

ISSN: 2545-8930



# UNIVERSIDAD NACIONAL DE LUJÁN DEPARTAMENTO DE CIENCIAS SOCIALES



BOCI

## BOLETÍN DEL OBSERVATORIO DE COMERCIO INTERNACIONAL

Número 16 – Junio 2020



OCI

OBSERVATORIO DE COMERCIO INTERNACIONAL

## COMITÉ EDITORIAL

Gustavo Gabriel Alves (UNLu)  
**Director**

Mariela Lezcano (UNLu)  
**Secretaria de Redacción**

### Comité Académico

Joaquín Gustavo Belgrano (UNLu)  
Ricardo César Andreu (UNLP)  
Nicolás Lion (UNLu)

### Colaborador

Martín Nardelli

#### Contactos

[bociunlu@gmail.com](mailto:bociunlu@gmail.com)

Sitio web del OCI: [www.oci.unlu.edu.ar](http://www.oci.unlu.edu.ar)  
Sitio web del BOCI: [bociunlu.wixsite.com/boci](http://bociunlu.wixsite.com/boci)

#### Sede Campana

Vicente López y Bertolini  
Campana - Buenos Aires - Argentina

Código Postal 2804

Tel.: (03489) 425934 / 438069 / 438132 – INT 4310



## ÍNDICE

### Nota Editorial.

Comité Editorial BOCI.....Pág. 04

### El Camino De Las Negociaciones Comerciales Multilaterales

Elda Tancredi.....Pág. 07

### Estrangulamiento externo y deuda.

Joaquín Belgrano .....Pág. 14

### El impacto del softpower chino en latinoamérica.

Mariano Lana, Rubén Federico Velez y María del Pilar Fernández María del Pilar...Pág. 21

### The Impact Of Chinese Soft Power In Latin America

Mariano Lana, Rubén Federico Velez y María del Pilar Fernández María del Pilar...Pág. 26

### South American Soybean Supply To China In The Context Of Covid-19

Lu Jie y Maria Haro Sly.....Pág. 31

### Completing The Line: Indonesia's Dilemma On Designating The East-West Archipelagic Sea Lanes

Christou Imanuel .....Pág. 36

### Impact Of India's Rcep Withdrawal: A Reshuffle In Regional Geo-Economics

Akshay Honmane y Priyanka Choudhury .....Pág. 41

### Interview with Aslam Khan

Aslam Khan y Sebastián Sterzer .....Pág. 47

### Interview With Farzad Ramezani Bonesh

Farzad Ramezani Bonesh, Gabriel Vera y Sebastián Sterzer .....Pág. 49

### Finland In Time Of The Coronavirus

Jaroslaw Suchopols.....Pág. 51

### European Economy During The Global Crisis

Tomasz Orłowicz.....Pág. 57



## Nota Editorial

### Comité Editorial BOCI

Estimadxs colegas,

Es un placer para nosotros poder acercarles la segunda publicación del Boletín del OCI 2020. En esta oportunidad, y en virtud del crecimiento que viene desarrollando el Observatorio de Comercio Internacional, contamos con valiosos aportes que en su mayoría se encuentran en idioma inglés. Dichos artículos fueron acercados desde el Área de Relaciones Internacionales del OCI para esta edición. Desde el Comité Editorial, agradecemos a todos aquellos que han contribuido con sus publicaciones y a todos los que trabajan detrás de cada nueva edición.

La organización de esta publicación varía en función a las que habitualmente les acercamos. En primer lugar, encontrarán dos artículos en español que pertenecen a Profesores de nuestra querida Universidad. Luego, continuaremos con ocho artículos que se encuentran en idioma inglés, los cuales se organizaron, por regiones, de la siguiente manera: Latinoamérica, Asia y Europa.

El primer artículo de esta publicación pertenece a la Profesora Elda Tancredi, quien una vez más nos acerca un artículo que forma parte un valioso análisis sobre el camino de las negociaciones comerciales multilaterales. El tema que presenta es: El Surgimiento del Gatt (1947). El artículo pertenece a una serie de hitos importantes que se dieron en las negociaciones internacionales que surgen de proyectos de investigación radicados en el Departamento de Ciencias Sociales enmarcados en el Programa de Investigación de “Redes Epistémicas: enlaces entre el conocimiento y la toma de decisiones políticas”.

Seguidamente encontramos el artículo del Profesor Joaquín Belgrano, docente de nuestra Casa de Altos Estudios y referente en cuestiones de economía internacional. Nos acerca un análisis sobre: “Estrangulamiento externo y deuda”. En su análisis el autor realiza un desarrollo pormenorizado de la deuda y la posición de Argentina como país periférico. Concluye su análisis sosteniendo que resulta necesario efectuar un replanteo profundo con medidas de coyuntura que apunten a modificar lo estructural/sistémico como esencia de la contrariedad al desarrollo del subdesarrollo.

A continuación, comenzamos con la publicación de artículos en inglés. El primero de ellos pertenece al Magíster en Comercio Internacional especializado en Negocios con China en la Universidad Zhejiang Gonghsang, Mariano Lana, al Licenciado en Relaciones Internacionales en la Universidad Católica de Córdoba (Jesuita), Rubén Federico Vélez y a la estudiante María del Pilar Fernández de la carrera de Licenciatura en Comercio Internacional de nuestra Universidad. Nos acercan dos versiones del mismo artículo una en castellano y otra en inglés. En su análisis titulado: El impacto del softpower Chino en Latinoamérica”, los autores comienzan su desarrollo con una aproximación hacia el concepto de softpower y continúan su análisis con la aplicación de dicho concepto en China y Latinoamérica.

El segundo artículo de Lu Jie, Profesor en la Universidad Renmin de China, quien junto a María Haro Sly, becaria de la misma universidad, nos acercan un trabajo sobre el



suministro de soja a China desde Brasil y Argentina en tiempos de Covid-10 y las posturas contrapuestas que adoptaron los gobiernos de cada país frente a esta crisis sanitaria.

Seguidamente nos encontramos con un artículo de Imanuel Christou, quien se desempeña como pasante de investigación del Centro de Estudios de Derecho Internacional y es estudiante de pregrado en la Facultad de Derecho, Universidad de Indonesia. Su artículo se titula: *Completando la línea: El dilema de Indonesia sobre la designación de carriles marítimos en el archipiélago*. En su análisis el autor expone un interesante análisis sobre las amenazas y oportunidades que enfrenta el país en la designación de los carriles marítimos y cómo se debe equilibrar intereses nacionales e internacionales en el establecimiento del derecho de paso en las vías marítimas.

Continuamos con el análisis que realizan Akshay Honmane y Priyanka Choudhury, investigadores del grupo de expertos de la Sociedad de Historia Marítima con sede en Mumbai, India. Quienes nos acercan un artículo titulado: *El impacto de la retirada de India de la Asociación Económica Regional e Integral: una rehabilitación en la geoeconomía regional*. En su artículo analizan el ambicioso acuerdo comercial entre 15 países en la región del Indo-Pacífico. Asimismo, analiza cómo se produjo la retirada de India, las cuáles son las relaciones actuales y el futuro comerciales entre India y Japón.

Seguidamente nos encontramos con dos entrevistas realizada por Sebastián Sterzer, responsable del Área de Relaciones Internacionales del Observatorio de Comercio Internacional (ARIOCI). La primera de ellas fue realizada al Dr. Aslam Khan, quien se desempeña como Profesor en el Departamento de Estudios Gandhianos y de Paz, Universidad Central de Mahatma Gandhi, Bihar, India. La entrevista se titula: *Covid-19, economía y geopolítica en la India* y el responsable del ARIOCI, indagó sobre cómo está afectando la pandemia al país, especialmente en la actividad económica, en la vida social, en las escuelas y en las universidades. También orientó sus preguntas hacia el gobierno de Narendra Modim. En este sentido indagó sobre cómo viene desarrollando la política exterior de la India en el sur de Asia y cómo fue su reacción frente a la confrontación entre Estados Unidos y China.

La segunda entrevista, realizada por Sebastián Sterzer junto a Gabriel Vera, colaborador del área de ARIOCI tuvo como protagonista a Farzad Ramezani Bonesh, quien es escritor, investigador y analista en temas regionales, especialista de Golfo Pérsico y el sur de Asia. El tema fue sobre Afganistán. Le consultaron sobre la pandemia del Covid-19 en el país y la situación del gobierno, sobre las consecuencias de la caída repentina del precio del petróleo y como esto afecta a su economía. También lo indagaron acerca de las relaciones internacionales con Estados Unidos.

El ante último artículo fue escrito por Jarosław Suchoples, investigador del Departamento de Estudios de Arte, Música y Cultura de la Universidad de Finlandia, quien además participa en varios proyectos sobre historia y memoria de la Primer y Segunda Guerra Mundial. Nos acerca en esta oportunidad un trabajo titulado: “*Finlandia en tiempos de coronavirus*” el en cual describe el contexto actual de la pandemia en el país y las proyecciones de nuevas perspectivas para el futuro.

Finalmente, el último artículo de esta edición pertenece a Tomasz Orłowicz, es Licenciado en Comercio Internacional de la Universidad de Ciencias Aplicadas de Kouvola,



Finlandia, durante mucho tiempo promovió y apoyó las relaciones económicas Polaco-Finlandesa y además formó parte de la fundación de la Cámara de Comercio Polaco-Finlandesa. El autor nos presenta un análisis sobre la economía europea durante la crisis global.

Concluimos de esta manera acercándoles un valioso boletín, en virtud de todos los aportes que nos acercaron los autores de cada artículo. Agradecemos, una vez más, a todos aquellos que han colaborado en la publicación de este número, logrando con sus aportes que nuestro boletín crezca cada vez más con cada nueva publicación.

Queremos cerrar esta editorial para recordarles que todxs aquellxs que quieren participar en las publicaciones pueden hacerlo. En el mail bociunlu@gmail.com se realizan las consultas y también se recepcionan los artículos. En este sitio web también encontrarán la plantilla modelo para poder desarrollar el artículo final. El próximo número estará saliendo en agosto, por lo cual para la semana del 03.08.2020 debemos contar con los artículos para su posterior edición, compilación y puesta en formato para su posterior publicación final.

Esperamos contar con sus aportes!!!

Comité Editorial BOCI



## EL CAMINO DE LAS NEGOCIACIONES COMERCIALES MULTILATERALES EL SURGIMIENTO DEL GATT (1947)

Elda Tancredi<sup>1</sup>

Continuando con esta serie de breves artículos acerca de algunos de hitos más importantes en las negociaciones comerciales en el proceso de pos-guerra que brindan los antecedentes y las bases fundantes de procesos recientes, que nos hemos propuesto desde nuestras actividades de investigación, desarrollaremos aquí el surgimiento del Acuerdo General de Tarifas y Comercio (GATT). Ello sucede en el marco de las reuniones que el Consejo Económico y Social de la ONU decide preparar en el año 1946 para delinear una agenda de negociaciones, que conduzcan a la realización de una conferencia internacional a celebrarse en La Habana (Cuba), bajo el nombre Conferencia de Naciones Unidas para el Comercio y el Empleo en el año 1948.<sup>2</sup>

**Las reuniones del Comité Preparatorio en Ginebra de 1947: "Well, how do you think on the whole, things are getting on in relation to what you had expected when this Conference started, Mr White<sup>3</sup>"?**

En el mes de febrero de 1946, el Consejo Económico y Social de la ONU decide establecer un Comité Preparatorio para la agenda de negociaciones de la futura Conferencia de Naciones Unidas para el Comercio y el Empleo, a realizarse en La Habana en 1948.

La Primera Sesión de este Comité se desarrolla en Londres del 15 de octubre al 26 de noviembre de 1946; y establece una estructura temática para diferentes comités de trabajo:

- Comité I- Empleo, actividad económica y desarrollo industrial
- Comité II: Políticas comerciales generales
- Comité III: Prácticas restrictivas
- Comité IV: Acuerdos intergubernamentales sobre productos primarios
- Comité V: Administración y Organización (Fuente: E/PC/T/EC/4, 17 October 1946).

El Comité II es el que tendrá desde el 18 de octubre de 1946 en su agenda, el abordar las negociaciones sobre:

A) aspectos comerciales generales (Tratamiento de nación más favorecida –NMF-; Trato nacional en las regulaciones y aranceles internos; libertad de tránsito; medidas anti-

---

<sup>1</sup> Profesora Asociada de Geografía del comercio internacional, Lic. en Comercio internacional, UNLu. Directora del Programa “Redes epistémicas: enlaces entre el conocimiento y la toma de decisiones políticas”, Departamento de Ciencias Sociales.

<sup>2</sup> Las características generales de la OIC están desarrolladas en Tancredi, E. (2020). El camino de las negociaciones comerciales multilaterales. La Carta de La Habana para una Organización Internacional del Comercio (1948). BOCI año 4, edición especial. OCI, UNLu (pp. 11-16)

<sup>3</sup> Eric Wyndham-White, fue el Secretario Ejecutivo y luego Director General del GATT entre 1948 y 1968.



dumping; valoración arancelaria; consumidores; marca de origen; publicación y administración de regulaciones comerciales; información, estadísticas y terminología);

B) Tarifas y preferencias (reducción de aranceles y eliminación de preferencias;

C) Restricciones cuantitativas (eliminaciones generales; restricciones para restablecer los equilibrios en la balanza de pagos; administración no discriminatoria; excepciones);

D) Control del intercambio;

E) Subsidios (eliminación de subsidios de exportación; excepciones);

f) Comercio estatal (administración no discriminatoria de empresas estatales de comercio; expansión del comercio por monopolios estatales de productos individuales y de importaciones). (Fuente: E/PC/T/C H/2, October 18, 1946)

La Segunda Sesión se reúne en Ginebra desde el 10 de abril de 1947. Las negociaciones comprenden básicamente dos partes: las referidas a la reducción de tarifas y barreras comerciales y las referidas concretamente a la Carta de La Habana y la Organización Internacional del Comercio (OIC). De acuerdo con las palabras de Mr. White, “*las negociaciones se han desarrollado en una velocidad y ritmo que corresponde con lo establecido en el programa. Para el 5 de julio... se han iniciado no menos de 101 negociaciones individuales; 5 se han completado; al menos 21 informes muestran un progreso satisfactorio y se espera que se completen en un periodo razonable de tiempo; y existen otras 5 negociaciones en avance, aunque no se han completado tan rápidamente como las otras 21... No quiero dar la impresión de que no hay dificultades y que todo marcha suavemente y la vida es hermosa. De hecho, no serán muy virtuosas las negociaciones simples. La virtud se encuentra en concluir negociaciones que son difíciles. Mirando las negociaciones sobre aranceles en su total, diría yo, que sería bueno ser capaz de decir que hubo algún progreso y que las cosas marchan rápidamente, pero en un balance y teniendo todos los factores en cuenta, las cosas no están marchando tan mal*” (Information centre, Press Release 234, July 11, 1947, pag.2-3).<sup>4</sup>

Es de señalar que, desde el inicio de las negociaciones, se realizaron mil encuentros entre los representantes de los países que se encuentran en Ginebra; continuas discusiones menos formales entre las delegaciones; y cerca de cuatrocientos encuentros específicos sobre los borradores de la Carta de La Habana. Durante el período comprendido entre el 10 de abril y 22 de agosto, cuando se llevan adelante las negociaciones sobre tarifas y aranceles y las discusiones sobre la Carta, participan aproximadamente 760 personas. La siguiente foto corresponde al año 1947 durante las reuniones formales del Comité Preparatorio.

<sup>4</sup> La traducción es nuestra.

**Imagen 1. Reunión del Comité Preparatorio para crear la Organización Internacional del Comercio (OIC) en 1947**

Fuente: [https://www.wto.org/english/thewto\\_e/history\\_e/history\\_e.htm#](https://www.wto.org/english/thewto_e/history_e/history_e.htm#)

Estas negociaciones en Ginebra tienen dos resultados significativos:

1. Se completa el borrador de la Carta, que pasa a consideración de la Conferencia de Naciones Unidas sobre Comercio y Empleo, que inicia sus deliberaciones en La Habana el 21 de noviembre de 1947;
2. La firma del Acuerdo General de Tarifas y Comercio (GATT) y un Protocolo de Aplicación Provisoria, acordado por veinte y tres países que representan en esa fecha alrededor del 70% del comercio mundial (European Office of the United Nations, 1947), donde se define que “*el objetivo general de las negociaciones han sido responder tan lejos como sea posible al Artículo 17 del borrador de la Carta, que establece que ellas deben conducir directamente a una reducción sustancial de las tarifas y otros cargos sobre las importaciones y exportaciones, y a la eliminación de preferencias sobre una base de ventajas recíprocas y mutuas*”(Information centre, Press Release 469, October 27, 1947. Pag. 4)

## 2- Los países firmantes del GATT

Los países que firman en 1947 el Acuerdo General de Tarifas y Comercio, como parte de las negociaciones del Comité Preparatorio, son veintitrés. El siguiente cuadro los sintetiza.

### Cuadro 1. Países signatarios del GATT, 1947

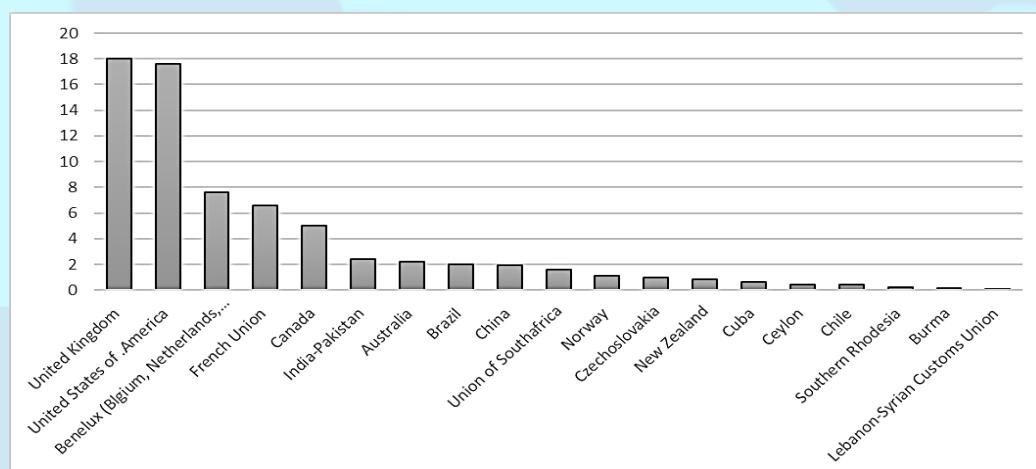
Países de América Latina	Países de América del Norte	Países de Europa	Países de Asia y Oriente	Países de África
Brasil Chile Cuba	Canadá* Estados Unidos de América	Checoslovaquia Gran Ducado de Luxemburgo** República Francesa Noruega Bélgica** Reino Unido de Gran Bretaña e Irlanda del Norte* Reino de los Países Bajos**	Birmania* Ceilán* Commonwealth de Australia* India* Nueva Zelanda* Paquistán* República de China (Taiwan) Unión Líbano-Siria	Rhodesia del Sur* Unión Sudafricana*

\*Miembros de la Commonwealth Británica      \*\*Miembros de la Unión Aduanera BENELUX

Fuente: Elaboración propia de acuerdo con Information centre, *Press Release 469, October 27, 1947. Pág. 7*

De acuerdo con lo expresado en el Acta, estos países representan el 70% del comercio mundial, del cual el 30,75% corresponde a los países miembros de la Commonwealth Británica, como lo demuestra el siguiente gráfico.

