

Opinion **Geopolitics**

How the Ukraine war has divided the world

China is making diplomatic progress with countries that are unhappy about America's approach to the conflict

GIDEON RACHMAN



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Gideon Rachman YESTERDAY

While Joe Biden was on a sentimental [journey to Ireland](#), Xi Jinping was busy in Beijing. Following a high-profile visit by President Emmanuel Macron of France, the Chinese leader played host to President Luiz Inácio Lula da Silva of Brazil.

The messaging to emerge from the Lula-Xi summit was congenial to China and disturbing to the US. Brazil's leader [said](#) that his country wanted to work with China to “balance world politics” and accused America of “incentivising” the war in Ukraine. He also backed a longstanding Chinese goal of undermining the US dollar's role in the world financial system, remarking: “Every night I ask myself why all countries have to base their trade on the dollar.”

China has also made recent headway with its Middle East diplomacy. This month, the foreign ministers of Iran and Saudi Arabia met in Beijing, after China [brokered a deal](#) to restore diplomatic relations between the two powers.

The preferred messages to the world from Xi and China are clear: “While America promotes war, China promotes peace. While China promotes trade, America imposes economic sanctions.”

These developments are causing some concern in Washington. Larry Summers, the former US Treasury secretary, [spoke](#) last week of “troubling” signs that America was

losing global influence. He added that someone from a developing country had told him: “What we get from China is an airport. What we get from America is a lecture.”

A significant divergence in attitudes to the war in Ukraine is driving these shifts. Pratap Bhanu Mehta, an eminent Indian political scientist, points out that for a large part of the world, America’s reaction to the Russian invasion seems to be as problematic as the invasion itself. It is this constituency that China is appealing to.

Viewed from the US and much of Europe, Vladimir Putin’s war is a unique event that requires a unique response. As they see it, this is a very unusual conflict since it is not about a boundary dispute or even regime change. It is a war of territorial acquisition. Such conflicts have been very rare since 1945. The attempted annexation of Kuwait in 1990 by Saddam Hussein of Iraq was another example — and it provoked a broad global response. A war of annexation, the US argues, is even more threatening when carried out by Russia — a nuclear-weapons state and a permanent member of the UN Security Council.

In response to the Ukraine war, the US launched an effort to turn Russia into an economic and diplomatic outcast. Unprecedented economic sanctions were imposed and Russian foreign reserves were frozen.

But the Russian economy has not suffered the catastrophic collapse that some predicted. In large part, this is because a substantial number of countries — including major economies, such as China, India and Brazil — have kept trading with Russia.

For these countries, the Ukraine war may be regrettable — but it is a conflict to be managed by the pursuit of ceasefires and compromises. S Jaishankar, India’s foreign minister, gave pithy expression to the global south’s refusal to join in the ostracism of Russia, with a much-quoted complaint that Europe thinks that “Europe’s problems are the world’s problems, but that the world’s problems are not Europe’s problems”.

The Indians and others argue that sanctions imposed on Russia have created new problems for the rest of the world. They point to the impact of the war on food and energy prices, and therefore on poor people around the world. Rich people in the global south are also getting nervous. Actions that were widely applauded in the west — such as the freezing of Russian foreign reserves and sanctions on the assets of Russian oligarchs — have sent a chilling message about the potential danger of keeping your assets in dollars.

The US dollar, which has gained international credibility as a “safe haven” currency, now looks less safe to those who fear they might one day be on the wrong side of a

geopolitical dispute with Washington. That particularly concerns traditional American allies, such as Saudi Arabia, that are also open to criticism on human rights or the use of military force.

After Saudi Arabia's de facto ruler, Mohammed bin Salman, was implicated in the brutal murder of the journalist Jamal Khashoggi, Biden called Saudi Arabia a pariah. Although the US president has attempted to mend fences with the crown prince, the Saudi has clearly neither forgiven nor forgotten his humiliation — and he is drawing closer to China.

Concerns about potential US sanctions in the future have become even more pointed, given the rise in tensions between Washington and Beijing. What if the US ever tried to impose Russia-style financial sanctions on China? The dollar is the world's most popular currency for trade. But China is the world's largest trading nation.

Rather than doing less trade with China, some countries are looking to do less trade in dollars. Russia has already moved in this direction for obvious reasons and Beijing is encouraging others — such as Saudi Arabia and Brazil — to use the yuan for bilateral trade.

The US may be right that the war in Ukraine is a struggle of transcendent significance. But if it cannot persuade or browbeat the rest of the world into agreement, America's own global position may be eroded.

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