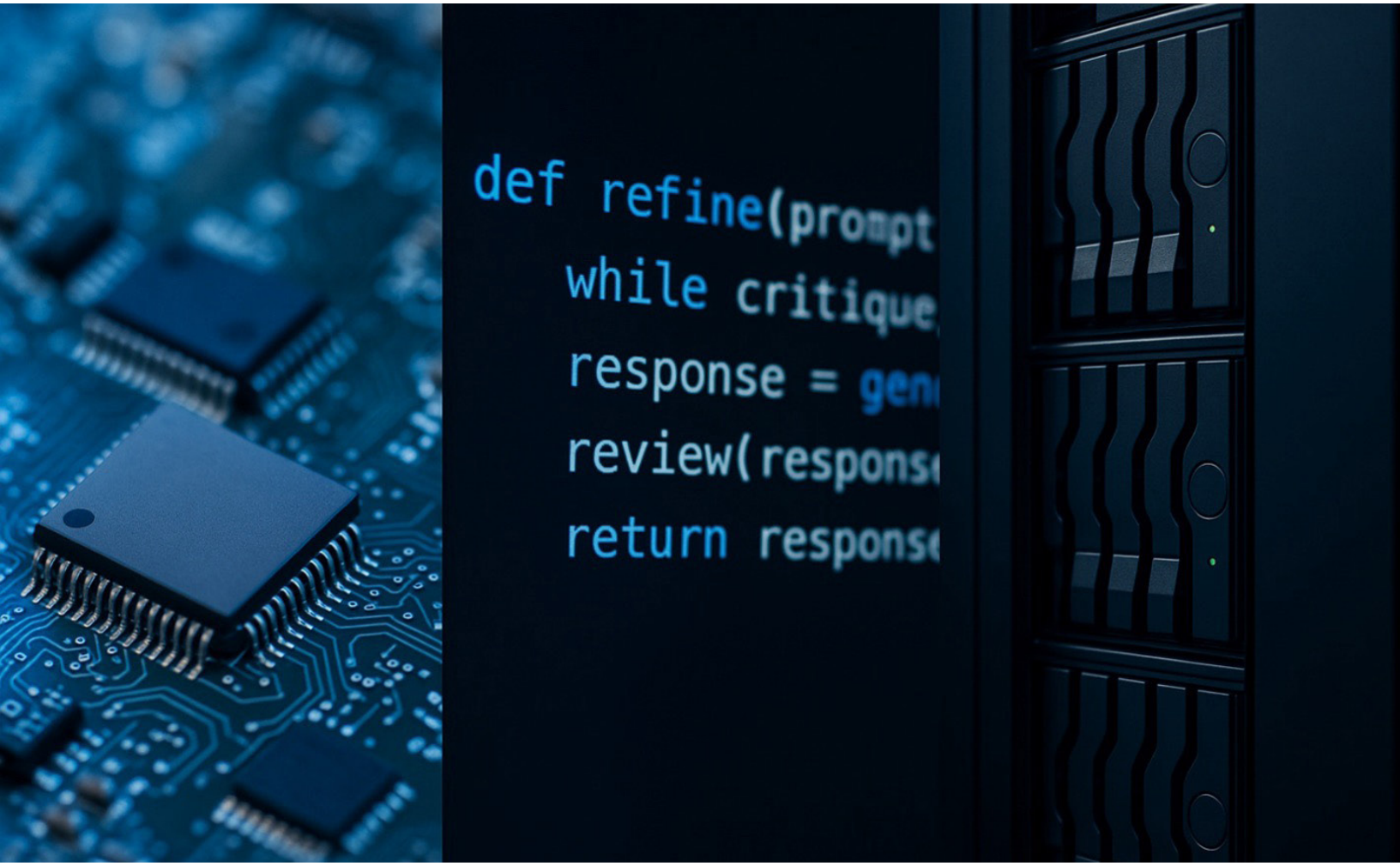
Center for Geopolitics | JPMorganChase

Helping Clients Navigate Global Challenges

October 2025

The Geopolitics of AI: Decoding the New Global Operating System



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Key Takeaways:

- **China and the U.S. dominate, but on divergent paths.** Beijing pursues state-led self-reliance and lower cost open-source exports, while Washington bets on private-sector innovation, infrastructure buildout, and defense integration. This is a key geopolitical fault line, as countries may face a choice which direction to go.
- Tech sovereignty **and standards are fragmenting the field.** More countries, and in some cases localities, are asserting control over AI infrastructure, talent, and governance frameworks—exporting rules as well as building walls, and forcing firms to navigate a more divided AI ecosystem.
- **Energy and hardware are the new chokepoints.** Semiconductors, critical minerals, and electricity capacity define who can scale AI, and who risks falling behind.
- **Capital is repositioning the map.** Middle Eastern sovereign wealth funds are leveraging energy abundance to become key players in AI infrastructure.
- **AI is transforming defense and deterrence.** From swarming drones to AI-enabled decision loops, militaries that integrate AI fastest will hold decisive battlefield advantages.

Executive Summary: The Geopolitics of AI

Artificial Intelligence (AI) and related computing capabilities will be the most consequential technological developments of the 21st century, impacting nearly every aspect of daily life, shaping the global economy, and transforming geopolitics. In the nearly three years since OpenAI launched ChatGPT—igniting a frenzied reordering of the commercial tech ecosystem—AI has driven significant consumer fascination, catalyzed a dizzying scale of investment, and sparked intense debates over matters of policy, ethics, and society. In the U.S. alone, AI related stocks have accounted *for almost all* earnings growth (80%) and capital spending growth (90%) since November 2022.

AI's impact reaches far beyond the technology sector, with the potential to reshape supply chains, labor markets, infrastructure planning, global alliances, the rules of global trade, and even the rules of war. **As with past industrial and technological revolutions, the nations that can most effectively harness AI's transformative potential while safeguarding against its risks will enjoy decisive economic, political, and security advantages in the decades ahead.**

While AI is advancing in many directions, **seven strategic "axes"** stand out for their significance to the current geopolitical moment. Each reflects a distinct dimension of competition, cooperation, and national ambition—and each is already motivating governments, businesses, and alliances to reposition in ways that will shape the century ahead. **To best navigate the years ahead, understanding these seven strategic axes is essential.**

1. **An assertive China** seeks to position itself at the forefront of AI development, investing heavily in research and innovation to establish itself as a global leader in technology. This ambition is part of China's broader strategy to enhance its national security, economic power, and self-reliance, positioning itself as a dominant force in the international arena.

2. Meanwhile, **the United States is repositioning** to preserve and extend its competitive edge in AI, focusing on fostering innovation through public-private partnerships and investing in cutting-edge research. This strategic shift aims to counterbalance China's rise and to advance and project American national security interests into an AI-influenced geopolitical landscape.

3. Across the Atlantic, **Europe has made concerted moves toward tech sovereignty**, with the European Union striving to reduce their dependence on foreign technology and bolster their own AI capabilities. This push for autonomy is driven in part by commitments to protect data privacy, enhance cybersecurity, and maintain control over critical infrastructure. The United Kingdom, meanwhile, is working to advance its own AI and related capex investments in an attempt to forge its own path.

4. At the same time, **the Middle East is making significant investments in AI**, reflecting global ambitions supported in part by a robust network of sovereign wealth funds. These investments are aimed at diversifying economies, reducing reliance on oil, and positioning the region as a hub for technological innovation. The influx of capital into AI research and development is transforming the Middle East into a key player in the global tech ecosystem.

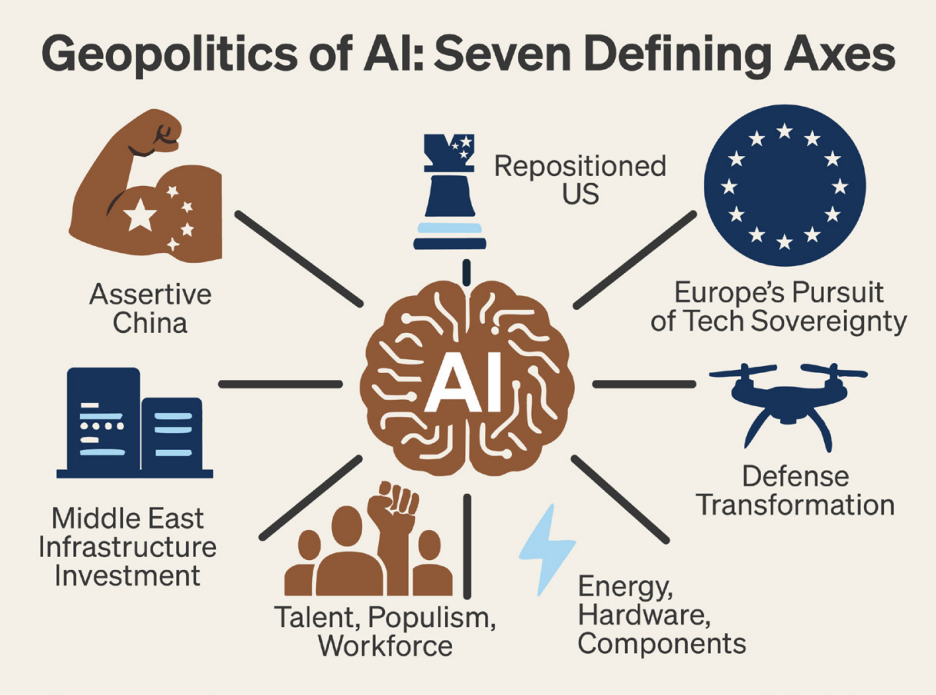
5. **Populist movements and labor concerns** are also shaping the geopolitics of AI, as the technology's impact on workforces, wages, and employment continues to shape micro- and macro-economic impacts. The rise of widespread, commercially-deployed, AI-driven automation threatens to displace jobs, fueling populist sentiments and calls for protectionist policies. Governments are grappling with the challenge of balancing technological advancement with the need to safeguard employment and social stability.

6. **Energy, AI infrastructure, and trade** are further intertwined with the geopolitics of AI. The development and deployment of AI technologies require substantial energy resources and robust infrastructure, influencing global trade dynamics, investment, and environmental impacts. Countries with abundant, diverse energy supplies and advanced infrastructure will be better positioned to capitalize on AI advancements and enhance their geopolitical influence. Energy security has become a key factor in states' capacity for technological innovation, and will continue to drive both geopolitical cooperation and strategic competition.

7. Finally, AI is rapidly becoming the operating system of **modern military power**, enabling faster decision-making, autonomous systems, and adaptive operational concepts. From swarming drones to AI-assisted targeting, the technology is altering cost curves and challenging industrial bases built for slow, high-cost production. Defense leadership will hinge on the ability to integrate AI into doctrine, procurement, and industrial capacity. Nation-states will be challenged to close the innovation-adoption gap and to responsibly scale AI-enabled systems essential to maintaining deterrence in an AI-driven battlespace. These dynamics will challenge and make more important the significant ethical, social, and diplomatic contracts of war-fighting.

