

World Rewired: Navigating a Multi-Speed, Multipolar Order



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The JPMorganChase International Council recently met in Buenos Aires, bringing together leaders from government, business, and civil society to examine the most pressing challenges shaping our world. The conversations made clear that the world is entering a new phase—one defined not by a single crisis, but by a convergence of structural shifts that are reshaping how nations, markets, and institutions interact. The result is an order that is not collapsing but being rewired—more fragmented, yet still deeply interconnected.

This paper, *World Rewired: Navigating a Multi-Speed, Multipolar Order*, grew out of those conversations. It reflects our shared conviction that the defining challenge of this moment is not only to understand how the world is changing, but to operate effectively within it. Institutions that once underpinned global order are struggling to adapt. New coalitions and rivalries are emerging. Middle powers are asserting themselves but face shrinking room to maneuver. Technology—especially artificial intelligence—is transforming both economics and security. At the same time, populism is reshaping politics from within, eroding trust in institutions but at times also forcing overdue reforms. This is neither a story of inevitable decline nor of seamless adaptation but of recalibration—an era where agility, resilience, and credible leadership matter more than ever.

In this landscape, clarity and adaptability are at a premium. The international system is becoming “multi-speed”: trade, technology, security, and energy policy now move on different clocks, demanding agility from governments, businesses, and investors alike. U.S.–China competition will continue to frame the global environment, but leadership will increasingly come from those able to forge pragmatic partnerships across regions and issues.

For us, the message is ultimately one of resilience and opportunity. While global challenges are complex, they are not unmanageable. The world still offers enormous potential for those willing to engage constructively—to build coalitions, invest in innovation, and help shape the rules of the next era rather than simply react to them.

We hope this report contributes to that effort, and sparks the kind of thoughtful, practical dialogue that was so evident at the International Council.



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Key Takeaways:

- **The global order is fragmenting—but not collapsing.** Power is dispersing across regions, institutions are losing coherence, and universal rules no longer bind. Yet the system remains governable. The defining feature of this era is not systemic breakdown but a more segmented order: cooperation endures in pockets where interests align, even as rivalry intensifies elsewhere.
- **Three forces shape this transition: fragmentation, cohesion, and competition.** Fragmentation deepens divides; shared values and systemic risks such as climate and AI create new pressures for cohesion; and U.S.–China rivalry narrows the space for neutral cooperation. Together, these dynamics produce a world that is at once more divided, more interconnected, and more contested.
- **Structural shifts are deep and durable.** Demographic divergence, economic rebalancing, technological acceleration, military diffusion, populist volatility, and democratic backsliding are remaking how power and prosperity are distributed. These are not cyclical fluctuations but generational transformations that will define the next global era.
- **Middle powers are gaining agency—within limits.** India, Gulf states, and nations across Southeast Asia, Africa, and Latin America are leveraging modular coalitions and selective alignment to shape outcomes in trade, energy, and technology. Yet their flexibility is constrained by the gravitational pull of U.S.–China competition and the related politicization of global supply chains.
- **Adaptation is the new strategic edge.** For governments and firms alike, resilience now depends less on prediction than on agility—the capacity to operate across fragmented systems, engage early in rule-setting, and turn volatility into advantage. Those who adapt first will help shape the standards and institutions of the next global order.

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Executive Summary:

Three competing macro dynamics are reshaping today's order: (1) fragmentation widening divides; (2) values and systemic risks forging cohesion; and (3) U.S.–China competition intensifying, redrawing the space for middle powers.

- **Fragmentation:** The global order is fragmenting into a multi-speed, multipolar system with widening governance gaps. Power is spread across more actors, operating at different speeds in different domains. Trade, technology, security, and climate now move on different clocks, making agility as important as scale. What is emerging is a patchwork order with no direct modern precedent.
- **Cohesion:** Values still anchor alliances, while global challenges—including climate change, global health, cybersecurity, nuclear risks, and AI safety—will continue to require structured cooperation beyond ad hoc coalitions or so-called “minilaterals,” even among rivals.
- **Competition:** Middle powers like Turkey, Saudi Arabia, and Indonesia are gaining greater room to maneuver through issue-based coalitions, though their flexibility is increasingly shaped by U.S.–China competition across multiple domains, including defense, technology, and energy.

These dynamics are reinforced by six underlying structural shifts:

- **Demography and economics:** By 2050, India and Nigeria will be demographic giants, while Europe, Japan, and China face shrinking populations. Emerging markets are predicted to supply most of the world's incremental growth, with India, Southeast Asia, and parts of Africa particularly important, while the U.S. and China are expected to remain the largest single-country contributors to growth. Economic leadership, however, will rest less on size than on three factors: economic complexity (the capacity to move into advanced industries), the resilience of supply chains, and the ability to set standards.
- **Technology and security:** AI, quantum, and biotech will be growth engines and flashpoints. U.S. military primacy endures for now, but regional balances are shifting as India and China, in particular, are expanding their military and technological capabilities. Cyber and AI compress decision cycles, raising the risk of escalation.
- **Populism and democratic backsliding:** Driven by economic stagnation, inequality, technological disruption, and climate stress, populist backlash has eroded confidence in universal multilateralism and underpinned a two-decade democratic decline. Nearly three-quarters of the world's population now live under some form of autocracy,* making democratic recession a structural—not cyclical—feature of the global order. Together, these forces weaken rule-based cooperation and heighten political volatility at both the domestic and international levels.

* As classified by the Varieties of Democracy Institute.

Shift Implications: These global forces play out unevenly across regions and actors. The United States, China, and Europe remain the system's principal anchors, while pivotal middle powers—from India and the Gulf to Africa, Southeast Asia, and Latin America—are gaining influence as they hedge, diversify, and shape emerging standards. Understanding how these regions adapt to shared pressures is critical to anticipating where the next phase of global leadership and alignment will emerge.

Why it matters: In a fractured, multi-speed world, the challenge for global firms and investors is no longer prediction but adaptation. Universal rules and institutions are giving way to regional systems, competing standards, and political fragmentation. Success will depend on agility—developing regional strategies, building resilience into supply chains, and engaging early in rule-setting across technology, energy, and finance to shape rather than react to the next global order.

Section One

The Global Order in Flux

We are living through an unprecedented transition in global power and politics. Old assumptions—that growth would remain steady, institutions would adapt, and cooperation would outweigh rivalry—no longer hold. The rules that governed the post-World War II order are fraying, and no single model has or likely will replace them.

This is not the first time the international system has faced such fundamental disruption. Periods of flux have often brought both danger and renewal. **But today's world is not simply multipolar; it is diffusely multipolar, with influence dispersed across many actors, unevenly distributed across domains, and advancing at different speeds** (see *Figure 1*).

Trade, technology, energy, security, and climate policy are no longer moving in sync, creating a multi-speed order with little historical precedent. Compared with Cold War rivalries, today's interdependencies are so deep that unmanaged U.S.–China rivalry would be catastrophic, making bounded accommodations on select systemic issues unavoidable.

Three dynamics define this transition: **fragmentation**, as institutions erode and power diffuses; **cohesion**, as values continue to bind like-minded states even amid strain; and **strategic competition**, especially between the U.S. and China, which compresses space for others to hedge. Each interacts with the others, **producing a layered and often contradictory global order—one that is simultaneously more divided, more interdependent, and more contested than at any time in the modern era.**

Figure 1. Graphical timeline from unipolarity to diffuse multipolarity

Global Shift from Unipolarity to Diffuse Multipolarity



1. Fragmentation and the erosion of universal institutions

Universalist institutions such as the UN and WTO remain in place but are increasingly paralyzed by geopolitical rivalry, divergent interests, and inertia. They can still manage technical cooperation but struggle to resolve systemic crises that demand structured cooperation or to enforce compliance on major powers.

- **Gridlock at the center:** The UN Security Council is divided on a number of key issues, while the WTO's dispute settlement mechanism has been sidelined. Universalism no longer provides predictable and enforceable rules for international order.
- **Risk to global public goods:** Climate change, global health, cybersecurity, nuclear non-proliferation, and AI governance require structured cooperation frameworks with agreed metrics, inspection rights, and standing secretariats, anchored by the participation of the U.S. and China. Yet such mechanisms are absent today, leaving systemic risks undergoverned—even as the need for them grows.

- **Fragmentation is structural—not temporary:** This is not simply a transitional phase with a new consensus around the corner. The geopolitical landscape is settling into diffuse multipolarity where fragmentation is the baseline and order is negotiated piecemeal, even if over the longer term new forms of consensus could eventually emerge.

2. Regional spheres of influence: overlapping, flexible and constrained

Power is increasingly organized through overlapping spheres of influence, shaped by geography, capacity, and strategic intent. Unlike Cold War blocs, these are neither self-contained nor stable: they overlap across trade, technology, and security, creating both room for maneuver and tighter constraints.

