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In between International Orders – An Era of Instability:

The Need for a Reform Agenda and a New Narrative

Michael Reiterer



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The Need for a Reform Agenda and a New Narrative

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Abstract

While Russia's war of aggression on Ukraine is shaking the liberal international order, the Global South is using the occasion to demand overdue reforms and complaining about the neglect of its acute structural problems. Alternative organisations, such as BRICS, the Shanghai Cooperation Organisation and various new development banks, are stepping out of the shadows. At the same time, efforts to achieve more economic security by making supply, production and value chains more resilient are also offering a chance for change – if well steered – to prevent industrial policy at home from turning into protectionism abroad.

Keywords: BRICS, Global South, Economic Security, Indo-Pacific, managing change

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BENIGN NEGLECT OR HUBRIS?

G20, G77, BRIC-BRICS-BRICS+, the Shanghai Cooperation Organisation (SCO), the Global South, the 2022 Sino-Russian Declaration on international relations entering a new era and global sustainable development (President of Russia 2022), and the Accra summit on reparations for slavery and colonialism (Kokutse 2023) are just a few examples of expressions of discontent with the present liberal international order (LIO) along with its institutions, tasks and priorities.

This underlying dissatisfaction (Holzner 2024) comes on top of the onslaught on the LIO by Russia's war of aggression on Ukraine; China's disrespect for the United Nations Convention of the Law of the Sea in the South China Sea; Israel's disrespect for humanitarian law in response to the inexcusable terrorist attack by Hamas in Gaza; a horrific yet seemingly forgotten war in Sudan; turmoil in the Sahel; continuing turmoil in Syria, Libya and Iraq; the ongoing civil war in Myanmar; the tensions on the Korean Peninsula, with nuclear threats from the North Korean regime; the malfunctioning of the UN Security Council, the heart of the LIO and the current security order; and the paralysis of the World Trade Organization (WTO), which is meant to be the heart of the multilateral trading system.

To this long list, one can also add the long-standing systemic complaints of underrepresentation of important post-Second World War powers (e.g. China, India, Japan, Nigeria, South Africa, Brazil and Argentina) in the UN and Bretton Woods Institutions, apprehensions about the dominance of the US dollar in international trade and finance, the slow progress towards implementing the Sustainable Development Goals (SDGs) by 2030, inadequate development financing, a lack of funding for the green and digital transitions, a lack of concern for food security, and biased health governance.

It is only a small step, then, to the more general accusation levelled against the Global North by the Global South of hubris when it comes to focusing exclusively on those conflicts that are of the interest to the North, while neglecting those that are not.

Indeed, there are many more conflicts than the ones we read about on the front page. If we define wars as conflicts that cause at least 1,000 deaths during a given year, the Uppsala Conflict Data Program at Uppsala University reports that at least 237,000 people died in organised violence in 2022 (UCDP n.d.). Of these, 180,000 can be attributed to the conflicts in Ethiopia and Ukraine. Furthermore, in 2022, the UCDP registered 55 conflicts in which a state was involved and 82 non-state conflicts in which rebel groups or other armed organised actors are fighting each other.

This incomplete list of complaints, ongoing conflicts and security hot spots illustrates the tensions in and ensuing volatility of the present international system under duress.

As foreign policy starts at home, domestic instability or a change of leadership in the United States will also have an impact on the international security situation. In what is a first, a (repeat) contender for the US presidency, Donald Trump, has succeeded in getting his backers in the US Congress to block a multi-billion-dollar aid package for Ukraine and Taiwan.

COMPREHENSIVE SECURITY IN TIMES OF GEOECONOMICS AND GEOPOLITICS

In addition to these geopolitical fault lines, geoeconomic and technological challenges are adding to the instability of the situation against the backdrop of the Sino-US great power competition.

Economic security; technological sovereignty; securisation of production and value chains; increasing resilience through near-, rear-, green-, alliance- and friend-shoring; and de-risking – these are measures leading to further fragmentation of the economic and financial systems in addition to fostering re-nationalisation and de-globalisation. This adds up to a rather dangerous cocktail, as the bartenders are often populists following nationalistic, ‘my country first’ and/or protectionist recipes for their cocktail preparations!

New and emerging technologies pose their own challenges, too, including cyber threats, artificial intelligence (AI), the Internet of Things (IoT), the brain-machine interface, advanced semiconductors, quantum computing and information, carbon fibre, next-generation wireless communication, advanced minerals, robotics, lasers, aerospace and biotechnology, to name just a few. Nor should we forget the ethical challenges associated with them, such as using AI in automated weapons systems and the possibility of genetic selection.

