

ISSUE 1

December 2024



# Strategic Thinking



## The U.S. 2024 Election And Thereafter

- **Other Important Stories**

China and the EU on Electric Vehicles

Why the BRICS Group Matters?

## Words from the Editor...

The reelection of the former U.S. President Donald Trump can be one of the biggest events on the global stage in 2024. This matter has drawn numerous controversies. Some viewed that reelecting Trump as the U.S. President would likely bring more uncertainties to the world, especially, in the economic and trade area; while for those having been tired of seeing or experiencing the endless conflicts from across various regions of the world and the repercussions generated in the meantime in a wide range of areas alongside the conflicts, they might have seen Trump's reelection as a slight hope and expected that the upcoming Trump government somehow may be able to bring certain changes to the world, which would be different from what have been happening over the past few years. The cover story of ISSUE 1 of the *Strategic Thinking* magazine has intended to explore how possibly the second Trump government would attempt to manage a series of very controversial issues on the global stage, should the Trump administration assume office.

The publication of ISSUE 1 of *Strategic Thinking* marks the formal creation of this magazine. This happens at such a special time when we are ready to say goodbye to 2024 and to embrace the good days in 2025.

I wish the supporters of the Strategic Thinking Institute and the readers of the *Strategic Thinking* magazine a very happy, healthy, successful, and prosperous 2025 !!

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# 1. POLITICS AND DIPLOMACY

## The U.S. 2024 Election And Thereafter

### Key issues explored with this cover story:

- Russia-Ukraine War
- The War in the Middle East
- North Korea
- China-U.S. Trade Relations



Republic presidential nominee Donald Trump speaks after winning the election at the Palm Beach Convention Centre in West Palm Beach on 6 November 2024. (Evan Vucci/AP Photo)

The U.S. 2024 election was concluded in early November with the former president Donald Trump having won his second term; and this time he made a bigger win than he did in the 2016 election - the U.S. President-elect secured more electoral and popular votes, and all the swing states came to his favour in the 2024 election. Alongside the presidential election, the Republican party also won the Senate and the House of Representatives. Apparently, the U.S. 2024 election results have put the Republican party in a stronger position to govern.

Since the election day, there have been a lot of discussions going on concerning the issues like

what led to Trump's win and what will likely happen with Trump's presidency in the next steps from a policy perspective.

In relation to the presidential election result, generally, it is assumed that apart from the personal characters of the two U.S. presidential candidates Donald Trump and Kamala Harris, and the technical factors, which might play a role in affecting the election outcome, very crucially, the repercussions led by a series of key policies adopted by the current U.S. government were believed to have created a favourable chance for the Republican presidential candidate to win.



The U.S. Republican presidential nominee Donald Trump speaks in a campaign rally.  
(Anna Moneymaker/Getty Images/people.com)

Technically, the Democratic candidate Kamala Harris and the Democratic party appeared to have run a relatively good campaign by collecting enough resources to support the democratic campaign process. For instance, the Democratic party had managed to get many influential figures on the international stage from the political, economic, and entertainment sectors to support the democratic campaign - two former U.S. presidents, Bill Clinton and Barack Obama, and the current president Joe Biden had joined the democratic campaign process; Besides that, a dozen of Nobel Economic Prize winners, a number of media outlets, big companies, and the celebrities from the entertainment sector, as well as the key allies of the United States had shown their support to the democratic campaign process in various ways. As a result of the efforts made by all relevant sides, within a short period of time, Harris had secured a much higher approval rating than the current U.S. President.



CEO of the social media platform X Elon Musk joins the Republican presidential nominee former President Donald Trump in a campaign rally in Butler, Pa. (Evan Vucci/AP Photo)

In contrast to the campaign process of the Democratic party, the number of internationally influential figures from various circles participating in the Republican campaign trail was much less. For most of the occasions, the Republican campaign team had just depended on the influence and performance of the Republican nominee to mobilize the campaign process; and only at a later stage, the CEO of SpaceX, of Tesla, and of the social media platform X, Elon Musk, had joined the Republican nominee to campaign together on the stage.

From the above, we may assume that the Democratic party seemed to have conducted a good campaign from a technical sense. Nonetheless, as far as the candidate selected by the Democratic party - regardless of who he/she is - refuses to or is not able to re-shape the policies adopted by the current government over the past years, she/he cannot fundamentally affect the 2024 presidential election result.

The situation facing the U.S. and the world today is different from that four years ago. It is much worse apparently. The U.S. domestically is challenged by inflation and illegal immigration; and internationally, the country is involved in two wars - the war between Israel and a few militant groups in the Middle East, and the Russia-Ukraine war in Europe. So far, the two wars have caused huge damages to the U.S. and the countries in the Middle East and Europe in different ways. Countries in Europe are generally struggling with the similar situation - inflation, economic recession, the problem of immigration, and the dynamics of political environment across the European continent etc. - as faced by the U.S. now. The current condition in the Middle East should be the worst in decades - innocent civilians in Gaza die every day and a huge portion of civilians in Gaza and Lebanon have been forced to move to different locations.

Obviously, the problems in Europe and the Middle East today have a direct relevance to the policies and measures adopted and implemented by the United States.

Under these circumstances, there is no reason for the American people not to elect someone who is more inclined to develop a different approach from the current one in managing the problems facing the United States and other countries.

Like many countries in Europe, the general trend of the U.S. domestic political environment since 2016 has been undergoing dramatic changes. When Trump was firstly elected as the president of the United States in 2016, given that the number of popular votes gained by Trump was less than that by the then Democratic candidate Hillary Clinton, many might have thought that Trump was lucky to win his first term.

The matter of whether he was lucky or not cannot change the fact that winning the election by Trump in 2016 already sent out a signal that the kind of political style and policy approach developed and adopted by the United States since the end of the Cold War (more precisely since WWII) has started to face an increasing challenge from both a domestic and foreign policy perspective.

The traditional policy approach of the United States on the foreign policy front is generally driven by the pursuit of liberal hegemony by the way.

Then in the 2020 election, Trump lost to Biden. Nevertheless, the 2020 election result obviously hasn't fundamentally affected the approval rating of Trump in the American society, which finally led to the re-election of him as the U.S. President in the 2024 election.

So, against the backdrop of the big changes happened within the U.S. and from across many countries of the globe, how likely would the upcoming Trump government tend to handle the problems facing the United States and other countries? And what will likely be the policy priorities of the Trump government in the early stage after assuming office, particularly, in relation to managing foreign issues?

The article would aim to understand how possibly the upcoming Trump government will tend to manage a range of issues related to the Russia-Ukraine war, the war in the Middle East, North Korea, and the China-U.S. trade relations.

In contrast to four or eight years ago, the upcoming Trump government would face a tougher situation both domestically and internationally. On the foreign policy front, the challenging situation facing the U.S. at the moment mostly has a relevance to the two wars that the U.S. is involved in the Middle East and Europe. So, trying to end the two wars will be one of the priorities for the Trump administration.



## ● Dynamics of the Russia-Ukraine War

With regard to the Russia-Ukraine war, it is approaching to three years since the conflict began in early 2022. After abandoning the only hope by the Ukrainian side for reaching an agreement between Russia and Ukraine, which was mediated by the Turkish President in early 2022, so far there has been no sign to show that Russia and Ukraine could easily reach a ceasefire.

