

Currency zoning in the COVID-19 era

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ABSTRACT

This article aims to explain the loss of the dollar's leading role and the formation of currency zoning in a geo-economical view of the COVID-19 era. The results of the study reveal that the COVID-19 currency zoning to operate a new production zone or free trade zone is based on a closed industrial cluster at the central state, capable of diversifying the supply chain to its members and promote free trade through labor resources, natural resources and the number of a good middle class are sufficient to form a market within their respective segments. The strategic setting of the area is important to reduce dependence on the US market and to ensure the safety of freight transport and the faster time it takes to cooperate with more beneficial states with China than the United States under the OBOR project.

KEYWORDS: Currency zoning, Digital Yuan zone, RCEP, COVID-19 epidemic

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1. Introduction. Before the COVID-19 pandemic, the world's the trade and investment markets have been controlled by the US. In recent years, the world has changed a lot. First of all, the end of globalization is when the US begins to think about protecting its domestic market by setting quotas, anti-dumping investigations, and sanctions against geopolitical competitors. The COVID-19 has become a catalyst for worsening international relations globally, transforming the global supply chain and the geopolitical landscape. The negative effects of the COVID-19 epidemic on the global economy have led to cut off production and services occurring in almost all countries.

The situation is extremely uncertain. A record of 33.0% fall in US GDP in the second quarter of 2020 reached post-World War II levels. Although this decline has been stretching for more than four years to date, the COVID-19 outbreak has not been suppressed which will lead to a revival of the US industry.

The number of unemployment benefits started flat at 0.8-2 million per week over the past four months, while the number of new jobs has grown very slowly. In March-April, 21 million jobs through October were restored in half. It means that the economic development model has to change to the new model, that is, it could no longer work. The inability to stop the COVID-19 outbreak puts the United States at risk of economic recovery, affecting confidence in the dollar in the eyes of its international counterparts and US rivals. China can tackle the virus outbreak quickly, that is why it is so important that trade and investment zoning needs to be reorganized under the guidance of China that the United States is no longer able to bear on its obligations. This article aims to explain the loss of the dollar's leading role and the formation of currency zoning in a geo-economical view of the COVID-19 era(the state of society, called in English lockdown (closing of enterprises, isolation of people, countries), will never end)

2. Proposed Techniques. The theoretical and methodological basis of the study is based on the scholars' work of geoeconomics on "Economic Warfare" methods, in a narrow sense, it is a method of using specific niches of freedom of action created by world market regulations, for example, through formal non-tax barriers but did not receive legal support for their exports, technology control, the formal allocation for development about the expansion and protection of their economy through the use of international regulatory mechanisms to misuse strategic sanctions for one's organization. Hence, the general strategic orientation of the current geo-economics has only one option that the recession of the US dollar will face a significant decline compared to the more stable currency.

This is the situation in the United States where political uncertainty is superimposed in the COVID-19 outbreak. An increase in the additional funds into the economy and "bubble" stocks, therefore, applies the influence of spatial factors on the scope of production and distribution, geospatial use, and the use of spatial factors for the deployment of economic activities in terms of the regional economy due to geographical factors.

Results.

3.1 U.S. dollar devaluation

The United States’ rapidly worsening global leadership on the back of an economic recovery resulting from the COVID-19 outbreak and a lack of global supply chain disruption. It will cause the dollar to fall when the economic crisis starts to stabilize later this year or early 2021 will affect the dollar. The dollar was easily traced to its lowest level in July 2011, down as much as 35% in terms of trade weighting and inflation adjustments. As the world is aware of the current state of the US economy, then by 2021, the dollar will fall by 35% against a basket of currencies of the countries where the United States trades internationally. All of this is far from the limit of possible devaluation. [1] The protectionist policy by the Donald Trump administration and the deterioration of the US international image. (International leadership is one element of support for the state of the dollar) will make the situation worse. Mostly, the US government spends a lot on big expenditures while the government forgot how to save money and didn’t want to learn how to pay off the debt. Therefore, the same method of the past has come alive again. On the one hand, the dollar is intended to buy the bond, that is the Fed. Meanwhile, the federal government insisted on creating debt and issuing new debt for these dollars, most likely borrowing from the Fed. As confidence in US bonds fell, it harms the US currency and the US is entering a time when the dollar is declining in today’s global economy. The dollar can be weakening significantly within a year and a half to two and this will have the worst impact on the US economy. [2]

The 2.15 percent fall in the dollar against the Chinese yuan, which has occurred since early November this year, has threatened the growth of the US trade deficit, compared to China, where the currency has strongly strengthened. On the other hand, the United States continues to buy commodities, taking the U.S. economy hostage in a desperate situation that is forced to take on more and more loans to pay back its existing debts. In such a condition, paying the interest alone could soon become an impossible thing to pay for the country. Last year, \$ 591 billion in payments were made. The currency volatility on companies in North America peaked in the second quarter of 2020 at the negative impact fourth-quarter high of \$14.16 billion. (See chart below), the state’s holding dollar



Figure 1. The negative impact of currency fluctuations on North American companies rose in the first half of the year. [3]

bonds tends to weaken If you consider states that have a volume of products in the US market, they are likely to sell credit by buying the Fed bonds, which is not good in the situation earlier identified. The economy focusing on the trade of resources, most of the remaining manufacturing and imports of goods tied to the dollar as basic calculation has been underway. The buyout of the EU, China, and Australia bonds increased with larger investments compared to American bonds. Some reservations with the same amount of funds are needed to mitigate the negative situation for the dollar.