For business leaders, this is not a spectator sport—the private sector has a decisive role to play in scaling innovation, securing critical supply chains, and ensuring that AI advances align with the principles and prosperity of a rules-based market economy. Companies that understand this moment—and act on it—will not only help safeguard their own business but help secure the foundations of long-term national strength.

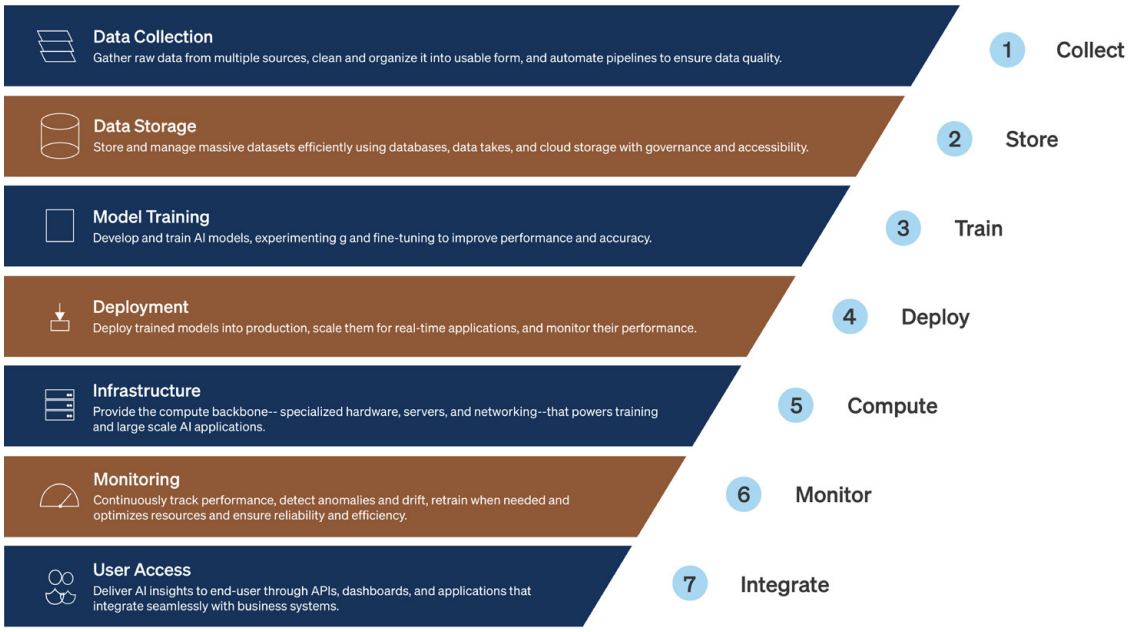
Figure 1. **Made using an LLM....**



Axis 1: An Assertive China

China has emerged as a pivotal force of influence in the AI ecosystem globally. China's strategy to position itself as a leader in AI blends state-directed industrial policy, private sector innovation, and, increasingly, a posture toward international collaboration that is conspicuously divergent from that of the United States. To achieve its goals, **China is deploying a wide range of industrial policy tools across the entire AI technology stack**—or the necessary building blocks to run AI applications, from infrastructure and data to model development and deployment (*see figure 2*)—including significant investments in research and infrastructure, as well as efforts to overcome challenges posed by U.S.-led export controls.

Figure 2. **What goes into an AI stack?** *Seven layers from data to end-user integration*



Major features of China's positioning include:

- **Development of a self-reliant AI ecosystem.** China's publicly-proclaimed interest in commanding global AI leadership spans almost ten years. In April of this year, the Politburo held a study session on self-sufficiency in AI, at which Xi Jinping called on China to "leverage national capabilities" and seize the initiative to "win superiority in the field of AI." The government's strategy is framed as a "new whole-of-nation" approach to building self-reliance, which includes **state-led investments aimed at catching up to U.S. technologies through the development of domestic alternatives**, such as Huawei's Ascend chips and AI frameworks like MindSpore and PaddlePaddle. These ecosystem ambitions are further supported by investments in renewable energy aimed at meeting the demands of China's AI infrastructure into the future.

Mapping China's Strategic State Planning for AI Innovation

State-Directed Financing

- Beijing has directed its banks and local governments to go on an "AI lending spree." Since 2014, the Chinese government has operated a **$100 billion fund** focused on developing China's domestic semiconductor industry—a key ingredient in the AI innovation race. In April 2025, Beijing announced that it would allocate an additional $8.5 billion for young AI start-ups.

Funding for AI Research and PhDs

- Beijing has invested heavily in funding both domestic and foreign students' research on AI. Since 2018, more than **2,000 undergraduate AI programs** have been launched across the country. While specific PhD information is hard to disaggregate, China now awards **nearly twice as many science and engineering PhDs** as the United States does on an annual basis.
- China now produces **as much AI research as the U.S., UK, and EU's 27 member states combined**. And in terms of the research's attention, China captured over 40% of global citations in 2024—four times higher than the U.S. and EU individually.

Local Zoning for AI "Neighborhoods" and Experimentation

- Local bureaucrats have set up entire neighborhoods that function as **start-up incubators**, such as "Dream Town" in Hangzhou, a city that also plays host to major firms Alibaba and DeepSeek and has now positioned itself as a hot spot for young AI talent. The central government has also empowered local leadership to use their cities for experiments of certain consumer AI applications, such as Beijing's "High-Level Autonomous Driving Demonstration Zone" for self-driving cars.
- Meanwhile, individual cities are launching innovation funds: Beijing alone announced a 100 billion Yuan, 15-year fund for AI and robotics research in the city. Shenzhen and Guangdong province have announced similar, albeit smaller, long-term funding streams for local AI and robotics research centers.

Energy Planning

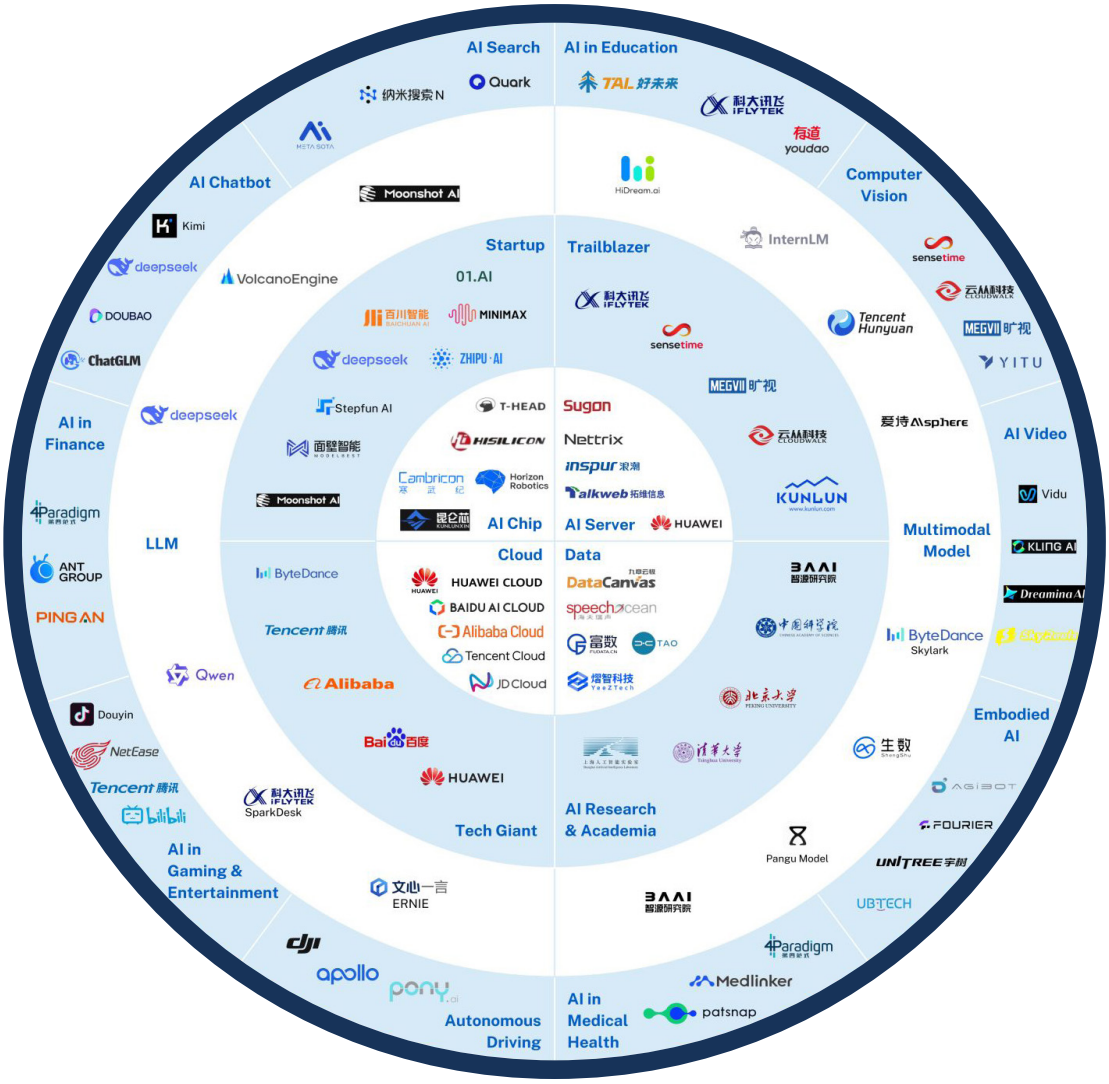
- Drawing upon China's geography, Beijing launched its "Eastern Data, Western Compute" Initiative: which orders the development of national supercomputing hubs and data centers in less densely populated regions in the country's far western provinces, where both energy and real estate are cheaper.

State Sponsored Research and Development

- The Chinese government has also financed a network of labs for its most advanced AI research, often in collaboration with big tech companies like Alibaba and ByteDance.

- **Bolstering private sector innovation.** The private sector is a key element of Beijing's ambitions, with tech giants like Alibaba and ByteDance and industry-specific AI starts ups playing prominent roles in the innovation ecosystem (*see Figure 3*). With the benefit of state support enhancing the competitiveness of China's AI industry, these companies are making appreciable gains in the development of AI applications across various sectors, including electric vehicles, robotics, healthcare, and biotechnology.