- **Layered spheres of influence:** The U.S. retains primacy in the Western Hemisphere and, while increasingly contested, the Indo-Pacific; China seeks dominance in East Asia and along Belt and Road corridors; India asserts leadership across South Asia and the Indian Ocean; and the EU projects influence through trade rules, regulation, and climate diplomacy.
- **Agility for middle powers:** States from Turkey and the Gulf to Southeast Asia can hedge across spheres, engaging in U.S.-led security networks, Chinese infrastructure finance, and European regulatory regimes simultaneously. This enhances their influence but demands constant recalibration.
- **Limits to maneuver:** The scope of maneuver, however, is uneven across domains and great powers are raising the cost of hedging. China urges partners to adopt its position on core sovereignty issues, particularly Taiwan, while the U.S. increasingly links access to markets and advanced technology to security commitments. This squeezes the room for middle powers. The complexity of global economic ties further blurs these boundaries: **states may align with one power in security or diplomacy while remaining tightly bound into competing economic and trade networks, making spheres harder to define than in the past.** Flexibility is broadest in consumer goods, food, logistics, and basic manufacturing, but far narrower in semiconductors, AI, advanced telecommunications, and defense supply chains.

3. Minilaterals and blocs: agility without cohesion

With universal institutions gridlocked, states are turning to smaller formats. These minilaterals deliver speed and focus, while larger blocs add numerical weight. But neither provide the cohesion or enforceability of universal frameworks.

- **Minilaterals as default cooperation:** Issue-specific coalitions such as the Quad, AUKUS or I2U2 allow states to align selectively on defense, technology or infrastructure. They deliver tangible outcomes faster than multilateral forums but remain narrow in scope. **However, their operating model is not suited to managing systemic crisis, where legitimacy, scale, and great power buy-in are critical.** (For a landscape survey of minilaterals, see Figure 2.)

- **Blocs with weight but weak unity:** BRICS+ and the Shanghai Cooperation Organization (SCO) represent efforts to build systemic alternatives to traditional Western groupings, bringing together large populations and resources. BRICS+ now accounts for around 45% of the world's population, 40% of oil production and over a quarter of global GDP. But its apparent rise is largely a reflection of China's trajectory: since 1995 China has accounted for nearly 80% of BRICS economic growth, while the combined share of all other members in global GDP has been broadly stagnant. Diverging interests between China, India, and Russia further constrain cohesion, limiting BRICS+ to largely symbolic weight rather than coordinated action. This dynamic is evident in the China–Russia partnership: while both oppose Western liberal universalism, their strategic aims diverge: Beijing largely seeks to reorient the global system in its favor, whereas Moscow aims to break it outright. These differences limit the depth of their cooperation within blocs like BRICS+.
- **Expanding memberships:** Enlargement, such as the African Union joining the G20, highlights the growing visibility of non-Western blocs. Yet **expansion increases diversity of interests more than it creates unity**, reinforcing the pattern of greater numerical weight without deeper cohesion.
- **Disruptive alignments:** Informal coalitions like the CRINK (China, Russia, Iran, North Korea) reflect shared opposition to Western-led order, but their tactical cooperation masks deep divergences. They illustrate the destabilizing potential of spheres, but also their limits: tactical cooperation without long-term cohesion or providing a durable alternative to a Western-led global order. See *Figure 3*.
- **U.S.–China dynamic:** A key variable will be how the U.S. and China decide to involve themselves in these forums. For example, if the U.S. steps back from an active role in the G-20 (following its hosting of the meeting in 2026), how does China fill the void, if at all?

Together, these dynamics create a diffuse, multi-speed multipolarity with little historical precedent, an environment states and companies must navigate without familiar patterns to guide them.

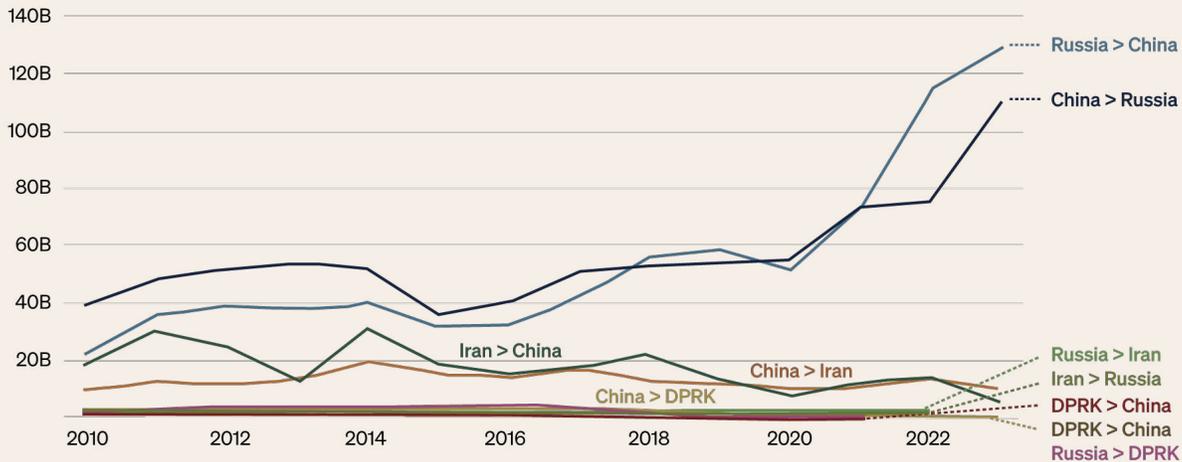
Figure 2. Overview of Key Minilateral Groupings (select)

Forum	Core Members	Focus Area
Quad	U.S., Japan, India, Australia	Security, technology, maritime cooperation
AUKUS	Australia, UK, U.S.	Defense technology, nuclear-powered submarines
I2U2	India, Israel, UAE, U.S.	Technology, infrastructure, food and energy security
BRICS	Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, UAE*	Economic and political coordination
SCO (Shanghai Cooperation Organization)	China, Russia, India, Pakistan, Central Asian states, Iran	Security, counterterrorism, Eurasian stability
ASEAN-led mechanisms (ARF, EAS)	ASEAN and dialogue partners (e.g. China, U.S., EU, Japan)	Regional diplomacy, conflict management
Global Methane Pledge	U.S., EU, Japan, Saudi Arabia, others	Reduction of methane emissions across energy, agriculture, and waste sectors
Blue Dot Network / PGII	U.S., Japan, Australia, others	Framework for ESG-aligned infrastructure and investment
Blue NDC Challenge	France, Brazil, Australia, Kenya, Mexico, Fiji, Palau, Seychelles	Advancing ocean-based climate solutions, such as protecting mangroves and expanding offshore renewables
International Solar Alliance	100+ member countries, including India, France, UAE, Saudi Arabia	Advancing solar energy deployment through finance and technology cooperation
Leaf Coalition	U.S., UK, Norway with participation from corporates and partner-countries	Public-private initiative supporting forest conservation through carbon finance

* Saudi Arabia and Argentina received BRICS membership invitations in August 2023. Saudi Arabia has not formally confirmed accession, and Argentina declined membership under President Milei.

Figure 3. CRINK – An Axis of Disruption, Not Cohesion

Total Bilateral Trade Among CRINK, 2010-2023 (USD, millions)



Source: Center for Strategic and International Studies, “CRINK Economic Ties: Uneven Patterns of Collaboration,” September 2025.

- The informal alignment of China, Russia, Iran and North Korea, sometimes labelled “CRINK”, reflects shared opposition to a Western-led global order, including the aim of weakening U.S. power and avoiding sanctions.
- Cooperation spans military, economic, and cyber domains: from Iranian drones in Ukraine to China–Russia naval patrols. They are also developing partial alternatives to Western systems, such as Russia’s MIR and China’s CIPS payment networks, and share tools of censorship, surveillance, and information warfare.
- Yet cohesion is weak. **Russia and Iran favor disruptive tactics that often clash with China’s preference for stability.** Moscow and Beijing remain suspicious of one another and compete in Central Asia. **This makes CRINK more a coalition of convenience than a cohesive bloc.**
- Nonetheless, as traditional multilateral mechanisms falter, their growing alignment around disruption and sovereignty-first governance reflects a **broader shift toward transactional, competitive geopolitics** in a fragmented global order.

4. Cohesion: Values as anchors

Amid fragmentation and transactional diplomacy, values remain a critical adhesive shaping the depth and durability of alliances. They lower coordination costs, accelerate joint action, and raise the political price of crossing normative divides.

- **Democratic cohesion:** Shared democratic norms and legal frameworks underpin U.S.–European alignment. This explains why the transatlantic partnership remains resilient despite frictions over defense, trade, or industrial policy. Cooperation in security, intelligence, and regulation can move faster because of shared institutional foundations.
- **Authoritarian coordination:** Autocracies also anchor cooperation in shared worldviews. China and Russia both see themselves in a systemic contest against Western liberal universalism, strengthening their ability to coordinate on censorship, surveillance, and information operations, even when their material interests diverge. This convergence is reinforced by the personal trajectories of Presidents Putin and Xi, both socialized within communist parties (the CPSU and CCP) which provide them with a common lens and vocabulary for interpreting international order and systemic rivalry.¹
- **Boundaries for middle powers:** Middle powers hedge across blocs, but values still set limits for cooperation. **Deep security integration across regime types remains rare, even as economic or energy partnerships cut across political divides.** Turkey illustrates these constraints: its purchase of Russia's S-400 air defense system led to exclusion from the U.S. F-35 fighter program, showing how alignment choices can close off access to critical technologies.
- **Enduring effect:** Values do not eliminate fragmentation, but they explain why some alignments (NATO, the EU, the U.S.–Japan alliance) remain deep and durable, while others such as BRICS+ or CRINK remain shallow and fragile.