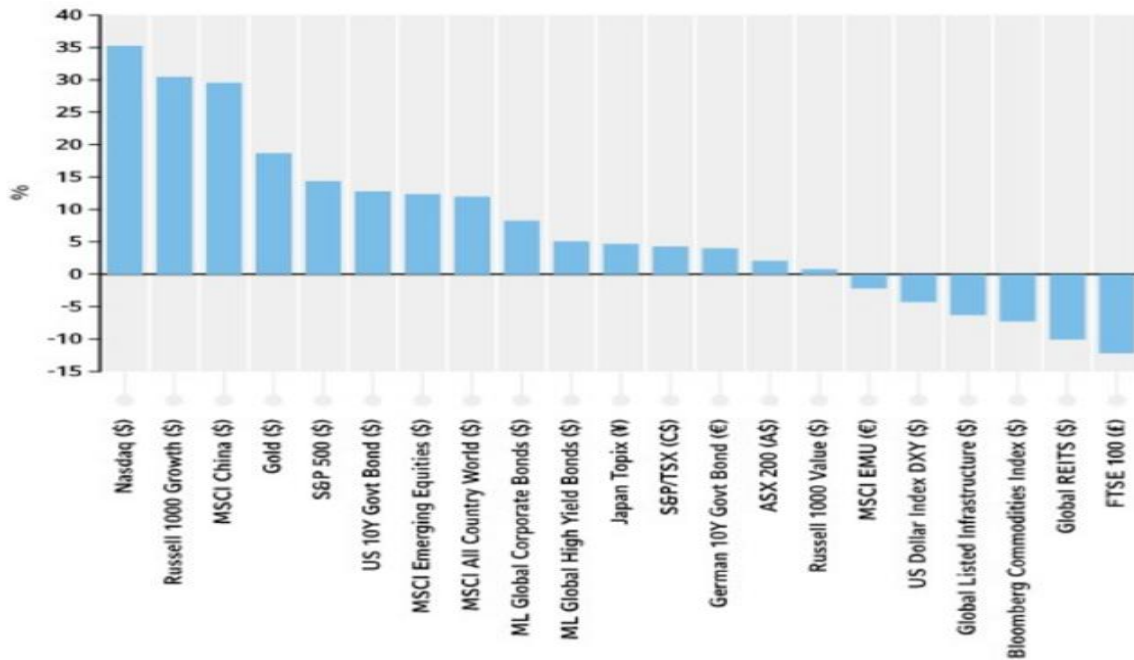


Figure 2. Asset metrics since early 2020[4]

A sharp drop in the dollar’s value will affect the dollar’s reserve as a reserve fund. Shaking trade and disrupting the economy of the dollar zone has been left if the dollar is truly threatened, thereby resulting in a rapid devaluation. With the US economic stimulus, by no means anyway and there is a lot of debt, without devaluation it is impossible to solve the debt problem. Because the Quantitative Easing (QE) is lower interest rates and QE (purchases by central banks, government, and mortgage bonds) ceased to work well and non-current liabilities. Other forms of resulting relaxation, the devaluation, and income generation from the (government) financial deficit will likely increase. Large-scale lending serves as the primary source of support for today’s production and commercial levels. Since current interest rates are very low and negative, providing market support to consumers from infinite credit may result in a more severe current account imbalance and a more severe trade deficit, or eventually leading to the growing protection and trade war. In the financial support to the current economy, interest rates cannot be declined to 1.5%, or even a drop to 0% will not help the economy greatly, predicting that the Fed’s monetary policy will be of no use.

However, this does not contribute to restoring demand. If people are concerned about the virus that they may lose their job, people will not buy a house or go on vacation. Additionally, American

