



# The Platform World: From Corporates to Regions

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# Introduction

The platform business model is prevalent among the largest global companies such as Apple, Amazon, Alibaba, Facebook, Tencent with platform companies accounting for trillions of dollars in market cap and a sizeable part of market cap increases among the largest companies in the world. The use of platforms as a model is increasingly employed at the country level and across regions as new formats are explored to build new networks and alliances. The economics of the operation of a platform is largely rooted in the network effects as well as positive network externalities. Network effects involve increases in the value of services emanating from the rise in the number of users/customers/members. This in turn incentivises new entrants/participants to join the network to benefit from the rising optionality and access to services and members. The optionality in the range of services is advanced via the formation of a diversified ecosystem that also seeks to mutually reinforce the various segments of the network's operation.

We believe that such platform effects may be observed not only at the corporate level, but may also be replicated and pursued as a strategy at the country level as well as with respect to regional integration projects. Across the main regions of the global economy we see the Asia Pacific region as one of the prototypes of a platform for integration projects, which is increasingly exhibiting the features of the network effects of an alliance that is cumulatively expanding its network of economic accords.

This report seeks to explore the emergence of platforms in the corporate world and the prospects of the formation of platform alliances across countries and regions. The first chapter looks at the formation of platforms at the corporate level with an analysis of the benefits and the risks of the propagation of platforms in the corporate space. The second chapter looks at the country-level formation of platforms, including the assessment of countries' competitiveness in attracting corporate platforms. The third chapter looks at the regional integration projects as cases of platform assembly, including possibly via the "integration of integrations" mechanism of bringing together various regional platforms into mega-regional formations. The concluding part of the report looks at the potential for platform assembly in Eurasia and takes a look at the prospects of creating global platforms that bring together regional integration blocs and their development institutions.

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# Chapter I. A Look at Corporates: from Traditional to Digital TNCs

At the corporate level, the technology of the platform business model has clearly passed the first stages of innovation and is now actively proceeding to the stage of replication across industries and geographies. According to McKinsey, more than 30% of global corporate revenue could be mediated by digital platforms by 2025<sup>1</sup>. A significant part of the activism in platform creation is concentrated not only in the B2C, but also the B2B segment, whereby the use of a platform allows corporates to focus on core activity, while allowing the partnership with the technological companies to alleviate the costs associated with building own data centres. According to Launchworks' Laure Claire Reillier, for a platform-based company such as Apple "the beauty of a platform-powered ecosystem is that the combination of businesses – phone and app store – is worth more than the sum of its parts. In fact this is the rationale behind Apple's decision to stop reporting hardware sales. They want analysts to start assessing them on the health of their ecosystem – and the margin generated – rather than the number of products sold"<sup>2</sup>.

Various forms of digital platforms and ecosystems are actively developing – B2B (business to business), B2C (business to consumer), B2G (business to government), C2C (consumer to consumer), G2C (government to citizen), G2E (government to employee), G2G (government to government) and others. The contribution of digital TNCs to global GDP is increasing every year. At the same time, traditional TNCs are systematically introducing the principles of digitalization at their enterprises.

New types of network business organization, referred to as platforms, or ecosystems, represent a type of business where a large number of participants unite, thus the large numbers of suppliers and

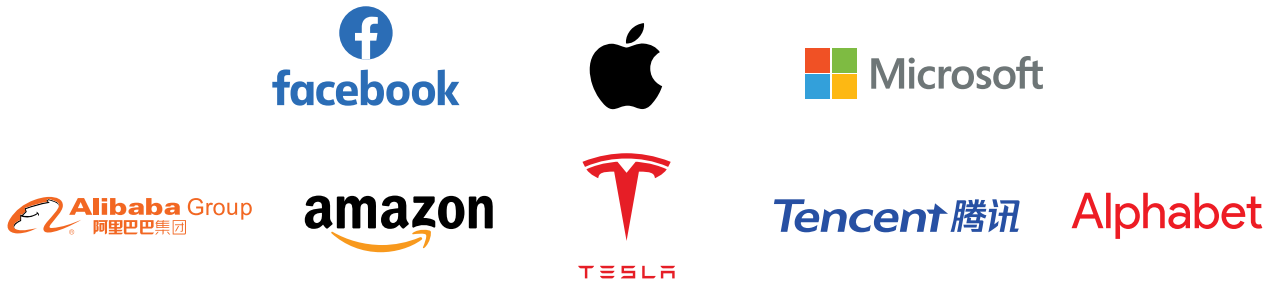
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<sup>1</sup> Platforms and Ecosystems: Enabling the Digital Economy. Briefing Paper. World Economic Forum. March 25, 2019. <https://www.weforum.org/whitepapers/platforms-and-ecosystems-enabling-the-digital-economy>

<sup>2</sup> Jennifer L. Schenker. The Platform Economy. January 19, 2019. TheInnovator. <https://innovator.news/the-platform-economy-3c09439b56>

## THE PLATFORM WORLD: FROM CORPORATIONS TO REGIONS

The platform business model is prevalent among the largest global companies, including

