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International Consultants & Investments

Reading the Tealeaves of a Disorderly World

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HKU Space Admiralty Learning Centre, Hong Kong

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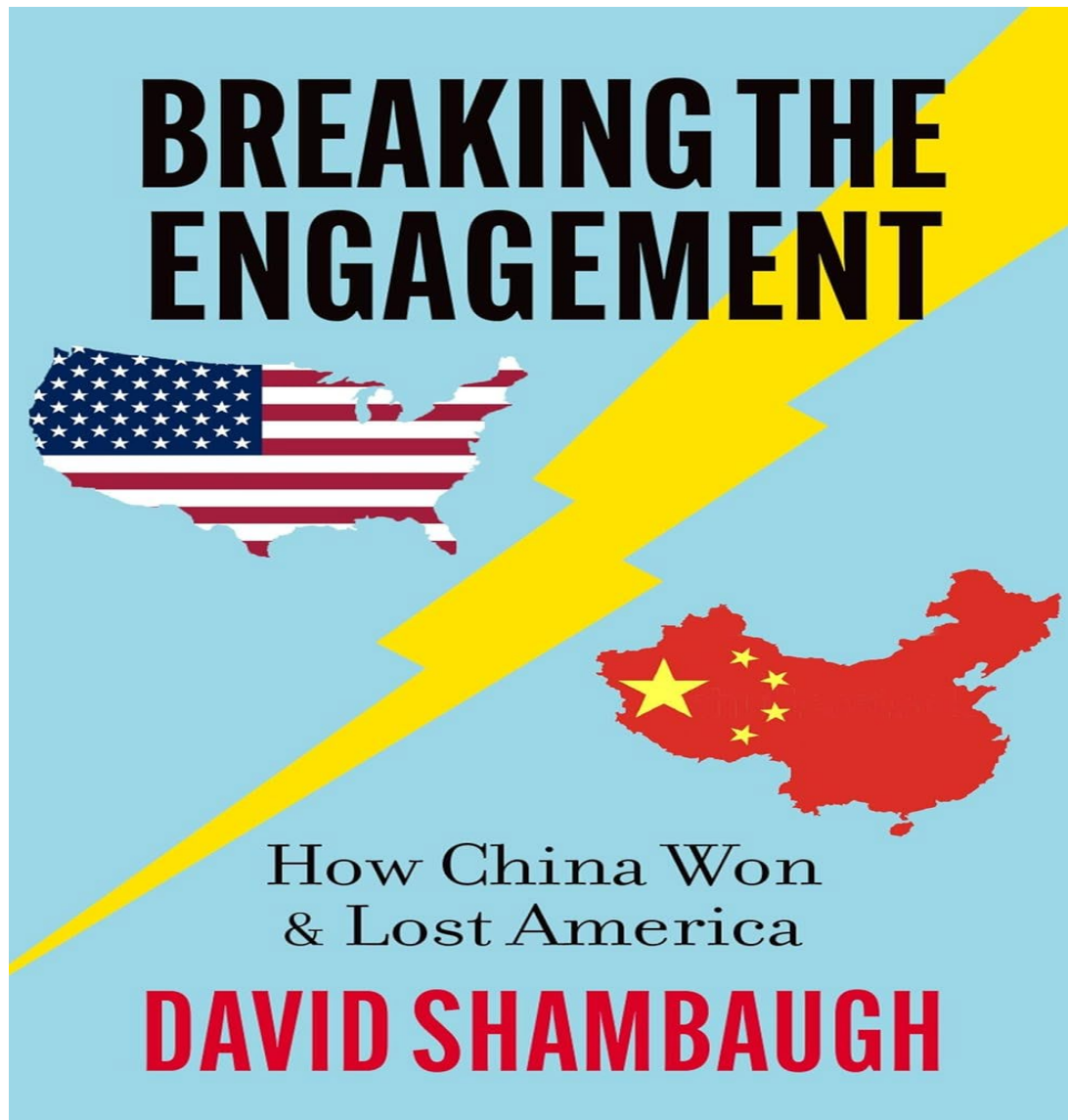
Broken City Upon a Hill

Evolution of US-led World Order

- *Age of Empires to Pax Americana*
- Immediately *after WWII*, US economy accounted for *roughly half of global economic output*, making the United States the absolute economic powerhouse of the era
- August 1971, President Richard Nixon unilaterally suspended the dollar's convertibility into gold; yet the greenback retained its global dominance – “*Exorbitant Privilege*” of money-printing for the world
- Birth of *Petrodollar* as US became largest customer of Middle East oil, reinforcing global dominance of the greenback
- West-led conventions: International Monetary Fund (*IMF*) led by European MD and *World Bank* led by US-nominated President
- US won the Cold War with the *collapse of the USSR*
- **WTO** (est. 1.1.1995) – *US no overriding veto but exercise negotiating influence* as principal architect, largest economy, and dollar dominance in anchoring a “*global rule-based trading system*”.
- *Age of Unipolarity* began, supported by *America’s military and financial supremacy, dominance of world institutions, unrivalled capacity to maintain global peace, whilst safeguarding American interests, supported by global reputation of ‘City on a Hill’*.

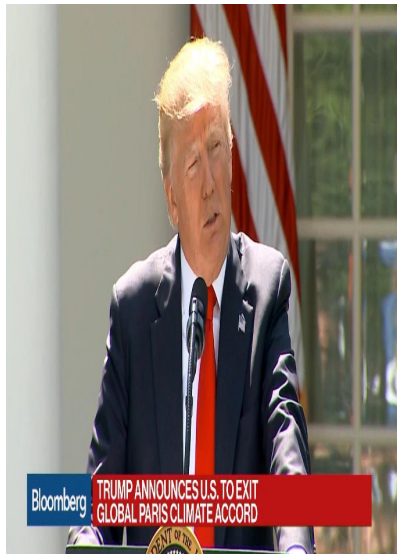
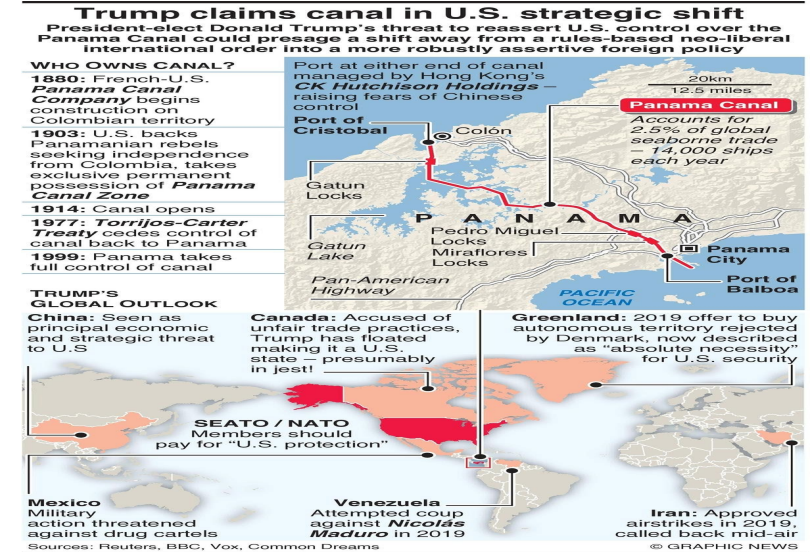


From “responsible stakeholder”, containment, to strategic confrontation and rivalry



- The *"responsible stakeholder"* doctrine initiated by **George W. Bush** in 2005 sought to integrate China into the US-led global system, thinking that China could change to becoming more like the West economically and hopefully politically.
- **President Bill Clinton** helped China into the World Trade Organization (*WTO*) in 2001.
- US Deputy Secretary of State **Robert Zoellick** explicitly urged China to become a *"responsible stakeholder"* in the US-led international system.
- The **Obama administration 2009-16** cooperated with China on major climate pacts. However, *frictions mounted over China's island-building in the South China Sea* and its emergence as the world's second-largest economy, *pivoting towards high-technology, seen to be “eating America’s lunch”*. Hence, *Obama’s Pivot to Asia strategy*.
- The **Trump administration 2017-20** labelled *China a "strategic competitor"*, *imposing sweeping tariffs and a prolonged trade war..*
- The **Biden administration 2021-25** imposed *severe restrictions on exports to China of advanced technologies like semiconductors* and enacted laws to bolster domestic microchip manufacturing.

America First tears apart US-led rule-based “world order”



Western Hemisphere as impregnable MAGA fortress for offshore containing of China



House Foreign Affairs Committee Majority

@HouseForeignGOP

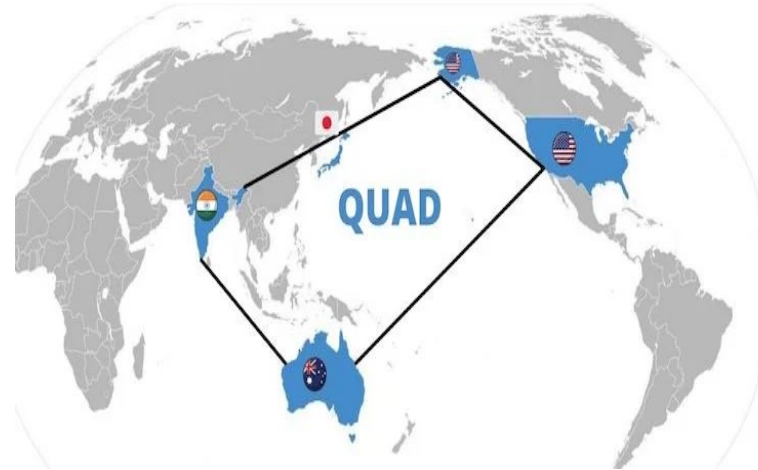
x1 ...

Our country was built by warriors and explorers. We tamed the West, won two World Wars, and were the first to plant our flag on the moon.

President Trump has the biggest dreams for America and it's un-American to be afraid of big dreams.



US Asia-Pacific anti-China military strategy



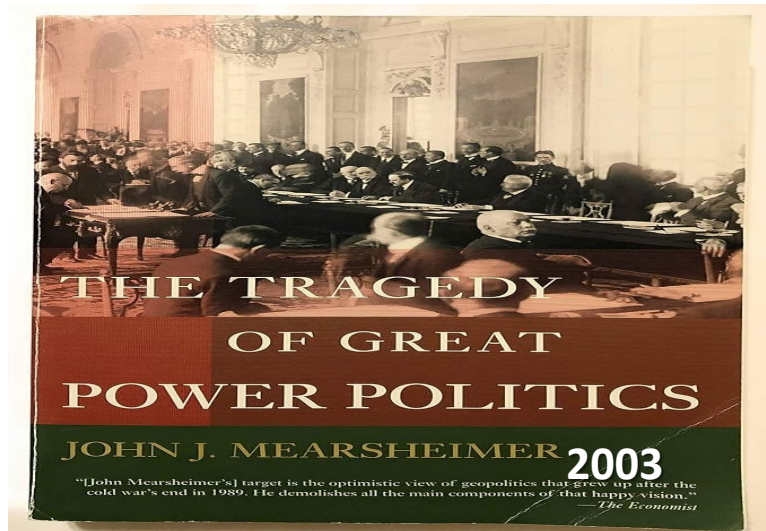
AUKUS Alliance



U.S, JAPAN, PHILIPPINES UNITE AGAINST CHINA?



Competition aside, war is not inevitable between Great Nuclear Powers



#1 NATIONAL BESTSELLER
 "[Pillsbury] is correct to assert that China constitutes, by far, the biggest national challenge to America's position in the world today." —THE WALL STREET JOURNAL

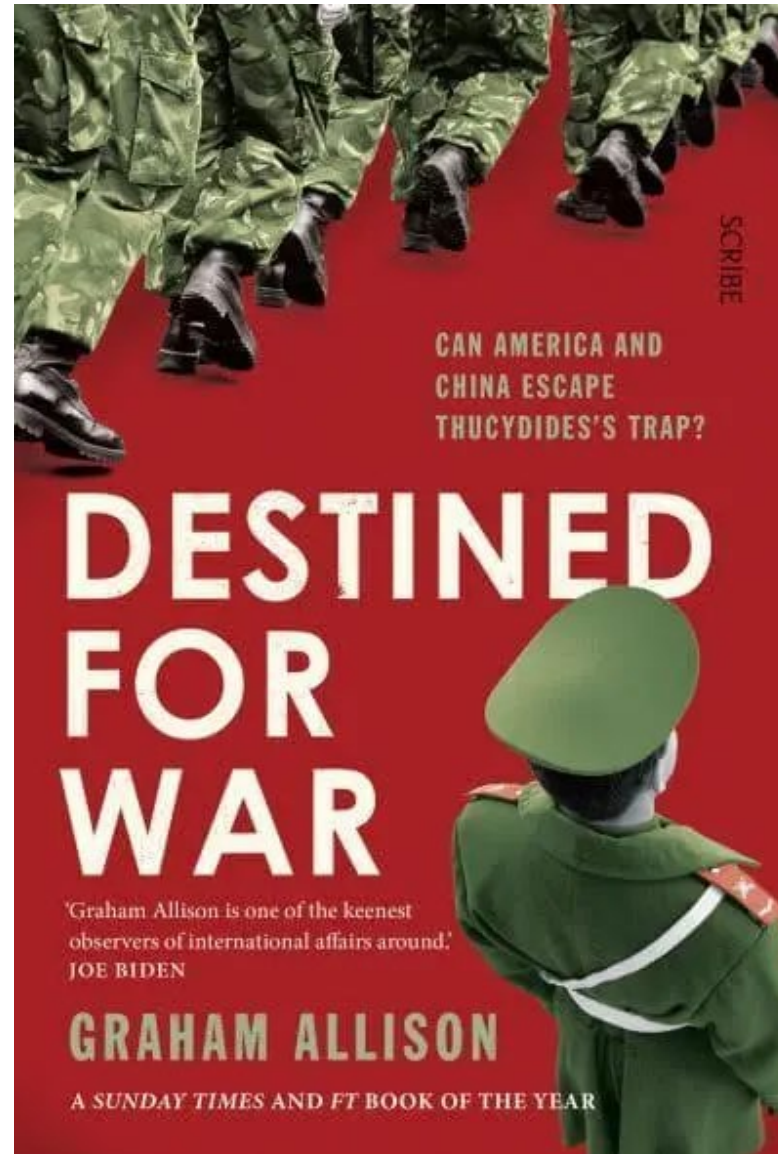
The Hundred-Year Marathon

CHINA'S SECRET STRATEGY TO REPLACE AMERICA AS THE GLOBAL SUPERPOWER



Michael Pillsbury 2016

WITH A NEW AFTERWORD



Nº	Period	Ruling Power	Rising Power	Domain	Result
1	Late 15 th century	Portugal	Spain	Global empire and trade	No war
2	First half of 16 th century	France	Habsburgs	Land power in western Europe	War
3	16 th and 17 th centuries	Habsburgs	Ottoman Empire	Land power in central and eastern Europe, sea power in the Mediterranean	War
4	First half of 17 th century	Habsburgs	Sweden	Land and sea power in northern Europe	War
5	Mid-to-late 17 th century	Dutch Republic	England	Global empire, sea power, and trade	War
6	Late 17 th to mid-18 th centuries	France	Great Britain	Global empire and European land power	War
7	Late 18 th and early 19 th centuries	United Kingdom	France	Land and sea power in Europe	War
8	Mid-19 th century	France and United Kingdom	Russia	Global empire, influence in Central Asia and eastern Mediterranean	War
9	Mid-19 th century	France	Germany	Land power in Europe	War
10	Late 19 th and early 20 th centuries	China and Russia	Japan	Land and sea power in East Asia	War
11	Early-20 th century	United Kingdom	United States	Global economic dominance and naval supremacy in the Western Hemisphere	No war
12	Early-20 th century	United Kingdom supported by France, Russia	Germany	Land power in Europe and global sea power	War
13	Mid-20 th century	Soviet Union, France, UK	Germany	Land and sea power in Europe	War
14	Mid-20 th century	United States	Japan	Sea power and influence in the Asia-Pacific region	War
15	1940s–1980s	United States	Soviet Union	Global power	No war
16	1990s–present	United Kingdom and France	Germany	Political influence in Europe	No war