The result is a layered diplomatic map where values act as a key ingredient. They determine which alliances endure, which remain shallow and where middle powers face hard limits on hedging. **In a fragmented order, values help explain why some blocs retain cohesion while others fracture under pressure.**

5. Great power competition: Boundaries and constraints

Intensifying U.S.–China rivalry has become the central axis of global politics. It shapes the behavior of other powers, defines the rules of engagement across markets and technologies, and increasingly determines how and where cooperation remains possible.

- **Strategic rivalry as system driver:** Competition now spans the full spectrum—trade, technology, energy, security, and ideology. What began as a contest for supply-chain resilience and technological primacy has evolved into a broader struggle over governance models and global standards. Both the U.S. and China are exporting influence through capital, connectivity, and regulation as much as through military posturing.

¹This convergence has limits, however: historical mistrust and diverging strategic interests continue to constrain the partnership. For a deeper analysis of these dynamics, see TBI's analysis in Project Syndicate's *The Limits of Xi and Putin's "No-Limits" Partnership*.

- **Bounded confrontation:** Despite escalating friction, **neither side seeks outright confrontation.** Deep financial and commercial interdependence—bilateral trade exceeding \$700 billion annually and massive cross-investment—creates structural limits to decoupling. The U.S.-China rivalry is therefore bounded: managed through partial segmentation, selective cooperation, and a perimeter of tenuously “fenced-off” domains such as advanced chips, AI, and critical minerals.
- **Compressed space for others:** Middle powers now operate in a narrowing corridor between Washington and Beijing. U.S. industrial policy instruments such as the CHIPS and Science Act and Inflation Reduction Act tie market access to security alignment, while China’s Belt and Road and Digital Silk Road embed supply chain and data dependencies. The result is a world where hedging remains possible, but the cost of non-alignment rises sharply in sensitive sectors.

Strategic competition need not preclude cooperation. The sheer scale of systemic risks—from climate to AI safety—requires structured engagement even among rivals. **Over the next decade, the ability of both powers to compartmentalize rivalry and cooperate where interests overlap will determine whether fragmentation remains manageable or hardens into systemic fracture.**

Section Two

Structural Shifts Shaping the Next Global Order

The forces fragmenting and reordering the global system are not cyclical—they are structural.

Demographic divergence, shifting economic gravity, technological acceleration, military diffusion, populist volatility, and democratic backsliding are deep drivers of change, reshaping how power, production, and politics are distributed. Each of these trends reinforces the others, eroding the coherence of the post–Cold War order and forcing governments and firms to adapt to a world where influence is more diffuse, governance more contested, and progress more uneven.

1. Demographics will reshape the global labor force

This global transition will be shaped by demographics, a force both foundational and uneven in its impact.

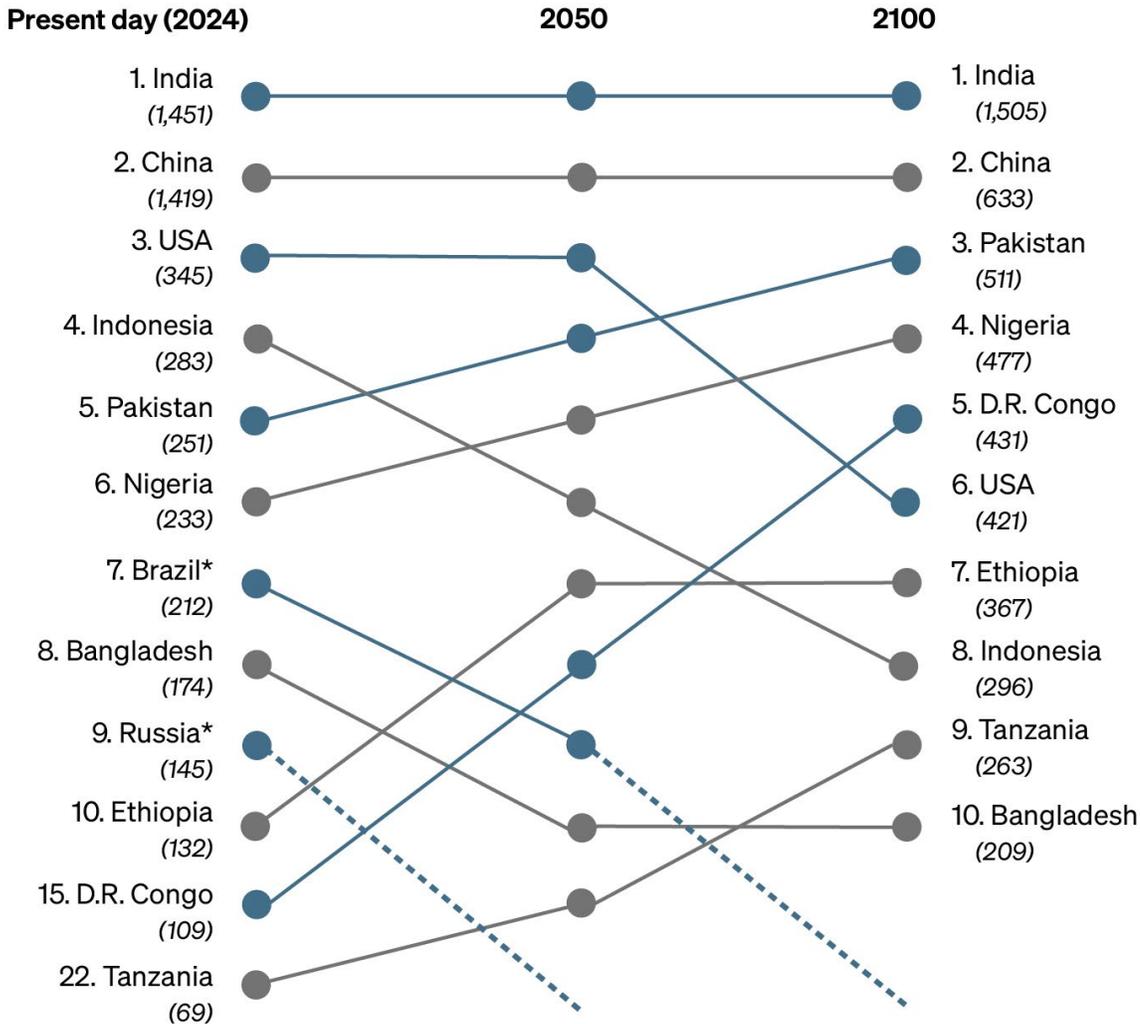
Demographic trends are currently diverging more sharply than at any point in modern history. By 2050, India will remain the world's most populous nation with 1.68 billion people, while Nigeria (+54%) and Pakistan (+48%) will see sharp population growth, putting both on track to overtake the U.S. in population by 2100. In contrast, major economies such as Japan, China, and Europe face significant population decline and shrinking workforces. See *Figure 4*.

This divide between aging high-income economies and youthful regions such as Sub-Saharan Africa and South Asia will shape growth and political weight. Its impact however depends on whether societies can translate people into productive capacity and economic complexity.

Figure 4.

Projected Top 10 Countries by Population

rank (population in millions)



*By 2100, Brazil is projected to rank as the world's 12th most populous country, with a population of 163 MN. Russia is expected to be the 13th most populous country by 2050. By 2100 it will fall to 17th place, with a population of 126 MN

Source: Chart based on the UN population forecast (medium-fertility scenario), as reported by Our World in Data.

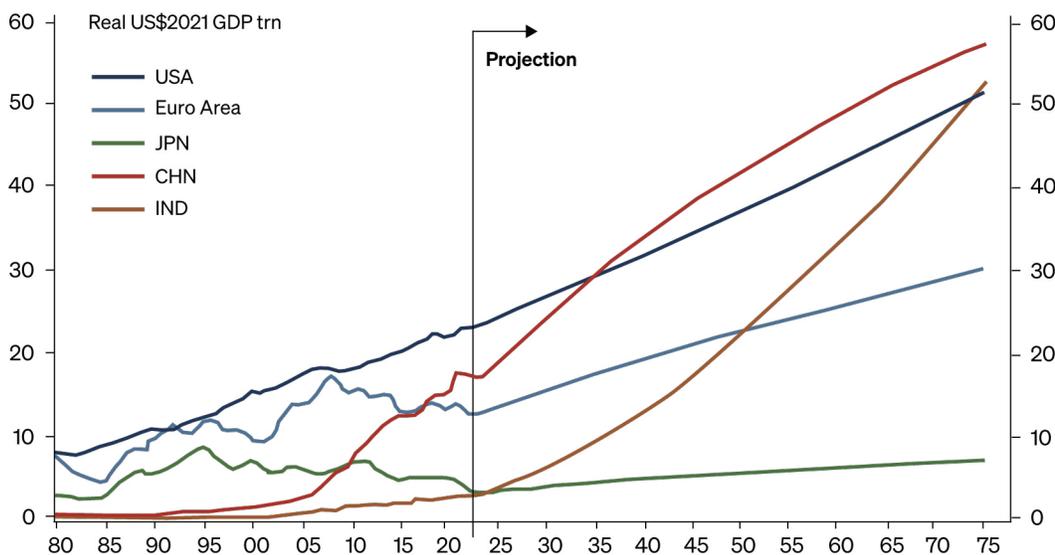
2. The global economic center of gravity is shifting toward emerging powers

The global economic center of gravity is shifting toward emerging powers, where gains in productive capacity and diversification into advanced industries underpin rising influence. **By 2030, China and India together are expected to generate more than half of global GDP growth.** See Figure 5.

