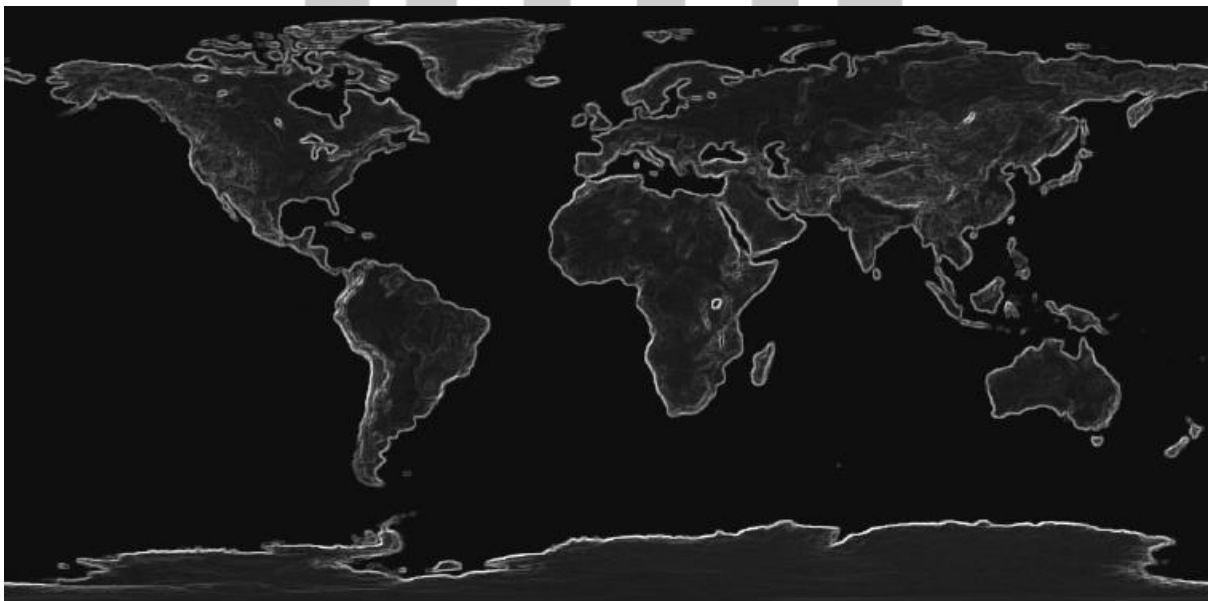




GLOBALISATION IN THE TIMES OF CORONAVIRUS: A TUSSLE BETWEEN WANING AND GROWING

Will the world remain inclined towards open borders and free trade or will it paint the waning of globalisation in the post pandemic landscape?

Veritas et Aequitas



**JUNE 13, 2020
PROJECT STATECRAFT**



In December 2019, a new viral lung disease, probably zoonotic in nature, broke out in Wuhan, China which later on came to be known as Covid-19, and the probable origin of this virus is speculated to be the Wuhan Market where SARS-CoV-2 virus began to infect humans. Initially, China tried to keep the spread of viruses hidden from the world but the exponentially increasing rate of the infectivity of the virus forced Chinese authorities to finally accept the outbreak of the virus at the global platform leading to a sudden and rushed response on the part of other countries. After systematic analysis and measures, on February 8, 2020, China confirmed 33,738 cases and 811 deaths. On 11 March 2020, the World Health Organisation announced the outbreak of Covid-19 as the pandemic and issued a detailed directory of precautions and measures to be taken up. However, the radical public and health policies adopted by China finally set the ground for ways of combating the virus in a much more challenging time to come. Following this, countries across the world such as Spain, Germany, Italy, South Korea, India, etc. saw a dramatic rise in infected cases. While some of them such as New Zealand, South Korea, etc. successfully managed to flatten the curve and mortality rate owing to well-implemented policies and strict lockdown, many are still struggling to find their way out, including India. As of June 10, the total toll of confirmed cases has already crossed the mark of 7 million with 41 hundred thousand people dead and 3 million people recovered.

Pandemics like Covid-19 cannot certainly be dismissed as just passing tragedies of sickness and death. Contrary to this, the mass-scale threat that accompanies them extends beyond the gamete of fear and anxiety. They lead to the emergence of new behavioral patterns both at the individual and at the collective level. These new patterns become the catalyst for shifting and reorganization of many theories and practices prevalent in the world of global politics as well. The suspicion and the credulity brought forth in times of tests like pandemics lead to the reluctance on their part of people to readily engage with something that is foreign or novel in nature.