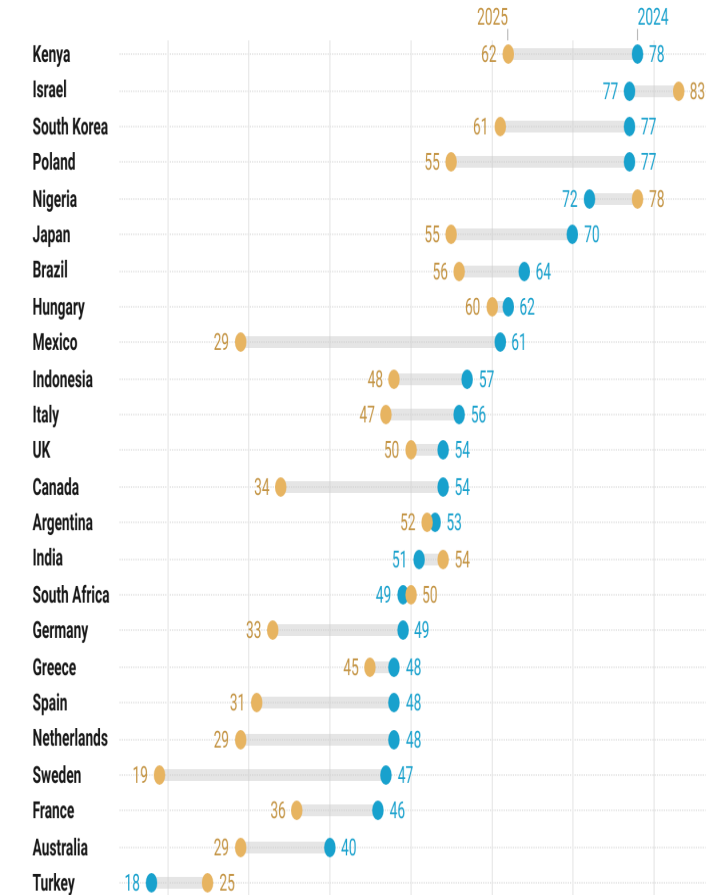
But American hegemony is waning

The Global Financial Crisis of 2007–2008



Favorable views of the US have declined globally

% of people in each country who had a favorable view of the US in 2024 compared to the % of people who have a favorable view in 2025



Source: Pew Research • Created with Datawrapper

US disastrous retreat from Kabul on 30 August 2021 after 20 years of fruitless occupation of Afghanistan

CHAOS IN KABUL



The Economist

Why America and Cuba should cut a deal
Britain's chancellor reaches out to Europe
How China is chasing fusion power
Economists' odd aversion to sex work
MARCH 2009-OTW 2020

Operation Blind Fury



'FACE-SAVING ESCAPE': IRAN TAUNTS TRUMP'S 'WAR RETREAT'



*China's dramatic Rise –
historical background*

An ancient world power for millennia

Prof. Angus Maddison, *Contours of the World Economy, 1-2030 A.D.*, (Oxford University Press, 2007)

For example, Han dynasty 汉朝
206 BC–220 AD

26% of global GDP; economic centre of eastern world v Roman Empire in western world.

Tang Dynasty 唐朝 618 – 907 AD

58% of world GDP v 2nd Eastern Roman Empire 9%; 3rd Arab Empire 7%; 4th Ancient India 7%.

Song Dynasty 宋朝 960-1279 AD

At its height 80% of world's GDP but quickly declined midway

Yuan Dynasty 元朝 1271-1368 AD

30% -35% of world GDP

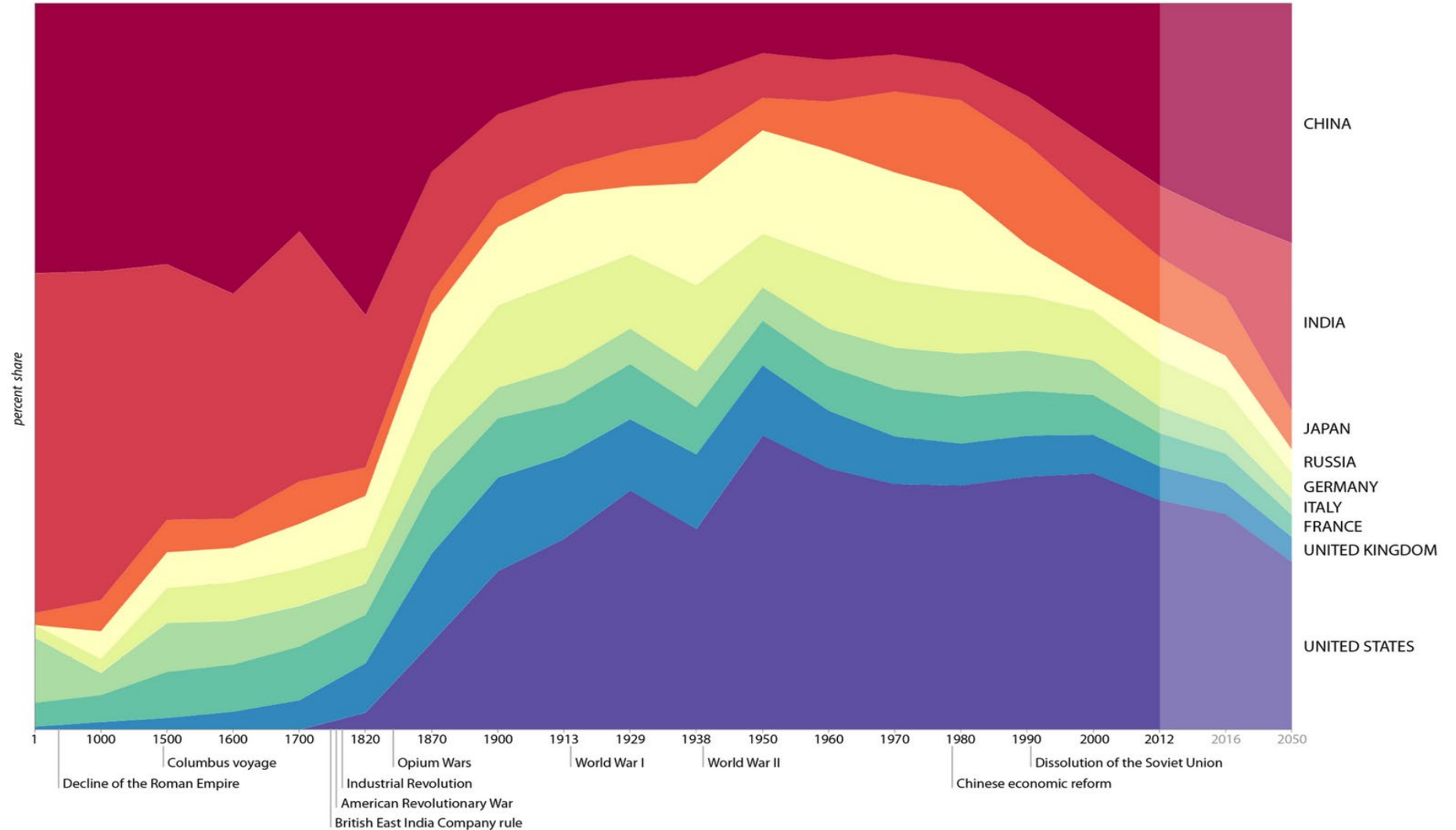
Ming Dynasty 明朝 1368–1644 AD

45- 55% of world GDP but late Ming Dynasty rapidly declined with famine and war

Qing Dynasty 清朝 1644-1912 AD
35% -10% of World GDP (to 5% by 1950)

A history of balance of power

based on percentage share of combined GDP (PPP) of the 9 great powers



Author: Sasha Nikitin, 2012, <http://nalilord.livejournal.com>

Sources: GDP data for years 1 - 2000 Angus Maddison, University of Groningen; 2016 IMF projected; 2050 PWC projected

China was “on the menu” whilst the West “on the table”



China 1.0 - Chairman Mao: China Stood Up



China 2.0 - Deng: China became richer

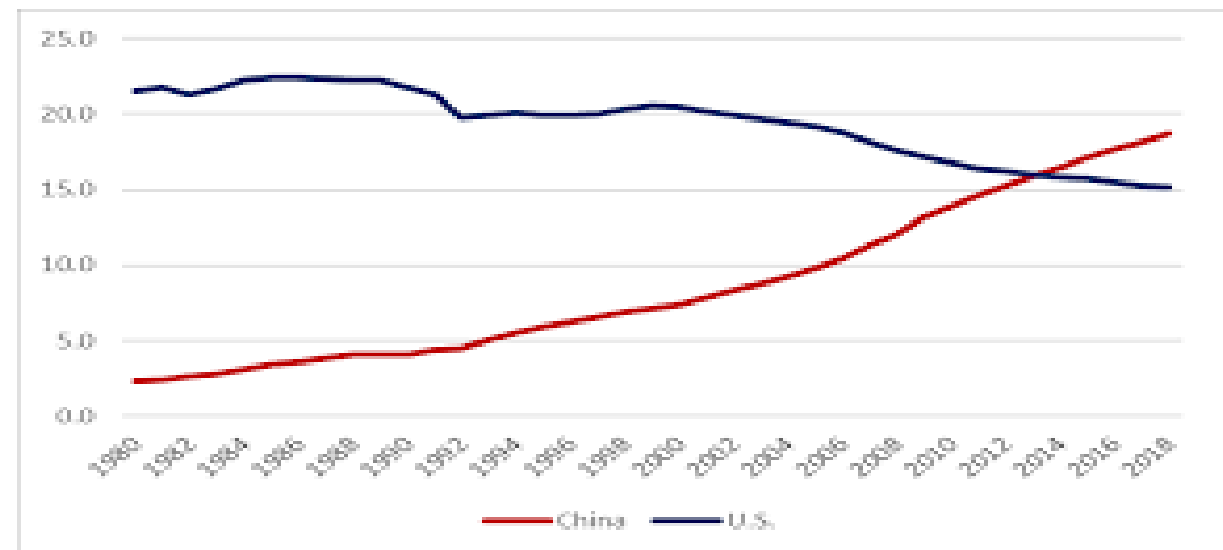
gǎi gé kāi fàng

改革开放

REFORM AND OPENING-UP

CGTN

Reform and opening-up refers to the policy to carry out comprehensive reforms and open up China to the outside world initiated by late Chinese leader Deng Xiaoping at the Third Plenary Session of the 11th Central Committee of the Communist Party of China in December 1978.



China 3.0: China Dream and the Two Centenary Goals

XI JINPING'S 'CHINA DREAM'



The Two Centenary Goals



Building a moderately prosperous society in all respects in celebration of the CPC's centenary in 2021



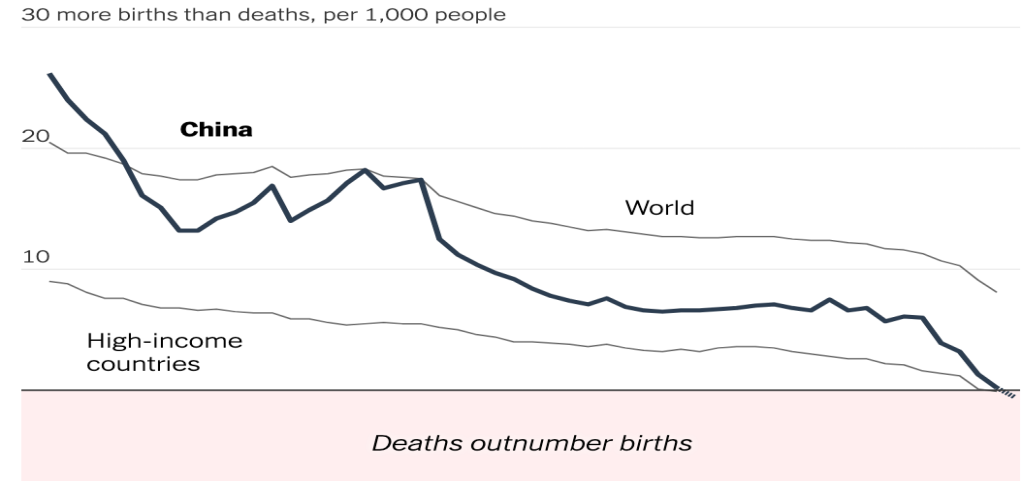
Turning China into a modern socialist country that is prosperous, strong, democratic, culturally advanced, and harmonious in celebration of the People's Republic of China's centenary in 2049

- *The First Centenary Goal was reached in 2021*, including doubling 2010 per capita disposable income to USD4,500
- *2035 as a mid-way Milestone* to realizing the Second Centenary Goal, *including doubling of 2020 per capita income*, which requires *reachable annual growth rate of 4.17%* (SCMP 5.11.25)
- *China's total GDP could then be 43% larger than US, with all that implies for US-China relations. .*
- 2035 also heralds arrival of *Common Prosperity and achieving status of a "medium developed country"*.
- Requires *two Five Year Plans (2026-30) (2031-35)*