China already accounts for roughly 16% of global GDP, while India has recently overtaken the UK as the fifth-largest economy. The expanded BRICS+ grouping, now including members such as Egypt and the UAE, represents 27% of global GDP in nominal terms. Yet this surge is highly uneven: China alone has driven nearly 80% of BRICS growth since the mid-1990s.

This rebalancing challenges long-standing assumptions about global leadership. The G7's share of global GDP has fallen from two-thirds in the mid-1990s to under half today, underscoring the need for stronger coordination in a more competitive environment. In this new landscape, economic weight alone will not determine leadership; credibility and agility will matter just as much. **The most complex industries, from semiconductors to aerospace and biotechnology, are controlled by a few states,** turning technology into the arena where competition over standards, supply chains, and security converge.

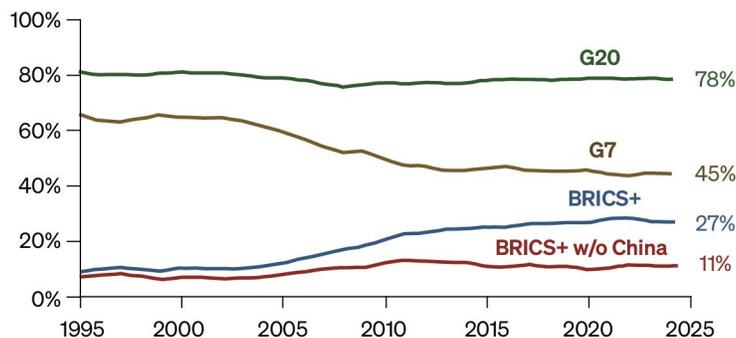
Figure 5. Global economic weight shifts toward Asia, but BRICS+ growth is driven by China



Note on graph: Data and projections from Goldman Sachs's "The Road to 2075" report. Long-term estimates involve substantial uncertainty, especially over a multi-decade horizon. The strong growth path shown for India reflects favorable assumptions, most notably sustained population growth, rising labor-force participation, productivity gains, and increased capital investment. Actual outcomes may diverge materially if demographic trends, policy reforms, or structural constraints evolve differently from the underlying assumptions.

G20, G7, and BRICS GDP at current prices

(1995-2024, % of global, IMF)



78% of growth within BRICS+ between 1995 and 2024 was driven by China alone

3. Technology will redefine power – economically, politically, and militarily

Technology has become the decisive arena of geopolitical competition, defining how economic resources convert into political and military power. From AI to quantum computing and biotechnology, breakthroughs will restructure economies, governance, and conflict by 2050. AI alone could add \$2.6-\$4.4 trillion to global GDP each year, making mastery of critical technologies a central strategic objective.

- **The U.S.–China race:** Washington’s CHIPS Act, committing over \$50 billion to domestic semiconductor production, and Beijing’s \$191 billion subsidies² underline how chips are now treated as strategic resources. **For China, semiconductors are the country’s largest single import, ahead of oil.** This is less an industrial policy than a security race, with both governments building buffers against supply shocks while competing to set global standards for chips, cloud infrastructure, and AI.
- **Digital sovereignty:** Competing regulatory models are emerging, reflecting different visions of governance and control. The EU is advancing its AI Act to enforce precautionary guardrails and consumer protection, while India’s “India Stack” (a public digital infrastructure covering identity, payments, and data exchange) demonstrates how technology platforms can be exported as diplomatic tools, shaping standards abroad as much as at home. China is pursuing a parallel model through its Digital Silk Road, embedding its technologies and norms into global infrastructure.
- **Middle powers as technology players:** The UAE’s G42 highlights how smaller but ambitious states are leveraging sovereign-backed firms to compete in frontier technologies. Although initially tied to Chinese hardware, G42 pivoted to U.S. partnerships. The shift was not only commercial but regulatory: aligning with U.S. export control regimes enabled access to cutting-edge semiconductors and software, illustrating how standards and security regimes can directly shape corporate strategy in frontier sectors. This trajectory underscores how middle powers can position themselves as standard-setters in technologies such as AI, even as they must continually balance their position between global powers.
- **Regulation as geopolitics:** Divergent approaches to data and digital infrastructure are hardening into rival blocs. While stringent or divergent rules can constrain innovation, **clear and predictable regulatory frameworks create the stability and confidence needed for sustained investment. The contest over who sets the rules of AI, quantum, and digital trade is becoming as strategically significant as control of supply chains themselves.**

Technology is not just an economic driver but a geopolitical fault line. The way states regulate, secure, and deploy advanced technologies will help define the balance of power in a multipolar world. It is also a leading indicator of hard power balance.

² This includes a RMB 1trillion (\$ 143 billion) program in 2023 and an additional RMB 344 billion (\$ 47.5 billion) in 2024.

The “Brussels Effect” of regulation as geopolitics

Many aspects of modern geopolitics can be described—somewhat simplistically—as follows: the U.S. innovates, China manufactures, and Europe regulates. The EU has emerged as the world’s most influential regulatory power, with its rules shaping global markets well beyond its borders. This “Brussels Effect” makes regulation a geopolitical tool in its own right.

- **Standard-setting power:** EU rules often set global norms as companies adapt production. The mandate for USB-C chargers forced Apple to change its charging technology; by streamlining production globally, the company effectively extended European standards to markets far beyond the EU.
- **AI and digital regulation:** The EU’s landmark AI Act positions Europe as the first mover in codifying risk-based rules for artificial intelligence. While designed to safeguard citizens, it also sets the terms of global debate, influencing adoption in Africa, Latin America, and other regions where EU standards are integrated through trade agreements and regulatory cooperation frameworks.
- **Compliance and competitiveness:** Stringent regulation, such as the GDPR on data privacy, provides legal certainty but imposes high compliance costs. These weigh most heavily on SMEs, while U.S. tech giants are better able to absorb them. As a result, the EU’s regulatory model, despite strengthening consumer protection and normative influence abroad, has largely weakened Europe’s strategic autonomy in the digital sector.
- **Geopolitical friction:** Enforcement is not just technical but political. EU fines and competition rulings against Big Tech have triggered repeated transatlantic disputes, most notably under the Trump administration, when they were cast as discriminatory against U.S. companies.

Taken together, EU regulation illustrates both the strategic leverage and inherent tensions of using rules as a tool of geopolitical competition: projecting influence abroad, but risking slower innovation and fewer domestic champions at home.

4. Military power remains essential but more contested

U.S. military dominance is giving way to a more contested landscape. Washington still holds unmatched global reach, but new technologies, assertive regional powers, and shifting alliances are eroding its margin of superiority.

- **United States:** Retains global reach with around 750 overseas installations and unmatched force projection but its military edge in the Western Pacific is eroding as China rapidly expands its military capabilities. To offset this shift, Washington is reinforcing its position through coalitions such as AUKUS and the Quad, reflecting how U.S. foreign policy is increasingly shaped by strategic competition with Beijing.
- **China:** Has doubled defense spending since 2010 and is rapidly modernizing the PLA into a force capable of contesting U.S. dominance in the Western Pacific. Its navy now surpasses the U.S. in ship count, with expanded carrier groups, sophisticated missiles and drones, as well as growing amphibious capabilities aimed at preparing for a potential Taiwan conflict. Beijing's buildup is explicitly designed to undermine U.S. regional dominance and deter intervention in its near abroad.
- **India:** Expanding its naval reach and maritime surveillance in the Indian Ocean, conducting regular exercises with Quad partners to strengthen deterrence, especially vis-à-vis China. New logistics and access agreements across the region, often described as "necklace of pearls," extend its operational reach from the Andaman Sea to Oman and the Seychelles.
- **Russia:** The war in Ukraine has inflicted heavy losses on Russia's forces but accelerated its defense industrial mobilization. Defense spending now exceeds 8% of GDP, and Moscow is sustaining large-scale production of munitions, drones, and armored vehicles while retaining the world's largest nuclear arsenal.
- **Europe:** Defense spending and industrial capacity are rising sharply, led by major surges in Poland and Germany. Yet spending and procurement remain fragmented, limiting economies of scale and collective readiness. Significant gaps persist in reconnaissance, long-range strike, and air defense capabilities, leaving Europe reliant on U.S. support in these domains. Meanwhile, Ukraine now has the most modern and battle-tested conventional military on the continent.
- **New domains of warfare:** AI, autonomous systems and cyber tools are compressing decision cycles, raising the risk of miscalculation and escalation.³

With hard power now more widely distributed, effective alliances and interoperability are essential to sustain deterrence and stability in an increasingly multipolar system.