As already mentioned, all sides getting involved in the war have suffered some losses, though in different ways. The war made NATO resurrected and the transatlantic relations even closer. Nevertheless, all relevant sides didn't seem to have benefited from the resurrection of NATO and the closer relationship between the U.S. and its European allies. During Trump's first term, the European countries were pushed to meet the target of 2% of their GDPs for NATO defence. Nevertheless, most of the European allies were reluctant to do so. Now, because of the Ukraine war, without the current U.S. government urging them to do so, nearly all of the NATO's European member countries by this year have already raised their national defence spending beyond the 2% target. Nevertheless, a stronger NATO and a tighter transatlantic tie didn't lead to a fact that NATO's European members look more secure now in economic, social, and security terms.

Anyway, during the campaign trail, the now U.S. President-elect had claimed to end the Ukraine war very quickly. It is not quite certain how possibly his administration would be able to achieve that. According to the media reports, some ideas concerning this matter have come up, suggesting that the Trump government may seek to freeze the conflict and set up a demilitarized zone along with the current front line between the military forces of Russia and Ukraine; in exchange, Ukraine's security would be ensured; and no NATO membership would be offered to Ukraine.

The recently picked Special Envoy on the Ukraine issue by the U.S. President-elect, Keith Kellogg, predicted that the Ukraine crisis would be solved "within the next few months"; and "he wouldn't be surprised" by any possible actions taken by the upcoming U.S. president in order to achieve that.

Whatever the relevant arrangements at a later stage will be like, given the current deteriorating condition encountering the Ukrainian forces on all the front lines, reaching a ceasefire in the first place would serve the interest of Ukraine. Since early 2023, the evolving situation on the front lines has already started to get the Ukrainian forces in a disadvantageous position; and following the failed counteroffensive enduring from last Summer to last Autumn, the situation faced by both the Ukrainian military and the Ukrainian government has been getting tougher. The country since then has been challenged from occasion to occasion by getting aid from its Western supporters to sustain the conflict on the front lines and also to keep the government operations.



Ukrainian soldiers in a rear position in the direction of Pokrovsk, Donetsk Region, Russia, July 2024. (Diego Herrera Carcedo/Anadolu/Getty Images/RT)

In the hope of improving the situation, in early August this year, the Ukrainian forces made a surprise incursion into Russia's Kursk region, with the purpose of diverting part of the Russian forces away from the battlefields in eastern Ukraine to help alleviate some pressure facing the Ukrainian forces there on the one hand, and of convincing Ukraine's supporters to continue aiding Ukraine's war with Russia on the other hand. Since the Kursk attack occurred, till mid-November, the Ukrainian military had already lost more than 32000 servicemen in the Kursk region. The Russian military is now in the process of carrying out a counteroffensive operation in the Kursk region. By the last week of November, the Russian forces had taken back over 40% of the lands occupied by Ukraine already in the Kursk region. The Ukrainian military has been struggling to hold its ground there obviously in order to make the Kursk fighting a bargaining stake for Ukraine. Meanwhile, on the front lines in Donbass, the Russian army hasn't been distracted by the Kursk incursion, and has been steadily moving forward.

Then, to slow down the movement of Russian forces on the front lines in the Donbass region, on 19 and 21 November, Ukraine was permitted by the Biden government to use the U.S.-made ATACMS and HIMARS and also British Storm Shadow long-range missiles to attack deep inside Russia's Bryansk and Kursk regions. In response, on 21 November, the Russian military retaliated by, for the first time, launching a new medium-range hypersonic missile named Oreshnik into the Ukrainian city of Dnepropetrovsk to hit a large defence industrial complex. According to the Russian side, the Oreshnik missile cannot be intercepted by any missile defence systems at the current stage, due to its high velocity.



The Ukrainian service men in areas southeast of Pokrovsk, the Donetsk People's Republic.  
(Getty Images/RT)

The latest development of the situation in Donbass was that, because of failing to stop Russian forces from advancing toward the key city of Pokrovsk, the commander of Ukraine's Donetsk group of forces had been dismissed.

Generally, the development trend of the Russia-Ukraine war on the front lines so far hasn't been in favour of the Ukrainian side, as a result of the Ukrainian forces not being able to change their positions from both a strategic and tactical sense.

Also alongside the war, a dangerous phenomenon is that the relevant sides have appeared to be getting more emotional toward the war - it is more like in a gambling scene, where, the more one loses, the more one would be eager to pull all the resources in, in order to get one's losses back. In this regard, the cool-headed people need to ask a question that fighting this war now is for the real interest of Ukraine and of the Ukrainian people, or for the ego of relevant leaders?

For achieving a ceasefire deal, obviously, the officials of the upcoming Trump government will need to be prepared to deal with the difficulties possibly raised due to emotional concerns of relevant leaders.

Besides that, for fundamentally overcoming the stalemate facing the warring parties, as some observers suggested, while managing to bring Russia and Ukraine to the negotiation table, the second Trump government needs to be aware that holding a fair and transparent election in Ukraine in the future, which can be under the sponsorship of the UN or of the major powers, should be an alternative means to solve the Ukraine issue, as it can help prove and decide whether the actions and decisions taken by the Ukrainian government is legitimate or not.

## ● War in the Middle East

For the current war in the Middle East region, according to the Times of Israel, in a meeting between the now U.S. President-elect Trump and Israeli Prime Minister Benjamin Netanyahu, Trump asked the Israeli side to end the Israel-Hamas war before his inauguration in January 2025, if he gets elected.

During Trump's first term, the U.S. government mediated the Abraham Accords, which led to the normalization of Israel's relationship with four Arab countries including United Arab Emirates, Bahrain, Sudan, and Morocco. Besides that, for settling the Palestinian-Israeli issue, the former Trump government and the Israeli government officials jointly worked out a Middle-East peace plan. Nevertheless, many observers from a variety of circles viewed that the proposal was too strict for the Palestinians. So, it was finally rejected by the Palestinian side.

A series of policies adopted by the former Trump government toward handling the Palestinian-Israeli issue were strongly opposed by a number of countries including the U.S. key European allies. It is assumed that, for various reasons, regardless of which party in the United States rules the country, the relationship between Israel and the U.S. will not likely undergo fundamental changes in the foreseeable future. Nevertheless, given that ending the war between Israel and other warring parties in the Middle East region is a top priority for the upcoming Trump government, there might be a possibility for the second Trump administration to explore a different approach from the current U.S. government in managing the Middle East situation.

For the current war in the Middle East, it started with a surprise attack on Israel by the Palestinian militant group Hamas on 7 October 2023, killing around 1200 Israelis and taking more than 200 hostages. Then, in response, Israel launched a full-scale invasion into the Gaza strip. Till 22 November, as reported by the Associated Press, 44,056 Palestinians - mostly women and children - living in the Gaza strip had been killed, and 104,268 had been injured. Following the Hamas attack on Israel, the war was extended to Lebanon, where, by 26 November, Israel defence forces' strikes against the Lebanese militant group Hezbollah had led to the death of 3,768 Lebanese.

In the Gaza strip and Lebanon, millions of civilians have been displaced. Alongside the fighting between Israel and Hamas and between Israel and Hezbollah, another militant group the Houthis based in Yemen in addition to Iran have been involved in the war with Israel as well, in different ways. Apart from the fatalities, injuries and displacements suffered by a huge portion of civilians, Hamas leader Ismail Haniyeh and his successor Yahya Sinwar as well as the leader of Hezbollah Hassan Nasrallah have also been killed by the Israeli forces.