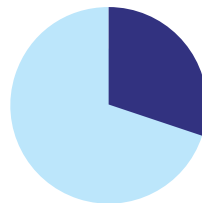


Platform companies account for trillions of dollars in market cap and have become the world's largest transnational giants

### Platform effects

Platform effects aren't just observed at the corporate level, they are also replicated and pursued as a strategy at the national level as well as with respect to regional integration projects

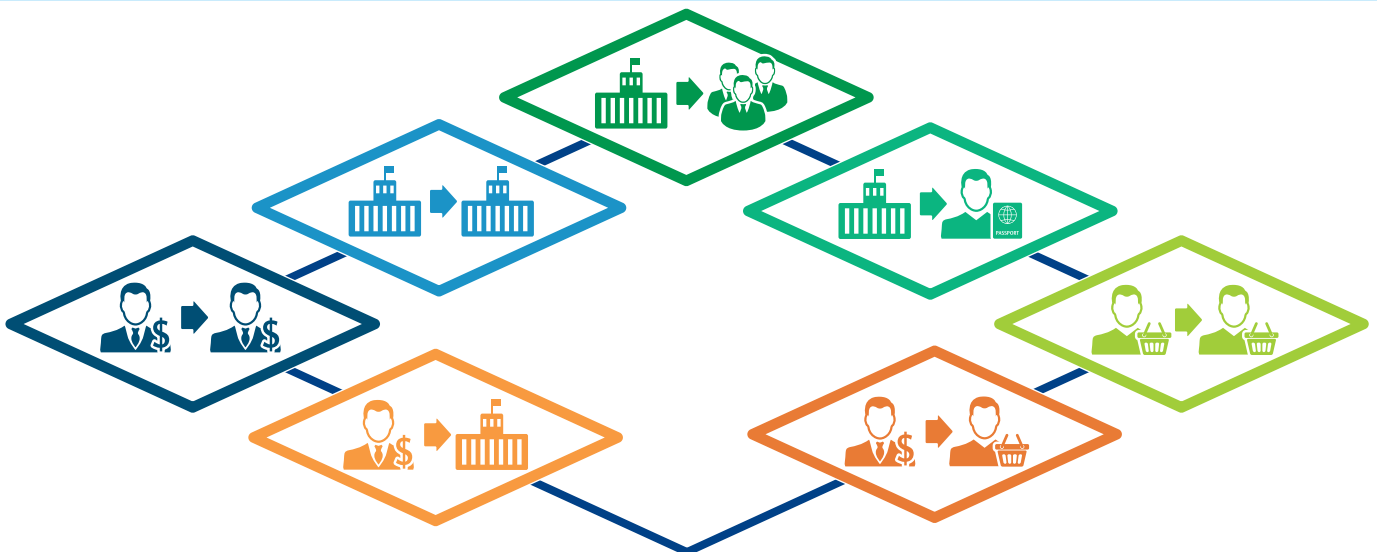
According to McKinsey



more than **30%** of global corporate revenue could be mediated by digital platforms by 2025

### Various forms of digital platforms and ecosystems

- B2B**  
business to business
- G2G**  
government to government
- G2E**  
government to employee
- G2C**  
government to citizen
- C2C**  
consumer to consumer
- B2C**  
business to consumer
- B2G**  
business to government



buyers, as well as goods or services, are connected in real time, which creates added value due to network effects connections. Digital business models are customer-centric, while digital TNCs are interested in the speed of new product launch to the market. Quite often, such connections unite businesses and people on a voluntary basis. The main income of the platform comes from the sale of advertising space, as well as from charging interest on the cost of completed transactions, monetization of personal data of clients and others.

Platform models, unlike traditional TNCs, frequently do not aim to make large foreign investments and build up tangible assets abroad. Modern TNCs are characterized by geographical mobility of assets. An important factor in the success of such ecosystems is the ability to provide favourable economic conditions for attracting independent suppliers and buyers, as well as network users around the world, to use platform functions. During the pandemic, traditional TNCs in foreign trade, air, road, rail transport, tourism, hospitality and restaurants, as well as offline services and entertainment were severely affected. At the same time, the coronavirus pandemic and, as a consequence, restrictive measures by the governments of most countries of the world, have accelerated sharply the digitalization process.

In global markets, the general trend continues to point to the strengthening of the role of high-tech companies in the indexes. Digital companies have grown rapidly in price in 2020, e-commerce businesses have developed. Educational services market, healthcare, as well as the development of territories have radically changed. In particular, a highly competitive environment has been formed in transnational types of online education. Digitalization also plays an important role in processing and logistics, where, among other things, through the creation of platforms, production activities are optimized, the efficiency of work with counterparties is increased and the cases of payment delays are reduced. At the same time, digital platforms and ecosystems are also important for the development of cultural cooperation, interethnic communication and



friendship of peoples. Media platforms, entertainment platforms, gaming platforms, platforms for communication, dating, platforms of interest, youth platforms, etc. are very popular in the modern market.