Figure 3. **Flooding the Zone.** *A landscape survey of China's AI ecosystem conducted by the Institute for Management Development showcases a vibrant AI private sector, in large part thanks to state incentives. In addition to the usual suspects of major Chinese tech players like Huawei, Alibaba, Tencent, dozens of well-funded AI startups have taken root across China to develop industry- and consumer- specific AI applications.*



Graphic Credit: Institute for Management Development

- **Prioritizing AI diffusion.** A balanced view of AI adoption, we believe, shows the United States leading in frontier capacity, while China drives a state-coordinated push for mass diffusion and adoption of AI technologies. China is explicitly targeting this dimension: the State Council's 2025 "AI+" Opinions set diffusion goals such as >90% adoption of intelligent agents and smart terminals by 2030, and cities like Beijing and Shenzhen now issue compute vouchers to lower the cost of adoption for firms. Surveys reinforce the picture—83% of Chinese decision-makers reported generative AI use in 2024 compared with 65% in the U.S. —though this reflects self-reported usage rather than measured productivity.

  Structural readiness matters: the IMF's AI Preparedness Index finds the U.S. stronger on skills, digital infrastructure, and institutions, while China combines scale and mobilization capacity with bottlenecks in advanced compute and international standards alignment. Taken together, the evidence suggests that China is mounting a policy-driven diffusion sprint that may yield faster near-term adoption at scale—even if it has yet to close the investment and frontier-innovation gap.

- **Elevating open source.** Efforts to promote open-source AI platforms and data-sharing initiatives are integral to China's global strategy. By encouraging the use of open source models, China aims to accelerate industry progress and circumvent potential export controls on proprietary technology. These efforts also aim to **position data as a strategic resource**, establishing data marketplaces and promoting open data-sharing platforms—initiatives designed to increase access to large training sets and support the development of AI applications.

  Chinese AI companies, which tend to rely on less expensive and open-source models, could be able to strategically price their software licenses at lower costs than American AI companies running on closed models. This **price differential may lead to in-roads on the part of Chinese AI companies with developing countries, building ecosystem dependency on Chinese AI models and software that need to be just "good enough" to deliver more basic automation of services in sectors like education, healthcare, and public administration.**

  The U.S. National Institute of Standards and Technology (NIST)'s September 2025 report, commissioned under the Trump AI Action Plan, paints a more complex picture of DeepSeek's price in comparison to its American competitors when controlling for quality. Notably, the report found that comparable U.S. systems had end-to-end costs about 35% lower than DeepSeek's— meaning the total expense of completing a user task was over one-third less once all the costs of tokens needed for inputs, reasoning, and outputs were added up. The findings suggest that while DeepSeek remains a formidable competitor, its apparent cost advantage diminishes once quality—security, robustness, and reliability—are fully taken into account. For a visual representation of the cost differential between Chinese DeepSeek, OpenAI's ChatGPT, and others competitors, see *Figures 4 and 5*.

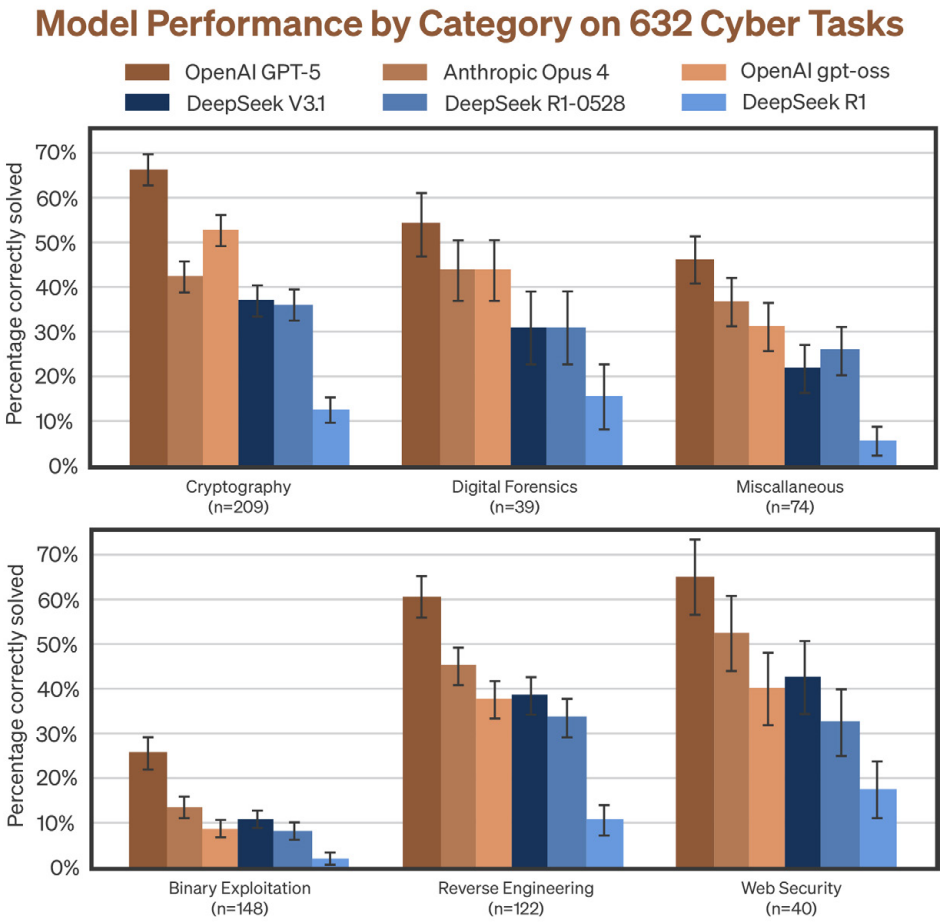
Figure 4. **The cheaper route to dependence.** *Chinese company DeepSeek has priced usage of their models* ***20-40 times less expensive*** *than OpenAI's ChatGPT. The table below shows the cost per million "input tokens" charged by both respective companies for the latest versions: DeepSeek's v3 and ChatGPT's "gpt-4o." The table also shows historical pricing for each company's launch versions – Deekseek's R1 and ChatGPT's original o1. R1's lower initial price showcases DeepSeek's savings achieved for its first version by using open source models, albeit a few years later than OpenAI.*

DeepSeek has priced their models 20-40x cheaper than OpenAI

	Model	$/M Input Tokens	$/M Output Tokens
	Deepseek-chat (V3)	$0.14	$0.25
	gpt-4o	$2.50	$10.00
	Δ	**-94%**	**-98%**
	Deepseek-Reasoner (R1)	$0.55	$2.19
	o1	$15.00	$60.00
	Δ	**-96%**	**-96%**

Source: DeepSeek, OpenAI, Bernstein analysis

Figure 5. **Uncle Sam sizes up DeepSeek.** *The U.S. NIST's September 2025 report paints a more complex picture of DeepSeek's performance. The U.S. government examined how DeepSeek could be used to enable the automation of increasingly complex cyber tasks measuring how various DeepSeek and Western models compared across six categories of cyber challenges (x-axis).*



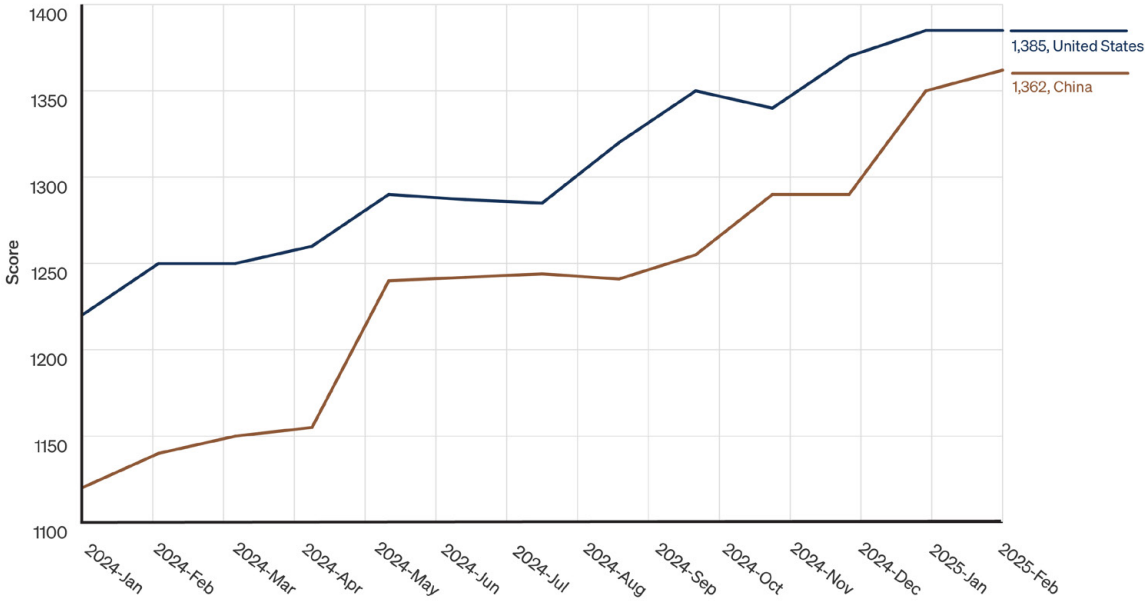
Source: U.S. Department of Commerce, Report: CAISI Evaluation of DeepSeek AI Models Finds Shortcomings and Risks, September 2025.

- **The energy edge.** Energy infrastructure has become a strategic lever in technology enablement and AI competition—and **China's approach to grid modernization and "all of the above" investments in diverse energy sources (from fossil fuels and coal to renewables) may prove a significant advantage**. China's proactive, state-driven, long-term investment model enables capacity to be built ahead of demand, maintaining a nationwide reserve margin of 80–100% while, in contrast, U.S. regional grids operate with much lower reserve margins (around 15%). U.S. private capital typically favors projects with short (3–5 year) returns, limiting investment in power generation. China's pragmatic use of diverse power sources, including renewables, as economic tools accelerates deployment and grid resilience. **Ultimately, China's lead reflects a governance model that treats infrastructure as a strategic asset**.

- **Pivot toward international cooperation.** Beijing has placed greater emphasis on global collaboration on AI as the U.S. is perceived as taking a more skeptical approach to multilateralism. Echoing Xi Jinping's direction to the Politburo earlier in the year, Premier Li Qiang delivered remarks at the World Artificial Intelligence Conference in June emphasizing China's interest in fostering "global coordination" on AI, willingness to coordinate international efforts to reduce fragmentation in AI governance, and interest in ensuring the benefits of AI are openly shared (comments which some interpreted as an implicit criticism of U.S. government export controls). **China also conspicuously joined with European democracies and other nations in aligning with a statement of principles at the Global AI Summit in Paris this year, which the U.S. declined to sign.**

Figure 6. **Closing the quality gap.** *Chinese AI models are rapidly catching up in quality compared to their American competitors.* ***In January 2024, the performance gap between America's top AI model and that of its Chinese counterpart was 9.3%. By February 2025, that gap had narrowed to 1.7%.*** *Source: LMSYS 2025 Chatbot Arena Results/Stanford University Institute for Human-Centered Artificial Intelligence AI Index.*

Performance of top United States vs. Chinese models on LMSYS Chatbot Arena



Source: LMYSYS, 2025 | Chart: 2025 AI Index report

Why it matters: Despite the challenges posed by export controls, **China's combination of state support, private sector innovation, energy investments, and widely scaled AI deployment is likely to mean it remains a close competitor—and potentially dominant power—to the United States in AI.** The success of China's AI strategy will depend on its ability to leverage its domestic strengths in research, talent, and infrastructure in its efforts to overcome the limits of its existing technological capabilities and resistance to its ambitions from free market-oriented governments globally.