These emerging technologies are creating a new venue for competition, turning data into the new bloodline of new economies, and making rare earths and minerals more important than traditional raw materials – with the danger of trading our dependency on the suppliers of mineral fuels for a dependency on the suppliers of these new and rare materials. And since many of these new suppliers are neither more like-minded (with us) nor more democratic than the previous ones, they do not help to foster more security.

Climate change remains the overarching challenge and necessitates cooperation by its very nature. The same holds true for combatting borderless cyber threats and maintaining disaster and pandemic preparedness, which many seemingly prefer to ignore once any immediate danger has passed. And climate change and disasters, whether related or not, can trigger migration, which represents yet another global challenge.

These geopolitical and geoeconomic trends lead to fragmentation and confrontation, particularly if they are not tackled head-on. While parallels with a new Cold War are misleading, as there are no longer two major powers with warring ideologies, there are various dichotomies that induce zero-sum thinking: democratic vs. autocratic, value-based vs. interest-based, allies vs. enemies.

Do we view China, Russia, Iran and North Korea – all four of which are dictatorships and three of which are BRICS+ members – as the nucleus of a new grouping mobilising against the creators and

preservers of the LIO, such as the US, Canada, the EU, Japan, South Korea, Australia and New Zealand? And what role is being played by a third grouping, the so-called Global South, which is hedging – that is, pursuing its own national interests while deftly navigating the Sino-US competition – while being courted by both great powers?

A SECOND CHANCE FOR MULTILATERALISM?

Institution-building is part of the competition. In addition to the aforementioned institutions and groupings, financial institutions are particularly important. These include the New Development Bank (formerly referred to as the BRICS Development Bank) and the Asia Infrastructure Investment Bank set up by China. Depending on how you look at it, they are either complements to or competitors with the Asia Development Bank, which is judged to be dominated by the North through Japan. Furthermore, China is tapping its Silk Road Fund, drawing on the services of the China Development Bank, and promoting swap arrangements to decrease the use of the US dollar, especially for commodity transactions, as a BRICS currency is not realistic at this stage. While the idea of an Asian Monetary Fund and an Asian analog to the Organisation for Economic Co-operation and Development (OECD) is occasionally brought up in discussions, Indonesia has floated its interest in becoming the first country in Southeast Asia to join the OECD, which reacted positively to the idea (OECD 2024). Thailand has also expressed interest in membership (Royal Thai Embassy 2023). And the fact that the African Union became a permanent member of the G20 in 2023 is part of an opening and a nascent reform agenda.

In Europe, as well, there are occasional attempts to address specific problems by making use of rather 'light' organisational forms when compared to EU. A few examples include the Union for the Mediterranean, the European Political Community, the now ailing Visegrád Group and the Organization for Security and Co-operation in Europe (OSCE), which is presently paralysed by Russia. A secret meeting in Riyadh attended by security advisers from the G7 countries as well as from India and Turkey to discuss a potential peace plan for Ukraine is another example of the opening of traditional structures. Minilateralism is gaining some traction in the region. And other examples in the Indo-Pacific region include the Quadrilateral Security Dialogue, the Australian-US-UK security partnership AUKUS and various regional free trade agreements (FTAs), such as the Regional Comprehensive Economic Partnership agreement (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). It is noteworthy that the EU is not part of these agreements, which I regard to be a mistake (Reiterer 2022).

MANAGING CHANGE

Changing actors, changing priorities: We now find ourselves in a situation in which the previous order is fading but a new order is not only not in place, but there is also no agreement on how such a new order should look. This, in turn, opens the door wide not only for discussions but also for trial balloons – like BRICS+. Memories of the heydays of globalisation are fading with concerns about economic security, the WTO is paralysed as an institution that sets rules and resolves disputes, and FTAs still championed by the EU are facing stiff competition from lower-level economic frameworks, such as the US-driven Indo-Pacific Economic Framework. These developments are weakening the rule of law and multilateralism. The crisis of the United Nations, the beacon of the multilateral system established in the wake of the Second World War, mirrors this crisis in politics. Against the background of the present wars

and on the eve of the US presidential election, the UN's Summit of the Future (United Nations 2024a) scheduled to be held in September 2024 (see below) has little chance of rejuvenating the system.

