central and Eastern Europe (CEE), a region where Beijing's footprint has been growing throughout the last decade?

China's newfound interest in fostering ties with the CEE region has stirred many controversies. In 2012, Beijing launched a special initiative, now known as the 17+1 platform—a grouping of arbitrarily chosen states belonging to the former Eastern bloc (currently both EU member states and non-members) with an odd addition of Greece. This was an effort to strengthen relations with the previously neglected region in

need of new investments and to open a “backdoor” to the European common market (4). The platform can be best described as an example of “multilateral bilateralism” (5)—a format that helps China maintain regular communication with all 17 states at once, while enabling it to use the platform as a leverage in its relations with Brussels and Berlin, which remain very sceptical about the true intent behind 17+1. The format has often been accused of being an “empty shell” (6) catering to China’s needs only—a view that can be also extended to the general importance of CEE for Beijing. The region is not crucial from the perspective of China’s core interests, yet it proves useful in instrumentalising it at the time of political urgency. For Beijing, the global COVID-19 pandemic and its practical implications represent precisely the need to reinvigorate the existing diplomatic ties, including with the CEE region, and to strengthen its own narrative on China’s positive role in combating the coronavirus.

By mid-March 2020, many CEE states became the target of China’s “mask diplomacy”, including Czechia (7), Slovakia (8), Hungary (9), Poland (10) and Serbia (11). While precise data about the deliveries and their nature (commercial purchases or aid) is not fully available yet, some visible trends can be pointed out. First, the transactions seem to have been procured by local governments, state-owned enterprises and state agencies, with some help from local business elites with close ties to China, which has already generated some transparency-related concerns (12). Second, the non-commercial donations seem to represent a marginal part of all deliveries. Third, the whole process has been accompanied by an upsurge of media content created by Beijing-backed outlets (*Xinhua*, *China Daily*, *CGTN*, *China Radio International*) that is disseminated through local channels. It has been especially visible in non-Chinese social media, most notably Twitter (13), where Chinese diplomats have been increasingly active in also pushing forward the official standpoints of China’s alleged success in the time of pandemic.

However, despite the diplomatic offensive, the effectiveness of Chinese efforts and the actual scale of deliveries in the respective CEE states seem to largely depend on the nature of bilateral ties they enjoy with Beijing as well as on the links between local business elites and their Chinese counterparts. Moreover, local responses and the level of enthusiasm vary from country to country. This can be illustrated by the diverging official responses to Beijing’s diplomatic efforts at the time of the pandemic, which have been dictated by the domestic needs and international considerations of the CEE states. For instance, as many countries in the region have enjoyed rather close ties with Washington in the post-1989 era, they have found themselves increasingly caught between a rock and a hard place when it comes to their relations with Beijing. Few countries, like

Poland, have recently decided to support Washington's policies by taking steps to limit Chinese presence in the region, for instance, in relation to Huawei and its involvement in constructing 5G networks (14). As a result, CEE relations with China have entered a new phase characterised by strategic competition between Beijing and Washington, which is not without influence for their own policies towards the latter. From Beijing's perspective, China's current efforts to build its image as a responsible power capable of helping the outside world in the time of crisis are to be perceived in contrast with US President Donald Trump's administration and his inability to control the epidemic domestically, let alone help Washington's allies.

At the same time, for some other CEE states, most notably Serbia and Hungary, the current crisis and China's alleged leading role in helping alleviate it have served to push forward their own goals and narratives underpinning them—be it political affinity and hope for scoring some political points in Beijing for Serbia (15), or the outright Euroscepticism and authoritarian inclinations for Hungary (16). Serbia, which is on a difficult road to EU accession, has played the China card in its relations with Brussels, by praising Beijing for its assistance and accusing the EU representatives of hypocrisy. The Serbian president Aleksandar Vučić has managed to bolster his political legitimacy and further justify democratic backsliding (17). Although Serbia and Hungary are an exception rather than the rule within the CEE region in terms of their relations with China, their role is especially vital from Beijing's perspective as they help foster an attitude of gratitude and reciprocity towards China—behaviour that the High Representative of the EU for Foreign Affairs and Security Policy Josep Borrell called the “politics of generosity” (18). Borrell was pointing to the global battle of narratives that has accelerated alongside the pandemic, with China at its forefront. One of its aims has been to undermine the EU's unity in the face of the crisis by discrediting it for its alleged lack of actions. These external narratives feed into intra-European debates, thus fuelling a struggle for influence, with China suddenly becoming a visible actor trying to shape these very debates.