Serious stumbling blocks

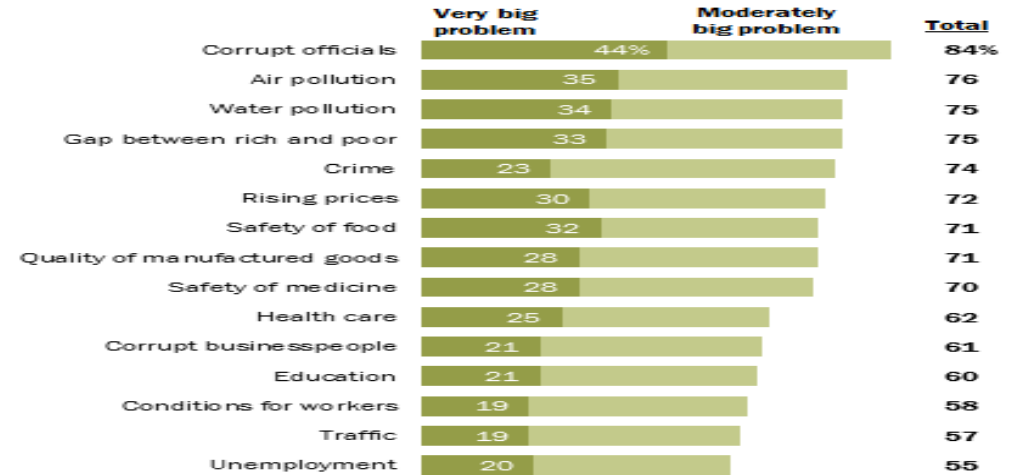
Serious stumbling blocks

1. **Aging Population:** An increasing elderly population will strain healthcare and pension systems, potentially reducing labor force participation. Declining Birth Rate: Low fertility rates could lead to labor shortages and economic slowdown.
2. Economic **Transition from Manufacturing to Consumption and Services** challenging in maintaining growth and productivity.
3. **High levels of corporate and local government debt** pose risks to financial stability.
4. **Environmental Sustainability** - Addressing air and water pollution while transitioning to sustainable energy sources. **Efficient use of scarce natural resources** amid growing urbanization and industrialization.
5. **Global technological and innovation competition** - particularly with the U.S. and EU
6. **Protecting infrastructure and data from cyber threats.**
7. **Social Inequality** - Income Disparities: Growing wealth gaps between urban and rural populations. Equitable **access to quality education and healthcare** services
8. **Geopolitical tensions especially regarding trade, technology, and security**
9. **Regional stability:** Managing territorial disputes and regional tensions in the Asia-Pacific and beyond.
10. **Governance and Policy:** Corruption and Transparency. Effective translation of policies into action, especially in a rapidly changing global environment for sustainable development.



Corrupt Officials, Pollution Are Top Concerns

How big of a problem is/are ...



Source: Spring 2015 Global Attitudes survey. Q60a, bCH1, d-f, h-q.

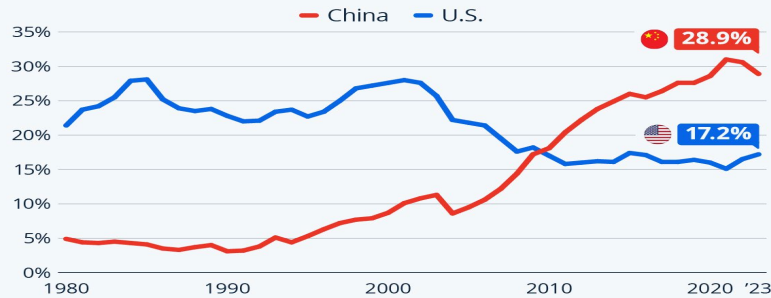
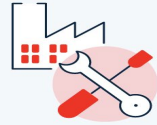
PEW RESEARCH CENTER

How China capitalizes on its global strengths navigating world's choppy waters

China's global trade dominance

Made in China vs. Made in America

China's and the United States' share of global manufacturing output*

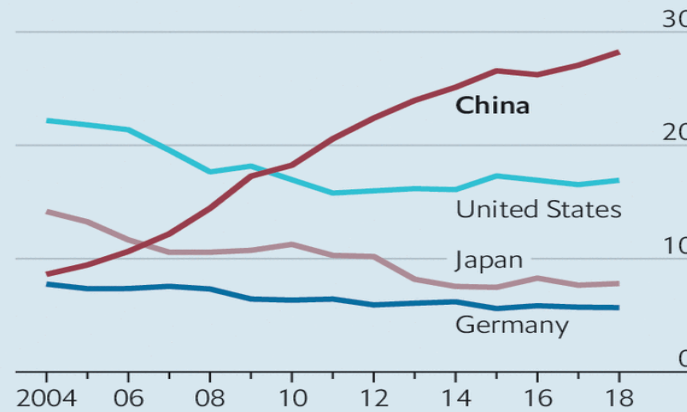


* Output measured on a value-added basis in current U.S. dollars. Prior to 2004, Chinese data includes mining and utilities.
Source: United Nations Statistics Division

statista

Making gains

Share of global manufacturing value added*, %



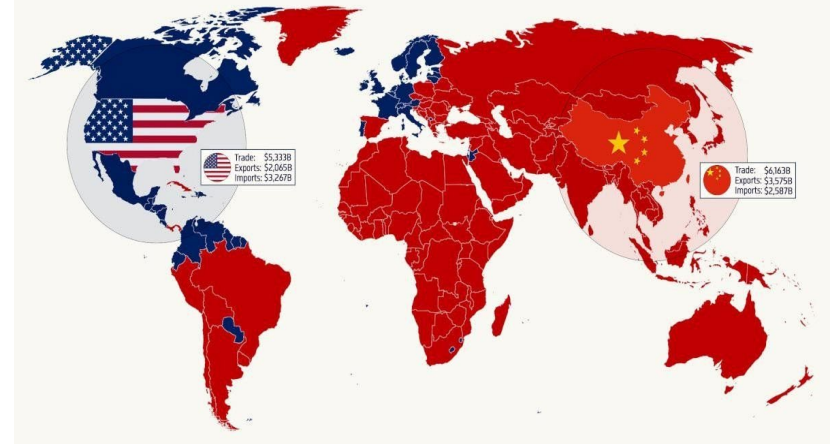
Sources: World Bank; The Economist

*Current dollars

The Economist

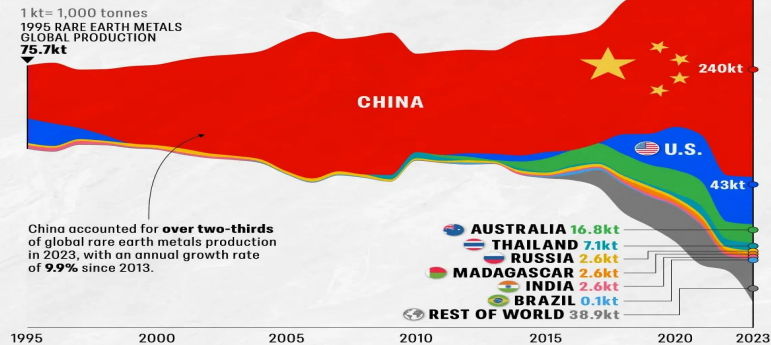
2024

■ U.S. as the Larger Trading Partner
■ China as the Larger Trading Partner



CHINA'S RARE EARTH METALS DOMINANCE

2023 RARE EARTH METALS GLOBAL PRODUCTION 353.7kt

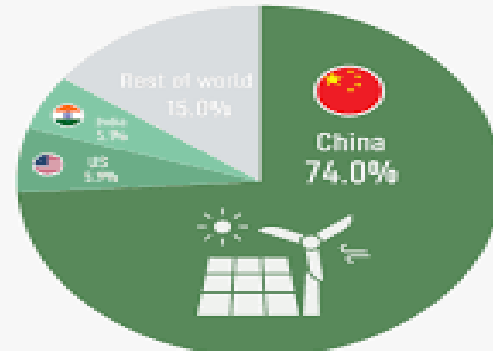


China accounted for over two-thirds of global rare earth metals production in 2023, with an annual growth rate of 9.9% since 2013.

Source: Energy Institute, Statistical Review of World Energy 2024

CHINA IS BUILDING 3/4 OF WORLD'S SOLAR AND WIND PROJECTS

Utility-scale solar and wind capacity under construction, world share in GW, as of July 2025

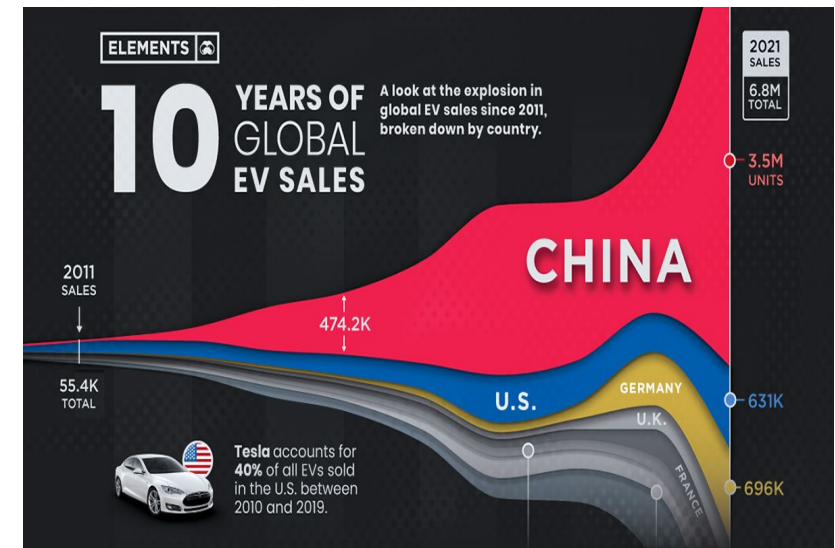


Source: Global Solar Power Tracker, Global Wind Power Tracker, Global Energy Monitor

ELEMENTS

10 YEARS OF GLOBAL EV SALES

A look at the explosion in global EV sales since 2011, broken down by country.



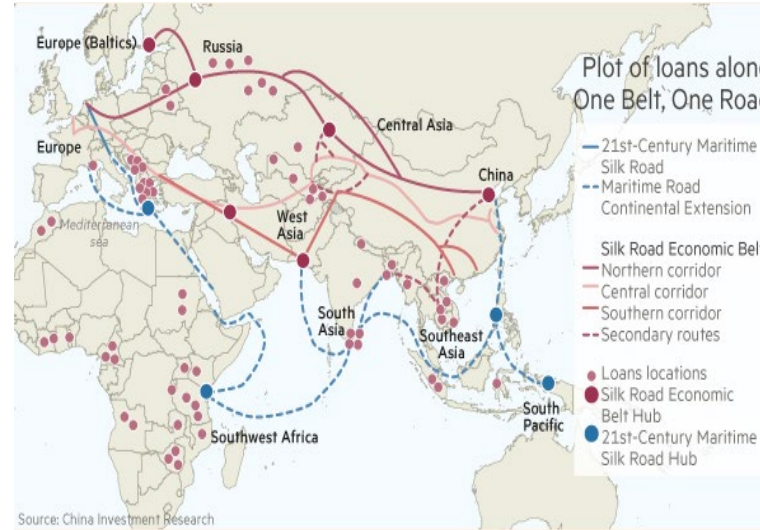
Tesla accounts for 40% of all EVs sold in the U.S. between 2010 and 2019.

Trade resilience against “decoupling” – Pivot to Global South

China: Real goods exports



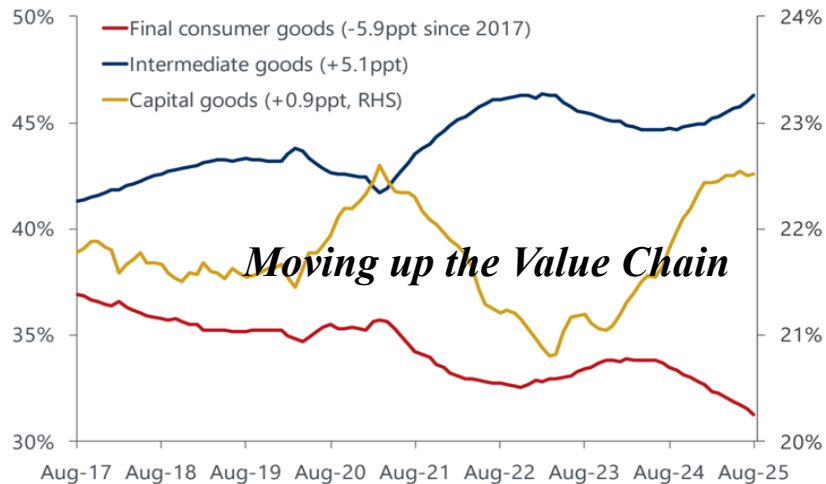
Source: Oxford Economics, China Customs



Source: China Investment Research

China: Composition of goods exports

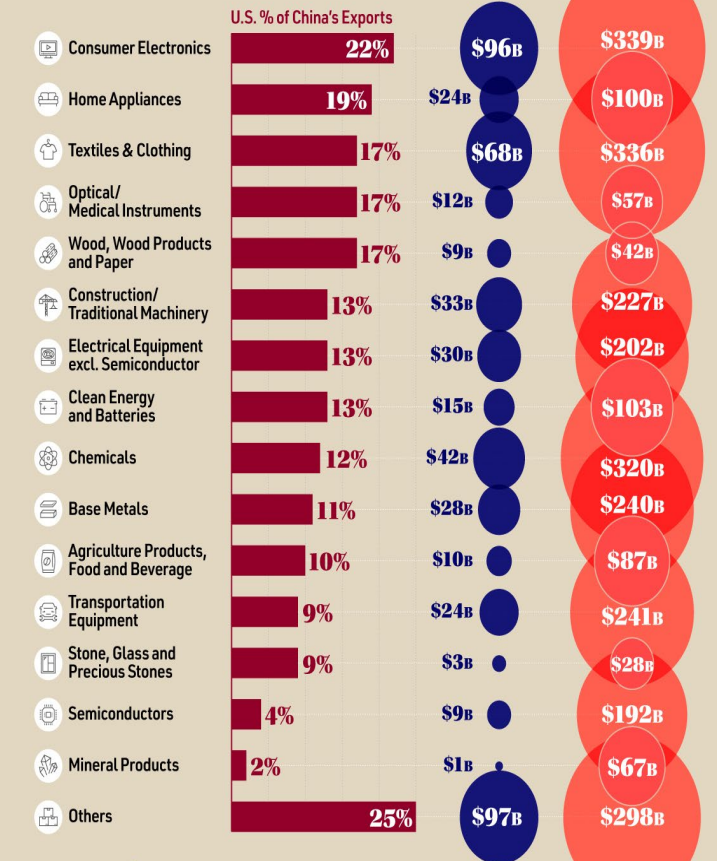
% share of total Chinese goods exports



Source: Oxford Economics, China Customs, CEIC



China's Dependence ON U.S. TRADE



Data as of Dec. 31, 2023

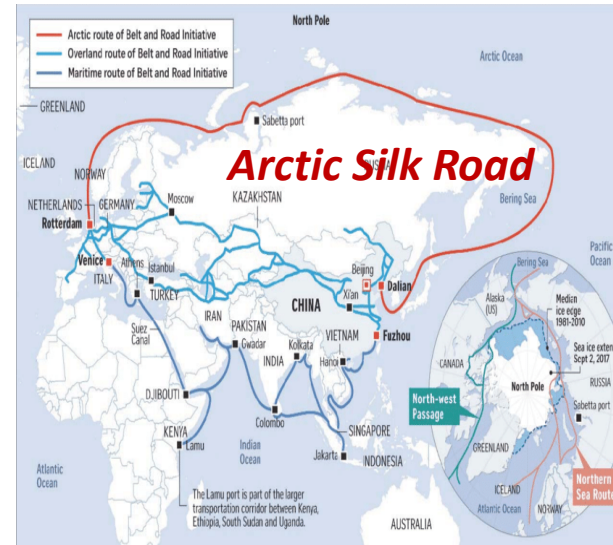
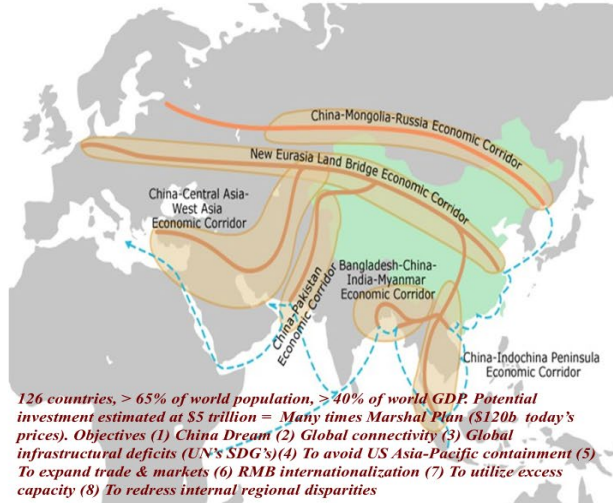
Source: UN Comtrade, China Custom, USITC, KKR