While change creates instability, it also provides fresh opportunities. The empowerment of the Global South is one such opportunity – as suppliers of rare raw materials, as potential markets, as courted partners, or as allies against the backdrop of the competition between today's great powers. The temptation to pursue a third way is back. Hedging, see below, is the main element of diplomacy. This applies to states as well as to organisations like the Association of Southeast Asian Nations (ASEAN). And this also includes the EU, which is not blindly following US policies.

India is the prime example of a hedging nation, and its policy of keeping multiple options open is inspired by the non-aligned philosophy. For example, it is buying arms and cheap fossil energy from Russia; it is jointly developing fighter jet engines with the US; it has signed an agreement with the UK, Japan and Italy to develop a next-generation stealth fighter jet; it has a sometimes violent border dispute with China; it is negotiating an FTA and has set up a technology council with the EU; and it also cooperates closely with Japan. India aspires to lead the Global South and, in January 2023, it organised an online Voice of the Global South Summit with 125 participants. By hedging in this manner, India gets away with not joining sanctions against Russia and having a less-than-perfect record on human rights.

Managing change is always difficult and throwing everything overboard (and sparking chaos) in a revolutionary act would not lead to a creative destruction in the sense of Schumpeter. There is, however, a need for reform – sooner rather than later – to preserve the positive elements of the system currently in place. Generally speaking, an order ensures predictability and stability, and it must be built on rules. In the LIO, we call this 'the rule of law'. Rules of the road, handrails and guidelines are essential for any small or middle power – and even for the few superpowers – to avoid the Hobbesian state of 'might is right'.

For someone who was brought up and worked during the glory days of multilateralism, who participated in the creation of the WTO, and who experienced the talks about the 'end of history' following the end of the Cold War, I can understand that there is some resistance to changing what has served many well – but not all and not all enough. Therefore, a convincing reform agenda is necessary – as, without it, the demise of LIO is assured.

And there's another element in the battle of narratives: China wants to create an international order that is not dependent on the US and finds sympathy in the Global South, which shares its disappointment and frustration. In China, this is referred to as 'opposition to unilateralism and protectionism', and it is supposed to usher in 'a multipolar world, a global community' and a 'shared future' with the Global South, in which China will fulfil its responsibilities as a major country. The Belt and Road Initiative (BRI), with its investment financing without value-inspired conditionality, harks back to old anti-imperialist language, and allusions to the non-aligned philosophy still find fertile ground in parts of Africa, Asia and South America. Russia is a partner in these endeavours, although in a historically new role as 'junior partner' to China.

However, the roles and functions among the various groups and groupings are not clear. Is BRICS+ meant to lead or replace the G7 or G20? Should it be operational or conceptual, like the OECD, serving as a platform for cooperation or dialogue? Is there a nascent conflict between China and India for leadership? Will Brazil and South Africa be content with merely being part of BRICS+, or do they want a

leadership role for themselves? Even though the BRI aimed at establishing a leadership position for China, Chinese leadership is not a genuine possibility if the Global South intends to continue hedging.

At the Munich Security Conference held in February 2024, UN Secretary-General António Guterres alluded to the prevailing pessimism. After noting that today's global order does not work for everyone, he added: 'In fact, I would go further and says: it's not working for anyone' (United Nations 2024b).

A REFORMIST AGENDA AND A NEW NARRATIVE

A counterstrategy is required when China and Russia advocate the need for 'transformation of the global governance architecture and world order' reasoning that 'there is increasing interrelation and interdependence between the States; a trend has emerged towards redistribution of power in the world; and the international community is showing a growing demand for the leadership aiming at peaceful and gradual development' (President of Russia 2022).

At the recent third EU Indo-Pacific Ministerial Forum (EEAS 2024) followed by a EU-ASEAN ministerial meeting, held in Brussels in February 2024 (Council of the European Union 2024), the EU prominently displayed its desire to become a global player by maintaining its interest in and engagement with the Indo-Pacific region. At the same time, it was symptomatic of the EU's shaky efforts to find its way: At the first forum, held in Paris, the US was not invited; in Stockholm, it was; in Brussels, it was not. In the Indo-Pacific, 'my way' should rather be 'our way'. But Europe is already struggling with 'my way' in Europe and its near-abroad!