### Gráfico 1. Importancia en el comercio mundial de los países firmantes del GATT, 1947 (participación aproximada en porcentajes sobre total mundial)

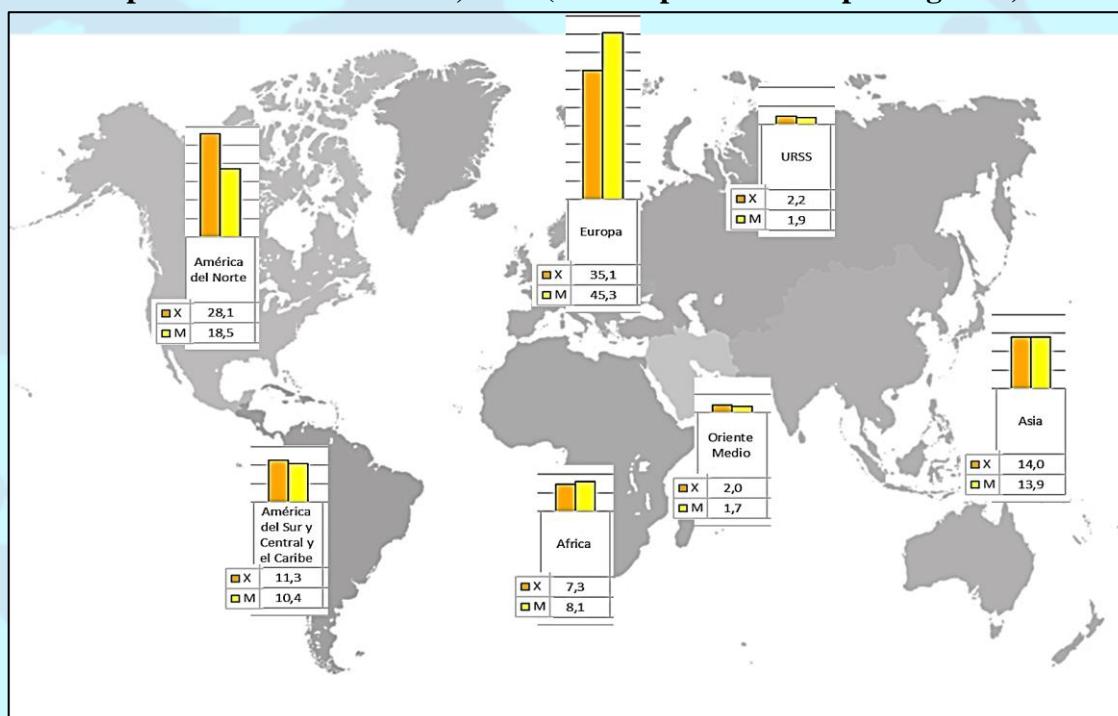


Fuente: Elaboración propia de acuerdo con Information centre, *Press Release 469, October 27, 1947. Pág. 7*

Como queda expreso en los datos consignados, el comercio internacional se concentra en la Commonwealth británica, seguido por el peso de Estados Unidos; por lo que el GATT refleja claramente sus intereses comerciales. Los datos estadísticos que se encuentran disponible en la actual Organización Mundial del Comercio (OMC) registran en términos regionales la composición del comercio desde el año 1948. El siguiente mapa refleja acabadamente la concentración tanto de las exportaciones como de las importaciones

en Europa (en particular representando el 35,1% de las exportaciones y el 45,3% de las importaciones del mundo) y en América del Norte (participando del 28,1% de las exportaciones y del 18,5% de las importaciones). Este mapa señala también la importancia que manifestaba América del Sur y Central en el comercio internacional en los primeros años de posguerra; así como el peso de Asia, particularmente Japón.

**Mapa 1. Comercio mundial, 1948 (valores porcentuales por regiones)**



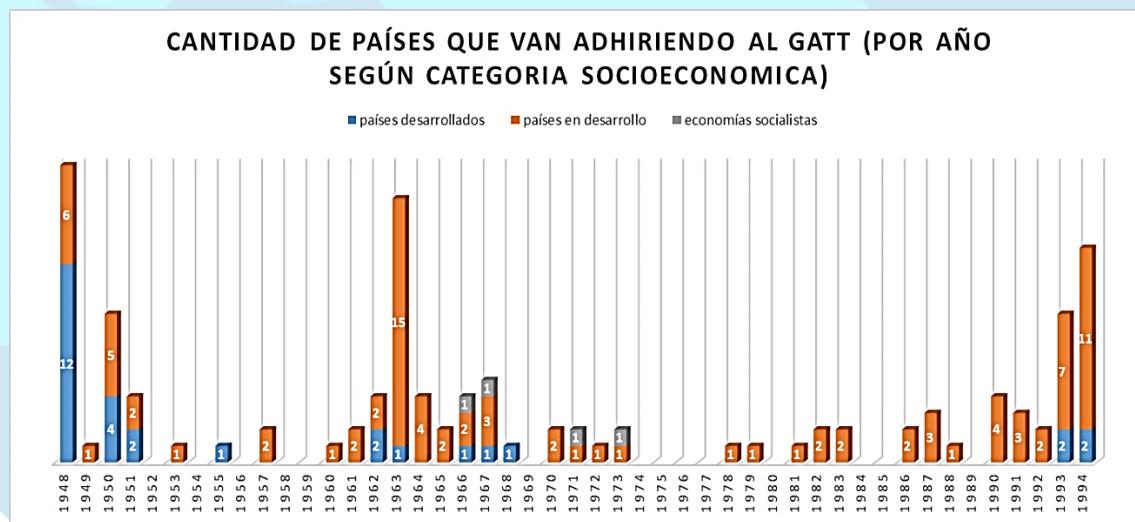
Fuente: elaboración propia de acuerdo con datos disponibles en  
[https://www.wto.org/english/res\\_e/statis\\_e/wts2019\\_e/wts19\\_toc\\_e.htm](https://www.wto.org/english/res_e/statis_e/wts2019_e/wts19_toc_e.htm)

El GATT entra en vigor el 1 de enero de 1948, cuando los 23 miembros originales se reúnen en el Palacio de las Naciones en Ginebra; mientras que la primera sesión de las Partes contratantes se va a realizar en el mes de febrero de 1948 durante el desarrollo del último día de la Conferencia en La Habana. En su texto original de 1947, este Acuerdo General sobre Aranceles Aduaneros y Comercio establece su misión en la reducción de las barreras al comercio en la industria de bienes y servicios en sucesivas rondas de negociación: “*Reconociendo que sus relaciones comerciales y económicas deben tender al logro de niveles de vida más altos, a la consecución del pleno empleo y de un nivel elevado, cada vez mayor, del ingreso real y de la demanda efectiva, a la utilización completa de los recursos mundiales y al acrecentamiento de la producción y de los intercambios de productos... se busca contribuir al logro de estos objetivos, mediante la celebración de acuerdos encaminados a obtener, a base de reciprocidad y de mutuas ventajas, la reducción substancial de los aranceles aduaneros y de las demás barreras comerciales, así como la eliminación del trato discriminatorio en materia de comercio internacional*” (GATT, 1947).

Las disposiciones del GATT resultan perjudiciales en general para los países en desarrollo. Ello queda claramente visible en el momento en que los países asiáticos logran

expandir sus exportaciones de textiles a bajo costo, siendo entonces amenazados por realizar "dumping" por Canadá, el Reino Unido de Gran Bretaña e Irlanda del Norte y los Estados Unidos; y se ven obligados a aceptar "restricciones voluntarias a la exportación" en un Acuerdo a Plazo sobre los Textiles de Algodón (iniciado en 1962). El otro tema central en las discusiones que reflejan los intereses contrapuestos entre los miembros del GATT y los países en desarrollo, refiere a los productos primarios, en particular los agrícolas, ya que se establece en su artículo XI como excepción a su principio de eliminación de restricciones comerciales a: Prohibiciones o restricciones a la exportación aplicadas temporalmente para prevenir o remediar una escasez aguda de productos alimenticios o de otros productos esenciales para la parte contratante exportadora; y a Restricciones a la importación de cualquier producto agrícola o pesquero, cualquiera que sea la forma bajo la cual se importe éste, cuando sean necesarias para la ejecución de medidas gubernamentales. Ello va a permitir la amplia protección de los países desarrollados al sector primario, particularmente desde la creación del Comité Económico de la Comunidad europea para proteger a la agricultura de la competencia de países en desarrollo y otros países, lo que reduce el acceso al mercado de países fuera de esta comunidad.

Sin embargo, durante su vigencia (1948-1994) van sumándose países desarrollados, en desarrollo y con economías planificadas socialistas, llegándose a un total de ciento veintiséis (128) partes contratantes, como lo marca el gráfico siguiente. Argentina firma su adhesión el 11 de octubre de 1967. Todos ellos serán integrantes plenos de la Organización Mundial de Comercio, que lo reemplaza en 1995.



Fuente: elaboración propia de acuerdo con información disponible en  
[https://www.wto.org/english/thewto\\_e/gattmem\\_e.htm](https://www.wto.org/english/thewto_e/gattmem_e.htm)



## Referencias bibliográficas

TANCREDI, E. (2019). Luces y sombras en el camino hacia un orden internacional más justo: principios, políticas y propuestas en las negociaciones comerciales de UNCTAD desde 1964. VII Congreso Nacional de Geografía de Universidades Públicas y XXI Jornadas de Geografía de la UNLP, Universidad Nacional de La Plata. Disponible en: <http://jornadasgeografia.fahce.unlp.edu.ar/front-page/actas/ponencias/Tancredi.pdf>

Todos los documentos citados se encuentran disponibles en [https://docs.wto.org/gattdocs/q/1946\\_50.htm](https://docs.wto.org/gattdocs/q/1946_50.htm)

## ESTRANGULAMIENTO EXTERNO Y DEUDA

Joaquín Belgrano<sup>5</sup>

### Introducción

La relación entre sector externo y crecimiento ha sido un tema ampliamente abordado por distintos intelectuales. Pensadores como Keynes, Harrod, Kaldor, Kindleberger, Cornwall, Thirlwalle, etcétera han analizado la traba exterior desde lo macro/modélico marginando del análisis cuestiones estructurales propias del subdesarrollo.

Por su parte autores latinoamericanistas como Prebisch, Diamand, Olivera, Ferrer, Díaz Alejandro, Porto, Villanueva, Canitrot, Braun, etcétera han ponderado al sector externo como una variable importante al momento de estudiar y analizar el estado de subdesarrollo de las economías periféricas.

En su condición de país periférico Argentina, a lo largo de su historia, ha padecido infinidad de situaciones de "cuellos de botella" de divisas que no le ha permitido continuar desarrollando modelos de acumulación que, en principio, resultaron ser "exitosos" desde el punto de vista macroenconómico.

El escrito tendrá como objetivo analizar si el sector externo y el endeudamiento resultan ser variables de contención de crecimiento económico.

### Crecimiento y sector externo

Si bien existen infinidad de documentos que tratan la temática, predomina un común denominador en la mayoría de ellos, la llamada "la ley Thirlwall".

El economista Anthony P. Thirlwall (1979) diagramó un modelo que consistió en establecer una relación entre crecimiento económico y el sector externo. Básicamente instituye que la tasa del crecimiento del Producto bruto es congruente al equilibrio del sector externo definido por el cociente entre la tasa de crecimiento de las exportaciones y la elasticidad ingreso de las importaciones.

Fórmula:

$$y_B = \frac{x}{\pi}$$

En donde  $x$  es la tasa de crecimiento de las exportaciones y  $\pi$  es la elasticidad ingreso de las importaciones.

<sup>5</sup> Profesor Ordinario e Investigador del Departamento de Ciencias Sociales de la Universidad Nacional de Luján. Profesor en carreras de grado y pos grado. Miembro de la Comisión Directiva del OCI.

Luego el mismo autor junto a Hussein (1982) incorporan a su fórmula el flujo de capitales externo, quedando expresada de la siguiente manera:

$$y_{BTS} = \frac{\theta \epsilon z + (1 - \theta)c}{\pi}$$

En donde el primer miembro del numerador  $\theta$  es el parámetro que mide la participación de las exportaciones en los ingresos totales que financian las importaciones y  $(1 - \theta)$  es la participación de los flujos de capital en los ingresos totales.

Allí se establece que el crecimiento económico es posible más allá del equilibrio entre exportaciones e importaciones gracias a la entrada de capitales. Es decir, a pesar de un déficit de externo (importaciones > exportaciones) un país puede crecer por la admisión de capitales foráneos.

Ahora bien, independientemente de lo matemático, es claro que el sector externo juega un rol importante como variable de crecimiento cuando se trata de economías con cierto nivel de apertura externa.

Una de las características fundamentales de las economías latinoamericanas son sus estructuras económico/sociales desequilibradas. Las contribuciones teóricas de los autores mencionados revelan que la problemática de los países periféricos no son simples cuestiones coyunturales "solucionables" con políticas económicas. Detrás de la realidad periferia latinoamericana yacen dificultades relacionadas con su posicionamiento en la economía mundo, patrones de producción y perfil comercial internacional (entre otros).

En materia externa lo particular de la desestructuración es el sesgo primario exportador. La mayoría de los países latinoamericanos centra sus exportaciones en mercancías con una elasticidad ingreso extremadamente baja. Si a ello le adicionamos la inelasticidad precio demanda que también poseen dichos bienes, los países enfrentan constantes situaciones de estrangulamiento en su balance de pagos que sólo pueden ser sorteados mediante endeudamiento.

### **Endeudamiento y estrangulamiento externo argentino**

La experiencia histórica muestra que la deuda externa ha sido un problema que ha generado distintos tipos de trastornos de orden macroeconómico. Si bien el impacto cortoplacista del financiamiento externo pudo haber arrojado algún saldo positivo en producción, consumo e inversión, en el largo plazo ha provocado desestabilizaciones de índole cambiaria, de precios, etcétera que han desembocado en un freno de la actividad económica.

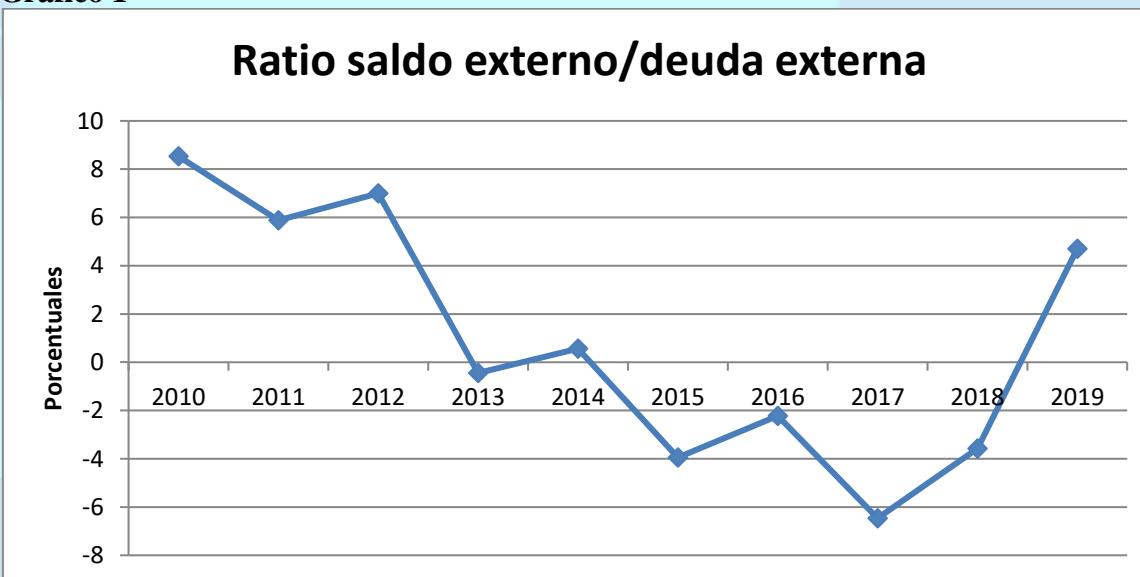
Lo expuesto significa que los acreedores externos no solamente consideran la "ley de Thirlwall" al momento de la toma de decisión de continuar con sus préstamos, también incorporan en su análisis ratios de deuda externa/PBI o cuenta corriente/PIB. Con estos indicadores evalúan la posibilidad que tienen los países deudores de afrontar su deuda de

corto y largo plazo. Si por ejemplo, el coeficiente del primer ratio es alto significaría que el país tiene grandes problemas para afrontar sus obligaciones externas. Eso se traduce en expectativas negativas con su consecuencias inmediatas en el mercado monetario/cambiaro: depreciaciones de corto plazo, depreciaciones esperadas de largo plazo, suba de la tasa de interés local, baja del precio de bonos y aumento de riesgo país (entre otros). El ahorro externo deja de fluir al país periférico e inclusive, si las ratios son extremadamente altas, se podrían llegar a producir un fuga masiva de capitales. Por lo tanto, si los capitales que ingresan no representan producción en términos reales, indefectiblemente el proceso finaliza en una crisis de balance de pagos.

La situaciones descriptas pueden verse reflejadas en Argentina. El país ha incursionado en constantes situaciones de desequilibrio de balance de pagos que han impactado negativamente en el crecimiento económico. Analicemos algunos indicadores para corroborar la relevancia del sector externo. Se utilizará un período, en todos los casos, de aproximadamente 10 años que abarcan modelos de acumulación diferentes en cuanto a política de endeudamiento y apertura a los capitales foráneos:

- a. 2010-15 política de desendeudamiento y control de capitales;
- b. diciembre del 2015-19 endeudamiento y libre movilidad de capitales.

**Gráfico 1**

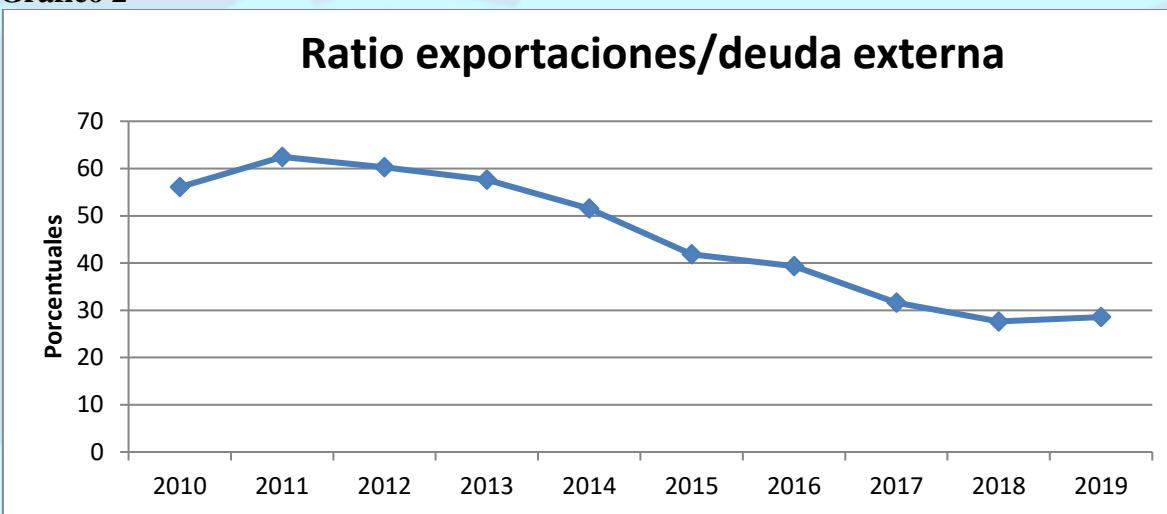


Fuente: Elaboración propia en base a datos de INDEC

El Gráfico 1 muestra desde finales del año 2015 se produce un quiebre en la relación saldo comercial y deuda externa. A partir de dicho año el saldo comercial no alcanzó para solventar los compromisos externos. En los años previos si bien prevaleció una tendencia decreciente entre ambas variables, ergo los saldos comerciales eran capaces de cubrir parte de la deuda externa, con el inicio del nuevo modelo acumulativo los compromisos externos comenzaron a tener un papel preponderante por el déficit del saldo comercial y el incremento de la deuda. En el año 2019 se produce un cambio de situación por la baja abrupta de las importaciones consecuencia de desplome de la actividad económica y el Producto Bruto

Interno. Cabe mencionar también, que muchos de las obligaciones de deuda se concentran a partir del año 2020 con lo cual los pagos en concepto de capital e intereses tienen una baja en el año 2019. Los dos fenómenos hacen que el ratio sea positivo en el año 2019.