families have taken too much credit, previously borrowed \$ 4.1 trillion on consumer loans, excluding mortgages (compared to \$ 3.2 trillion in 2008 due to inflation) and debt, which has been constantly increasing. Also, the budget deficits in trillion dollars annually before the COVID-19 outbreak, the Trump administration has been cutting taxes for years, the Fed and Congress and the administration have acted as if the country was in a state of emergency for more than ten years, not just seen during the virus pandemic. The US debt In April 2020 was worth more than \$ 24.47 trillion. Every minute the US government debt increased by \$ 2 million. If we share our current debt by all Americans, every American owes the world average of \$ 50,000. [America is drowning itself and the whole World! The US national debt in 2020 will grow to record sizes in history countries [5] Now, if the US frees its debt, it comes as a result of Trump's threat to condone the Chinese virus outbreak. It is to claim compensation from China, which may be true of the creditor country, and this kind of approach may reduce US debt, but it creates uncertainty for the country that holds the dollar. Therefore, the acceleration of trade expansion and the liberalization of trade with Atlantis poses a danger to future commercial expansion. That is, artificial economic growth is unable to create a positive status for producers and at high risk like the United States which has a large domestic borrowing. A huge increase in public debt (Today's debt to GDP of the US 117%), although the demand for the dollar was very large and thus the US was forced to print additional money Of course, this is a direct way to devalue the dollar. The US is a real debtor of trillions of dollars. Repaying all of its creditors would create serious problems in practice, and the United States could no longer put pressure on it as a major player like the oil market. To this day, it indicates that the United States still has a large trade deficit. The US has invested more than 80 billion dollars in the global economy every month. The world doesn't need this money to buy US exports by definition, this is a deficit. The US bought everything it needed and left 80 billion dollars.

Table 1. Show GDP and proportion of GDP structure for 2019[6]

Countries	GDP		structure %		
	Norminal	PPP	Service	Industry	Agraculture
USA	21.4	21.4	80.6	18.5	0.9
China	14.3	23.4	50.4	41.2	8.4
Russia	1.7	4.2	62.3	33.3	4.4
Germany	3.8	4.7	68.1	31.0	0.9
France	2.7	3.3	78.8	19.5	1.7
Japan	5.1	5.4	70.8	28.1	1.1
India	2.9	9.6	53.9	29.1	17.0

If we remove our share of financial services and other derivatives from GDP and all (virtual) assessments of goodwill and intellectual property, the reality of today in the US is a poor country, and

it is not richer than China, if we use the math that we have learned, that is, if the real manufacturing sector immediately delivers a GDP of 4 billion dollars, today's population of the United States is 320 million, and 40 million are residents, totaling 360 million, divided with the number per capita, compared to China and Russia, the results worth smaller. Multinational capital is looking for new development models for diversification and maximizing profits, while China has declared ASEAN to become its largest trading partner after a 10% drop in trade with the United States and 5% with the European Union. This can be considered as one of the economic recovery efforts, making regional coordination an option to strengthen the recovery phase or reorganize the economy through incentives it creates, and at the same time, the coordinated quarantine limits help realize the effect of the resumption of production in the regional supply chain.

China is building independence from the United States and is building a region of its influence based on digital yuan. China is in a manufacturing-based economic zone, including research and development (R&D) and its military power based on an alliance with Russia. Most importantly, China, a country of more than 1.5 billion people which could be driven to boost domestic consumption. Based on the macroeconomic principle, if roughly 60-70% of GDP is dictated by general consumer spending, it would be an impressive force for self-breathing. However, China remains at economic risk because of three key factors

1. Chinese trading account for foreign transactions adopts the dollar as a reserve tool and a currency account

2. China is a key consumer and export supplier of goods to countries paying in US dollars, which is converted to yuan at a fixed rate

3. Over the past 15 years, China's GDP has increased 12 times and its exports have increased 4.3 times, from 600 billion in 2004 to \$ 2.59 trillion in 2018. It is believed that China's economic expansion has reached the limit of its widespread growth. On top of that, the US is essentially blocking imports of high-value-added Chinese advanced technology.[7]

The current level of economic power poses a trade war with the United States and also increases the risk of a real war quickly for a potential military confrontation. This made China accelerate its strategy to be in a more stable, powerful, and independent position

3.2 Digital Yuan zone replacing the dollar

Trade wars, the COVID-19 epidemic, and US sanctions policies which have been popularized as political and economic tools to manipulate opposition have led the states seeking regional financial adaptation increasingly. The regional financial system will also become a tool for evading, monitoring, gathering information, or blocking international economic flows, threatening the safety and development of many countries. For example, US sanctions have been made through global payment systems such as SWIFT World with the use of the Yuan cryptocurrency. Reaching a full circulation, If consent is obtained from the government of a foreign state in the official widespread

circulation of its territory, fulfilling this goal can be achieved through a combination of two factors.

First, the goal should voluntarily enter the joint-trade area where China will undoubtedly occupy a dominant position in the economy, and its partners will pay great attention to reach a high level of the domestic consumer market that has lost some financial independence.

