

## A fractured world of shifting allegiances

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We need new thinking on emerging markets: economic power has shifted so far east that we should not be referring to China as an emerging market, but a geo-economic powerhouse. The US is only solvent so long as Beijing says it is; Europe is no better. Capital will increasingly emanate from emerging market shores, and it is China that will provide the cement behind the BRICS facade.

Such shifts are already playing out at the G2 level. Emerging markets are wielding more regional political clout, thanks to US decline and a rising China. Smarter states are starting to position themselves between the two to optimise political gains. Africa, Central Asia, the Middle East and Latin America are playing the "Chimerica" game. They know US power is on the wane; they also know that the demand for their exports will increasingly emanate from Asian shores.



Meanwhile, the likes of Turkey and Iran are forging political roles independent from Western interests. India and Brazil also have their own foreign policy

preferences. They sided with China on global climate talks, but continue to hedge their bets on currency questions.

Even on critical security issues such as Iranian nuclear proliferation, the US has been unable to fully count on support from the Organisation for Economic Co-operation and Development. Russia is claiming regional leadership once more, while Indonesia, South Africa and Nigeria have been carving out distinctive regional niches. It might not sound like much yet, but it's a clear indication of what we can expect in a fractured geopolitical configuration: entropy.

The fact that emerging markets do not see eye to eye on a range of geopolitical issues is not just significant for leadership gaps, but actually points to the blunt fact that this is now global governance in action: namely, emerging powers following their own agenda and their own interests.

As the ongoing Libyan debacle firmly attests, neither the United States, nor Washington flanked by Western allies, will be able to underwrite regional balances indefinitely. Geo-economic muscle in the East and chronic geopolitical fatigue in the West will become the defining trend of the future.

Obviously, differentiation is still needed, not only between China and the rest of the BRICS bloc, but also among other emerging players riding the Chinese dragon.

It is also by no means guaranteed that emerging markets will overcome major capacity constraints. Turmoil in the Middle East and North Africa has been a very loud wake-up call for anyone assuming that emerging markets are politically home and dry; it also shows the idea that the West, most notably the US, can keep pulling all the geo-economic and geopolitical strings is a non-starter.

The world has changed, and it has changed for good. Beijing will need to geopolitically position itself accordingly, not just to enhance its global clout, but to make sure the world finds new ways of running smoothly. That will inevitably require an Eastern engine.

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