5. Populism shapes both domestic and foreign politics

Populism is both a symptom of systemic pressures and a force accelerating disruption. It is rooted in dynamics that will persist for the next several decades, ensuring its durability as a political undercurrent at both domestic and international levels. Several drivers stand out.

- **Economic stress:** Stagnation, inequality, and debt have eroded trust in institutions and narrowed mobility pathways. Post-2008 austerity weakened public services while tax burdens stayed steady or rose, fueling perceptions that "the state does not work for ordinary people." **Debt servicing is becoming a major pressure, exceeding military spending in the United States in 2024.** Globalization hollowed out middle-class jobs and concentrated gains among elites. Evidence shows that high inequality paired with low social mobility intensifies populist mobilization, reinforced by the belief that success is inherited rather than earned. See *Figure 6*.

³ See TBI's analysis on modernising defense for AI and autonomous capabilities. [*Reimagining Defence and Security: New Capabilities for New Challenges*](#)

- **Technological disruption:** Just as mechanization and productivity gains reduced agriculture's share of employment from the majority of the workforce to around 1% in advanced economies, automation has cut manufacturing employment to below 20% in Germany and Japan and to about 9% in the United States. Artificial intelligence now threatens a similar contraction in services, risking not only job losses but also broad status erosion. Middle-skill and professional roles are especially exposed, with younger workers disproportionately vulnerable. PwC projects AI could raise global GDP by 15% by 2035, but most of the gains are likely to concentrate among major firms, investors, and high-skilled professionals. This dynamic risks further hollowing out the middle class and fueling demands for protection and sovereignty where governments fail to manage the transition.
- **Climate and systemic shocks:** Extreme weather, food insecurity, and migration pressures amplify volatility, while uneven costs of the energy transition spark backlash.⁴ These shocks strengthen the appeal of leaders who promise control and decisive action.

These drivers have both domestic and external implications. The domestic implications are:

- **Volatile politics:** Elections swing more sharply, coalitions fracture quickly, and policy agendas are harder to sustain.
- **New alignments:** Politics shift from left–right divides toward issue-based alliances around climate, technology, or identity.
- **Fragile coalitions:** Green transitions and migration create fluid partnerships (e.g., progressives with industry vs. populists with disaffected voters).
- **Openings for reform:** While often destabilizing, volatility can also enable leaders to rally broad support for once-unlikely policy shifts.

Key external implications are:

- **Transactional diplomacy:** Multilateralism, dependent on compromise and patience, is weakened by sovereignty-first, grievance-driven approaches such as symbolic victories, unilateral tariffs, or withdrawals from agreements.
- **Economic sovereignty:** Economic policy is reframed around national control, treating supply chains, data, and technologies as instruments of independence and driving divergence in trade regimes and standards.

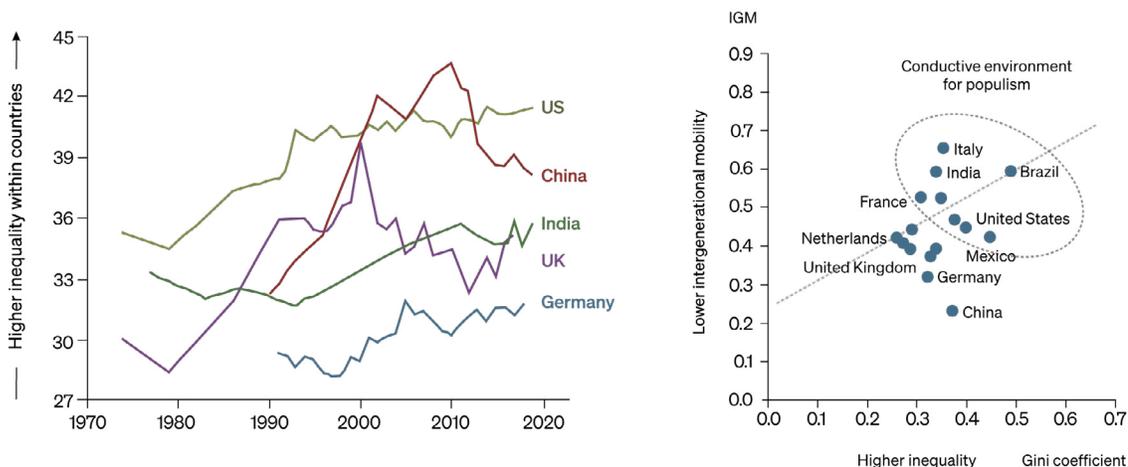
Populism will remain an enduring force shaping domestic politics and international cooperation. Its impact will depend on governance capacity: leaders able to adapt and build cohesion may convert disruption into reform, while those who cannot risk prolonged instability and an ever-wider gap between global challenges and the political will to address them.

⁴ Regarding food security, see TBI's analysis on easing global food insecurity by demining Ukrainian agricultural land [*From Economic Recovery to Global Food Security: The Urgent Need to Demine Ukraine*](#)

Figure 6. Rising Inequality and Stagnant Mobility: A Breeding Ground for Populism

Gini coefficients for major economies

1970-2020



Note on graph: The Gini coefficient is a 0-to-1 scale of income inequality in a country: the closer it is to 1, the more wealth is concentrated among a small subset of people; the closer to 0, the more evenly wealth is shared across the population. The relationship between inequality and social mobility, known as the “Great Gatsby Curve”, was first demonstrated by Miles Corak and popularized by Alan Krueger, showing a robust link between higher inequality and lower intergenerational mobility. Marko Papic later incorporated this framework into his 2020 book “Geopolitical Alpha,” using it to identify environments ripe for populism.

6. Global democratic backsliding

Democratic backsliding has become a structural feature of the international system rather than a temporary reversal. In 2025, the Stockholm-based Varieties of Democracy Institute reported that **72% of the world’s population, nearly 6 billion people, live in regimes classified as autocracies, including both hybrid and fully closed systems, the highest share since the 1970s.** U.S.-based Freedom House noted that 2024 marked the **19th consecutive year of global democratic decline,** with sixty countries deteriorating and only thirty-four improving.

This represents a sharp reversal from the 1990s “third wave” of democratization, when Eastern Europe and parts of Africa and Asia saw steady gains and the prevailing assumption was that liberal institutions would continue to spread. That assumption has now collapsed and **autocratic or semi-authoritarian systems⁵ have become the global norm.**

For organizations and businesses, this shift means operating in environments where contracts and regulation are more easily politicized, rule of law is weaker, and international norms are harder to enforce. It increases the risks of policy volatility, corruption and reputational exposure, and makes political risk management and governance engagement a core part of strategy in the years ahead.

⁵ As classified by the Varieties of Democracy Institute.

Section Three

Key Global Actors in 2050

When considering the next quarter-century, global shifts in economics, technology, or security will not play out evenly, but will be mediated by the actions, constraints, and strategic posture of a handful of states. While none can fully shape the system alone, their choices will be decisive in defining the world order in the coming decades.

1. United States – Enduring Power, Internal Pressures

The United States retains unparalleled structural advantages: global leadership in innovation, deep capital markets, alliance networks, unmatched military reach, and advantageous geography.⁶ These strengths make it far less vulnerable to external challengers; its greatest risks come from internal pressures.

- **Chronic debt:** U.S. government debt more than doubled since 2004 and reached around 100% in 2024. Debt servicing has surpassed military spending in the same year, a shift driven less by economic weakness than by political dysfunction. As J.P. Morgan has noted, without meaningful fiscal adjustment U.S. debt levels are on course to rise above 120% of GDP by the mid-2030s, raising questions about long-term fiscal sustainability and the risk of destabilizing investor confidence.
- **Strategic competition with China:** Preserving technological leadership, securing supply chains, and reinforcing Indo-Pacific alliances drive U.S. foreign policy, with economic policy now shaped as much by security as trade.
- **Selective multilateralism:** Washington increasingly favors coalitions of the willing (Quad, AUKUS, I2U2) over universal institutions, reflecting a shift from systemic leadership to functional alignments. However, its democratic values, shared with Europe, remain a strategic adhesive, ensuring transatlantic alignment even as policy instruments shift toward selective multilateralism.

⁶ The geographic advantages of the United States include its continental position between the Atlantic and Pacific Oceans, only two relatively peaceful neighbors, abundant natural resources, the Mississippi River basin enabling internal commerce and agriculture, and a vast coastline with natural deep-water harbors.

- **Political volatility:** For most of the past decade, the U.S. government has suffered from growing institutional gridlock and political swings, faced repeated difficulties to pass timely annual budgets, frequent government shutdowns, and regular legal challenges to policies. This leads to less predictability from the U.S.

The U.S. remains the world's indispensable power, but its trajectory will be defined less by external challengers than by its ability to manage domestic political and institutional challenges. A key question is whether domestic dynamics will cause the U.S. to play a more unpredictable or even disruptive role in the international system.

2. China – Risen Power with Structural Headwinds

China's strategy of "national rejuvenation" aims for global influence and full military modernization by 2049. It seeks not outright global dominance but a sphere of dominance in Asia and a central role in shaping the global order. Its trajectory will hinge on whether it can sustain growth under mounting structural pressures.

