**Emerging supply vulnerabilities**

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Rising tensions between the US and China over ‘spy balloons’ can lead to global supply chain shocks in the future. America’s inflated reaction over the balloon clearly indicates the divide between the two countries and possible trade restrictions, which is a real threat to the world economy.

The trade war with China – which was started by the Trump administration and got the tacit approval of the Biden government later – seems to have achieved the status of a permanent policy decision to counter China’s rise at the international level. This poses a threat to the global supply chain network, which will definitely disturb developing economies vulnerable to such shocks.

The recent threats by Russian President Putin to suspend his country’s participation in the New START nuclear arms treaty with the US may pose new dangers to the global supply chain as well. The ongoing Ukraine war will continue to prove to be a real threat to the global economic recovery after the Covid-19 pandemic if not tackled by Nato countries in a cautious manner. The Russian leadership must rethink its strategy to deal with neighbours like Ukraine to advance its efforts for global leadership. The world needs a capable visionary leadership to handle such crises, as the US is bent upon starting a new cold war – this time with China – to maintain its superiority in world affairs. The US and Russian concepts seem faulty and flawed, bringing new dangers to world peace and security.

The Ukraine war has already choked global supply chains, particularly energy and food supplies to Europe and international market, which are passing through new shocks after the Covid-19 pandemic. The new supplies of armory by European countries and the US to Ukraine is another threat to world peace, as it has created another Cuban Missile-like crisis situation on the European doorstep. It needs to be checked through negotiations to help avoid large-scale damage and catastrophes in the case of the further worsening of international relations.

It is yet to see what sort of a new world order will emerge as a result of competition between the US and Russia/China. The Russian side has its own position in world affairs, especially its economic impact over Europe which has already been taking a heavy toll across the continent with sharp inflationary pressures. Also, the Chinese economy has emerged as a big threat to the economic might of the US in the field of technology, especially electric batteries and necessary microchips used for application of artificial intelligence (AI), as it possesses a near monopoly over semiconductors crucial for new emerging technologies. Global economic diplomacy is taking new turns, owing to a trade war between the US and China. The new efforts to encircle China by the US through various defence and economic alliances at the world level may lead to another conflict, endangering global supply chains.

The current supply chain issues primarily stem from political unrest like the Ukraine war at the international level. The contribution of lack of raw material and fuel cost in the supply chain vulnerabilities cannot be underestimated. Some of the supply chain challenges include transportation costs, industry demands, latest technology solutions and timely delivery of goods and services.

Geopolitical uncertainty is one of the main hurdles posing threats to international trade and commerce. The US imports from China including semiconductors, IT hardware and consumer electronics have dramatically fallen down. As China is a big manufacturer providing goods and services at affordable rates to the world, it cannot be stopped from contributing to the world economy. But the US is trying to disrupt global supplies from China to the world market on one pretext or the other.

The American efforts to diversify imports to make the supply chain more resilient could not get encouraging results, especially in the field of battery and microchips for the new emerging electrical technologies. The world supply chain regulated by China in the field of laptops, phones, smartphones, computers, monitors, video games and toys is still unhindered. India and Vietnam are going to be the new destinations for the manufacturing of these gadgets, supplying to the world market.

We recently saw how most Samsung plants have been shifted to Vietnam to lower production costs. This was done due to the growing competition with Huawei and Xiaomi products in Chinese markets. LG has also moved its smartphone assembly from South Korea to Vietnam. Recently, Apple diversified its iPhone assembly from China to India. Chinese firms, companies and products including social media platforms like TikTok are under intense pressure and competition. The European Commission recently banned the use of TikTok by its staff members for ‘cybersecurity’ reasons.

The new reality for the world is battery and microchips technology, which is a mainstay of the global market depending upon China possessing a huge resource and a cache of stockpiles. The Chinese supply chain is under stress owing to multiple political and economic reasons, especially the 25 per cent tariff imposed by the US on most of the imports from China. Nato countries are following suit under American influence, which may ultimately prove to be detrimental to the future supply chain of semiconductors. South Korea halved its chips exports to China in January this year under American pressure although they can’t afford to lose the Chinese market. Vietnam is also arming up to serve in the US chip war owing to its new chip alliance against China although China wants to maintain global industrial and supply chain stability in chips and semiconductors.

The most crucial question about global supply chain vulnerabilities is how to mitigate geopolitical and geo-economic tensions and disruptions to put international trade back on track. The UN could provide long lasting peace and stability to the world, but again it all depends on the P5 (permanent five) Security Council members along with Germany to stabilize the international trade market.

The Ukraine war and the new trade war with China are clear redlines, putting all at risk and disrupting global supplies in the future. The US and its allies must understand that geopolitical and geo-economic disputes, if not resolved through diplomacy, may cost a huge loss to humanity and pose an existential threat to the globe, especially if any country uses its nuclear weapons. All countries need to reduce geopolitical tensions for the larger interest of international trade.

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