Some fear that if the crisis escalates further, even pro-EU countries might witness a rise in both pro-China and anti-EU political forces (19). The battle has not been won yet. As the next phases of the pandemic unfold, the tables might still turn in favour of Brussels and more liberal international actors. Most recently, Beijing's diplomatic offensive has met with increased backlash from some EU countries, including CEE states. The quality of products imported from China has been under question, with concerns raised over allegedly falsified certificates and faulty testing kits (20). For instance, Slovakia purchased over one million antibody tests

worth €15 million from China, which were unable to detect COVID-19; Slovak Prime Minister Igor Matovič said that they should “just be thrown straight into the Danube” (21). In Poland, the links between local intermediaries and Chinese suppliers have also been questioned over the lack of transparency and allegedly fake certificate of masks bought by the intermediary in China and then resold to a Polish state-owned firm at an inflated price (22).

Despite growing international criticism, China has not stepped back from pushing its vision of a Beijing-led “community with shared future for mankind” (23). The current stage of the pandemic gives the CCP an opportunity to shape the situation to its advantage and to build its image based on shaky triumphalism. Yet, the endgame remains unclear. At this point one thing is sure—given the level of uncertainty and emotional responses among the public, it is the optics and perceptions that matter, not the actual level of help from either the EU or China.

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# GEO TECHNOLOGY



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# COVID-19 Will Test the Limits of the Privacy Debate

Shashidhar K.J.

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With the unprecedented spread of the COVID-19 disease across the world and the spiralling death count, technology companies are stepping up efforts to help governments contain the outbreak. Apple and Google have come together (1), setting their rivalries aside for now, to create a contact tracing app using Bluetooth technology, with the European Union (2) and the UK (3) currently debating the merits of accepting the app. In India, the central government is urging, and in some cases mandating (4), the use of the Aarogya Setu app for contact tracing, which was jointly developed by the National Informatics Centre, NITI Aayog and several volunteers from the private sector.

Health surveillance is key to fighting the COVID-19 pandemic. Public health officials have been using contact tracing to find and monitor actual or suspected COVID-19 patients. However, contact tracing is invasive and requires users to divulge sensitive data, including age, gender, location, health information and a detailed record of their movements, bolstered from additional databases like credit card companies. Currently, Israel (5) and Australia (6) have passed legislation to enable contact tracing using mobile phones, while South Korea (7), Taiwan (8) and Japan (9) have enacted laws to deal with communicable diseases and enacted measures from these laws to contain the spread of COVID-19 using contact tracing. The UK (10) was debating introducing more legislation to preserve privacy of data collected through contact tracing apps. The idea behind such apps is that by using aggregated and anonymised data, health officials can identify hotspots and see if people are maintaining social distancing measures. Further, using this data, governments can send messages urging

citizens to get tested and contain the infections. The Aarogya Setu app, for instance, has helped authorities identify 600 hotspots in the country (11).

So far, Google and Apple have said that they are not collecting user GPS location data through their app (12). On the other hand, Aarogya Setu requires users to have their Bluetooth and GPS location switched on at all times. However, for these technology companies, not having location data on the application does not mean that they do not have the capability to obtain it. Google keeps a detailed history of user GPS location data (although users can disable this feature).

Meanwhile, Facebook CEO Mark Zuckerberg announced that the company has developed a Disease Prevention Map as part of its Data For Good initiative, which uses aggregated and anonymised location data to track people's movement in the event of a disaster (13). These maps were created by pairing location data with existing public, proprietary and user generated datasets. So far, these maps have been used by public health officials to increase vaccination drives in Malawi (14) and create a risk model for cholera outbreaks in Mozambique (15). Google, on the other hand, has started a project with its sister company Verily where users can volunteer to share medical data with researchers and pharmaceutical companies (16).

Undoubtedly, these tools will help policymakers and researchers calibrate their efforts. However, privacy hawks point to the old concerns over the extent of surveillance with modern digital technologies.