Deepened global linkages for energy/trade resilience

Scope and depth of the Belt and Road Initiative



The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa

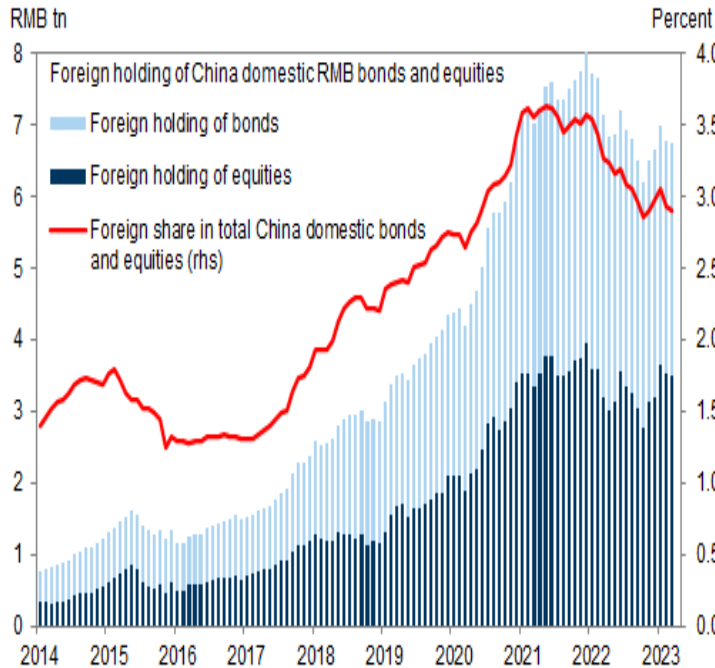
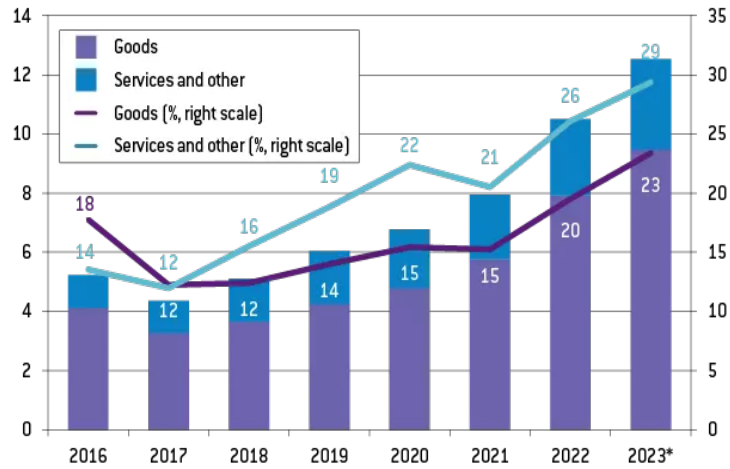


Highlights of Third Belt and Road Forum for International Cooperation, Beijing 18.10.23

- 150 countries attended
- High Quality, Common Development and Prosperity. Open World Economy. Digital Economy
- Trade Connectivity, Maritime Cooperation, Clean Silk Road, Think Tank Exchanges, People-to-People Bonds, and Sub-national Cooperation
- 3,000 cooperation projects with investment of some USD 1 trillion
- China-Europe Railway Express, Trans-Caspian international transportation corridor, new logistics corridor across the Eurasian continent; New International Land-Sea Trade Corridor; Air Silk Road.
- E-commerce cooperation, Free trade agreements and investment protection treaties. Remove all restrictions on foreign investment access in the manufacturing sector. Opening up in cross-border service trade and investment, expand market access for digital and other products, and deepen reform in areas including the state-owned enterprises, digital economy, intellectual property and government procurement. To hold the Global Digital Trade Expo annually in the next five years (2024-2028),
- To promote both signature projects and "small yet smart" livelihood programs. China Development Bank and the Export-Import Bank of China will each set up a RMB 350 billion financing window. An additional RMB 80 billion will be injected into the Silk Road Fund.
- Green infrastructure, green energy and green transportation, BRI International Green Development Coalition.
- To implement the Belt and Road Science, Technology and Innovation Cooperation Action Plan, to increase the number of joint laboratories to 100 in the next five years, and support young scientists from other countries to work on short-term programs in China. Global Artificial Intelligence (AI) Governance Initiative.
- Supporting people-to-people exchanges. Liangzhu Forum to enhance dialogue on civilizations. Silk Road International League of Theaters, Network of Silk Road Arts Festivals, Silk Road International Alliance of Art Museums and Galleries, Silk Road International Library Alliance. International Tourism Alliance of Silk Road Cities. Chinese government scholarship "Silk Road Program".
- Promoting integrity-based Belt and Road cooperation. Achievements and Prospects of Belt and Road Integrity Building. High-Level Principles on Belt and Road Integrity Building, and establish the Corporate Integrity and Compliance Evaluation System.
- To strengthen the building of multilateral cooperation platforms covering energy, taxation, finance, green development, disaster risk reduction, anti-corruption, think tank, media, culture and other fields. Continue to host the BRF and establish a secretariat for the Forum.

Currency resilience

Renminbi settlements and shares (renminbi trillions)



The Chinese Yuan expands its footprint in Europe

European clearance hubs focus on different areas in embracing the Chinese currency



China's Digital Yuan

What You Should Know

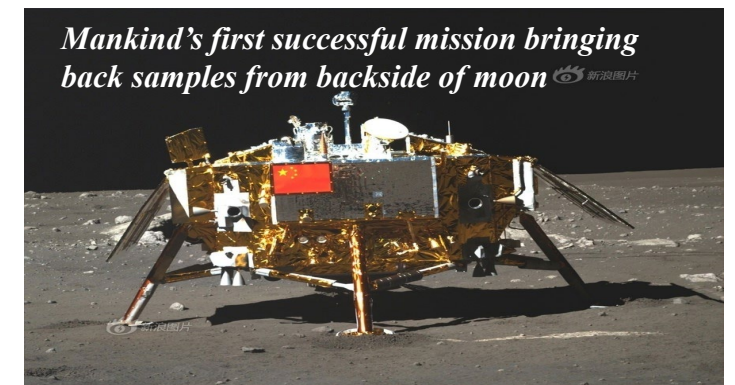
- China is pushing the digital Yuan to reduce reliance on U.S. dollar.
- It allows countries to trade directly without converting to dollars, making payments faster & cheaper.
- The system works outside SWIFT, helping smoother trade with Asia and the Middle East.
- Some BRICS and ASEAN countries are already using the Yuan for trade and reserves.
- Replacing the dollar completely is still far off due to trust issues and currency limits.

www.etvbarat.com

Technological Great Leap Forward

Technology	Lead country	Technology monopoly risk
Advanced materials and manufacturing		
1. Nanoscale materials and manufacturing	China	high
2. Coatings	China	high
3. Smart materials	China	medium
4. Advanced composite materials	China	medium
5. Novel metamaterials	China	medium
6. High-specification machining processes	China	medium
7. Advanced explosives and energetic materials	China	medium
8. Critical minerals extraction and processing	China	low
9. Advanced magnets and superconductors	China	low
10. Advanced protection	China	low
11. Continuous flow chemical synthesis	China	low
12. Additive manufacturing (incl. 3D printing)	China	low
Artificial intelligence, computing and communications		
13. Advanced radiofrequency communications (incl. 5G and 6G)	China	high
14. Advanced optical communications	China	medium
15. Artificial intelligence (AI) algorithms and hardware accelerators	China	medium
16. Distributed ledgers	China	medium
17. Advanced data analytics	China	medium
18. Machine learning (incl. neural networks and deep learning)	China	low
19. Protective cybersecurity technologies	China	low
20. High performance computing	USA	low
21. Advanced integrated circuit design and fabrication	USA	low
22. Natural language processing (incl. speech and text recognition and analysis)	USA	low
Energy and environment		
23. Hydrogen and ammonia for power	China	high
24. Supercapacitors	China	high
25. Electric batteries	China	high
26. Photovoltaics	China	medium
27. Nuclear waste management and recycling	China	medium
28. Directed energy technologies	China	medium
29. Biofuels	China	low
30. Nuclear energy	China	low
Quantum		
31. Quantum computing	USA	medium
32. Post-quantum cryptography	China	low
33. Quantum communications (incl. quantum key distribution)	China	low
34. Quantum sensors	China	low
Biotechnology, gene technology and vaccines		
35. Synthetic biology	China	high
36. Biological manufacturing	China	medium
37. Vaccines and medical countermeasures	USA	medium
Sensing, timing and navigation		
38. Photonic sensors	China	high
Defence, space, robotics and transportation		
39. Advanced aircraft engines (incl. hypersonics)	China	medium
40. Drones, swarming and collaborative robots	China	medium
41. Small satellites	USA	low
42. Autonomous systems operation technology	China	low
43. Advanced robotics	China	low
44. Space launch systems	USA	low

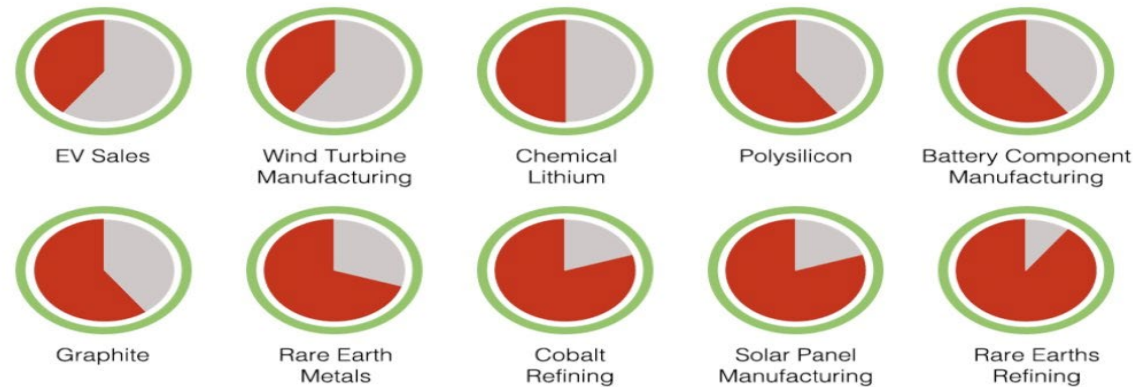
- **Australian Strategic Policy Institute (ASPI)** (March 2023) –China is the leading country in **37 of the 44 critical technologies**, often producing more than five times as much high-impact research as its closest competitor the United States.
- Based on an analysis of **top 10% of 2.2 million most-cited papers between 2018 and 2022**.
- China dominates in all the subsectors in **Artificial Materials and Manufacturing; Energy and Environment; and Sensing, Timing and Navigation with a substantial lead in all other categories**.
- High-end nano-semiconductor chips excepted, since the mid-2000s, **by 2025 Chinese universities will be producing more than 77,000 STEM PhDs p.a. versus 40,000 in US**. Excluding international students, Chinese STEM PhD graduates would outnumber U.S. counterparts more than three-to-one, according to George Town University’s **Center for Security and Emerging Technology**)



Green energy superpower

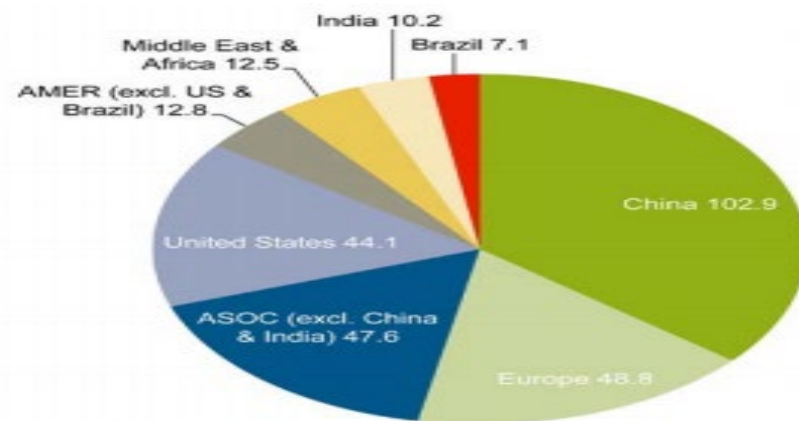
Today's Green Energy is Red

China dominates key links of the green energy supply chain



Source: See Footnotes 123, 124, 127, 130, and 132

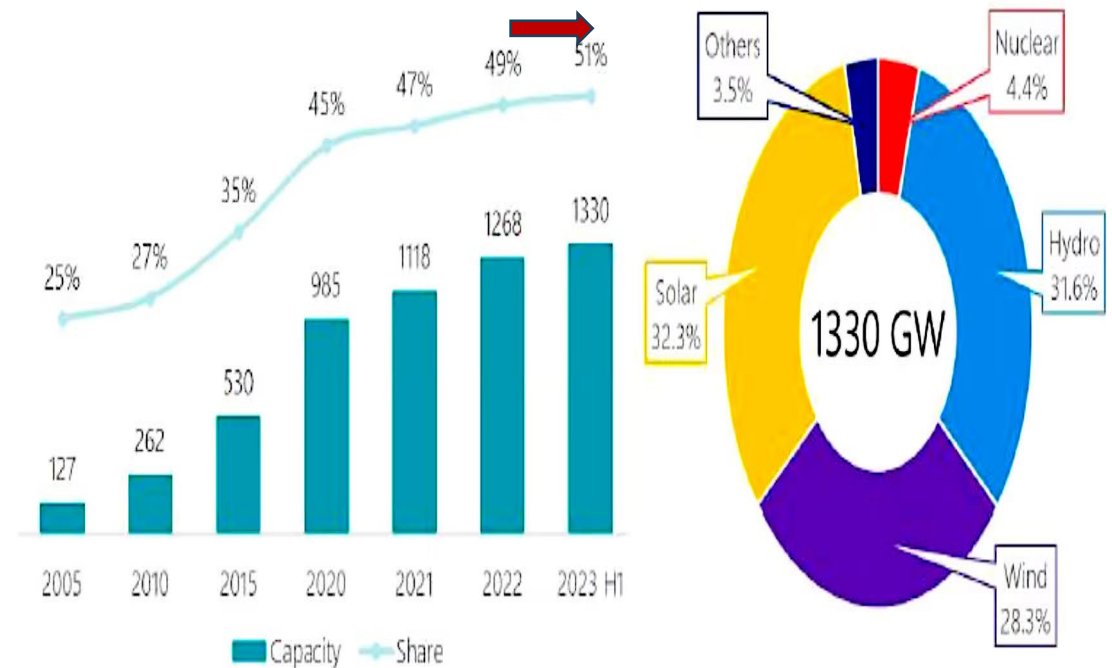
FIGURE 13. GLOBAL NEW INVESTMENT IN RENEWABLE ENERGY BY REGION, 2015, \$BN



New investment volume adjusts for re-invested equity. Total values include estimates for undisclosed deals.
Source: UNEP, Bloomberg New Energy Finance

China accounts for 60% of world's wind power, 2/3 of world's turbines, 80% of world's solar panels, 85% of world's energy storage patents, and 90% of world's solar/wind power patents.