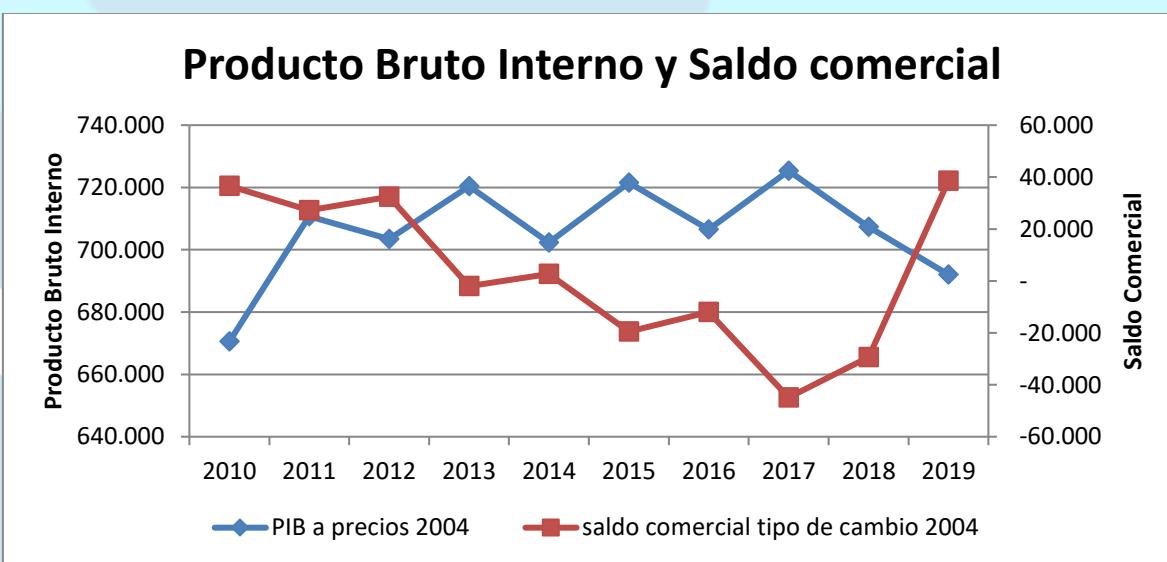
**Gráfico 2**



Fuente: Elaboración propia en base a datos de INDEC

Lo señalado es asentado en el Gráfico 2. En el mismo se puede observar los ratios entre exportaciones y deuda externa. Mientras que el 2011 las exportaciones financiaban el 62% de la deuda externa, en el año 2019 la capacidad de las exportaciones para cubrir los compromisos de deuda fue el 29% aproximadamente. Ello demuestra que las exportaciones no aumentaron sino fue el endeudamiento externo el que se incrementó haciendo bajar el porcentual prácticamente a la mitad en comparación con el año 2011.

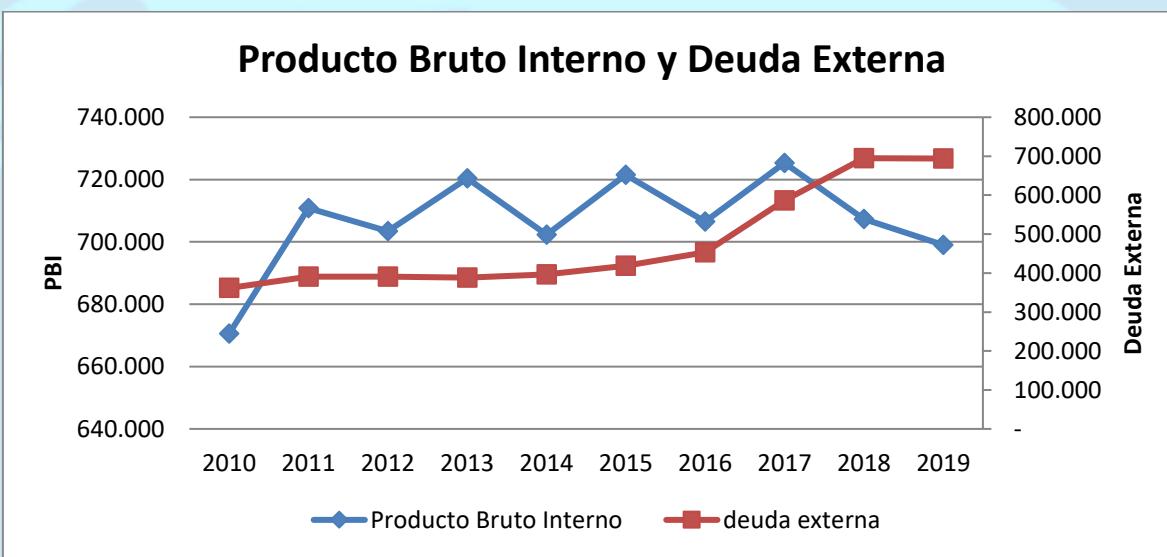
**Gráfico 3**



El PIB y saldo comercial se expresan en millones de pesos

Fuente: Elaboración propia en base a datos de INDEC

**Gráfico 4**



El PIB y deuda externa se expresan en millones de pesos de 2004

Fuente: Elaboración propia en base a datos de INDEC

En los Gráficos 3 y 4 observamos que tanto el saldo comercial como el endeudamiento impactan perjudicialmente en los niveles de crecimiento de la economía argentina. El Gráfico 3 muestra que el saldo deficitario comercial (exportaciones - importaciones de bienes y servicios) repercutió negativamente en los niveles de Producto Bruto Interno. A partir del año 2016 la situación se agravó por lo abultado de los saldos negativos de balance comercial. Otro detalle, no menor a observar, si bien el saldo comercial tuvo un repunte importante en el año 2019, eso no trajo aparejado resultados positivos en términos de crecimiento. Dicho fenómeno corrobora lo señalado en acápitres anteriores, el saldo positivo no se logra por crecimiento y aumento de exportaciones sino por la baja de las importaciones resultado del decrecimiento "salvaje" del Producto Bruto Interno. Por su parte el Gráfico 4 muestra como el endeudamiento tuvo impacto negativo en el Producto Bruto, a medida que sube los compromisos con no el resto del mundo la producción interna disminuye. El endeudamiento más que contribuir al crecimiento del consumo, inversión y exportaciones, ha actuado de "freno" a cada una de las macro magnitudes señaladas. Asimismo ha impulsado el incremento de las importaciones. El "falso" aumento de la renta a través del ingreso de ahorro externo (deuda), ha estimulado las importaciones en cualquiera de sus expresiones -bienes y servicios- lo cual provocó un deterioro en el intercambio; y en paralelo un efecto distorsivo (apreciaciones) del tipo de cambio nominal de la moneda nacional respecto al dólar. Las consecuencias de ello ha sido un gran desbarajuste externo que llevó a continuar con el endeudamiento para cubrir el déficit.

## Conclusiones

A lo largo del escrito se ha intentado demostrar que el sector externo ha resultado ser una variable que ha limitado el crecimiento del producto. De alguna forma, la versión original de la "Ley de Thirlwall", bajo la condición "ceteris paribus" se cumple en el caso argentino.

También se ha expuesto que la deuda externa representa una barrera al crecimiento económico. Al respecto debe tenerse en cuenta que todo pago de obligaciones a no residentes significa una "fuga" de ingresos que deja de circular por el sistema económico argentino. Ese "éxodo" limita las posibilidad de reproducción de producto y de generación renta para afrontar el pago de deuda. En consecuencia, se entra en un "círculo ruinoso" de imposibilidad de crecimiento y pago de compromisos externos. Por lo tanto, la segunda postura de Thirlwall podría cuestionarse -puesto que se toma en el presente trabajo que todo ingreso de capital foráneo representa deuda futura -, no necesariamente la penetración de capital foráneo genera crecimiento más allá del límite que establece el saldo comercial.

Las variables externas analizadas resultan ser relevantes, insistimos en condición "ceteris paribus", para la Argentina, a pesar que el sector externo de la economía representa un porcentaje exiguo del Producto Bruto Interno -aproximadamente entre un 15 y 20 por ciento con dependencia del momento histórico- en materia de crecimiento. Es el sector que genuina -a través de exportaciones- o ilegítimamente -endeudamiento- logra generar las divisas necesarias para encarar programas de crecimiento o pago de obligaciones externas. Pero a su vez es el sector que restringe el crecimiento, ya sea por endeudamiento o límite del saldo comercial. Es aquí donde de alguna manera se genera una contradicción en referencia a las causalidades. El saldo comercial positivo es causa de crecimiento, o porque el producto crece las exportaciones superan a las importaciones; el endeudamiento es causa del crecimiento (decrecimiento) o el crecimiento (decrecimiento) es lo que provoca que el endeudamiento.

La causalidad es uno de los temas más controvertidos en ciencias sociales, y lo vinculado a lo económico no es la excepción. Cada uno de los autores mencionados explicita causalidades diferentes al momento de abordar la temática. Con independencia del origen de la causalidad la estructura económico/social de los países periféricos, fruto del proceso histórico de mundialización, los "sumerge" en constantes contradicciones que logran subsanarse parcialmente en función del modelo de acumulación que adopten.

Respecto al caso de Argentina, el período de análisis ha abarcado dos modelos diferentes. Los resultados obtenidos muestran que el camino de aperturismo indiscriminado y endeudamiento conlleva a situación de decrecimiento y crisis macroeconómica con sus consecuentes repercusiones en el ámbito de lo social. Es necesario realizar un replanteo profundo con medidas de coyuntura que apunten a modificar lo estructural/sistémico como esencia de la contrariedad al desarrollo del subdesarrollo.

## Referencias bibliográficas

- Bhaduri, A., (2001) Macroeconomics. The Dinamics of Commodity Production. Nueva York, M. E. Sharpe Inc./Armong.
- Boyer, R., (2007) Crisis y regímenes de crecimiento: una introducción a la teoría de la regulación. Buenos Aires, Miño y Dávila.
- Damill M., R. Frenkel y M. Rapetti, (2007) “La deuda argentina: historia, default y reestructuración” en Salida de crisis y estrategias alternativas de desarrollo. La experiencia argentina. Buenos Aires, Miño y Dávila/CEIL-PIETTE/Institut CDC pour la Recherche.
- Diamond, M., (1973) Doctrinas económicas, desarrollo e independencia. Buenos Aires, Paidós.
- Ferrer, A., (2004) La economía argentina desde sus orígenes hasta principios del siglo XXI. Buenos Aires, Fondo de Cultura Económica.
- Furtado, C., (1974) Teoría y política del desarrollo económico. México, Siglo XXI Editores.
- Prebisch, R., (1963) Hacia una dinámica del desarrollo latinoamericano. México, D.F., Fondo de Cultura Económica.
- Thirlwall, A. (1979) “The balance of payments constrained growth as an explanation of international growth rate differences”, en Banca Nazionale del Lavoro Quarterly Review, volumen 128.
- Thirlwall A. y M. N. Hussain, (1982) “The balance of payments constraint, capital flows and growth rates differences between developing countries”, en Oxford Economic Papers, volume 34, número 3.



## EL IMPACTO DEL SOFTPOWER CHINO EN LATINOAMÉRICA

Mariano Lana  
Rubén Federico Velez  
María del Pilar Fernández<sup>6</sup>

### Aproximación a la definición de soft power.

Dentro de las diferentes formas de conformación y legitimación del poder, surge una alternativa a la acumulación desmedida de poderío militar y económico (hard power), en este caso el soft power o poder blando, el cual ha generado un eje de debate sobre su composición, impacto y vinculación con el hard power (smart power).

Aunque el concepto de softpower sea relativamente nuevo y haya surgido hace unas décadas en Estados Unidos, su idea básica puede rastrearse en el pensamiento chino de las primeras dinastías. Uno de los pensadores que lo resume es Mencio, el filósofo “sabio” más representativo de la Escuela Confuciana, después del propio Confucio. De acuerdo a uno de sus pasajes: “Jie y Zhou perdieron el imperio porque perdieron su pueblo y porque perdieron su pueblo habían perdido la devoción del mismo. Hay un modo de conseguir el gobierno del mundo: el que se gana al pueblo consigue el imperio. Hay un modo de ganarse al pueblo: si se gana su voluntad, se gana al pueblo. Hay un modo de ganarse su voluntad: reunir para ellos lo que les gusta y no cargarlos con lo que les desagrada” (*Confucio*, 2002, p. 286-287). Del mismo modo, SunTzu, filósofo y estratega militar, famoso por su obra “El arte de la guerra”, afirmaba que era mejor concentrarse en la mente del adversario en vez de un ataque directo y que la mejor victoria consiste en someter a la contraparte sin necesidad de una ofensiva en el campo de batalla.

Por lo tanto, a partir de las observaciones de los principales textos canónicos del Confucianismo, se desprende una inclinación por métodos no coercitivos en el arte de gobierno y una predilección en la apelación de principios éticos y valores determinados que guíen la conducta humana, del soberano y por consiguiente del Estado.

En cuanto a la recepción estricta del soft power de Joseph Nye, el término goza de gran popularidad en China mediante su estudio desde las ciencias sociales a través de centros de investigación de numerosas universidades así como de “think tanks”. Para ejemplificar esta situación, basta con tomar en consideración la presencia del término “softpower” en los periódicos y revistas del país. Según la base de datos del CNKI (China National Knowledge Infrastructure) revela que de todas las secciones de temas de los diferentes diarios y revistas

<sup>6</sup> Mariano Lana. Magíster Comercio Internacional especializado en Negocios con China en la Universidad Zhejiang Gonghsang; Velez.

Rubén Federico Velez. Licenciado en Relaciones Internacionales en la Universidad Católica de Córdoba (Jesuita).

María del Pilar Fernandez. Estudiante de Comercio Internacional en la Universidad Nacional de Luján.

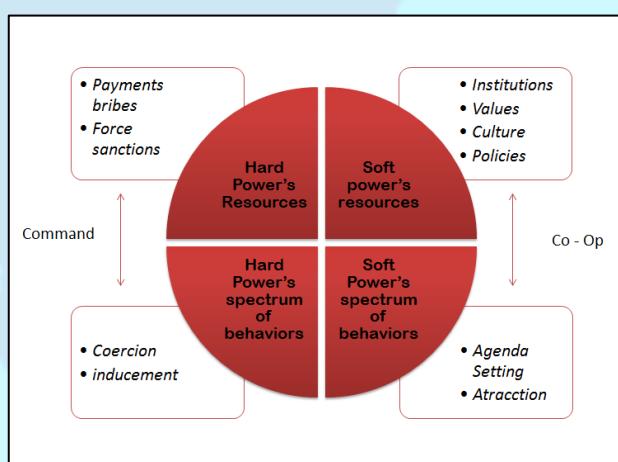
que agrupa, existen 485 documentos con el término soft power desde 1994 a 2007. Por otro lado, si se profundiza en la búsqueda, desde 1994 a 2001, hubo 11 artículos sobre el tema, mientras que el número aumentó considerablemente desde 2001 a 2004 con 58 artículos y desde 2005 a 2007 alcanzó la cifra de 418 artículo (Ming jiang, 2009).

Abordando los diferentes aportes a su definición teórica se presenta una estrategia fundamentada en obtener beneficios a partir de la atracción y no en base a la coerción, siendo su principio rector promover una imagen positiva y coordinada respecto a las políticas y medidas abocadas a la seguridad, cultura y desarrollo social, así como también, la minimización de los conflictos, las controversias y mostrar una posición cooperativa a nivel internacional, que fomente las relaciones tanto culturales como económicas.

Los desafíos se presentan a la hora de generar esta imagen descripta, donde el rol de la difusión y la comunicación de una Nación hacia el exterior resulta clave y a la vez un obstáculo. En este sentido, la información construye un estereotipo o una idea generalizada de las características socioculturales de un determinado territorio, lo cual configura una variable difícil de controlar y modificar en el contexto de los medios internacionales, en gran parte debido a las percepciones sobre los diferentes modelos sociales y políticos, los cuales históricamente han generado controversias y discusiones.

Para poder proyectar una visión global positiva se considera necesario abordar las políticas y medidas mencionadas que logren una estabilidad política dentro del territorio, para luego proyectar esos resultados dentro de la comunidad internacional. Aquí es donde entra en discusión el desdoblamiento de la definición tradicional de diplomacia pública, la cual incorporaba únicamente cuestiones referidas a los esfuerzos empleados para establecer el dialogo e intercambio entre países y comenzar a referirse las relaciones , los intereses y valores de la población y las organizaciones, quienes, dentro de este análisis, representan el factor fundamental para conformar una cultura fuerte y una política efectiva y atractiva que establezca una coordinación entre todos sus sectores internos.

### Diferenciación conceptual entre soft y hard power



Nota: El gráfico representa los elementos que diferencian conceptualmente al soft y el hardpower .Adaptado de *Soft power: The means to success in world politics*, por Joseph Nye Jr . New York, 2004 , Editorial Public Affairs.



## Recepción del soft power en China

En la esfera política, por su parte, el softpower fue acogido exitosamente desde el gobierno de Hu Jintao, predecesor del actual presidente chino Xi Jinping. La relevancia del término adquiere una magnitud que se vislumbra en sus discursos nacionales, como el pronunciado en el XVII Congreso Nacional del Partido Comunista de China en el cual declara: “es menester mantener con firmeza el rumbo por el que ha de marchar la cultura socialista más avanzada, promover un nuevo auge en el desarrollo de la cultura socialista, estimular el vigor creativo cultural de toda la nación e incrementar la “fuerzasuave” de la cultura nacional, para que el pueblo tenga aún mejor garantizados sus derechos e intereses culturales fundamentales, disfrute de una vida cultural y social más variopinta y adquiera un estado espiritual y anímico más elevado” (Hu , 2007).

Sin embargo, este panorama contrasta marcadamente con los resultados arrojados por el ranking internacional “SoftPower30”, donde China está ubicada en el puesto nº 27. Esto demuestra la dificultad actual que mantiene el país para mejorar la posición internacional de la imagen que proyecta ante el resto de sus pares estatales y por consiguiente, la dificultad para ejercer poder a través de mecanismos de persuasión y atracción. La desventaja se hace visible respecto a sus pares europeos, como Francia, Suiza, Reino Unido o Alemania, que ocupan los primeros puestos.

De esta manera, queda analizar en concreto cuales son los principales instrumentos que posee el gigante asiático para ejercer su “softpower”. En primer lugar, se debe mencionar el Instituto Confucio. Surgido con una primera sede en Corea del Sur en 2004 y con más de 500 sucursales en todo el mundo, el Instituto Confucio tiene como objetivo la enseñanza del idioma chino y la promoción de su cultura a través de becas, talleres de pintura y caligrafía, seminarios de cultura, etc. Por lo tanto, China comprende que debe darse a conocer al mundo, llegar a cada rincón, alcanzar los pueblos de los países más lejanos geográficamente, tal como lo han hecho las grandes potencias como Estados Unidos o Francia. Y uno de los principales obstáculos para lograr una integración efectiva con Occidente es el idioma, por ello, el uso del chino como lengua no debe verse como un abismo imposible de atravesar.

En segundo lugar, podemos mencionar la famosa “diplomacia panda”. En efecto, este peculiar animal autóctono, fue valorizado a partir de la Revolución Cultural como un emblema de la China moderna, de la República Popular China específicamente. La rápida atención que capturó este animal en el resto del mundo llevó a su utilización como un “embajador cultural” ante las principales potencias económicas. El mecanismo consiste en la entrega de pandas a zoológicos extranjeros en calidad de préstamo, ya que China deja en claro que todos los pandas le pertenecen al ser una “marca distintiva” del país.