Digitalization trends are clearly demonstrated by the rankings of the most expensive companies by capitalization in 2020. Thus, the TOP-10 includes mainly representatives of the technology industry, IT industry, and online trading. As of February 2021, the leading position was occupied by American company Apple with capitalization of more than \$ 2.3 trillion. In second place is American Microsoft. The next in terms of capitalization are Saudi Arabian Oil Co, American companies Amazon, Alphabet, which have exceeded the \$1 trillion threshold; with Chinese Tencent, American Tesla, American Facebook, and Chinese Alibaba rapidly approaching this value. Taiwan Semiconductor Manufacturing Company closes the top ten.<sup>3</sup> At the same time, each of the companies benefits from the key features of their business. It is noteworthy that a year ago, only Saudi Arabian Oil Co., Apple and Microsoft were valued at over \$ 1 trillion<sup>4</sup>.

In less than a year, during the pandemic, leading tech companies doubled or even tripled their capitalization. These trends are common for most of the world's technology companies. By the way, in 2010 the leading positions were occupied by banking conglomerates and oil companies, and only Apple and Microsoft were in the top ten with capitalization of about \$295 billion and \$238 billion, respectively, while the capitalization of the most expensive company Exxon Mobile was just over \$368 billion<sup>5</sup>. Obviously, there are both changes in the structure of businesses and an increase in the level of capitalization of world companies.

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<sup>3</sup>The Top 100 companies ranked by Current Market Capitalization (US\$ millions). URL: <https://www.corporateinformation.com/Top-100.aspx?topcase=b>

<sup>4</sup>PwC. Global ranking of the Top 100 public companies by market capitalization. Global Top 100 companies – June 2020 update. URL: <https://www.pwc.com/gx/en/services/audit-assurance/publications/global-top-100-companies.html>

<sup>5</sup>List of public corporations by market capitalization. Financial Times, FT Global 500. URL: [https://en.wikipedia.org/wiki/List\\_of\\_public\\_corporations\\_by\\_market\\_capitalization](https://en.wikipedia.org/wiki/List_of_public_corporations_by_market_capitalization)

It should be considered that most digital TNCs are capable of generating hyper-profits with a small number of staff. Unlike traditional TNCs, which can provide employment for so many people, digital TNCs cost a minimum of labour resources. At the same time, the continuing robotization of traditional production technologies also leads to a significant reduction in personnel. Thus, in many factories, where thousands of people used to work, nowadays less than 10 people could work. With the increase in digitization processes, the number of workers employed in industries will also decrease. In this case, nation states will have to apply additional measures to support the population and create new jobs.

The adverse effects of digitization on employment highlight the fact that apart from notable benefits the expansion of the digital economy creates risks that may also include cybersecurity threats, infringements on privacy, and even facilitating the mechanisms of illegal economic activity. The emergence of platforms may further accentuate the risks to sustainable development on the back of higher inequality and imbalances. This is because the process of digitalization of the world economy is highly concentrated – according to UN estimates, USA and China account for 75% of blockchain-related patents, 75% of the cloud computing market, 50% of the Internet of Things market<sup>6</sup>. Several of the largest TNCs, primarily from USA and China, have concentrated enormous wealth, with their capitalization exceeding the budgets of many nation states and regional associations.

A prominent example of the increasing role of digital platforms in the global world is the blocking of the Twitter account of US President Donald Trump even before the official inauguration of the new President, Joe Biden.

The banning of a sitting American president by Twitter, Facebook and other major social medial platforms demonstrates not only how powerful certain platforms have become but also the necessity of having these platforms appropriately governed and regulated.

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<sup>6</sup>Digital Economy Report, Value Creation and Capture: Implications for Developing Countries, UNCTAD, 2019. URL: <https://unctad.org/webflyer/digital-economy-report-2019>

Mainstream social media platforms have grown to become so vital to modern society that they have become de facto utilities and can be seen as part of a country's critical communications infrastructure. While many may agree with the de-platforming of Donald Trump the power this reveals is troubling for it solely resides in a private entity, and in the hands of a single or at most handful of individuals. Moreover, in the American cosmology, these entities and individuals are not directly responsible for protecting the public good or balancing the various and perhaps conflicting interests such a decision requires.

The development of any platform unfolds sequentially. First, there is a technological advance and this is followed by changes in behaviour including changes in relationships and incentives as this technology is incorporated into society. Finally, the legal and political system adapts in response to the problems these new behaviours create.

Communications platforms have reached the stage where they are too important for key decisions to be made solely by private actors. In the Chinese worldview, innovation is vital for creating a better world and private entrepreneurs and capital have a central role to play. But government must remain at the apex and stand ready to act and intervene when the actions of capital become disorderly and pose threats to the overall stability of society. Perhaps other countries may recognize the value of such an approach.

The further monopolization of the world market by transnational companies may in the future lead to the erosion of state sovereignty. The concentration of extensive resources among several players will reduce the competitive advantages of other companies that do not have such significant funds and technological advantages, as well as will limit their opportunities to occupy worthy niches in the market. This in turn raises the risks that inequality and imbalances in the global economy may continue to grow. Accordingly, a balanced competition policy (both at the national and international levels) in the field of high technologies will be an important factor in reaching the goals of inclusive and sustainable development.

