

# China's Challenge to the World Economic Order Second Edition

## Executive Summary

Well into the second decade of the 21st century, the world is witnessing the true extent of China's economic, political, and growing military reach. This reach and integration into the globalized world has been gradual, incremental, and quiet over the past three decades. In the shadows, China has accelerated significantly over the past ten years. What does this mean for the established global order? This paper is a roadmap looking to connect the dots on that journey.

China has experienced unprecedented success in recent years in its opposition to the Western-dominated international economic order. These successes, from the establishment of the Asian Infrastructure Investment Bank (AIIB) and the BRICS New Development Bank (NDB) to the rolling out of the One Belt One Road (OBOR) initiative and the internationalization of the Renminbi (RMB) are all part of a grand strategy to achieve economic hegemony.

In the second edition of this special report, we discuss the ramifications of the US withdrawal from the Trans-Pacific Partnership and what it means in the context of China's recent acceleration.

### Key findings include:

- Though very much misinterpreted and still an ongoing process, **the domestic economic realignment will assist the country in securing internal confidence to support its external aspirations.**
- **The BRICS bloc** (Brazil, Russia, India, China, and South Africa) **is moving towards veto power in the IMF starting in 2017.** Coupled with China's range of economic initiatives intertwined with their OBOR and globalization strategy and the coupling of China-initiated financial mechanisms towards integration of regional economies, China sits in a prime position of influence, power and patronage.
- The sweeping changes pursued by China today are intended to contribute to the rebalancing of world economic order. **China essentially seeks to challenge US hegemony and bring about a Eurasian century.**
- **The RMB is poised to overtake the USD** over the next few years as China works from within and without the existing world community to establish a new economic order that it sees as more equitable than the current US-dominated order. Investors need not fear this new order if they are prepared.

**To access the full report click here:** <http://bit.ly/ISSRiskChina>