Rafah as it looks after more than a year of Israeli bombardment. (motaz\_azaiza IG/The National)

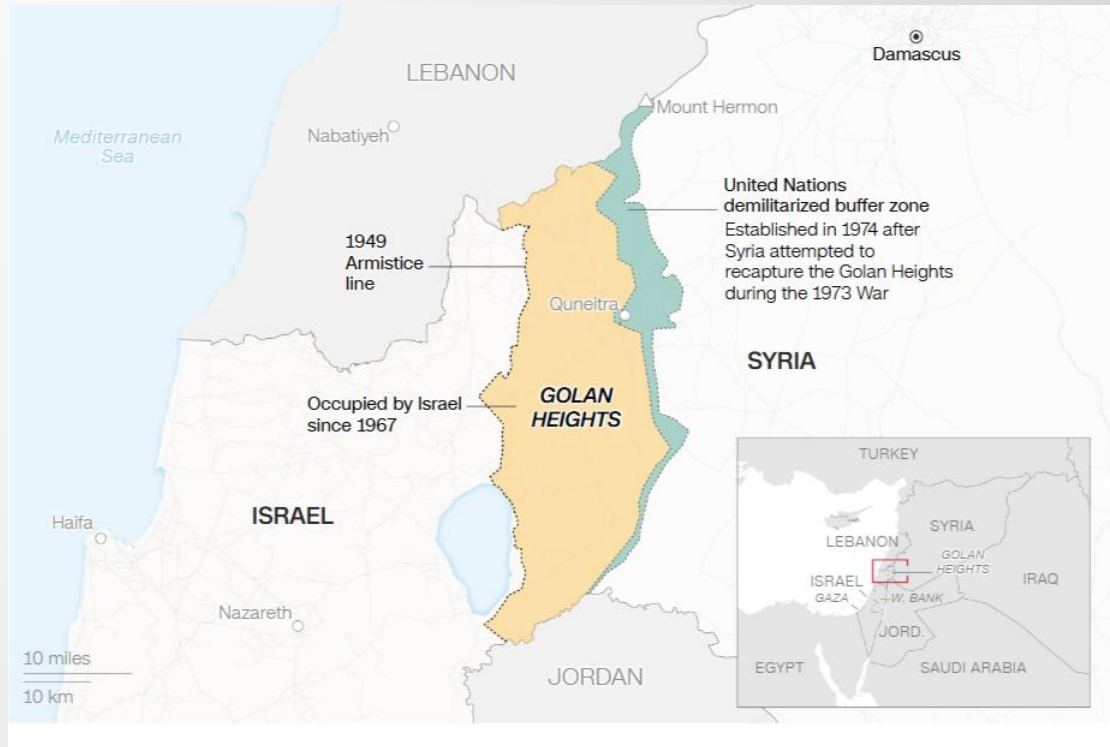
In response to the killing of the leaders of the Hamas and Hezbollah militant groups as well as to the suffering inflicted on the civilian population led by the Israeli forces' ground invasions into Gaza and Lebanon, Iran, launched missiles into Israel subsequently in April and early October, while Israel stricken back on the Iranian soil on 26 October.

Since the war started, the Biden government has been in close contact with Israel. The U.S. officials have for a number of times traveled to the Middle East in an attempt to mediate a ceasefire deal among the direct warring parties; and in the meanwhile, the U.S. has not stopped delivering military weapons to Israel.

Under the mediation of the U.S., in late November Israel and Hezbollah reached a 60-day truce, which somehow has reduced the level of hostilities between Israel and Hezbollah. Nevertheless, the truce deal is fragile and occasionally being broken, as the Israeli forces and the Hezbollah militants still carry out strikes against each other, though in a relatively restrained manner.

Besides the disasters in Gaza and Lebanon, after the fall of the Syrian Bashar al-Assad regime on 8 December, Israel's quick bombing of numerous targets in Syria including the Syrian navy, military facilities and missiles, as well as its occupying of the Syrian territory, Mount Hermon summit, have added more complication to the fragile situation in the Middle east. They would also likely create more challenges for the upcoming Trump government to manage the

situation in the Middle East including further promoting the normalization of Israel's relationship with the countries in the Middle East region and beyond.



Original sources: United Nations Disengagement Observer Force, Foundation for Middle East Peace.  
Graphic: Rachel Wilson, CNN. Cited from CNN.

Apparently, the condition in the Middle East since 7 October 2023 has been vulnerable. It is not certain how the Trump government would manage to reverse this escalating situation. It is assumed that the Trump government might be able to exert certain influence on the decision-making of the Israeli government, given that the Israeli Prime Minister appears to have a warmly personal relationship with the U.S. President-elect Trump. More crucially in addition to that, during Trump's first term, the Trump government had managed to deliver some tangible outcomes in the interest of Israel including helping Israel normalize relationship with four Arab countries through mediating the signing of the Abraham Accords. That can be a historical achievement for Israel from Israel's perspective.

It is known that, since the founding of the Israeli statehood in 1948, Israel and the Arab world have been generally hostile to each other; and for a certain period of time, a few Arab countries, for defending the Palestinian lands, had been directly involved in a series of wars with Israel by forming a coalition of Arab forces. Because of the hostile relationship between Israel and the Arab countries, over the past more than seven decades, Israel has only managed to establish diplomatic ties with six Arab countries so far - with Egypt in 1978, Jordan in 1994,

and United Arab Emirates, Bahrain, Sudan, and Morocco in 2020.

The Arab states, in response to the ongoing war, verbally criticized Israel's actions and defended the interest of the Palestinians, yet most of them don't seem to be ready for directly engaging in the fighting. Joining the war would further deepen the crisis. It is obviously not in the interest of these countries and also of the region.

The actions and positions taken by Israel and Iran will be of the most significance in relation to whether the temporary truce deal between Israel and Hezbollah can be truly maintained and how long it would take for Israel and Hamas to achieve a ceasefire. There will be a lot of uncertainties and also possibilities. The new Trump government may explore a reconcilable approach to defuse the tension with Iran in order to create a more favourable space for Israel in the Middle East region.

According to the reporting of *The National* on 18 December 2024, the mediators including the U.S., Egypt and Qatar more recently have increased their efforts in getting Israel and Hamas to sign a ceasefire agreement; the two warring parties are closing to reach a deal; in the mean time, the White House Spokesperson John Kirby spoke about this with a cautious optimism.

Apparently, the sooner a ceasefire deal can be reached, the earlier it would help reduce the suffering of the civilians in the Gaza strip.

From a long-term perspective, as widely agreed, a two-state solution should be the only way to finally settle the Palestinian issue. Nevertheless, how possibly the Trump government would support a two-state solution and how far it could go toward pushing the formulation and implementation of a two-state solution will be uncertain, as apart from the concerns and concessions of Israel, whether or not the Palestinians would like to compromise their long-term held positions will also be very critical.

● North Korea



North Korea launched its first spy satellite, the Malligyong-1, in November 2024. (KCNA/Reuters/CNN)

### The Evolving Korean Peninsula Nuclear Issue

During the tenure of the first Trump government, the relationship between the United States and North Korea as well as between the two Koreas had experienced a dramatic “U” turn, from a seemingly non-stoppable escalation to cozy friendliness, which was mostly attributed to a reconciliation approach adopted by the three parties roughly from early 2018 to the end of Trump’s first term, toward managing the Korean Peninsula nuclear issue.

