

Review paper

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THE EXPECTED TENDENCIES OF THE GDP OF THE THREE LEADING GLOBAL ECONOMIES IN 2020: IS A REBALANCE OF (GEO)ECONOMIC POWER ARRIVING?

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The International Monetary Fund (IMF) forecasts a gradual slowdown in the, otherwise strong, growth of the Chinese economy in the first half of the 2020s, and the anemic growth of the Western economies: the US and, especially, the EU27. Given the practical (and symbolic) importance of reaching 'the number one economy' status, the primary objective of the paper is to estimate the GDP (and the GDP PPP) of the observed economies over the next decade. The main contribution and finding of this paper is the estimation of future GDP trends for the US, China and the EU27 in the period 2025-30, based on the previous trends and the IMF 2020-24 projections. China's economy will become globally leading in 2029-2030. The basic research hypothesis is proven, given the fact that a change in the global economic position implies significant geopolitical consequences. Namely, while the US will almost certainly remain the leading global power in the 2020s, with the EU still continuing to focus on itself, China's economic growth will have rising global consequences, fueling the move towards the dispersion of authority. This conclusion is in line with the claims of the majority of the relevant authors who emphasize the increasingly limited possibility of the US unilateral actions.

Keywords: GDP, economic growth, China, the US, EU27, global order

JEL Classification: F2, F50, O47

INTRODUCTION

In academic circles, the question has increasingly been arising as to when China's 'famous' overtaking of the US might occur when the overall GDP measured by market rates, which is still considered as the most

important indicator of the overall size of the economy, is concerned. According to the IMF projections (2019), China's economic growth will slightly slow down in the period 2020-24, and in the last years of that period, its growth will be 5.5%. At the same time, the economic growth of the EU27 and the US will be substantially lower (1.5% and 1.6%, respectively, in 2024, after slowing down over the observed period). Consequently, these tendencies will lead to the further

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narrowing of the differences between the GDPs of the observed economies.

The subject of the research study is the three largest economies in the world: the US, the EU27 and China (whose sizes were expressed through the GDP or the GDP PPP), i.e. the effects of changing the relative weights of these economies on the future global geopolitical constellation. This has very important implications, since the status of the world's largest economy has, as a rule and with some time lag, led to the leading role of that same country globally. Specifically, there are the indicative examples of the strong economic rise of Great Britain during the 15th and 16th centuries, and of the US since the mid-19th century, followed by the global domination (military, diplomatic, cultural, and economic) of the two countries.

The main objective of the paper is to estimate the GDP (and the GDP PPP - Purchasing Power Parity) for the world's three leading economies by 2030. This will be done based upon the available data on the current GDP trends, the IMF projections, and the authors' calculations for the GDP of these three leading economies, with the aim of possibly determining the year when China's economy might become the world's largest. So, the goal of the paper is to show the great - i.e. transformative - significance of the current and the expected (extremely unequal) economic growth of the world's largest economies by analyzing and assessing the dynamics of their GDPs and relying on the theoretical assumptions related to the geopolitical rise and possible global domination by the countries with the largest GDP in the world.

Pursuant to the defined subject matter and the set goal of the research study, the following hypothesis will be tested in the paper:

H: Measured by market exchange rates, China's economy will surpass the economy of the US at the end of 2020s and become the largest global economy.

The concrete quantitative methodological approach applied in testing the set hypothesis is presented in the third part of the paper. In the paper, a qualitative

methodology and a quantitative methodology are applied. The application of the qualitative methodology reflects in referring to the related, mainly foreign studies (which are based on theoretical generalizations and the experiences of the scientists who have dealt with the same or a similar problem) in order to create theoretical support for the application of the quantitative methodology (which serves to test the main hypothesis). The analysis and synthesis, induction and deduction methods, and especially the comparison method, are applied. An emphasis is placed on the quantitative methodology, i.e. on projecting the GDP trends of the three observed economies, all the data being taken from the IMF database (IMF, 2019).

