

The Big Read **Global Economy**

The à la carte world: our new geopolitical order



With the US and China at loggerheads, a range of 'middle powers' see an opening to pursue their interests

Alec Russell in London YESTERDAY

For a telling insight into the seismic changes reshaping the global order, it is worth a glance at the official schedule of Kenya's diplomats. There was a time when they were called upon to host delegations from global powers relatively rarely. No longer. Now there is barely a slot free in their calendar.

In the early summer Nairobi hosted in quick succession US officials to discuss a free trade deal, Russia's foreign minister, Sergei Lavrov, to address parliament, and EU officials to sign a trade agreement.

Kenya's military commanders have an impressively full dance card too: in May, for example, an Indian frigate anchored off Mombasa for a joint naval exercise, even as British Royal Marines trained Kenya's first commando unit.

All the while China, which two decades ago identified Kenya as a vital partner in Africa, in its then fledgling courtship of the continent, is investing in infrastructure leading from the Indian Ocean coast to the interior. China's foreign minister, Wang Yi, popped by in July. Oh yes, and Iran's president Ebrahim Raisi had a red-carpet reception in Kenya in July at the start of an African tour.

Welcome to the *à la carte* world. As the post-cold war age of America as a sole superpower fades, the old era when countries had to choose from a *prix fixe* menu of alliances is shifting into a more fluid order. The stand-off between Washington and Beijing, and the west's effective abandonment of its three-decade dream that the gospel of free markets would lead to a more liberal version of the Chinese Communist party, are presenting an opportunity for much of the world: not just to be wooed but also to play one off against the other — and many are doing this with alacrity and increasing skill.

The rise of the middle powers



“For Kenya and others it’s not a question of picking sides. It’s a question of picking everyone,” says Michael Power, a Cape-Town based investment analyst, most recently for global asset manager Ninety One, who has devoted his career to following emerging markets.



This is the first in a series on how the stand-off between America and China has ushered in a new era of opportunity for countries across the world

Part 1: The à la carte world: our new geopolitical era

Part 2: [China's blueprint for an alternative world order](#)

Part 3: UAE and Saudi Arabia — the Gulf powerhouses

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“We should no longer talk of the non-aligned movement,” he adds, referring to the group of African, Asian and Latin American countries, formed in the cold war, and avowedly neutral in the contest between the west and the Soviet Union. “But of the multi-aligned movement.”

It is 15 years since the first round of this phenomenon when the G20 found its voice and role in shoring up the global economy during the financial crisis — as captured by the commentator Fareed Zakaria in his 2008 essay, *The Rise of The Rest*. Now, however, with the US and China at loggerheads, the G20 is more divided and less effective and a

new more opportunistic era is under way.

One senior western policymaker, privy to thinking in the west and China, sees it as a “once-in-a-generation shift”. Western diplomats talk of the era of “fence-sitters” and “swing states”. For Ivan Krastev, the political scientist, it is the age of the middle powers. The word “middle”, he stresses, refers to their position — in between the US and China — rather than their weighting.

His vision encompasses a range of distinctly un-middling countries including traditional US allies such as Saudi Arabia, Turkey, Israel and even Germany, as well as titans of the global south, such as Indonesia and India, patently a rising great power.





Brics country leaders meet in 2009, including Luiz Inácio Lula da Silva of Brazil, Dmitry Medvedev of Russia, Hu Jintao of China and Manmohan Singh of India © Dmitry Kostyukov/AFP/Getty Images

“This geostrategic entrepreneurialism reflects the evolution of the global order into an archipelago over the past decade,” says Nader Mousavizadeh, an adviser to Kofi Annan, when he was UN secretary-general, and who is the chief executive of Macro Advisory Partners, a strategic advisory firm. “The shift has to be seen as structural, secular and not cyclical.”

“The fact that the relationship between Washington and Beijing has become adversarial rather than competitive has opened up space for other actors to develop more effective bilateral relationships with each of the big powers but also to develop deeper strategic relationships with each other.”

Beyond the Brics

This new less regimented landscape most obviously benefits the global south, the loose term broadly synonymous with the developing economies of Latin America, Africa and Asia. Their heightened ambitions will be on display in South Africa in mid-August at the summit of the Brics nations, Brazil, Russia, India, China and South Africa.

