

# CENTRE FOR JOINT WARFARE STUDIES



## CENJOWS

### GEO STRATEGIC IMPACT OF COVID 19 PANDEMIC ON THE WORLD

By

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As on 14 Apr. 20, there are 1,939.694 cases of infections in the world affecting 210 countries and two international cruise ships. Till date, A total of 120,897 have succumbed to the disease and the numbers are rising everyday.<sup>1</sup>Ironically, the population of the developed Western world on the whole is suffering from 83% of the total infections. The North America (US and Canada) and the nations in the European union as whole, suffer maximum from the pandemic. In that, Italy, Spain, Germany, France and UK are leading the tally.

In comparison, the disease after originating from Wuhan in Hubei province of china in Dec 2019, has quickly spread with the travellers and tourists to whole of the world. Travel restrictions at earlier stage of eruption would have kept the contagion confined to the Chinese territory but, it seems that Chinese Govt and WHO (which guides the states in risk management on encountering such disasters and pandemics) may not have been aware about characteristics of the disease and its spread mechanism hence, first warning of the pandemic was received from WHO on 30 Jan 20 almost two months after its eruption. In the Asian and African continent, the infections relatively are at lower level with the exception of China and Iran.

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<sup>1</sup><https://www.worldometers.info/coronavirus/>

Statistics show that the disease is under control in China and Wuhan city even celebrated after opening up on 76<sup>th</sup> day of lock down. Such celebration may be a morale booster but, the contagion is still not eradicated and resurgence/ reinfection are being observed in Wuhan, Guangzhou and some other population centres in china. The eradication is possible only after invention of vaccine or anti dote which from the information released by many research bodies is still good 12 to 18 months away. According to the World Health Organization (WHO), at least 70 drug makers are race to find a cure for the deadly pathogen and in development of vaccine, with three candidates already engaged in human trials,<sup>2</sup> Once invented, till produced in large quantity, it is likely to be cornered by the rich nations, therefore, it is a foregone conclusion that only after long it would be available to developing and poor states in Asia and Africa unless, they take lead in developing the antibody. Hence, the contagion will continue to torment the world for long. Till then, preventive measures and alternative treatment procedure would have to be adopted to keep the citizens safe.

Unexpectedly, the disease has hit the developed world (America and Europe) hardest, where it has spread at the astonishing rate. Though these possess excellent health care systems with very high doctor to population ratio<sup>3</sup> which far exceeds the World health organisation (WHO) desired ratio 1:1000. Ironically, with the exception of Germany. The mortality rate of 1% of Germany is far below its neighboring countries in EU, is mainly due to Germany's proactive handling by systematic segregation of infected population after widespread testing. Some Asian states, mainly, South Korea, Singapore, Taiwan and Japan too succeeded in keeping the infection levels low by carrying out widespread testing of people suspected of having the virus, as opposed others like India due to the health care limitations, decided to test only the symptomatic cases.<sup>4</sup>

### **Why variations exist across the world?**

In absence of antidote of the contagion, and the fact that the virus is highly infectious, the strategy of social distancing helps in preventing infection. With this knowledge, public gatherings, congregations and similar events must be avoided. This is by far most effectively ensured by restricting movements of people with lockdowns. Thus, learning from the Chinese experience, nations are segregating the infected by extensive testing of the vulnerable population, and as preventive measure also enforcing hygiene practices and social distances between people.

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<sup>2</sup><https://www.bloombergquint.com/coronavirus-outbreak/who-says-70-vaccines-in-the-works-with-three-leading-candidates>

<sup>3</sup><https://www.worldometers.info/coronavirus/countries-where-coronavirus-has-spread/> (accessed on 07 Apr 20)

<sup>4</sup><https://www.cnn.com/2020/04/03/germany-has-a-low-coronavirus-mortality-rate-heres-why.html>

Thus, from the heavy infection rate in America and Europe, it is evidently clear that these countries either failed to act or did not follow a consistent strategy of testing, quarantine of the infected and imposition of movement restrictions/ lock downs to check the spread of the virus. The lockdowns naturally have adverse impact on the economy hence, were the main reason for the vacillation of the leadership in their decisions. In contrast, Indian leadership after understanding the real import of our own weaknesses of our health care system has boldly imposed unprecedented 21days lockdown in the whole country in the initial stage which has resulted in slower spread of contagion. The success can be gauged from the recent statement of the official spokesperson to the media that delay inaction, could have led to an unprecedented growth of nearly 8.2 lakh cases of infections which is presently below 10000. After assessing success of the initial lockdown, it is extended by another 18 days to consolidate the advantage and keep the infections to a manageable level before restarting the economic activities.