Second, this area of trade should exclude the presence of other participants in terms of an economic size comparable to that of China, especially the US or the European Union. In this case, the system would be built within that area, with just the essence of the dollar instead of where the Chinese currency would play a role[8]

There is no doubt that shortly the role of money in the region will increase (for example, the Euro, the Yuan, the Ruble) if the US continues to impose sanctions against European companies, China, and Russia, and if China keeps the financial sector very open. It depends on the global capital flow that these states will certainly stall the dollar. The dollar is at the heart of foreign policy while China, Russia, and the EU are knowing that the weakness of the United States is that the US cannot use the cryptocurrency instead of the dollar as the US exports the dollar. The countries own a common economic, commercial, and financial space that is dominated by the common dollar if the US turns away from a different currency. It is inevitable to lose part of the current regulated global financial system, where there is no need to accelerate cryptocurrency as the Fed is, in fact, privately owned. The American state is not on any shareholder list, whose dollar exports are already doing a good job of coordinating their interests

China believes that all U.S. financial power is based on the global SWIFT network, which in recent years has become a tool of political manipulation by Washington, which has been threatening to disconnect Russia and Iran are not able to use this network to contact any country in the form of economic sanctions. Russia has also tried to reduce its dependence on the dollar, which is in line with China's interests. If we look at the numbers, we see that for the first time this year, the dollar's share in Russian-Chinese trade has fallen below half the amount of foreign currency used, reaching 46% for 50 years ago. The dollar was replaced by 30% of the euro, as did the Russian ruble and the Chinese yuan, which together accounted for a further 24%. This is a new record for all three currencies. Additionally, the share of the euro in Russia's exports to the EU has increased from 38% at the end of 2019 to 43% in the first quarter of 2020 consistently since the creation of the euro, the dollar's share of the world's central bank reserves has dropped from 70% to 60%.

Further, increasingly weaker relations between the United States and Saudi Arabia could undermine the dollar. The main reason the central banks and investors around the world hold the US dollar is because oil is priced in dollars. Saudi Arabia's continued efforts to undermine the U.S. shale industry have spurred a rift between the Washington administration and the future El Riyadh, which is likely to hold back Obama's stand of support for Iran, will reinstate Iran even oil prices will below. The

US will continue to have strong shale production in the future. Who will replace Saudi Arabia? China will likely want the oil price set in yuan in a weaker new world, and fewer dollars may be required. Potential support from Russia and OPEC can be explained by the fact that China is the largest consumer of hydrocarbons. In 2019, China, the world's top gas importer, is a boon for Beijing to supply its energy resources in currency. Even Saudi Arabia, which sees an interest within China, will benefit from adopting a new currency based on the yuan. However, some of the changes to the new system will allow Moscow to speed up the process of reducing the use of the dollar. Japan and China are the largest holders of US government debt of \$ 1,276.2 and \$ 1,061.7 billion, respectively. From this perspective, the stability of the dollar rests in the hands of the central banks of Japan and China. Time will show how events will develop, but the US and Europe have to recognize the emergence of economic integration in Asia and harmonize their policies, taking into account the potential of RCEP.[9] RCEP group collaboration tells us, we found variables for new partnerships with each other, but now cooperation is moving in more banking and finance directions, all of which could be a small start. China wants to move the world economy in its direction. It determines the economy of China's goal to replace the dollar with its currency and building an industrial empire and cooperation with the German industry is at the heart of this strategy.

This is more evident in creating a counterweight to the European dollar. The yuan will increase its share of international settlements. The role of regional currencies will be enhanced by the development of digital technology and the diversification of automated information networks, thereby forcing states to make choices during quarantine, it has strengthened the role of digital technology popular both in the lives of ordinary people in different countries and many corporate activities abroad. Ordering and paying with apps on smartphones has become commonplace for billions of people. The next step is the emergence of a national digital currency. Now, e-wallet money and money for internet payment are loans and debit in bank accounts. It gives the opportunity to provide state electronic money with payment verification systems and allow transactions using software devices, top-up accounts and make purchases without the use of a master bank account, thus making crypto trading secure and more comfortable. Central banks and governments will also have additional opportunities to issue cash in a special circulation that deals with the production of goods and services, not banking. On the other hand, cryptocurrencies will increase economic monetization and, will withdraw some of the funds from the out-of-bank flow of money, where most of the funds allocated to support the economy have already been set aside to be free add to this cryptocurrency, establishing sovereignty as a cost-effective alternative to future payment systems. China plans to initially supply the digital yuan in dollars, and then with gold, whose reserves are steadily increasing. In doing so, China needs \$ 200 billion, potentially giving up America's public debt. Therefore, Beijing will reduce investment from US debt \$ 800 billion to \$ 1 trillion, the funds would be sufficient to serve as an exchange account with the sanctioned country of initiating transactions for North Korea, Iran, Venezuela.[10]