In the second part of the paper, the studies that deal with virtually the same topic, but virtually ignore the analysis of the EU27, which, as a part of the West is considered to be an important element of the overall (geo)economic equation, will be presented. Then, the methodology applied will be explained. In the next three parts of the paper, the basic economic performances and long-term (geo) economic perspectives of the three largest economies in the world, namely the EU27, the US and China, are discussed. This is followed by the Conclusion, in which a possible scenario for the risky balancing of the leading and the growing power (the practical "challenger") is indicated, which historically often led to military confrontations, all this bearing in mind the crucial significance of economic strength for projecting geopolitical power.

LITERATURE REVIEW

With China's strong economic rise over the four decades, an increasing number of papers have emerged, showing that this economy is about to become the largest in the world. According to a forecast by the economists in HSBC Holdings Plc given in a study covering the world's 75 largest economies, China will become the leading global economy by 2030, with a GDP of \$26 billion. Moreover, the Chinese economy will also continue to make the

largest contribution to global growth throughout the 2020s (Kennedy, 2018).

The OECD (2018, 8) projects a continued slowdown in the real GDP growth globally, but the growth of developing countries will nevertheless remain significantly faster than that in industrialized countries. Consequently, the OECD's share in world production (i.e. the GDP), which already fell from 72% in 2000 to just below 54% in 2019 (in Purchasing Power Parity), will decline to 43% by 2060. China's share in world production will peak during the 2030s, reaching around 27%, whereas India's share will continue to grow. From the point of view of each individual country, the share of both countries will be significantly above the share of the US.

The study by Price Waterhouse Coopers (PwC, 2019, 19-20) predicts that the Chinese economy will have grown larger than that of the US before 2030, largely due to the narrowing of the productivity gap between the two countries and given the fact that China's population is four times larger. In terms of Purchasing Power Parity, China has been the world's largest economy since 2014 (followed by the US, the EU27, and India). The strong growth of China and India will further reduce the share of the EU27 in the world GDP. It is projected that the share of this economic entity in the global economy (expressed in the PPP) will steadily decline to the modest 9% in 2050.

The projections of the CEBR (2019, 75) indicate that China might become the world's largest economy a little later, i.e. in 2033, overtaking the United States with modern technologies as the engine of growth. This estimate is based on the relatively moderate growth rates, which are expected to average 5.4% in the period 2019-24, 5.2% in the period 2024-29, and 4.3% in the period 2029-34.

On the other hand, C. Huang (2020) emphasizes the fact that the perception that China is the number two global power and on the path to becoming number one is based on the two questionable assumptions - that Chinese strong growth will continue and that the GDP can be equated with the power of the country. This author states that the growth has slowed steadily since the peak of 2007, that there are doubts about

the accuracy of the data, and that there are warnings that economic growth might stabilize at the US level, in which case China would never catch up with the US. Specifically, the GDP growth is closely linked to the government-led real estate bubbles, speculation and capital investment, which has resulted in excess capacities, as well as an increase in non-performing loans (NPLs). Even if China's GDP outperforms America's, it does not mean that China will be as economically powerful and wealthy as the US. In fact, the data about the total GDP do not refer to the well-being of individuals - the GDP *per capita* is usually used for this purpose. According to the IMF (2019) data, China's GDP *per capita* in 2019 was with the US \$10,246, which is more than six times less than that of America's, primarily due to the higher productivity of US workers.

METHODOLOGY

The applied methodology first takes the IMF (2019) projections of the GDP of the three mentioned economies, whose estimated values are given in current dollars, throughout the year 2024. Then, it starts with the basic assumption (assumption number one) that nominal GDP growth in 2024 will continue over the next five - or six - years until 2029-30 (the fact that Chinese nominal GDP growth in that year will be lower than the average of 2020-24 is especially important). Given the fact that, in addition to real GDP growth, nominal GDP growth incorporates the GDP deflator and possible exchange rate fluctuations, this approach might be methodologically acceptable. However, given the fact that a faster-growing economy generally tends to have greater variations in nominal and real GDPs in absolute terms, an alternative approach (assumption number two) is applied, where China's nominal growth rate is significantly knocked down (by an average of 0.7 %) in the period after 2024, simultaneously leaving the figures for the US and the EU27 unchanged. An even more conservative approach (assumption number three) is then applied, where China's nominal (and actually real) GDP growth after 2024 is phased out by the additional 0.2% every year all the way to 2030 (the

year in which China’s real GDP growth is estimated at a relatively modest 4.3%). For the EU27, i.e. the EU without the UK, the GDP data are calculated by simply subtracting the UK’s GDP, after which the earlier principle - retaining nominal growth from the last projected year for the EU by the IMF - is then applied, which can be considered as an optimistic assumption for the EU.