On the contrary, the huge infection rate would have anyway prevented the workforce across sectors and with consequent hit on the economy. Countries face dilemma of trade off between saving lives and saving livelihood. The IMF MD, Kristalina Georgieva, states that, “this is a false dilemma. Given that it is Pandemic crisis, defeating virus and defending people health are necessary for economic recovery.”<sup>5</sup> The West probably was overwhelmed by this dilemma and resorted to lockdowns at a late stage.

### **Economic shock of the Contagion**

Besides military, economic heft of the state influences the geopolitical context of the states.

The coronavirus pandemic is casting a significant impact on the global economy. All multilateral bodies have warned of negative growth and onset of recession with possible recovery after 2021. To get there, it is paramount to prioritize containment and strengthen health systems every where. The Organisation for Economic Co-operation and Development (OECD) has warned on 23 March that the shock from the virus is already bigger than the 2007-2009 global financial crisis and has forecasted the fall in the world economic growth to just 2.4% in 2020, down from 2.9%.<sup>6</sup>

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<sup>5</sup> TOI report 10 Apr 20

<sup>6</sup><https://www.weforum.org/agenda/2020/02/coronavirus-economic-effects-global-economy-trade-travel>

**Impact on China.** China where economic disruptions began, was first and hit hardest by the virus. As a result of this, its industrial production fell by 13.5% in the first two months of the first quarter.<sup>7</sup> However, Its Eastern industrial belt practically remained unscathed from the coronavirus. Now after 76 days near-total shutdowns, Wuhan the epicentre of infection in Hubei province, has resumed close to a normal level of activity. This perception is also shared by the rating agency Goldman Sachs which has noted that demand for heavy industrial items such as steel is already back to the levels of 2018-2019.<sup>8</sup> The European and US economies are based on private businesses, unlike the authoritarian regime of china may take longer time to resurrect.

**Impact on America and Europe.** America and Europe are hit hardest by the coronavirus leading to prolonged disruption of Industrial and business activities. Fall in US growth from estimated 2.9% to 2.5% and phenomenal job losses are expected. A total of 16 million Americans has lost their jobs. Similar job losses are experienced in Europe with halted economic activities and is expected to see only limited growth of 1.6 per cent in 2020 and 1.7 per cent in 2021. Europe is already suspected to be in throes of recession.

To soften the economic fall out, US congress has approved \$2.3 tn stimulus package besides, business rescue plan of \$2.3 billion for small and midsize businesses. Similar steps have been taken by the Central banks and governments all nations. Even then, the adverse effects of prolonged restrictions on economic activities will soon spill over to other states via trade and investment channels.

A sharp decline in consumer spending in the European Union and the United States will reduce imports of consumer goods from developing countries<sup>9</sup>. So, the economic contagion will spread to the developing world who are already combating their own economic and the health issues.

### **Geopolitical implications.**

**America.** Since 2<sup>nd</sup> world war, worldwide faith in US competence and its global standing looks crumbling but, US leadership just would not just end with its response to Corona virus. Eventually, everything boils down to the self-sufficiency in energy and enduring economic, military and democratic advantages.

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<sup>7</sup><https://www.bbc.com/news/business-51706225>

<sup>8</sup><https://foreignpolicy.com/2020/03/25/europe-china-us-economic-recovery-v-coronavirus/>

<sup>9</sup><https://www.un.org/sustainabledevelopment/blog/2020/04/covid-19-likely-to-shrink-global-gdp-by-almost-one-per-cent-in-2020/>

US in past have been able to retain the leadership of the world with its economic, persuasive and coercive power. In most events with world wide ramifications, US has led from the front. However, in case of out break of Corona pandemic, US is not able to contain the disease but, presently also burdened with maximum cases. This has created a perception of US weakness. The fall of US influence was visible virtual summit of G-20 nations which was held on 26 Mar20 under the chairmanship of the Saudi Arabia the current G-20 chair. During the meet, US tried persuading the world leaders to blame China for its alleged opacity and mis-information on the virus. While US failed to persuade the world leaders but, it does not signify any weakness, the reality is that in military terms , US continues to remain strong.

**China.** Chinese despite their advances in technology is still several rungs lower in capacity and strength than America. It is venturing out by creating pockets of military influence by gaining foot holds at several foreign territories but, it is still far from being a global power.

On coronavirus pandemic, China seem to have lost trusts of the nations. It has been accused of misinformation and opacity. Timely warnings and restrictions on travel could have contained the spread of the disease. Before this came from WHO, nearly half a million Chinese travellers had travelled across the world destinations and were instrumental in spread of the disease. It is not Trump alone who is angry at china, recently, African ambassador has complained to the Chinese authorities for harassment of African expatriates in Guangzhou on being unjustifiably accused of being responsible for resurgence of coronavirus. Similarly, European nations (Spain and Italy) have come out of charm of china after receiving faulty medical support equipment supplied by China.

