

PGDM (IB), 2016-2017
GEOPOLITICS & GLOBAL RISK ANALYSIS
Subject Code: IB-303
TRIMESTER –III, End Term Examination, 2017

Time Allowed: 2 hours, 30 minutes

Max Marks: 50

Roll No:

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as Unfair Means. In case of rough work, please use answer sheet.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5(Short Questions)	5 marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 marks each	2*10= 20
C	Compulsory Case Study	15 marks	15
		Total Marks	50

SECTION A

Answer **any three** questions from this section.

1. How has the concept of geopolitics evolved through the nineteenth century?
2. Discuss China's geopolitical strategy with special reference to its maritime activity.
3. How does the unconventional revolution in oil and gas in North America affect the geopolitical strategy of United States?
4. Are tariffs more trade distorting than quotas in international market? Analyze it graphically.
5. Analyze the role of commodity exchanges on the geopolitical strategy of nations?

SECTION B

Answer **any two** questions from this Section. Each question carries 10 marks

1. Discuss how the various level of regional trade integration promote international trade. What are the criteria to judge the feasibility of regional trade partners for formulation of a geo-political strategy?
2. Discuss how regional integration efforts in regions like Europe / Africa /developing nations or any other groupings have led to formulation of geopolitical strategy.

3. How does the "Rule of Six" play a role in global energy markets and the geopolitical strategy of nations?

SECTION C

Read the case and answer the questions given at the end.

THE TRANSFORMATION OF ASIAN GEOPOLITICS

The rise of the PRC (People Republic of China) and India and the broader improvement in the economic fortunes of Asia along with the slowdown of the West amidst the financial crisis [of the West] have begun to alter the geopolitical conceptions of the world. This transformation is being framed in three different ways. The first is focused on the changing balance between East and West. At the end of the Cold War, there was a general perception that the center of gravity of the world was shifting from the Atlantic to the Pacific. But as Asia integrates with itself amidst the rise of the PRC, the geopolitical emphasis has shifted from "Asia-Pacific" to Asia. While the concept of Asia-Pacific includes the US and other countries from the Americas, the latter has come to represent greater economic integration within East Asia. Over the last decade, the PRC has become the main trading partner for most Asian nations replacing the historic primacy of Asian linkages with the US and the West. While the profound economic interdependence between the PRC and the US remains a major driver of the global economy, the prospect of Asia developing on an independent path has gained some adherents. That Asia enjoyed relatively high economic growth rates whilst the West experienced a major economic contraction in recent years has given rise to speculation about Asia's decoupling from the US and the West. The slowdown of Asian economic growth, including that of the PRC and India at the turn of the second decade of the 21st century, amidst the persistent crisis in North America and Europe, has once again underlined the integrated nature of the global economy. The prospect that Asia can thrive amidst the economic downturn in the West seems less of a possibility. Whether such a decoupling occurs or not, the notion of Asia's uniqueness and the exceptionalism of its political values has gained some ground. This in turn is reinforced by a growing sense of threat, economic and political, from Asia to the West. If there was triumphalism in the East about the rise of Asia, there has been rising pessimism about the future of the West.

A second frame looks at the implications of the changing distribution of power within Asia instead of the more popular focus on the emerging contradictions between Asia and the US/West. Political scientists tend to argue that changes in the distribution of power are among the principal threats to international peace. If that proposition points to conflict between rising Asian powers and those in the West, it must apply equally to Asia itself. For the rise of Asia involves a significant reordering of Asia itself. The central driver for this is the PRC, which overtook Japan as the second largest economy of the world in 2011. The PRC is on the way to rapidly closing the gap with the US on aggregate GDP. Estimates vary on when the PRC is expected to overtake the US as the world's largest economy. Some expect that it could take place by the end of this decade. Meanwhile, the PRC is expanding the gap between itself and India. At the turn of the 1990s, the PRC and India were broadly level in terms of aggregate GDP and per capita incomes. By 2010, these indicators were nearly four times larger for the PRC. As PRC economic power translates into military power, amidst a purposeful modernization of Chinese armed forces, there is no doubt that the PRC will emerge as the foremost military power in Asia. Some analysts argue that the phenomenal expansion of Beijing's power will return the region to a historic Sino-centric regional order. Others, however, insist that the rise of

the PRC will lead to regional instability. Just as Germany's rise drove Europe into two world wars, so too might the PRC's rise. Much will depend on how the rest of the region reacts to the rise of the PRC. From the current indicators, it is quite clear that not all Asian nations will accept a Sino-centric regional security order. While some Asian nations might choose to "band-wagon" with the PRC, others are likely to "balance" the rise of the PRC with tighter alliances and security cooperation with other powers, especially the US. The nature of the Asian responses brings us to the third frame of reference, which examines the role of external powers, especially the US, in shaping the security environment in the region. For decades now, the US has been the principal security provider in Asia, and had few peer competitors in managing the security order in the region. How might the US role in the region evolve amidst the weakening of the US economy, the exhaustion of its military power in the Middle East during the 2000s, and the rise of the PRC? While the US insists that it will remain a "resident power" there is a widespread perception of the US's decline. To be sure, most Asian nations have welcomed the policy of "return to Asia" under the Obama administration. Amidst Chinese assertiveness in the region, the East Asian nations have invited the US to be part of the East Asia Summit and join the defense ministerial consultations of the ASEAN. On its part, the US has signaled its commitment to strengthen its alliances and proclaimed an interest in the peaceful resolution of maritime territorial disputes between the PRC and its Southeast Asian neighbors. Nevertheless, the US is deeply divided about how to deal with the rising Chinese power. Some in Washington believe a conflict with the PRC is inevitable and demand an aggressive containment of Beijing's power before it is too late. At the other extreme are those who say a confrontation with the PRC would be disastrous and propose the development of a framework for "co-evolution" with Beijing in managing the global order. Some have called for a more explicit "Group of Two" to manage the international system.

[Source: Report on "Energy Geopolitics: Challenges and Opportunities", International Security Advisory Board, July 2014]

Q. Discuss the geopolitical stand-off between United States and China as mentioned in the passage and according to recent times. Discuss the impact on the other Asian nations in terms of their geopolitical strategy.