The friendly exchanges and communications among the concerned parties by then had led to a series of positive outcomes: the inter-Korean relations improved; the two Koreas agreed to take steps to ease tension and further to denuclearize the Korean Peninsula; an inter-Korean military agreement was reached, in line with which, the U.S. and South Korea suspended their joint military drills; North Korea demolished the country’s nuclear test site at Punggye-ri and also agreed to permanently shut down its Dongchang-ri nuclear test site; two summits between then U.S. president Donald Trump and the North Korean leader Kim Jong Un were subsequently held in Singapore in June 2018 and in Vietnam in February 2019, and with their



Singapore summit, the two leaders agreed to open a new beginning for the development of U.S.-North Korea relations and affirmed their commitment to denuclearizing the Korean Peninsula; and a brief meeting between Trump and Kim at the demilitarized zone made Trump the first sitting U.S. president to set foot on the soil of North Korea.

By the time when the Biden government assumed office, the situation on the Korean Peninsula was stable. By having inherited the legacy of the first Trump government in dealing with the North Korean nuclear issue, the Biden government at the early stage expressed the U.S. willingness to continue engaging with North Korea on moving forward the Korean Peninsula peace process step by step, by abiding the principles and agreements reached among the parties under the first Trump government. Meanwhile, the Biden administration also claimed that the U.S. would coordinate with the U.S. allies, South Korea and Japan, to manage the Korean Peninsula peace process including ensuring the implementation of the sanctions on North Korea in place.

Through the process of addressing the North Korean nuclear issue, the then South Korean Moon Jae-in government had played a very significant mediating role between North Korea and the U.S., as well as stayed close communication with China and Japan, with the purpose of bringing all the concerned parties together to jointly promote the Korean Peninsula peace process to the next step.

By then, the Moon government had striven to get the stakeholders to reach an agreement for ending the war status on the Korean Peninsula in the first place before taking further steps toward denuclearization of the Korean Peninsula. Nevertheless, the Biden government viewed differently from the then South Korean government on the order, timing, and conditions for ending the Korean war status, and insisted that denuclearization should come earlier before reaching the step of signing an end of war declaration; while North Korea was more concerned about the matter of whether the U.S. would alter its policies and measures toward North Korea at the initial step before discussing turning the armistice treaty into a peace treaty.

Due to the different concerns of the key parties on the timing and conditions for ending the Korean war, further discussions on moving forward the Korean Peninsula peace process had been stalled. Then in May 2022, South Korean President Yoon Suk-yeol swore in. The Yoon government obviously is inclined to take a different approach from the previous South Korean administration in dealing with the North Korean nuclear issue. Three months after the Yoon government assumed office, in August, South Korea and the U.S. resumed their joint military drill, which had been their first since 2018 when the U.S. and South Korea suspended their joint military exercise in line with the military agreement signed between the two Koreas. Furthermore, from late October to early November 2022 before the U.S. 2022 mid-term election, the U.S. and South Korea had jointly conducted a series of air force drills named “Vigilant Storm”. In response, North Korea launched 23 missiles - the largest number in a single day by then.

So, since August 2022, little progress has been made regarding the resumption of talks among the main parties on continuing the Korean Peninsula peace process. Over the past two years, the U.S., South Korea, and North Korea have taken further steps in countering each other's provocations - North Korea has for a number of times launched missiles including intercontinental ballistic missiles; while the U.S. and South Korea, apart from condemning North Korea's missile tests, have also sustained the joint military drills.

Especially since early 2024, the inter-Korean relations has been undergoing further deterioration, led by a series of upgraded measures taken by the two Koreas, respectively. In January, the North Korean side pledged to rewrite the country's Constitution to redefine its relations with South Korea. Then in June, South Korea took the first step to withdraw from the military deal signed between the two sides in 2018. In a cabinet meeting, South Korean Prime Minister stated that the 2018 military deal has weakened South Korea's readiness to respond to North Korea's provocations such as nuclear tests and "balloon campaign" (referring to the trash-carrying balloons launched by North Korea). Deputy defence minister of South Korea meanwhile said that "the responsibility for this situation lies solely with North Korea. If North Korea launches additional provocations, our military, in conjunction with the solid South Korea-U.S. defence posture, will punish North Korea swiftly, strongly, and to the end." Apart from that, according to the media report, South Korea has also been considering recovering the country's "propaganda loudspeaker broadcasts" campaign toward North Korea, which is set to serve a purpose of psychologically affecting the 26 million people living in the North Korean side, some of whom may have limited access to foreign news.

In response, in mid-October 2024, North Korea destroyed the road and rail links connecting the two Koreas, and also claimed to permanently shut down the inter-Korean border and build defence facilities in the border areas. Besides that, in the country's recently revised Constitution in October (though no much details were revealed regarding the amendment of the Constitution), North Korea for the first time named South Korea as a "hostile state". Furthermore, North Korea accused South Korea of having sent drones to fly over the North Korean capital Pyong Yang for three times in a month, and pledged to respond strongly if the same provocations take place again. There was no confirmation from the South Korean side regarding whether it had done this or not.

In late October, days before the 2024 U.S. presidential election, North Korea fired an intercontinental ballistic missile (ICBM), about 10 months since the country's test of an ICBM last time in December 2023. Then, on 5 November 2024, the same day of the U.S. presidential election, North Korea launched a series of short-range missiles. To respond to North Korea's ICBM launch, the United States together with South Korea and Japan carried out a trilateral air drill.



The U.S., South Korean, and Japanese air forces carry out a trilateral air drill at an undisclosed location on 3 November 2024. (U.S. Air Force/South Korea Defense Ministry/AP/CBS)

The objective of the interactive measures and actions taken by the key parties over the past more than two years is quite obvious - the U.S., South Korea, and Japan attempt to show their strengthened position in dealing with North Korea; while North Korea is intended to demonstrate the inability of the U.S. and its allies in preventing North Korea from pursuing the country's goals.

### **Deepening Ties between Russia and North Korea**

With the deterioration of the inter-Korean relations and the enhanced cooperation between the U.S. and its allies in managing North Korea, since mid-2023, Russia and North Korea have further deepened their ties and collaboration in a number of areas. As led by the official visit paid by North Korean leader Kim Jong Un to Russia in September 2023, and then by Russian President Vladimir Putin to North Korea in June 2024, the two countries had signed a Comprehensive Strategic Partnership Agreement in addition to a Mutual Defence Treaty.

Apart from an expanded cooperation in the economic and military fields, as some observers already pointed, Russia may offer some help to the development of North Korea's space, satellite, and nuclear programmes in the future.



North Korean leader Kim Jong Un with Russia's President Vladimir Putin in Pyongyang on 19 June 2024. (Gavriil Grigorov/Sputnik/Reuters/CNN)

On 21 November 2023, about two months after Kim's visit to Russia, according to South Korean intelligence, possibly with the assistance of Russia, North Korea successfully put a military reconnaissance satellite into the orbit after it failed twice in 2023. From North Korea's perspective, given the pressure faced by this country over the past decades, a deepening ties and enhanced cooperation with Russia in various areas apparently would serve the interest of North Korea.

### **How Still Possible It Is to Get North Korea to Give Up Its Nuclear Programme?**

Against the current complex situation on the Korean Peninsula and toward managing the North Korean nuclear issue, how the second Trump government would further engage with North Korea? There is no doubt that it has been increasingly getting harder to push North Korea to give up its nuclear programme. The Trump administration will have to face a tough question that how still possible it would be for North Korea to stop advancing the country's nuclear programme? And whether the U.S. may have to take into account re-assessing its objectives toward handling the North Korean nuclear programme?

The Trump government will not only encounter a challenge from further negotiating with North Korea, but also likely from the U.S. domestically. Among the political elite within the U.S., there has been no unified position on how to manage North Korea. Generally, the Democratic government has taken a different approach from the Republican government over the past

years in handling the North Korean nuclear programme. The Democratic government has preferred to coordinate closely with its allies South Korea and Japan to deal with North Korea including through upgrading the offensive and defensive capabilities of South Korea, strengthening communication with South Korea and Japan, and ensuring the sanctions on North Korea in place and so on.