Iran is also less concerned with the impact of sanctions and mitigates the threat of sanctions at both national and corporate levels. Of course, payments using state cryptocurrencies are not free, but the commission will be lower because of the central cryptocurrency issuer which is by the state, and not by the most profitable international corporations at all costs. Payment and money transfer without

intermediaries in the form of banks and payment systems such as Visa, and in the case of China, China UnionPay, Alipay, WeChat Pay, etc., the state was given additional tools to fight the black market and tax evasion. Further enhancements to the digital currency system will allow shortly to switch to cross-border operations that do not require SWIFT and the dollar, creating a faster, cheaper cross-border payment system, transparent and comprehensive. It brings great benefits to citizens and countries around the world, contributing to economic growth, international trade, and global development. China's digital currency can challenge the yuan as a means of empowering governments in the country's financial system and shifting the balance of global economic influences. But it also allows states to keep track of the yuan usage in each budget. China and Russia have already built their payment systems, competing with SWIFT, and the two countries are now looking for opportunities to add joint accounting with their currency pairs. All of this can create serious problems for both the dollar and the United States as a whole. Cryptocurrencies solve the Kremlin's independence from global volatility and problems and eliminate financial deficits to meet national goals. The loss of the dollar's role as an intermediary currency worsens its pricing in raw materials markets and international trade settlements. This will greatly reduce the number of dollar buyers, the future ruble cryptocurrency could also be a safeguard to the country's sovereignty, as Russia has the resources and labor to achieve its goals. The new financial weapons will be very helpful in preventing the economic impact of the attacks by the United States and many states looking to set up new supply chains. Therefore, the global role of the dollar is not solely based on America's export capability and credibility. The fall in the dollar is a double boost for commodities, not just most of the items priced in dollars, but it's also because, at the time the dollar weakens, it tends to profit faster because it is linked to the geopolitical order that it has created.

3.3.RCEP is divided by China

The fragmentation of global and regional supply chains is one of the key components of the post-epidemic economic landscape. It opens up opportunities for new members of the alliance. Alliances and supply chains across all sectors of the economy and in all products and regions limit the coverage of the supply chain along national borders. It may be doomed to fail as it threatens to undermine the ability of domestic manufacturers to integrate into the global supply chain. The tendency is more flexible with competitive advantage than nationality networks. The international spatial closeness makes the companies operating in the same industry or corporate departments can save and reduce production costs as well as transaction costs. Spatial factors include quantitative dimensions in terms of distance and transportation costs as key resources for economic growth and the well-being of local populations when integrating foreign economic activities and regional integration[11]. We are seeing the world moving into many major currency areas when there are no clear leaders of all nations. If their zones of influence can be established to create an economic group in the modern state of regional competition, it is necessary to create a single market or draw such resources from neighbors as oil, gas, forest, metal, water, and so on. This may come with an independent economy.

China realized it was unlikely to be an empire to rule the sea, so it sought to expand its influence in Eurasia and therefore it had no choice but to reach an agreement with Russia, where Russia has the world's most competitive army at present. If supplemented by an army that can protect in modern conditions, this means the availability of the affordable supply of nuclear weapons and means of delivery to the "allies" as well as air defense systems, navy, tanks, artillery, special services, etc. This is the independence of power, the ability to carry on independent policies. (both territorially and economically, and the ability to elect a group leader by decisions of the residents of the top cluster countries, not by a stronger "alliance" decision.)

If the internal market of its population is large enough, more than half the GDP and the share of GDP from the global market together exceeds 15%, it will be possible to create a new commercial economy segment by purchasing products that are built from their cluster. Built-up with the availability of access to international markets (cereals and other products market, energy market to high-tech product market, including weapons) availability of trained, knowledgeable and committed leaders of the cluster, aimed at the development and prosperity of Cluster, that is, a leader and a team are required. If the above conditions are met, it will be possible to use technological leadership to create their trading zones in the region and then create their currency zones. The process has changed, it will be accompanied by strong shocks that do not yet know the outcome. However, China has begun to divide and redline its assets to indicate the territory of the new subdivisions and its own raw material labor resources, under the consensus of Japan, South Korea, Australia, and ASEAN. China does not show any responsibility for international security like the United States or Russia. In contrast, China does it for its benefit and it is China's foreign policy that does not focus on resources or use a lot of resources. The interests of domestic politics are secondary. At the same time, China's initial goal, OBOR, has envisioned the formation of a single logistics, finance, and economic space that will simplify the transport between China's production and the world market for fuels, raw materials, and food. The initial concept formulated for the development of a new inland logistics infrastructure. Its main aim is to create conditions for accelerating regional industrial development in the northwest of the country. The construction of the China-Europe main railway has facilitated the export and sale of products produced there, which had previously had to be shipped to Chinese ports, which significantly increased its costs due to the shipping costs and the Pentagon's anaconda strategy. Also, investment in the development of transportation areas in line with China's long-term infrastructure investment has become a massive source of interest that can serve as a vital source of income for the Chinese economy for decades. It provides opportunities to take over emerging local businesses around new infrastructure to generate additional profits instead of buying US bonds. The development of new markets along this trade route guarantees China safe access to resources and makes the yuan a reserve currency shortly. Cryptocurrencies will completely replace non-cash payment forms as they are much more convenient. Digital yuan payments are incomparably faster than non-cash payments. Cashless payments can be processed within hours or days while cryptocurrency payments take only a few seconds. Any payment made on the blockchain makes it very easy to verify the action. Verifying payments is as simple and easy as possible. This transparency will benefit the parties. Thus, China is going through the ages, and what will these innovations be like to be successful? We'll find out soon. Even though the process takes

time. The yuan will eventually become one of the world's reserve currencies. This will happen gradually over a few decades as the use of international accounts in the yuan develops and there is an open borrowing market and understand that the participating countries support this initiative for different reasons specified in the beginning. Regional states want to strengthen the coordination of development policies with China, increase not only infrastructure connectivity just with China, but also with other countries as well, achieving a free combination of trade and finance. China does not offer political integration, but economic integration based on trade interests.