Una tercera estrategia se da a través la asistencia técnica y profesional del Estado Chino a otros países en situación de subdesarrollo como lo son aquellos de África o América Latina. El caso africano es el más representativo, dado que encontramos una participación



activa en la construcción de puentes, aeropuertos, carreteras, puertos y demás infraestructura vital que contribuye a mejorar las condiciones de vida de millones de habitantes de cada uno de los países beneficiados y al mismo tiempo, transforma la imagen que poseen de China, permitiéndole a este último mayores facilidades a la hora de concretar sus objetivos económicos y geopolíticos a nivel mundial.

### Impacto del soft power en Latinoamérica

El análisis de soft power de China en América Latina se desarrollará a partir de diferentes dimensiones: cultural, económica y política, buscando evaluar la influencia de este despliegue en la intensificación de las relaciones sino-latinoamericanas.

Una de las principales iniciativas culturales del gobierno chino, además de publicaciones, películas, radio, televisión, turismo, deportes y la celebración de simposios, ha sido el establecimiento de Institutos Confucio a lo largo del planeta. Particularmente en América Latina, en el año 2006 se establece el primer Instituto Confucio en México, al día de hoy existen más de 37 Institutos repartidos en más de 12 países ([http://spanish.hanban.org/confuciousinstitutes/node\\_31587.htm](http://spanish.hanban.org/confuciousinstitutes/node_31587.htm) 2020), siendo los principales: México (5), Perú (4), Colombia (3), Chile (3) Brasil (11), Argentina (3) y Cuba, Costa Rica, Ecuador, Bolivia, Venezuela, Panamá, Uruguay y El Salvador (1).

Es a partir del año 2000, cuando América Latina se convierte en un objetivo de la política exterior de China cuando Tan Jiaxuan, Ministro chino de Asuntos Exteriores, visitó Brasil, Chile, Cuba y México. Seguido a esto, el entonces presidente de China, Jiang Zemin realizó un viaje por seis países de la región en septiembre del 2001 a los fines de fortalecer los vínculos entre China y Latinoamérica. Las relaciones se profundizaron aún más luego de haber visitado Argentina, Brasil, Chile, y Cuba en 2004 el entonces presidente Hu Jintao. Durante su estadía, Hu expuso el concepto de “desarrollo pacífico de China”, doctrina explicada en el “libro blanco” publicado por el gobierno chino en 2005. En este sentido, China ha desarrollado relaciones con distintas organizaciones de la región, entre ellas: BID, Grupo de Río, ALADI, CEPAL, OEA y el MERCOSUR.

El softpower a través de alianzas económicas también se expresa en América Latina con mayor intensidad durante la década del 2000. En el año 2008 el gobierno chino publicó el Documento sobre la Política de China hacia América Latina y el Caribe, donde se plasman las líneas y metas de sus políticas para la región, entre ellas: el establecimiento de relaciones comerciales basadas en los principios de igualdad y beneficio mutuo, cooperación en inversión financiera, agrícola, industrial y energética, reducción y condonación de deudas y la cooperación multilateral. En el año 2010 China se convirtió en el tercer inversor para América Latina después de los Estados Unidos y la Unión Europea, a la vez que ha concedido desde el año 2005 préstamos que ascienden a los 75 billones de dólares, mucho más de lo que el Banco Mundial y el BID le han prestado a la región en el mismo período.

De esta manera, a través de la gestión estratégica del softpower, en concordancia con sus otras dos modalidades (hard y smart power) China se embarca en una incursión profunda y transversal en América Latina, consiguiendo con ello desplazar a socios tradicionales como los Estados Unidos.

## Referencias

- CONFUCIO (2002) “*Los cuatro grandes libros*” (Joaquin Perez Arroyo trad). Barcelona, España: Paidos.
- HU, J (2007) “*Mantener en alto la gran bandera del socialismo con peculiaridades chinas para conquistar nuevas victorias en la edificación integral de la sociedad modestamente acomodada*” XVII Congreso Nacional del Partido Comunista de China. Beijing. <https://politica-china.org/secciones/documentacion/informe-presentado-por-hu-jintao-ante-el-xvii-congreso-nacional-del-partido-comunista-de-china>
- MINGJIANG, Li (2009) “Soft Power in Chinese Discourse: Popularity and Prospect”. Mingjian, Li (Ed) “*Soft Power: China’s Emerging Strategy in International Politics*” Plymouth: Lexington Books, p. 23-24.
- NYE, Joseph.(2004) *Soft power: The means to success in world politics*. New York, Estados Unidos: PublicAffairs
- PEÑA GONZALEZ, M. (2015) El poder blando de china y sus expresiones en Latinoamérica. [http://www.asiared.com/es/downloads2/15\\_3-s\\_alejandra\\_peña.pdf](http://www.asiared.com/es/downloads2/15_3-s_alejandra_peña.pdf)
- RODRIGUEZ ARANDA, I .y LEIVA VAN DE MAELE, D. (2013). El SoftPower en la política exterior china: Consecuencias para América Latina. <https://journals.openedition.org/polis/9179>
- TORRES SORIANO,M. (2015) El poder blando:¿ Una alternativa a la fuerza militar? <http://revista.insude.mil.do/index.php/rscd/article/view/29/46>
- WANG, Jiang (2011). “*Soft power in china public diplomacy through communication*”.New York, Estados Unidos: PalgraveMacmillan.

## THE IMPACT OF CHINESE SOFT POWER IN LATIN AMERICA

Mariano Lana  
Rubén Federico Velez  
María del Pilar Fernández<sup>7</sup>

### Approach to the definition of soft power.

Within the different forms of conformation and legitimization of power, an alternative arises to the excessive accumulation of military and economic power (hard power), in this case soft power or soft power, which has generated a debate axis about its composition, impact and link with hard power (smart power).

Although the concept of soft power is relatively new and has emerged a few decades ago in the United States, its basic idea can be traced back to the Chinese thought of the first dynasties. One of the thinkers who summarize its concept it is Mencius, the most representative "wise" philosopher of the Confucian School, after Confucius himself. According to one of his passages "Jie and Zhou lost the empire because they lost their people and because they lost their people they had lost their devotion. There is a way to get the government of the world: whoever wins over the people gets the empire. There is a way to win over the people: if you win your will, you win over the people. There is a way to earn their will: to gather for them what they like and not burden them with what they dislike" (Confucius, 2002, p. 286-287). Similarly, Sun Tzu, a philosopher and military strategist, famous for his work "The Art of War", claimed that it was better to focus on the mind of the adversary rather than a direct attack and that the best victory is to subdue the counterpart no need for an offensive on the battlefield.

Therefore, from the observations of the main canonical texts of Confucianism, an inclination for non-coercive methods in the art of government and a predilection in the appeal of ethical principles and determined values that guides the human behavior of the sovereign and therefore from the State.

As for the strict reception of Joseph Nye's softpower, the term is very popular in China through its study from the social sciences through research centers of numerous universities as well as "think tanks". To exemplify this situation, it is enough to take into account the presence of the term "soft power" in the country's newspapers and magazines. According to the CNKI (China National Knowledge Infrastructure) database, it reveals that of all the topic sections of the different newspapers and magazines that it groups, there are 485 documents with the term soft power from 1994 to 2007. On the other hand, if the search is deepened, from 1994 to 2001, there were 11 articles on the subject, while the number

---

<sup>7</sup> Mariano Lana. Magíster Comercio Internacional especializado en Negocios con China en la Universidad Zhejiang Gonghsang; Velez.

Rubén Federico Velez. Licenciado en Relaciones Internacionales en la Universidad Católica de Córdoba (Jesuita).

María del Pilar Fernandez. Estudiante de Comercio Internacional en la Universidad Nacional de Luján.

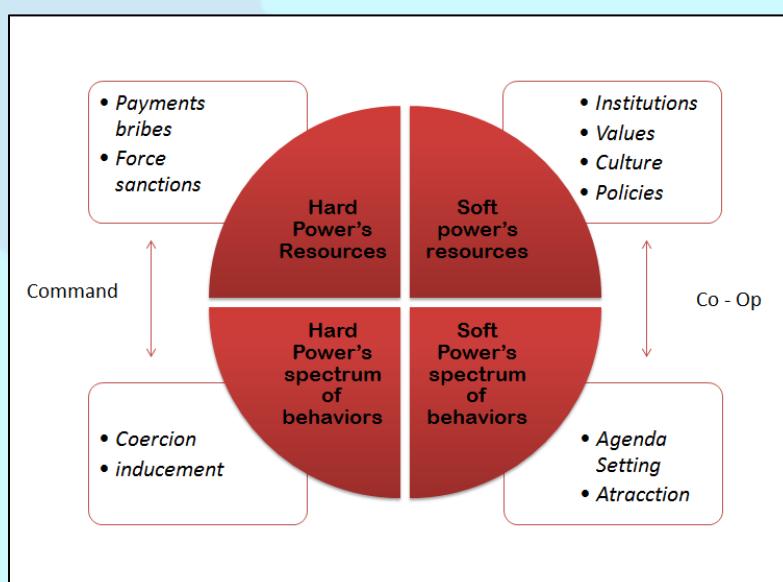
increased considerably from 2001 to 2004 with 58 articles and from 2005 to 2007 reached the figure of 418 articles (Ming jiang, 2009).

Addressing the different contributions to its theoretical definition, a strategy based on obtaining benefits from attraction and not based on coercion is presented, its guiding principle being to promote a positive and coordinated image regarding policies and measures aimed at security, culture and social development, as well as the minimization of conflicts, controversies and showing a cooperative position at the international level, which fosters both cultural and economic relations.

The challenges arise when generating this described image, where the role of the dissemination and communication of a Nation abroad is key and at the same time an obstacle. In this sense, the information builds a stereotype or a generalized idea of the socio cultural characteristics of a given territory, which configures a variable that is difficult to control and modify in the context of the international media, largely due to perceptions about the different social and political models, which historically have generated controversy and discussion.

In order to project a positive global vision, it is considered necessary to address the aforementioned policies and measures that achieve political stability within the territory, and then project those results within the international community. This is where the unfolding of the traditional definition of public diplomacy comes into discussion, which incorporated only issues related to the efforts used to establish dialogue and exchange between countries and begin to refer to the relations, interests and values of the population and organizations, who, within this analysis, represent the fundamental factor in shaping a strong culture and an effective and attractive policy that establishes coordination among all its internal sectors.

### Conceptual differentiation between soft and hard power



Note: The graph represents the elements that conceptually differentiate soft and hard power. Adapted from "Soft power: The means to success in world politics", by Joseph Nye Jr. New York, 2004, Editorial Public Affairs.

## Reception of soft power in China

In the political sphere, meanwhile, soft power was successfully welcomed by the government of Hu Jintao, predecessor of current Chinese President Xi Jinping. The relevance of the term acquires a magnitude that can be glimpsed in its national speeches, such as the one delivered at the XVII National Congress of the Communist Party of China in which it declares: *"it is necessary to firmly maintain the direction in which the more advanced socialist culture, promote a new boom in the development of socialist culture, stimulate the cultural creative vigor of the entire nation and increase the "soft forces" of the national culture, so that the people have even better guaranteed their cultural rights and interests fundamental, enjoy a more diverse cultural and social life and acquire a higher spiritual and mental state "* (Hu, 2007).

However, this panorama contrasts sharply with the results produced by the international ranking "Soft Power 30", where China is located in position number 27. This demonstrates the current difficulty that the country maintains to improve the international position of the image that it projects before the rest of their state peers and therefore, the difficulty to exercise power through mechanisms of persuasion and attraction. The disadvantage is visible with respect to its European peers, such as France, Switzerland, the United Kingdom or Germany, which occupy the first positions.

Thus, it remains to analyze specifically what are the main instruments that the Asian giant has to exercise its "soft power". First of all, the Confucius Institute should be mentioned. Established with a first headquarters in South Korea in 2004 and with more than 500 branches worldwide, the Confucius Institute aims to teach the Chinese language and promote its culture through scholarships, painting and calligraphy workshops, culture seminars, etc. Therefore, China understands that it must make itself known to the world, reach every corner, and reach to people of the most geographically distant countries, just as great powers such as the United States or France have done. And one of the main obstacles to achieving effective integration with the West is language; therefore, the use of Chinese as a language should not be seen as an abyss impossible to cross.

Secondly, we can mention the famous "panda diplomacy". Indeed, this peculiar native animal was valued from the Cultural Revolution as an emblem of modern China, of the People's Republic of China specifically. The quick attention that this animal captured in the rest of the world led to its use as a "cultural ambassador" to the main economic powers. The mechanism consist in the delivery of pandas to foreign zoos on loan, as China makes it clear that all pandas belong to it as being a "distinctive brand" of the country.

A third strategy is given through technical and professional assistance from the Chinese State to other underdeveloped countries such as those in Africa or Latin America. The African case is the most representative, given that we find an active participation in the construction of bridges, airports, highways, ports and other vital infrastructure that contributes to improving the living conditions of millions of inhabitants of each of the beneficiary countries and at the same time, it transforms the image they have of China, allowing the latter greater facilities when it comes to achieving their economic and geopolitical objectives worldwide.



## Impact of soft power in Latin America

The analysis of China's soft power in Latin America will be developed from different dimensions: cultural, economic and political, seeking to evaluate the influence of this deployment on the intensification of Sino-Latin American relations.

One of the main cultural initiatives of the Chinese government, in addition to publications, films, radio, television, tourism, sports and the holding of symposiums, has been the establishment of Confucius Institutes throughout the planet. Particularly in Latin America, in 2006 the first Confucius Institute was established in Mexico, today there are more than 37 Institutes spread over more than 12 countries ([http://spanish.hanban.org/confuciousinstitutes/node\\_31587.htm](http://spanish.hanban.org/confuciousinstitutes/node_31587.htm) 2020), the main ones being: Mexico (5), Peru (4), Colombia (3), Chile (3) Brazil (11), Argentina (3) and Cuba, Costa Rica, Ecuador, Bolivia, Venezuela, Panama, Uruguay and El Salvador (1).

It is from the year 2000, when Latin America became a target of China's foreign policy when Tan Jiaxuan, Chinese Minister of Foreign Affairs, visited Brazil, Chile, Cuba and Mexico. Following this, the then President of China, Jiang Zemin made a trip to six countries in September 2001 in order to strengthen ties between China and Latin America. Relations deepened even more after visiting Argentina, Brazil, Chile, and Cuba in 2004, then President Hu Jintao. During his stay, Hu exposed the concept of "peaceful development of China", a doctrine explained in the "white paper" published by the Chinese government in 2005. In this sense, China has developed relationships with different organizations in the region, including: IDB, Grupo de Rio, ALADI, CEPAL, OEA and MERCOSUR.

Soft power through economic alliances is also expressed in Latin America with greater intensity during the 2000s. In 2008, the Chinese government published the Document on China's Policy towards Latin America and the Caribbean, where the lines and goals of its policies for the region, including: the establishment of commercial relations based on the principles of equality and mutual benefit, cooperation in financial, agricultural, industrial and energy investment, debt reduction and forgiveness and multilateral cooperation. In 2010 China became the third investor for Latin America after the United States and the European Union, while it has granted loans amounting to \$75 trillion since 2005, much more than the World Bank and the IDB have lent to the region in the same period.

In this way, through the strategic management of soft power, in accordance with its other two modalities (hard and smart power) China embarks on a deep and transversal foray into Latin America, thereby managing to displace traditional partners such as the United States.

## References

- CONFUCIO (2002) "*Los cuatro grandes libros*" (JoaquinPerez Arroyo trad). Barcelona, España: Paidos.
- HU, J (2007) "*Mantener en alto la gran bandera del socialismo con peculiaridades chinas para conquistar nuevas victorias en la edificación integral de la sociedad modestamente acomodada*" XVII Congreso Nacional del Partido Comunista de China. Beijing. <https://politica-china.org/secciones/documentacion/informe->



- presentado-por-hu-jintao-ante-el-xvii-congreso-nacional-del-partido-comunista-de-china
- MINGJIANG, Li (2009) “Soft Power in Chinese Discourse: Popularity and Prospect”. Mingjian, Li (Ed) “*Soft Power: China's Emerging Strategy in International Politics*” Plymouth: Lexington Books, p. 23-24.
- NYE, Joseph. (2004) *Soft power: The means to success in world politics*. New York, Estados Unidos: PublicAffairs
- PEÑA GONZALEZ, M. (2015) El poder blando de china y sus expresiones en Latinoamérica. [http://www.asiared.com/es/downloads2/15\\_3-s\\_alejandra\\_peña.pdf](http://www.asiared.com/es/downloads2/15_3-s_alejandra_peña.pdf)
- RODRIGUEZ ARANDA, I .y LEIVA VAN DE MAELE, D. (2013). El SoftPower en la política exterior china: Consecuencias para América Latina. <https://journals.openedition.org/polis/9179>
- TORRES SORIANO,M. (2015) El poder blando:; Una alternativa a la fuerza militar? <http://revista.insude.mil.do/index.php/rscd/article/view/29/46>
- WANG, Jiang (2011). “*Soft power in china public diplomacy through communication*”. New York, Estados Unidos: PalgraveMacmillan.

## SOUTH AMERICAN SOYBEAN SUPPLY TO CHINA IN THE CONTEXT OF COVID-19 THE CASES OF BRAZIL AND ARGENTINA

Lu Jie<sup>8</sup>  
Maria Haro Sly<sup>9</sup>

### Introduction

Since the 1990s the soybean crop has increased in the Southern Cone of Latin America. During this time, Argentina, Brazil, Uruguay, Bolivia, and Paraguay have become soybean producers, altogether they produced 56% of the soybean in the world. In 2019, Brazil overtook the United States as the worldwide larger producer of the commodity. Regarding the exports, Brazil exports 50% of the total soybean traded, Argentina 5,4%, and Paraguay 4%. Argentina is the largest soybean industrialized country in the region, and exports 45% of soybean meal and 50% of soybean oil of the total exported.

This phenomenon was influenced by the rising soybean demand from China for use in animal feed as the country changed its diet patterns due to its economic growth (Wang and Zhou, 2005, and Liu et al., 2009, Haro Sly, 2017). China imports 60% of soybean traded worldwide (Mason & Gu, 2018). China has the highest record of sustained economic growth, but it also has the world's largest population, with almost 1.39 billion people. These increasing changes in food consumption present an important challenge to China given that the country has only approximately 8–10% of the world's arable land. For China, due to its high staple food self-sufficiency rate and grain reserves, there will not be too many problems in the short term. However, China's soybeans have long relied on imports.

The aim of this research is to discuss: How will sanitary policies related to Covid-19 affect soybean trade from South America to China? This study will focus on the two largest soybean producers and exporters in South America, Brazil and Argentina, both of them are big trade partners with China and soybeans represents 42% of the Brazilian exports to the Asian country and 55% in the case of Argentina. The study will analyze the opposite schemes in policies implemented by President Fernandez in Argentina and President Bolsonaro in Brazil for dealing with the spread of Covid-19.

### What come first Lives or the Economy?

With the spread of Covid-19, governments have implemented different contentious policies. Wuhan, a city of some 11 million people was the precursor to the types of measures that would later be introduced throughout the world. Wuhan implemented a strict lockdown on January 23. Other cities in Hubei province soon followed suit, adopting similar restrictions. The sweeping measures, which have affected more than 60 million Hubei residents, have been heralded in all over China. In general terms, efforts to prevent the virus spreading include travel restrictions, quarantines, curfews, close of schools, workplace hazard controls, event postponements and cancellations, and facility closures. In the extend of the measures depends of the capacity and resources of the country to implement successfully those policies. In Wuhan, after 2 Months of strict lockdown the economic activity is restarting in the Asian country. In this line, it is possible to add with nuances the experiences of South Korea and Singapore. However, few countries decided not to

---

<sup>8</sup> Professor at Renmin University of China

<sup>9</sup> Scholar at Renmin University of China



implement social distancing measures at the beginning of the Covid-19 first infections in their countries. In Italy, the United Kingdom, and the United States are considered the key cases in this sense. Those policies generated the collapse of the health system in major cities.