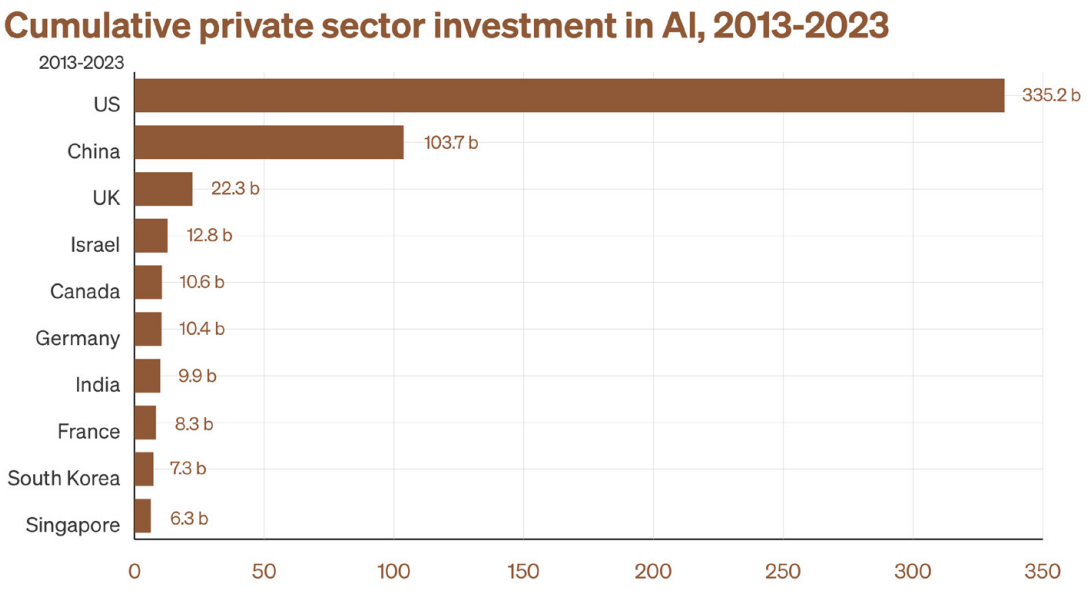
Axis 2: A Repositioned United States

Through a combination of economic might and technological leadership, the United States will fundamentally shape the geopolitics of AI. Arguably the most consequential event to change these dynamics in the past year was the November 2024 presidential election. While specific policy prescriptions for AI have not (for the most part) marked a radical departure from those pursued during the previous four years, in 2025 **the government's orientation to the tech sector and to the wider international community has shifted**, positioning industry actors as prospective candidates for government deals (as in the case of NVIDIA's export permissions) or direct investment (as in the case of Intel, where the government has taken an ownership stake) and reshuffling the global conditions in which nations are approaching their AI priorities. Moreover, the government's AI Action Plan has brought the U.S. strategy for AI leadership into sharper focus, with particular emphasis on reducing regulatory burdens, building American AI infrastructure, and countering adversarial threats from China.

Notable aspects of U.S. repositioning include:

- **Technology leadership across the stack.** The United States is the global leader in AI, and American political priorities broadly reflect a commitment to maintaining this premier standing. The U.S. technical and infrastructure capabilities advantage spans across the AI ecosystem, including in the areas of compute capacity; production of top models; semiconductor technology; AI talent and workforce; and military technological capabilities. Perhaps the most significant driver of U.S. leadership comes from the scale of private sector investment and innovation, which hit **$109.1 billion in 2024 – nearly 12 times higher than China's $9.3 billion and 24 times the UK's $4.5 billion**. 2025 is on track to dwarf this figure, with $104.3 billion raised in the first half of the year alone.

Figure 7. **Dollars Pouring In:** *The United States dominates the world in terms of its private sector investment in the AI industry, investing more than three times than any other country and creating 5,509 AI companies from 2013 through 2023.*



Source: S&P Global; Chart: Axios Visuals

- **Intensified focus on national security and defense.** The strategic direction of U.S. AI initiatives is substantially animated by national security interests and strategic competition with China. Recognizing the potential for AI-related national security risks, including cyberattacks and the development of chemical, biological, radiological, nuclear, or explosives (CBRNE) weapons, the AI Action Plan recommends that the government take steps to assess the capabilities of U.S. and foreign systems. The Action Plan also recommends leveraging location verification features on advanced AI compute and implementing export controls for semiconductor manufacturing subsystems to avoid fueling China's AI capabilities.

- **A surge to secure energy for America's AI data centers.** The U.S. seeks to enable a massive surge in energy availability for AI data centers through the fast-tracking of permitting for new energy infrastructure projects spanning fossil fuels, nuclear plants, and grid upgrades. The President's July 2025 AI Executive Order calls for the expansion of "categorical exclusions" for environmental reviews mandated by the National Environmental Policy Act for energy projects, and even called on federal agencies to identify federally-owned lands which might be well-suited for the construction of new energy production sites to power AI data centers.

  Regardless of current posture and prioritization, the U.S. remains hampered by permitting delays, political opposition, and fragmented markets compared to other markets like China. As data-center power demand outpaces grid development, the U.S. risks constraints not just on AI, but other growth, with rising energy bills potentially fueling public frustration and political risk. As our recent energy report highlighted, meeting this challenge requires a diversified energy sector—one that emphasizes an **"all of the above"** mix of hydrocarbons, renewables, nuclear, and hydrothermal to sustain the energy-hungry infrastructure of the AI age.

- **Trade uncertainty as an emergent AI variable.** The U.S. approach to tariffs—particularly those on imports such as rare earth minerals and metals (including copper, aluminum, and steel)—has raised concerns that increased prices may slow the buildout of critical AI infrastructure. A spate of bilateral trade negotiations have, in some cases, swept in matters of digital and technology regulation.

- **Competing camps within Washington on AI sales abroad.** Export controls have become a central fault line as Washington revisits its AI Diffusion Rule, which blocked sales of advanced U.S. chips to China to preserve America's hardware edge. The debate cuts across party lines: **Pro-export advocates** argue that flooding global markets with U.S. chips and models will lock in "ecosystem preferences," deepen foreign dependence, and undercut Chinese alternatives. **Restrictionists** counter that sales risk reverse-engineering and direct military application by Beijing and other adversaries, and should be tightly limited. Congress is weighing several measures, including: the *Chip Security Act* (location-tracking for exported AI chips to prevent unauthorized diversion), the *No Advanced Chips for the CCP Act of 2025* (mandates dual Executive and Congressional approval for China-bound exports of advanced chips), and the *GAIN AI Act* provision in the 2026 NDAA (prioritizing U.S. customers over foreign buyers, even allies).

- **Uneven engagement with international standards development.** The AI Action Plan emphasizes American dominance in AI and aims to counter Chinese influence in international governance bodies. However, the U.S. has been criticized for its recent reluctance to engage with multilateral AI governance efforts (such as those by the G7, the OECD, and the UN's International Telecommunication Union [ITU]). Most recently, in a speech delivered by President Trump before the UN General Assembly in September where AI governance was a significant focus, he sharply criticized the body, questioning its purpose and arguing that globalists are on the verge of destroying successful nations.

Why it matters: The U.S. has cast its ambitions as "dominance" in AI globally and its actions taken in 2025 constitute an historic push to maintain that dominance (see below). However, while the U.S. arguably maintains top billing in many dimensions of AI leadership, **recent trends related to tariffs, immigration, and the reduction in U.S. science and technology funding may be in tension with the nation's stated AI goals globally.**

A Pivotal Year: New AI Actions by the U.S. in 2025

January 2025 Executive Order (EO):

- Directed overhaul of AI rules and shifted standard settings to be more industry-driven. Launched the AI Action Plan drafting process.
- Directed the National Institute of Standards and Technology to revise its "AI Risk Management Framework" to remove "ideological biases."

July 2025 EO: "America's AI Action Plan"

- Centered on three pillars: innovation, infrastructure, and international AI diplomacy and security.
- Aims to expedite permitting for data center and semiconductor facilities in the U.S. by recommending revisions to the National Environmental Policy Act and environmental review processes and Clean Water Act allowances.
- Aims to facilitates the export of "full stack" AI packages (hardware, software, models) to allied countries, calling for the coordination with allies on export controls on chips and critical AI tech.
- Aims to standardize federal data quality and expand secure federal datasets for AI training
- Supports workforce initiatives—recommending AI skills integration into education, training funds, and retraining programs.

Mobilizing Private Sector Investment

- Launched the Stargate Project in 2025, a private-sector joint venture between OpenAI, SoftBank, Oracle, and others pledging up to $500 billion in AI infrastructure development in the United States.
- Convened a July 2025 AI Tech Summit in Washington, which helped secure $90 billion in new private-sector AI hub investments.

Mobilizing Federal Land

- Federal agencies directed to identify any available federal lands which may be well suited for the construction of AI-related energy projects or chip factories within the United States.

Critical Minerals for Chips

- In August 2025, the Department of Energy announced a $100 billion notice of funding opportunities (NOFO) to develop critical mineral mining projects within the United States.

Government AI Transformation:

- Endorsed AI adoption within federal agencies through the USAi platform to help facilitate federal agencies experimenting with ChatGPT, Claude, Gemini and other AI tools under a secure cloud infrastructure.

Revenue Sharing Deals for Chip Exports to China:

- Announced allowance of sale of NVIDIA and AMD chips to China, with a 15% "revenue-share" tax placed on China-bound transactions.

Axis 3: Europe's Pursuit of Tech Sovereignty

The European Union (EU) has intensified its ambitions to achieve a greater measure of tech sovereignty, with goals to reduce reliance on foreign-owned infrastructure, particularly from U.S. tech giants. This initiative is driven by strategic and economic concerns, as well as the desire to enhance security, innovation, and competitiveness within the EU. These ambitions reflect and reinforce tensions in the EU's commercial relationships with the U.S., at a time when transatlantic dynamics are also strained by security and trade issues.