For instance, under the second term of the Obama government, the U.S. had managed to install the Theatre High Altitude Area Defence (THAAD) system in South Korea; and in the meantime, South Korea and Japan had bilaterally improved their communication and cooperation such as signing a military intelligence sharing agreement. Then, under the current Biden government, the U.S., right before the 2024 election, had approved a new military package related to South Korea worth around \$5 billion, including the potential sale of four E-7 Airborne Early Warning & Control aircraft, named Wedgetails, to South Korea, which would “enable South Korea to detect missiles and other threats more swiftly and from greater distances than ground-based radar systems.” Besides that, in January 2024, the U.S., South Korea, and Japan launched the largest so ever naval drill in the Yellow Sea in order to create a deterrent effect on North Korea.

While for the Republic government, during George Bush’s tenure, the then U.S. government had mostly relied on the function of the Six Party Talks mechanism (which was initiated in 2003) and the UN system to monitor the Korean Peninsula peace process. Then, under the first Trump government, as facilitated by the then South Korean government, the Trump government officials had sought to engage with North Korea directly in many occasions. Under the concerted efforts of the main parties, a series of agreements and principles had been reached. Nevertheless, later on, under the Biden government, these agreements, declarations, and principles were once again breached, as a result of the recovery of a different approach in managing the Korean Peninsula nuclear issue.

Generally, it is assumed that, as far as there is no unified position and approach on how to deal with North Korea and promote the Korean Peninsula peace process, there will always be a risk that the implementation of the agreements reached among the main parties cannot be sustained.

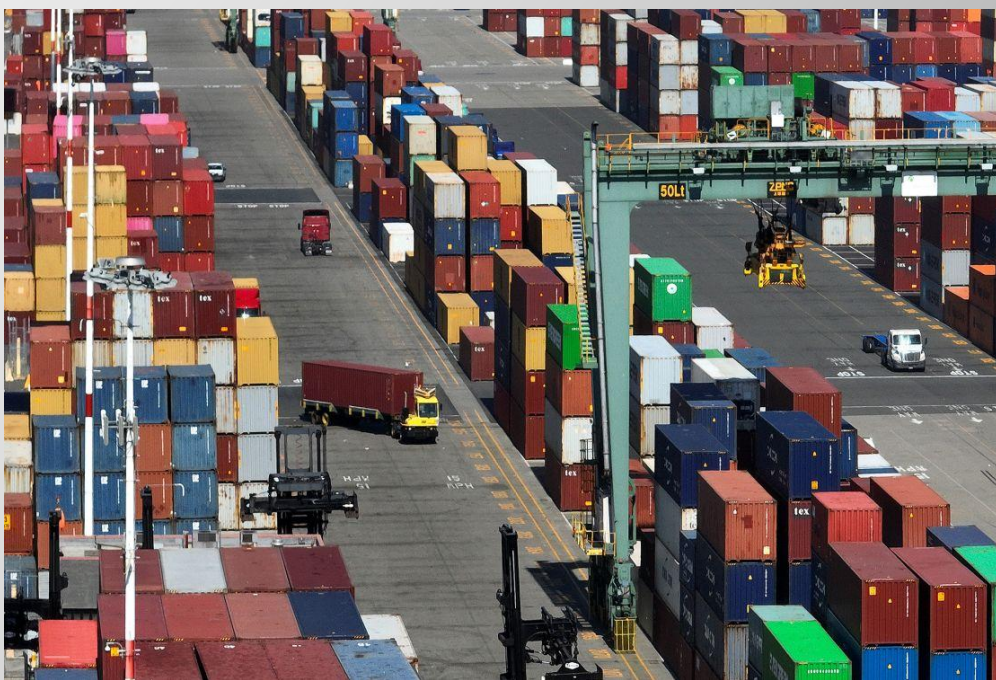
Therefore, based on what key stakeholders have experienced over the past years, the second Trump government may have to take into account re-examining the objectives toward handling the North Korean nuclear issue. Apparently, getting the parties concerned to reach agreements will be a very critical step toward addressing the Korean Peninsula nuclear issue, and how to ensure that the agreements reached can be implemented will be of more importance toward finally solving this matter and achieving an enduring peace on the Korean Peninsula.

● **China-U.S. Trade Relations: How the U.S. Tariff Measures on Chinese Goods Have Led to An Inflation Problem?**

During Trump’s first term, the development of China-U.S. economic and trade relations had already drawn enormous international attention, as a result of a series of economic and trade measures taken by the U.S. government toward China.

The policy measures adopted by the first Trump administration roughly consisted of raising tariffs on Chinese products, restricting the exports of the U.S. high-end products or technologies to China, and encouraging the U.S. companies to return to the United States for the claimed purpose of boosting the U.S. domestic supply chains and manufacturing industry etc.. By then, a wide range of sectors from both China and the United States had opposed the relevant measures taken by the U.S. government in various means.

During the 2020 election, the then democratic presidential candidate Joe Biden had criticized the then Trump government’s trade policies on raising tariffs and imposing other restrictive measures. Being a critic of the first Trump government’s tariff measure reflected one of the major policy differences between the then two presidential candidates. In retrospect, we shouldn’t rule out that that difference might have done Biden a favour in the 2020 election.



In an aerial view, shipping containers are seen stacked at the Port of Oakland on 7 August 2023, in Oakland, California. (Justin Sullivan/Getty Images/CNN)

However, after the Biden administration assumed office, instead of lifting up the restrictions, apart from having inherited the trade measures taken by the former Trump government, the Biden administration has further raised the level of relevant measures in managing China-U.S. economic and trade relations. For instance, over the past few years, the Biden government has extended the tariff measures to cover more categories of Chinese products including electric vehicles, batteries, solar cells and so on. In addition to that, a series of more targeted export control measures in the technology field in line with the “small yard and high fence” policy, aiming to further tighten exports of high-end tech products to China, have been adopted and implemented.

If, by the end of Trump’s first term, the repercussions of the trade war between China and the United States hadn’t fully shown up yet, over the past four years, along with the Biden government further deepening the trade war with China, as we have seen, the impacts of it have gradually appeared in various ways.

The complaints from a wide range of sectors in the U.S. including trade associations, manufacturers, retailers, technology firms, and the apparel and footwear industry, as well as the American consumers, in relation to the trade measures taken by the Biden government, have been growing up.

For instance, in May 2024, some major footwear business brands, in a letter jointly written to the U.S. president, urged the Biden administration to lift up the tariffs, and expressed that “we are confident that removing 301 tariffs will alleviate a costly burden in this key area and translate to savings for our shoppers”.



People shop at a retail shoe store in Manhattan on 5 January 2024, in New York City.  
(Spencer Platt/Getty Images/CNN)

Apart from the complaints from the major footwear brands, in response to a duty measure introduced by the Biden administration on 14 May 2024 with regard to raising tariffs on 387 categories of Chinese products covering electric vehicles, lithium-ion electric vehicle batteries, semiconductors, solar cells, medical equipment, steel and aluminum products, a pro-trade American business group, representing a wide range of sectors consisting of “manufacturers, retailers, technology firms, agribusiness groups, energy companies, and transport firms”, urged the U.S. Trade Representative’s Office (USTR) to hold a public hearing on this matter.