## **Privacy at risk**

Even though technology companies say that they will ensure a user's anonymity, users have been re-identified with advances in technology and data collection. For example, a 2018 study showed that anonymised data collected from wearable activity trackers fed into a machine learning algorithm were successfully re-identified (17). The anonymised data used in the study removed location and protected health information (including name, phone number and email address), but 94.9 percent of 4,720 adults and 87.4 percent of 2,427 children were successfully re-identified.

But what is more worrying about the COVID-19 pandemic is that governments themselves are willingly giving up more sensitive information about patients and potentially infected persons. The science magazine *Nature* points out that numerous apps and websites have sprung up that publish information from government websites on individuals who have tested positive for the virus, including information on their travel

history, the hospital they are being treated in, age, gender, nationality and relationships with other persons infected (18), (19).

Karnataka (20) has started to publish information about international passengers who have been asked to quarantine themselves. Though these dashboards do not mention passengers' names, virtually every other information, including home address, passport number and travel itinerary, has been published.

Privacy researchers say that the specificity of the information of each case that is published is what worries them—a person with COVID-19 or people in quarantine could be easily identified and their right to privacy compromised. The loss of privacy in these scenarios could lead to social stigma. People may be deterred from getting tested, as their information would be made public if they test positive. At a broader level, these lists could also be abused by e-commerce companies, which might refuse to deliver to these addresses over fears of infection, despite it being a crucial service during such times.

More invasive measures of tracing and tracking people have been introduced in Hong Kong, where passengers arriving from international terminals are being given a wristband and are required to download an application that tracks their location to ensure that they are being quarantined (21). The wristband geofences users and sends out alerts to government officials if people wearing it step out of their homes. Similarly, the Karnataka government now requires people in quarantine to send a selfie every hour to a government application to prove that they are staying home, failing which they would be moved to a mass quarantine facility (22). Meanwhile, Indian public sector firm Broadcast Engineering Consultants India Limited (BECIL) has put out an expression of interest to build a wrist band to track COVID-19 patients (23). The document uses problematic language and refers to patients as “suspects” and wants to build a system to snoop on people's behaviour patterns, including where they order food from, where they sleep, and their place of work.

### **Privacy concerns fall by the wayside**

These are extraordinary times that require extraordinary measures to contain the COVID-19 damage. But as panic spreads, there will be an increased push to give up privacy for a safer future. This was demonstrated in a recent webinar hosted by the Department for Promotion of Industry and Internal Trade where a number of luminaries from the tech startup ecosystem discussed solutions to contain the disease. One of the measures discussed was leveraging prescriptions at pharmacies to

identify at-risk populations (for instance, the elderly and people with immunocompromised conditions and respiratory disorders). Prescriptions are considered sensitive personal data due to the large number of identifiers in them, but the participants felt that it was necessary to suspend privacy needs for the greater good.

This need to ignore privacy extends beyond medical data. During the webinar, there were requests to re-enable the Aadhaar eKYC to “jump start the fintech ecosystem.” Aadhaar eKYC was barred following the Supreme Court judgement that Aadhaar cannot be used by private companies as it exposes personal information unnecessarily to them (24). But Yashish Dahiya, CEO of PolicyBazaar, argued that revenue for his firm Paisabazaar had dropped to nearly zero as the staff could not complete physical KYC for loan products during the lockdown period, raising the need to access Aadhaar eKYC.

This instance shows that business are keen to benefit while ignoring the larger privacy concerns using Aadhaar data. NITI Aayog officials indicated that the Aarogya Setu app will be repurposed after the COVID-19 crisis and will be the foundational block for the National Health Stack (NHS) (25). The NHS is a set of cloud services that maintain a national health electronic registry, a coverage and claims platform, a federated personal health records framework and an analytics platform accessible to third parties through application programming interfaces to build new telemedicine businesses.

Governments and companies believe that it is necessary for privacy to be suspended to tackle the effects of the virus from a public health and economic perspective. But what happens to this extensive surveillance apparatus once the crisis passes? What will be the steps to dismantle it? Major technology companies have built their vast fortunes by not taking enough measures to protect user privacy to feed their advertising businesses. How willing are governments and companies to not breach individual privacy?