Those examples are important to understand the context of Argentina and Brazil in relation to the pandemic, both of the countries are closely related to China in trade terms, but they are exactly in the antipodes of the Asian country. Basically the two South American countries have implemented opposite policies to the outbreak of the pandemic. The countries declared completely opposite ideas, President of Argentina stated "If the dilemma is the economy or life, I choose life", while Bolsonaro said "This is hysteria. Some people are going to die. But we will not stop the economy".

In this article we will present the policies related to Covid-19 and check how they would impact in the soybean production and exports.

### Alberto Fernandez in Argentina

Fernandez just got into the presidency in December 2019. The previous government led by Macri increased foreign debt from 41 percent to more than 90 percent, poverty rose to 35 percent of the population, inflation was more than 50 percent, interest rates hit 70 percent, and the devaluation of the national currency was almost 400 percent. The country is near a new default. The situation in economical terms is still complex and reforms will be needed to increase reserves and foreign exchanges. What Argentina did not need -at all- was a pandemic to make even more intricate the already difficult economic panorama.

Still though, the government was really clear in the decision, Fernandez stated: "We chose lives". Fernandez's decision was one of the most premature on the planet. Italy was quarantined on March 9 with more than 400 deaths, Spain on the 14th with 120 and France on the 17th with 148. When the plan was put into practice in Argentina on March 20, only two people had died of coronavirus, and just over 100 were infected, according to official records. By now (mid-May), it counts with near 7500 cases and 350 deaths.

It is a joggle equilibrium between saving lives and maintaining the production. The government changed recently and had another perspective, even before the pandemic, they re-established the Ministry of Health (which was a secretary during previous government). The Argentine government declared the sanitary emergency, closed schools, give license to risky groups, cancelled flights, close territorial borders, cancelled public events, and implemented strong sentences to the people who broke compulsory quarantine. Only high public officials, health professionals, and people working in the production areas were allowed to move. The policies related to Covid-19 are taken with high consensus among governments of Provinces. So there's a high degree in coordination among the different levels.

The production needs to continue to supply the food and medical demands, and to continue exporting, Argentina urges to have foreign exchange even to import health requirements. So the government strongly promotes the continuation of the production and exports while respecting sanitary measures. In regards to the soybean production, it is important to remark key things: soybeans exports correspond to one of three dollars that entered to the country via trade; land and production are highly concentrated; it is a plantation highly mechanized and few workers are needed, the bottleneck is transportation, the port services, and soybeans prices worldwide.

The story of soybean production in Argentina began in the 1970s, and production increased rapidly in the 1990s, when genetically modified (GM) soybean varieties began to be commercialized in 1996. This type of GM soybean was engineered to be herbicide



resistant (primarily to the RoundUp Ready brand glyphosate). Today, 63% of the harvested Argentine land is planted with soybeans. This commodity has very low domestic consumption, and its export revenues represent 31.8% of Argentina's export income (INDEC, 2016). It is also one of the key income of foreign exchange by the State, who charges 30% as export tax. Asuain (2008) shows the concentration of land over time. Agricultural censuses from 1952 to 2008 in Argentina show a sharp decline in farms that are owned by individuals and an increase in the acreage sizes of farms that are owned by traditional landowning families and other larger players in agriculture investment such as transnational companies. Same happens to the production, 2% of the producer exports more than 50% of the total exported. In this regard, coordination in terms of production is not a problem. Soybean farming is highly mechanized "For each 1000 Ha, the soybean crop employs 15 workers while for the same size the sugar cane crop employs 350 workers and the citric crop employs 1,300 workers" (Telam, 2014). In this sense, the production will not suffer with Covid-19.

Although soybean is extended in the territory, the most productive area is near to the ports. According to Giancola et al. (2009), Argentina has better competitiveness in terms of production than its competitors (Brazil and the United States). Nevertheless, Argentina has higher commercializing costs because of transport, storage and export taxes. With regard to transport, 84% is carried by trucks, 14.5% by railway and 1.5% by barges. Major problems in Argentina are related to transportation the national government ordered the creation of the "Unique Enabling Certificate for Circulation" (CUHC), in the context of the emergency by Covid-19. The web is collapsed and workers have problems to ask for permit. Measures were also taken in the ports. It was decided to restrict the entrance to the plant for people over 60, including drivers, and the rest of the people will have the temperature scan, and those people who exceed 37 degrees will not be able to enter the plant. Those are the current bottle neck in logistics, but the government is taking all the measures to assure exports and production.

### Jair Bolsonaro in Brazil

Bolsonaro came into the power in 2019 in a convulsed political context. Dilma Rousseff was impeached in 2016 by a highly questionably process. Her Vice President took into the Presidency until the elections. Lula da Silva was leading the polls and justice took an important role putting him in prison to avoid his election (after the election he was released). Bolsonaro used to be part of the military and was removed after committing acts of indiscipline and treason to the army. After that, he was a congressman for 30 years approving 2 laws in the entire period. He got popular by his controversial declarations (racism, sexism, and so on). This sounds unusual, but it is important to understand his mindset for contextualizing the situation in Brazil in relation to Covid-19. Ministry of Economy in Brazil, Paulo Guedes is a "Chicago Boy", his understanding of economy is framed in the neoliberalism proposed by Hayek and Friedman. In 2019, Brazilian economy growth 1,2%. The depreciation of the Real to dollar was 77% (from 3,30 to 5,86).

Bolsonaro was in line with Donald Trump, he minimizes the potential of the Covid-19 saying that "this is hysteria" "it's a little cold". He has promoted the end of the lockdown proposed by governors in Brazil and launched the campaign "Brazil cannot stop". He's encouraging some public activities and he is participating in some of them, although 16 members of his cabinet who travelled with him to the United States have got positive Covid-19 test. Moreover he himself is suspected to have Covid-19 and has been reluctant to show the test results. Bolsonaro's policies promotion were against the recommendations of his

own Ministry of Health, Dr. Mandetta. After Mandetta renounced to be in charge of the Ministry, assumed Dr. Teich, who after only a month in the position renounced. In a middle of a pandemic, Brazil has no Minister of Health. By mid-May, Brazil counts with more than 220 thousand infected people with Covid-19 and 15 thousand deaths according to the official data.

Bolsonaro is generating a break in Brazil institutionalization. In one hand, governors in the opposition parties and even in Bolsonaro's coalition, who directly deal with the emergency of the Covid-19, are criticizing the president and going against his proposal to stop lockdown and open schools and businesses. 26 of the 27 governors warned that they would remain faithful to the recommendations of the World Health Organization (WHO) (Benites, 2020a). According to press reports (Benites, 2020b), the Brazilian Armed Forces have sent warning signs to President Jair Bolsonaro's reactions to the coronavirus crisis. Members of the National Congress from different parties have started calling for impeachment. But there is no plenty consensus among the opposition (Pinheiro-Machado, 2020).

Regarding the agribusiness, the sector is interested in continuing the exports and there's no consensus. Some Agribusiness companies declared to continue the exports activities following the WHO recommendation. However, some businessmen mass protested in their own cars to re-open the commerce and end lockdown.

Soybeans plantings in the Amazon Biome region have grown 170% from 1.7 million hectares in 2008 to reach 4.6 million hectares by 2018. The greatest portion of Brazil's soybeans are grown in the center-west region, which includes nearly 30% of overall output in Mato Grosso. In general, production shifts to the southeast into Goias and Mato Grosso do Sul along with the far southern states of Parana and Rio Grande do Sul. Similar to Argentina, 2006 Brazilian Agricultural Census shows that large properties account for only 0.91% of the total Brazilian rural establishments, but concentrate 45% of the entire rural area of the country. On the other hand, establishments with an area of less than ten hectares represent more than 47% of the total establishments in the country, but occupy less than 2.3% of the total area. When land is converted to mechanized crops like soybeans, most of the human population is expelled, and many move on to deforest elsewhere (Carvalho 1999). The rise of soybeans displaced 11 agricultural workers for every one finding employment in the new production system (Zockun 1980). Menegatti and Barros (2002) calculated that only 2% of the total cost of soybean plantation are related to labor (permanent and transitory).

Currently 47% of the grains (corn + soy) arrive at the ports by rail, 42% by road and 11% by waterways, this being the preferred mode of ports in Arco Norte, which has been increasing its share year by year (De Miranda et al, 2015). Trucking grain remains strong in Brazil, with the country depleting a record soybean harvest and the depreciation of the Real benefits Brazilian exporters. Despite some challenges imposed by the coronavirus, such as the closure of restaurants and tire shops on the roads, making life difficult of the truckers. Differently to Argentina, major soybean areas of Brazil are in the centered of the country, quite far away from the ports. The government applied a sanitary protocol for the ports to continue working, but there is a consensus that if there is a reduction in labor in ports, for example, this will inevitably lead to delays in shipments (Samora, 2020).

## Final considerations

The outcome will be different in Argentina and Brazil since policies are the opposite. In Argentina, the government expects to implement a strong lockdown and anticipated measures trying to control the virus. All the political spectrum is working together for

implementing the key policies. There are enormous worries about the economic activity and how to activate the economy after this sanitary emergency. The government has a positive image among the population. On the other hand, Brazil is going to a more complex scenario, a mid way between the worse and the probable. None knows exactly what is going to happen, but for sure an institutional crisis in the middle of a pandemic does not sound good. All the countries that implemented campaigns “not to stop the economy” were highly affected by the virus generating discomfort and prolong the economic recovery. Bolsonaro’s approval is getting worse and militaries have increased their power in the government.

## References

- Ainsuain O (2008) «Del genocidio y robo de tierras al boom sojero». Rosario: Editorial Universidad de Rosario.
- Benites, A. «Brasil: La estrategia de Bolsonaro contra el coronavirus lo enfrenta al Ejército y a los gobernadores», 26 de abril de 2020. <https://elpais.com/sociedad/2020-03-27/la-estrategia-de-bolsonaro-contra-el-coronavirus-lo-enfrenta-al-ejercito-y-a-los-gobernadores.html>.
- Benites, A. «Los militares brasileños se acercan al vicepresidente de Bolsonaro ante el agravamiento de la pandemia». El País. Accedido 16 de mayo de 2020. <https://elpais.com/sociedad/2020-03-27/la-estrategia-de-bolsonaro-contra-el-coronavirus-lo-enfrenta-al-ejercito-y-a-los-gobernadores.html>
- Borges, Andre. «Transporte marítimo de carga ainda resiste ao impacto do novo coronavírus». Estadão, 3 de abril de 2020. <https://economia.estadao.com.br/noticias/geral,transporte-maritimo-de-carga-ainda-resiste-ao-impacto-do-novo-coronavirus,70003259039>.
- Carvalho, R. «A Amazônia rumo ao 'Ciclo da Soja'». Amazonia Papers v. 1, n. 2. Amigos da Terra, Programa Amazônia, 1999
- INDEC. (2016) National Statistics and Census Institute. Economy, <http://www.indec.gob.ar/bases-de-datos.asp>, accessed 3 August 2017.
- Liu, Hong-Bo & Parton, Kevin & Zhou, Zhangyue & Cox, Rod «At-home meat consumption in China: An empirical study» Australian Journal of Agricultural and Resource Economics. 53. 485-501. 10.1111/j.1467-8489.2009.00463.x. 2009
- Perfil. «Alberto Fernández: "Si el dilema es la economía o la vida, yo elijo la vida"». Accedido 16 de mayo de 2020. <https://www.perfil.com/noticias/politica/alberto-fernandez-si-el-dilema-es-la-economia-o-la-vida-yo-elijo-la-vida.phtml>.
- Perfil. «Alberto Fernández: "Si el dilema es la economía o la vida, yo elijo la vida"». Accedido 16 de mayo de 2020. <https://www.perfil.com/noticias/politica/alberto-fernandez-si-el-dilema-es-la-economia-o-la-vida-yo-elijo-la-vida.phtml>.
- Sly, Maria Jose Haro. «The Argentine portion of the soybean commodity chain». *Palgrave Communications* 3 (26 de septiembre de 2017): 17095. Available: <https://www.nature.com/articles/palcomms201795>
- Telam. (2014) «Soja y poder económico: el negocio» <http://www.telam.com.ar/informes-especiales/1-soja-y-poder-economico/2-el-negocio>, accessed 7 March 2015.
- Wang J and Zhou Z «Animal product consumption». In: Zhou Z and Tian WM (eds). *Grains in China: Food grain, Feedgrain and World Trade*. Ashgate: Aldershot, UK, pp 87–107. 2005
- ZOCKUN, M. H. G. P. 1980. «A Expansão da Soja no Brasil: A Expansão da Soja no Brasil: Alguns Aspectos da Produção». São Paulo: Instituto de Pesquisas Econômicas da Universidade de São Paulo. 243 p.

## COMPLETING THE LINE: INDONESIA'S DILEMMA ON DESIGNATING THE EAST-WEST ARCHIPELAGIC SEA LANES

Christou Imanuel<sup>10</sup>

### Indonesia as the emerald of the equator

For centuries, Indonesia has become a maritime axis since Indonesia was home to one of the biggest maritime kingdoms called Sriwijaya. Besides Sriwijaya, Indonesia was also home to the Majapahit Kingdom which had the ambition to unite the archipelago. These statements are also related to the fact that Indonesia was one of the biggest spices suppliers that led traders from around the world to Indonesia. Furthermore, Indonesia is gifted with approximately 17.000 islands along the equator. These facts have led Indonesia to be known as the ‘emerald of the equator’.

Presently, Indonesia is one of the busiest shipping routes. Cargos from China to Australia and even Africa to Asia passes through Indonesia. Oversized vessels that cannot pass the Strait of Malacca must pass through the Indonesian archipelago. This country is one of the most efficient hubs for shipping from the Indian to the Pacific Ocean, making it one of the most important archipelagic countries.

### Right of Innocent Passage vs. Archipelagic Sea Lanes

In order to accommodate the huge amount of vessels passing, the United Nations through the United Nations Convention on the Law of the Sea (UNCLOS, 1982) has set two types of rights to pass through territorial waters which are the *Right of Innocent Passage* and the *Archipelagic Sea Lanes (ASLs)*.

Firstly, the Right of Innocent Passage comprises one of the routes that permit foreign vessels to pass through territorial waters. This regulation was made to ensure the freedom to pass through foreign internal waters. The innocent passage, based on Indonesia Law Number 6 Year 1996, regulates that a ship in innocent passage shall only pass continuously, directly, and fast. This type of passage is also based on the UNCLOS Part II Section 3.

Secondly, one of the consequences of being an archipelagic country is the ASLs. As a country with many islands and sea routes, it is an obligation to let foreign vessels pass. This obligation is also a risk to maritime security. To counter that risk, the archipelagic country has the right to designate a special route for foreign vessels to pass its internal waters so that it will be easier for the authority to monitor all shipping through the territory.

Based on Article 22 of the UNCLOS, sea lanes in the territorial sea must be designated with some consideration. The designation must consider the recommendation from the related international organization, routes that are normally used by the user countries, certain vessel characteristics, and the density of the route's traffic. These are a number of attempts to balance national interest with the international user country's interests.

---

<sup>10</sup> Research Intern of Center for International Law Studies and Undergraduate Student at Faculty of Law, Universitas Indonesia.



The related international organization will play an advisory role in designating the lane since the matter is not only related to the archipelagic state's interest. The UNCLOS does not give the right to the government of the archipelagic country to prevent foreign ships from sailing. That is the background that precedes the regulation to consider routes that are usually passed by the foreign vessel. This regulation also projects that this lane is only permitted for a normal route passing the country without transit, unloading, or loading passengers as the innocent passage also states. The ASLs must also consider the characteristics of a certain ship because, as stated at the beginning of this article, some straits are too shallow to be passed by certain ships. The routes must be designated in a way such that it will be safe for sailing. The last thing to be considered is the density of the route. This rule was meant to prevent the country from designating routes that are too busy which can bring disadvantages for the user countries. This regulation will lead the archipelagic country to designate several lanes to reduce the density of the routes.

The ASLs have some technical aspects which ranges from distance regulation to the permission of revising the lanes. There are two regulations regarding the distance of ASLs. First, the maximum deviation from the lane is 25 nautical miles. Some part of the ASLs is too close to the coast that UNCLOS also regulates the second distance regulation which is the maximum percentage of the deviation to the distance of ASLs-coast is 10 percent.

### Why should ASLs be designated in Indonesia?

As an archipelagic country, Indonesia applies to the two types of passage. Indonesia is a nation with a combination of archipelagic form and main shipping route. This combination has brought Indonesia to the need to secure its sovereignty on the sea. Before the UNCLOS was established in 1982, the Dutch colonial law regulated that the territorial sea was to be 3 nautical miles from the outer point of the island (based on Staatsblad 1939 Number 442). This rule implicated that the waters between the islands of Indonesia are recognized as high seas or international waters. This is a threat to Indonesian security as the internal waters of Indonesia hold not only marine resources but also geopolitical interest.

Through the Juanda Declaration (1957), Indonesia established that the territory between islands belonged to Indonesia regarding their archipelagic configuration. This declaration was not accepted until 1982 whereby the UNCLOS was ratified by most countries with interest. UNCLOS has already granted Indonesia archipelagic state status which also confirms the acceptance of the Juanda Declaration. This convention identified sea territory between islands of an archipelagic nation as internal waters. As an implementation to the Convention, Indonesia enacted the Law Number 6 Year 1996 and Government Regulation Number 37 Year 2002.

The status of Archipelagic State also has some consequences. Foreign vessels will no longer have the free right to pass Indonesia, and as a response, Indonesia must designate the ASLs so that foreign vessels can still conduct their shipping routes through Indonesia. This is a win-win solution for both Indonesia and other countries. Some may think this is an attempt to reduce Indonesia's sovereignty. However, if we compare Indonesia before and after the UNCLOS, it is obvious that this consequence to designate the sea lanes is the best way Indonesia can take. Based on Article 53 of the UNCLOS, if the archipelagic country does not designate the sea lanes, the right of ASLs may be exercised through the routes normally used for the foreign vessel navigation.

Designating the sea lanes can also be the proof of Indonesia's commitment to UNCLOS and confirms Indonesia's participation in the global community. This designation also helps Indonesia to reduce its monitoring scope, therefore the maritime authority may gain more focus on the sea lanes.

### Indonesian maritime status quo

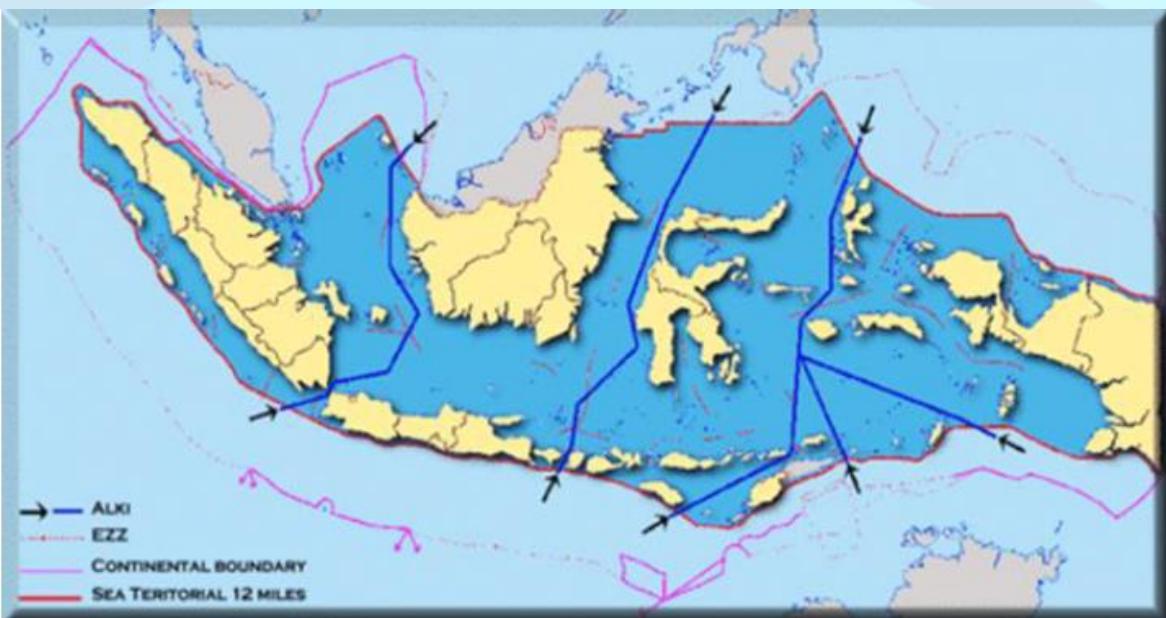
Today, Indonesia has two sets of rules that regulate the two sailing passages which are in the Government Regulation (*Peraturan Pemerintah*) No. 37/2002 and Law Number 6 Year 1996. The Law is about Indonesian Waters and Article 2 of the Law states:

“Every water around, between, and connecting the islands or part of islands belong to Republic of Indonesia’s land without considering the breadth or the width is an integral part of Indonesian territory so that it is part of Indonesian waters and under Indonesian sovereignty”.