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## Chapter II. Digitization at the Country Level

Given the trends in the corporate world, platform strategies are becoming increasingly relevant at the macro-level of countries and regions. As noted by Sangeet Paul Choudary, Founder of Platformation Labs, “in a world dominated by platform companies that offers ways for customers and companies to connect, countries that want to act as global trade hubs must think like a platform nation”<sup>7</sup>. In other words, in order to win the “platform race” national economies will need to exhibit such platform features as openness, benign regulatory environment, innovation and flexibility – this involves sufficient scope for launching start-ups, attracting talent, access to data, retraining the labour force, benefiting from regional growth poles, including in areas such as R&D. In many ways all this may involve the transformation of national economies and their regions into analogues of open platforms that favour innovation.

With the progression of globalisation the operation of national economies is based on platform/network effects related to competition for attracting investment, trade and technologies as well as talent. Across countries, some of the best conditions for building a platform economy are observed in Singapore, which enjoys a favourable environment for businesses – the country ranks at the top of the Government as a platform index.<sup>8</sup> Out of the 16 G20 countries in Accenture’s Platform readiness index the top five positions were occupied by the US, China, UK, India and Germany. The index is based on factors that provide favourable conditions for digital-platform adoption, such as the “maturity of the digital population and market based on its size, savviness, culture and spirit

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<sup>7</sup>Jennifer L. Schenker. The Platform Economy. January 19, 2019. TheInnovator. <https://innovator.news/the-platform-economy-3c09439b56>

<sup>8</sup>Accenture. [https://www.accenture.com/\\_acnmedia/PDF-83/Accenture-GaaP-2018-Readiness-Index.pdf](https://www.accenture.com/_acnmedia/PDF-83/Accenture-GaaP-2018-Readiness-Index.pdf)

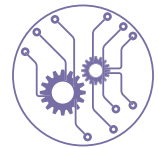
THE PLATFORM WORLD: FROM CORPORATIONS TO REGIONS

TOP TNCs in 2021 by Market Capitalisation, Trillion Dollars



2010

In 2010 the leading positions were occupied by banking conglomerates and oil companies. In less than a year, during the pandemic, leading tech companies doubled or even tripled their capitalisation



2021

In 2021 the leading positions are occupied by tech companies

Digital platforms



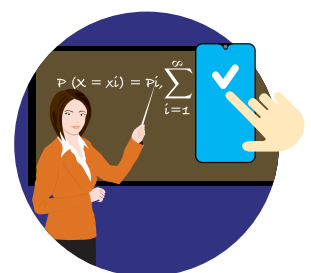
Smart cities



Online logistics services



Online healthcare services



Online education services



Media platforms



Entertainment platforms



Gaming platforms



Platforms for dating

of collaborative innovation” as well as “the quality of each country’s technology infrastructure and ... market regulation”<sup>9</sup>.

State regulation and promotion of corporate platforms is increasingly set to be a critical aspect of the country’s competitiveness. In countries such as the United States and China, many high-tech companies, unlike traditional TNCs, are private companies, and the state plays only a regulatory role in their activities. The globalization of the economy has made it possible to access funding for technology start-ups both by national and international venture capital funds, business angels, etc. However, there are many examples of high-tech companies that have become successful through direct government support. Also, the rules governing electronic commerce are developed across countries, with a rising importance of inter-operability of such rules and regulations across countries.

Another key aspect of the operation of digital platforms at the country level is the digitization of government operations (e-government), including fiscal operations. E-government has been pursued by many governments around the world to reduce costs as well as to increase efficiency and citizen satisfaction. Governments and other non-commercial organizations are also adopting the use of platforms to organize e-government to compete for capital and other inputs for sustainable growth.

Thus, government platforms include end-to-end processes (E2E) and the creation of an integrated infrastructure for the provision of public services. The development of such platforms involves the creation of adaptive and high-tech data-based management systems, as well as the optimization and simplification of the processes of interaction with consumers of government services and the government apparatus. States are actively developing platforms B2G (business

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<sup>9</sup> Accenture. [https://www.accenture.com/\\_acnmedia/PDF-80/Accenture-Winning-Digital-Platforms.pdf](https://www.accenture.com/_acnmedia/PDF-80/Accenture-Winning-Digital-Platforms.pdf)

to government), G2C (government to citizen), G2E (government to employee), G2G (government to government) and others, as well as stimulating the development of private platforms and ecosystems.

To further promote this process of digitalization, states are investing significant resources in the development of smart cities, online medical services, stimulating the acceleration of the digital transformation of healthcare systems, stimulating companies and services that offer employees remote work. States also stimulate mechanisms of public-private co-financing, providing tax incentives to digital companies, simplifying public procurement mechanisms, and developing programs to support small and medium-sized businesses.