Based on the above IMF projections and the authors’ additional calculations for the three observed economies, including the calculations of their shares in the world GDP (at current dollars and in Purchasing Power Parity international dollars), the obtained results are practically in line with much of the previously cited literature. Actually, starting from Assumption 1 (the constant nominal growth of China’s GDP of 8.1% after 2024), Assumption 2 (the constant nominal growth of China’s GDP from 7.4% after 2024) and Assumption 3 (the constant decrease of China’s nominal GDP growth by 0.2%, 0.4%, 0.6%, 0.8%, 1% and 1.2% by 2025-2030, respectively, being relatively modest 6.9% in the last observed year), then in 2029 (Assumption 1), or in 2030 (Assumptions 2 and 3), China’s GDP would surpass the GDP of the

US. When the EU27 is concerned, it would already happen by the year 2022 (Figure 1). The conservative assumptions (namely Assumptions 2 and 3) result in a marginally different result: the shift of the catch-up year to 2030, which indicates the fact that the trend of the strong growth of the Chinese economy and its rise to the pedestal of the world can hardly be stopped.

According to Purchasing Power Parity, China’s GDP will roughly equal the cumulative GDP for the two observed western economies (93% higher than that of the US and 113% higher than the EU27’s GDP) in 2030, under the basic assumption (Assumption 1). The result is only slightly less impressive considering the other two assumptions (Figure 2).

Additionally, China’s GDP data seem slightly better after the modifications in the fourth Chinese economic census. Specifically, in November 2019, China revised its GDP for 2018, based upon the results of the new national census. Consequently, the GDP increased by 2.1% in 2018, as the size of the economy is thought to be undervalued in the service sector, due to the recent rapid transition to the digital and services sectors (Tang, 2019). This revision was not included in our