The Brics was formalised in the aftermath of the financial crisis drawing on a classic jazzy bankers’ acronym — it was coined by Goldman Sachs economists — when their interests were more aligned than now. The founding four later invited South Africa, a relative economic minnow, to join; its inclusion brought Africa into the group.

Now after some years treading water, the Brics is gathering momentum. Symbolically at least the summit has the potential for being seen as the 21st-century equivalent of the Bandung conference of 1955, which launched the non-aligned movement.

Top of the agenda is the application of 22 countries to join, and which if any to accept. The eclectic roll call of suitors includes global south ideological stalwarts such as Venezuela and Vietnam, but also Middle East actors such as Saudi Arabia, the UAE and Iran, and powerhouses from other regions, including Indonesia, Nigeria and Mexico.

Add all of them, and the block would represent 45 per cent of the global economy. Even a more limited expansion would create a behemoth accounting for almost half the world's population and 35 per cent of its economy, says Anil Sooklal, South Africa's ambassador to the Brics who is co-ordinating the summit. He anticipates "a more ambitious agenda and more forceful position, including a strong push for reform of the global political, economic and financial architecture".

The anticipated arguments behind the scenes over who should join underline that it may be easier to articulate the Brics' ambitions than realise them. They and potential new members have very different and in some cases rivalrous interests. China, for example, has no desire to see India or Brazil join them on the top table at the UN Security Council — nor is it in favour of a multipolar world, whatever it may say in public.

But however the Brics develops, the summit does underline the broader phenomenon. To understand the new room for manoeuvre, Krastev argues that talk of the rise of a new cold war between America and China is misleading.

“Don’t focus on US-China competition, as they are not going to be able to discipline fragmentation as Russia and America did in the cold war,” he says. “The middle powers may not be big enough or strong enough to shape the international order, but their ambition is to increase their relevance.

“Their overactivity is going to make them unpredictable,” he adds. “Their activism is contagious. When I think of them, I am reminded of a line from a nonsense novel I read as a child: ‘Lord Ronald flung himself from the room, flung himself upon his horse, and rode madly off in all directions.’”

In its stance over Russia's invasion of Ukraine, Turkey is a case study of a country choosing sometimes to align itself with the west and sometimes to stand against it. Its unpredictability was to the fore this summer at the Nato summit when it did a U-turn in allowing Sweden to join the alliance.

Western officials see Saudi Arabia and the UAE very much in this category of states behaving more assertively on the global stage and more independently of their traditional ally, America. Policymakers in Brussels have noted their intensified engagement in the politics of the Horn of Africa, for example, and also of course Saudi Arabia's hosting of Ukrainian peace talks, and concluded that the EU needs to rethink its foreign policy priorities and focus. "We need to be engaging more with such countries," says a senior EU official. "A large part of our foreign policy structures are 20 years out of date."

The spirit of activism will certainly be to the fore in Johannesburg. Much of the pre-summit argument focused on whether Vladimir Putin would attend. This posed a dilemma for South Africa over its international obligations to arrest him given that the Russian leader has been indicted by the International Criminal Court.

Putin's decision to stay at home was a boon for Cyril Ramaphosa, the president of South Africa, whose refusal to criticise Moscow has exasperated some in the Biden administration. It also suited many other countries attending which faced awkward encounters with Putin. While loath to join with the west in denouncing Moscow, many African states are upset by Russia's ending of the deal on safe transport for Ukrainian grain supplies.

Instead it will be the other autocracy among the Brics founders, China, which will overshadow the summit, via the looming argument over expansion.

China's desire to be the de facto head of the developing world is undisputed. Sir Danny Alexander, a former British government minister who is in Beijing as vice-president for policy and strategy at the Asian Infrastructure Investment Bank, says China clearly sees itself as the natural leader of the global south.

“At a meeting of the China International Development Co-operation Agency there was a lot of discussion about the different kinds of collaboration going on. They talked about south south, north south and triangular co-operation. What is clear is there is a multiplicity of discussions on development and investment issues and these conversations no longer all flow through a western lens.”

For Beijing, a beefed-up Brics would be a counterweight to the G20, although some of the leading players at the Brics summit — India in particular — have no interest in allowing the Brics to segue into a China “club”. Indian diplomats have made clear that India is not in favour, for example, of developing a Brics currency.