This pandemic has been termed a black swan event, the first one since the September 2001 attacks (26). In the aftermath of the attack, the US government increased warrantless mass surveillance through the National Security Agency under the pretext of security and deterrence from future incidents. Later investigations show that mass surveillance did little to achieve those goals (27). Instead, what worked was traditional investigative methods, tips from informants and targeted intelligence operations. Similarly, for the public healthcare system, traditional methods need to be bolstered, including increasing the number of doctors and hospitals,

stocking enough equipment and supplies for future epidemics and pandemics, and free testing facilities. Increasing healthcare capacity will help in preventing undue privacy invasions and find an optimal balance between individual rights and the larger public interest.

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# Separation Anxieties: US, China and Tech Interdependence

Trisha Ray

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**O**n 4 April 2020, US President Donald Trump quietly signed the Executive Order Establishing the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector (1). The executive order will in effect restrict Chinese investment into the US telecommunications sector, likely with a focus on 5G, and is the latest milestone in the US's decoupling with China, a road marked by escalating measures targeting technology trade, investment and international regimes.

## Technonationalism on the Rise

Sino-US relations have, for several decades, been tepid at best, marked by continued discordance on issues like intellectual property, trade rules, cyber stability and human rights. The precarious balance in ties between the two countries have been based in interlinkages of mutual benefit—the US gradually emerged as the top destination for Chinese investment and China has leveraged ties to build its own industries and talent.

Fissures between the two were brought into sharp focus in the realm of emerging technologies. Washington is seeking to consolidate, “promote and protect” its lead, explicitly framing this as part of the ‘strategic competition’ with China (2). Beijing has enlisted its technology giants in a coordinated, nationwide bid for leadership in everything from biometrics and artificial intelligence, to 5G and semiconductors (3), (4).

In the summer of 2018, the US imposed the first in a series of tariffs on

Chinese imports and, by declaring technology trade a national security issue, has since put in place mechanisms to systematically shut-out Chinese investments and contracts in critical industries (5). Many would be familiar with the Committee on Foreign Investment in the US, which made headlines for its part in blocking Broadcom's takeover of chipmaker Qualcomm. While China retaliated with its own tariffs, raising the average tariff on US goods from 7.2 percent to 18.3 percent within a span of four months in 2018, it *cut* tariffs on a range of electronics and IT products between 2018-19 to ease costs for consumers and industries (6).

The Telecom Committee is the latest addition to the US's technology strategy toolbox. The new executive order essentially formalises the erstwhile "shadowy" Team Telecom, comprising the Attorney General; Secretaries of State, Treasury, Commerce; the US Trade Representative; Director of National Intelligence; representatives from the Executive Office of the President; as well as the head of any other agency the President deems essential (7). The committee will "assist the Federal Communications Commission in its public interest review of national security and law enforcement concerns that may be raised by foreign participation in the United States telecommunications services sector." The committee can review new Federal Communications Commission (FCC) license applications as well as existing licences granted to foreign applicants.

This move ostensibly creates further formalised roadblocks to Chinese overtures toward US 5G. It follows an earlier executive order preventing US telecom companies from acquiring and using Chinese components and the FCC's denial of an eight-year-old telecom services application by China Mobile (8). Washington frames the "fight for 5G" as an existential threat, encompassing both economic and national security. This is captured in Attorney General William Barr's assertion that "[t]he risk of losing the 5G struggle with China should vastly outweigh other considerations" (9). The White House's "National Strategy to Secure 5G" similarly mentions the need to secure 5G technologies from "malicious actors" with "nefarious motives" and put up safeguards against "high-risk vendors" (10).

## **A Painful Separation**

Even as the US ramps up its efforts to decouple from China on paper, the interlacing ties between the two will take years to unravel. In 2018-19, even in the midst of a trade war, China accounted for 21.5 percent of the US's imports and Chinese entities signed US\$11.3-billion worth of investment deals with US entities (11), (12).



Meanwhile, Huawei, the poster child of US-China tech discord, is so deeply integrated into the US telecom infrastructure, particularly in rural areas, that a complete ban has repeatedly been delayed as telecom providers struggle to replace Huawei equipment and services (13). Several US partners and allies, even after Trump threatened to hold intelligence sharing arrangements hostage, will not be banning Huawei from their 5G networks (14). The UK, India, France and Germany have shied away from a ban, partly because their telecom ecosystems are deeply dependent on Huawei, partly due to the appeal of the telecom giant's relatively low costs (15).