The Chinese incorporation model, derived from the OBOR program, is characterized by "umbrellas" when Chinese investments transfer industrial capacity to participating countries, which will act as a guarantee of their loyalty. Following the Chinese globalization style and many major industries such as Chinese vulcanization, it has achieved overwhelming success in its ability to compete with the success of the current scale, cost of production, and production volume. Chinese products are always cheaper, which in the long run, it will accelerate the destruction of rivals in different countries, efforts to expand infrastructure networks and increase trade to countries, allowing China to publish its standards. Thus, the strategic survival of the economy depends on the government's ability to form an automated closed economic cluster that depends on both general exports and imports of goods. Closed economic clusters may have contributed to the success of diversification in the manufacturing sector, the highest segment of the national economy, and a significant increase in the technology pyramid. China has been keen on the experience based on import substitutes and tremendous efforts to have a domestic consumer market. To achieve this, through the structural analysis of consumption, especially for medium-sized and high-tech goods, it is necessary to build a production pyramid based on the "product-unit and block-base-element" model with a complete set of relationships.[12] The main operating mechanism of global decay in the currency zone is to reduce consumption that cannot be maintained at levels significantly higher than the real income of the population. As a result, the level of separation of work decreases. This, in turn, would reduce the added value generated in the economy, which would render it ineffective in maintaining the global infrastructure of the global division of jobs. Today, China, via Huawei, is leading the way in developing 5G wireless technology that will revolutionize the economy, demanding replacement standards in areas ranging from transportation to the Internet of Things and robotics, although, over the past 5-10 years, China's standards were lower than America and Europe.[13]

China shall harness the data and structure of the world economy linking to its leadership in networking and innovation. The effects of these epidemics are exacerbated by the negative impact of the crisis on demand and the sharp decline in the GDP of the largest economies. As a result, the global gravitational pull in the relationship between the world economy weakens. Regional integration is a force that may at least have countered some of these negative trends, which is carried out through coordination mechanisms, simulating development and coordinated actions that ensure the consistency of anti-crisis measures, makes regional systems more resilient to vibrations from external. The trade and technology war and the start of a new cold war between the US and China are forcing China to reduce its reliance on the US market and diversify its activities to support Asian and African markets. If

China's economy and financial sector can meet current challenges. The yuan will become a full-fledged regional currency, and it will also likely create a debt settlement system, leading to the inevitable weakening of the dollar zone in the world's foreign exchange reserves, and world trading due to the strong Asian status. The Chinese yuan and the Japanese yen will be pivotal to the stability of the zone's currency system in the new trade zone. The stability of the national currencies of China and Japan is mainly determined by their share of these countries in the world economy, \$ 14.4 trillion of Chinese GDP and \$ 5.8 trillion of GDP of Japan. The share of these countries together with South Korea (\$ 1.6 trillion) at \$ 21.8 trillion would exceed the US share of GDP (\$ 21.4 trillion) in the world economy [9]. International market trade is conducted without the participation of dollars. The dollar will certainly gradually diminish its role as an intermediary in exchange for domestic central bank transactions and reserves. The yuan and the yen can also be used in foreign accounts for trading in place of the dollar. Many countries are ready to work with China to liberalize trade and China's interests. China, as an economically strong state, is making good use of free trade, as the new agreement eliminates tariffs on large commodities (more than 92%) and simplifies customs procedures for all countries.

The conditions of global economic contraction and their differences from past economic crises have made the central states of the world start to create new rules of their own or the state of lawlessness. The concept and execution are seen in November 2020. China has re-divided the international political economy itself and the others are still in a state of lawlessness as each of them cannot have the main host, a result of which the United States is also unclear. Let's take a look at the trends of the new region dividing the world according to the new economic landscape, China showing that it is undergoing massive changes in terms of the global economy and geopolitics. The new production zones are to be defined by central states and other states that share in the new division of labor to maintain their positions with less negative impact. End of the epidemic and the economic crisis of the US and Europe. The new center of power is expected to be the RCEP group. China will strengthen its partner states. This is a challenge in which the old power could no longer carry its burden. If we looked at solutions as from the year 2009, the world has entered a phase where it is inevitable that it will change the cycle of the century for the capital accumulation system. The model is based on market expansion by making it a global economy, increasing consumption through lending, and increasing debt burden until 2020. Now it is no longer possible to expand the markets and there is no place to increase its debt burden, as well It was a helpless situation. This is just a change in the economic model, with each technological change taking place, and very quickly. A shift to a new center of capital accumulation from an open market environment has led to a very concentrated production capacity. In the past, China has a 54% share of global production. China has been struggling for global industrial domination, especially in the major high-tech sectors, for example, China currently accounts for 50% of the world's steel, 70% for aluminum production, 90% for civilian drone production, and 45% for shipbuilding products. Within 2022, China and Taiwan will control 70% of the world's integrated circuit capacity, including every state of the art that is important to the digital economy, modern weapons systems, aerospace, artificial intelligence, robot.[14]

