

## De-risking in the China and US relations and its impact on the regional and international order

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Article Info	Abstract
<p>Original Article                      Main Object: International relations                      Scope: BRICS</p> <p>Received: 18 December 2023                      Revised: 27 January 2024                      Accepted: 04 February 2024                      Published online: 13 February 2024</p> <p><b>Keywords:</b>                      China, decoupling, de-risking, de-globalization, slowbalization multipolar order, The United States.</p>	<p>The deterioration of relations between the United States and China since 2018, the intensification of strategic competition due to geopolitical tensions, and the expansion of economic friction between the two countries from trade disputes to broader areas such as technology and supply chain security have led to the formation of this hypothesis that Beijing and Washington are Decoupling. Decoupling means that the interdependence that has built up between China and the United States over at least the last two decades is weakening. However, this study believes that relations between the two countries are in a state of de-risk rather than de-coupling. Based on this, the main question is: What does de-risking mean in the regards of great powers? and what effect can its escalation have on the regional and international order? The research hypothesis is: In the current situation where globalization is in slowbalization state, de-risking in China and the United States relations may lead to monopolies and protectionism, and with the increasing influence of geopolitical tensions, two economic blocs will emerge. The formation of these economic blocs also means the reduction of the hegemonic role of the United States or China and can become the foundation of the bloc-oriented multipolar order.</p>

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**Extended Abstract****Introduction**

With the increase in the trade war between the United States and China and the increase in geopolitical tensions, the hypothesis that the two countries are moving towards decoupling has been suggested. For example, by examining 10-digit US import data (tariff levels) between 2017 and 2022, Caroline Freund and colleagues hypothesize that decoupling is real, but argue that supply chains are still intertwined with China. Furthermore, Kevin Honglin Zhang argues that The US has been waging an economic decoupling from China, in which national security concerns replace economic logic and the loss-loss game replaces win-win gains from globalization. The decoupling is generating profound ramifications for the world as well as the US and China. Nevertheless, despite these arguments, the current research supports de-risking in US-China relations instead of decoupling.

**Research question**

What does de-risking mean in the relations of China and U.S and what effect can its escalation have on the regional and international order?

**Research hypothesis**

This research argues that due to the reduction of foreign trade, foreign investment, and the participation of countries in the global value chain, slowbalization is occurring. The most important feature of this slowbalization is that many actors, especially great powers, have turned to de-risking. Although this de-risking is in its initial stages. If it continues, it can lead to protectionism and regionalization of financial affairs, which can lead to the multi-polarization of the international system.

**Method and Theoretical framework**

The current research has not chosen a specific theoretical framework to test the hypothesis and is mainly based on a conceptual framework. This conceptual framework is based chiefly on the definitions of concepts such as decoupling, de-risking, de-globalization and slowbalization and according on the perspective of great powers such as the United States, China and the European Union. The research method in this study is descriptive-analytical.

**Results and Discussion**

The main argument of the current research was based on the hypothesis that after World War II and especially after the collapse of the Soviet Union, the United States and some powerful European countries tried to strengthen globalization through the spread of liberal ideas. According to many analysts, this globalization has also happened to a great extent and reached its peak by 2008. However,

from this year onwards, some developments caused the globalization process to slow down. The most important of these developments are the global financial crisis in 2008, the beginning and expansion of the trade war between China and the United States in 2017 to 2019 and its continuation until recent years, the start of the COVID-19 epidemic, and finally, the intensification of geopolitical tensions such as the battle between Ukraine and Russia, the war between the Zionist regime and Hamas.

The occurrence of these developments caused the factors and especially the economic elements that strengthened globalization to become weak. Among other things, foreign trade has been restricted, foreign investment has decreased, and countries' participation in the global value chain has declined. Therefore, in such a situation, although de-globalization has not been realized, there is a consensus that the slowbalization is the prevailing phenomenon. The most important feature of this slowbalization is that many actors, especially the great powers, have turned to de-risking. For example, the United States has imposed restrictions on the provision of technology to China, and subsequently, China has imposed restrictions on the export of strategic mineral resources such as gallium.

### **Conclusion**

Although this de-risking is in its early stages and is currently mainly in the technology sector, it is expected if it continues, especially with the intensification of new geopolitical tensions such as the conflict between China and the United States over Taiwan, or the increase in tension between Russia and NATO, this de-risking will be upgraded and turned into other economic strategies such as protectionism and regionalization of financial affairs. A phenomenon that also happened during the COVID-19 epidemic. If it happens, likely that the political-economic competition between China and the United States will also go out of bilateral mode. In other words, political-economic blocs such as BRICS or G7 will play a significant role in regional and international interactions, and this will mean moving from a unipolar order to a block-based multipolar order.

### **Conflict of interest**

The authors declared no conflicts of interest.

### **Authors' contributions**

All authors contributed to the original idea, study design.

### **Ethical considerations**

The authors have completely considered ethical issues, including informed consent, plagiarism, data fabrication, misconduct, and/or

falsification, double publication and/or redundancy, submission, etc.

### Data availability

The dataset generated and analyzed during the current study is available from the corresponding author on reasonable request.

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