In the near future, we will likely see the US supplement domestic mechanisms to decouple from China with systematic escalation at key global technology norms-making bodies. Comments by John Brown, the FBI's Assistant Director for Counterintelligence, foreshadow such measures, "Over the next 30 years, does the world go through Communist China or the United States. Who sets the standards?" At the International Telecommunication Union (ITU), for instance, Huawei has exercised considerable influence on 5G standard-setting and China has significantly ramped up its contribution to the ITU in the last five years, taking it from the 10th largest funder to the top five (16), (17). In response, the US Commerce Department is, at long last, penning a new regulation that would enable US companies to interact with Huawei as part of international processes, clearing roadblocks to US participation in 5G standard-setting at the ITU (18).

As the 'tech war' narrative escalates, Trump may threaten retaliatory actions at the ITU, just as he has commented on China's undue influence over the World Health Organization in relation to the COVID-19 pandemic and threatened to cut US funding. The 'politicisation' of international institutions is certainly not new. A handful of developed countries and their corporations have, for instance, had incommensurate influence over international trade rules—including technology trade and transfer—for decades and leveraged these rules to gain access to emerging markets in Asia, Africa and Latin America (19).

At the ITU, however, it would be wise for Washington to avoid the trap of 'politicisation' without evidence lest it alienates its allies further (20). The ongoing contest over emerging technologies plays on age-old drivers: economic security, nationalism and sovereignty. In a contest with such high stakes, it is no surprise that many nations' first instinct is to erect walls and hunker down. The ties created by globalisation will, however, be difficult if not impossible to sever.

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# The World Must Come Together Before the Next Disaster Hits

Chen Xi

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In February and March 2020, almost all Chinese cities adopted lockdown policies, with citizens advised to stay at home to minimise the spread of the COVID-19 pandemic. The Chinese strictly followed this rule and, as a result, the country brought its COVID-19 infections under control by April. There was a slight uptick in numbers in May and June due to imported cases, especially in metropolitans and cities near the border. Japan and South Korea also brought the domestic pandemic spread under control in May. Unfortunately, Latin America and South Asia, plus the US and Western Europe, are currently seeing an increase in COVID-19 infections.

The world cannot relax until an effective vaccine is developed. Strategies to fight the COVID-19 pandemic have been debated for months (1). Now it is time to consider what happens or what needs to be done after the COVID-19 pandemic.

## Several Challenges Ahead

The concept of global health is too new for most people, who may wonder what their individual health has to do with a global scale. Public health itself is not a global issue. If disease outbreaks cross national borders, then the biotic, abiotic and antibiotic matters interact with the flow of migrants, refugees, travelers and goods, becoming a complicated global issue. But no single country will be able to solve such global challenges alone (2).

Similarly, many people thought that climate change was too far removed from daily life. But its impacts are very real. For instance, in the Indo-Gangetic plains, the mountainous glacier provides about 60 percent of the gross irrigated water and contributes about 11 percent more to the gross crop production, with 129 million farmers dependent on it in the pre-monsoon season (3). Global mountainous water resources feed the rivers, lakes and agriculture system in Himalaya, Andes and elsewhere, sustaining nearly 1.9 billion people and valuable ecosystems, but they are threatened by the accelerated retreat of glaciers and snow (4). Global warming could also turn the high-latitude tundra in Russia and Canada from carbon storage to carbon emission because of the microbial decomposition of soil (5). As a fallout from climate change, there will not only be a food crisis, frequent heat waves, floods and hurricanes, but also a large number of climate refugees, which could lead to social and geopolitical conflicts. Climate change is a continuous process that accelerated after the 19<sup>th</sup> century industrial revolution (6). It originated from developed countries but now even developing countries have a substantial role in climate change. It is not easy for developing countries to take a sustainable development model without the aid of technology, training and capital, which are dependent on a more equitable global governance mechanism. So, developed countries must take on more responsibilities.

Another challenge lies waiting—geopolitical technological competition (7). In a bid to counter China, especially over its leading position in 5G technology (8), the US has adopted several strict strategies, including sanctioning leading information and communication technology (ICT) companies, banning the purchase of products from Chinese ICT companies and evaluating the cost of replacing the existing equipment (9), and imposing new export control regulations on the definition of the use of new items and the export license for third parties (10). It will put higher pressure on chip suppliers like Samsung, Infineon and Murata, to break their supply ties with China and Huawei.