Support for tech sovereignty in Brussels achieved additional urgency in wake of the February 2025 **Global AI Summit in Paris,** at which the U.S. Vice President sharply criticized the EU's approach to technology regulation. In the months since, the U.S. has characterized these regulations as non-tariff barriers against American tech companies, invoking them as justification for retaliatory tariffs on EU products, which has sparked push-back and become an irritant in transatlantic relations.

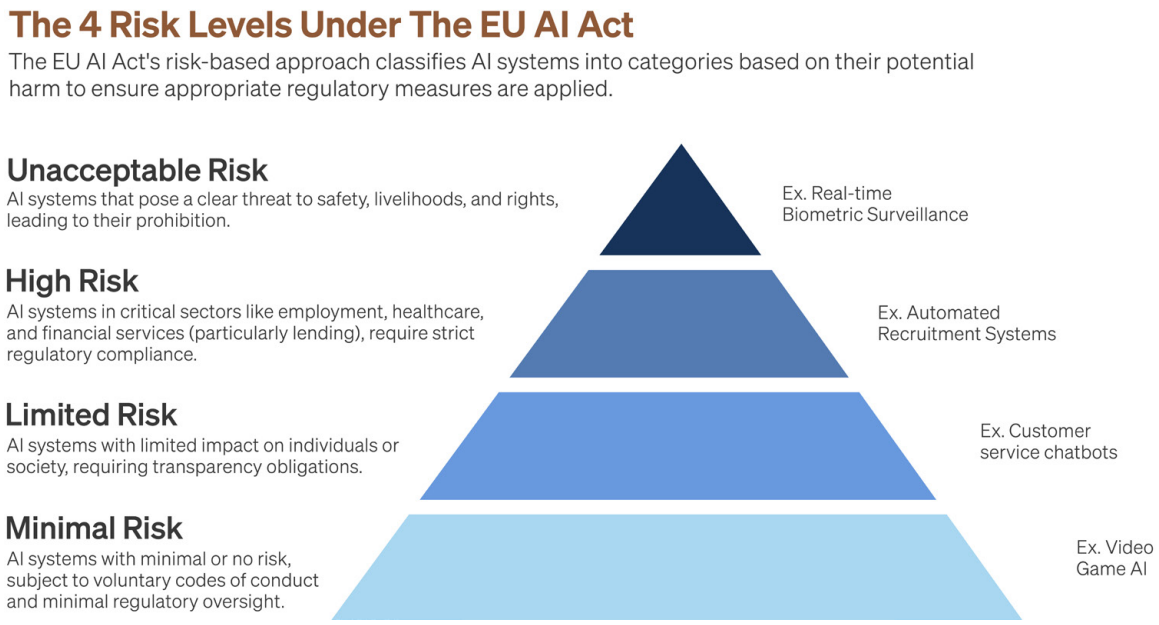
> *"The strength of our democracies depends on our capacity to create new regulations in order to better protect our children and our democracies and our democratic debate (…)* ***Otherwise, our future will be decided by those who will decide on these algorithms."***
>
> — French President Emmanuel Macron, July 2025

Characteristics of Europe's tech sovereignty movement include:

- **Investment in European Infrastructure:** Through its **AI Continent Action Plan and Competitiveness Compass** released in April 2025, the EU has outlined a bold strategy for investment in computing power, networks, and other infrastructure. This strategy includes calls for establishing resource-efficient gigafactories and improving access to high-quality data for AI innovators. Skeptics have pointed out that much of Plan rests on recycled budgets and optimistic assumptions about private capital, so the real test will be whether the European Parliament and national capitals can convert continent-wide ambitions into genuine new appropriations. Similar efforts are evident at the national level across Europe; at the 2025 Global AI Summit in Paris, French President Emmanuel Macron announced €109 billion in investments for infrastructure projects in France. Technology business leaders in Europe have expressed support for the development of a "**EuroStack**," an initiative estimated to cost €300 billion by 2035, with the aim of fostering innovation and digital competitiveness through the development of a European tech ecosystem that includes AI, semiconductors, and other critical technologies.
- **Push for regulatory simplification:** To improve the EU's reputation as an innovation-friendly business environment, and to court businesses, startups, and investment, the European Commission has also advanced a regulatory "**Simplification Agenda**" that will include consideration of reforms related to digital technology regulations later this year. The Commission has invited consultation regarding implementation of the AI Act's rules on "high risk" AI systems, the outcome of which may influence the shape the Simplification Agenda takes. Again, the test here will be whether ambition can meet implementation.

- **Support for European tech companies:** The EU has undertaken efforts to support European-based tech companies, including through a mix of public resources for startups and providing **"European preference for critical sectors and technologies" in public procurement to boost European AI firms.** The Commission also initiated efforts in this direction with the AI Innovation package, which provided financial support for innovation in generative AI under the GenAI4EU initiative.
- **Widening Distance from the United Kingdom:** The United Kingdom has taken the opportunity to align itself closely with the U.S., distancing itself from EU governance principles for AI. This positioning was on display at the Global AI Summit in Paris, where the UK was the only participating nation to join the United States in declining to sign onto the final communiqué. More recently, the U.S. and UK entered a bilateral **"Technology Prosperity Deal"** outlining a shared commitment to "pro-innovation regulation," and featuring £31bn in commitments from top U.S. technology firms—including Microsoft, NVIDIA, Google, OpenAI and CoreWeave—to boost the UK's AI infrastructure and cutting-edge technology.

Figure 8. **Regulators, mount up.** *The European Union's **AI Act** – which came into force in August 2024 – sets forth a comprehensive, tiered risk framework for the regulation of artificial intelligence companies operating within the bloc's 27 member states. The AI Act outlines substantial administrative fines for non-compliance, which can reach up to 7 percent of a company's global annual turnover, or 35 million EUR, whichever is higher, for its highest-tier of prohibited AI practices.*



Source: FairNow.ai, July 2024

Why it matters: The EU's orientation towards tech sovereignty has implications that span across the geopolitical AI landscape. In the short term, the EU will remain dependent on U.S. technology. **The objective of reducing reliance on U.S. technologies overtime, however, adds stress to an already tense political dynamic between the U.S. and the EU.** More consequentially, some geopolitical observers see transatlantic tensions and Europe's growing aspiration for "strategic autonomy" as creating opportunities for China, particularly as the EU and Beijing have placed governance and international standards-setting at the center of their respective global AI strategies. The direction of EU-U.S. relations may, therefore, have major consequences for whether free market nations can maintain an allied posture in how to shape the geopolitical landscape of AI.

Who Writes the Rules?: The Contest Over AI Governance

The contest for AI advantage is also a contest over **rules and standards**—the ethical architectures, interoperability requirements, and governance frameworks that determine which AI systems are trusted, traded, and deployed globally. Unlike past technology races, where engineering breakthroughs often set the pace, **the geopolitics of AI will also be decisively shaped by who writes the rules.**

The stakes are high. **Absent some level of shared governance, the world risks a slide into fragmented AI blocs—walled-off ecosystems where incompatible standards drive up costs, choke innovation, and undermine the trust needed for AI-infused products to move across borders.** The regulatory landscape is already becoming more complex across international, national, and even subnational levels. This year, U.S. states have ramped up their involvement in A.I. oversight, with 38 states passing or enacting about 100 new regulations.

Conversely, agreement on baseline principles could establish a "zone of trusted AI" covering most of the global economy, marginalizing outliers, and creating an enforceable foundation for global trade. Shared norms also offer an important opportunity for AI to be developed and deployed responsibly, and for the promotion of technologies that are appropriately risk-managed, safe, secure, trustworthy, and values-aligned with global human rights and other significant social conventions shared by like-minded nations.

Competition and Cooperation: The U.S. and China

The most important frontier lies between Washington and Beijing. As Thomas Friedman has argued, AI's ubiquity and potential for misuse should force the two AI superpowers not only to compete but also to cooperate. Without some degree of trust architecture, consumers may reject foreign AI-enabled goods, collapsing high-tech trade between the world's two largest economies.

While experts continue to trade notions of how such objectives may be accomplished, the frequent comparisons to Cold War arms control is apt: just as nuclear weapons demanded guardrails, so too may AI. The difference is that AI is developed primarily by private firms, often open-sourced and globally distributed, making governance far more diffuse, contested, and complex.

Europe's Regulatory Assertiveness

The EU has already moved to fill the vacuum, using the **AI Act** as a template for global norms. Brussels views standards as both a sovereignty issue and a competitive lever, exporting its rules through the compliance requirements of its large single market. The EU's push toward tech sovereignty is also widening transatlantic friction, particularly as Washington criticizes European regulation as disguised protectionism. Yet the EU's framework is rapidly becoming the default reference point for some smaller economies seeking guidance.

India's Emerging Role

India is trying to position itself as both a production base and a governance hub. The upcoming *India-AI Impact Summit 2026* in New Delhi will convene global leaders around AI's role in economic development and ethical governance. Domestically, New Delhi has launched 30 AI labs, expanded its fellowship program to train more than 13,000 scholars, and announced eight indigenous foundation models tailored to Indian data. These moves reflect India's ambition to act as a rule-maker for the Global South, offering firms that align with its standards early access to one of the world's fastest-growing markets.

New Multilateral Forums on AI

At the September 2025 UN General Assembly, UN leaders announced plans to position the organization as the central hub for global artificial intelligence governance, launching a "global dialogue on artificial intelligence governance" and the intention to form a 40-member panel of scientific experts to assess AI risks and opportunities, similar to existing UN panels on climate and nuclear policy. This initiative will helpfully bring together member states, tech companies, academics, and nonprofits to exchange ideas and best practices, though lacks any enforcement power.