- **Demographic and debt constraints:** Fertility is far below replacement, immigration is minimal, and the workforce is shrinking. The overall debt-to-GDP ratio now exceeds that of the U.S. or the EU, leaving China under strain before reaching high-income status. See *Figure 7*.
- **Growth model under pressure:** The debt-driven model of real estate and infrastructure is yielding diminishing returns. Sustained prosperity will require productivity gains from innovation, efficiency and human capital.
- **Innovation dilemma:** Beijing's "New Quality Productive Forces" agenda seeks to shift from investment-led to innovation-led growth. Successes are visible in electric vehicles, robotics, batteries and solar exports, but sustaining breakthroughs under tight political control is uncertain.
- **Global reach:** The Belt and Road Initiative continues to evolve and expand across Africa, Central Asia and Latin America, reinforced by institutions such as the Asian Infrastructure Investment Bank (AIIB) and the Digital Silk Road. Beijing's four Global Initiatives (Development, Security, Civilization, Governance) frame alternatives to Western-led governance.
- **Critical minerals dominance:** China controls 70% of global rare earth mining and over 90% of processing, a strategic lever likely to endure without concerted international diversification efforts.
- **Military modernization:** Defense spending has more than doubled since 2010. The PLA Navy now surpasses the U.S. in ship count, with growing carrier and missile capacity aimed at potential action over Taiwan. The Pentagon reports China could be on track to double its number of nuclear warheads to 1000 by 2030 .
- **Domestic politics:** President Xi is the most dominant Chinese leader since Chairman Mao, yet eventual succession could generate instability. If growth slows, nationalism may intensify as a tool for regime legitimacy.⁷

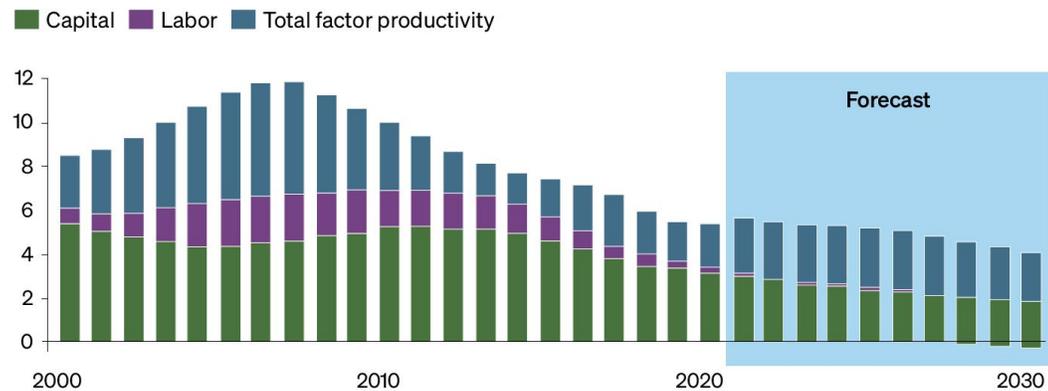
⁷ For additional insight on the internal governance and power dynamics underpinning China's foreign-policy posture, see TBI's [*Power, Policy and Party Control: Five Dynamics Shaping China's Fourth Plenum*](#)

China's long-term influence will rest on its ability to reinvent growth around innovation while sustaining political control. Success would entrench its role as a systemic shaper; failure would confine it to regional power with constrained global reach.

Figure 7. China's Triple Challenge: Slowing Productivity, Demographic Strain, and Rising Debt

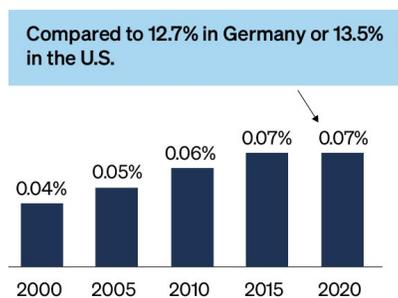
China's GDP growth potential

(2000-2030, %)



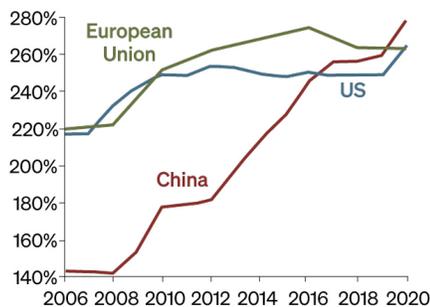
Share of foreign residents in China

% of total population



Total debt-to-GDP ratio

%



Source: JPMorgan, BIS, Migration Policy

3. European Union – Reform or Risk Irrelevance

The EU has the scale, market power, and industrial capacity to shape the global order. But without fundamental reform, it risks sliding into irrelevance, trapped between external pressures and internal fragmentation.

- Reliance on the U.S.:** Europe's relative lack of hard power leaves it exposed and reliant on U.S. protection. This dependence constrains the EU's ability to stand independently from Washington. EU states spent €343 billion on defense in 2024 (1.9% of GDP), more than double Russia's \$149 billion in nominal terms. Yet Russia's spending expressed in PPP terms is sometimes estimated at more than \$460 billion, although PPP metrics for defense are debated and can overstate real capability. Rearmament in Poland and Germany could gradually shift the balance by the 2030s, but with less than one-fifth of spending coordinated at the EU level, capabilities remain fragmented.

- **Economic weight:** The EU's share of global GDP (PPP) has fallen from 26% in 1980 to 15% today and is projected to fall below 9% by 2050. It lags behind North America and China in scaling technology firms, but retains strengths in high-end manufacturing, including green industries and defense.
- **Innovation gap:** EU R&D spending (\$504 billion, 2.1% of GDP) trails the U.S. (\$823 billion, 3.4%) and China (\$781 billion, 2.6%). Fragmented capital markets and fewer venture-backed firms hamper breakthroughs. Momentum is improving, however, with Horizon Europe and capital market reforms driving R&D growth that outpaced both the U.S. and China in 2023.

The EU's long-term influence will depend on whether it can reform and integrate strategically. If it cannot stand on its own against Russia, it will be even less able to manage systemic competition with the U.S. or China. Reform is not optional; it is required to remain relevant.

4. India – The Defining Swing State

India is on track to be the world's most populous country and a top three economy by 2050, positioning it as a pivotal actor in trade, technology, and diplomacy. Its choices will decisively shape the balance of power in Asia and beyond.

- **Demographic dividend, time-bound:** India still benefits from a young workforce but fertility has fallen below replacement level. By 2050, India will have over 340 million citizens above 60, making productivity and employment reforms critical to sustain growth.
- **Swing state posture:** Rising capabilities and domestic confidence are driving India toward a more assertive regional role. India balances between Western and non-Western blocs, engaging in BRICS and the SCO while deepening ties with the U.S. and Quad partners. However, recent India–U.S.–Russia dynamics illustrate that multi-alignment has practical limits, and India may ultimately face sharper strategic choices. The India–China relationship will be central to Asia's order. Any significant adjustment in India's strategic alignment would reshape the Indo-Pacific balance; closer alignment with Washington would particularly constrain Beijing's position.
- **Voice of the Global South:** India has positioned itself as a leading advocate for emerging economies, from its 2023 G20 presidency and "Global South Summit" to expanding engagement in Africa and beyond. Development finance reform, digital inclusion, and energy equity are central to its diplomatic brand.
- **Norm-shaping role:** India's digital public infrastructure model, green energy investments, and Quad engagement give it growing influence in setting rules for technology, climate, and regional security.

India is the defining swing state of the global order. Its alignment choices, especially if tilted toward the U.S., would fundamentally limit China's ability to dominate Asia and reshape global rules. But India's long-term role will also hinge on sustaining growth and managing its demographic transition.

5. The Gulf – Rapid Transformation, Rising Stakes

The Gulf has undergone a profound transformation over the past two decades, led by the UAE and, more recently, Saudi Arabia and Qatar. Once defined primarily by hydrocarbons, it has become a group of agile middle powers; using reform momentum, sovereign capital, and global partnerships to shape new value chains in energy, technology, and logistics. Its success elevates expectations and requires continued focus to sustain momentum. Sustaining diversification, managing great power competition, and maintaining credibility will determine whether the Gulf states consolidate their influence as rule-shaping actors or struggle to maintain their transformations.