Globalisation is yet another such phenomenon that is said to suffer a drastic change in the coming times owing to the fact that countries are now focusing on protectionist economic policies stemming from nationalist sentiments that are based on inward-looking approach like India's Atmanirbhar Bharat. The necessary public health protocols are causing the largest and the fastest decline in international flows in modern history. The current forecasts roughly estimate a 30-40% decline in foreign direct investment and a 44-80% drop in the international airline business in 2020. The economic uncertainty because of Covid-19 is speculated to be as devastating and challenging if not more so than that of the 2008 financial crisis.

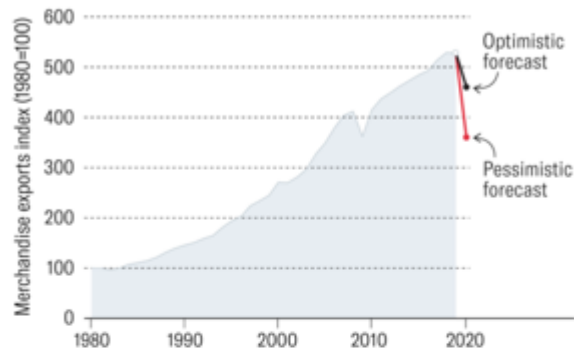
Secondly, factory closures and production suspensions are already disrupting global supply chains. Post the outbreak of the virus in China, two-thirds of the Chinese economy was shut down leading to the supply shortage across the globe. In this context, the famous sociologist, Anthony Giddens calls this as the defining trait of globalisation that it "links distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa." Thus it is this eye-opening realisation that has forced policymakers across the world to question the fundamentals of globalisation and the interdependency and frailty that comes with it.



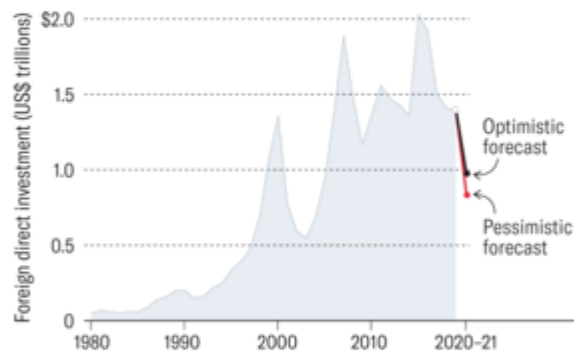
Plummeting International Trade, Investment, and Travel

The Covid-19 crisis and the necessary public health response are causing the largest and fastest decline in international flows in modern history.

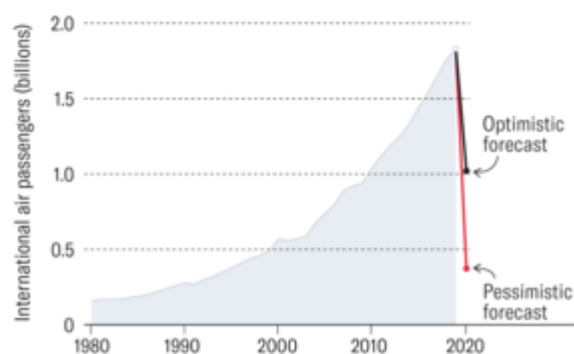
International trade volume



Investment flows



International travel



Note: Forecasts as of March–April 2020;
FDI forecast pertains to 2020–2021
Source: WTO, UNCTAD, ICAO



Furthermore, the lack of efficient global response to the pandemic has given way to the constant dribble of pessimism about the ability of the world to come together. Right from Trump’s withdrawal of WHO funding to crumbling multilateral institutions under the weight of their own contradictions,



the anti-globalisation voices are strengthening the argument that greater interconnectedness leads to greater vulnerabilities.