Technological advancement, most notably in areas such as 5G, is likely to be crucial in creating the digital infrastructure for the development of corporate platforms. The most important aspect of the struggle for technological leadership in areas such as 5G is large financial investments by national states in the development of high technologies. The development of such infrastructure will be crucial in boosting greater connectivity within the country as well as improving and changing the format of governance. Governmental bodies, corporates, think-tanks all have to adapt to the unprecedented circumstances associated with the pandemic and rely increasingly on digital technologies to develop new formats of conducting discussions and conferences<sup>10</sup>.

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<sup>10</sup> Like many think tanks, the Center for China and Globalization had to adapt to a world where international travel has become virtually impossible while still pursuing its mission of advocating for greater economic openness and deeper integration between China and the rest of the world. By switching to a hybrid offline-online model for events like its 6<sup>th</sup> China and Globalization Forum and 5<sup>th</sup> Annual China Think Tank Innovation Forum, it was not only able to increase audience participation but engage thought leaders who would not have otherwise been able to attend. For example, speakers such as Graham Allison, Douglas Dillon Professor of Government of Harvard Kennedy School and coiner of the term “Thucydides’s Trap”, Thomas Friedman, author of *The World Is Flat* and columnist of the New York Times delivered presentations at the Global Forum while David Dollar, Senior Fellow, Brookings Institution; Paolo Magri, Executive Vice President ISPI and Chair T20 Italy; and Tim Summers, Senior Consulting Fellow of the Asia-Pacific Programme, the Royal Institute of International Affairs (Chatham House) presented at the Think Tank Innovation Forum.

COVID-19 has both accelerated trend towards digital platforms while presenting new requirements. Indeed, COVID-19 has brought about not only almost universal travel restrictions but a global economic contraction of historic proportions and raised serious doubts about the viability of globalization. But it has also acted as a catalyst for spurring greater connectivity and accelerated technological trends that can serve as the foundation for greater regional integration that also provides building blocks for constructing a more resilient and robust form of globalization that can adapt to both public health and geopolitical challenges. In fact, the regional integration trends in Asia suggest that the Pacific basin is becoming the focal point of the building of a “platform of platforms” via bringing together the multiple integration projects in the region.

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## Chapter III. Asia as the Front-Runner for Creating a “Platform of Platforms”

The platform features observed at the corporate level are increasingly observed not just at the level of countries that seek to attract such corporate platforms, but also at the regional level. This is particularly the case in Asia, where several large-scale regional integration initiatives are brought together to create mega-regional groupings. Asia’s size in terms of population and economic weight as well as growth rates provide it with an important role in any form of global integration. For decades, academics and policy analysts have said that Asia is the future. But recent data suggests that this future has arrived. Asia not only participates in global flows of trade, capital, talent and innovation but it is increasingly shaping the direction of these flows. In terms of population, Asia accounts for more than 4.6 billion of the world’s total population of more than 7.8 billion<sup>11</sup>. In terms of GDP, in the year 2000 it represented less than one-third of global GDP in PPP

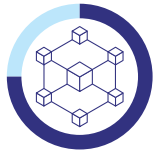
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<sup>11</sup> <https://www.worldometers.info/world-population/>



# THE PLATFORM WORLD: FROM CORPORATIONS TO REGIONS

According to UN estimates, USA and China account for



**75%**  
of blockchain-related patents



**75%**  
of the cloud computing market



**50%**  
of the Internet of Things market

## Risks of rapid digitalisation

reduction in personnel in both traditional and high-tech enterprises

cybersecurity threats

infringements on privacy

facilitating the mechanisms of illegal economic activity

risks to sustainable development on the back of higher inequality and imbalances

concentration of extensive resources among several players

increase of regionalism - the creation of regional digital platforms that are meant to promote inter-operability across the region's digital space

## Examples of such strategies include



EU's Digital Single Market (DSM) strategy



Digital Agenda of the Eurasian Economic Union



"Integration of integrations" that brings together not only individual countries, but also regional integration blocs

## A Brief History of Digital Commercial Platforms in China

Digital commercial platforms in China evolved in three stages that largely paralleled three key milestones in the country's development: economic reforms in preparation for and resulting from WTO accession including the establishment of e-commerce in China; the mobile revolution kicked off by the Apple iPhone/App Store ecosystem and the AI revolution that is still unfolding.

Alibaba was founded in 1999 – two years before China's formal accession to WTO. Initially, through its Alibaba.com website, the company focused on the B2B marketplace to help promote Chinese exports and by 2014 became the world's largest trading platform for small business with importers and exporters from more than 240

terms and is expected to reach over 50% by 2040 while accounting for 40% of total consumption, according to McKinsey Global Institute.

In addition, the countries in Asia are highly diverse and complementary. For example, the diversity extends to per capita GDP with Nepal at \$849 and Singapore at \$58,000. Moreover, countries like Brunei are primarily providers of natural resources such as oil and other commodities while those like Japan and South Korea are leaders in advanced manufacturing and high technology. As such, Asia represents a self-contained and increasingly self-sufficient ecosystem or regional economic platform.

Next, while Asia has been a vital part of global trade and investment, it is also already well-integrated from an intra-regional perspective. For example, while China almost tripled its production of labour-intensive goods from \$3.1 trillion to \$8.8 trillion in the ten-year period ending in 2017 its share of gross share exports fell from 15.5% to 8.3%, which indicates a much greater share of output being consumed domestically. Meanwhile, other countries such as India have experienced similar changes as they produce increasingly for both a domestic market and for the region.