2005-2023 H1 Total installed capacity and proportion of non-fossil power generation (left);
2023 H1 Non-fossil power generation capacity mix (right)

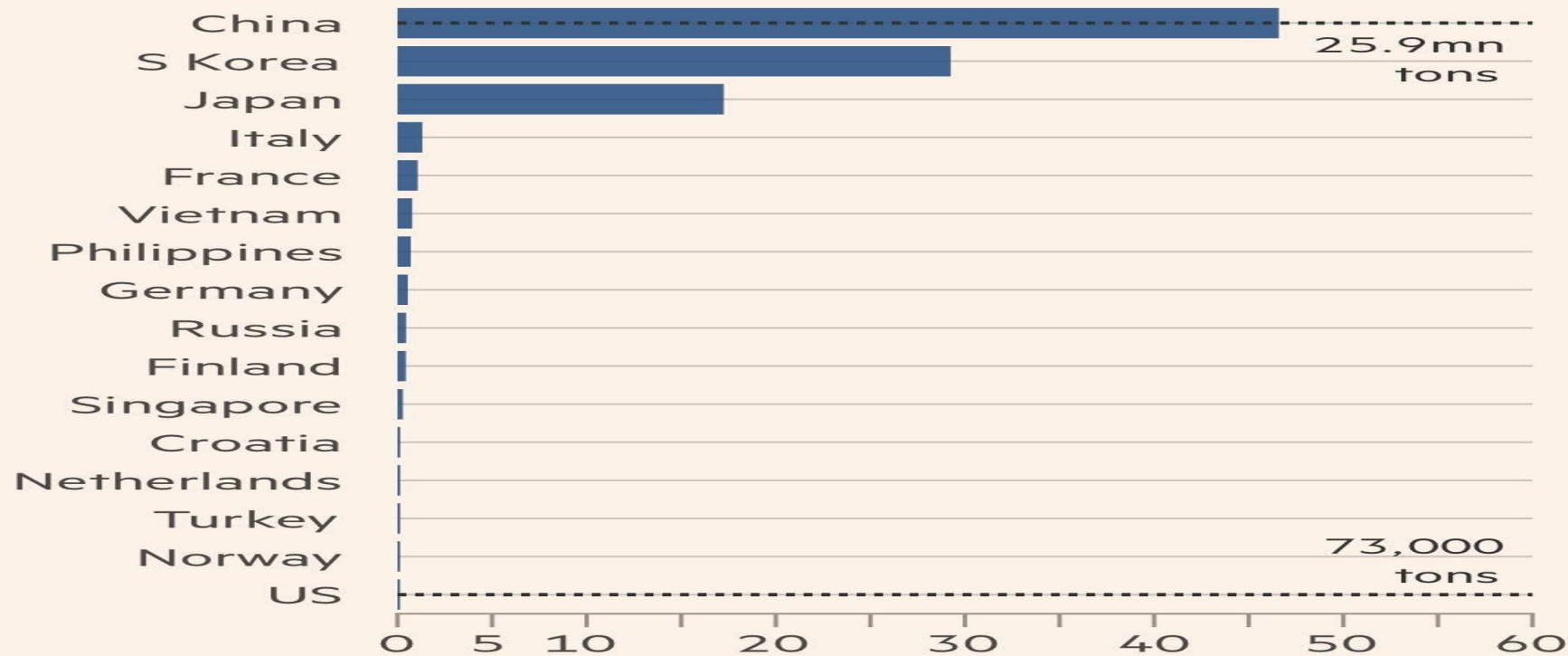


Source: China Electricity Council (CEC), accessed in May 2023

Ship-building dominance

The US is not a significant player in the global shipbuilding industry

Percentage of global gross tonnage built, 2022, ranked by country of origin



FINANCIAL TIMES

Source: Unctad

- In 1975, US ranked #1 in the world in shipbuilding. Today, China's shipbuilding capacity is staggering 340 times larger than that of the USA.
- Small wonder why the PLA Navy now has the world's largest naval fleet in numbers.

Growing military power

At China's Military Parade, A Look at Its New Weapons

The massive military parade on Wednesday was a warning to the country's prospective foes.

Hypersonic missiles



Airborne combat vehicles



Unmanned aircraft



Undersea drones



China's most powerful nuclear missile

Dongfeng-41, China's newest and longest-range intercontinental ballistic missile (ICBM), is thought to be capable of striking the U.S. in around 30 minutes, with up to 10 warheads for separate targets

REACH OF CHINA'S ICBMs

China has had nuclear missile capable of reaching U.S. since 1980s, but lack of mobility of *Dongfeng-5* and insufficient payload of *Dongfeng 31-A* have limited its effectiveness



Heilongjiang province:
Best launch location for missile to cover U.S.

Dongfeng-31
7,200km

Dongfeng-31A
11,200km

Dongfeng-5
13,000km

Dongfeng-41
13,500km

Dongfeng-41 (DF-41)

Configuration **Three-stages**

Propellant **Solid**

Diameter **2.25m**

Launch weight **80 tonnes**

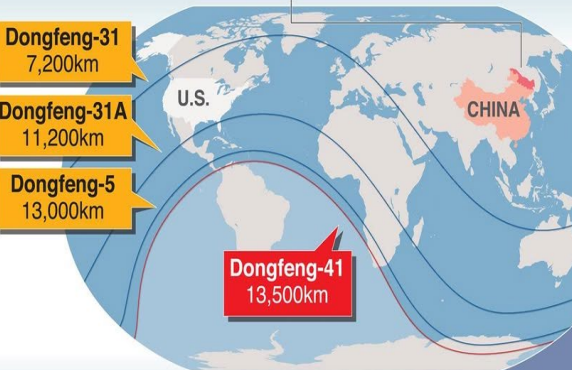
Warhead **Up to 10 MIRV***

Payload **2,500kg**

Max. speed **Mach 25**

(30,870km/h)

Length: 21m



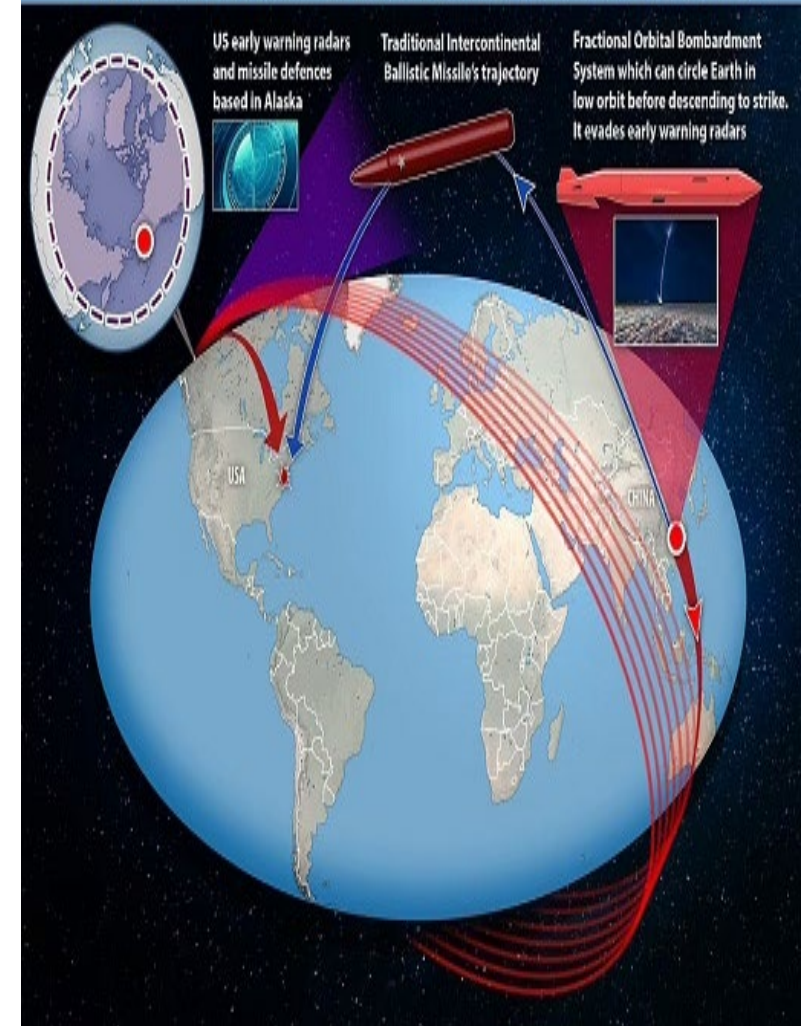
DF-41 can be launched from road or rail, as well as conventional silo base

DF-41 capability is similar to U.S.'s LGM-30G Minuteman III and Russia's RT-2PM2 Topol-M

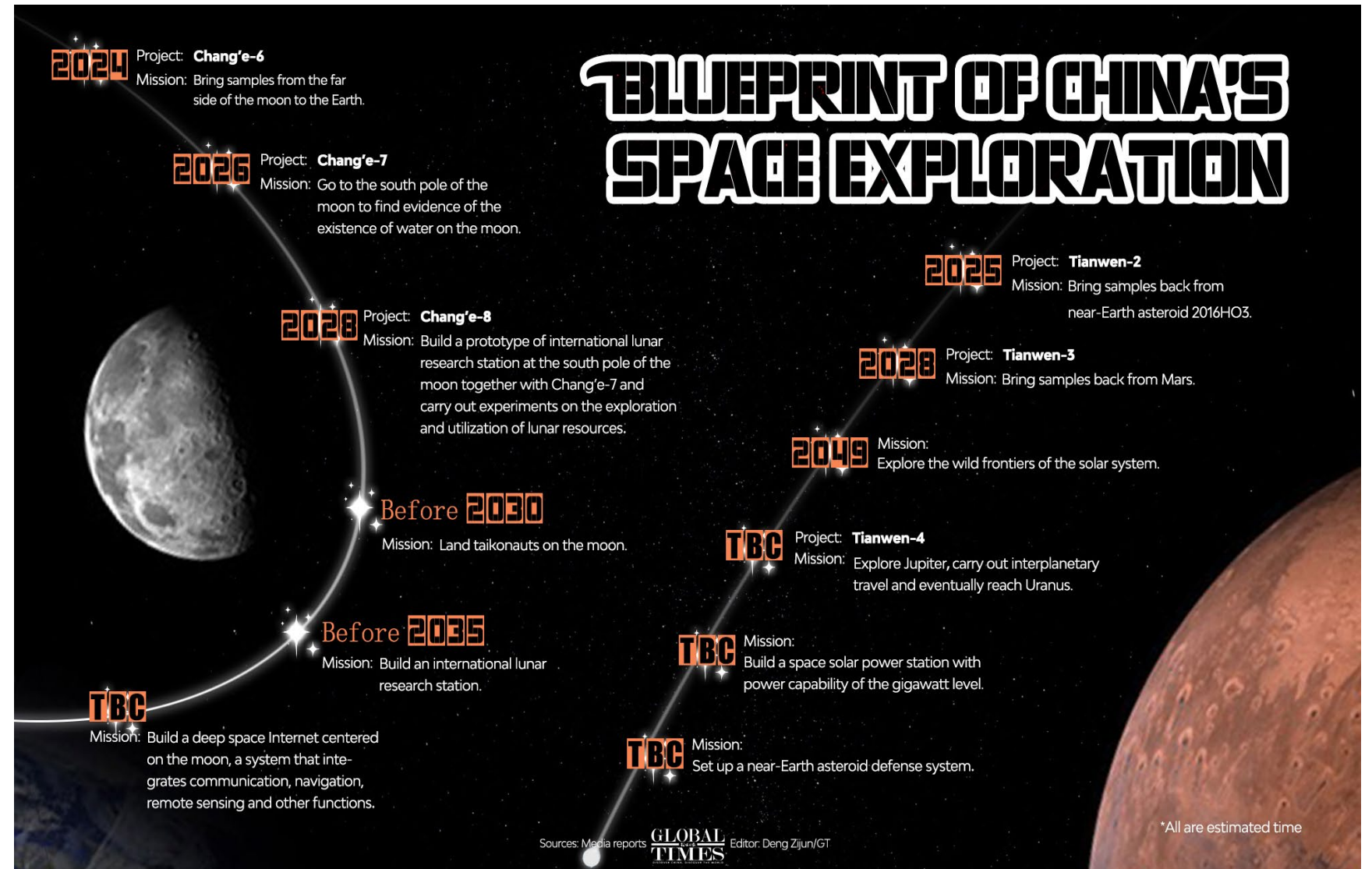
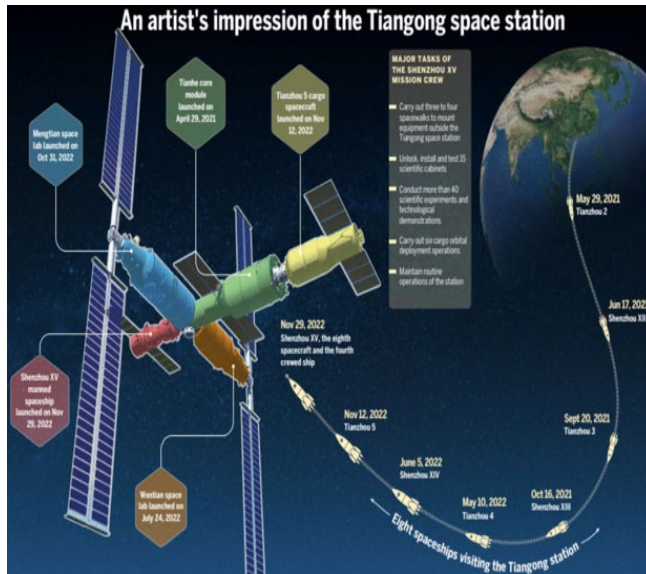
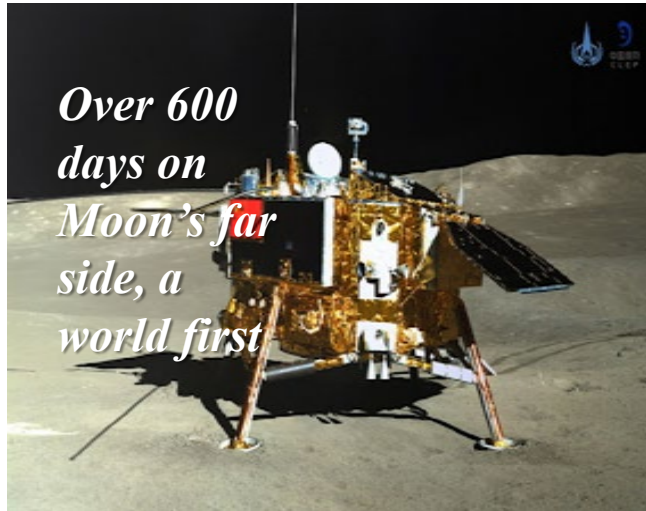
*Multiple independently targetable reentry vehicle

