

INTRODUCTION

Patricia García-Durán Huet

*Associate Professor, International Economic Organisation,
University of Barcelona*

Eloi Serrano Robles

*Director of the Social Economics Chair at Tecnocampus,
Pompeu Fabra University; Associate Researcher, CIDOB*

Economics studies the management of scarce resources given infinite needs. Management means prioritising to achieve established objectives. The formulation of objectives and prioritisation are determined by two essential components: ideology (values) and the correlation of forces, in other words, politics. Hence the close link between politics and economics. A great deal of work in the social sciences studies this relationship, and particularly the organisation of the planet's productive structures.

Various methodologies can help in this analysis. Institutionalist schools maintain that the rules of the game determine the behaviour of the different agents and their subsequent development (Acemoglu, Robinson and North are some of key authors in this area). Indeed, significant scientific consensus exists over the links between political geostrategy and geoeconomics. Niall Ferguson and Eric Hobsbawm, for example, have studied the relationship from different long-term analytical perspectives. From empires to latecomers, a country or city's political position in the international context has largely been conditioned by the country's interests, economic capacity and business structure, and vice versa.

Barcelona and its metropolitan area are no exception. The city's role as a technological, logistical and commercial hub means that the world's geopolitical situation necessarily affects its future development. We believe we are entering a period of disruption, with a technological revolution looming that will create new rules of production and change the social order in ways that remain difficult to envisage (Zuboff, 2019). Alterations with uncertain outcomes are also affecting the global geopolitical scene, such as the leadership of the United States, the roles of China and the European Union, the direction of multilateralism, and regionalism. In short, the ground is shifting in both geoeconomics and geopolitics.

This monograph seeks to make a significant contribution to the analysis of the impact of all these changes, which the COVID-19 pandemic has accelerated. The health crisis, whose political, economic and social implications remain to be seen, has heightened the need to reflect on the conditions of an ever closer future.

In a hyperglobalised context, the study and analysis of the interrelation between geopolitics and geoeconomics is essential to understanding the development of territories and their residents' well-being, and particularly Barcelona. The monograph is therefore structured in two parts. The first focuses on analysing business behaviour and Barcelona's position in the light of the new challenges; the second aims to analyse the phenomenon from a more macro perspective.

The impact of global and European value chains on companies and logistics: a perspective from Barcelona

Business decisions are conditioned by internal and external factors. The internal relate to the company's resources and capacities, while the external concern the company's insertion in a particular local, regional or global context or reality. Understanding geopolitics is therefore essential to understanding business behaviour. At the same time, understanding resource distribution and the capacity to generate technology is vital to understanding different countries and regions' political positions. Business internationalisation and country specialisation theories seek to explain the productive insertion of the different economies in the global context.

Successive technological revolutions have all involved increases in production. In both quantity and diversity, as supply has grown exponentially, so has trade. Linked to this phenomenon, international competition has intensified at the same rate as the world has become more interrelated (i.e. globalised). Companies are both subject and object in this process, and their strategies are increasingly designed to cope with this scenario. Global value chains are thus the product of a business mindset of maximising profits, optimising resources and obtaining competitive advantages in a globalised environment.

The first section begins with an illustration by Jordi Bacaria, Professor at the Autonomous University of Barcelona, of the general framework the volume will study. Bacaria argues that we are not immersed in a period of deglobalisation. On the contrary, we may be witnessing a regional reorganisation of trade driven by new technologies (and COVID-19 in the short-term) that will condition the structures of global value chains. In his view from Barcelona, a paradigm shift is needed, based on technological, industrial and energy development, which places the emphasis on education, training, innovation and health. Optimistic foresight should prevail over nostalgic hindsight.

The coordinators have considered it appropriate to include Latin America in the analysis. The region's preferential relations with Spain, Catalonia and Barcelona make it pertinent to the volume's object of study. Antoni Estevadeordal, from the Inter-American Development Bank, suggests that there is an opportunity to deepen this relationship, taking advantage of the EU's global leadership on issues such as climate change, the digital transformation and social inclusion. In this sense, EU-LAC relations are well placed to promote the transformations the region needs more than ever.