This is a law of geoeconomics that we cannot afford to deny, so we see a movement towards the major currency areas. In nature, China plays an important role, followed by the euro, without the dominant currency, can become another currency area. The transformation process is accompanied by strong shocks. Dividing the world in its currency will ultimately determine its influence and currency zone, which will be a painful and long process. Right now, it's not clear what this will be, given the number of events related to the uncertainty known as the Black Swan. Dividing the world into local monetary zones by which the currencies of the leaders of each of these zones play an important role, possibly the US, China, Russia, and the European Union. What came to be very clear on November 17, 2020, when the creation of the world's largest free trade area in Asia under the auspices of China was announced. It can be considered true that China has established its financial influence and is a new administrative region, not the traditional meaning of taking up the territory and using the law to execute its administration, but it is about dividing work under orders. The technology of the host or owner of the protocol in which each state has a level of self-improvement, may cause some states to lose their sovereignty from technological dependencies. Regarding the exchange area, if it is large enough, it would make the partner considerably influence the economic and political decisions (potentiall losing sovereignty)

The countries that signed the agreement consist of one-third of the world's population and one-third of the world economy. Japan and Australia, longtime allies of the United States, are also interested. This is the unity in the region, taken over by China not only in economics but also in politics. While the United States has had domestic disputes, It influences on the world stage rapidly. China leverages it to lead the world's largest trade unions, a regional economic partner that covers about a third of the \$ 28 trillion global economies. The Alliance's mission is to fight against tariffs and trade barriers. The new trade unions will push the US out of the world economic leadership. This is the largest trade deal in history and is very important for China, giving China greater confidence in international relations. The agreement deals with the economy, politics, technology. Trade unions have become a symbol of the new era we are seeing in the COVID-19 era. Beijing is expected to expand its trade coverage this year in place of the US market. Beijing, as a practitioner, has to admit that China has carefully studied many years of European experience and figured out how to use all the goodness of European integration ideas for the benefit of Beijing. After China succeeded in concentrating nearly 60% of the world's total industrial production, it gained an advantage on the other and it became a thorn on its own. Produced goods are only half the battle, but it is extremely important to find out who to sell them all to make a profit, it turns out that the basis of the consumer market is the middle class, which is rare in China even though China suffers. The results of 4-5-year plans have already followed. According to the study of the Chinese middle class and the formation of a new consumer class in the country, as the Chinese increase in purchasing power, the needs and preferences of the Chinese people will have a significant impact on the global economy. China's total working-age population is 770.4 million, the most important in the world, with only 11% coming from the middle class, while the annual average salary in China in 2014 was \$ 8,700, which of the Chinese middle class is \$ 11,700. At the same time, about half of China's working-age population is agricultural workers, their annual salary is \$ 2,000. China's middle class will grow exponentially,

providing huge opportunities for the development of entertainment, technology, online commerce, and other sectors. [15]At the moment, the number of the middle class in China is estimated at 160-180 million, another 50 million may be in other Southeast Asian countries that actively trade with China. While the market capacity in the US is driven by 200-220 million consumers and 300 million in Europe. Factories in China have expanded, modernized, and improved, from producing low-quality, low-cost waste, and beautiful packaging to producing products that compete with the best Western brands for the equal quality. However, the number of good middle class in the world's top markets in America and Europe began to decline. There is only in the US 48%, and in Europe, 43% within 2030 the average level has a 35% chance of dropping. [16]

Chinese manufactured goods gradually have no place to sell. China makes billions and can no longer compete with its Asian neighbors with cheap labor and low production costs compared to Vietnam or Bangladesh. China seeks to retain its overseas paying customers by providing quality at affordable prices. Beijing faces a capitalism issue under a free-market model that needs endless growth based on its competitiveness to faster growth as long as there is room for expansion. The scale-up process did not suffer from sales problems, but when sales ended and then began to decline, the inevitable phase of market distribution resulted at an end to a trade war if it was the US.

China is a central state that has been using low wages as a competitive advantage to control global production, while it uses its revenues to acquire strategic assets and increase levels in global supply chains. Automation and robots have transformed global supply chains. Manufacturing is returning to developed countries with more developed infrastructure. The return to production occurs in countries with high levels of robotics as the technology is more competitive compared to countries with lower labor costs such as Bangladesh and Vietnam. The new industrial revolution brought a change to new globalization, which was accompanied by the simplicity of the supply chain and the growth of individual state sovereignty through lower transportation costs, adherence to free-market principles, and a competitive advantage that is driven in current conditions. Logically, China should halt growth, but who can guarantee that no witty rivals will expand its economy by absorbing other adversaries and will be able to overtake China? the fight against Chinese partners like Asians is the box of hearts at this time, ASEAN could become the world's fourth-largest economy by the end of this decade. The region's gross mass in 2019 amounted to \$ 2.57 trillion, which could help China relax from the trade war.