Sources: Stratfor, Bulletin of the Atomic Scientists, CSIS

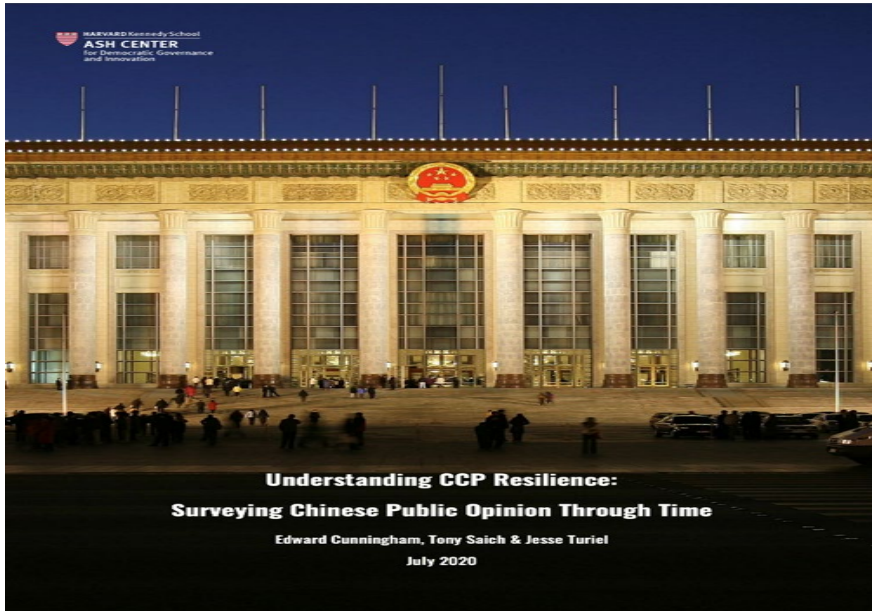
HOW A FRACTIONAL ORBITAL BOMBARDMENT SYSTEM WOULD EVADE US MISSILE DEFENCES



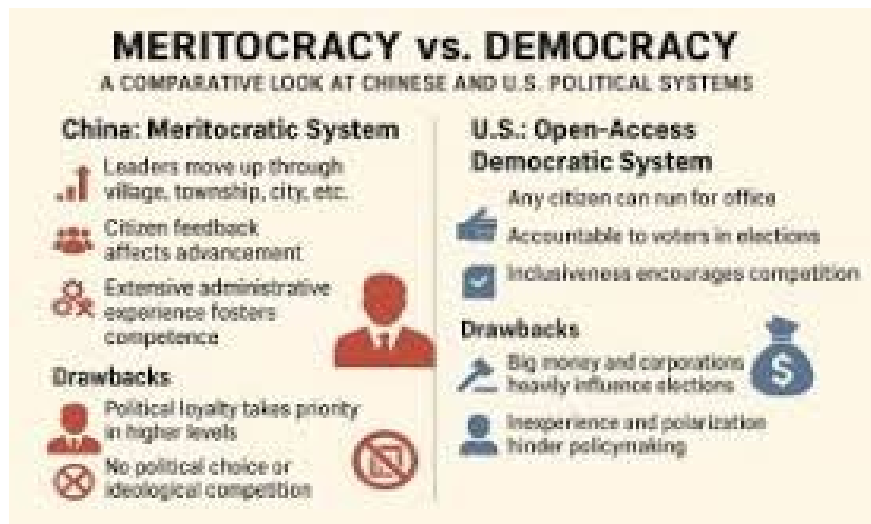
Becoming a Space Superpower



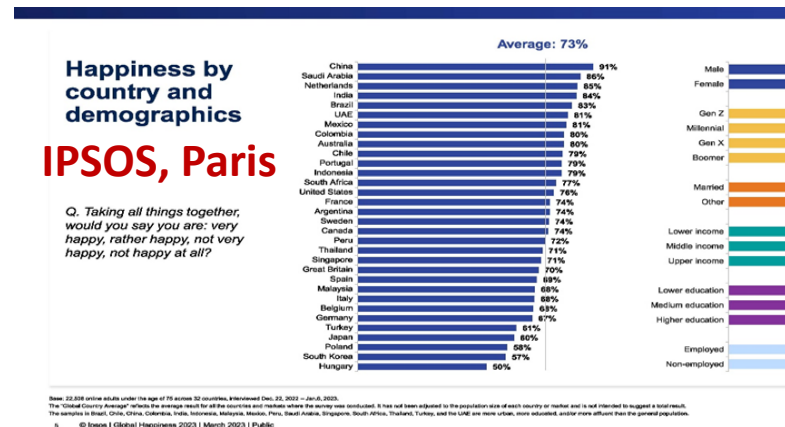
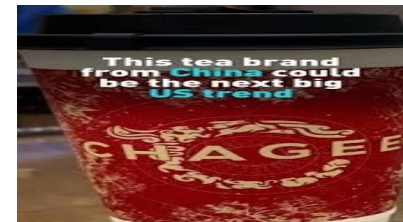
Ideology self-confidence and soft-power



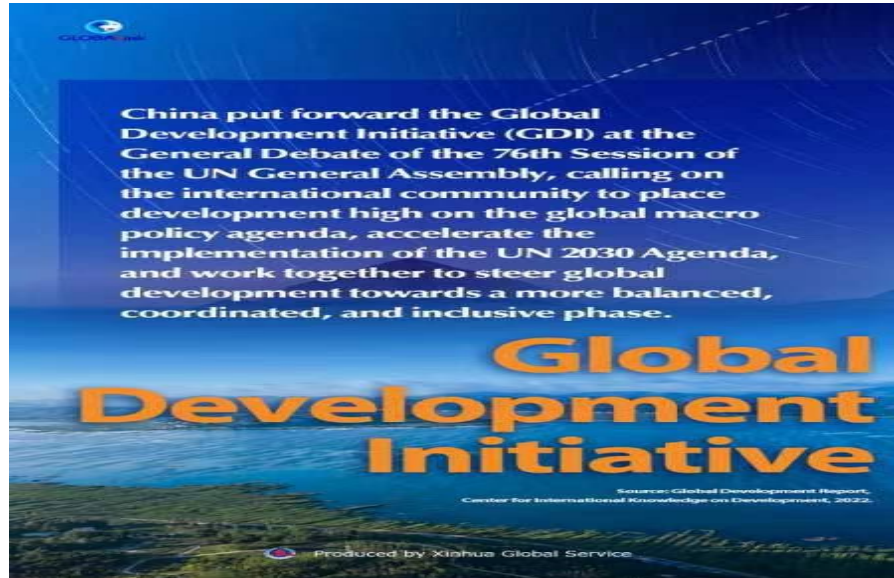
Outcome v Process



88,944 ÷ Chinese dining and tea outlets V 57,295 McDonald® in USA



President Xi's Five Global Initiatives



15th FYP – Key Takeaways

China Briefing, Dezan Shira & Associates, 28 October 2025

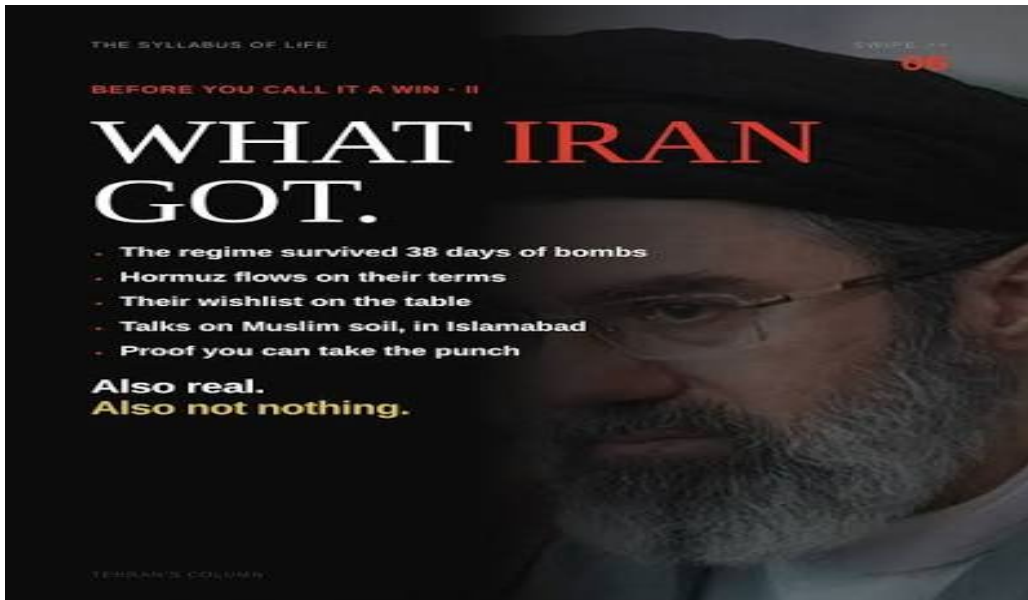
- *Upgrading traditional industries and fostering emerging sectors*
- *Boosting scientific and technological self-reliance*
- *New Quality Productive Forces (NQPFs) leveraging cutting-edge technologies to create new industries, modernize traditional ones, and enhance global competitiveness*
- *Driving consumption and domestic demand*
- *Focusing more heavily on people's livelihoods, key national strategies, and security-related projects, as well as on infrastructure and public service upgrades aligned with demographic changes.*
- *Expansion of private-sector participation in major projects, the use of government investment funds to catalyze private investment, and **13-point plan to attract private capital into railways, nuclear reactors and other infrastructure projects***
- *Construction of a “national unified market” through unifying foundational market rules, eliminating barriers, regulating local government behavior, and standardizing supervision and enforcement to create a fair, competitive, and efficient domestic market.*
- *Development of a robust financial system, including strengthened central bank oversight, expanded technology-driven and green finance, improved capital market functions, and the **promotion of the digital RMB**, is intended to ensure financial stability and efficient capital allocation while **advancing Shanghai as an international financial center.***
- *Expanding high-level opening up - aligning with high-standard international trade rules, improving service-sector market access, and **accelerating regional and bilateral trade and investment agreements.** Initiatives such as enhancing free trade zones, building the Hainan Free Trade Port, and integrating technology, service trade, and industrial development platforms.*
- *China aims to promote the internationalization of the renminbi*
Global economic governance reforms to foster a fair, inclusive, and cooperative international economic order.
- *Expanding two-way investment cooperation by creating a transparent and stable environment for foreign investment, reducing negative lists, supporting reinvestment, and facilitating secure cross-border data flows.*
- *Overseas investment management will be improved to encourage rational, orderly cross-border industrial and supply chain development.*

Smoke and Mirrors

Trump's unfulfilled objectives benefit Iran (and China)