In addition, on the same tariff measure, “the group of 173 trade associations organized under the ‘American For Free Trade’ umbrella”, in a letter to the USTR, asked the U.S. government, in the interest of the public, to extend the public comment period for another month till 28 July. It was initially scheduled to take place between 28 May and 28 June 2024.

Even though a wide variety of sectors had expressed their complaints and concerns on the ramifications of the duty measure introduced by the Biden administration in May, it was still adopted by the U.S. government on 13 September 2024. According the USTR, more than 1100 public comments concerning the tariff measure were received (what were the detailed content of the public comments? ).

The USTR claimed that, the economic analyses to relevant sources made by the U.S. government “generally” found that “the Section 301 tariffs have contributed to reducing U.S. imports of goods from the PRC and increasing imports from alternate sources, including the U.S. allies and partners, thereby potentially supporting U.S. supply chain diversification and resilience.”

Mathematically, it is not sure to what degree the U.S. has managed to reduce imports of Chinese products and in the meantime to increase the volume of imports from alternative sources. What we have seen so far is that inflation has become a serious issue under the current government, and that it had been one of the key discussing topics throughout the 2024 election season, together with other problems led by illegal immigration and the wars in the Middle East and Europe etc..

The U.S. government vowed to tackle inflation. Nevertheless, the tariff measure is obviously contradictory to the government effort in addressing the problem of inflation.

Under this circumstance, it would be hard to convince the public that the U.S. has made a successful move by applying the Section 301 tariffs, and also to make the public believe that the U.S. has managed to truly and successfully diversified the country’s import sources, apart from causing disruptions to the market demand and supply.

Besides that, the U.S. government analyses also “generally” found that “the tariffs have had small negative effects on U.S. aggregate economic welfare.” To this, there is a need to realize



that the U.S. GDP figure might have not been affected dramatically, yet it could be mostly driven by rising inflation, so that it doesn't have much relevance to the real economic situation and the real condition of American people's lives. We need to mention that in early 2024 the price of a carry-on had already reached \$700, in contrast to its previous price of \$425. As for other items, big or small, there is no doubt that American businesses and consumers have also been facing a lot of pressure led by the Section 301 tariffs and other restrictive measures taken by the U.S. government.

From Table 1, 2, and 3, cited from McGuireWoods, we can see that the increase rates related to the latest round of tariff measure on a variety of Chinese products are ranged from 25% to 100%. A 100% tariff increase rate has already been imposed on electric vehicles, syringes, and needles starting from 27 September 2024; and the same rate will be applied to enteral syringes and rubber medical and surgical gloves from 1 January 2026 and onward. Meanwhile, a 50% duty increase rate on solar cells will be effective from 27 September 2024, medical gloves and semiconductors from 1 January 2025, and facemasks from 1 January 2016.

For all the products being affected by the latest round of tariff measure as well as the enforcement dates of the tariff increases, see the following Table 1, 2, and 3:

**Table 1: Rate Increases Effective in 2024**

(Tariff increases effective in 2024 apply to products imported on or after 27 Sept. 2024)

Product	Current Rate	New Rate
Battery parts (non-lithium-ion batteries)	7.5%	25%
Electric vehicles	25%	100%
Lithium-ion electric vehicle batteries	7.5%	25%
Personal protective equipment, including respirators and facemasks (first increase)	7.5%	25%
Syringes and needles (excluding enteral syringes)	0%	100%
Ship-to-shore cranes	0%	25%
Solar cells (whether or not assembled into modules)	25%	50%
Steel and aluminum products	0% - 7.5%	25%
Various critical minerals	0%	25%

**Table 2: Rate Increases Effective in 2025**

(Tariff increases effective in 2025 apply to products imported on or after 1 Jan. 2025)

Product	Current Rate	New Rate
Semiconductors	25%	50%
Rubber medical and surgical gloves (first increase)	7.5%	50%
Disposable textile facemasks (first increase)	7.5%	25%

**Table 3: Rate Increases Effective in 2026**

(Tariff increases effective in 2026 apply to products imported on or after 1 Jan. 2026)

Product	Current Rate	New Rate
Disposable textile facemasks (second increase)	25%	50%
Surgical and non-surgical respirators and facemasks (second increase)	25%	50%
Enteral syringes (exempted in 2024 and 2025)	0%	100%
Lithium-ion non-electrical vehicle batteries	7.5%	25%
Rubber medical and surgical gloves (second increase)	50%	100%
Natural graphite	0%	25%
Permanent magnets	0%	25%

From the above, we can see that the recently adopted tariff measure will expect to have an extended impact, which means that, even after the Biden government leaving office, the implications of the tariff increases will still be there, and that it will endure through the second term of the Trump government, as far as the Trump administration wouldn't do further adjustments to it. Apparently, it would create more challenges for the upcoming government to deal with inflation.

The ramifications of tariff increases would take some time to fully show up. As just mentioned, the above tariff measure would lead to three rounds of tariff increases, respectively coming into effect from 27 September 2024, 1 January 2025, and 1 January 2026 and onward. 2026 will be the year for mid-term election. If by then, inflation will still be a serious matter, the Trump government and the Republican party would likely face some trouble.

Back in 2018, when the first Trump government started to adopt tariff measures to deal with the country's trade relations with China, by then nobody was quite sure what could be the

ramifications of the relevant measures. Inflation wasn't a big issue in the 2020 election, but it has been a serious issue facing the Biden government over the past few years. It cannot be denied that tariffs, along with the wars in Europe and the Middle East, are the main contributing factors to inflation and also to a lot of social problems.

## 2. BUSINESS

## China and the EU on Electric Vehicles:

### Protectionism Would Compromise Europe's Competitive Edge

After having spent about a year investigating into whether or not the Chinese electric vehicles received subsidies from the Chinese government, a tariff measure with adding up to 35.3% tariffs based on the original 10% rate imposed by the European Union on China-made electric vehicles came into effect on 30 October 2024. The EU members widely disagreed on the adoption of this tariff measure, as a senior EU official spoke anonymously, “we disagreed on each and every fact that we established in the investigation”, and “it was a broad disagreement.”



A BYD Ocean-M electric car displayed at the 2024 auto show in Beijing, China. 25 April 2024. (Photo/VCG/Chinadaily)

European countries having closer business contacts with China like Germany and Hungary etc. were particularly opposed the idea of using tariffs against China-made electric vehicles. Yet, the European Commission finally exercised its power to push the tariff measure into effect, against the scenario that the EU member countries were unable to secure a majority either in favour or against the measure.

The adoption of the tariff measure was claimed to help protect the European carmakers and

the workers working in the automotive industry, though some viewed this more politically motivated, just as the Brussels-based China Chamber of Commerce to the EU pointed, “these tariffs on Chinese, European, and US EV producers operating in China neither enhance the EU’s resilience in EV manufacturing nor promote innovation or job creation. Instead, they represent a politically motivated approach.”

Meanwhile, some observers indicated that it may risk affecting the broad trade relations between China and the EU bloc, and triggering a rise in trade protectionism within the automotive industry on the global level, to a larger extent.

According to the media reporting in early December, China and the EU are still consulting on finding an appropriate solution for addressing the recently adopted tariff measure on China-made electric cars. In the meantime, some car manufacturing companies have been seeking alternative means such as shifting to the production of hybrid cars to help offset the costs caused by the tariffs targeting electric vehicles.



FILE PHOTO: Visitors check a Polestar 1 hybrid vehicle displayed at the auto show in Shanghai, China. 19 April 2021. (Aly Song/REUTERS/USNEWS)

The tariffs on imported electric vehicles from China would likely counteract the interests of European countries in many ways. This article will mainly tend to see how likely the EU tariff measure could affect European consumers, European automotive sector, and Europe’s green transition process.