- **Transformation through reform:** Economic liberalization, social opening, and institutional modernization have reshaped the region's business environment, drawing in investment, talent, and corporate activity. Free zones such as the UAE's Dubai International Financial Center (DIFC) and Abu Dhabi Global Market (ADGM) have emerged as global hubs for finance and asset management. Saudi Arabia has introduced significant reforms of its own, including allowing 100 percent foreign ownership in many sectors, proposing further easing of restrictions on the Tadawul stock market, and planning to open designated real estate zones to foreign buyers in 2026.
- **Previously unthinkable diplomacy:** The Abraham Accords, signed in 2020, established formal diplomatic relations between Israel and several Arab states and marked a significant shift in regional political integration. They opened channels for unprecedented diplomatic and economic exchange—trade between Israel and the UAE alone reached around \$2 billion in 2023, and more than 150,000 Israelis visited the UAE in 2022. Any further progress, including the possibility of a Saudi–Israeli agreement, remains highly contingent on developments in the Israeli–Palestinian context. In parallel, Gulf states have broadened their diplomatic influence through active de-escalation and engagement strategies. This includes managing long-standing tensions with Iran, pursuing economic interdependence where feasible, and mediating in regional crises.
- **Broad-based economic diversification and sectoral transformation:** Broad-based economic diversification and sectoral transformation: While hydrocarbons remain the economic bedrock, diversification now encompasses clean energy, advanced technology, and a wider socio-economic transformation agenda. Saudi Arabia's Vision 2030 reforms have broadened its diversification strategy, expanding investment into culture, sports, tourism, and advanced industries. Its Public Investment Fund (PIF) has directed significant capital into next-generation sectors—for example, electric vehicles via Lucid and Ceer—while also investing in renewables and technology-driven sectors. Abu Dhabi's G42 and its Falcon large language model exemplify regional ambitions to move from technology importer to innovator, supported by early adoption in digital government and health tech. Abroad, the UAE has become one of Africa's top investors, pledging around \$97 billion in 2022-23—roughly triple China's commitments and far exceeding those of the U.S. Masdar and Taqa have been at the forefront, leading green-energy projects across the continent. Qatar, meanwhile, has leveraged global events such as the World Cup to accelerate investment in infrastructure, culture, and tourism.

- **Sovereign capital as statecraft:** Sovereign wealth funds are the central lever linking economic diversification with global influence. They finance domestic transformation, advance emerging priorities in AI and clean energy, and extend reach abroad through co-investments in Africa, Asia, and the West. This financial diplomacy amplifies Gulf influence but heightens exposure to governance risks and market cycles.
- **Multi-aligned foreign policy:** The Gulf has adopted a more independent posture, maintaining U.S. security ties while pursuing a more autonomous regional foreign policy, including broadening relationships with Asia and Africa. China is a leading trade and investment partner and the Gulf is a key part of the Belt and Road Initiative (BRI). At the same time, the UAE and Saudi Arabia were key partners in establishing the India-Middle East-Europe Corridor (IMEC). Yet multi-alignment entails prioritization. The UAE rebalanced certain China-linked technology holdings, including in ByteDance and Chinese hardware, as part of a broader effort to strengthen technology partnerships with the United States. The subsequent U.S.–UAE AI Acceleration Partnership framework granted the UAE access to advanced semiconductors and partnerships with leading U.S. technology corporations. These steps show that in strategic domains choices cannot be deferred indefinitely; a sharper U.S.–China clash, for example over Taiwan, would force the Gulf to align more decisively.
- **Balancing ambition with fiscal capacity:** Giga-projects and expansion into new sectors require substantial long-term investment, particularly in a volatile oil-price environment. The IMF estimates Saudi Arabia’s fiscal breakeven price at \$91 per barrel for 2025, while oil has averaged \$60-76 per barrel over the last year. This dynamic has contributed to recent fiscal pressures, which the government has been managing through measured adjustments. Some mega-projects are being phased or prioritized to ensure long-term sustainability and effective capital allocation. Regional flashpoints, from Red Sea disruptions to Iran-Israel tensions, could further test resilience.

The Gulf’s trajectory highlights how agile middle powers can thrive and even shape a fragmented world order. With each phase, the challenge shifts from ambition to consolidation: what was once about building ambition is now about proving resilience and sustaining competitiveness by developing talent and robust institutions. If credibility and fiscal discipline keep pace with ambition, the Gulf could consolidate its role as a key actor in shaping global standards in AI, clean energy, and logistics.

6. Russia – Relevance Through Disruption

Russia retains significant nuclear capabilities, a UN Security Council seat, and a capacity to project power beyond its borders. But its long-term trajectory is constrained by economic stagnation, overreliance on commodities, and demographic decline. This suggests Moscow acts less from confidence in rising strength than from recognition of structural decline.

⁸ For additional context on how the Kremlin’s internal politics and narratives shape its foreign policy, see TBI’s analysis in Politico’s “War in Ukraine: Russia, Vladimir Putin and the Kremlin”. For a detailed case study of how these hybrid tactics manifest in practice, see TBI’s [Russia’s Hybrid Threat: Insights From Moldova](#).

- **Eroding influence and fragile alliances:** The war in Ukraine, intended to reassert imperial reach, has paradoxically narrowed Russia's geopolitical space. After more than three years and hundreds of thousands of Russian military casualties, the war shows no prospect of clear victory. With resources tied down in the fight, Moscow was unable to support its allies, exposing the fragility of its transactional partnerships in light of abandonment (Armenia) or regime change (Syria). Moscow cannot build an alternative global system, but it can disrupt the existing one through disinformation, military proxies, hybrid tactics, and further conflict.⁸
- **Economic fragility:** Economically, Russia's nominal GDP is around \$2.3 trillion—closer to Canada's \$2.1 trillion than to Germany's \$4.5 trillion, and only a fraction of the United States at over \$28 trillion. With high inflation near or above double-digit levels, high interest rates, and labor shortages, Russia remains structurally reliant on hydrocarbons with limited prospects for diversification. Energy exports that once fetched higher prices in Europe now go mainly to China and India at discounts. Beyond energy and raw materials, Russia's export base is negligible: just \$123 billion annually, far below Vietnam's \$358 billion and minuscule compared to Germany's \$1.8 trillion.⁹ Meanwhile defense spending has risen to around 8% of GDP and over 40% of federal expenditure, limiting investments in infrastructure or education that underpin economic development.
- **Demographic decline:** Russia faces one of the world's steepest long-term population losses, worsened by battlefield casualties and emigration. With just 144 million people, it is far smaller than its rivals and shrinking further. In 1914 Russia's population was over 50% larger than that of the United States. Today the U.S. has more than twice as many people.

Russia today is neither collapsing nor close to the reforms needed to change course. Its assertiveness is born of weakness, exploiting short-term opportunities rather than building lasting strength. It will remain a spoiler, disruptive through obstruction, opportunism, and risky behavior rather than sustained capacity to shape the global order.

7. Latin America – Geopolitical Swing Region and Bellwether

Latin America is both a bellwether for global populist trends and a geopolitical swing region. Domestically, entrenched inequality and insecurity sustain populist volatility; externally, governments hedge among great powers to attract investment and preserve autonomy without binding themselves to rigid blocs.

- **Populism and domestic fragility:** Deep inequality and weak institutions make the region highly responsive to populist appeals. The top 10% control 55% of income and 77% of wealth, while the poorest half owns just 1%. Low trust in institutions—only about half express support for democracy—fuels demand for decisive leadership over process. Insecurity reinforces this dynamic: over 40 of the world's 50 most violent cities are in Latin America, making hard-line policies politically potent. Electoral volatility is now structural, as Brazil's swings between Presidents Bolsonaro and Lula and Argentina's turn to President Milei demonstrate.

⁹ Exports are a helpful gauge on the competitiveness of an economy, given how these goods have to compete on the world market.

- **Strategic hedging:** As global competition intensifies, Latin America has become a theater of active engagement. China is the top trading partner for most of South America, with deep investments in ports, power grids, and lithium. The U.S. and EU are re-engaging through the Americas Partnership, the Los Angeles Declaration on Migration, and the Mercosur trade deal, while the EU's €45 billion Global Gateway aims to fund green and digital infrastructure. The Gulf and India are expanding stakes in energy, logistics, and mining. Flexible “modular diplomacy” enables regional coalitions on specific issues—from the Belém Declaration on rainforest protection to the Lithium Triangle—illustrating how the region aligns around function, not ideology. See *Figure 8*.
- **Opportunities and constraints:** Latin America holds more than 60% of global lithium reserves, 30% of forest cover, and 20% of freshwater resources, positioning it as a potential standard setter for sustainable supply chains and biodiversity. Yet chronic governance gaps—weak rule of law, corruption, and regulatory instability—limit its influence.

These dynamics play out differently across key countries in the region.

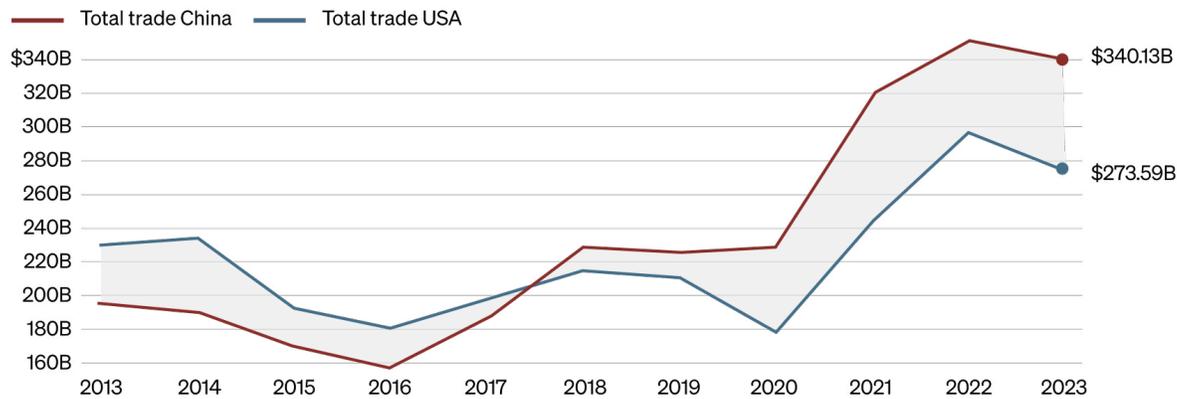
- **Brazil:** As the region's largest economy, it has traditionally led on climate diplomacy, green industrial policy, and in the shaping of the BRICS agenda. COP30 which recently took place in Belém again showcased Brazil's global leadership on the climate and energy transition. However, fiscal strain and political volatility constrain its ability to sustain its influence over time.
- **Argentina:** President Milei's liberalization drive has revived investor attention and improved near-term sentiment, but high social costs and political resistance threaten reform durability. Sustained success will hinge on stabilizing inflation and building consensus around market reforms.
- **Colombia:** Has traditionally been a key U.S. partner under center-right governments for many years. Its leftward turn makes its future direction unclear. Persistent security and migration challenges continue to limit policy bandwidth and external credibility.
- **Mexico:** Benefits from near-shoring and U.S. supply-chain diversification, positioning it as a critical North American manufacturing hub. However, persistent infrastructure and energy-supply constraints, high crime, rising regional security concerns, and ongoing regulatory and judicial uncertainty could dampen confidence and moderate momentum.