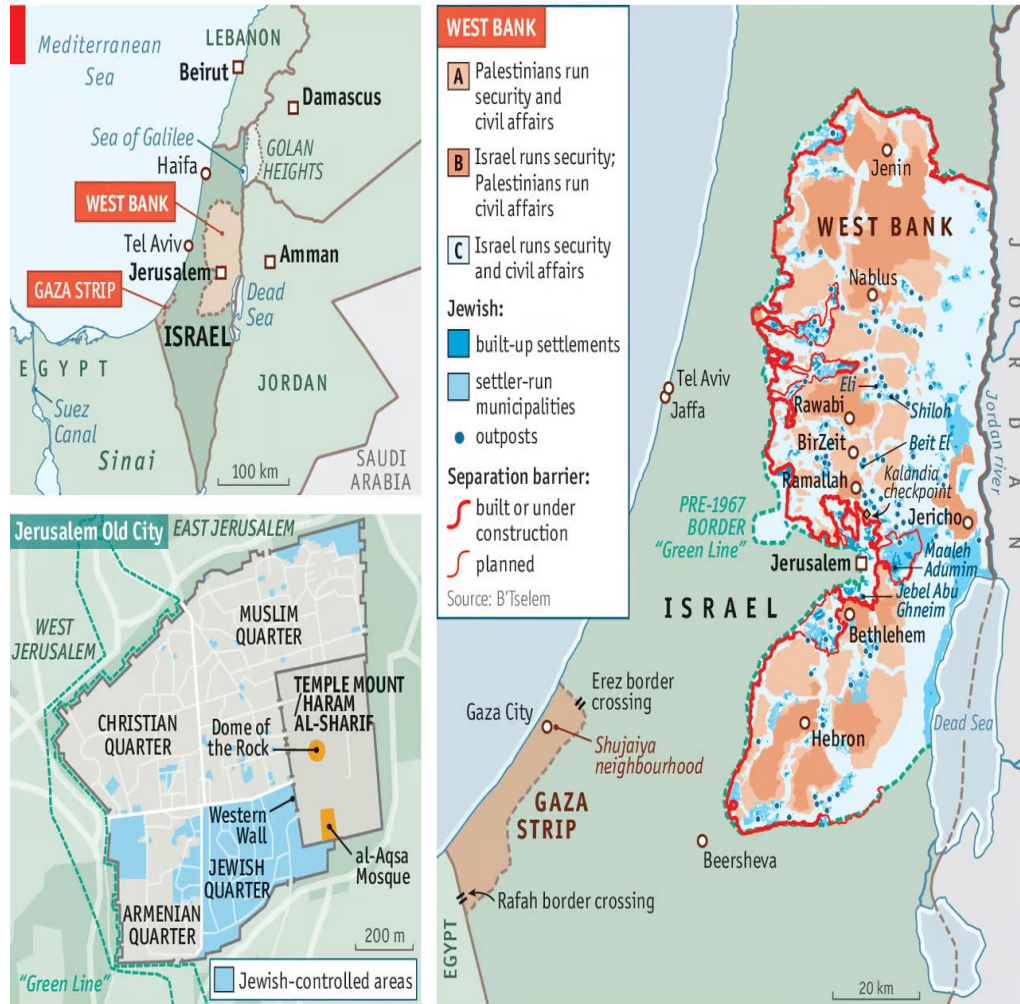


- Iran is *4.6 times size of Germany, surrounded by tall mountains* at the perimeters especially beside the Strait of Hormuz with a desert-laden interior, easy to defend but hellish to conquer
- Many of Iran's *missiles and drones are hidden in mountains (still retaining 70% of missile and 40% of drones* after war start on 28 Feb 2026. Nearly *90% of Iran's heavily fortified underground storage and launch facilities remain* partially or fully operational.
- Hard-won Joint Comprehensive Plan of Action (JCPOA) torned up by Trump. Military decapitation in the midst of Iran-US negotiations. *Iran no longer trust US promises*
- *Iran retains control over Hormuz chokepoint, pivoting towards long-term custodian of the choke point, with Hezbollah to harass Israel and Houthis to shut down the Red Sea if need be.*
- Iran *unwilling to concede its capacity to reach for the nuclear option within a safe timeframe*; Iran *unwilling to give up its enriched uranium stockpile to US, perhaps to Russia* – 60 days allowed for negotiations
- *Iran won by not losing*
- *China plays strategic balance by staying on the sideline but buys 90% of Iran's oil through overland and other routes*
- *Traumatized world to reconfigure energy supply routes including overland pipelines and pivot to renewables, playing into China's global dominance over green energy supply chains.*



Gaza

Israel expanding “apartheid” regime marginalizing Palestinians including political, civil, social, settlement and water rights



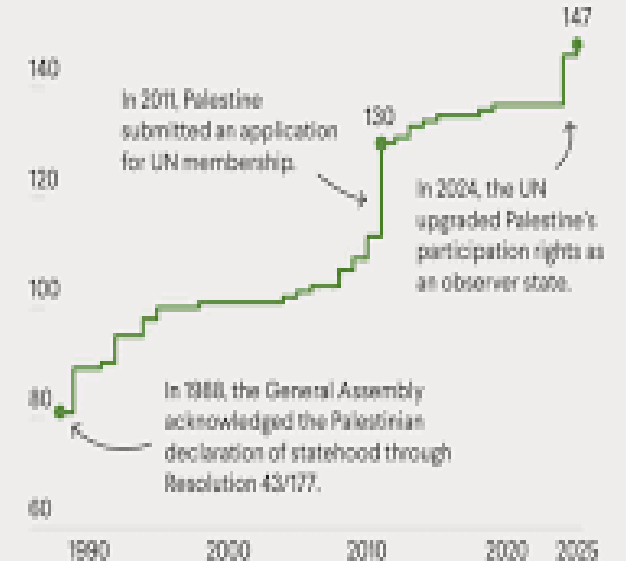
Gaza Strip “Ethnic cleansing”



Israel opposes Palestinian Statehood as “existential threat”

Palestinian statehood support grows most from UN resolution votes

Number of countries that recognize Palestinian statehood



Source: United Nations

cfr

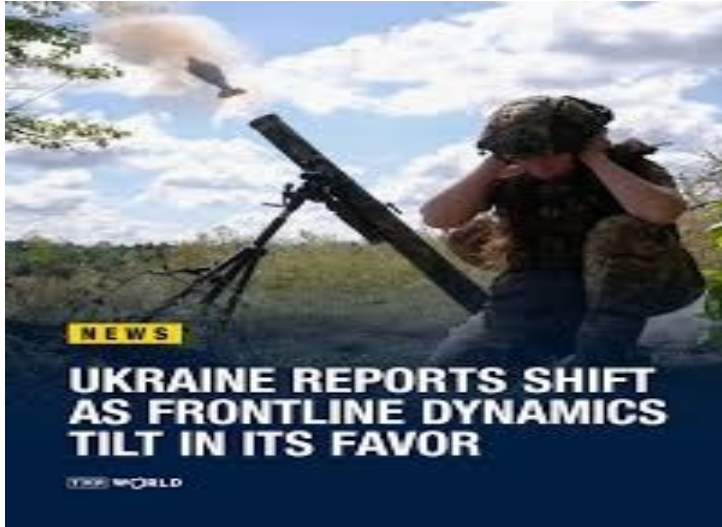
Trump's much-vaunted Board of Peace for Gaza is descending into hot air



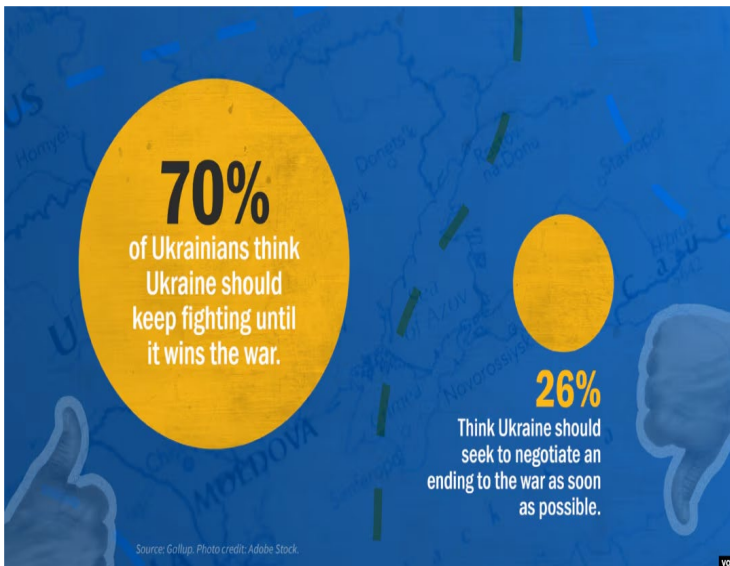
Nothing less than Trump's personal fiefdom: Lifetime Chairmanship; post-Presidency continuity; Exclusive succession; Absolute veto and agenda power; Exclusive control over membership and expulsion.

- President Trump's "Board of Peace" for Gaza is currently facing a ***severe diplomatic and financial stalemate***, with large-scale reconstruction efforts stalled due to ***deadlocked negotiations over Hamas's disarmament and Israeli territorial expansion***.
- Despite inaugural pledges of \$7 billion from allied nations and a promised \$10 billion from the U.S., ***virtually no actual cash has been disbursed*** to the official World Bank reconstruction fund.
- ***Donors remain reluctant to release funds due to absence of a viable path to Palestinian statehood.***
- The board's ***15-point roadmap requires Hamas to decommission its weapons and cede control of the strip.*** However, ***Hamas has refused to disarm unless a determinable path to a Palestinian state is provided***, which remains diametrically opposed by Israel.
- ***A technocratic committee of Palestinian experts*** was assembled by the board to handle day-to-day administration, but they ***remain sidelined.***
- The broader international coalition is currently ***struggling to operationalize UN Security Council Resolution 2803, which endorsed the board's mandate to deploy an International Stabilization Force***
- ***Broader geopolitical crises in the Middle East, specifically the war with Iran, have severely diverted international attention and diplomatic resources away from Gaza***

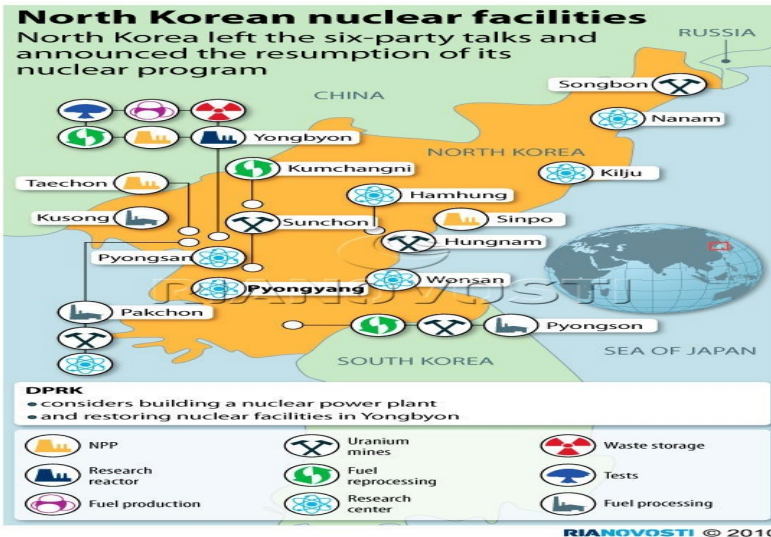
Ukraine War



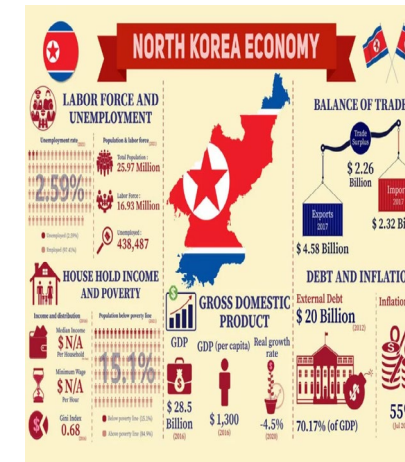
- As of early June, the war remains *a stalemate with mounting costs on both sides*.
- *Russia still controls roughly 18–20% of Ukraine’s internationally recognized territory*, including Crimea and parts of Donetsk, Luhansk, Zaporizhzhia and Kherson.
- *Ukraine launched a new counteroffensive in February 2026* focused on southern sectors (Dnipropetrovsk/Zaporizhzhia). Ukrainian forces *liberated more territory than they lost for the first time since 2023*.
- *There has been no large-scale Ukrainian breakthrough* that would suggest Russia is collapsing militarily.
- However, *EU has approved a massive \$106 billion financial and military support package for Ukraine, spanning from 2026 to 2027*.
- *US House of Representatives recently passed the Ukraine Support Act, with more than \$1 billion in security and reconstruction aid and up to \$8 billion in financing loans for Ukraine's defense*. The bill also imposes expanded sanctions targeting Russia's oil and gas sectors. Nevertheless, *Senate and Presidential Veto hurdles remain*.



North Korea



Kim wants North Korea to become a strong, “normal nation. He knows “It’s the economy, stupid!”



Taiwan unification

圖 1：台灣人的統獨傾向：三分類（2023/8）

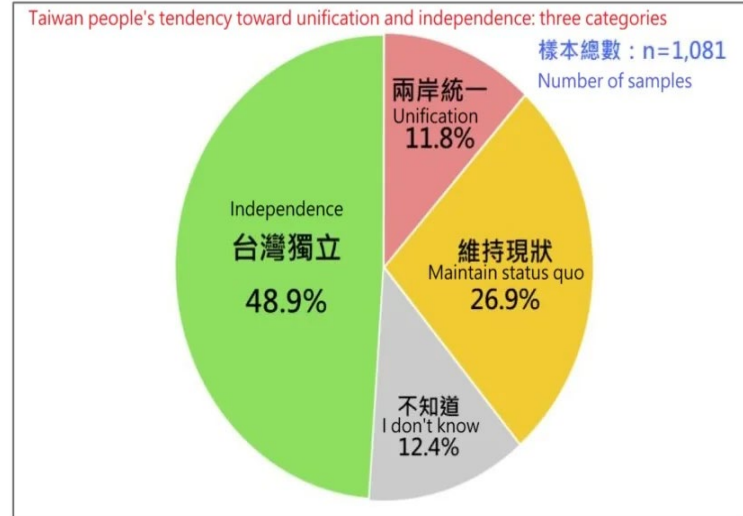


圖 4：台灣人的統獨傾向：七分類（2023/8）



US Three Communiques and Six Assurances –

- *The U.S. recognizes the PRC diplomatically.*
- *It maintains robust unofficial relations and defensive support for Taiwan.*
- *It does not take a formal position on Taiwan's sovereignty.*
- *It opposes unilateral changes to the status quo by force.*

• *Taiwan Relations Act mandates US to sell arms to Taiwan to defend itself*

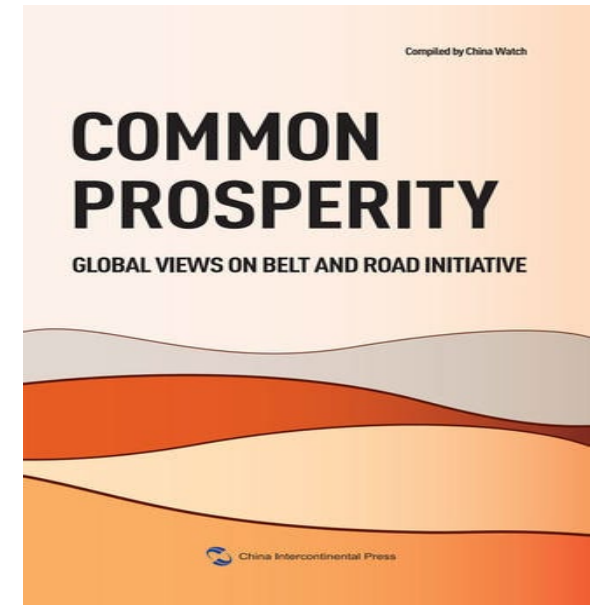
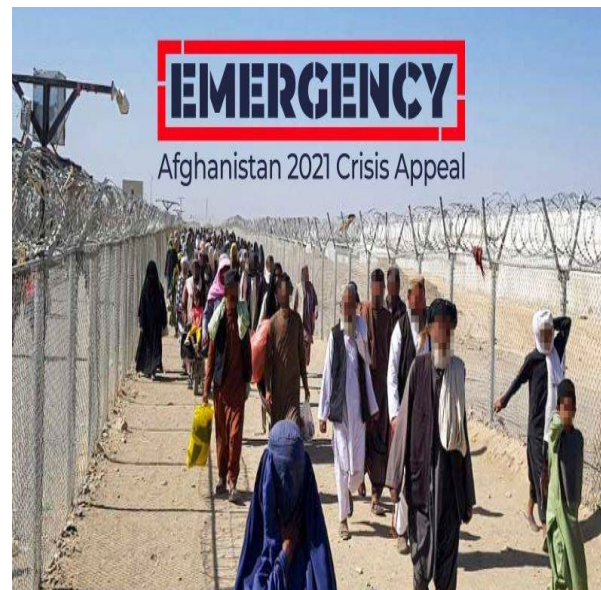
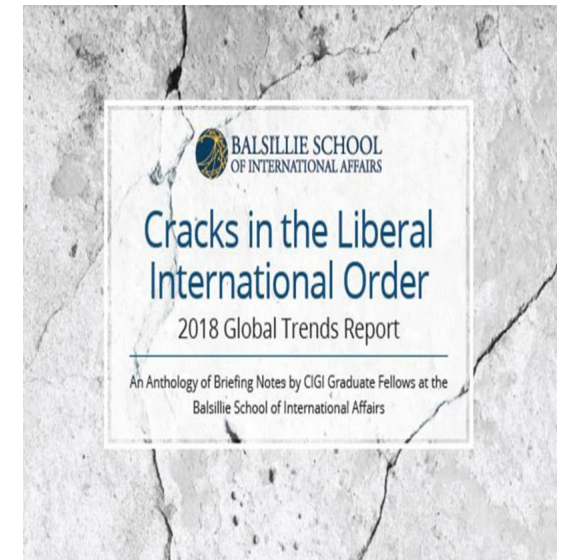
• *Taiwan card to deter China – “military porcupine”*

Beijing's strategy – Peaceful unification through negotiations

- Included in China's **Constitution**
- **Anti-Succession Law** enacted in 2005
- **2027** target date NOT for action but “**invincible deterrence**”
- **2049 deadline** – Second Centenary Goal
- **Three White Papers** on Taiwan unification
- **Three-pronged strategy for peaceful unification** : (1) military deterrence (2) economic and geopolitical isolation (3) all-of-society people-to-people exchanges including business, work, academia, tourism and more

Is a non-zero-sum Brave New World possible?