The Law clearly states that the sea territory between Indonesian islands falls under Indonesian jurisdiction and sovereignty. This is the manifestation of the Juanda Declaration after its approval by UNCLOS.

The Law also includes the regulation of innocent passage and ASLs. This act implies that Indonesia considers both types of passages. The significant difference between ASLs and innocent passage is the location of both passages. The ASLs are only designated in the archipelagic waters, while the innocent passage applies over the territorial waters except inland waters. Archipelagic waters itself, defined by the act, is every water that lies at the inner side of the island’s straight baseline despite the depth and the distance from the coast.

The Government Regulation Number 37 Year 2002 focuses more on the technical aspect of the ASLs. This regulation defines the three ASLs that Indonesia has now. As represented by the blue lines in the image below, there are three ASLs and the third lane splits again into three lanes. First, to connect the South China Sea to the Indian Ocean through the Natuna Sea, Karimata Strait, Java Sea, and Sunda Strait. The Second lane is to connect the Celebes Sea to the Indian Ocean through Makassar Strait, Flores Sea, and Lombok Strait. The third lane is branched into three ends on the southern side. These three lanes started in the Maluku Sea, Seram Sea, Banda Sea, Ombai Strait, and Sawu Sea. The other lane branches divided into the south point of the lanes that ended in Sawu Sea (III A), East side of East Timor (III B), and Arafura Sea (III C).



*Source: RSS, Indonesian Ministry of Industry*

These Indonesian proposed ASLs have been considered as being a partial designation since the UNCLOS stated that ASLs should be designated in the routes normally used for sailing and navigation. These three ASLs are considered incomplete because there is still one route that is normally used and not designated yet, which is the East-West lane. Yet Indonesia is the pioneer country on designating the sea lanes.

### The dilemma

Indonesia is having a dilemma in balancing national and international interests which has never been easy. Indonesia is trying to secure national sovereignty by designating only North-South ASLs while the international community is still demanding Indonesia's East-West lane. Indonesia is facing some dilemma in several issues which will be further discussed below.

First, the security issue. The UNCLOS has already stipulated several rules for every foreign vessel that navigate through the ASLs to guarantee the security of the archipelagic nations. Some of them are the prohibition to disturb or to threaten Indonesian territorial integrated sovereignty and foreign warships that pass through the ASLs shall not conduct military training. These rules were meant to protect national security above the ASLs, but by designating the East-West ASLs, Indonesia is increasing the chance of security threat since that lane will pass Java Island which is the most populous island in Indonesia and the center of Indonesia's development.

Secondly is the threat of illegal fishing. The East-West lane proposed by Australia and the United States was planned to pass between South Celebes and East Nusa Tenggara which both produce approximately 21,6% and 13,7% of the annual national fishing production. These are large numbers and by designating the East-West ASLs, Indonesia is risking the 35,3% annual national fishing production in total.

Australia and the United States have a different proposal based on the routes normally used by their vessels. Indonesian Navy also has another different proposal. These differences revealed that the route of the East-West lane is still on a debate between the parties with interest. This fact should be considered as an obstacle to the completion of Indonesia's ASLs.

However, Indonesia should also consider some advantages of designating the East-West ASLs. This designation will endorse Indonesia's diplomatic position. Indonesia will gain a better impression from the international community. The absence of the East-West lanes will eliminate the traffic that claimed as normally used by other countries and to designate one will reflect Indonesian full commitment to the convention. The designation will also force Indonesia to upgrade its maritime strength. Indonesia still has room for improvement and this lane will be a strong reason for Indonesia to escalate its potential at the sea.

On one side, Indonesia's sovereignty over its territorial water must be respected, while on the other side Indonesia also has an obligation to respect international rights of innocent passage over the archipelagic water. This is the dilemma that Indonesia is facing.

In conclusion, Indonesia is facing threat and opportunity behind the designation of the East-West sea lanes. Indonesia's national interest is holding the completion of the ASLs while the international community is demanding the settlement of Indonesia's complete ASLs. This is a huge dilemma as Indonesia is still promising to complete the existing ASLs.

## References

- Basoni, S. (2018, October 25). *Wilayah Perairan Ini Jadi Penghasil Ikan Terbesar di Indonesia*. Retrieved from <https://food.detik.com/info-kuliner/d-4273065/wilayah-perairan-ini-jadipenghasil-ikan-terbesar-di-indonesia/1/#news>
- Buntoro, K. (2011). *Legal and Technical Issues on Designating Archipelagic Sea Lanes Passage: Indonesia Experience*. Indonesian Journal of International Law, 219-248.
- Forward, C. (2009). *Archipelagic Sea-Lanes in Indonesia - Their Legality in International Law*. Australian & New Zealand Maritime Law Journal, 143-156.
- Leonard C Sebastian, R. A. (2014). *Indonesia and the Law of the Sea: Beyond the archipelagic outlook*. In National Security (pp. 69-76). Melbourne: Australian National University, National Security College.
- Mauna, B. (2003). *Hukum Internasional: Pengertian Dan Fungsi Dalam Era Dinamika Global*. Bandung: Alumni.
- Nainggolan, P. P. (2015). *Indonesia dan Ancaman Keamanan di Alur Laut Kepulauan Indonesia*. Jurnal Kajian, 183-199.
- Puspitawati, D. (2018). *Indonesia's Archipelagic Sea Lanes (ASLs) Designation: Rights Turning to Obligations?* Hassanudin Law Review, 265-280.
- Sinaga, L. C. (2011, March 10). *Menilik Alur Laut Kepulauan Indonesia II*. Retrieved from Pusat Penelitian Politik LIPI: <http://www.politik.lipi.go.id/kolom/kolom-1/politikinternasional/413-menilik-alur-laut-kepulauan-indonesia-ii>
- United Nations. (1982). *United Nations Convention on the Law of the Sea*. Retrieved from [https://www.un.org/Depts/los/convention\\_agreements/texts/unclos/unclos\\_e.pdf](https://www.un.org/Depts/los/convention_agreements/texts/unclos/unclos_e.pdf)
- United Nations. (2016, January 21). *First Global Integrated Marine Assessment*. Retrieved from Chapter 17 Shipping: [https://www.un.org/Depts/los/global\\_reporting/WOA\\_RegProcess.htm](https://www.un.org/Depts/los/global_reporting/WOA_RegProcess.htm)

## IMPACT OF INDIA'S RCEP WITHDRAWAL: A RESHUFFLE IN REGIONAL GEO-ECONOMICS

Akshay Honmane and Priyanka Choudhury<sup>11</sup>

### Introduction

The Regional Comprehensive Economic Partnership (RCEP) is a trade deal among 15 countries in the Indo Pacific region. It began in 2012 as an integrate trade agreement between ASEAN nations and its major trading partners (i.e. India, China, Japan, New Zealand, Australia and South Korea). When signed, RCEP has the potential to be the world's largest trade agreement. The mega-regional economic agreement - RCEP aims to boost economic growth and equitable economic development, advance economic cooperation that will broaden and deepen integration in the region. However, at the end of the last negotiating session in 2019, Indian Prime Minister Narendra Modi announced that India would not join the agreement. Such a decision of New Delhi came due to the domestic criticism against the deal and its repercussions to the most vulnerable citizens of the country. New Delhi's decision to withdraw has sparked the change in Asian regionalism. With India not joining RCEP, Japan is also considering not sign a Chinese backed trade pact. The remaining members hoped to sign the deal in 2020.

This article will examine the aftermath of India's withdrawal from RCEP. It will analyze India and Japan trade prospects as a case study considering India's export to Japan. India-Japan trade relations has been quite significant considering the presence of China. As Japan is skeptical in joining RCEP without India as it would create a China-led trading bloc. Further on, this article will encapsulate the current developments in the region where US and India are targeting to capture the China's international market and how this will impact the future trade aspects in the region.

### India's Withdrawal from RCEP

New Delhi's move to pull out of RCEP was based on "core concerns" with the agreement. Prime Minister Narendra Modi in East Asia Summit 2019 stated that, "the present form of the RCEP Agreement does not fully reflect the basic spirit and the agreed guiding principles of RCEP. It also does not address satisfactorily India's outstanding issues and concerns. In such a situation, it is not possible for India to join RCEP Agreement". Its concern revolves around e – commerce and trade imbalances, especially in the agricultural and industrial trade. There has been domestic criticism, especially from domestic industry

---

<sup>11</sup> Former researchers at Maritime History Society think tank based in Mumbai, India.

and dairy farmers, against the deal. The traders were worried that RCEP may lead to Chinese products capturing the Indian markets and affecting local business. India already faces trade deficits with 11 of the 15 nations involved in RCEP. If New Delhi signs the agreement, there will be tariff elimination on almost 90 percent of items in trade with ASEAN, Japan and South Korea. It has to eliminate tariffs more than 74 percent of items in trade with China, Australia and New Zealand. This will further increase the trade deficit that India currently faces. India also had reservation on RCEP on issues like rules of origin and auto trigger mechanism. Due to this, PM Modi said that, “when I measure the RCEP agreement with respect to the interests of all Indians, I do not get a positive answer... Therefore, neither the talisman of Gandhiji nor my own conscience permit me to join RCEP.”

### **A Case Study - India Japan Trade prospects**

India and Japan signed the Comprehensive Economic Partnership Agreement (CEPA) in 2011 aimed to accelerate economic and commercial relations. Since the implementation of CEPA, India's merchandise exports have frequently contracted between 2012 – 13 and 2018 – 19. India's trade deficit with Japan has widened in this period. As imports from Japan to India has seen an upward scale, the export to Japan from India has decreased at a huge quantity. In 2012, India import was US \$12.6 billion in compared to its export of US \$6.4 billion. The trade value of import in 2018 was of US \$12.6 billion. However, export from India had a downward fall to US \$4.7 billion. India's trade deficit has widened from US \$6.2 billion in 2012 – 2013 to US \$7.9 billion in 2018 – 2019.

**Table 1 - India – Japan Trade Relations, 2012 – 2018**  
 (US \$billion)



Source: UN Comtrade



The commodities exported from India includes pharmaceutical products, organic chemicals, marine products as well as jewellery. However, main import from Japan are transport equipment such as motor vehicles and ships, iron and steel, optical instruments, machinery and plastic. The Indian market has seen an increased in Japanese products since the CEPA agreement. Meanwhile, Indian business entities face problem in Japanese market access. These issues are arising because of language barrier, high demanding product as well as service standards and regulations. This makes business a costly venture and a relative lack of intensive effort on the part of Indian businesses. In terms of boosting India's export, trade relation with Japan after CEPA has not been fruitful. New Delhi gave more market access to Japan through significant tariff cuts. With Japan's strict quality controls, Indian products need to comply with those regulations to increase exports in their trade relation.

### Future of India-Japan Trade Relations

India-Japan trade potential has broadened considering the complementarities that persists between the two nations. India has reoriented its economic growth potential through reforms in its industry and commerce since 2014. The *Make in India* initiative is devised to transform India into a global design and manufacturing hub. It increases India's capabilities among potential partners abroad, thus enlarging global audience and market opportunities. Japan has been playing a crucial role towards *Make in India* and its outreach activities through the *India-Japan Investment Promotion Road map* that was signed in 2017 between India and Japan. In 2018, the Embassy of India jointly with CGI, Osaka-Kobe, JETRO and ICIJ organized *Make in India* outreach events in Kagawa Prefecture (February 8, 2018), Ehime Prefecture (February 9, 2018), Fukuoka Prefecture (March 15, 2018) and Niigata Prefecture (March 23, 2018) respectively. Further, in terms of infrastructure development, Japan is heavily investing in India's industrial corridors like the Delhi-Mumbai Industrial Corridor (DMIC) flagship Project. Also, the Mumbai-Ahmedabad Highspeed Railway (MAHSR) project for which Japan will fund more than 80 percent, nearly \$1.4bn, of the project's cost, providing 0.1 percent interest loan due to be repaid over the next 50 years. This will boost India's manufacturing sector through a well-integrated channel of transport corridors.

Even though the trade balance has widened to \$7.9 billion in favour of Japan, India has very significant projects funded by Japan and its Japan International Cooperation Agency (JICA). Therefore, India cannot overlook Japanese ties even though it has moved out of RCEP. India has also acknowledged the importance of Japanese partnership in its growth and development and hence, the *Japan and India Vision 2025 Special Strategic and Global Partnership* portrays their future cooperation and towards a larger economic perspective. India and Japan are two large economies apart from United States (US) and Australia in the Indo Pacific Region that are crucial for its strategic and economic partnership. The Indo Pacific being the largest geo-political construct needs regional economic integration for perpetual peace and prosperity in the region.

India-Japan through its *Special Strategic and Global Partnership* seeks to make use of the largest potential for growth, into a deep, broad-based and action-oriented partnership, which reflects a broad convergence of their long-term political, economic and strategic goals. Through this partnership, both countries have committed to realise and uphold the principles of sovereignty and territorial integrity, human rights, open global trade regime, freedom of navigation, etc. It focuses on strengthening the East Asia Summit (EAS) to enhance the dialogue on political and security issues. Further on, commits to continue to work with all partners, especially with ASEAN, which is at the core of EAS, to make EAS the premier leaders-led forum to discuss regional peace and security agenda.

### **India's Post RCEP withdrawal & present strategies**

New Delhi moving out of RCEP has its own market oriented strategic reasons but this will make RCEP as the China led bloc of agreement. Japan being sceptical on China's presence does not want to enter RCEP without India being present. Japan wants India to remain in RCEP so that both countries can work together to balance China's influence within the partnership. As Japan's Trade Minister Hiroshi Kajiyama said, "our country wants to play a leading role toward reaching an early agreement between all 16 countries, including India, with the aim of signing it in 2020", this signifies the importance of India as a balance within the trading bloc. If RCEP comes into force without India, China will significantly capture the market of ASEAN nations as it dominates the global supply chain network. China is gradually trying to capture the economic sphere in the region through its ambitious Belt and Road Initiative, therefore countries like Japan, US and Australia are too sceptical about such initiatives in the Indo Pacific region. The Quad Grouping (Japan, India, US & Australia) seeks to keep the Chinese geo-political hegemony at bay but also is trying to contain its rising economic supremacy in the region.

India plays a leading role in providing regional balance to counter Beijing's strategies. In the present COVID-19 pandemic situation, China's soft power has been considerably deteriorated. According to the US, China is to be blamed for handling the Covid-19 outbreak that has killed more than a quarter million people worldwide. This has affected the global trade ties with China as major companies and governments are moving resources out of the world's second largest economy to diversify the supply chains. Wherein Japan has earmarked \$2.2 billion to help shift factories from China. India is using this opportunity to target and capture the Chinese market to balance to regional dynamics. The Indian government reached out to more than 1.000 companies in the US to offer incentives for manufacturers seeking to move out of China. Therefore, India expects to win over these companies involved in healthcare products and devices. India and Vietnam hold the capacity to replace China in terms of global supply chain network according to Derek Grossman, researcher at the Washington based RAND Corporation. Thus, companies in the present situation has realised that large supply chains in China may have been economical but there is no point in keeping all your eggs in one basket.

The members of the trade bloc have offered India a package to return to the negotiating table in May 2020. It recognises New Delhi's preference to use most favoured nation tariff rates on a limited number of products. According to the RCEP note on the package, "this is offered on the understanding that the outcome on market access, which will be achieved through bilateral negotiations, will remain balanced and that India's tariff commitments will be acceptable to all." It also agreed in principle in incorporation of volume based safeguard mechanism and welcome the products on which India would apply the safeguard. The package also added, "the proponents understand the importance of identifying mutually satisfactory solutions on these issues, while noting that progress made to date in market access negotiations as a whole should be preserved as much as possible and that requests on products of specific interest should be accommodated where possible."

RCEP has been the most ambitious partnership within the ASEAN and its partners that exists as a sole hope post the Trans-Pacific Partnership breakdown. Considering the complex economy like India which has started to pace up its manufacturing sector in line with the developed nations around the world, it also needs to safeguard its domestic interests at first. Though RCEP will solve the "noodle-bowl effect" of the proliferation of free trade agreements between individual countries, well it might have to wait until the concerns of countries like India are thoroughly resolved.

## References

- Bureau, E. (2019, November 05). *India decides to opt out of RCEP, says keyt concerns not adressed*. Retrieved May 08, 2020, from Economic Times:  
<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-decides-to-opt-out-of-rcep-says-key-concerns-not-addressed/articleshow/71896848.cms?from=mdr>
- Chaudhary, A. *India looks to lure more than 1000 US Companies out of China* (07 May 2020), Retrieved 08 April 2020, Bloomberg Quint:  
<https://www.bloombergquint.com/economy-finance/india-looks-to-lure-more-than-1-000-u-s-companies-out-of-china>
- Chaudhury, D. R. (2020, May 04). *RCEP nations offer India package to return to negotiating table*. Retrieved May 08, 2020, from The Economic Times:  
<https://economictimes.indiatimes.com/news/economy/foreign-trade/rcep-nations-offer-india-package-to-return-to-negotiating-table/articleshow/75523748.cms>
- India to invest \$17bn on Japanese bullet trains* (14 September 2017), Retrieved 08 April 2020, Al Jazeera: <https://www.aljazeera.com/news/2017/09/india-invest-17bn-japanese-bullet-trains-170914122827892.html>
- India-Japan Economic Relations*, Embassy of India, Tokyo, Japan, Retrieved 08 April 2020, [https://www.indembassy-tokyo.gov.in/india\\_japan\\_economic\\_relations.html](https://www.indembassy-tokyo.gov.in/india_japan_economic_relations.html)
- Marjani, N. (2019, November 05). *India had Good Reason to Pull out of RCEP*. Retrieved May 08, 2020, from The Diplomat: <https://thediplomat.com/2019/11/india-had-good-reason-to-pull-out-of-rcep/>



- Mishra, A. R. (2017, September 14). *India's exports to Japan halve to \$3.85 billion in four years*. Retrieved May 08, 2020, from Livemint:  
<https://www.livemint.com/Politics/S7iA23p9KRrKMiWiy7YbqI/Indias-exports-to-Japan-halve-to-385-billion-in-four-year>
- Raghavan, T. S. (2019, November 04). *India storms out of RCEP, says trade deal hurts Indian farmers*. Retrieved May 08, 2020, from The Hindu:  
<https://www.thehindu.com/news/national/india-decides-against-joining-rcep-trade-deal/article29880220.ece>
- Reynolds, I. *Japan seeks to keep India within RCEP trade deal framework* (5 November 2019), Retrieved 08 April 2020, The Print: <https://theprint.in/diplomacy/japan-seeks-to-keep-india-within-rcep-trade-deal-framework/315808/>



## INTERVIEW WITH ASLAM KHAN COVID-19, ECONOMY AND GEOPOLITICS IN INDIA

Aslam Khan y Sebastián Sterzer<sup>12</sup>

### 1. SS: How is the covid-19 pandemic affecting India so far? Specially, the economic activity and social life

AK: Covid-19 has giving a deep impact on Indian economy and its industries. The magnitude of the impact is unprecedented. India is expected to grow its GDP between 1,5%-2% for this year. According to the IMF, GDP will growth by 1,9% in 2020 because the global economy is affected by the covid-19 pandemic. The Indian society is merely affected, there are many migrants who cannot work now because of the lockdown in many places. The Indian Government provided them shelter and food. Yet, there are many difficulties over there. However, both Indian Government and society are doing very well. Anyway, migrants from the construction and agriculture sectors are the most affected.

