

## QIAO YIDE

Vice Chairman and Secretary General of Shanghai Development Research Foundation

**Masood Ahmed, President of the Center for Global Development, former Director of the Middle East and Central Asia Department of the IMF**

Let me turn to Qiao Yide next, please, and ask you, from where you sit, how do you see the pressures on the current international economic order? And where do you think this is leading us?

**Yide Qiao, Vice Chairman and Secretary General of Shanghai Development Research Foundation**

Okay. Before talking about a new international economic order, I guess we have to start by looking at the current or existing international economic order from different perspectives. For example, we can look at the power pattern, which is unipolar or multipolar. We can look at the institutions for the current international economic order we call Bretton Woods Institutions: the WTO, the IMF, the World Bank. Also, we can see regulation objectives, which is a global or domestic priority.

From these perspectives, we can see the current order is still there but, at the same time, we have already seen signs of change or decoupling happen.

What is very interesting is, according to the WTO, they found that in the World Economic Outlook, the IMF's annual report, the word 'fragmentation' was mentioned 172 times in this year's version while, five years ago, 'fragmentation' was only mentioned once. That is a very interesting phenomenon.

Also, we can see, according to the WTO, they feel middle products prevail when it comes to importing raw materials and the supply chain – but you can see the share of middle products among the total trade is already down from 51%, average the previous three year to 48.5% in the first half of this year.

Therefore, we can summarize two reasons for this happening: the first factor is internal to the economic order, by which I mean the economic pattern or weight that is already changing. As other people mentioned, in terms of PPP, the shares of BRICS countries among global GDP have already exceeded that of the G7's. The second factor is external, like geopolitical tension, the US/China conflict, and the war. Therefore, after that, I can imagine or think there is four possible scenarios for evolution of the international economic order.

The first scenario I will summarize as 'business as usual'. That means the G7 with the US as its head is still dominant in the Bretton Woods Institutions.

The second scenario is one where the economic order has somewhat improved. However, at the same time, it has gone backwards. It is a mixture.



The third scenario we can say is a substantial new order. Developing countries have more rights and say in the Bretton Woods Institutions. International laws and regulations are more equal to new developing countries.

The last scenario is one of total disorder and total fragmentation, where maybe a parallel global group would emerge. For example, the US and the G7 versus China and the BRICS countries.

The second and third scenarios are more likely to happen. Scenarios one and four are less likely to occur. I do not totally exclude the latter, however if the world totally fragments, it will be disaster.

I will just stop here.

### **Masood Ahmed**

Great. Thank you very much, Yide. You framed quite nicely four scenarios: two extreme ends and then two in the middle. One is a bit better than the other, and the probabilities are we will end up somewhere in the middle rather than at either end, but you do not want to exclude the worst case from a fragmentation point of view.

I would be interested to see whether the other panelists share that perspective, in terms of the framing, but more importantly where we are likely to end up.