

On Pseudo De-Globalization, Silk Road of Global Value Chains and Role of Georgia

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The flag of Georgia

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The COVID-19 pandemic has had a significant impact on the global economy and global economic projects, including the Belt and Road Initiative, which brings together the 21st Century Maritime Silk Road and the Silk Road Economic Belt.

Limiting contact between people has proven to be an effective means of preventing the massive spread of the coronavirus. Because of this, many firms had to suspend their activities, as a result of which an economic crisis erupted around the world.

The COVID-19 pandemic has practically exposed many of the accumulated problems of the globalization process. In particular, the COVID-19 pandemic has generated some skepticism and the question of how far the de-globalization process can go and, as a result, the possibility of humanity coming to isolationism has been raised on the agenda.

Summarizing the experience of the beginning of the COVID-19 pandemic, we can say that almost no one in the world expected the rapid spread of coronavirus as a result of which not only national states but also international organizations and, above all, the WHO, were practically unprepared. The government of each country took certain measures on an individual basis. In particular, these measures in different countries were varied: the tough ones were based on the announcement of a general quarantine and the mildest ones were limited only by the recommendation of observing social distancing. Some governments at the initial stage of the spread of the coronavirus did not take practically any harsh measures, although after its wider spread they gradually introduced harsher restrictive measures.

The factually inconsistent behavior of the leaderships of various states, as well as the confusion of the WHO (especially at the initial stage of the pandemic) and other international organizations, contributed to increased skepticism about the objectivity of the globalization process as a result of which the COVID-19 pandemic was perceived as a signal of the beginning of the “crisis of globalization.”

With all of the difficulties associated with the COVID-19 pandemic, it must be remembered that many components of globalization (for example, the Internet) have already been created and, due to the pandemic, are even more actively used throughout the world. And most importantly, the pandemic as such and, in particular, the COVID-19 pandemic, is also a global phenomenon. Only global measures can effectively resist a global phenomenon.

Some of the isolationist measures taken by these or those governments were adopted in order to prevent the unhindered spread of COVID-19 between countries and regions. But at the same time, it must be remembered that an isolationist policy has a negative impact not only on economic growth but also on many areas, including the environmental one in the first place.

Obviously, in the context of the COVID-19 pandemic, the so-called process of “forced de-globalization” was provoked by the unexpected and rapid spread of the coronavirus as a result of which the leadership of almost every country in many cases acted in isolation.

Based on the global nature of the pandemic, it is fundamentally impossible to overcome it in conditions of isolationism. Simple logic dictates that in order to achieve success, it is necessary to conduct globally coordinated events in which international organizations and states should also take an active part. If the efforts of individual states are of paramount importance to end the epidemic,

then it is fundamentally impossible to overcome the pandemic without the coordinated action of these states.

Even in the face of the COVID-19 pandemic, there is no doubt that all of those countries that impede free trade will ultimately suffer the most economically.

Thus, we can assume that the process of de-globalization is of a temporary nature; i.e., there is a *pseudo de-globalization*. It follows that such a de-globalization is temporary. Consequently, it is advisable for all countries to use the current situation to better prepare for the beginning of a new round of globalization; i.e., globalization at a higher level of development (https://www.project-syndicate.org/commentary/covid19-deglobalization-two-priorities-by-mohamed-a-el-erian-2020-05?utm_source=Project%20Syndicate%20Newsletter&utm_campaign=3ce69c95d3-sunday_newsletter_17_05_2020&utm_medium=email&utm_term=0_73bad5b7d8-3ce69c95d3-93567601&mc_cid=3ce69c95d3&mc_eid=e9fb6cbcc0&barrier=accesspaylog).

In the context of a new round of globalization, a special role is played by the development of the Belt and Road Initiative as a global project in its nature. In particular, despite all of the difficulties this initiative faced, it was its global nature that helped to find ways to overcome them. The most vivid example is the creation and successful functioning of its new branching within the Silk Road Economic Belt – the Health Silk Road which was used as a corridor for the provision of medical care (supplies of medical devices and equipment as well as medicines and vaccines) (<https://merics.org/en/short-analysis/chinas-health-silk-road-adapting-bri-pandemic-era-world>).

Among the problems that have manifested themselves in the context of the economic crisis caused by the COVID-19 pandemic, the gap in the global value chains stands out.

Obviously, in the process of the “renewal” of globalization, the issue of the harmonization of global value chains becomes urgent which can be achieved exclusively by diversifying these chains. For its part, the diversification of global value chains should occur due to their “connection” to new countries and, first of all, those of them that have the most suitable starting positions for this.

Thus, within the framework of the Silk Road Economic Belt, it is necessary to develop another of its branchings – the *Silk Road of Global Value Chains*.

It is in the context of the formation and development of the Silk Road of Global Value Chains that Georgia can play a special role. Georgia is not only located between China in the East and the EU in the West, but it is the only country in the region that has free trade regimes simultaneously with both China and the EU. As is known, such trade regimes concern only those value added, the overwhelming majority of which is created in the exporting country. And this factor may interest not only Chinese and European, but also third-country investors to “use” Georgia as a platform for the production of final products for export to the EU and China. In other words, Georgia has objective advantages to be “connected” to the renewed format of the Silk Road of Global Value Chains.