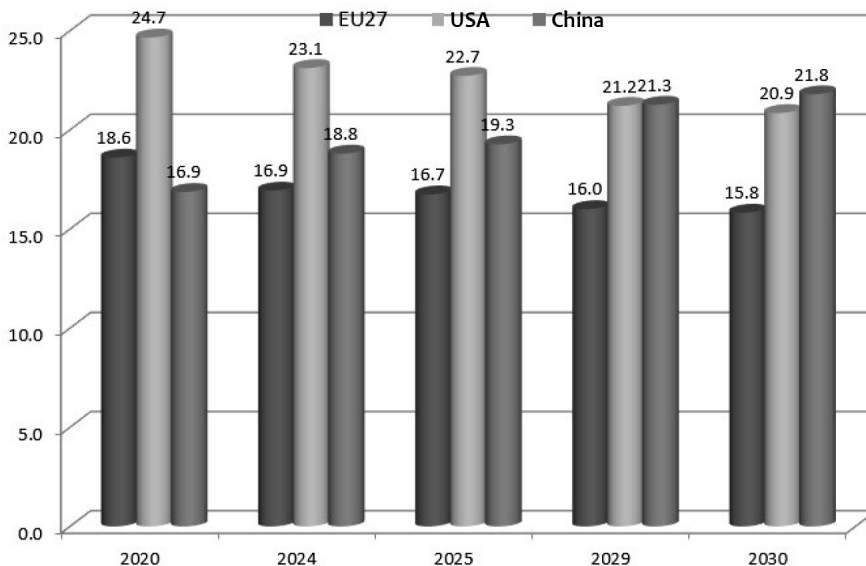


Figure 1 The share of the leading economies in the world GDP

Source: Authors, based on the IMF, 2019

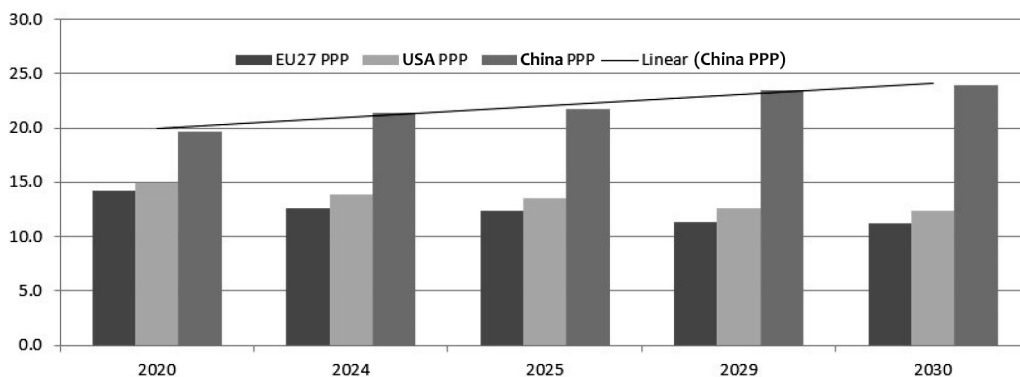


Figure 2 The Share of GDP of the US, China, and the EU27 in the world GDP, expressed in Purchasing Power Parity (PPP)

Source: Authors, based on the IMF, 2019

projections, and this figure could be significantly higher than the expected fall in the GDP due to the Coronavirus. Associated with this, the announced more expansive fiscal and monetary policy should give effects. Namely, after a significant reduction in GDP growth in the first quarter of 2020 (by half or by one-third), the annualized decline in GDP growth will be limited to 0.5-1 percentage points, which would mean a still high growth of 5% to 5.5% in 2020 (June, 2020). In addition, there are minimal changes in the last IMF (January) Report (2020), looking at the estimated GDP growth rates of the US and the Eurozone (a 0.1% decrease in 2020) and China (a 0.2% increase in 2020, and a decline of 0.1% in 2021).

Interestingly, for the first year for which there are comparable data (i.e. for the year 1980), in terms of the PPP, the EU27 economy is as much as one-third larger than the US economy (34.2%, to be more precise), while in the same year, the GDP at market rates is approximately equal (the EU has a GDP lower by a tiny 1.5%). It then moves the divergent movement of the two economies at the current market rates, although the fact that the EU27 population is significantly larger than the population of the US (roughly by one-third), implying significantly higher *per capita* income in the US, should also be emphasized. Despite almost constant slower GDP growth, the PPP GDP of the EU27 remains higher than the US until 2010, being almost 5% lower in 2020. Due to the fluctuations in the

dollar exchange rates against the euro (and formerly the mark, the franc, and other EU currencies), the GDP in the exchange rates fluctuates significantly, but in most years America is ahead of the EU27, so the significant weakening of the EU27 started after having reached a high level of 2007 (an 11% higher GDP than in the US). Specifically, this decline may be linked to a significantly better US response to the Great Recession, namely Washington's more expansive fiscal and monetary policy compared to Brussels', and to the strengthening of the dollar as well. Already in 2015, the EU27 accounts for only three-quarters of the GDP of the US, which is also the case for 2020.

Since 1980, the tendencies of the sizes of the two western economies towards China have been an unprecedented path in the history of civilization, owing to the dramatic economic growth of the world's most populous country. Namely, China's economy had a share of only 2.7% (2.3%) in the world GDP (the GDP PPP) that year, and it increased its share to 3.6% and 7.4% twenty years later. Growth continues at a marginally slower pace, even in 2015, when China accounted for 15% (17%) of the world GDP. In 2020, its share is estimated at almost 17% or nearly one-fifth of the global GDP by the PPP. At the same time, the two western economies (the US and the EU27) are recording different trends, with a share in the world GDP at market rates of 25.6% and 28.7% in 1980, 30.3% and 21.5% in 2000, 24.4% and 18.1% in 2015 and 24.7%

and 17.7% in 2020, respectively (and significantly lower and more declining shares when it speaking about the PPP GDP).

