

## Two hard-boiled egos

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**When two powerful world leaders start to collaborate over how to restructure the global order, the rest of the world had better sit up and take note. The leaders from the G7 nations are desperately trying to intervene, but they are slowly losing cohesion and influence.**



The growing combined influence of Xi and Putin is now shaping a new world of trade and there will be far fewer Western-dominated institutions with any real influence involved. This shift is creating huge tensions between the West, China and Russia. The result is that cold war 2.0 has begun in earnest, with more restrictions on trade being applied by the West in the form of sanctions. However, this does not appear to have had the desired effect of reining in China and Russia's power economically or politically.

If this 'game' plays out the way that Xi and Putin want, the West will soon be confronted by increased competition from a strengthening BRICS trade bloc. The African nations, with support from 'the big three' (China, India and Russia), will take a leading role to further dilute the influence of the US and Western allies.

In the short term, the potential trade agreement between Saudi Arabia and Iran, mediated by China and Russia, could well lead to a shift in the balance of power in the Middle East. While Saudi Arabia and Iran are definitely co-operating, there are still areas of disagreement to be resolved before the plan can be fully realised. For now, China and Russia's increased influence in the region would appear sufficient to smooth out those issues, yet there remains the thorny issue of India.

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India has its own problems with China – and they run deep. Diplomatically, India, Saudi Arabia and Iran are keen to work together on trade agreements, but the US is using its relationship with the Pakistan military to fan the flames of division that exists with India to imply that the Islamic world cannot trust India. Time will tell if this action is successful or whether the West's ability to exert its influence has already passed.

If Western influence has truly waned, these successful trade agreements will lead to a decline in oil prices which will adversely affect the economies of Western countries that are transitioning away from oil imports. Their 'model' only works if oil prices rise enough to cease being a workable option for energy. But this means they also need to trade very expensive 'renewables' in large enough quantities to reduce costs enough to become viable.

In the medium term, the increased economic co-operation between Xi, Putin and the Middle East would lead to a decline in Western economic power as both China and Russia seek to reduce their reliance on Western financial institutions and currencies. The shift in economic power towards China and Russia would then begin a shift in political power as well. The West is already finding it much harder to assert its influence in the global political arena, and this would lead to further strategic losses and implications for global stability and security.

In conclusion, the events occurring in the Middle East are the aspirations and desires of two powerful egos seeking to weaken the influence and the economies of the Western powers on the world's stage. The potential trade agreement between China, Russia and Saudi Arabia and Iran has significant implications for the West. While the short-term effects are uncertain, the medium and long-term implications will lead to a shift in the global political and economic order.

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