However, the essence of Asians is the zone in which China wants to control low-cost labor and capital resources, and is more on the manufacturing sector than any other regions, and there is a problem of international political instability. If anyone holds this geopolitical position, it will be easy to come up with their ambitious plans as a central state. The size of the domestic middle class alone cannot be dominated but must have the availability of resources, the availability of marketability, and physical output. High-performance production systems / physical resources and distribution markets. Even with a small population, it offers stability and development opportunities that are many times better than absorbing smaller resources from the lower class.

As reported in 2020, trade and investment between China and ASEAN has surpassed the European Union to become China's largest trading partner in the first eight months of 2020 with a total trade volume of \$ 416.6 billion. 3.8% growth rate year-on-year, however, most of the irregularities stem from a reduction in demand for European imports and a multi-year trade conflict with the United States. The EU is likely to return to being China's biggest trading partner this year. China aims to create a good middle class in the country of at least 200-300 million people and from 400 to 600 million outside the country but in the production zone of the "OBOR" project. Beijing has a regulated economic base completely and firmly for the formation of the middle class 500-600 million people and the 120-150 million middle class left in Europe and the United States by the middle of this century have forgotten.[17]China currently has been facing two challenges. First of all, the western middle class is rapidly becoming poor and smaller. Second, 10 years earlier than anticipated, the US launched a severe trade war, completely shutting down access to Chinese products to the domestic consumer market. A complete ban on imports from China has not yet been announced, but there is little time for prohibited trade operations. Both reasons Beijing brought plans at the turn of the century. It was decided to establish its large middle class, made up of at least 300 million people directly in China and at least 400 million in Southeast Asia, the Middle East, and the Asia-Pacific region within the framework of the OBOR program. [18] The RCEP is the only large region with a population of around 800 million and has the labor potential that is likely to be able to train as a specialist. A fairly wide range of activities, from working in the simplest industries to the most complex of modern industries, they do everything there from textiles to smartphones. China and the US have been fighting for these human resources. Each central state has its ideas. China operates an economy bribing money with investment, while the US is selling weapons and democratic values. China is becoming more and more automated robots, and how are global companies making profits? What kind of labor do you use? So, the battle right now is not as in the Middle East as it did in the past, but rather in Southeast Asia who straddles the region and deserves added value. After that, the economy within the cluster can then be transferred to other principles of operation through all planning, similar to the state planning board with state procurement bodies and almost total growth (the new empire), which the scale will be determined by the strategically reviewed goals of the next five-year plan. China will not be able to cope with the integration of the RCEP, it may be difficult to say today. Could a new state over other nations arise? According to the objectives of the long-term economic and social processes are inevitable. The formation of the RCEP was not required to establish political and administrative bodies above the national level or to create a new international currency like the euro. By simply setting up a common market, Beijing will ensure it becomes a monopoly center that dictates rules and rhythms and reduces demand for the European and American consumer markets. The yuan copes perfectly with this task in proportion to the size of the economy of the participants.

4. Discussion and Conclusion. The divided world, or its economic clusters in the COVID-19 era, is different in that it emphasizes the importance of interaction between regional states based on development, production, and deep division of labor with inputs and outputs. Strategic decision-making

capacity gradually shifted towards the regional level. It has shifted the view of space utilization from political stability to trade and control of space between regional networks, depending on the regional influence of the creation of its projects in the country or region, which transformed the new physical areas of states. Logistics, transportation, and military security are the main factors that can inhibit the expansion of the central state. If you observe the area of the battle here, it will be mainly on the Rimland, which is the edge of the area between coast from coast to coast. This means that coastal-to-sea logistics is still important and projects taking place on the continent are without combat. At the same time, the driving force behind trade in a competitive environment and the similarity of inputs is the profit gained by countries and the safety of the commercial area as a result of economies of scale and production and regional supply chain replacement.

The global division of the new trade zone comes from an independent currency financial instrument based on a production zone that can define its closed industrial cluster, can diversify the supply chain to its members, and promote trade free. The central state, in defining a new free trade area or geo-economic area, needs to be used for geopolitical reasons. In other words, China knew that it could not be a marine owner and had a high cost, so it turned the land into a landowner, forcing China inevitably to cooperate with Russia on the OBOR project that wanted to shorten the transit time, and security against the US threats through a program to reduce dependence on the US market, investment and return on interest in infrastructure will bring great value. Importantly, China will become the planner of production allocation, resource distribution in a self-guided supply chain, replacing the United States based on labor, natural resources, and a sufficient amount of the middle class to create a consumption market in its production zones.

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