In the long run, the estimates they published in the study *China 2049* (Dollar, Huang, & Yao, 2020, 7-10), the authors suggest that China's economic growth rate is likely to slow to 2.7-4.2% in 2049, with its GDP *per capita* increasing to about two-thirds of the US. In that case, China would overcome the middle-income trap by successfully achieving a high-income status, while becoming by far the largest global economy.

A RELATIVE EU DECLINE

A conspicuous relative decline of the EU economy began in the late 1990s, and the Great Recession of 2008-09, which lasted much longer in the peripheral EU countries, only revealed the extent of the problem, especially in the EU Member States with a high balance of payments deficits, especially the 'peripheral' EU countries, the so-called PIIGS (Portugal, Italy, Ireland, Greece, and Spain). The relative decline started before 2000, but in the years before 2008, cheap and unreasonable lending concealed the weakness, i.e. the decreasing competitiveness of the European industry.

A decline in the EU's share in the estimated global GDP has been going on for decades and is likely to continue. According to the IMF (2019), the declining dynamics of the European GDP are obvious. Specifically, the EU27's share in the world GDP (calculated at market rates) fell from 21.7% in 2000 to the estimated 18.6% in 2020, and the projected 15.8% a decade later (when China would already account for 21.8% of the global GDP and the US would account for 20.9%). Viewed in terms of the GDP by the PPP, the decline is even more drastic for the EU27: from 21.5% in 2000 to the estimated 14.2% in 2020, and 11.2% in 2030, while China's share in the same year will be 23.9%, and that of the US 12.4%. The reason for the relative decline of the EU is the faster average growth of both the US and, especially so, the Chinese economies in the period 1979-2019. Namely, according to the authors' calculations based on the real GDPs of the three economies, the average real growth

rate of the US GDP in those four decades was 2.6%, compared to 1.9% for the EU, while the growth of China's economy was impressive 9.4% (and most other developing countries have had a significantly faster economic growth than the EU in recent decades as expected, given the lower starting position).

The relative decline of the EU is also evident through its share in the global FDI, the global industry, and in the world trade as well. For example, the EU share in the world merchandise exports fell from 18.2% in 2000 to 15.2% eighteen years later. Even so, the EU (with a share of 15.1% in the global merchandise imports) is still the largest foreign trade power (ahead of China and the US, accounting for 16.4% and 10.9% of the world merchandise exports, respectively, and with a share in the world merchandise imports of 13.8% and 16.4%, respectively), with the merchandise exports worth EUR 1956 billion and the merchandise imports of EUR 1980 billion (European Parliament, 2019). Solid growth in commodity trade (by 3.5% in euros) continued in the first eleven months of 2019 (Eurostat, 2019).

Related to the above, investors note that the EU stock market has consistently been weak for two decades, implying a lack of faith in the Union's long-term prospects. D. Moyo (2020), however, believes that there are four key areas where the EU could establish itself as a global player. The first is trade, because even after Brexit, the EU will have a huge market (still the largest in the world) and it is still an extremely desirable trading partner. The second area in which the EU can be a global leader in regulation is Big-Tech, where the EU has in many ways already established itself as a regulatory pioneer. The third area for the vital global role is mediation between the US and China, which are in a trade and technological war, where Brussels could attempt to reconcile even the ideological conflicts of American (neoliberal) capitalism and the Chinese state (capitalist) model. The fourth area is the defense of the so-called Western values, especially individual economic and political freedoms. Related to this is the thinking of J. Fischer (2020), who believes that the EU can no longer afford to lag behind in terms of technology or geopolitical power, especially given its practical responsibility for leading the rest of

the world with respect to climate change, which will require technological and regulatory innovations.

The Germany-led reduction of the foreign policy to an economic gain (trade) implies that the EU does not have a significant level of relations with individual regional economic powers and China. Looking at the world as a market for ideas, the EU is in a unique position to offer a vision of solving the ongoing problems and the ways to govern the world, without a negative image like the US. The preservation of the cultural identity, the existence of sustainable political forums to solve problematic issues and multinational crime suppression are all the issues in which the EU stands today and which Brussels occasionally manages to make the primary issue of world governance (Igrutinović, 2012, 33).