As the two Asian giants warily eye each other, New Delhi has this year made unprecedented strategic overtures to the west, with Prime Minister Narendra Modi making state visits to Washington and Paris. Indian officials talk though of being “aligned with our own interests” and in its stance towards Russia, including buying its oil, New Delhi has resolutely avoided taking the west’s line.



President Joe Biden and Narendra Modi during the Indian prime minister’s visit to Washington in June. New Delhi has this year made unprecedented strategic overtures to the west © Andrew Caballero-Reynolds/AFP/Getty Images

Brazil too is wary of the implications of expanding the Brics, diplomats involved in the preparations for the summit have said, for all the anti-western rhetoric of its leftwing President Luiz Inácio Lula da Silva on a recent visit to Beijing.

Such diplomatic dexterity and juggling are on display daily by middle powers around the world, not least by Singapore, which feels the squeeze between China and America acutely.

De-dollar diplomacy

And yet for all the discordance behind the scenes in Johannesburg, most of the participants share a frustration that the global economic order is tilted in the west's favour, and believe that now finally is the time to change it.

Mia Mottley, the prime minister of Barbados, spoke for many developing countries at a summit hosted by President Emmanuel Macron in June when she called for a transformation of the World Bank and IMF. "When these institutions were founded [in 1944] our countries did not exist," she said.

Zoltan Pozsar, head of the macroeconomic advisory firm, Ex Uno Plures, believes that system is at a tipping point. "The global east and south are renegotiating the world order," he says, highlighting the drive in the global south for de-dollarisation and a rethink of the IMF and World Bank. "The west dreamt of the Brics as a lapdog, that they would accumulate dollars and recycle them into Treasuries, but instead of that they are renegotiating how things are done."





French president Emmanuel Macron greets Mia Mottley, prime minister of Barbados, in Paris. Mottley has called for a shake up of the World Bank and IMF © Ludovic Marin/AFP/Getty Images

The US Treasury secretary Janet Yellen has confidently pushed back against this, reflecting the view of many market participants that the ambition to dethrone the dollar as the global reserve currency is a very long-term bet. “There is a very good reason why the dollar is used widely in trade, and that’s because we have deep, liquid, open capital markets, rule of law and long and deep financial instruments,” she said at the Paris summit.

But politically at least the context is more propitious than ever to push for change. In the heyday of the cold war, the non-aligned movement had to rely on moral and emotional rather than economic or political clout. Now the Brics and aspirant members run an ever-larger share of the global economy and control many of the critical minerals the west so badly needs.

Moreover, some of the most influential “middle powers” who are wary of China share Beijing’s concerns over America’s weaponisation of financial sanctions. The signal moment for them in the past 18 months, argues the former Kofi Annan aide Mousavizadeh, was not Russia’s full-scale invasion of Ukraine in February 2022 nor Nato’s rediscovery of its purpose, but the freezing of Russian central bank reserves, which dramatically underlined once again the power of the US dollar.

“For middle powers, it was the equivalent of someone going in and seizing embassy property. It was a reminder that you can have this sense of opportunity in the archipelago but that the alternatives to a US dollar world do not exist.

“Many thought we have to do whatever it takes to avoid being in the position of having reserves of this magnitude frozen in the future. That was Modi’s main response and many other middle power governments including in the Middle East were obsessed about this too.”

In Washington and west European capitals, officials are all focused on the rise of the middle powers and the need to reassess their world view. German officials even posit that Germany too can be seen as a middle power. “Our clear idea is that the world is not a G2 world,” said one. “It should be a multipolar world. The task of Germany could be more in the middle.”

Biden administration officials talk of the need not to react when old allies adopt positions close to China or Russia, but rather to make their case privately and stress the long-term advantages of America's values over China's. All the while Washington is busy working away at new constellations of regional alliances, including the trilateral Aukus defence pact and the Quad grouping of Indo-Pacific powers.

At times the rhetoric emanating from Johannesburg will sound like a reheating of the old anti-imperialist language of Bandung. But western officials accept it would be wrong to dismiss it all out of hand as their 20th-century predecessors might have been tempted to do.

The age of the western set menu is over. And the new menu, while heavily influenced by two lead chefs, is still being written.

Data visualisation by [Alan Smith](#) and [Keith Fray](#)

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