



After the Corona Virus

Yossef Bodansky

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Executive Summary

* The global spread of the Corona Virus - COVID-19 - is bound to change the world as we know it. These changes will not take place in a vacuum. Rather, the changes will come as modifications - some drastic - to the long-term mega-trends that are already unfolding.

* The most important unfolding global mega-trend is the consolidation and self-definition of the Eastern Hemisphere as the dominant geo-strategic and geo-economic entity. This dynamic is driven by the ascent of China into becoming a global or hemispheric Hegemon comes 2049.

* The European good will engendered by the Chinese Corona Virus foreign assistance and the promises of long-term economic recovery and cooperation will be long-lasting. Similarly, the bitterness and polarization between Europe and the US, aggravated by the COVID-19 crisis, will not dissipate soon. Consequently, there is growing support throughout Europe for long-term cooperation with China and distancing from the US. The new stature of China in Europe will be formalized at the 27+1 Sino-EU Summit in Leipzig.

* Welcome to the post-Corona Virus new Eurasia and new Eastern Hemisphere.

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Analysis

The global spread of the Corona Virus - COVID-19 - is bound to change the world as we know it. The aggregate impact of the drastic changes to the daily lives of most people and the colossal impact on both global and local economies might take decades to fully dissipate.

However, these changes will not take place in a vacuum. Rather, the changes will come as modifications - some drastic - to the long-term mega-trends that are already unfolding.

The most important unfolding global mega-trend is the consolidation and self-definition of the Eastern Hemisphere as the dominant geo-strategic and geo-economic entity. This dynamic is driven by the ascent of China into becoming a global or hemispheric Hegemon comes 2049.

Beijing is convinced that this ascent will be attained through the implementation of China's role as the "glue" and "driving force" that hold the world together. The North and the South already gravitate toward China who, as the global economic engine, increasingly connects them. China is thus returning to the heritage-driven principles of regional and global ascent - that of a Middle Kingdom serving as the unique instrument for bringing the universe together. Beijing has long expected that this mega-trend will markedly intensify and expand in the coming decades. Consequently, China will have accumulated global power and widespread recognition as the global Hegemon.

The scramble for the future of Europe in the context of this mega-trend remains the least decided element. The quest for control over, or decisive influence in, Europe is the most uncertain factor in the otherwise fairly smooth ascent of China in the coming decades. The ongoing efforts and inducements by China and its allies, especially Russia, to seduce and convince Europe to slide eastward and embrace the Common Eurasian Home doctrine are countered by incessant pressure from the US - via sanctions, tariffs, corporate banning, NATO scares, etc. - to preserve the Euro-Atlantic Sphere. Prior to the outbreak of the Corona Virus, Europe was increasingly inclined to succumb to the Eurasian embrace but some wavering continued.

In early 2020, the outbreak of the COVID-19 shook the whole world and forced all governments into adopting emergency undertakings affecting everything from the daily lives of the grassroots to long-term macro-economies. Hence, the aggregate impact of the reaction to, and handling of, the COVID-19 outbreak in the context of the above mega-trends will have impact on history.

Moreover, although the economic impact is huge and, in all likelihood, will evolve into a major, perhaps unprecedented, recession or even depression - it will not have overwhelming impact on Europe's long-term policies. Politically, the key is not in how long it will take for the economies of the Eastern Hemisphere to return to relatively normal functioning. The key is in the mere existence of the grassroots' perception that progress is being made. And here, the grassroots believe that China has already started to put the world on the road to recovery - albeit a long and very painful road. Moreover, other factors - trade wars, oil price wars, tariffs and sanctions, as well as the overall stability of the United States - will return to having huge impact on the global and hemispheric economies. These factors will blur the direct impact of the COVID-19 outbreak.

In Europe, most decisive will be the lingering impressions of the grassroots - the would-be voters - of the crisis management and its aftermath. These include the grassroots' overall attitudes toward the EU, the US and the PRC. Ultimately, these grassroots' perceptions will determine the peoples' votes and thus the empowerment of politicians and their pertinent policies.