Engagement with regional organisations – such as the Organisation of the African, Caribbean and Pacific States (OACPS), with which the EU concluded the Samoa Agreement dealing i.a. with climate change, ocean governance, migration, health, peace and security – were visible signs. The EU has also become a dialogue partner to the Indian Ocean Rim Association (IORA) and joined the Indo-Pacific Oceans Initiative (IPOI). In addition, the EU-Pacific (Interim) Economic Partnership Agreement has been gaining some traction in the region. At the same time, it is regrettable that the Asia-Europe Meeting (ASEM), which was the inter-regional dialogue, went into hibernation after more than 25 years as collateral damage of sanctions on Russia. As a result, the EU loses what was established as the missing link in the triangle of relations between Europe, the Americas and Asia.

Although the weakness of others is no consolation, it should be noted and analysed. For example: China's soft-power policy remains weak, and the rhetoric of its 'wolf warrior diplomacy' was put to rest after the COVID-19 pandemic; efforts to divide the EU through the '16+1' cooperation between China and Central and Eastern European countries stalled; Italy did not renew its participation in the BRI; the BRI lost some of its glamour because of the non-sustainability of projects, doubts about its economic benefits, and its misuse for political purposes ('debt trap'); the Third Belt and Road Forum for International Cooperation, held in Beijing in October 2023, had a rather disappointing turnout for President Xi Jinping; and Javier Milei, the new president of Argentina, renounced his country's membership in BRICS+ to distance it from China. Furthermore, cracks in the Chinese economic economy are evident, which has impacts on its foreign policy.

Domestic conflicts are also weakening the US, which is bitterly divided and facing a repeat of a contested presidential election. Worldwide concern and contingency planning for Trump 2.0 is eroding

the international standing, prestige and influence of the former leading power and erstwhile creator of the post-war liberal international order!

And disunity is weakening the EU, too. For example, unity vis-à-vis the sanction policy against Russia and support for Ukraine is becoming more difficult to maintain; there is division of opinions on Israel's war in Gaza; and, regarding China, there is a lack of consensus on how much de-risking there should be and on joint efforts to prevent a Taiwan contingency. The order of the day for the EU is to overcome these divisions and to prepare itself to take care of its security and interests even if there is no Trump 2.0. This is a tall order in times of war and an election year, but it is necessary for gaining credibility and efficiency in terms of progressively hard power.

The EU's Strategic Compass, the Global Gateway, and the proposed Economic Security Strategy (European Commission 2023) provide, among other things, the framework for action. Member states must now provide the will to implement so as to ensure that the EU is at the table on not on the menu!

Exercising 'strategic responsibility' – a notion I prefer over 'strategic autonomy' – should be part of a reform strategy. This rephrasing also changes the narrative, as responsibility is conceptually different from autonomy in that it signals action and does not have any connotation of isolationism, even if unintended. Without taking responsibility, the EU will not be able to find solutions to its outstanding problems. And this responsibility must be shared by all, as many problems of the future are often the consequence of the unsolved problems of the past. A reformed LIO should become an inclusive order. To signal that this does not mean the abandonment of the values on which it is built, both the qualifiers 'inclusive' and 'liberal' should be used. Thus, it should be called the 'inclusive liberal international order' (Reiterer 2023).

This should avoid ringing the death knell for the 'order' part. The cooperative element is certainly weakened, as the rise of re-shoring, protectionism, isolationism and nationalism clearly indicate. However, the fact that the economy has grown to be so globalised over the decades means that this cannot be reversed in the short term. And the very nature of transnational problems, such as climate change and cybersecurity, will ensure that an interest-based, albeit reduced cooperation will continue on the global level.

On that same level, the aforementioned UN Summit of the Future in September 2024 (United Nations 2024c) will be an important event when it comes to testing the international community's willingness and ability to reform itself. While there is an urgent need to find solutions for systemic problems beyond day-to-day politics, the timing – in a period of war and on the eve of a crucial US presidential election – is unfortunately inauspicious. The most pressing issues for the UN are: to reform its governance structure (with the UN Security Council at its centre) as well as the World Health Agency (WHO) and the United Nations Relief and Works Agency (UNRWA); to preserve multilateralism; to implement the SDGs by 2030; to help to eradicate poverty by ensuring development funding; to fight climate change, including by capitalising the 'loss and damage' fund under the Paris Agreement; and to remain relevant in international rule-setting, such as on AI-related matters.

And if the summit fails, there's already a plan B for these ambitious reforms: 2025, when the UN will be celebrating its 80th anniversary!

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