## **Consumers Would Benefit from Having More Alternatives of the Car Brands**

Some analysts already pointed that the duties would hurt the interests of European consumers. As driven by the Russia-Ukraine war and refugee crisis, the consumers of many European countries have already been facing a pressure of rising inflation in various areas. Against this backdrop, European consumers would definitely benefit from having more alternatives of the car brands.

For improving Europe's overall economic capacity, apart from valuing the contribution of the automotive manufacturing industry to the European economy, the purchasing capacity of the consumers is also one of the most important contributing factors, which should be paid attention to as well.

The interest of the European automotive industry is important, so is that of the European consumers. European policy-makers will have to see whether the price for protecting the car manufacturing industry by imposing high tariffs on non-Europe-manufactured car brands is way too higher than the benefits that Europe can get by taking this measure.

In addition, whether imposing high tariffs on China-made electric car brands can help protect the interests of European carmakers would be uncertain. Most likely, it would be counterproductive to the original objective of the high tariff measure set by the EU.

## **The Tariff Measure Would Counteract the Interests of the European Automotive Industry**

Given that the European automotive industry and the European economy created by this sector heavily rely on exports and foreign markets; and that the industrial and supply chains of the automotive industry from across various countries of the globe are closely connected, imposing tariffs on foreign-made car brands and the counter measures in the meantime taken by Europe's counterparts could generate a disruptive impact on the European home-made car brands and the overall European economy.

According to McKinsey's observation, in 2023, about 55% of the \$1.1 trillion in Gross Value Added (GVA) generated in the upstream of Europe's automotive industry came from exports and overseas production of European cars, components, and technology, compared to 35% out of the the \$1.1 trillion created by the European manufacturers developing and selling car brands in the European market.

Besides that , there is a need to be aware that the China-made electric vehicles consist of U.S., European, Chinese, and other foreign brands. In 2023, the share of China-made electric car brands accounted for 21.7% of the electric cars totally sold in the European market; and out of

this figure, Chinese car brands only occupied 7.6%.

The comparison of these numbers can tell that most of the China-made electric cars sold in the European market in 2023 were foreign brands including European and U.S. car brands. It can also reflect that the European, U.S., and other brands manufactured in China would be more widely affected by the recently adopted high tariff measure by the EU.



A Volkswagen's ID.CODE displayed at the 2024 auto show in Beijing, China. 25 April 2024.  
(Photo/VCG/Chinadaily)

Therefore, applying protectionism wouldn't be able to rightly protect the interests of the European automotive industry. To help improve and maintain the competitive edge of the European automotive industry in the medium- and long-term, it is important for the EU policy-makers to facilitate a friendly business environment for both European and foreign car brands. A friendly business environment would be conducive to European car manufacturers' attempt in attracting foreign investments, improving productivity, and enhancing the resilience of industrial and supply chains.

Apart from that, in order to better protect the interests of the European automotive industry, instead of applying the measure of protectionism, the European electric carmakers may seek to expand and deepen collaboration with foreign automotive companies to help overcome the possible bottlenecks such as battery raw materials and technology etc. facing them at the current stage.



In addition, at the policy level, simplifying and optimizing relevant regulations related to the automotive industry and working out proper means to help lower the costs of European carmakers such as energy costs would also serve the interests of the European automotive industry.

### **Protectionism Would Affect Europe's Pace in Promoting Green Transition**

With regard to the impact of the recently adopted tariff measure on Europe's green transition process, tariffs on China-made electric vehicles would be counterproductive to Europe's effort in proceeding green transition. Europe has long been the leader in promoting green and low-carbon development. As led by the Russia-Ukraine conflict, European countries have allocated a very significant amount of resources in both material and non-material terms to address the Ukraine crisis; and in the meantime, they have slowed down Europe's pace in investing in green transition.

On the contrary, over the past years, China has been staying on the track in promoting green transition, as reflected by the fact that China has been increasing investments in developing clean and renewable energy and clean technology. According to [the White Paper on China's Energy Transition](#) released by China's State Council Information Office in August 2024, China's investment in energy transition in 2023 had reached \$676 billion, making China the world's largest investor in this field; and also in 2023, the newly installed capacity of renewable energy in China corresponded over half of the global total. Besides that, according to the data cited by the White Paper from the International Energy Agency, from 2014 to 2023, the global share of non-fossil fuels in energy consumption was up from 13.6% to 18.5%, with [China contributing 45.2%](#) to this increase.

The development of electric vehicles is another good example demonstrating China's endeavour in seeking green and clean development, which is conducive to the global efforts in promoting green transition more widely and from a long-term perspective. Exporting electric vehicles made in China to Europe from a significant sense can help European countries keep their pace on green transition. Thus, the efforts taken by the electric vehicle makers including both Chinese and foreign brands operating in China for exporting their products to foreign markets including Europe should be encouraged rather than curbed.

## 3. OPINION

## Why the BRICS Group Matters?



Expanded meeting of the 16th BRICS Summit. (Photo: Stanislav Krasilnikov/brics-russia2024.ru Host Photo Agency)

The BRICS bloc was founded in 2006, with Brazil, Russia, India, and China as the founding members, and later in 2011 included South Africa and in 2024 Ethiopia, Egypt, Iran, and the United Arab Emirates into this grouping. Over the past years, the influence of the BRICS initiative, as an emerging force in the economic field, has been rising; and now the group accounts for about 45% of the global population and 35% of the global GDP in purchasing power parity. A number of countries have expressed their interests in joining or partnering with this bloc.

The founding and development of the BRICS mechanism manifested the aspiration of a number of countries from across a significant part of the world to pursue their development interests and address common challenges in the economic field. With the expansion of the BRICS mechanism in both membership size and combined economic power of the group's members, the discussions from a wide range of circles regarding the possible role of this initiative in the international system have been going on.

From a realist perspective, against the backdrop of the rising geopolitical tension among major powers and entities, some would view this grouping as one of the important mechanisms,

which could exert a geostrategic influence. In other words, the rising profile of the BRICS bloc might pose a challenge to the institutions and mechanisms dominated by the West in particular. Meanwhile, some would prefer to see the function of the BRICS mechanism as a supplement to the West-led institutions, which could provide a number of countries with an alternative opportunity to help address the economic and development challenges facing these nations case by case.

So, how to understand the rising position of the BRICS grouping in the global governance system? and how likely could this initiative manage to maintain vitality from a long-term perspective against a complex international environment? How possibly could the BRICS group contribute to the reform of the international monetary system?

### **Understanding the Position and Core Features of the BRICS Group**

The BRICS bloc represents one of the significant emerging forces in the global governance system. In comparison to a number of organizations, institutions, and forums, the BRICS grouping's organizational structure is more flexible. The member countries tend to deal with each other on an equal manner. Also, this initiative wouldn't likely prevent its member countries from participating in the institutions and mechanisms led by the West.

Ivan Zuenko, Senior Research Fellow from the Institute of International Studies at MGIMO University compared the BRICS grouping with the G7 and viewed that these two share a similarity in serving as important platforms for facilitating dialogues, communications, and exchanges among global leaders in a more flexible manner.

Beyond the function of acting as a dialogue platform, there is a need to see that, even working under a more flexible format, the BRICS grouping has attempted to deliver more tangible outcomes and address practical challenges facing numerous countries in the economic arena. So far the group has established the BRICS New Development Bank and the Contingency Reserve Arrangement. Besides that, some officials and experts of the BRICS countries have indicated the need of jointly establishing a BRICS common currency and an alternative international payment system in order to reduce the economic risks encountered by many countries from occasion to occasion and to facilitate convenience for cross-border payments among participating countries.