Unified Europe has collapsed under the strain of COVID-19. Even though EU institutions officially operate and, most important, dispense money - the EU no longer exists for all intent and purpose. The grassroots' reaction to the spreading virus, death and dread has been the accelerated revival of nationalism. State borders were sealed long before Brussels closed the EU's external borders. Nevertheless, the European national borders remain closed and inter-European traffic came to a halt. All European countries - not only the hard hit - rushed to prioritize the utilization of their meager national emergency resources, and these proved pitifully small.

It has been astounding to discover just how unprepared and unequipped the rich and socially-inclined Europe was despite the massive taxation ostensibly for social services. Moreover, the tepid reaction of Brussels stunned since the EU should have shone during this particular crisis. After all, Ursula von der Leyen, the President of the European Commission, is a physician and her expertise is Epidemiology and Social Medicine. She did research on public health and protection while with the Health System Research Center at the Hanover Medical School. Hence, she was expected to personally lead the EU's handling of, and response to, the Corona Virus crisis. Yet, the EU has done nothing other than issuing statements about the importance of solidarity, and belatedly cancelled flights and closed the borders. As well, the European Central Bank pumped €750 billion to shore up financial markets and institutions but hardly appropriated for the purchase of desperately needed medical supplies.

Hard hit EU states like Italy and Spain received massive help from the like of China and Cuba - but NOT other European countries. Serbia's plea for help was ignored by the EU but lavishly answered by China. Serbian President Aleksandar Vucic spoke for many. "The only country that can help us is China. By now, you all understood that European solidarity does not exist. That was a fairy tale on paper." Other EU states continue to receive plane-loads of Chinese medical experts and medical supplies. Russia also started to provide medical supplies. But there is neither inter-European nor American aid. On 19 March, von der Leyen, spoke with Premier Li Keqiang. She emphasized that the Chinese "support is highly valued and we are grateful for it" and repeated that all Europeans "are grateful for support from China." She then asked Beijing to dispatch more medical experts and materiel.

Hence, Europe will emerge from the COVID-19 crisis weakened, fractured, embittered and hostile. No amounts of rhetoric about a joint bright future will be able to erase the impact of the Corona Virus-days.

As the COVID-19 crisis unfolds, the United States is rapidly losing the position of the self-anointed leader of the world that everybody is looking up to for inspiration and guidance. The outbreak of the Corona Virus caught the US confused and unprepared. Initially, Washington spent more time and attention on smearing Beijing than on addressing the plight of the American public. Once the Trump White House comprehended the gravity of the situation - the US ruthlessly focused on alleviating the suffering of all Americans at the expense of everybody else. In Europe, the alleged case of the US attempt to monopolize the vaccine developed by a German company has come to symbolize Washington's attitude toward Europe. On top, the reported incident unleashed torrents of anti-Semitic conspiracy reports alleging that the White House was actually focusing on saving the medical businesses of the Kushner family.

The Forbidden City remains shocked by the insistence of the Trump White House on separating between the Corona Virus crisis and other contentious aspects of Sino-US relations such as the trade and tariff war and the South China Sea. In the first half of March, the US Navy FONOPS in the South China Sea intensified and became more audacious. Meanwhile, the US continued to pressure China to abide by the Trade Deal regardless of the COVID-19 crisis, and expressed reluctance to touch the tariffs. On 18 March, Trump announced that he had no



plans to suspend tariffs on Chinese goods because of the Corona Virus. “There is no reason to do that,” Trump said. “This [virus outbreak] was caused by something totally unrelated to tariffs.” Moreover, the continued use of the terms “Chinese Virus” and “Wuhan Virus” by Trump, Pompeo and other US senior officials only adds to Beijing’s fury and the disdain felt toward the US. This hostility did not prevent the US from accepting the donation of large quantities of medical supplies from Ali Baba’s Jack Ma. As well, the White House has been pleading with Beijing to prioritize the export of medical goods to the US at the expense of others. This American hypocrisy is not lost on anybody - be it in Europe or China.