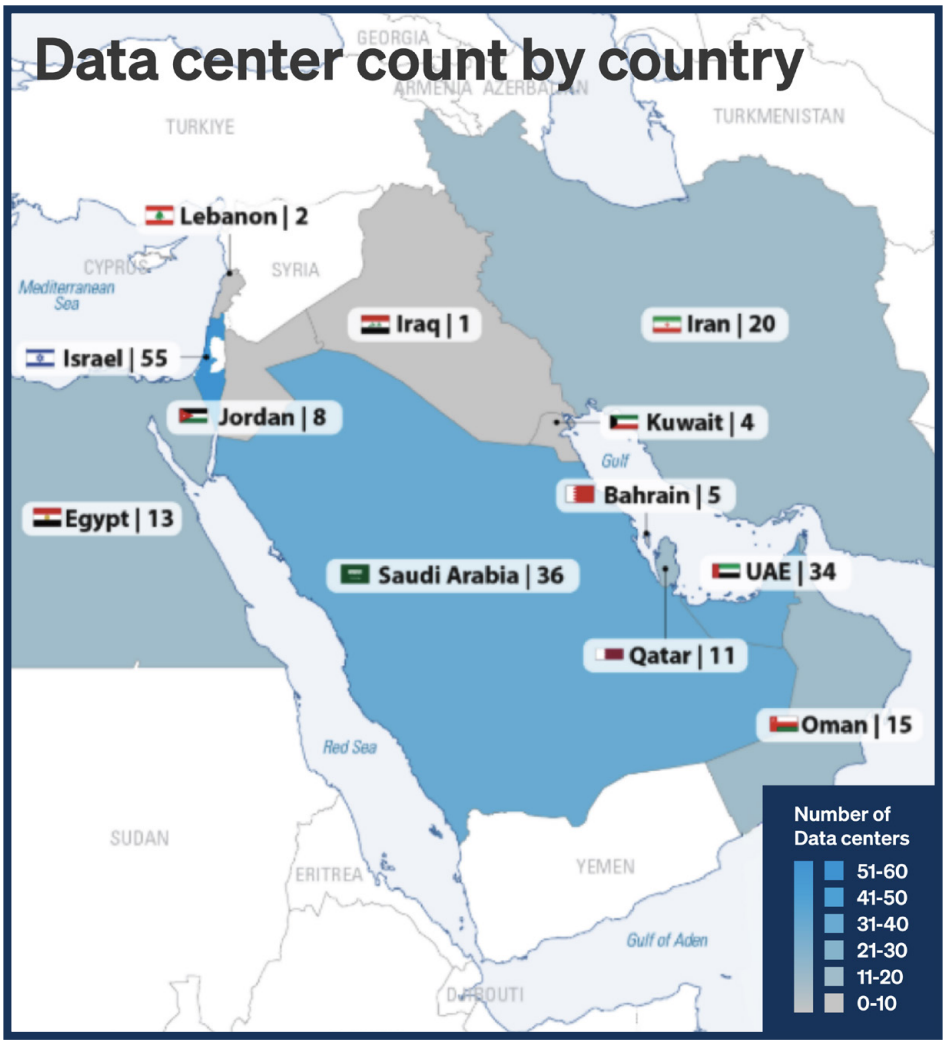
Why It Matters

The next phase of AI geopolitics will hinge as much on credibility as capability. For businesses, alignment with emerging governance frameworks will shape market access and licensing, while misalignment risks exclusion from key markets. Regulatory fragmentation threatens market access for small and medium-sized players, potentially cementing incumbents and creating significant complexities for multinational organizations striving to serve diverse international markets. Companies that engage proactively in shaping ethical, interoperable standards can not only safeguard their own operations but also help define the operating system of the 21st-century global economy.

Axis 4: Middle East investment is powering global AI infrastructure

The Middle East is heavily investing in AI infrastructure, driven by a desire to diversify economies beyond oil and become global leaders in the AI race. These efforts have helped to position the region's leaders as partners to major projects throughout the world, while also securing benefits for the region.

Figure 9. **The Data Center Race**. *Leaders in the Middle East are rapidly constructing data centers to position their countries as hubs for AI data processing and LLM training—leveraging the region's affordable and abundant access to a wide range of energy resources to power them.* ***Currently, Israel, Saudi Arabia, and the UAE lead the MENA region in data center capacity.*** *Source: International Institute for Strategic Studies, 2025.*



Source: International Institute for Strategic Studies, 2025.

There are three important dimensions to this strategy:

- **Sovereign Wealth Funds:** Countries like Saudi Arabia, the UAE, and Qatar are utilizing their significant sovereign wealth funds to make substantial investments in AI infrastructure, startups, and research globally. Saudi Arabia's Public Investment Fund is supporting initiatives like Humain, a $77 billion venture focused on building AI infrastructure. The UAE-based MGX—an investment vehicle founded by sovereign wealth fund Mubadala—is targeting over $100 billion in assets for AI infrastructure, chips, and core AI technologies; its projects include supporting the development of Europe's largest data center, as well as OpenAI's Stargate data center in the United States. The UAE's "National AI Strategy 2031" contains the most ambitious national AI target in the region, with the stated goal of AI contributing to 40% of the country's GDP by the year 2031. The Qatar Investment Authority is also investing heavily in data centers, data categorization, software applications, and semiconductors, according to the International Monetary Fund.
- **Strategic Partnerships:** Collaborations with global tech giants have been instrumental in catalyzing advanced technologies, expertise, and attracting investment to the Middle East. Some of the most prominent private sector partnerships include Saudi Arabia's Humain engaging with U.S. companies like NVIDIA, AMD, AWS, and Qualcomm to build data centers and develop AI capabilities. The decision for U.S. tech companies—including OpenAI, Oracle, and Cisco—to partner with UAE's G42 on the development of the Stargate UAE AI campus is widely seen as a move that will strengthen the UAE's position as a hub across a range of AI-driven technologies.
- **In infrastructure, a catch-up game**: The United States is by far the world's leader in data center facilities. With **5,000 facilities in the U.S. compared to a just few hundred in the Middle East**, there is a gap between Middle Eastern governments AI hub ambitions and the current data processing power available to them. Even Beijing faces an uphill battle to match U.S. parity in data center numbers: with estimates of China hosting somewhere between 450 and 700 centers. Rapid construction and securing reliable supply chains and energy for data center hardware will be paramount for Middle Eastern leaders to achieve the realization of "full stack" AI comparative advantage for the region.

Zooming In: Riyadh Goes Big on AI

Saudi Arabia's Public Investment Fund (PIF) has created a $40 billion fund to turn the Kingdom into one of the largest state-funders of AI and is seeking deals, research initiatives and infrastructure with leading AI companies to achieve its ambitious AI goals as part of the Kingdom's "Vision 2030" strategy.

Behind the scenes: Yasir Al-Rumayyan, the head of Saudi Arabia's Sovereign Wealth Fund and a close ally of Crown Prince Mohammed bin Salman, has spent years re-directing the Kingdom's sovereign wealth fund towards technology—starting with a landmark 2016 investment of $3.5 billion into Uber, which at the time represented one of the largest foreign state investments in a tech startup ever.

> *"We [in Saudi Arabia] are fairly well positioned to be an AI hub outside of the U.S. AI will consume a lot of energy and we are the global leader when it comes to fossil fuel energy and when it comes to renewable energy."*
> — Yasir Al-Rumayyan

To develop itself as a hub, Saudi Arabia is aggressively pursuing Western partnerships on AI:

- **NVIDIA** will work with Humain Ventures to bulk-buy NVIDIA's most advanced GPUs over the next five years to build AI factories throughout the Kingdom. The first phase of the deal alone includes the purchase of 18,000 NVIDIA-produced GB300 series.
- **AMD** has formed a $10 billion investment collaboration with Humain Ventures to develop 500 megawatts of AI compute capacity over the next five years and to form an AI network stretching from Saudi Arabia to the United States.
- **Amazon** is investing over $5 billion in a strategic partnership with Saudi Arabia to build a first-of-its-kind "AI Zone" in the Kingdom. The AI Zone will pair Amazon's AI cloud servers with leading semiconductors and cluster networks to achieve faster AI training and inference for the Kingdom's AI zone.
- **Microsoft** and Saudi Arabia's National IT Academy have launched the first-ever Microsoft Datacenter Academy in the Middle East. The Academy will train the Saudi workforce in technical skills for the Kingdom's growing AI and datacenter industries via a two-year training program focused on datacenter infrastructure management, IT support, cybersecurity, and data analytics.
- **Google** Cloud division and Saudi Arabia's sovereign wealth fund signed a partnership agreement worth up to an estimated $10 billion in 2024 to develop a global AI hub in Saudi Arabia.
- **Equinix**, the US data center company, announced a $1 billion commitment to fund a 100MW AI-focused data center, aimed at developing the Arabian Peninsula into a major digital hub, potentially replicating the firm's success in Singapore.
- **Oracle** has pledged $14 billion in AI investment over the next decade to boost the Kingdom's digital transformation initiatives by expanding its cloud infrastructure and computing abilities to meet the Kingdom's goals under "Vision 2030" plan.

While modest compared to the scale of U.S. investment, Chinese firm **Huawei** has opened a data center in Riyadh and pledged over $400 million to Saudi Arabia's cloud sector over the next five years, as well as a training program with Saudi researchers and students on its AI technologies.

Why it matters: Key Middle East countries' efforts to scale AI infrastructure globally has established direct, potentially long-term connectivity with major stakeholders in Europe, Asia and the United States. **The financial ties between these regional players may, for example, help till the soil for broader agreements related to U.S. interests in energy and mineral resources in the region**, interests which have taken on increased significance in the race for AI dominance (and the energy demands that come with it).

This strategic connectivity also has implications for China's global influence. The UAE and Saudi Arabia have maintained relatively close economic relations with China—including through the use of Chinese telecommunications infrastructure—and some observers have characterized recent U.S.-related deals as intended to pull the Middle East way from technological alignment with Beijing. While such a shift is consistent with U.S. strategic objectives, it also carries risks, as better infrastructure in the Middle East may create pathways for access to such capabilities by Chinese interests (with implications for the direction of digital rights and governance norms globally).

Axis 5: Talent, Populism, and the Workforce

The rise of populist political movements have been a feature of geopolitics over the past decade, creating political turbulence especially in Europe, the UK, Latin America, and the United States. **These political forces have converged in important ways with advances in AI technologies and their realized and potential impacts on the workforce and economic landscape**. For example: **Labor unions are mobilizing to protect jobs**. With some analysts predicting that AI could displace 12 million workers by 2030, labor unions in countries around the world are seeking protections for workers in the face of increased automation and the use of AI across industries.

In the U.S., dockworkers went on strike as the International Longshoremen's Association sought protections against automated technologies they perceived to threaten job security, and the Screen Actors' Guild (SAG) and the Writers' Guild of America (WGA) reached an agreement with film studios to protect against the risks of AI replacing their members' contributions. Internationally, labor unions have organized on behalf of workers confronting similar concerns, particularly in automotive and manufacturing sectors. Europe's largest industrial union, IG Metall in Germany, has, for example, campaigned for "co-determination" rights over the introduction of AI tools on the shop floor and is drafting strategies to ensure transparency, worker participation, and other safeguards.