K. Stoychev (2020) emphasizes the fact that the US and China will always be rivals in the fight for global domination, while the EU (and Russia) will not play such a game and would prefer to rely on soft power, aided by persuasive military power, which will inevitably bring them closer together. Namely, no matter how divided they might be, the EU elites will have no choice but to build a separate military capacity. Obviously, there is the initial phase of building military independence, a decade-long process that will be presented as complementary to NATO (and will remain so until the EU has received its sophisticated weapons and systems under development, including cyberspace). This suggests that, from a geopolitical point of view, the EU might prove to be less prepared to support the US foreign policy actions, something already hinted at during the Second Iraqi War. The occasional lack of foreign or military support for America is mostly the result of the public opinion concerns about the lives of soldiers, rather than the willingness to radically change political relations with the United States. For now, the EU is making efforts trying to change the global governance system by systematically co-opting the "revisionist" factors (China, Russia, Iran). The fact that EU countries occasionally sell the high-tech technology that has both civilian and military applications complicates the security role of the US in Asia (Nye, 2014).

US DILEMMAS ABOUT THE RISE OF CHINA

The US is the leader in innovation and technology, has deep financial markets and the world's strongest military, virtually guaranteeing the US global primacy for a foreseeable future. Although China has established itself as a huge economic and political counterweight to the US, largely occupying a critical position in global value chains and, increasingly, as the major source of FDI especially through ambitious transnational infrastructural projects (such as the "Silk Road"), Washington is still able to dominate the global order. However, it is clear that the constant rise of China is a concern for the US, the topic well-known to international relations theorists. The most prominent of them, such as Alfred McCoy, John Mearsheimer or Barry Buzan, believe that China's strong economic upswing will disrupt the current balance of power, i.e. the US dominance, first in East Asia and then globally. John Mearsheimer believes that, if Chinese growth continues (even with a slight slowdown), the US will face a geopolitical competitor much more serious than the Soviet Union used to be. What he sees as the inevitable outcome is a repeat of the policy of "containment", this time towards China, preferably in cooperation with the successor to the USSR: Russia (Mearsheimer, 2016).

A strong slowdown in productivity is a major problem for the US economy, caused by insufficient innovation and, consequently, corporate investment, workers' inadequate qualifications and the long-term unsustainability of the pension and healthcare systems (due to the rapidly aging population), all of which are the structural problems where it is unlikely to achieve more significant improvements in the short term. The problem is that China has been brought closer to USA and reached the countries of Western Europe, even in highly-sophisticated technologies, e.g. artificial intelligence. In addition, the Chinese are no longer copywriters, but rather those who are slowly taking primacy according to the number of patents.

The trade war, whose truce is likely to last until the November 2020 US elections, also marks the end of the US policy that has lasted since Nixon's "inauguration" back in the early 1970s. The belief that modernization

would encourage a more liberal China, which would be pro-American, is gone. In Washington, China's economic strategy is considered to be an integral part of the hidden overall approach of China's ruling elite in their "Grand Strategy". The White House believes that, whether through the control of the economy through the "Silk Road" or through state-owned enterprises, China is willing to use the huge capital it has in trying to gain control of a range of strategic assets, such as the global telecommunications network, via its companies (Huawei). Therefore, the proponents of China's isolation in high technology believe that China must be actively prevented from catching up with America's advanced technology. This is compounded by the increasingly pronounced economic and technological separation of "the US and China (decoupling)" as Washington seeks to "pull" China out of global distribution chains. The new Cold War could begin with the division of the global internet (the "splinternet"), i.e. through the technological separation of the two economies, with dangerous military and negative economic consequences (the isolation of the world's leading industrial producer with the largest consumer market would severely disrupt global supply chains).

The US attempt to trade war and, above all, partly block the export of high-tech products and technologies is probably the last serious US strategic action. In this context, R. Boxwell (2020) considers the trade armistice signed in mid-January 2020 only as instantaneous and also considers that Trump has achieved the best "divorce" he could, consequently discovering that the lifestyle with a new bipolar reality will be one of the biggest challenges in the forthcoming decades. Eventual failure, or partial success, would mean that the technological "catch-up" of the two largest economies is inevitable and that America's ability to dominate the global order will be dramatically narrowed. Otherwise, the success of the US would imply maintaining the existing world order, where Washington has the dominant role and benefit.