Finally, the world must contend with biological security. Biological resources, either commercial products or hazardous species, not only endanger domestic public health but will also reshape the global economic map. For instance, gene editing technologies, have led to tremendous scientific progress but their application is still controversial under moral and legal considerations (11), (12). It is too early to evaluate the merits of gene-editing technology, it could be used as a weapon by bioterrorists and become a common enemy of the world. Another case is the transport of the Hevea rubber seeds from Brazil to the UK and then to India in the 1800s—in what is now known as “biopiracy”—eventually marking the beginning of a US\$ 100-billion business in Southeast Asia and South

Asia (13). Besides, with the export of plant and animal products, it is easy for pathogens and pests to enter a local ecosystem and society (14), thus altering it.

## The Next Disaster

It would be wise for humankind to admit it has a limited understanding of nature, despite all our scientific advances. For instance, although gene-sequencing technology is fairly advanced, it is still difficult to identify the origins of the COVID-19 virus due to its multi-source and multi-transmission channels, and the difficulty in detecting it in the early stages (15), (16), (17). It is the same with climate change. According to the Intergovernmental Panel on Climate Change, if the average global temperature rises by more than 4°C compared to pre-industrial level (18), most adaptation strategies currently in use may not work well. For instance, the decrease in rain-fed crop production cannot be reversed through mitigation efforts due to climate change and a severe water scarcity, despite the drought-adaptation and smart water-use strategies (19). A more equitable global health governance mechanism could be established to share medical facilities, such as ventilator, face mask and vaccines, with the people in developing countries and the poor in developed countries. Meanwhile, a systematic planning and construction method across administrative borders is also needed to decrease the losses caused by pandemics and climate disasters. The global health governance mechanism and systematic planning method is based on the principle of public-private-partnership to offset commercial considerations and maintain a balance of social and natural interests.

As for the geo-tech competition between China and the US, even if the accelerated decoupling exceeds expectations, there is no cause for more concern. It is impossible to cut all ties given the demands of global governance and economic collaboration in the long term. Even in the short term, a collaborative global investment and market is necessary to create more jobs and prepare medical resources for the current or next disaster. However, a bifurcation in structure is reasonable, where all countries partly construct their strategic supply chains to be able to tide over another pandemic or disruptive event (20). But we need to understand that the concept of comparative advantage is not completely outdated. The global supply chain can help stop people from taking on the bulk of the costs, especially in most small and medium countries.

Meanwhile, concerns over biological securities persist but it is not easy for governments to predict the potential biological, economic and ecological risk in the long term. But investing in the natural sciences and in

policymaking based on scientific evidence, countries can avoid falling into traps like the current COVID-19 pandemic.

## Uncertainties and Certainties of the World

The world faces many uncertainties, including domestic and global conflicts due to global health, climate change, geo-tech competition and biological security. The US-China trade and technology war and the COVID-19 pandemic could be just the start. Such challenges cannot be tackled by a single nation alone. Economic pressures will continue to rise globally, especially without enough new technology and corresponding new value chains. 5G is good but it has limited potential to encourage prosperity globally. Its capacity to create sufficient new jobs and substantial increase in household incomes still needs to be determined. At present, global governments must find structural opportunities from ICT. Asian and other governments must promote regional integration through traditional infrastructure (such as highways) and new infrastructure (such as smart cities) across domestic and international borders to attain prosperity before the 6G era. It is the best timing to convert the global challenges to opportunities to increase the collaboration of all steps in the supply chain, create more high-quality jobs and provide global climate and health governance, while eliminating hyper-politicised movements with each other.

Can humankind collaborate for sustainable development and to counter the coming global challenges instead of arguing over politics? If we act by ideology, such as proposing aggressive trade alliances to exacerbate the great powers rivalry (21), rather than adopting a collaborative political spirit and relying on scientific evidence to fight COVID-19 and other global challenges, it is certain that we will lose the grip over our futures. It may be human nature to fight each other, but it is time to stop (22). The only way to tackle the dangers that lie ahead is through unity and responsibility. It is also the only way that humankind can survive.