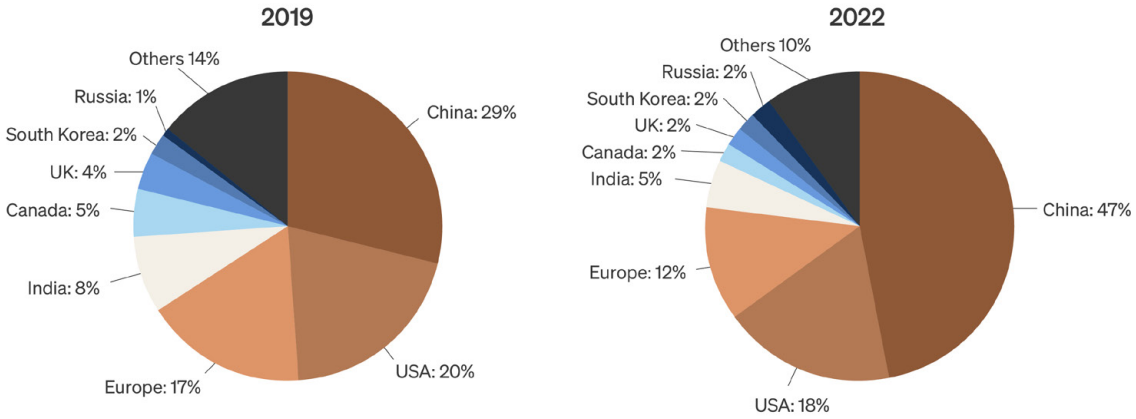
There remains uncertainty about the specific impacts of AI-based automation on jobs, wages, and the labor market. The widespread commercialization of Large Language Models has disrupted earlier predictions about automation impacts—suggesting that white collar and service-sector roles may face near-term disruption comparable to that of manufacturing in earlier industrial transitions. More research is required to understand the types of transitions economies may come to expect in the coming years. Regardless, the impacts are likely to include significant transitions for markets, for work, and for workers.

JPMorgan's Global Research team has predicted that AI could **prolong labor market recoveries in the next recession, affecting "high skill" occupations considered relatively safe during previous economic downturns.** Unlike in earlier decades when automation mainly displaced routine middle-skill jobs, **today's risks are shifting toward high-wage roles such as scientists, engineers, designers, and lawyers**.

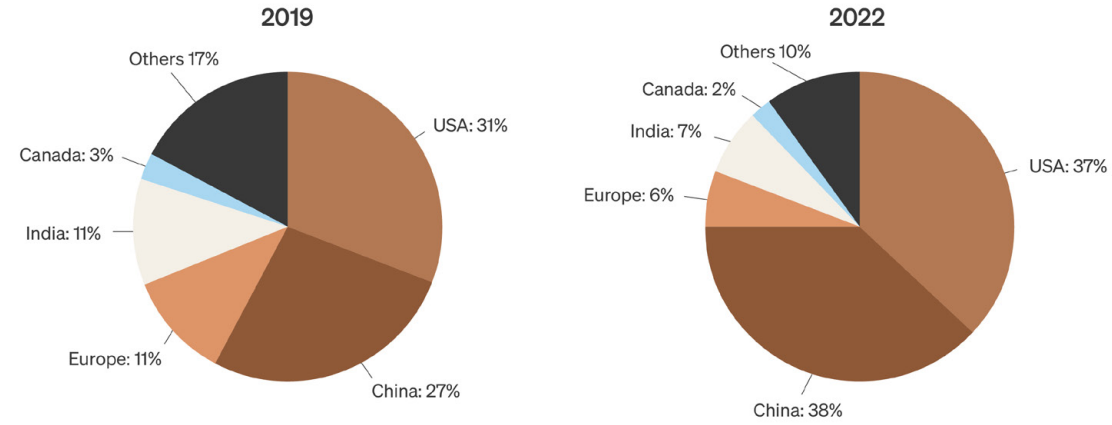
- **Nations are competing for AI talent.** Access to AI talent has emerged as one of the major assets in global competition for technological leadership—it is a focal point of economic briefs, global indices, and government strategy initiatives. While demand for talent is strong, efforts to curb immigration and university funding may impact important talent pipelines. In contrast to these trends in the U.S., China is taking steps to attract top talent. These political dynamics could impact U.S. leadership in STEM and critical AI research, accelerating a trend apparent during the past few years (*see Figure 10*).
- **Tech giants are navigating populist headwinds.** Prominent political leaders in Europe and in the U.S. (from both political parties) harbor a deep mistrust of the largest American tech companies, citing a lack of corporate accountability and a record of anticompetitive behaviors. Scrutiny from a bipartisan cadre of Members of Congress and key federal agencies (including the Federal Trade Commission and Federal Communications Commission) is progressing even as the government relies on these companies to deliver the infrastructure and models underpinning national AI ambitions. On the other side of the Atlantic, European regulators are also tightening the screws, advancing antitrust cases, imposing landmark fines, and moving to enforce the EU's AI Act and Digital Markets Act.

Figure 10. **Gaining Ground in the Brain Game.** *China's investment in AI research centers and academic program is paying dividends: AI researchers of Chinese origin represent an increasingly large stake of globally-ranked top researchers, as well as those working in U.S. institutions. Immigration policies and political dynamics could sway foreign-born Chinese researchers to return to China, rather than conduct their research in U.S. institutions.*

Countries of origin of top-tier AI researchers (top ~20%, based on undergraduate degrees)



Leading countries of origin of top-tier AI researchers (top ~20%) working in US institutions



Source: Paulson Institute's Marco Polo Global AI Talent Tracker Project

Why it matters: Potential impacts to the workforce (both in terms of job losses and demand for high-skilled immigration) may fuel populist political backlash to AI directly, which could lead to greater regulation and limits on technology. **In the near term, recent trends point toward greater tech sovereignty (in Europe especially), potentially requiring people and businesses to navigate a more fragmented technology and regulatory environment globally.** In the United States, demand for AI talent may function as a counterweight to political resistance to immigration, while antagonism toward tech giants may elevate the political influence of "Little Tech" advocates (including a mix of startups, innovation networks, and venture capitalists).

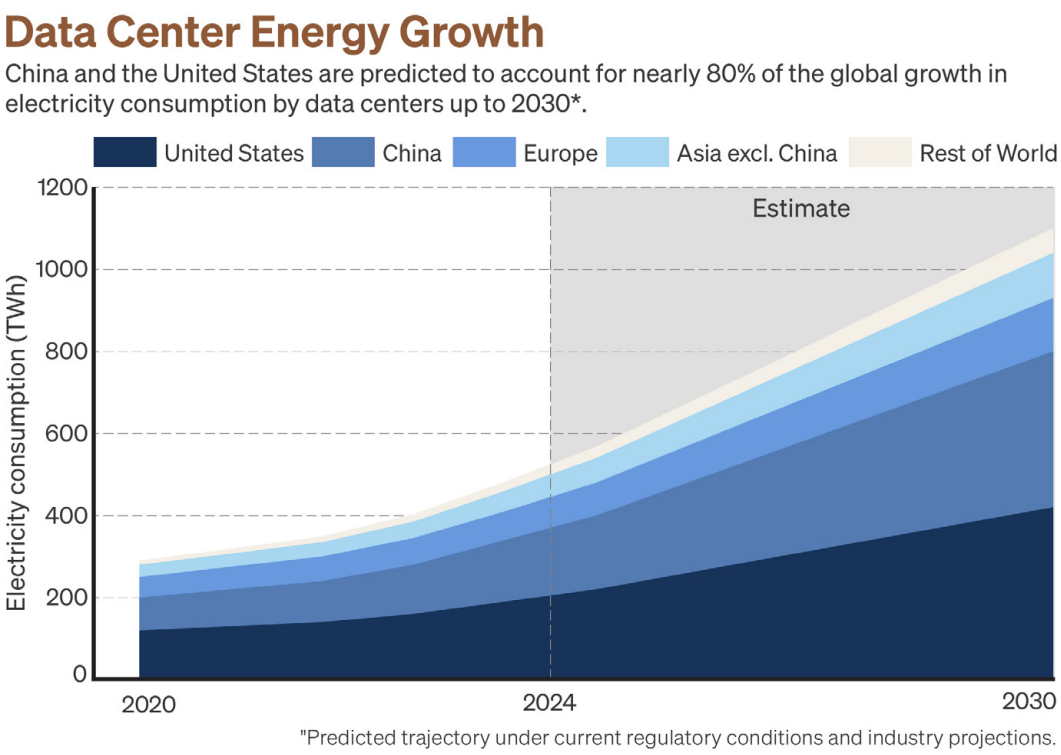
Axis 6: Energy, Hardware, and Componentry

It's difficult to overstate the profound role that energy and infrastructure-level resources are playing in motivating the geopolitical positioning of AI-focused governments. Nations are increasingly aware of the strategic importance of these resources and are taking steps to try to secure their access and control–those who have them seek advantage, and those who don't seek reliable sources. This has contributed to a complex web of alliances, rivalries, and negotiations as countries navigate the challenges and opportunities presented by the AI revolution.

Some key observations:

- **Growing energy demands are met with urgency.** The extent to which the development and deployment of AI technologies requires substantial computational power has been widely documented, and countries are mobilizing to support the resulting energy demands. China is heavily investing in renewable energy sources, such as solar and wind power, to support its AI ambitions. The U.S. seeks "all-out American energy dominance" to promote the AI industry, with the goal to build as much new electricity capacity as China in 2026, especially through fossil fuels and enhanced nuclear capabilities. This focus on securing energy supplies and investing in energy infrastructure is crucial for maintaining a competitive edge in AI capabilities.

Figure 11. **Doubling-down on data centers.** *Data centers accounted for about 1.5 percent of global electricity consumption in 2024, an amount expected to double by 2030 because of AI use.* ***The U.S. and China are expected to account for nearly 80% of that AI-driven energy growth.***



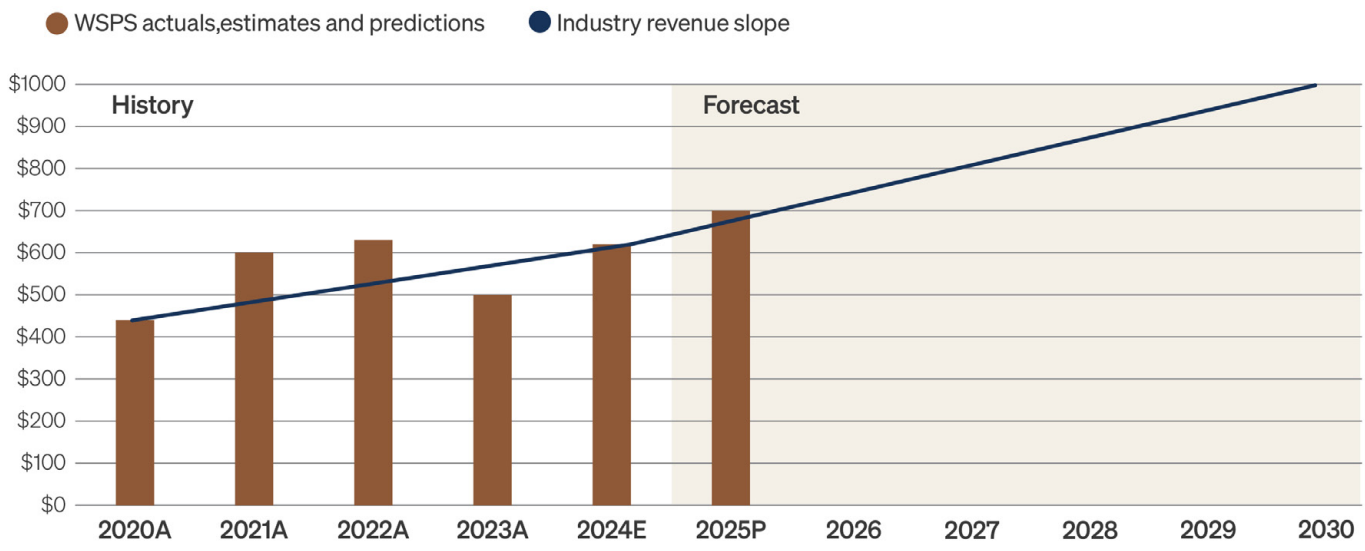
Source: Nature Journal, data from the International Energy Agency.