Militarily, through its Indo-Pacific strategy developed in full partnership with Japan and other allies, the US administration is taking action to indicate to Beijing

that the cost of any attempt by China to dominate the region will increase. Yet, these moves have not significantly altered Chinese actions in the South China Sea and beyond, nor have they reversed, for the US, the unfavorable changes in the regional balance of power (Edel & Brands, 2019). This is why many analysts, such as D. Lane (2019), propose a change in the approach and a move towards acknowledging China's rise, and incorporate the country into the hegemonic core, thus accepting the fact that the global economic pole is going to the east and that ignoring Beijing's interests may be too expensive.

CHALLENGES FOR BEIJING

Since 1978, China has been implementing export-oriented industrialization, liberalizing the private sector, accelerating FDI inflows, and integrating into global trade flows. The real secret lying behind Chinese economic dynamism was "directed improvisation": experimentation at the local level guided by the central government's directives. Investment is undoubtedly the major driver of growth, accounting for as much as 45% of the GDP in 2018, despite a slowdown since the end of 2013 (Yongding, 2018). With such a share of investment in the GDP, and thus the country's ability to forgo the current spending in favor of savings, every other economy would achieve growth rates similar to China's. Given the particularly strong share of energy investments, based on a large sample of the data covering the period 1953-2012, F. Yuxian, Y. Xiaoling and H. Songke (2014, 98) investigate the short- and long-term impact of energy infrastructure investments on China's economic growth. There is a clear long-term equilibrium link between this type of investment and economic growth, with the strongest impact of this type of investment on the GDP growth in the second year, and with this positive impact persisting for full four years. China's economy is recording slow, but favorable structural changes. For example, while the so-called secondary sector of the GDP (predominantly industry, including construction) represented as much as 48% of China's GDP and the tertiary sector only accounted for 42% of the GDP in 2006, as early as in 2018, 41% of the

GDP accounted for the secondary sector and 52% accounted for services. These are partly related to the increased urbanization of the country, as shown by Y. Wangping and L. Xiaolu (2016, 211), indicating that the quality of urbanization in China has improved since 2004, thus reflecting positively on the economic development of the country.

The continuation of the expansionary fiscal and monetary policy is what can be expected in the years to come, coupled with the difficult job of economic policymakers in the wake of US sanctions in the ongoing trade war. Above all, it will reflect in the continued rapid growth of low-cost lending (largely to state-owned companies), which is faster than economic growth, which will remain a strong instrument of the Beijing Government in achieving high GDP growth. Specifically, extensive loans and fiscal stimuli sustain many factories and construction sites. At the same time, Beijing's attempts to internationalize its currency have but modest effects, in large part because of the possibility of implementing interest rate and exchange rate, or monetary, policies, due to the eventual full convertibility of the Yuan, would significantly limit the proactive (Keynesian) economic policy. It is certain that the full convertibility of the Chinese currency would imply additional efforts to maintain stable economic growth and the Yuan exchange rate, as well as low inflation (Jankovic, 2018, 85).

The new version of the old famous "Made in China 2025" plan, which was quietly dropped from official announcements amidst stiff opposition from the US (who thought the outlined ambitious goals were largely reliant on the government subsidies and forced technology transfers at the expense of the US companies), was unveiled at the end of November 2019, singling out a group of the companies that will become the "2025 National Sector Champions". This new document provides the evidence that the trade war and the aggressive US policy have done little to change China's intention to dominate new technologies with government support (Wang & Behsudi, 2019). Specifically, China aims to increase its reliance on the domestic production of the key components, including chips and control systems, to 75% by 2025, thus reflecting Beijing's determination

to reduce its dependence on imports. By the way, the "Made in China 2025" plan was China's idea to improve its high-tech industry and reduce its dependence on imports, as Washington's increased restrictions on advanced technologies being exported to China made Beijing frustrated by its reliance on foreign suppliers.