### 2. SS: What is the situation with schools and universities? About continuing the learning process

AK: India is facing already a lockdown. All colleagues and universities were closed. The Government has decided that institutions should start the learning process online. All schools have started classes online, the same situation for Universities. The Government is working now on how students should be evaluated.

### 3. SS: What were the main initiatives taken by the Narendra Modi's Government?

AK: India has successfully controlled the covid-19 pandemic so far because of the engagement of Prime Minister Narendra Modi, with focus on the health sector. Also, Modi has appealed the people to make donations to support the poorer ones. Moreover, the Government has provided US\$ 24 billion package to support the people, including free food rations for 3 months. These initiatives -including the lockdown- coming from Narendra Modi were well-received by the States' Governors.

### 4. SS: What is India's Foreign Policy in South Asia?

AK: Regarding the covid-19 pandemic, Narendra Modi has organized a video conference with leaders from the South Asian Association for Regional Cooperation (SAARC) to find common ways to battle the coronavirus. This initiative from Modi was been seen like an effort to promote a stronger regional cooperation. Yet, there are some difficulties within the bloc because of the India-Pakistan rivalry. Anyway, India is prioritizing the humanitarian issue. All SAARC members agreed to make a fund to fight against covid-19.

---

<sup>12</sup> Dr. Aslam Khan is a Professor in the Department of Gandhian and Peace Studies, Mahatma Gandhi Central University, Bihar, India.

Sebastián Sterzer is the Head of the International Relations Area for the Observatory of International Trade (ARIOCI) at the National University of Luján.

**5. SS: How India is reacting to the US-China confrontation? Is India aligning with any of two sides?**

AK: The United States, Japan, and Australia are blaming China because of its responsibility on covid-19 pandemic. India did not join to the West in this regard. According to the India's view, the policy is not blaming China because of the humanitarian crises. But, maybe blaming it because of holding back information for several weeks. India's policy is neither go with the West nor with China. The East Asian country is providing all kind of support and equipment. While the West are asking China for compensation, India keeps its policy of neutrality.

## INTERVIEW WITH FARZAD RAMEZANI BONESH ABOUT AFGHANISTAN

Farzad Ramezani Bonesh/Gabriel Vera/Sebastián Sterzer<sup>13</sup>

### 1. How is the health situation in Afghanistan, especially the situation with covid-19 pandemic?

Corona has risen sharply in Afghanistan recently. The spread of the coronavirus has been confirmed in 33 provinces of Afghanistan, and a serious crisis is expected due to quarantine violations.

The coronavirus in Afghanistan has taken its toll on people. The source of income for millions of Afghan citizens depends on daily work. Lack of work has exposed them to starvation. More than 7 million Afghan children need immediate food.

This crisis could have more negative economic, social and security consequences in Afghanistan.

### 2. What about negotiations in order to have only one Government?

The conflict over the government in Afghanistan is not over, it is not yet clear whether Ashraf Ghani will accept Abdullah's plans. It is unknown at this time what he will do after leaving the post.

### 3. Is there any immediate consequence of sudden falling in oil prices in the international market for Afghanistan?

Afghanistan is an oil producer but not an exporter. It is a consumer and importer of gasoline and other refining materials. The decline in oil prices is in part due to Afghanistan's oil economy and declining import costs. However, if there is peace with the Taliban and the spread of the disease, there is a good chance that the economy will prosper.

### 4. Is the local economy severely affected? Even before covid-19 outbreak, because of internal problems.

There have been internal problems in Afghanistan over the past two decades. But economic growth and development have also continued.

---

<sup>13</sup> Farzad Ramezani Bonesh is a writer, senior researcher, and analyst on regional issues, especially in the Persian Gulf and South Asia. He has previously served as chief editor of research desk at several Iranian research centers. He has written hundreds of research articles, short analysis and journalism in Persian and English. He has had many interviews with Iranian and international media such as Aljazeera, RT Arabic, Al Arabi, and others.

Gabriel Vera collaborates for the Arab World & Middle East Affairs for the International Relations Area of the Observatory of International Trade (ARIOCI) at the National University of Lujan.

Sebastian Sterzer is the Head of the International Relations Area of the Observatory of International Trade (ARIOCI) at the National University of Lujan.



The domestic economy has been affected by the conflict with the Taliban over the past year and the lack of international aid.

### **5. What do you expect will happen with US - Government- Taliban relations?**

The US peace deal with the Taliban in Doha a few months ago seems more complicated. The two sides agreed that after the agreement is signed, 6,000 prisoners will be released, and Afghan-based talks will begin. But the Afghan government has gradually taken action. Therefore, the release of prisoners takes place in stages.

Corona's expansion has not allowed negotiations to begin. The Taliban has not complied with the demands for a ceasefire. The Taliban's biggest concern in the run-up to the power-sharing talks with the Afghan government is compelling reasons to send its fighters back to the front lines.

The negotiating delegations of Afghanistan and the Taliban have a lot in common and a lot of differences. The most important common denominator is the single territory in Afghanistan.

It seems that the agreement between the Taliban and the United States cannot solve the problem completely. This process will be successful if the Taliban accept that the main party is the Afghan government and people. The two sides will also take steps to build trust to start negotiations and a possible agreement.

### **6. What are the plans for the economic development of Afghanistan?**

Afghanistan's development program is highly dependent on resolving the country's internal security and political problems and continuing foreign economic assistance. If security and political contexts are provided internally. Peace with the Taliban will be achieved, the internal political disputes of the groups will be resolved, economic aid from world powers will increase, and the process of economic development of Afghanistan will be accelerated.



## FINLAND IN TIME OF THE CORONAVIRUS

Jaroslaw Suchoples<sup>14</sup>

The first months of 2020 will be remembered as the time of a new unexpected and painful global experience: the pandemic of the coronavirus. Throughout the world, on every continent, in every country people have been sick and dying, and in many countries they still are. Under such difficult and unusual circumstances, the definition of which areas are central and which are peripheral appears to be unimportant. One can contract the disease in big metropolitan cities, where there are plenty of occasions for contact with other people, but it is also possible to become infected living in remote and sparsely populated corners of the countryside. The danger has been universal and, in this sense, democratic. Each country and society regardless of its own political, economic, and cultural strengths and weaknesses must find its own solutions to overcome the current crisis.

The same can be said about questions connected with protection of the population against the coronavirus and economic problems resulting from a lockdown. No country, state or government can avoid these challenges. Even authorities of countries with the highest-level living standard and well-developed medical services cannot avoid the adoption of special steps to prevent the spread of a disease and to help employers and employees to survive difficult times.

One such country, placed in northern Europe between Russia, Norway, Sweden and the Baltic Sea, is Finland (its GDP per capita amounted to 48,880 USD in 2019). This 5.5 million strong nation has implemented several measures to stop a pandemic in its territory. On the one hand, these measures have been relatively radical, but on the other hand, carefully chosen to avoid unnecessarily paralyzing the economic and social life of the country.

The Finnish government declared the state of emergency on 16 March 2020, which made travelling into and out of Finland impossible. Eleven days later, on 27 March, the capital city of Helsinki as well as the surrounding region (Uusimaa), were sealed off. The army assisted the police in enforcing movement restrictions in or out of this area. It is noteworthy that Helsinki was the only capital in Europe, which was cut off by a cordon sanitaire. Nevertheless, the government did not intend to isolate the biggest and the most populous city of the country longer than it was necessary. After consultations with experts from the Ministry of Justice, Ministry of Social Affairs and Health and the Finnish Institute for Health and Welfare (THL), special restrictions concerning Helsinki were lifted four days earlier than had been initially planned, i.e. on 15 April.

According to emergency regulations, although the majority of international ferry and flight connections have been temporarily curbed, people living close to Sweden and Norway have been able travel, even on a daily basis, if they work on the other side of the border. They must observe quarantine restrictions, but they can go from their homes to their place of work and back. This has enabled them to maintain their jobs and source of income.

---

<sup>14</sup> Senior Research Fellow at the Department of Art, Music and Culture Studies of the University in Jyväskylä (Finland). He is involved in variety of projects on History and Memory of World War I and World War II.

Kindergartens, primary and secondary schools as well universities were shut down, although many teachers and academics were obliged to continue their work from home and remote instructions were introduced where it was possible and necessary. Online teaching and learning was also adopted in upper secondary and higher education institutions.

To reduce social interaction, restaurants, cafés, bistros and bars were closed (although they could prepare and sell food to customers who wished to take their products away and consume them at home). Gatherings of more than 10 people were prohibited. Public transportation and shops were not closed, but passengers and customers were obliged to keep at least two-meter distance from each other. Recommendations were made that senior citizens, as the most vulnerable, should stay in their homes and avoid unnecessary contact with other people.

Now, Finland is gradually lifting of restrictions. Already from 5 May, libraries have been able to lend books and other materials to citizens but the whole country had to wait until 14 May when, as Prime Minister Sanna Marin and her cabinet decided that outdoor hobby and exercise facilities would be allowed to re-open and children in early-childhood and basic education could return to the classroom (although any final decision regarding returning to school was to be made at the local level). At the same time, upper secondary and higher education institutions gained permission to resume in-person instruction, although they have been encouraged to continue remote instruction until the end of the spring term.

Travelling abroad for professional and important private purposes within borders of the Schengen area was also allowed on 14 May. A variety of other public indoor facilities – such as museums, theatres, cultural centers, hobby and sports facilities and sites, and the meeting facilities of organizations – will start re-opening on 1 June. Gatherings up to 50 participants were allowed, too, although events with more than 500 attendees will not be permitted only in August. Universities are still closed and they will reopen only in the new academic year in September. The government said the restrictions on cafés and restaurants will be relaxed on the condition that such measures are supported by impact and epidemiologic assessments. Therefore, the gradual re-opening of the sector is still under consideration. In addition, earlier recommendations for elderly citizens (over 70-year-old) to stay at home have remained in force

It is possible to say that restrictions adopted by Finnish authorities did not differ from those implemented in many other countries. However, there is synergy in a couple of factors, which made an anti-pandemic campaign especially effective in Finland. Obviously, it is important that the society maintained a high degree of discipline (for example, no demonstrations against protective measures introduced by the government were recorded). Frequent press conferences were held by the Prime Minister and key officials involved in the management of a crisis caused by the coronavirus. It seems that the transparent information policy of the government helped ordinary citizens to be aware the scale of the danger inflicted by the virus and understand why the authorities felt it necessary to apply such cumbersome and restrictive measures to prevent the spread of the disease. It became government policy that nobody should remain un- or under informed. Therefore, for example, for the first time in history of Finland the government co-organized a special press conference for schoolchildren, who could obtain first-hand information about an invisible and therefore even more dangerous enemy. During that event the Prime Minister, Minister

of Education Li Andersson and Minister of Science and Culture Hanna Kosonen answered questions about the coronavirus situation asked via videoconference by 7-12-year-old children.

This transparent information policy brings a double effect. On the one hand, it strengthens the popular confidence in the government and institutions of the Finnish state. On the other hand, the coronavirus crisis has not been demoralizing nor has it resulted in the disintegration of society. On the contrary, it appeared to be consolidating factor – another opportunity to educate the society about the significance of civic values, the common good and the co-operation of average citizens and national institutions in difficult times.

In this context, it should be remembered that the Finns have long experience of crisis management and converting potentially dangerous situations into an asset. It was the case when they lost the war against the Soviet Union in 1944 and had to re-establish relations with a powerful neighbor from the East (also in terms of the economic co-operation). At the beginning of the 1990s, when the Soviet Union collapsed, Finland lost the most important market for its products, which resulted in a massive unemployment (ca. 20%). However, the government in a close cooperation with employers and trade unions found appropriate remedies and began to convert the Finnish economy to an economy based on knowledge and innovation. A couple of years later Finland became a world leader in innovations, a position gained with a strong support from its system of education at all levels. Again, the financial crisis of 2007-2008 and its negative effects on Finland's economy (two waves of recession, an increase of unemployment, budgetary problems and the diminishment of the GDP) were overcome in a similar manner, with the leading idea that adopted solutions should create a firm foundation for the development and progress in the long term.

The Second World War and the uneasy post-war relationship with her neighbor the Soviet Union, now Russia, which was a kind of a constant crisis, provided the Finns with necessary experience concerning the efficient mobilization of their resources and manpower in the face of any serious danger. This essentially military training and planning appears to be helpful during the war against the coronavirus pandemic. It is even possible to say that the situation is incomparably easier now than during any military conflict. Although the virus is invisible and lethal to many people, there are no attacks against the key infrastructure, no bombing of cities and factories or enemy units operating within Finland's own territory and her "supply lines" remain intact. Of course, as everywhere, the personnel of hospitals and clinics complain that they have too few respirators, for example. Nevertheless, good organization, preemptively introduced protective measures combined with the social discipline and habits of the Finns (the natural desire for private space and private distance in their everyday lives), has helped limit the opportunity for the contagion to spread and this in turn helps diminish the potential number of infected people.

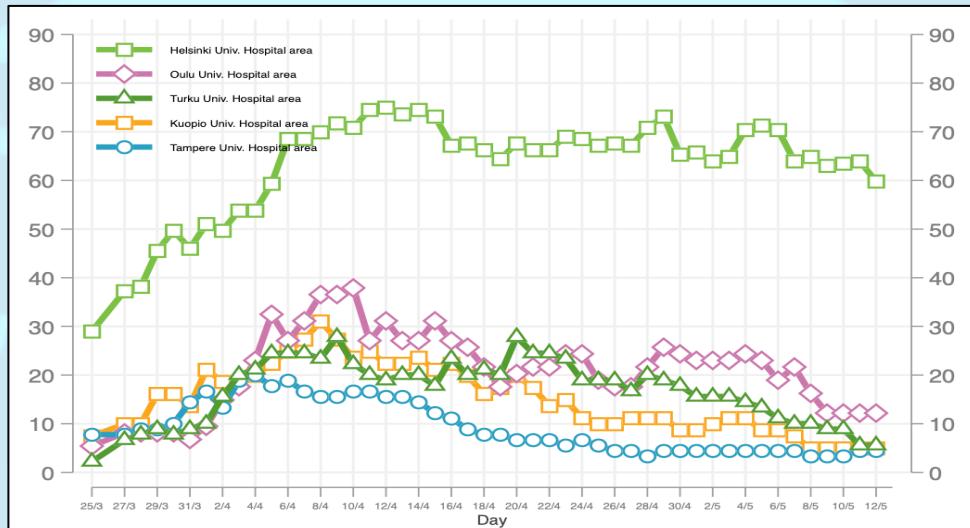


Fig. 1: Persons in hospital care by specialized medical care catchment area. Number of patients per day and per million inhabitants. Source: Finnish institute of health and welfare, health and welfare. Situation update on coronavirus. Updated on 13 May at 16:55.

Link: <https://thl.fi/en/web/infectious-diseases/what-s-new/coronavirus-covid-19-latest-updates/situation-update-on-coronavirus> [retrieved on 14 May 2020].

Positive remarks concerning the management of the coronavirus crisis do not mean that Finland is invulnerable regarding economic consequences of the pandemic. According to official data, there were 309,000 job seekers in Finland at the end of March. However, the number of unemployed jobseekers increased by 60,900 from the previous month – a huge increase for a relatively small nation. Therefore, planning the life of the country for next months and years (providing assistance to unemployed and entrepreneurs whose businesses were negatively affected or destroyed by regulations adopted during the lockdown) is as crucial as activities implemented to stop the spread of the virus. The government had already begun to plan at the end of March beginning of April to make changes in the Unemployment Security Act in order to manage the increased need of citizens for financial assistance (unemployment benefits and other form of support) from the state. There are also proposals concerning a special temporary layoff allowance, data for which could be sought directly from the Income Register.

However, other measures have also been introduced by the Finnish Government, which should relieve the increasingly serious situation in the labour market. For example, the Ministry of Transport and Communications decided to amend and extend immediately its first 12-year national transport system plan. According to the Minister of Transport, Timo Harakka Finland “will allocate additional EUR 20 million for paving highways, walking and cycling paths. During the coronavirus crisis, it is important to move forward in terms of the transport infrastructure projects in order to create work and livelihood opportunities in different parts of Finland”.

Currently, Finland enters the phase of gradual recovery from the coronavirus pandemic. Nevertheless, this is a critical moment. On the one hand, authorities are doing everything they can to lead the war against the virus to the victorious end. On the other hand, the government must be, at the same time, ready for the new wave of the spread of disease (which may occur in the autumn), and do everything it can to prevent the aggravation of the crisis in public health by the diminishing the possibility of economic collapse. To this end it

is most important that the government possesses and continues to develop economic and financial plans in order to help people and business. It is this, combined with blessed effects of the social discipline and practical experience connected with battling economic crisis immediately after the Second World War, after the collapse of the Soviet Union and, recently, after the global financial crisis of 2007-2008 that will see Finland through.

If Finland manages the problems resulting from the coronavirus pandemic as successfully as in the cases of these earlier, aforementioned crises (there seem to be no reason why it should not), it can be expected that this country will come out of the current, uneasy situation with a strengthened and more united society and institutions. Plans for the future, prepared in times of the coronavirus, will help the Finns to sketch new far reaching perspectives for themselves now, and for the next generation.

### Acknowledgments

The author is obliged to Dr Helena P. Evens from Haltwisthle in Northumberland (England) for linguistic editorial assistance, which made this paper readable.

### References

- DANILOV, P. B., “*Updated Corona in the Arctic: Finland Lifts Restrictions with Immediate Effect,*” High North News (published on 15 April 2020), <https://www.hightnorthnews.com/en/updated-corona-arctic-finland-lifts-restrictions-immediate-effect> [retrieved on 15 May 2020].
- FINNISH GOVERNMENT, “*Coronavirus info session for children on Friday 24 April,*” (the press release 280/2020), [https://valtioneuvosto.fi/en/article/-/asset\\_publisher/10616/valtioneuvoston-koronainfo-lapsille-perjantaina-24-4-](https://valtioneuvosto.fi/en/article/-/asset_publisher/10616/valtioneuvoston-koronainfo-lapsille-perjantaina-24-4-) [retrieved on 13 May 2020].
- FINNISH GOVERNMENT, “*Government, in cooperation with the President of the Republic, declares a state of emergency in Finland over coronavirus outbreak,*” (the press release 140/2020), [https://valtioneuvosto.fi/en/article/-/asset\\_publisher/10616/hallitus-totesi-suomen-olevan-poikkeusoloissa-koronavirustilanteen-vuoksi](https://valtioneuvosto.fi/en/article/-/asset_publisher/10616/hallitus-totesi-suomen-olevan-poikkeusoloissa-koronavirustilanteen-vuoksi) [retrieved on 15 May 2020].
- KAITILA, A., *The effects of the financial crisis of 2007-2008 on the economy of Finland* (Helsinki: Haaga-Helia University of Applied Science, 2015), 8-16.
- MINISTRY OF TRANSPORT AND COMMUNICATIONS, “*New road paving projects started across Finland,*” (the press release 11.05.2020, 14.30), <https://www.lvm.fi/en/-/new-road-paving-projects-started-across-finland-1038809> [retrieved on 15 May 2020].
- NEWS NOW FINLAND, “*Coronavirus round-up: Tuesday 5th May 2020,*” (published on 5 May 2020), <https://newsnowfinland.fi/domestic/coronavirus-round-up-tuesday-5th-may-2020> [retrieved on 15 May 2020].
- NEWS NOW FINLAND, “*New ‘hybrid timetable’ to phase out coronavirus restrictions,*” (published on May 4 2020), <https://newsnowfinland.fi/domestic/new-hybrid-timetable-to-phase-out-coronavirus-restrictions> [retrieved on 15 May 2020].
- TE-PALVELUT SERVICES, “*Sharp increase in the number of unemployed jobseekers in March,*” (published on 23 March 2020), <http://www.te-palvelut.fi/te/en/index.html> [retrieved on 15 May 2020].