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# About the Editor and Authors

## Editor

**Aarshi Tirkey** is a Junior Fellow with ORF's Strategic Studies Programme. Her research focuses on international law — its relevance and application to Indian foreign policy, such as security, trade, bilateral relations and multilateral engagements. A lawyer by training, Aarshi has prior experience in litigation and non-profit work. Aarshi graduated from National Law Institute University, Bhopal and completed her LL.M. in International and Comparative Law from the National University of Singapore (NUS). At NUS, Aarshi was a recipient of the Faculty Graduate Scholarship.

## Contributing Authors

**Manoj Joshi** is a Distinguished Fellow at the ORF. He has been a journalist specialising on national and international politics and is a commentator and columnist on these issues. He is a graduate from St Stephen's College, Delhi University and a Ph.D. from the School of International Studies, Jawaharlal Nehru University. He has been a Visiting Professor at the SIS, JNU, as well as a Visiting Fellow at the Strategic and Defence Studies Centre, Australian National University. As a reporter, he has written extensively on issues relating to Siachen, Pakistan, China, Sri Lanka and terrorism in Kashmir and Punjab. He has been a member of the National Security Council's Advisory Board and is the author of two books on the Kashmir issue and several papers in professional journals. Most recently, Manoj has been a member of the Task Force on National

Security chaired by Mr Naresh Chandra to propose reforms in the security apparatus of the country.

**Dhruva Jaishankar** is Director of the US Initiative at ORF. Dhruva's research has spanned issues such as India-US relations, India's relations in Asia and the Indo-Pacific, the interaction of technology with politics, and defence and national security. From 2012 to 2016, at the German Marshall Fund in Washington DC, he managed the India Trilateral Forum—a policy dialogue involving participants from India, Europe, and the US.

Dhruva has been a David Rockefeller Fellow with the Trilateral Commission and an IISS-SAIS Merrill Center Young Strategist. He contributes regularly to Indian and international media on security and international affairs.

**Harsh V. Pant** is Director, Studies, and Head of the Strategic Studies Programme at Observer Research Foundation, New Delhi. He holds a joint appointment with the Department of Defence Studies and King's India Institute as Professor of International Relations at King's College London. Professor Pant's current research is focused on Asian security issues. He is also a Non-Resident Fellow with the Wadhvani Chair in US-India Policy Studies at the Center for Strategic and International Studies, Washington, DC. Professor Pant has been a Visiting Professor at the Indian Institute of Management, Bangalore; a Visiting Fellow at the Center for the Advanced Study of India, University of Pennsylvania; a Visiting Scholar at the Center for International Peace and Security Studies, McGill University; and an Emerging Leaders Fellow at the Australia-India Institute, University of Melbourne. Professor Pant's current research is focused on Asian security issues. He writes regularly for various Indian and international media outlets including the Japan Times, the Wall Street Journal.

**Seema Sirohi** is a senior journalist and columnist for The Economic Times, who writes on foreign policy and India's place in the world. She has covered India-US relations for nearly three decades and watched their upwardly mobile graph.

**K. Yhome** is a Senior Fellow with ORF's Neighbourhood Regional Studies Initiative. Yhome has a PhD and an MPhil from Jawaharlal Nehru University, New Delhi, and an MA (Political Science) from Hyderabad Central University. His research interests include India's regional diplomacy, regional and sub-regionalism in South and Southeast Asia, the Bay of Bengal region and China's southwest provinces. Of late his research has focused on developments in Myanmar and the evolving geopolitics in

the Bay of Bengal. Before joining ORF he worked as an Editorial Assistant for Indian Foreign Affairs Journal.

**Jayant Sinha** is Chairperson of the Parliamentary Standing Committee for Finance and a Member of Parliament from Hazaribagh, Jharkhand. He is also a Member, Global Advisory Board, Observer Research Foundation. In the past, he has served as Minister of State for Finance and Civil Aviation. Prior to his career in public service, Mr. Sinha was a venture capitalist. He has degrees from the Harvard Business School, University of Pennsylvania, and Indian Institute of Technology, Delhi.

**Samir Saran** is the President of the Observer Research Foundation (ORF) and Chair of CyFy: The India Conference on Technology, Security and Society. Samir has a PhD in climate studies, a master's in media studies and is an electrical and electronics engineer. He is consulted by governments and the corporate sector on specific projects. He is co-founder and the curator of the Raisina Dialogue, India's premier platform on geopolitics and geoeconomics. Samir is a commissioner on the Global Commission for the stability of Cyberspace, an international multi stakeholder body working to discover and detail the norms and rules that will help in managing cyber regimes implicating international security.