- **Semiconductors remain a crucial element in the geopolitics of AI.** The global semiconductor supply chain is complex and concentrated in a few key regions, making it a strategic asset in the AI race and a significant sources of revenues (*see Figure 12*). The United States has been working to bolster its semiconductor manufacturing capabilities through initiatives like the CHIPS Act, which aims to incentivize domestic production and reduce reliance on foreign sources. Meanwhile, South Korea is investing in its semiconductor industry to maintain its position as a leading producer. The competition for dominance in semiconductor technology continues to animate trade tensions and strategic alliances, as nations seek to secure their supply chains.

  Export controls have become central tools in this contest. In August 2025, the U.S. government struck a deal allowing NVIDIA and AMD to sell their H20 and MI308 chips to China—on the condition that 15% of all revenues from those sales be paid to the U.S.. (The U.S. will, however, continue to block the sale of NVIDIA's most advanced chips.) Washington also took a nearly 10% equity stake in Intel, underscoring how semiconductors are increasingly treated not just as commercial goods, but as strategic assets at the nexus of industrial policy, trade, and security.

- **Industrial materials and resources take on new significance.** As nations race to pursue the development of AI infrastructure and computing components, the needs for materials—including steel, aluminum, copper, and minerals—has brought increased attention to supply chains and pricing. These concerns have emerged in recent months not only in the context of trade negotiations (with tariff policies intersecting with data center ambitions in the U.S.), but also in the context of international security, where access to mineral resources—with potential to support technology development—played a significant role in negotiations between the U.S. and Ukraine concerning its defense against Russian invasion.

Figure 12. **Going all-in on chips.** *Data modeling suggests a possible $1 trillion annual revenue target for the semiconductor industry by 2030.*



Source: Deloitte Insights, 2025.

Why it matters: The trends unfolding across the energy and infrastructure domains illustrate the ways in which AI's impact on geopolitics extends well beyond the realm of technological performance or scientific advancement, extending to underlying resources that support such advancement, and adoption at scale. As such, **the race for AI leadership is reshaping a broad spectrum of priorities for which geopolitical competition is intensifying.** In addition, efforts to procure, and secure, key components––from semiconductors to basic industrial materials necessary for the construction of data centers—underscore the role that scarcity (or perceptions thereof) is playing in governments' prioritization of AI ambitions. In much the way that energy resources have played a continuous role in shaping the fortunes of nations for the last century, the components of advanced technology infrastructure (energy resources included) are playing an animating role in world affairs in the age of AI.

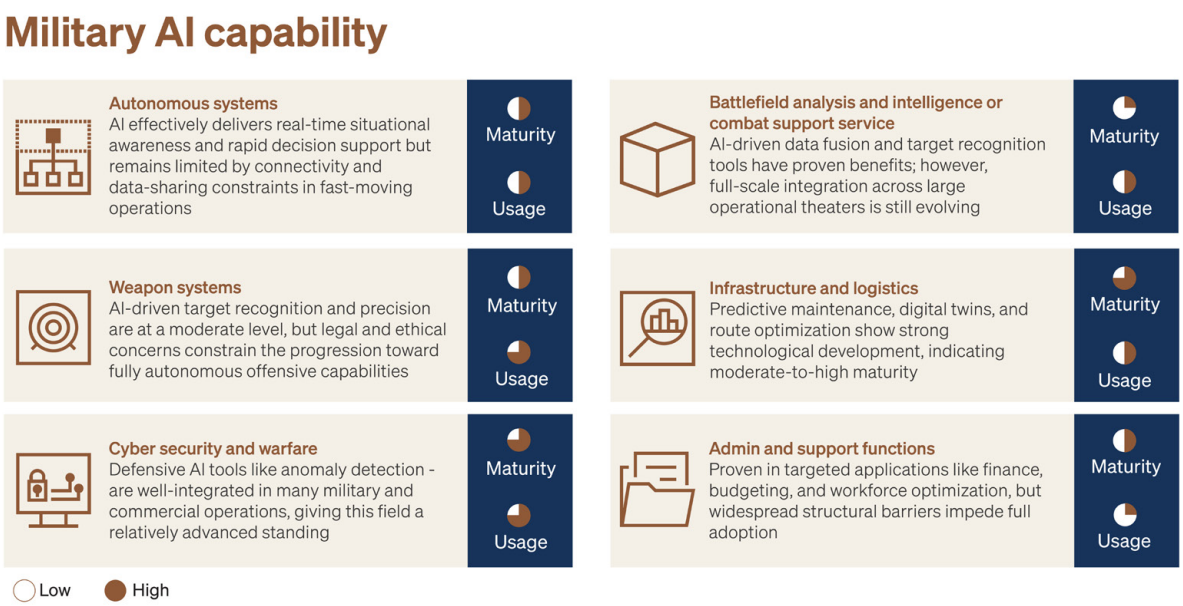
Axis 7. The Future of Defense

Artificial Intelligence is rapidly becoming the decisive factor in modern warfare and national security strategy. **The same breakthroughs transforming commercial markets—machine learning, computer vision, autonomy—are reshaping military operational concepts, defense procurement and industrial planning, and force designs at unprecedented speed**. For the U.S., this transformation is both an opportunity to sharpen the country's qualitative edge and a challenge to overcome long-standing institutional and industrial constraints.

Key dynamics include:

- **AI-enabled autonomy and decision advantage.** From predictive maintenance to target recognition, AI is compressing the kill chain—or the "see-assess-decide-act" loop—helping forces to act faster and with greater precision. In Ukraine, AI-powered battlefield intelligence—integrating commercial satellite imagery, open-source intelligence, and automated analysis—has illustrated how decision advantage can be generated in near-real time.
- **Swarming, attritable systems, and cost asymmetry.** Low-cost autonomous drones and unmanned surface vessels, enabled by AI navigation and coordination, are challenging the dominance of exquisite, high-cost platforms. This trend is driving an urgent shift toward mass, adaptability, and distributed lethality—while exposing the vulnerabilities of industrial bases designed for slow, boutique production runs.
- **AI-enabled quantum decryption of classified networks.** Advanced AI focused on research and decryption could enable the design and programming of quantum computers focused on cracking government classified networks. These classified networks are built on advanced cryptography that — with today's technology — computer systems cannot crack, thus allowing militaries to securely communicate as well as protect control systems for their weapons and missile defense systems.
- **Industrial integration and private-sector acceleration.** Defense-contracting AI companies such as Anduril, Shield AI, and Palantir are fielding capabilities faster than traditional defense primes, but scaling them across services and allied forces remains uneven. The gap between commercial AI iteration cycles and DoD acquisition timelines continues to be both a structural challenge and a strategic imperative.
- **Adversary adoption and counter-AI measures.** China is integrating AI into doctrine for cyber, space, and electronic warfare, seeking to neutralize U.S. advantages through asymmetric tactics. Russian forces are experimenting with AI-enabled targeting and electronic countermeasures in Ukraine. These trends highlight the need for robust counter-AI capabilities, including AI red-teaming, deception, and resilience against adversary algorithms.

Figure 13. **AI deployment across modern militaries**



Source: PWC's Strategy Unit, in collaboration with the Munich Security Conference.

Why it matters: AI is not a sidecar technology for defense—it is increasingly the driver of operational concepts, force structure, and deterrence. **The nations that can best integrate AI into defense, scale production of AI-enabled systems, and adapt their industrial bases accordingly will hold a decisive strategic advantage.** For the U.S., this will require closing the gap between innovation and acquisition, fostering closer public-private collaboration, and addressing the industrial shortfalls identified in the defense industrial base report. These dynamics also bear significant consequences for the ethics and norms of global conflict and military cooperation.

What We're Watching

- **EU Simplification:** The European Commission will formally propose the digital omnibus package in Q4 of this year, providing a signal as to what the EU's rhetorical commitments to regulatory simplification might substantively mean for the AI Act and other key technology policies.
- **Global AI Impact Summit 2026:** India will host next year's flagship AI summit in February, spotlighting the perspectives of one of world's most significant growth markets for Artificial Intelligence and a key geopolitical variable in the context of U.S.-China competition. As the 2025 Summit featured clear signals about the direction of the U.S. geopolitical positioning, watch for similar cues at the India Summit, which may carry implications for international alliances and multilateral standards-setting.
- **U.S. AI Policy Execution:** The AI Action Plan outlines ambitious goals for infrastructure, deregulation, and security—success will depend on speed, interagency alignment, and consistent execution of policy goals.
- **Export Control Dynamics:** Adjustments to U.S. export controls on chips, AI models, and compute infrastructure will directly influence China's development trajectory.
- **AI Standards Governance:** Watch for divergence in U.S., EU, and Chinese positions at the OECD and ITU, and whether transatlantic differences create openings for Beijing.
- **Middle East Infrastructure Deals:** Continued investment from Gulf sovereign wealth funds into AI data centers and semiconductor supply chains may reshape tech alliances.
- **Defense Integration Milestones:** U.S. DoD timelines for scaling AI-enabled systems—especially autonomous platforms and decision-support tools—will be critical indicators of military adaptation.
- **An AI bubble?** AI spending has surged to unprecedented levels despite uncertain near-term returns. Analysts warn the capital intensity and financial opacity surrounding data-center buildouts echo past bubbles. The key watchpoint: whether revenue growth can catch up before capital or confidence runs dry.
- **The Global South:** AI's geopolitical currents hint at under-attention to the impact of the Global South in shaping the future landscape, both as a source of data and as an emerging arena for deployment, adoption, and talent. While many close observers—ranging from commercial model developers and multilateral forums—readily acknowledge the importance of ensuring AI's benefits are widely shared, strategies for inclusive access and economic gains remain limited. Delivering will require cross-sector and multistakeholder contributions that extend beyond today's leading economies. Expect this to be a key discussion at the February 2026 AI Impact Summit in India.

About the Center for Geopolitics

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