Even before the outbreak of once-in-a-lifetime-pandemic crisis, these voices were slowly gaining momentum. From the ongoing trade dispute between US and China to Britain's retreat from EU, from the western backlash against migration to the election of President Donald Trump, the period of world politics has been rightly termed as an 'era of de-globalisation'. In this direction, the pandemic has acted as the fuel in the fire. When the WHO, which is supposed to be the site of coordinated response, became the battleground of the blame game, the last shreds of support for the international flow of goods, people and information were taken away. Moreover, the pandemic has exacerbated the fight over the limited supply of essential medical gears. Many countries banned the supply of face masks, PPE kits, and ventilators which has led many to question the use of free trade policies when they do not even function in the times of dire need. President Trump, for instance, used his powers from the Defense Production Act to ban strategic exports, which stopped the shipment of masks to Canada. Similarly, when Italy was hit hard by the disease, most member states did not hesitate to close their borders with the country. All in all, it may not be the exaggeration to say that the post-pandemic world witness a relative concentration of supply chains to specific locations and a phenomenon of rampant innovation to strengthen local resources as opposed to the free flow of technology across borders.

Adding to this, many have argued for the emergence of a more regionalised world post-Covid-19 crisis adding yet another layer of complexity in globalisation trends. But the fact that Europe, which is the world's most connected region, has failed to uphold a unified response leads us to critically analyse the prospects of a more regionalised world in the coming future. It might be another form of restricted globalisation but counting on this possibility will be a mistake.

However, the other side of the coin also demands a little reflection with respect to the fact that pandemics like the present one also opens up avenues for powerful and long-lasting cooperation in the field of healthcare diplomacy. The mutual trust and confidence-building that stem from this can lay down the foundation of a coordinated approach in the global economic recession in the post-Covid-19 world. According to a report by Harvard Business Review, countries with higher scores on the DHL Global Connectedness Index tend to enjoy faster economic growth and vice versa to this they emerge less vulnerable to infectious disease outbreaks, partly because of their stronger health care systems backed by efficient international cooperation since the beginning. Thus, large companies can tilt the negative feedback towards positive ones by accelerating the manufacture of urgently needed medical supplies and extending the support to their employees, as in the case of Unilever. And they can vocalise their support for open markets, as 3M did when it resisted a proposed block on its mask exports from the U.S. to Canada and Latin America.

Furthermore, another major factor in this globalisation debate will be the idea of redundancy versus reshoring. When decoupled with politics, the economic logic always favours the international diversification of goods as opposed to the sole focus on self-sufficiency which many a times adds another nail in the coffin owing to the considerable rise in the price of goods and economic inequality. For instance, most countries will probably decide that it is cheaper to expand their emergency stockpile rather than permanently fund medical device factories. Companies in the foreign lands will also take into account how the country has dealt with the pandemic in comparison to their countries of origin and what the status of availability of workforce is to finally decide where to raise capital, which markets to prioritize, and which supply bases to cultivate. Thus, if redundancy remains a norm then what at the maximum can be expected is the long-run drag on global trade growth followed by greater diversification of international cooperation, especially in the field of biomedical research and technology.



Another trend in the face of global exchange can be witnessed in the form of adoption of e-commerce and other technological shifts. While before Covid-19, many viewed these advancements as the contributing factor to reduced global flows but the pandemic has opened up opportunities in this sector especially for smaller enterprises, if at all not curbed by protectionist policies.

In summary, as with all forms of volatility, there are both losers and winners, and the case of the global effects of Coronavirus pandemic is no different with respect to the fact that there might be a blend of globalisation and de-globalisation sentiments to witness. The increasing trend in e-connect and remote forms of work will only lead to a much more streamlined flow of information, ideas, and opportunities while the structural changes in many economies may strengthen tendencies of economic nationalism.

-
1. Giddens, Anthony. “The Consequences of Modernity”, *Stanford University Press*, 1990.
 2. Sforza, Alessandro; Steininger, Marina. “Globalisation in the times of COVID-19”, *CESifo Working Paper, No. 8184, Center for Economic Studies and Ifo Institute (CESifo), Munich*, 2020. https://www.econstor.eu/bitstream/10419/216580/1/cesifo1_wp8184.pdf
 3. Altman, Stevan A. “Will Covid-19 Have a Lasting Impact on Globalization?”, *Harvard Business Review*, 2020. https://hbr.org/2020/05/will-covid-19-have-a-lasting-impact-on-globalization#_edn1
 4. Miller, Chris. “Will COVID-19 sink Globalisation?”, *Foreign Policy Research Institute*, 2020. <https://www.fpri.org/article/2020/04/will-covid-19-sink-globalization/>
 5. Cinar, Ali. “How the global system will be shaped after the Covid-19 pandemic?”, *TRT World*, 2020. <https://www.trtworld.com/opinion/how-the-global-system-will-be-shaped-after-the-covid-19-pandemic-35614>