Thus, China should be expected to adhere to its strategic patience policy simultaneously implementing the necessary reforms, giving priority to the maintenance of social and political stability. The reality is that the fundamental civilizational tensions between the US and China could continue in the future, and the possible outcome is, among other things, decoupling in the digital world, which would result in a serious lag behind globalization. This very dangerous scenario for Beijing, where China would be partially isolated from the West, would force Beijing to significantly cooperate with its Asian neighbors.

R. Dalio (2018) thinks it is wrong to view China as a communist country; instead of that, what is happening in China is "state capitalism", in which strategically important companies are supported in order for them to become very competitive, with an economy full of entrepreneurship and markets that have a great freedom. Although different, China is governed similarly to Singapore; more from top to bottom, with the primary goal of being competent in decision-making places. He says that, although China is a competitor and although it will be significantly larger than the US soon, it is not at all certain that the capacities of either country will do excessive harm to the other over a very long timeframe.

CONCLUSION

Based upon the projections of future GDP trends for the US, China, and the EU27 in the period 2025-2030 (based upon the past trends and the IMF projections), our calculations bring us to the year (2029 or 2030) in which China might become the world's largest economy, surpassing the US. This confirms the basic research hypothesis, since changes in the economic size of the major global actors, as a rule, trigger

geopolitical consequences. An additional contribution reflects in addressing an important topic for our academic public, which, despite its many implications for our country, receives virtually no attention at all, for which reason this paper might encourage domestic authors to further elaborate on the topic in future research. Introducing the EU27 - as a major player in the overall geo-economic equation, albeit less important than the US and China - into the analysis gives the paper additional significance.

The limitation of the presented research study certainly implies its focus on only one indicator (or two indicators), which, although being the most important indicator of the overall size of the economies, is insufficient to consider the overall geo-economic position of the major global players. In addition, estimating future GDP trends both by the IMF and the authors is always a difficult task to do, which carries a high risk in terms of precision.

What is clear from all this is the fact that Beijing wants a more significant role in creating the inclusive and equitable global order which is in line with its national interests and worldviews and which can only be brought to reality if that country, with the new status, is seen as legitimate in the eyes of other nations. In this context, China's problems are, among other things, subsidizing monopoly state-owned enterprises and a relatively closed market for services. The additional problem is political legitimacy, i.e. the negatively perceived authoritarianism of the regime in the West. Indeed, China does cooperate with the US on global climate change, the Ebola virus, and North Korea's nuclear program, but this is far from sufficient (Economy, 2017).

The violent transitions of power, in which the rising powers (like China today) overthrow the leading power on the throne (the US), thus creating a new order with a large and violent burst, are not inevitable. In fact, there are a significant number of generally accepted and powerful international institutions (the UN, the EU, the WTO) in the world today that have had relatively great success in amortizing crises and regulating relations between countries (Igrutinović, 2012, 35).

While some authors (Brooks & Wohlforth, 2008) believe that the unipolar world is still viable and that, as such, the same will be dominant in the near future, it seems that there are more convincing theses about the forthcoming multipolarity, i.e. more balanced power centers (Gnessoto & Grevi, 2006). The bipolar world could emerge as a rerun of the Cold War (China instead of the USSR).

What may probably be expected is a continued trend of the dispersion of authority and power globally, which will be accelerated by the emergence of new global players. The United States will almost certainly remain the leading global power for decades thanks to its ability to push its priorities, its military supremacy and the dominant cultural pattern via strong diplomacy and a network of alliances. While the EU will continue to focus on itself, China's growth will have amplified global implications, fueling the move towards multipolarity or bipolarity. The role of the state may realistically be enhanced, especially in the economy. Unlike in the second half of the previous century, the US has a limited capability of taking unilateral actions, while China benefits greatly from its current geopolitical arrangement and globalization (Nye, 2014).

By all accounts, the "big game" will continue to accelerate throughout the 2020s. Economics will largely determine the new geopolitical constitution. An important, but not crucial, moment will be at the end of this decade, when there is an increasing certainty that China will take the place of the leading global economy.

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