As Asia's economy grows and develops and given the economic complementarities noted above, the region is also growing less reliant on the import of both intermediate and final goods.

Currently, slightly more than 50% of Asian trade is intra-regional, which is significantly higher than that of North America.

China is the economic engine for the region and leading in policy formulation and implementation. China's economic growth and the rise of middle class are expanding the markets for companies throughout the region. Its tech companies such as Huawei, Alibaba, Ping'an and Tencent are providing business models, technology and capital for the region. As the largest economy in Asia and the possessor of a clear and inclusive vision of how to address the challenges and opportunities presented by globalization, China has played an important role in the development of two major regional platforms, the Regional Comprehensive Economic Partnership (RCEP) and the Shanghai Cooperation Organization (SCO), as well as the development of the globe-spanning Belt and Road Initiative (BRI), which can best be understood as a platform of platforms. Moreover, a closer look at RCEP and SCO reveals the interlocking and overlapping nature of these two platforms that contributes to the realization of China's vision for creating a community of shared future for mankind. This vision of creating a community of shared future but not necessarily of shared values, political or otherwise, is manifested by the creation of various regional and functional platforms that at a global level can be construed as a system of systems or platforms of platforms concept.

countries and regions transacting on its platform. The company also launched Taobao Marketplace in 2003 to provide a platform for small businesses and individual entrepreneurs to reach consumers within China as domestic consumption starting becoming a significant complement to export- and infrastructure-driven growth. By 2017, transaction volume on Taobao and Tmall.com, which provides a similar platform for major brands and other businesses, reached 3 trillion yuan, which exceeded that of all American e-commerce sites and earned it the title of China's biggest online marketplace. While contributing to the reform and opening of China's economy through what Alibaba calls the iron triangle of e-commerce, logistics and finance (through Alipay, its digital payment service), its desktop computer-based transaction platforms largely are a replication of traditional offline platforms such as physical market places that have existed for centuries.

Overseen by legendary product manager, Allen Zhang, Weixin was launched by Tencent in 2011 as a mobile-first standalone on-line messaging app similar to WhatsApp, Line and KakaoTalk. However, by taking advantage of smartphone capabilities such as GPS, camera-scanned QR codes and digital payments, Weixin (also known as WeChat) rapidly added a broad range of functionality that has made it an indispensable part of daily life in China. According to Connie Chan, General Partner at venture capital fund Andreessen Horowitz, “WeChat users in China can access services to hail a taxi, order food delivery, buy movie tickets, check in for a flight, send money to friends, book a doctor appointment, get banking statements, pay the water bill, recognize music, search for a book at the local library, meet strangers around you, follow celebrity news, read magazine articles, and even donate to charity ... all in a single, integrated app.” With more than 1 billion daily active users in

Of all of the regional platforms in which China is currently participating, RCEP is taking on special significance. Signed on 15 November 2020, RCEP is expected to eliminate about 90% of the tariffs on imports between its signatories within 20 years of coming into force, and establish common rules not only for trade but also e-commerce and intellectual property. Its size alone is historic with RCEP’s 15 member countries accounting for about 30% of global population and 30% of global GDP (\$26.2 trillion) as of 2020. Moreover, RCEP also represents the first free trade agreement amongst China, Japan and South Korea, which represent three of the four largest economies in Asia. The emergence of RCEP during the most acute crisis in many decades is a crucial “demonstration effect” of the importance of regionalism in countering protectionism and economic downturn. The newly formed regional integration bloc is the largest regional integration project in the world.

Much more important, however, is the qualitative effect that the creation of RCEP may impact on the evolution of the global economy, most notably the patterns of competition among mega-regional blocs. One of the most obvious implications of the launching of the RCEP mega-project is a further advancement of Asia Pacific as the focal point of liberalization, trade and growth in the global economy. In effect, RCEP becomes the key regional alliance for China in further expanding its circle of friends and allies at the level of bilateral and regional accords as well as in

international institutions. While RCEP was initiated by Indonesia, because of China's economic weight and technology leadership as well as its stable and predictable government, it will serve as the anchor and stabilizing force for this historic free trade agreement. According to Eswar Prasad, former head of the International Monetary Fund's China Division: "The trade pact more closely ties the economic fortunes of the signatory countries to that of China and will over time pull these countries deeper into the economic and political orbit of China."

Importantly, the pattern of economic integration offered by RCEP is different from other mega-regional blocs – in effect it offers a more inclusive and open paradigm of economic integration compared to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) or the original version of TPP. For its part the CPTPP accord, signed by Canada, Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam despite the withdrawal of the United States shows the commitment of these countries to a platform approach to regional economic development. CPTPP is viewed as a next generation agreement that addresses e-commerce, services and other outgrowths of the digital era as well as tackling historically challenging sectors such as agriculture and automotive manufacturing. Finally, CPTPP allows progress to be made despite gridlock at the WTO and provides an impetus for WTO reform.