**Alicia García Herrero** is a Senior Fellow at European think-tank BRUEGEL. She is the Chief Economist for Asia Pacific at Natixis and non-resident Research Fellow at Madrid-based political think tank Real Instituto Elcano. She is currently Adjunct Professor at the Hong Kong University of Science and Technology and member of the advisory board of Berlin-based China think-tank MERICS. Finally, Alicia is advisor to the Hong Kong Monetary Authority's research arm (HKIMR) and the Asian Development Bank (ADB) as well as a member of the board of the Hong Kong Forum and co-founder of Bright Hong Kong.

**Elina Ribakova** is Deputy Chief Economist at the Institute of International Finance (IIF) and directs economic research on emerging and frontier markets. Ms. Ribakova was previously a visiting fellow at Bruegel, where her research focused on European economic sovereignty, financial markets and central banks. Prior to Bruegel, she held senior level roles in economic research at a diverse set of financial institutions, most recently with Deutsche Bank in London as Head of Eastern Europe, Middle East, and Africa (EEMEA) Research, as well as leadership positions at Amundi (Pioneer) Asset Management, Avantium Investment Management, and Citigroup. Ms. Ribakova began her career as an economist at IMF headquarters in Washington D.C. Ms. Ribakova received her Master's in

Economics from University of Warwick in the United Kingdom, funded by Chevening Scholarship, and a Bachelor's degree in Economics and Business Administration from the Stockholm School of Economics, funded by a Swedish Government Scholarship.

**Alicja Bachulska** works as a China analyst at the Asia Research Centre, War Studies University in Warsaw, Poland, where she focuses in Chinese foreign policy and Beijing's relations with Central and Eastern Europe. Alicja is also a PhD candidate at the Polish Academy of Sciences' Graduate School for Social Research (GSSR). She holds a MA in International Politics (Chinese Politics and Diplomacy) from Fudan University (Shanghai, PRC), and a B.A. in Chinese and Development Studies from School of Oriental and African Studies (SOAS), University of London. She is also a project coordinator for Poland at ChinfluenCE and a member of CHOICE (China Observers in Central and Eastern Europe).

**Shashidhar K.J.** is an Associate Fellow at ORF's Mumbai centre. He works on the broad themes of technology and financial technology. His key areas of research are at the intersection of telecommunications, technology and media, evolution of financial technology, digital payment systems and net neutrality. Shashidhar has been a technology journalist with over seven years of experience with leading newspapers and publications. He was keenly involved in the net neutrality debate while working with MediaNama and helped with in crafting responses to the Telecom Regulatory Authority of India's consultation paper on the same.

**Trisha Ray** is a Junior Fellow at ORF's Cyber Initiative. Her research focuses on the security implications of emerging technologies as well as Artificial Intelligence norms. She holds a MA in Security Studies, Walsh School of Foreign Service, Georgetown University and a BA (Hons) in Journalism, Lady Shri Ram College, Delhi University. Trisha was a Program Assistant at the Asia Society Policy Institute in Washington DC, where she researched and wrote on national AI strategies in Asia, nuclear issues and India-US security relations. She also helped convene forums to engage US lawmakers, academics and embassy officials on US's trade, technology and security policy for Asia.

**Chen Xi** is an expert in geo-tech competition and global smart city planning. He is an academic committee member at the Institute for Global Cooperation and Understanding, Peking University. He is also an adjunct associate professor at the Global Health Institute, Xi'an Jiao Tong University. He was a visiting senior fellow at S. Rajaratnam School of International Studies at Nanyang Technological University in Singapore. He served as president of the Institute of Smart City Research at the ZTE

Corporation and an advisor to the ZTE Strategy Committee. He played a leading role in designing smart-city projects in Beijing, Nanjing, Shenzhen, Gwadar (Pakistan), and Frankfurt. He completed his PhD under a joint program sponsored by China Scholarship Council between Dalian University of Technology and Cornell University. He did his post-doctoral research at the School of International Studies and the Office of Science & Technology Development at Peking University and the School of Computer Science at Beijing University of Aeronautics and Astronautics.