For controlling the epidemic, China successfully made use of technologies like big data, artificial intelligence, facial recognition technologies and drones, and is expected to invest more in these areas to gain information dominance and its Chinese dream. Alarmed, there is a movement by United States and its allies to relocate its industry from china. Secondly, there is focus on diversification. Japanese government for example is giving \$2.2billion incentive to move out Japanese industry from china. Other countries will also step up plans to relocate manufacturing and business hubs outside of the mainland China. Deepak Parekh, HDFC chairman sees this as an opportunity for India and has urged government to lure Japanese relocation of industry to India.<sup>10</sup>Widespread movement of this nature will have implications for china in gaining geostrategic heft. Moreover, recession

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<sup>10</sup> TOI 13 Apr 20

in the West by implication will also hit Chinese growth as Chinese economy is export based.

Mistrust which has existed earlier between US and China is going to intensify the trade war between China and US after Coronavirus pandemic. Both are trading accusations on the pandemic. US is accusing China of opacity and not giving warning and true nature of the virus in that it also accuses WHO of being partial to china. China on the other hand accuses that virus has been planted by US forces. Ultimately, this will only enhance the differences and tussle for supremacy.

Corona pandemic has opened possibilities for a rogue state using its asymmetric synthetic bio weapon against its avowed adversary amidst crisis and battles. This fear finds support from the belief of some that virus has leaked out of a lab in Wuhan.

The U.S. may also experience a recession. It may then force US to turn inward and remain insulated from the world at large. In such a case, China could be expected to fill the void and build out its network of Communist Party of China (CCP) - compliant or U.S.-independent regional and international institutions.<sup>11</sup> President Trump needs to appreciate this before issuing warning to WHO for lower financial support for its alleged questionable conduct in handling of pandemic as China is already waiting in the wing to replace it and increase its influence.

**Europe.** Till recently, the European Union (EU) proved to be an attractive arrangement so long as Europe's economy expanded and globalization is the buzz word. In return for the free movement of people, EU members receive unfettered access to the European single market. But now, it is facing headwinds. First, it the Syrian war which have resulted in flow of immigrants to Europe who have become cause of social unrests and now Corona virus Pandemic which has exposed the weaknesses of the free movements across Europe.

Corona virus threatens not only the European populace but, the idea of the EU itself as many would like to control free movements of people and business interests. Individually, there is a substantial level of strength in European states without much cross support. This may lead to individualistic approach he specially as the current political trend supports nationalism.

The Pandemic has also exposed heavy reliance of United States and Europe on China. Three hundred of world top 500 companies are located in

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<sup>11</sup><https://www.hudson.org/research/15816-geopolitical-implications-of-the-coronavirus>

hi-tech manufacturing hub of Hubei where out break of coronavirus began resulting in disruption of supply chain Similarly, almost three quarters of all anti-coagulant drugs imported by Italy come from China; the same is true for nearly half of all antibiotics imported by Germany, Italy and France. The crisis will lead to lowering of their dependence on China. US and EU are thus expected to think more about diversifying their economies, which might mean importing things from a wider range of factories around the world.<sup>12</sup> It's an open question whether they will trade and invest more in China and this may open opportunities for others countries including India to develop as an export market replacing china.

## **Conclusion**

Coronavirus Pandemic would usher changes in the geopolitics of the world. The strength of powerful and mightiest crumbled in facing the bio-disease. It will motivate the nations to invest more in health care sector which had somewhat taken a backseat recently in most nations. Public health could become the centerpiece of foreign policy. After recovering from pandemic, globalisation may suffer, countries may turn isolationists. From “America first” it may change to “Only America”. Other nations will follow the suit. In view of Chinese experience, world trade centres and manufacturing industry may get redistributed. This is already evident with Japan taking a lead. US and Europe will follow the suit very soon. Public health and the capacity to maintain it, will be another factor to define the national power. It will take 12 to 18 months to develop a proven vaccine. Till then the society cannot remain in continuous lockdown until 2022. Methodology will have to be developed to function despite the diseases. But “we need to remain prepared to do multiple periods of social distancing,”

India till now has acquitted itself well in its fight against coronavirus and has been able to maintain the infections to a manageable level. We have also enhanced our status by being saviour within our own region and to the world at large with drugs/ medical supplies and sagacious handling of the issue. This is quite at contrast with China whose products were returned as being faulty and also accused of selling gifted medical equipment to Italy. The time for a single or even two super powers are over, now it will be multilateral approach in running the world affair.

**Disclaimer:** Views expressed are of the author and do not necessarily reflect the views of CENJOWS.

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<sup>12</sup><https://sciencebusiness.net/international-news/china-was-slammed-initial-covid-19-secrecy-its-scientists-led-way-tackling-virus>