China and more than 80% market penetration the WeChat platform has become the remote control for both online and offline life in China and embodies the power of smartphones to transform the lives of consumers while providing businesses with an unprecedented volume and variety of data that enables real-time visibility into consumer actions and behaviours. As a platform, it has focused on as broad a range of consumer-facing functions as possible powered by universal smartphone adoption.

While TikTok/Douyin may look like an app focused on short videos as casual entertainment, appearances can be deceiving. In fact, it represents the next generation of digital commercial platforms – one which is not just enhanced by AI but based entirely on it. One of the most important byproducts of existing digital commercial platforms is an explosion in the quantity, quality and types of data created. And this data is the crucial fuel (with some

analysts calling it the new oil) for powering AI. First launched in China in 2016, Douyin/TikTok has become a global success story with more than 2 billion downloads to date with the speed and scale of its success made possible by completely relying on an algorithm instead of the time-consuming and expensive development of a social network or active user engagement to match increasingly relevant content (short videos) to users. The effectiveness of this algorithm is based on the enormous number of parameters it analyses to make its recommendations with much of this data made possible by the existing smartphone ecosystem.

Previous consumer-facing apps in China have struggled to achieve global success because they were unable to overcome the language and cultural gap. However, TikTok has shown that this problem can be solved through AI without requiring an actual understanding of a particular country's culture.

Thus, CPTPP can serve as an early example of Asia playing a leading role in platforms and the development of a global platform of platforms.

In the end, RCEP will deliver a strong impulse to greater liberalization in the world economy in the coming years, with the US and China increasingly likely to compete in advancing their models of mega-regional integration projects. The US could well respond by joining TPP as well as re-launching the creation of the Trans-Atlantic alliance with the EU. All this in turn is likely to further strengthen the role of regionalism in the global economy as it recovers from one of the most severe crises throughout the past century. Globalization is coming back and this time it is back on a mega-regional scale.

One important trend in regionalism is the creation of regional digital platforms that are meant to promote inter-operability across the region's digital space. Examples of such strategies include the EU's Digital Single Market (DMS)<sup>12</sup> strategy as well as the Digital Agenda of the Eurasian Economic Union<sup>13</sup>. The use of platforms is progressing also to the level of "integration of integrations" that brings together not only individual countries, but

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<sup>12</sup> An official web site of the European Union. <https://ec.europa.eu/digital-single-market/en/policies/shaping-digital-single-market>

<sup>13</sup> The Eurasian Economic Commission Written Submission: Intergovernmental Group of Experts on E-commerce and the Digital Economy – Third session, UNCTAD, 2019. [https://unctad.org/system/files/non-official-document/tdb\\_ede3\\_2019\\_s06\\_Eurasian\\_en.pdf](https://unctad.org/system/files/non-official-document/tdb_ede3_2019_s06_Eurasian_en.pdf)



also regional integration blocs. The EU that is particularly active on that front is actively pursuing economic cooperation with ASEAN in the digital sphere,<sup>14</sup> while the Eurasian Economic Union has been exploring the possibility of launching digital alliances with key partners to promote greater connectivity in the sphere of transportation and infrastructure development<sup>15</sup>.

Finally, the Belt and Road Initiative, which was unveiled by Xi Jinping during an official visit to Kazakhstan and Indonesia in September and October 2013, serves not only as a platform linking countries around the world but also a means of connecting sub-platforms like RCEP and SCO. With an initial focus on physical infrastructure, the initiative was incorporated into the Constitution of the People's Republic of China in 2017 with a target completion date of 2049, which also marks the one hundredth anniversary of the founding of the People's Republic of China.

These systems or platforms are all intended to function independently and address different but related goals. But they also intersect, interlock and, to a degree, overlap and potentially reinforce each other. The latter becomes possible if corporate or regional platforms are built around principles such as openness ("open regionalism")

<sup>14</sup>An official web site of the European Union. <https://ec.europa.eu/digital-single-market/en/news/eu-and-asean-building-stronger-digital-economy-connectivity-cooperation>

<sup>15</sup>Viktor Shakhmatov. EAEU and Regional Cooperation in Eurasia. Valdai Club. 11.11.2019. <https://valdaiclub.com/a/highlights/eaeu-and-regional-cooperation-in-eurasia/>

With Tiktok as the pioneer, other start-ups are following its lead. For example, Newsdog, a Beijing-based start-up that raised \$50 million from Tencent in 2018, is a leading news aggregator in India. Despite no one in the company able to read Hindi, it can effectively recommend news stories to a Hindi audience solely based on its AI algorithm. As such, the AI revolution marks the next phase in China's development as well as the next generation of digital commercial platforms in China.

Looking ahead, the rollout of 5G and continued advances in AI will likely result in an even wider range of new digital commercial platforms emerging in China that will also be adopted in many other countries around the world much more quickly than in the past. In particular, it seems likely that China will consolidate and accelerate its leadership in this area which will have not only commercial consequences but broader geopolitical ones as well.

as articulated in APEC) and inter-operability. With the use of such principles, the BRI, with its emphasis on infrastructure, could provide a means of linking other platforms and facilitating the flow of goods, services, people, data and other resources from platform to platform and region to region.