Global agenda demands a better world order



Existing global institutions no longer able to cope



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Asian forum to build trust and stability

Delegations from nearly 40 countries and international organizations will attend the summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA), which opens on Tuesday in Shanghai as China takes over the chairmanship from Turkey.

While other Asian security organizations are regional or sub-regional in character, CICA is a pan-Asian body. It is the only group of its kind that covers the entire continent.

24 Member States

- Afghanistan
- Azerbaijan
- Bahrain
- Cambodia
- China
- Egypt
- India
- Iran
- Iraq
- Israel
- Jordan
- Kazakhstan
- Kyrgyzstan
- Mongolia
- Pakistan
- Palestine
- Republic of Korea
- Russia
- Tajikistan
- Thailand
- Turkey
- United Arab Emirates
- Uzbekistan
- Vietnam

Basic Facts

CICA: Conference on Interaction and Confidence-Building Measures in Asia

Administrative body: Secretariat, located in Almaty, Kazakhstan

Chairman: Turkey (2012-14) China (2014-16)

Established: September 14, 1999

Major Events

- 1999 First Ministers' Meeting
- 2002 First Summit
- 2004 Second Ministers' Meeting
- 2006 Second Summit
- 2008 Third Ministers' Meeting
- 2010 Third Summit
- 2012 Fourth Ministers' Meeting
- 2014 Fourth Summit

2016年4月27-28日，北京
Beijing, April 27-28, 2016

亚洲相互协作与信任措施会议第五次外长会议
THE FIFTH MEETING OF THE MINISTERS OF FOREIGN AFFAIRS OF THE CONFERENCE ON INTERACTION AND CONFIDENCE BUILDING MEASURES IN ASIA

A photograph showing a large group of ministers of foreign affairs from various Asian countries seated at a long table during the Fifth Meeting of the Ministers of Foreign Affairs of the Conference on Interaction and Confidence Building Measures in Asia (CICA) in Beijing, China, in April 2016.

Concert of Europe from 1815 resulted in century of European peace

CONGRESS OF VIENNA 1815

- **LED BY PRINCE KLEMENS VON METTERNICH**
- **PURPOSE**
 - Restore Europe to its pre-1789 status quo
- **CREATION OF CONCERT OF EUROPE**
 - Peacetime alliance
 - Periodic summit meeting to work out difference
 - Military intervention to put down revolution or to prevent revolutionary outbreak
- CONGRESS SET UP SYSTEM DESIGNED TO DESTROY MEMORY OF FRENCH REVOLUTION AND THE IDEAS AND PRINCIPLES IT HAD UNLEASHED



- The Concert of Europe, which existed between the Congress of Vienna and the outbreak of the Crimean War, operated as a
 - (A) commonwealth system that sought to promote an economic union of European nations
 - (B) supranational institution that governed the continent of Europe
 - (C) multilateral agency to control territories in the Middle East and Africa
 - (D) loose forum to achieve consensus among the major powers on foreign policy questions
 - (E) cultural exchange program among Russia, Prussia, Austria, and Britain

A Concert of Powers for the 21st century?



The New Concert of Powers - How to Prevent Catastrophe and Promote Stability in a Multipolar World, Richard N. Haass and Charles A. Kupchan, Foreign Policy, March 23, 2021



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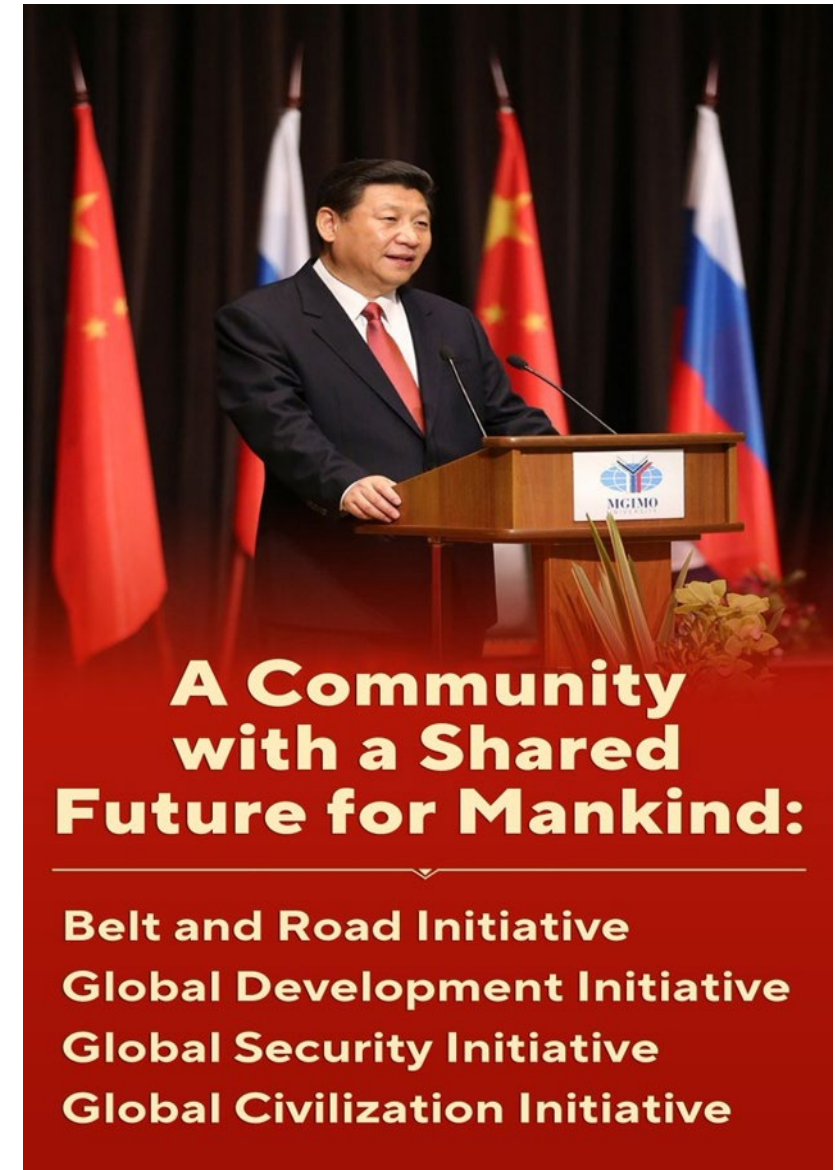


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Proposed *modus operandi*

- **Steering group of Leading Powers** would help fashion new rules of the road and build support for collective initiatives
- **Consultative, not decision-making, body.**
- **Would shun codified rules, relying on dialogue to build consensus.**
- **Like the Concert of Europe, it would privilege the territorial status quo and a view of sovereignty that precludes, except in the case of international consensus, using military force or other coercive tools to alter existing borders or topple regimes.**
- Would address **emerging crises and reforms to existing norms and institutions.**
- Potential need to deny sovereign immunity to nations that engage in certain **egregious activities**, e.g. genocide, terrorism, or severely exacerbating climate change e.g. destroying rainforests. (Japan's recent plan to dump radioactive water in the ocean may fit this category.)
- **Members would reserve the right to take unilateral action, alone or through coalitions**, when they deem their vital interests to be at stake. Direct strategic dialogue would, though, make surprise moves less common and, ideally, unilateral action less frequent.
- Although members would, **in principle, endorse a norm-governed international order**, they would also embrace realistic expectations about the limits of cooperation and compartmentalize their differences.
- **Wide leeway in domestic governance.** They would effectively agree to disagree on questions of democracy and political rights, ensuring that such differences do not hinder international cooperation. **But the concert would also work toward a shared understanding of what constitutes unacceptable interference** in other countries' domestic affairs and, as a result, are to be avoided.
- The international system will exhibit **characteristics of both bipolarity and multi-polarity.**
- Unlike during the Cold War, however, ideological and geopolitical competition between **US & China will not encompass the world.** EU, Russia, and India, as well as **other large states** such as Brazil, Indonesia, Nigeria, Turkey, and South Africa, **will likely play the two superpowers off each other and seek to preserve a significant measure of autonomy.**
- **Operational matters**, such as deploying peacekeeping missions, delivering pandemic relief, and concluding new climate deals, left to **UN and other existing bodies.**
- **Members would send permanent representatives of the highest diplomatic rank to the global concert's standing headquarters.**
- Although they would not be formal members of the concert, the **African Union, Arab League, Association of Southeast Asian Nations (ASEAN), and Organization of American States (OAS)**—would maintain permanent delegations at the concert's headquarters.
- Allowing the world to slide toward **regional blocs or a two-bloc structure similar to that of the Cold War is a nonstarter.** United States, China, and the rest of the globe **cannot fully uncouple** when national economies, financial markets, and supply chains are irreversibly tethered together. **A great-power steering group is the best option** for managing an integrated world no longer overseen by a hegemon.

Human Rights, Democracy, World Peace, Cooperation, Common Prosperity



A Community with a Shared Future for Mankind:

**Belt and Road Initiative
Global Development Initiative
Global Security Initiative
Global Civilization Initiative**



Hong Kong in a Game-Changing Era

Blueprint for HK's First Five Year Plan (1)

- No less than *China's New Silicon Valley* supported by *HK's world-class financial centre, world-leading cluster of universities, and Shenzhen's national innovation hub*, with special laws, financial, land and other incentives *to attract the world's best and brightest talent and enterprises.*
- HK International Airport's gold bullion storage hub being vastly expanded to grow HK into a global bullion-trading hub but also in preparation for future pegging the RMB to gold*



Blueprint for HK's First Five Year Plan (2)

- A global hub for state-of-the-art *technologies, including AI, robotics, humanoids, digitized networks, and high-end semi-conductor manufacturing*
- Pivot to *RCEP* countries and others in the *Global South, including Central Asia, the Arab Peninsula, Latin America and Africa*. TDC offices. Leading bank or banks of each target country to establish physical presence here.
- Global *leading hub for healthcare and dental services, including international institutions + health or dental tourism*.
- Develop HK's *world-class think-tanks*, hosting top-ranked international conferences, attracting world's best researchers. HK as global intellectual hub to address world's most pressing or state-of-the-art challenges e.g. new-era geopolitics, water scarcity, energy transition, new pandemics, and space travel.
- International Organization for Mediation. *More international institutions to locate here* e.g. UN Office on Drugs and Crime (UNODC), International Anti-Corruption Coordination Centre (IACCC), International Association of Anti-Corruption Authorities (IAACA).
- More *events from national museums of the Global South*, including international conferences, exhibitions, permanent installations, and professional exchanges, making HK shine even brighter as the Cultural Pearl of the Orient.
- As *unique amalgam of Switzerland and Monaco but where the West truly meets and mixes with the East. More foreigners both from the West and from the Global South to locate here* to do business, to work, to live, and to raise a family, adding to HK's allure as an expanded one-of-a-kind vibrant global city.

Thank you

Andrew K P Leung, SBS, FRSA

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Prominent international and independent China Strategist. Over 40 years' experience in senior Hong Kong Government positions. China Futures Fellow, Massachusetts Berkshire Publishing Group; Brain Trust Member, IMD Lausanne Evian Group; Gerson Lehrman Group Council Member; Thomas Reuters Expert; Senior Analyst with Wikistrat. Elected Member, Royal Society for Asian Affairs. Advisory Board Member, e-Centre, European Centre for e-Commerce and Internet Law. Think-tank Research Fellow, Beijing Normal University, Zhuhai Campus. Visiting Professor, London Metropolitan University Business School. Honorary President, China Hong Kong Economic and Trading International Association. Formerly Governing Council Member, King's College London; Advisory Board Member, China Policy Institute of Nottingham University; Visiting Professor, Sun Yat-sen University Business School (2005-10). In the 1980s, oversaw Hong Kong's industrial transmigration into Mainland China and helped launch Quality Campaign and Technology Centre. Invited by US government to month-long visit to brief Fortune 50 CEOs personally, including one-on-one with Steve Forbes of Forbes Magazine, on China post-1989. In 2002, invited by Prince Andrew for a private briefing leading to HRH's first visit to China as UK's Ambassador for Trade and Investment. Advised on cross-cultural management in Lenovo's take-over of IBM Computers. Invited as Editor-at-large for an international consultancy on China's energies. Regular contributor, commentator, and speaker on China at conferences and on live television worldwide including National Geographic. Topics include trade, finance, economics, geopolitics, international relations, science and technology, sustainable industrial development, and green cities. Graduate qualifications from University of London, postgraduate qualifications from Cambridge University, PMD from the Harvard Business School, and solicitors' qualifying examination certificate from the Law Society, London. Included in UK's Who's Who since 2002. Awarded Silver Bauhinia Star (SBS) in July 2005 Hong Kong Honors List.