Meanwhile, China is emerging from the depth of the Corona Virus crisis. It took China too long to identify and comprehend the gravity of the Corona Virus threat. This was caused by the inbuilt rigidity and top-down inflexibility of the system of governance - particularly at province and metropolitan levels. However, once official Beijing comprehended the gravity of the crisis - the Chinese handling of the crisis was swift, decisive, all-encompassing and largely successful. To-date, China is the only country that turned around the onslaught of the pandemic. Both the Chinese public and power structure are cognizant of this great achievement.

Thus, already in mid-February, the relative power position of Xi Jinping and his camp/faction has improved as a direct result of their crisis management. Emboldened by the growing support among both the Party leadership and the public at large, Xi Jinping now asserts that the CCP leadership took initial action against the Corona Virus weeks before commonly thought. Indeed, Xi Jinping put some of his closest confidants in charge of resolving the COVID-19 crisis in Hubei and restoring the province to relatively normal life and economic functioning. Known as the Zhejiang faction or “Zhejiang’s new army”, these are a few ex-Zhejiang officials who have forged close relationships with Xi Jinping, remained loyal to him, and presently constitute his power base mainly in Beijing, Shanghai, Chongqing, and now also Hubei. By associating his closest allies with fighting the COVID-19, Xi Jinping took personal and political responsibility for the outcome. With the overall situation improving - Xi Jinping and his camp are poised to benefit politically both in Beijing and globally. Significantly, Xi Jinping has demonstrated his effective crisis management skills, as well as his willingness to personally take charge and assume responsibility.

In the aftermath of the COVID-19 crisis, there is no longer doubt that China dominates the global economy. The issue lies not in numbers and statistics. The key is in the widespread shortages and stoppage of production lines all over the world that took place the moment China went into strict quarantine and closed down its own production lines. This proved that China dominates the global supply chains and mass production. All the US talk about companies and capital moving out of China remains talk. Meanwhile, the Chinese keep introducing new categories of hi-tech products - such as a myriad of computer chips - in order to free themselves and their allies from dependence on embargoed US imports.

China leads the world in restoring its own production capacity as the struggle against the Corona Virus is being won. In the process, the Chinese demonstrated unique capabilities - from the construction of a complete hospital in less than ten days, to converting a wide variety of production lines - from stealth aircraft to toys and to apparel - to the production of medical equipment and instruments - from masks to testing kits. Presently, with many COVID-19 limitations still in place, China already produces well over half the global medical supplies. China generously contributes large quantities of these products to foreign countries in distress. Significantly, the Chinese also dispatched large groups of medical experts - including exhausted veterans of Hubei Province - to help several countries cope with their own Corona Virus crises.



The importance and effectiveness of the Chinese hi-tech big-data communications system, including the nascent 5G systems and futuristic artificial intelligence, were demonstrated in the Chinese ability to effectively suppress the COVID-19. Chinese hi-tech telecoms such as Huawei have enabled the locating and isolating of infected people, the locating and transporting of medical experts and goods in accordance with national and regional priority plans, the converting of industrial production lines to support medical production, as well as the enabling of senior medical experts to get the right kind of data, quickly process and analyze them, and provide detailed instructions even to the most remote areas. China has used these sophisticated telecoms, computers and artificial intelligence algorithms on an unprecedented scale the West is incapable of matching. Their success is impressive. Nearly devastated by the COVID-19, Europe wants to have similar capabilities before the next pandemic strikes or any other crisis erupts. There is nothing remotely similar the US can provide Europe with, and there is nothing that the US can argue to convince Europe to give up on quickly acquiring such capabilities from China.

Moreover, the European grassroots' positive inclination toward China comes at a time of major strain and mistrust between Europe and the US. The bottom line is that both governments and grassroots no longer believe the American repeated claims of "security concerns" for Europe. First came the sanctions on the Nord Stream II pipeline ostensibly in order to lessen European dependence on Russian natural gas. But then, Washington started pressuring the Europeans to buy expensive American gas when significantly cheaper gas is available from the Persian Gulf, Central Asia and Africa. Similarly, the US banning of the export of civilian jet engines to China (both US and US-EU models) for security reasons (even though similar engines have been sold since 2014) are no longer believed because the US also imposed tariffs against Airbus sales in and from the US. The Europeans are convinced that both moves are aimed to prevent foreign competition to the faltering Boeing. Hence, there is growing mistrust throughout Europe on virtually all issues involving "security concerns" including Huawei and other Chinese hi-tech companies.