Lourdes Casanova, Director of Cornell's Emerging Markets Institute, incorporates the role of Spanish companies into the analysis. She argues that a state of affairs is forming that is totally different from the one in which Spanish companies began to internationalise in the 1990s. The way the process has matured towards more complex activities and more advanced economies is perfectly described. Yet, in her view, the outlook is complicated by three challenges: first, the levels of indebtedness of these companies; second, the crisis caused by the pandemic on both sides of the Atlantic; and, finally, society will demand that companies make a greater commitment to solving social and environmental problems.

Two works focused on Barcelona conclude the first section of the monograph. Paloma Fernández, Professor at the University of Barcelona, presents a historical view of Barcelona's role in global value chains that is both highly informative and valuable for understanding the current context. She quotes Michael Porter's argument that the competitiveness of value chains, and the territories in which they are located, depends not only on companies' productive and commercial capacity, but also on the institutional and social environment, which must be in synch and coordinated with their companies. She therefore argues that Barcelona's problems may have begun when the Olympic Games finished, when a shared vision of the country came to an end, along with projects in which institutions, companies and citizens could all be winners. Institutional stability is needed to take advantage of the location and specialisation advantages of the metropolitan area.

Joan Trullén and Vittorio Galletto, from the Barcelona Institute of Regional and Metropolitan Studies, make an extraordinary contribution to understanding Barcelona's fit in international geopolitics and trade. Their reading is that the metropolis of Barcelona is the clear leader of Spain's international and interregional trade, and that the direction of these flows has been transformed since the Great Recession, with exports abroad exceeding those to the rest of Spain. The foreign trade balance and that with the rest of Spain is generally positive and intra-industry trade plays a significant part, suggesting that the industrial sector remains strong. The authors believe that Barcelona's leadership on the southern shore of the Mediterranean is vital to mitigate the impact of COVID-19 and the recession in the tourism industry.

The effects of geopolitical changes on international trade and supply chains

The focus of geopolitics has evolved. Before the Cold War ended, when people spoke of geopolitics they meant security issues. In the post-Cold War period, however, observers have tended to agree that geopolitics and geoeconomics overlap. The struggle for political power between the major global players is no longer primarily for military ascendancy, but also economic power (Roberts et al., 2019).

At the end of the Cold War, economic competition was contained by shared rules of the game. International bodies like the World Trade Organization (WTO) provided frameworks within which conflicts could be settled and multilateral agreements reached. The emergence of new

global powers – particularly China – and the advent of a new technological revolution have jeopardised this organisation of global trade relations. The trade and technology war between the United States and China over recent years suggests a return to economic relations based on force rather than shared rules.

In a world where economic power helps define the global powers, the EU's role is by no means trivial. In market terms it has nothing to envy the USA or China. So, depending on how the EU defines its trade policy, the value chains in which Barcelona participates may be multiplied or reduced.

In her contribution, Clàudia Canals from CaixaBank Research argues that new technologies may both reduce trade flows and boost them. New technologies like the electric car and 3D printing that represent advances in automation are likely to reduce the attractiveness of countries with low labour costs, and thereby cause reshoring towards developed countries. On the other hand, technological advances like 5G and blockchain that improve information and communication channels may help companies slice up their production processes and carry them out in different countries.

The author estimates that deglobalising technological forces could endanger 10%–15% of trade flows over the next decade. Meanwhile, pro-trade technological forces could increase flows by between 6% and 11%, according to McKinsey estimates, meaning the two forces appear to be fairly balanced. However, the COVID-19 crisis is also expected to accelerate the trend toward shorter value chains and automation, while the consequences of US–China tensions point in the same direction.

The analysis of the EU's relations with China by Miguel Otero of the Elcano Royal Institute also indicates that there are factors for and against greater economic integration between the two. On the one hand, the EU views China as a strategic partner and, on the other, a negotiation counterpart, an economic competitor and a systemic rival. As a strategic partner, few international issues can be resolved without Chinese participation. As a systemic rival, it defends a social and political system that is far removed from EU liberal and democratic values. These differences make China a counterpart in both international organisations and bilateral negotiations. It has become an economic competitor because it is no longer merely the world's factory for low value-added products, but is committed to becoming a mainstay in sectors of high technological value. Europe still considers that a positive-sum game can be achieved, believing that whatever is good for China is not necessarily bad for the EU and vice versa.