So generally, we can see that flexibility, equal status of the members, freedom, and inclusiveness, as well as sharing of common concerns and priorities could be the main reasons that have drawn the interest and participation of a number of countries in the BRICS grouping. It is maintained that these aspects of the BRICS bloc could also be the important factors that would help this group function more effectively and maintain vitality from a long-term perspective.

There is no doubt that the BRICS bloc has to deal with the similar challenges faced by a number of international organizations and institutions. For instance, one of these challenges could be related to the reality that member countries of various institutions, mechanisms, or blocs would not always agree with each other on certain issues. Usually, it is assumed that the larger the membership size is, the uneasier it would be for the member countries to reach consensus on certain critical decisions, and the more likely the effectiveness and function of the organizations or mechanisms could be compromised.

The BRICS bloc will likely accept new members in the coming years. Apparently, a series of questions will need to be taken into consideration by the group alongside this process - such as whether there should be a limit in the number of members? how many new members the BRICS group would be ready to further accept in the future? and whether there could be an alternative format more likely being able to better serve the interests of various parties with different concerns? So, it is assumed that an appropriate membership size would generally serve the interests of all members.

In the meantime, while recognizing the similar challenges just mentioned above facing the BRICS bloc and a number of international organizations and institutions, it is also in need of seeing that the feature of being flexible and inclusive may allow the BRICS group to be more equipped and ready to overcome the similar problems.

Flexibility and inclusiveness could significantly affect whether or not the BRICS members could jointly create a workable format among them. For instance, with regard to the issue of creating an alternative international monetary system by the BRICS countries, a more flexible approach of the BRICS bloc apparently would be of great importance to help move the discussions among the BRICS members concerning this matter forward.

### **A Flexible Approach of the BRICS Group and the Reform of the International Monetary System**

It is widely recognized that a supplementary international monetary system is very necessary to make a multipolar economic system have its full and real meaning, and that a fairly balanced multipolar economic system would better serve the interests of a large majority of the countries from across the globe. In international relations, a hegemonic international reserve currency and payment system without being properly checked or balanced cannot avoid being weaponized for unilateral purposes against the interests of other countries.

Some officials and experts from the BRICS countries have been working on the matter of exploring the feasibility of creating a new currency and an alternative payment system. According to Paulo Nogueira Batista, a Brazilian economist, who is also the former vice

president of the BRICS New Development Bank and former Executive Director for Brazil and other countries in the International Monetary Fund (IMF), a group of independent experts including Paulo Nogueira Batista himself and the American economist Jeffrey Sachs have been discussing the means of reforming the international monetary system; and the Executive Directors of the BRICS group led by the Russian Executive Director in the IMF, Aleksei Mozhin, have been working on this matter as well. So far the discussions on reforming the monetary system and creating a new currency have moved more slowly than expected.

In a paper titled “BRICS: geopolitics and monetary initiatives in a multipolar world - how could a new international reserve currency look like?”, Paulo Nogueira Batista presented his thoughts on the new BRICS currency.

As suggested by some experts, the BRICS currency could possibly be named as the “BRICS”, New Reserve Currency (NRC), or any others. No final decision regarding this has been made yet so far. This article would simply refer the BRICS common currency as the “BRICS”.

According to the Batista, unlike the monetary authority of the European Union which takes over the monetary sovereignty of all member countries, the “BRICS” will not compromise or interfere in the monetary sovereignty of the group’s members. Obviously, the BRICS members will not have a unified monetary policy. Besides that, the “BRICS” is not a Euro-like common currency. It is set to be a parallel currency, coexisting with the national currencies of all participating countries; and it is designed to exist in a digital form.

For the “BRICS” being accepted as a reserve currency, the option of pegging the new currency with gold doesn’t fit today’s situation any more. Back in the post-war era, under the Bretton Wood exchange rate regime, gold had ever served as a backing asset to the dollar, and its backing role was finally collapsed in 1971 as a result of the uncontrolled cross-border capital flows. The creation and circulation of the “BRICS” cannot return to the path of the traditional gold-backing.

For ensuring trust in the BRICS currency, as Batista advised, one option would be to peg the “BRICS” with bonds and make the new currency freely convertible into bonds, backed by member countries. An issuing bank, formed jointly by BRICS countries, would be in charge of creating and issuing the BRICS currency and also the BRICS bonds with different interest rates. It is assumed that the BRICS New Development Bank could act as the issuing bank.

Meanwhile, as Batista indicated, the circulation of the “BRICS” could “start between central banks and gradually extend to other government operations and also to transactions with extra-BRICS central banks.”

## **In What Ways the BRICS Group Could Function for Contributing to the Reform of the**

## International Monetary System?

To move forward the process of establishing a supplementary monetary system including creating the BRICS common currency, the BRICS member countries will need to surpass numerous hurdles, which are either technical or political in the very nature. The technical challenges could be raised from occasion to occasion due to the possible variations of participating countries in their systems and regulations, while the political hurdles could mostly have a relevance to the members' understanding of this matter possibly from a realist perspective.

Under these circumstances, by taking the various concerns of participating parties into account, the application of a flexible functional approach in helping meet the needs of member countries will need to come into play. As advised by Batista, the new currency can be initially created by a sub-set of able and willing BRICS countries; and other members could join the system later. This piece would share this view and meanwhile add that a flexible format among BRICS members could basically mean that, while letting a group of able and ready parties go first in jointly creating the new currency, for the members who are not ready to adopt the BRICS common currency, they should be allowed to have enough time, freedom, and flexibility to value the pros and cons of the new currency in accordance with their interests, and then to choose whether and when they would like to join other parties.

Obviously, the BRICS bloc is different from any supranational organizations like the European Union. The functional format of the BRICS grouping is also different from the European Union; it is more flexible; the member countries of the BRICS group enjoy much more freedom in contrast to the members of a number of organizations; while in the meantime the BRICS grouping has an ambition to achieve tangible outcomes.

Also, as already mentioned, the creation of the BRICS currency will not interfere in the monetary sovereignty of the BRICS member countries. In this regard, the principle of completely uniformity or a 100% consensus applied by the member countries of supranational organizations like the European Union or the North Atlantic Treaty Organization for allowing a decision to be adopted and come into effect is not compatible with the functioning condition of the BRICS grouping.

In addition, as previously said, inclusiveness is one of the key features of the BRICS grouping. This means that the bloc is not particularly against any country, organization, or grouping, and that it draws the countries sharing common concerns together but it is not anti-West. The BRICS bloc just typically manifests the development of a new type of relations among countries with different levels of development. Therefore, the BRICS group could explore opportunities of building a more interconnected and fairer economic order, developing collaboration format, and addressing common challenges with both developed and developing countries as well as with a wide range of international organizations, mechanisms, institutions, and groups.

## ISSUE 1 - Opinion

After all, reforming the international monetary system will not tend to exclude Western countries from participating in the supplementary system facilitated by the BRICS members. A multipolar system should mean a more interconnected rather than a more isolated world. The function of the BRICS bloc would make countries from across different parts of the world more closely connected with each other.



## 4. BRAND INFLUENCE

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# Strategic Thinking

ISSUE 1. December 2024.

**Publisher:**

Strategic Thinking Institute Limited

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Source of the cover photo for ISSUE 1: Getty Images/Reuters/AP

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