

# Analysis & Prognosis

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## **Strategy China versus USA**

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Chinese political leaders are very much afraid of the US military power. This is due to the fact that the USA, with 20-30 ICBM (Inter Continental Ballistic Missiles), have the potential to wipe out all main targets in China.

As a result of this, the entire Chinese political structure would collapse. The Americans would, on the other hand, perhaps be hesitant to take such a step, as they would be jeopardising the stability of the global economy and society.

In an attempt to counteract the American feeling of resentment towards the Chinese, caused by the production jobs transfer from the US to China, Chinese authorities continue to finance the US debt on a grand scale. Furthermore, they decided to buy American jets (Boeing 767 *Dreamliner*) in order to strengthen the American industry against the threat of the European airbus industries.

The Chinese political authorities are trying to avoid any frontal clash with the Americans, and are endeavouring to suppress any nationalistic uprisings. This may well, however, change over the course of the next 10-15 years.

### **Prognosis:**

Over the next five years it is possible that a new global stability will be established.

The following roles becoming increasingly apparent:

**1. USA:** Debtors and most menacing military power with a large gross national income.

Facing problems with terrorism.

**2. China:** Financier with most rapid economic expansion rates, lead power in Asia and becoming increasingly important on the world stage.

**3. Japan:** Most important Asian Partner to the USA, US-financier, facing increasing conflicts with Chinese nationalists, relatively successful in attempts to overcome their structural problems.

**4. India:** Close behind China in terms of size of population, with increasing military and economic strength.

thinking ahead

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Sensing this potential, both America and China are attempting to build good relations with India.

**5. Russia:** Slow by moving towards economic recovery, rich in raw materials, experiencing difficulty in controlling terrorism and nationalistic movements.

**6. Europe:** Vivid vision of expansion both in economical and political terms. The Euro remains strong. Adjustments to social security and pension systems, democracy still in play.

## Conclusion with a view to 2010:

1. Due largely to the role played by China, a new global balance is being established. Nobody wishes to upset this equilibrium (except for terrorists, who will in any case be increasingly marginalised).
2. This stability is good for the global economy. Thus, growth rates and stock prices will increase.
3. Uncertainly as to oil prices. Energy will be much more dependent on nuclear production.



Quelle: Der Spiegel 32/2005

	USA	China
<b>Population</b> (in Billion)	293	1.300
<b>Gross Domestic Product</b> (in Billion US-\$)	11.734	1.662
<b>Growth Rate</b> (in per cent)	4,2	9,5
<b>Energy Consumption</b> (in Terrawatt hours)	28.714	12.656
<b>Export</b> (in Billion US-\$)	34,7	196,7
<b>Direct Investments</b> (in Billion US-\$)	121,0	62.0
<b>Military Express</b> (in Billion US-\$)	453,6	55,9

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