Biden's rise to power in the US is also expected to be good for EU trade. However, in the view of Marc Ibáñez from Yale's Master's in Global Affairs, several obstacles stand in the way of new negotiations over a transatlantic economic integration agreement. While trade and investment between the two markets have risen during Donald Trump's presidency, European citizens no longer see the USA in the same light. Achieving strategic autonomy in both defence and foreign affairs is widely supported in Europe. The United States' management

of COVID-19 has reinforced the idea that something has broken in transatlantic relations. On the other hand, the need to defend the Western model against China and the existing economic interdependence between the two markets will help the alliance survive.

WTO reform will be another major determinant of the future of globalisation and the EU's role in it. Xavier Fernández Pons, Professor at the University of Barcelona, argues that reform will be an almost impossible task. The author believes that the main obstacle to reform is the emergence of new commercial powers (especially China) that do not share the same vision of how global trade should be organised. The gravity of the WTO crisis is shown in the stagnation of multilateral trade negotiations (of the Doha Round); the proliferation, in recent years, of increasingly ambitious bilateral, regional and mega-regional trade agreements; trade wars; the US blockage of the WTO Appellate Body; policies that seek to ensure a certain level of self-sufficiency in the wake of COVID-19; and the frictions from the contested leadership of the fourth Industrial Revolution (5G and artificial intelligence).

Ignacio García Berceo and Iciar Chávarri Ureta, from the Directorate-General for Trade of the European Commission, are somewhat more optimistic. If there is one area in which the EU can influence, it is in trade. Reforming the WTO is undoubtedly difficult, but President Biden's arrival in power in the US and China's progressive acceptance that the status quo in the organisation is untenable may help achieve a reform that allows the multilateral body to continue offering a trading system based on shared rules. The EU is carrying out a strategic review of its trade policy with two objectives: to help the economic recovery, and to build an EU based on a model of open strategic autonomy. To achieve this, it is proposed that efforts should be concentrated on relaunching multilateral cooperation and the reform of the WTO. The EU must also achieve trade defence instruments that facilitate a level playing field and guarantee security of supply. The authors emphasise that it is not a question of the EU becoming protectionist. That would go against its interests, since trade helps both economic growth and employment in the EU. The key is to achieve a better balance between autonomy and openness.

Conclusion

This monograph clearly shows the existence of a tendency towards regional protectionism. The hyperglobalisation process experienced since the 1990s is being fragmented around the world's three great factories (Baldwin and López-González, 2014): the American (around the United States), the European (around Germany) and the Asian (around China). This will increase the regionalisation of value chains.

This trend has been spurred by the COVID-19 pandemic, but it was a reality even before the crisis. Its main causes are twofold: the rise of China (and the United States' response to it) and the nature of new technologies. The lines separating economic and security objectives have become blurred, creating the need for strategic protectionism, above all in the field of digital commerce.

This reading of the geopolitical situation suggests that the Metropolitan Area of Barcelona should encourage its companies to focus on the EU's internal value chains. But the contributions in this monograph also indicate that this trend towards deglobalisation – or perhaps better said regionalisation – is temporary.

We are in a period of transition towards a new form of globalisation. In this transitional period, the large global players are taking up positions to enable them to participate in the budding digital globalisation in the best possible conditions.

This second reading suggests that Barcelona must continue to open up to new value chains. In particular, several authors in this monograph consider that it is especially well placed to take advantage of the development of value chains with Africa.

The WTO will continue to be the barometer of globalisation, but it must be reformed. To survive, new rules of the game must be agreed that suit China and other emerging countries, as well as the West. If the WTO is successfully reformed, we will enter a new period of globalisation. If not, the trend towards fragmentation will continue.

The EU can play a key role in writing the next chapter of globalisation. Its position as a commercial giant and its relations with the US and China give it an essential mediating role in WTO reform. And indeed, its priorities have recently shifted: from negotiating bilateral/regional agreements to concentrating efforts on multilateral agreements.

In summary, institutional factors have been inseparable from economic ones at all points in history. The authors agree that we are facing significant changes. Transformations are underway that will bring new conditioning factors to globalisation and the structuring of global value chains: technological revolution, increased regional multilateralism, the consolidation of some emerging markets, and changes resulting from the distribution of power and the governance model (changes that COVID-19 may notably shake up).

In the new scenario Barcelona should aim to build new consensus that enable the area's potential to be exploited. The data indicate that the city remains in good condition to face the new times with relative success, but tweaks must be made in some of its areas of productive activity, such as tourism.

This introduction cannot conclude without expression our gratitude to the Metropolitan Area of Barcelona. Without their support, this initial work on the geopolitical challenges we face could not have been written.

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