

**STRATEGIC MEMORANDUM:
SUMMARY AND CONCLUSIONS FROM SYMPOSIUM ON GREAT POWER RIVALRIES IN THE GLOBAL SOUTH**

Istanbul, Turkey, March 22-24, 2024

In 2024, the world is at an inflection point, the most important since the collapse of the Soviet Union in the early 1990s. There is widespread concern about the increasingly fragmented state of the international system, and the capacity of leading governments to address challenges that have become increasingly complex. The value of breaking down silos and engaging perspectives from multiple areas of expertise is now greater than ever. To address this need, FSVC's 2024 international symposium in Istanbul, Turkey, funded by Carnegie Corporation of New York and Konrad-Adenauer-Stiftung (KAS), brought together 29 leading experts and practitioners in international finance and foreign policy from Africa, Asia, Europe and North America to exchange ideas on pressing current affairs. The symposium encouraged reflection on what has worked and what has gone wrong in recent decision-making, with the goal of identifying informed, proactive policy responses to current and future stresses. The overarching topics of discussion were how great power rivalries are impacting the Global South, the implications of these developments for the global financial system, and how countries in the Global South can navigate this competition to their benefit.

First, it is critical to appreciate the diversity of countries that make up "the Global South," to avoid reductive generalizations about a heterogeneous region. From the discussions, it was also gleaned that, for great powers to successfully engage countries in the Global South, they need to use "carrots, not sticks." Countries in the Global South are increasingly adopting a pragmatic approach of looking for the best deal offered by great powers (i.e., the strategy of interest-driven "active non-alignment") rather than considering ideological arguments for alignment as was the case during the Cold War. Currently, many countries in the Global South are struggling with immediate concerns such as poverty and security. As such, great powers should focus on how to improve standards of living across the emerging market world in tangible ways (e.g., infrastructure, financial sector development), and in the ways requested.

The U.S. has made critical errors in its approach to the Global South, and thus has broadly lost credibility as a partner. These errors include attempts to advance Western values that may not "fit" the local context, the imposition of far-reaching sanctions, and a retreat from open trade. In contrast, China has gained prominence as a reliable trade and infrastructure investment partner. China is often seen as offering tangible benefits to countries in the Global South (e.g., telecommunications networks, transport infrastructure) which are urgently needed, even if this investment may come with risks. To restore its reputation as a reliable partner, the U.S. should try to mitigate the unintended consequences of its policymaking (e.g., effects of sanctions, fracturing supply chains). It must also do a better job of communicating its objectives and delivering on promises (e.g., infrastructure projects), and return to its legacy of economic openness.

The EU has the potential to emerge as a mediator for countries in the Global South amidst the great power competition between the U.S. and China. It offers economic potential, the strength of its security architecture and its rules-based systems of law and order. However, potential partners in the Global South are concerned that the EU is often too involved in its inner problems and not focused enough on those of other regions. The EU also lacks a common foreign economic policy, and its approach to issues like climate change and human rights does not always align with the national interests of many Global

South countries. To effectively diversify its partnerships across the Global South, the EU will need to better understand its potential partners and find common ground.

Another key theme was the “crisis of democracy” in the West, including the rise of populism and the far right. This is contributing to the decreased acceptance of Western values in the Global South. The 2024 presidential elections in the U.S. are a serious global risk factor, not just from the perspective of which candidate will win, but whether or not the win will be accepted. An unclear win could pave the way for disruptive actions by geopolitical actors. In parallel, elections across the world in other key economies (e.g., India, U.K.) also run the risk of creating instability.

The urgent need for more effective multilateral coordination and international cooperation was also highlighted. However, the current trend among great powers is to compete rather than cooperate. Countries in the Global South are also increasingly competitive (e.g., in efforts to participate in important global supply chains). Furthermore, existing international multilateral institutions have proven ineffective in addressing international security challenges like preventing war (e.g., in Ukraine or Gaza) or in redressing intensifying economic competition between great powers (e.g., trade tensions between the U.S. and China). The risks of impeded cooperation are grave, given worsening global problems like climate change, poverty and inequality, pandemics and the rise of new technologies like artificial intelligence (AI).

Countries in the Global South stand to enhance their negotiating power and gain leverage by joining forces on key areas of concern, like responding proactively to the threats of climate change or re-negotiating favorable debt repayment conditions. Great powers also stand to benefit from enhancing coordination with countries in the Global South, for example, on supply chains (e.g., critical minerals) or implementation of economic policies (e.g., Western sanctions against Russia). It is imperative to build capable and resilient institutions within countries in the Global South that can effectively advance their people’s concerns and coordinate with partners. At the regional and international levels, it is also critical to develop effective institutions that can work to advance common goals. Within existing international institutions and forums (e.g., Financial Stability Board, Basel Supervisors Committee), there must be greater discussion of issues affecting the Global South and greater representation of the people affected by the decision-making.

In terms of financial issues, the international financial system appears unprepared for future crises. The close coordination among G20 finance ministries and central banks that helped address the 2008 financial crisis does not seem to be in place today. In addition, traditional central bank fixes are limited by the broad use of quantitative easing, and the budgetary capacity of governments is impeded by high debt. International financial institutions and the exchange of ideas could help enhance crisis preparedness, and there should be closer coordination of relevant authorities and private sector actors, not just nationally, but regionally and globally.

Finally, the COVID-19 pandemic brought into new focus the interdependencies of great powers. Despite U.S. government aspirations to de-couple and build its own parallel supply chains, this is not realistic. For the U.S. to retain its edge over China in some key supply chains (e.g., its technological supremacy over China in the semiconductor sector), it must strengthen its cooperation with its partners. The current lack of U.S. coordination with international stakeholders is driving them closer to China. Converging goals, such as engagement of the Global South or combating climate change effects, may create common ground to bring the U.S. and China to coordinate. The immense power these two countries hold makes it pivotal for the world that they engage and effectively communicate with each other.