The Forbidden City is cognizant of the coming profound change in Sino-European relations, and is eager and ready to invest in their long-term improvement. "As the West wanes, China and Europe can build a more inclusive world order together," noted Wang Huiyao of the Center for China and Globalization in Beijing. China and the EU should establish new political and economic coordination mechanisms in order to both cope with the looming global recession and benefit from opportunities in the emerging scientific, technological and industrial developments. One of the primary lessons of the Corona Virus crisis is that no country or region can stand alone and keep their economies intact during times of major crises. Beijing is convinced that Brussels understands this and will therefore commit to comprehensive China-EU coordination and cooperation that will, in turn, greatly benefit both sides and contribute to the further consolidation of the Eastern Hemisphere. The Chinese are not expecting Europe to break relations with the US, but rather to help balance and mediate the stormy US-Sino relations.

In mid-March, the Forbidden City concluded that China's global stature will rise in the aftermath of the Corona Virus crisis. The key is in the aggregate impact of several factors ranging from China's unfolding domestic economic recovery to the demonstrated efficient crisis management mechanism. China will not only be able to overcome new risks and challenges, but will also be able to further raise China's overall global posture. These developments come on top of China's willingness to generously help other countries in distress.

China demonstrated having a nearly self-sufficient economy - from a supply chain to a vast domestic consumer market - that is relatively immune to global crises. The crisis proved that China already has in place mechanism



to defend against most crises abroad. Simultaneously, China provided support for businesses to resume operations under adverse conditions. China has sufficient monetary and fiscal tools to implement such undertakings. These capabilities enabled China to afford tax cuts, discounted loans and relaxed regulations that, in turn, shifted both focus and investments to priority areas such as 5G, big data and other new infrastructure, as well as boost local consumption. Significantly, China provided economic and medical aid to countries in dire need while still implementing China's domestic recovery programs. Beijing is convinced that these impressions and help have already expanded China's "circle of friends", as well as enhanced the country's "global cooperation" and "global standing".

The European good will engendered by the widespread Chinese Corona Virus foreign assistance and the promises of long-term economic recovery and cooperation will be long-lasting. Similarly, the growing bitterness and polarization between Europe and the US have been markedly aggravated as a result of the COVID-19 crisis and will not dissipate anytime soon. Taken together and contrasted, these trends are convincing the Europeans - both governments and grassroots - to turn eastward. What Angela Merkel has been pushing for on the basis of logic, statistics and cold data is now widely accepted and supported on the basis of personal perceptions and emotional reasons. Consequently, there is growing public support throughout Europe for closer long-term cooperation with China and distancing from the US. The new stature of China in Europe will be formalized in the agreements Merkel, then holding the Presidency of the EU, and Xi Jinping will sign at the 27+1 Sino-EU Summit, now scheduled for the fall in Leipzig.

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Remarks: Opinions expressed in this contribution are those of the author.



About the Author of this Issue

Yossef Bodansky has been the Director of Research at the International Strategic Studies Association [ISSA], as well as a Senior Editor for the *Defense & Foreign Affairs* group of publications, since 1983. He was the Director of the Congressional Task Force on Terrorism and Unconventional Warfare at the U.S. House of Representatives between 1988 and 2004, and stayed on as a special adviser to Congress till January 2009. In the mid-1980s, he acted as a senior consultant for the U.S. Department of Defense and the Department of State.

He is the author of eleven books – including *Bin Laden: The Man Who Declared War on America* (*New York Times* No. 1 Bestseller & *Washington Post* No. 1 Bestseller), *The Secret History of the Iraq War* (*New York Times* Bestseller & *Foreign Affairs Magazine* Bestseller), and *Chechen Jihad: Al Qaeda's Training Ground and the Next Wave of Terror* – and hundreds of articles, book chapters and Congressional reports.

Mr Bodansky is a Director at the Prague Society for International Cooperation, and serves on the Board of the Global Panel Foundation and several other institutions worldwide.



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