Geo-economics will Trump Geo-politics

By Patrick Chi Ping HO

China has benefited greatly from being a part of the international order and the global marketplace, without which its recent successes would not have been possible. There is no significant incentive for China to reinvent or rewrite this order – only to update it to reflect modern, post-colonial, post-Cold War realities.

It is a gross misreading to consider this to be a request for dominance. It is at most a request for justice, fairness, and equality, and for incremental reform, rather than sweeping change.

It is also not a request unique to China. A plethora of emerging countries – such as Brazil, India, and Indonesia – also seek the realization of a more equitable international order.

China is not asking to replace the United States’ role in the world. Nor is it asking the United States to step down from its position of global leadership. It is, however, an emerging economy asking to be treated and respected as an equal, and for the United States to respect its differences – just as any developing country does.

Unfortunately, China has received mixed messages from the United States. For example, the United States has repeatedly called for China to become a “responsible stakeholder”. However, China’s exclusion from the Trans-Pacific Partnership (TPP) suggests that the United States is less than welcoming of China’s integration. And the United States has found it difficult to offer China and other emerging economies greater voting shares in the Bretton Woods institutions.

The United States, in its traditional world, had either allies that followed and relied on its support, or enemies which it needed to fight and crush. There were never equal partners.

The experience of dealing with China, a country that is neither an ideological ally nor an enemy, that wants to be treated and respected as an equal partner, must be a new and perhaps confusing experience for the United States.

This is the reason China originally proposed a “new model of major country
relationships.” The two countries need a new lens, a new narrative, to inform and interpret their relationship. Fortunately, opportunities and possibilities abound.

**A New Model of Major Country Relationship**

The challenges of our time require the two countries to join forces. Whether it is climate change, global peace, or economic prosperity, the two countries cannot achieve their own objectives without the active engagement of the other.

To do this, the two countries need, more than ever, a geo-economics of win-win situations, and not a geo-politics of zero-sum games.

They must move their focus beyond the territorial claims which only intensify geopolitical rivalries, and towards the commerce that aligns geo-economic interests. The energies should be dedicated to making a bigger pie, rather than on squabbling over how to portion the one they have.

The main factor determining the future of Sino-American relations will be economic development, and not the so-called struggle for supremacy in the Asia-Pacific region.

Both countries should be open to thinking outside the box. Working with China can make the United States stronger and more prosperous. Indeed, their economic cooperation has already had tremendous impacts on the quality of life of their peoples.

They can further advance the cause of peace, and the well-being of their peoples, by thinking creatively and tapping into new initiatives, such as China’s One Belt, One Road. US participation in that initiative would benefit all participants involved.

China, the United States, and other participating countries could all gain from the expansion of markets and trade in each other’s materials, services, and talents. Furthermore, economic development along the Belt and Road would do much to develop the security and stability that the United States has sought for so many years to establish around the world.

**Energy Cooperation**

The word 'energy security' is always associated with geopolitics, economics and
national security. However, we should resist the temptation of viewing energy security as a zero-sum game, driven by narrow nationalistic interests. Most importantly, since energy is a common denominator in our developmental goals and national interests, energy cooperation can be regarded as a means of mutual reassurance and a measure of building trust.

In order to enhance regional energy cooperation, China and the United States could explore the possibility to create a supranational organization which can be instrumental in:

- Promoting all-round energy cooperation in both official and civil levels in the region;
- Coordinating cooperation on energy pricing and organizing regional trading platforms;
- Establishing regional strategic energy (oil) reserves and a system of sharing and distribution;
- Integrating energy infrastructure within the region to achieve the integration of an Asian electric Super-grid;
- Establishing funding platforms for the development of unconventional energy sources and to share the latest achievements of energy and renewable energy technology; and
- Serving as a common platform to align commercial interests to jointly develop the resources and energy potential of the East China Sea, and of the South China Sea.

With more economic cooperation, in the next four years, people will see geo-economics prevail over geopolitics. When nations come together to do businesses, they become too busy making money to think of war. When the US joins forces with China in the South China Sea, we can together form the central pillar of peace and stability in that half of the world.

Overall, they share a common desire to demonstrate goodwill to one another, and to achieve greater harmony in their relationship. This is an aspiration common to the people of both countries – one that they hope will be heard by the governments and translated into constructive decisions and positive actions.

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