YLE NEWS, “*Helsinki preparing for second wave of Covid-19. Health officials are bracing for a second wave of coronavirus infections in the late summer or early autumn,*” Yle News from 15 May 2020, [https://yle.fi/uutiset/osasto/news/helsinki\\_preparing\\_for\\_second\\_wave\\_of\\_covid-19/11353797?fbclid=IwAR2zZEZGBonukjQd35ET0V4VQnLF7nv76ml63CCX8Ycl88fa7VKOSMAoxWU](https://yle.fi/uutiset/osasto/news/helsinki_preparing_for_second_wave_of_covid-19/11353797?fbclid=IwAR2zZEZGBonukjQd35ET0V4VQnLF7nv76ml63CCX8Ycl88fa7VKOSMAoxWU) [retrieved on 15 May 2020].

YLE NEWS, “*Largest unemployment fund warns of claims flood. The expected backlog of cases could lead to benefit payments being delayed until the end of the year,*” Yle News from 1 April 2020, [https://yle.fi/uutiset/osasto/news/largest\\_unemployment\\_fund.warns\\_of\\_claims\\_flood/11286155](https://yle.fi/uutiset/osasto/news/largest_unemployment_fund.warns_of_claims_flood/11286155) [retrieved on 14 May 2020].

YLE NEWS, “*Thursday's papers: Uusimaa to be cordoned off, pension worries and airport health checks. Finland is preparing to seal off Uusimaa by Friday to contain the novel coronavirus outbreak,*” Yle News from 26 March 2020, [https://yle.fi/uutiset/osasto/news/thursdays\\_papers\\_uusimaa\\_to\\_be\\_cordoned\\_off\\_pension\\_worries\\_and\\_airport\\_health\\_checks/11276506](https://yle.fi/uutiset/osasto/news/thursdays_papers_uusimaa_to_be_cordoned_off_pension_worries_and_airport_health_checks/11276506) [retrieved on 15 May 2020]. “*Instructions for border traffic issued by the Border Guard in accordance with the Government decision of 7 May 2020,*” Raja 100, [https://www.raja.fi/current\\_issues/guidelines\\_for\\_border\\_traffic](https://www.raja.fi/current_issues/guidelines_for_border_traffic) [retrieved on 15 May 2020].



## EUROPEAN ECONOMY DURING THE GLOBAL CRISIS

Tomasz Orłowicz<sup>15</sup>

With the onset of the global crisis, Europe, as other continents, was heavily attacked by the COVID-19 pandemic. The European Union, which is a union of states based primarily on close economic cooperation, has proved to be not strong enough to produce a unified response to the challenge of a pandemic. Each country of the European Union made decisions individually, within its own strategies, visions and experiences. The EU does not define health policies but supports cooperation between member countries in the field of public health. The lack of a common policy affected the functioning of the entire region. The EU was not able to integrate centrally in the decisions, and thus at the same time in the internal policy of each member individually. The result is that in many countries, the response to the spreading epidemic has often been delayed considerably. This has had a large impact on the infection and death statistics. Although most restrictions now seem similar, at the beginning the strategy for fighting in each country was different. At the same time, not all countries applied the right assistance programs for companies in time, despite the high funds allocated for this purpose, which has already resulted in large perturbations, especially on the labour market. Member states also started mutual cooperation with a long delay. Although the EU and its economies are closely interrelated and interdependent today, each country has followed a different economic crisis path by using a different policy to fight the epidemic. Despite the differences in economies, the common denominator is the loss of income of entire industries, and thus an increase in unemployment. At the same time, agriculture in many countries faced the problem of closing borders for seasonal workers in agriculture. Fruit and vegetables have been collected mostly by seasonal workers from the Ukraine. Although this seems to be a local issue, it is a problem for many European countries. At the same time, agriculture will have to face climate change. The biggest threat is drought, which may have a catastrophic impact on the level of harvest this year. Therefore, it is difficult to properly cooperate in solving the problems of the two biggest challenges currently faced: COVID-19 and climate change. Therefore, next to COVID-19, climate change will be the second biggest factor in the current crisis and the changes that Europe will have to confront in the coming years. The effects of global warming will have a significant impact on global supply chains and food production.

In economies still partially frozen, and with the likelihood of infection returning in autumn 2020, Europe is facing not only an economic crisis but a change in the principles and foundations of economic and social life. The improvement of the EU economy will have a different shape, especially due to the huge losses of industries such as the commercial aviation industry, air&travel, oil&gas, and the automotive industry. This will be not only the result of the current lockdown but also people's reluctance to spend money in uncertain times and to engage in travel both privately and for business.

Everything we have known so far will change. In particular, the consumption model. Redefining the current narrative of continuous economic growth will no longer be a postulate

---

<sup>15</sup> Tomasz Orłowicz – former Head of the Polish Trade Mission in Helsinki (2018-2020). He studied International Trade at the University of Applied Sciences in Kouvola, Finland. For more than 20 years, he has promoted and supported Polish-Finnish economic relations. He is one of the founders of the Polish-Finnish Chamber of Commerce.



of a handful, but the foundation for further relations on the continent. Neoliberalism, which began to strengthen strongly in Europe since the 1970s, was also a leading direction for politics and the economy in Central European countries, which after years of participation in the Council for Mutual Economic Assistance (economic organization from 1949 to 1991 under the leadership of the Soviet Union), joined the EU. The invisible hand of the market with a weak state will no longer be a solution. Social systems are being put to the test as to which of them is the most effective at responding to the crisis and the challenges of a complex world. The tensions between the strengthening of power and the pandemic slowdown and climate change are related to finding a balance between quick decisions, engagement and the strengthening of democracy. At the same time, however, we know that in the Nordic countries the State, despite perfectly functioning free market and even model democracy, plays a key role, which also concerns economic life. The result is a high level of security that the state provides to its citizens, both in times of prosperity and in times of crisis. High taxes (that are so heavily criticized), give the opportunity to offer the help which other countries can only dream of. Today, the issue of trust is also an important element in the relations of member states with the Union.

The COVID-19 pandemic clearly demonstrates how care, help and systemic solutions allow the state to cope with a crisis that affects numerous areas of life and that according to state's finances, the health of its citizens being it is most important. Systems of many European countries today reveal many solutions, often typical for the nineteenth century, as well as those underlying neoliberalism. In Europe, we could find a kind of mosaic of these solutions, which suddenly in the face of a pandemic, are not compatible with each other, regardless of the views of the groups that govern. At the same time, purely populist groups and parties, as the name suggests, often only move in the area of juggling with different solutions only to please potential voters, depending on the prevailing situation, and have a short-term perspective. This also applies to anti-EU propaganda, whose claims that the Union's policy is not only irrelevant but harmful. We will soon learn how wrong this belief is based on the example of Great Britain, where disconnecting Scotland, which wants to stay in the EU, is only a matter of time. The crisis has shown the importance of the long-term perspective and the willingness of states to meet the challenges of today and tomorrow. Thus, the European Union not only creates a mosaic of cultures, it also creates a mosaic of various political directions, not always compatible with the challenges and policies of the Union itself.

The problem of temporarily closed borders on the continent is not as significant as changing the functioning of the B2C and B2B relationships in almost every industry. At the same time, there is a radical acceleration in the transition of living standards, work and online entertainment, irrevocably changes the issues of relationships between people, which are also the basis of economic relations. The digital revolution has been slow so far, encountering resistance related to habits, culture and law. Although the logical solution in many industries was the transition to the standard of remote work, there were no incentives, especially in conservative Europe, to agree to this change in such a short time frame. Currently, under pressure, companies quickly introduced remote work solutions. This situation opened up a place for many discussions that: on the one hand, many employees would not want to return to the offices, and on the other hand, it shows entrepreneurs how much savings it means, both for employees and employers. We need to remember that it will affect the office property market in Europe. For example, in Poland before COVID-19 there



was a boom for the construction of new office buildings, which have already begun to struggle with difficulties. This trend will, however, cover all of Europe.

Of course, defrosting the economy is a challenge but also an integral decision of each country. It is the choice of decision-makers between saving lives and protecting the functioning of the market. Decisions are difficult. As WHO emergencies expert Mike Ryan commented: "It is important to put this on the table: this virus may become just another endemic virus in our communities, and this virus may never go away". The longer the doors are closed and the employees stay at home the more they are afraid to spend money, and the greater the risk of serious economic difficulties. Hope is needed. However, if the decisions to defrost the economy depend on the states as well as policymakers of enterprises, then hope for a new future is needed, and such can be accepted when it is based on the proposals and decisions of EU members within the EU parliament. When business models are based, on the one hand, on the active participation of the consumer, and on the other, on global supplies, the amount of their revenues must change. This will force a change in the business model of entire industries. The level of profits will change, and at the same time care for human resources in Europe will return, which can have a beneficial effect on employees' income as well as their hope for a better future.

Staying at home more creates a positive impact on the climate, because reducing travel in car, buses, airplanes and ferries, will reduce the carbon footprint dramatically. So this is a series of situations where the crisis with COVID-19 has a partially positive impact on the crisis with climate change.

As enterprises realize how dangerous and risky it is to become addicted to the production of many goods in Asia, or simply outside Europe. Companies will look to bring production home. Policymakers already are increasingly pressured to consider whether certain products need to be manufactured in the country or the region. On the one hand, it concerns medical products including medicines, on the other hand, the supply of industrial components or clothes. International trade will change its shape as well as logistic routes. COVID-19 is a catalyst for these changes.

Nowadays European societies are extremely sensitive to non-market issues, such as education and culture, which are one of the foundations of social activity. COVID-19 accelerated the Less than more trend, which is both associated with a shortage of goods and services during a pandemic, as well as forced restrictions on climate change, such as drought. That trend will dramatically decrease the consumption model as we know it. Man's way of thinking about his immediate surroundings, especially in Europe, is directly transferred to economic decisions, including purchasing. Act locally, think locally, instead of globally, will be another new trend now. People will work from home and spend more

**Exhibit 3 | Potential Implications of Spending More Time at Home**

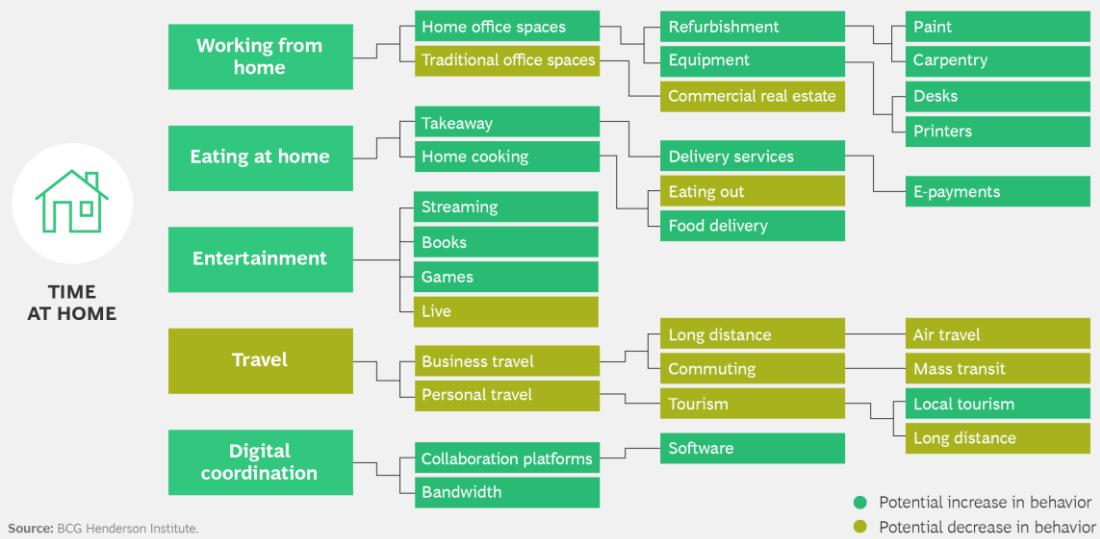


Fig. 1: Potential implications of spending more time at home.

Source: <https://www.bcg.com/publications/2020/8-ways-companies-can-shape-reality-post-covid-19.aspx> [retrieved on April 3, 2020].

... time at home. It also creates a positive impact for the climate, because reducing travel both in car, buses, airplanes and ferries, will reduce the carbon footprint dramatically. Therefore, this is a series of situations where the crisis with COVID-19 has a partially positive impact on the crisis of climate change. Climate change will at the same time create a new trend *We care* that the 2020 and 2021 economy will be also hit by drought, fires, floods and storms.

Economic growth will still be significant, but it will be calculated differently and it will no longer be a single criterion for assessing the state and economies. It is also difficult to make the predictions because the data we have used for the last years or decades is inadequate for pandemics and progressive climate change. So the climate change and pandemic will now be inseparable and at the same time unpredictable factors affecting economic growth. It will also be closely related to the enforced need to change the use of resources that have a destructive impact on the climate, such as fossil fuels, or resources that are in short supply, such as water. The current change in the approach to economic growth will also be affected by the accumulation of human resources. The desire to return to the local production of many goods is a challenge due to the current shortage of relevant employees in a given market. Paradoxically, this situation may further unify the European Union, as given market sectors will have to operate within the resources available within EU countries. Paradoxically, this situation may lead to the strengthening of the EU as a region and it seeks to maximize the use of resources, especially human capital. Although in recent years views have become fashionable about the breakup of the EU, the main chance for strengthening it will be even closer economic cooperation, using common resources, which was the basis of its foundation in the 1950s.

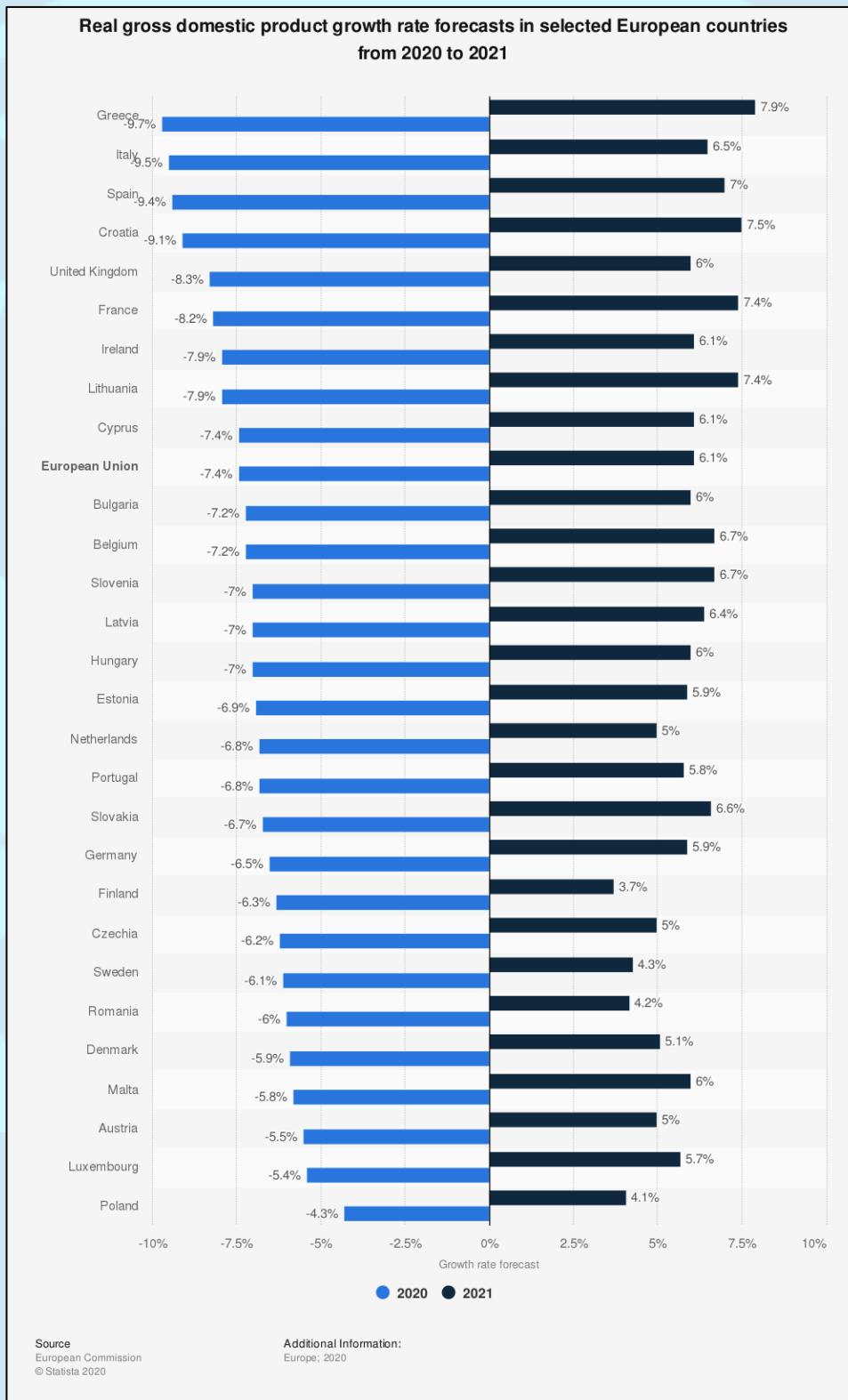


Fig. 2: GDP growth rate forecasts in Europe 2020-2021.

Source: <https://www.statista.com/statistics/1102546/coronavirus-european-gdp-growth/> Published by Daniel Clark [retrieved on May 6, 2020].

The economy of the European Union is expected to shrink by 7.4 percent following the outbreak of Coronavirus (COVID-19) in early 2020, with an economic recovery anticipated in 2021. Greece and Italy are set to be the worst affected economies, seeing GDP

decline by 9.7 and 9.5 respectively, while Poland according to forecast to shrink the least, by an anticipated 4.3 percent in 2020. In addition, Poland and Czechia, according to CEO Magazine, are predicted to be the best places to invest in the post COVID reality.

There is a hope that European Union will recover much faster. Although to front of COVID-19, crisis and climate change it will be much difficult than any time since II World War. Once again, however, for the European Union it will be a challenge to connect economic issues with the mission of shared European values, in times completely new to man.

### Acknowledgments

The author wish to express his gratitude to Dr Helena P. Evans for her linguistic amendments, which helped to improve this paper.

### References

- EMERGING EUROPE, “*Exit virus, followed by drought*”. <https://emerging-europe.com/news/exit-virus-followed-by-drought/> [retrieved on May 14, 2020].
- EUROPEAN DROUGHT OBSERVATORY, <https://edo.jrc.ec.europa.eu/edov2/php/index.php?id=1000> [retrieved on May 14, 2020].
- EUROPEAN UNION LAW, [https://eur-lex.europa.eu/summary/chapter/public\\_health.html?root\\_default=SUM\\_1\\_CODED%3D29&locale=en](https://eur-lex.europa.eu/summary/chapter/public_health.html?root_default=SUM_1_CODED%3D29&locale=en) [retrieved on May 12, 2020].
- PIDGEON, E., *10 best countries to invest in post-COVID*, CEO Magazine. <https://amp-theceomagazine-com.cdn.ampproject.org/c/s/amp.theceomagazine.com/business/finance/countries-invest> [retrieved on May 15, 2020].
- WARSAW BUSINESS JOURNAL, “*Covid-19 forces changes in concluded transactions for office space*”. <https://wbj.pl/covid-19-forces-changes-in-concluded-transactions-for-office-space/post/127004> [retrieved on May 16, 2020].