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## Conclusion: a Plethora of Platforms for the Global Economy

In the coming years we may witness the unfolding of a veritable “platform race” between the main centres of the world economy, namely the US, China and the EU. All these centres are developing their very own assembly lines to bring together regional blocs and other accords to form platforms that attract trade and investment flows. In the case of the EU it is the Alliance for Multilateralism (launched in April 2019), in the case of the US, apart from the Trans-Pacific and the Trans-Atlantic projects that may take on greater prominence with the coming of a new US administration, this is also the Quad/Quad+ that is gaining increasing momentum in building a framework for cooperation in the Indo-Pacific, in the case of China it is the Belt and Road Initiative, as well as the BRICS+ platform launched in 2017<sup>16</sup>.

When it comes to furthering the development of regional economic platforms, many expect that Europe or other parts of the advanced world will lead the way. However, it is perhaps Asia that is best positioned to develop the most advanced and comprehensive regional platform. Moreover, it might also be the catalyst for the creation of a global platform of platforms. Such global platforms could be created within the framework of the G20. An example of the creation of such platforms is the initiative to create specialized

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<sup>16</sup>Yaroslav Lissovolik. BRICS-PLUS: Alternative Globalization in the making? Valdai Papers. 08.09.2017. <https://eng.globalaffairs.ru/articles/brics-plus-alternative-globalization-in-the-making/>



platforms for sovereign wealth funds<sup>17</sup>, which will allow for more efficient development of integration projects as well as coordinated anti-crisis measures.

An important project in the field of integration is also the project of conjugation of the Eurasian Economic Union (EAEU), the Greater Eurasian Partnership (GEP) and the Belt and Road Initiative (BRI). The work is already underway in such areas as transport corridors from Asia to Europe: China-Mongolia-Russia Economic Corridor (*CMREC*), the New Eurasian Land Bridge (NELB). The projects on modernization of Trans-Siberian Railway (Transsib), Baikal-Amur Mainline (BAM), development of the Northern Sea Route (NSR) are also crucial. Furthermore, it will be important to conjugate the platforms not only across regions, but also along the “public-private axis” as well as the number platform formats that are emerging in the global economy.

In this respect, the creation of such platforms as B2B, B2C, C2C, B2G, G2G within the framework of regional associations will have a strong integration and economic effect. One more factor for the advanced development of regions is the expansion of opportunities for obtaining financing for high-tech start-ups, developers of digital platforms within regional associations, simplifying the registration procedures while entering regional markets, and developing networking platforms for innovative businesses.

Accordingly, the authors suggest that it is advisable to develop platforms G2R (government to region), B2R (business to region), C2R (consumer to region), etc., capable of bringing together the population, business and government structures at the interregional level of integration associations. Within the BRICS +, BRI, SCO, RCEP, GEP such platforms could be coordinated by interregional structures, as well as by development banks, for example, the NDB and others.

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<sup>17</sup> Shafi Aldamer, Curran Flynn, Yaroslav Lissovolik, International political economy & future of multilateralism: A platform for cooperation for G20 sovereign wealth funds. Policy brief for T20 Saudi Arabia. URL: [https://www.g20-insights.org/policy\\_briefs/international-political-economy-future-of-multilateralism-a-platform-for-cooperation-for-g20-sovereign-wealth-funds/](https://www.g20-insights.org/policy_briefs/international-political-economy-future-of-multilateralism-a-platform-for-cooperation-for-g20-sovereign-wealth-funds/)

Several forms of conjugation should be distinguished here. One of the forms is the conjugation of a number of national platforms within the framework of regional associations, for example, five countries within the BRICS. Another form is the conjugation of a number of regional platforms and regional unions within the framework of integration associations – for example, the EAEU and the BRICS, or the EAEU and the BRI. The next form is the conjugation of regional platforms into mega-platforms – for example, the EAEU-RCEP-BRI, etc. At the same time, such joint or new platforms could be created both from above – by means of interstate decisions; and from below – by uniting consumers and business, where interregional authorities play only a regulatory role.

Platforms that will constitute the reconstructed edifice of the world economy need to include a common digital platform, a connectivity platform predicated on the cooperation among continental development institutions as well as a platform for human capital development and innovation. These platforms may reinforce each other through ecosystem-type effects. More broadly, in order to raise its economic dynamism the global economy needs to expand the operation of “network effects” in line with the emergence of corporate digital platforms and ecosystems.

There may hence be a case for creating technocratic/depoliticized platforms at the global level, which may include a global platform for regional integration arrangements, platforms that bring together regional and national development institutions such as development banks as well as regional financing arrangements, and possible platforms that bring together such heavyweights in the world economy as Sovereign Wealth Funds. The building of the world’s economic architecture with platforms as the construction material may well render the global construct more stable and less prone to crises, particularly if we start thinking more about the interoperability of platforms across the various levels of governance as well as ways to render the emerging competition between these platforms and ecosystems more innovative and constructive.

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