Latin America will mirror rather than define the next world order. Its ability to convert resources into rule-shaping power will hinge on governance credibility and policy stability amid enduring populist volatility.

Figure 8.

US v China: Trading Places in South America

China's trade with South America and Central America has overtaken the United States in the past few years and the gap shows little sign of narrowing, a challenge for the new Donald Trump administration. The shift is mainly driven by resource-rich South America.



Note on graph: Honduras has a data gap in 2022

China has overtaken the United States on trade in South America, driven by huge purchases of raw materials from soy and corn to copper and lithium.

Source: UN Comtrade

8. Africa – Rising Potential, Structural Constraints

Africa's demographic scale and resource endowments make it an indispensable actor in the emerging global order. By 2050, one in four people on the planet will be African, and the continent's workforce will exceed that of China and India combined. Yet its ability to convert population and resource advantage into strategic influence depends on governance, infrastructure, and capital access.

- **Demographic power, economic fragility:** Africa's population will nearly double to 2.5 billion by mid-century, offering a vast labor and consumer base. But growth remains uneven—Nigeria and Ethiopia drive expansion while others stagnate. Limited industrialization and rising debt-service costs (in many countries exceeding 20% of fiscal revenue) constrain development. Translating demographic strength into productive capacity will shape Africa's global role.
- **Resource leverage:** Africa holds 30% of global mineral reserves, including key inputs for the energy transition—cobalt, manganese, platinum, and graphite. Competition for these resources is intensifying as China dominates mining and processing, while the EU and U.S. seek secure alternatives through initiatives like the EU's €300 billion Global Gateway Initiative and the U.S.'s frequent inclusion of critical minerals in its economic and peace deals, such as the June 2025 Washington Accord between the DRC and Rwanda.

- **Geopolitical engagement:** External powers are vying for influence through infrastructure, finance, and security. China’s Belt and Road remains pervasive; the Gulf has emerged as a major investor, particularly in ports and energy; and the U.S. and EU are renewing engagement through trade and digital partnerships. African states are also asserting agency through regional integration under the African Continental Free Trade Area (AfCFTA), aiming to create a \$3.4 trillion market and reduce dependency on external supply chains.
- **Governance and stability:** Coups, conflict, and weak institutions remain major headwinds. Since 2020, successive military takeovers have reshaped West and Central Africa, eroding investor confidence and fracturing continental coordination.¹⁰

Africa’s demographic and resource scale give it structural importance, but without governance and industrial deepening, influence will remain constrained. The next decade will determine whether the continent emerges as a power center or remains a venue for external competition.

9. Southeast Asia – Hedging in the Crosscurrents

Southeast Asia sits at the intersection of the Indo-Pacific’s economic dynamism and its geopolitical flashpoints. Its collective GDP rivals that of India, its population exceeds 700 million, and its central geography makes it a test-bed for how states navigate the U.S.–China rivalry.

- **Economic dynamism:** ASEAN’s economy is projected to reach \$5 trillion by 2030, driven by manufacturing relocation, digital expansion, and demographic advantage. Vietnam, Indonesia, and the Philippines lead in attracting supply-chain diversification as firms pursue “China + 1” strategies.
- **Strategic hedging:** The region’s defining characteristic is pragmatic nonalignment. ASEAN states maintain U.S. security ties while deepening economic integration with China, their largest trading partner. Washington advances defense cooperation and the Indo-Pacific Economic Framework, while Beijing expands its Digital Silk Road and infrastructure networks. The result is “dual integration”—security leaning West, economics leaning East.
- **Internal divergence:** ASEAN’s cohesion is limited. Vietnam and the Philippines edge closer to Washington, while Thailand and Malaysia balance carefully, and Myanmar’s civil war has expended diplomatic bandwidth and emanates instability. This fragmentation reduces the bloc’s capacity to act as a unified geopolitical actor, even as its economic importance grows.
- **Emerging middle-power behavior:** Indonesia’s leadership ambitions, Singapore’s role in digital finance, and Vietnam’s industrial rise give select ASEAN states outsized influence relative to their size. Their collective weight in technology standards, green finance, and maritime security increasingly contribute to shaping Indo-Pacific norms.

Southeast Asia’s hedging strategy offers flexibility but faces limits as U.S.–China competition intensifies. The region’s ability to maintain balance without being forced into binary alignment will determine whether it remains a bridge or becomes a battleground in the new world order.

¹⁰ For a deeper analysis of Africa’s evolving security relationships, see TBI’s *A Path to Security: Renewing Relationships Within and Beyond the Sahel*: <https://institute.global/insights/geopolitics-and-security/a-path-to-security-renewing-relationships-within-and-beyond-the-sahel>

Section Four

Navigating a Multi-Speed, Multipolar World: Risks and Opportunities

The challenge is no longer recognizing the multipolar, multi-speed world but developing the agility and foresight to navigate it. The convergence of technological disruption, economic fragmentation, and political volatility has created conditions of rapid technological progress alongside rising geopolitical and climate volatility. Decisions taken now will shape the balance between resilience and instability in the decade ahead. Navigating this landscape requires a clear understanding of both risks and opportunities.

- **Risks:** Compounding disruptions that interact across domains rather than in isolation; for example, how climate shocks drive food insecurity and migration, or how cyberattacks can cascade through financial and supply chain systems.¹¹
- **Opportunities:** Volatility can unlock overdue reform and innovation, such as accelerating green energy investment after energy price shocks, or deepening regional cooperation on critical mineral supply chains.

1. Risks: Navigating complexity in a contested order

Decisionmakers face overlapping disruptions that compound into systemic stress, with risks interacting across domains rather than appearing in isolation. Four risks stand out:

- **Fragmented trade and regulation:** Export controls, sanctions and competing standards are splintering supply chains. The semiconductor sector shows how politicization of commerce has triggered countermeasures and subsidy races, leaving firms exposed to diverging regimes.
- **Labor market disruption:** AI and automation threaten to outpace adaptation in education and safety nets. Middle-skill and white-collar jobs are most exposed, with younger workers hit hardest. Service-heavy economies such as the UK and Singapore are especially exposed. Without proactive reskilling, inequality will deepen, fueling populist pressures.

¹¹ For a deeper perspective on how governments can build anticipatory capacity, see TBI's [*Forewarned Is Forearmed: National Risk Assessments Can Make the Difference Between Smart Governance and Potential Catastrophe*](#).

- **Decline of shared norms:** Multilateral institutions are eroding as sovereignty-first politics trump cooperation. The UN Security Council is paralyzed on a number of key issues, while the WTO's dispute mechanism remains sidelined.
- **Bloc-based geopolitics:** Bilateral and minilateral deals are proliferating without shared guardrails. Indo-Pacific pacts such as AUKUS, the Quad and U.S.–Philippines agreements reflect deterrence needs but also raise the risk of miscalculation.

2. Opportunities: Reform, leadership and adaptive advantage

Periods of disruption can also serve as catalysts for reform, innovation, and coalition-building. The same forces that destabilize established institutions can create new openings for leadership and adaptive advantage. Three opportunities stand out:

- **Reform via disruption:** Populist leaders with strong mandates can cut through inertia. In Argentina, President Milei is pursuing sweeping economic liberalization; in Italy, Prime Minister Meloni has defied expectations by enforcing fiscal discipline while shaping EU and NATO debates. These examples show volatility can enable overdue reform.
- **Modular cooperation:** As legacy institutions falter, states are turning to agile, issue-specific coalitions. The Quad, AUKUS, and I2U2 illustrate how compartmentalized formats can deliver results in trade, technology and security despite wider tensions. Yet when issues cross the threshold from technical coordination to systemic risk, effective management requires structured great-power coordination.
- **Rising regional agency:** Middle powers and regions are asserting greater influence on their own terms. Latin America is diversifying partnerships and shaping energy transition debates, ASEAN is balancing superpower rivalry while deepening trade, and the African Union is expanding its role through initiatives such as AfCFTA.

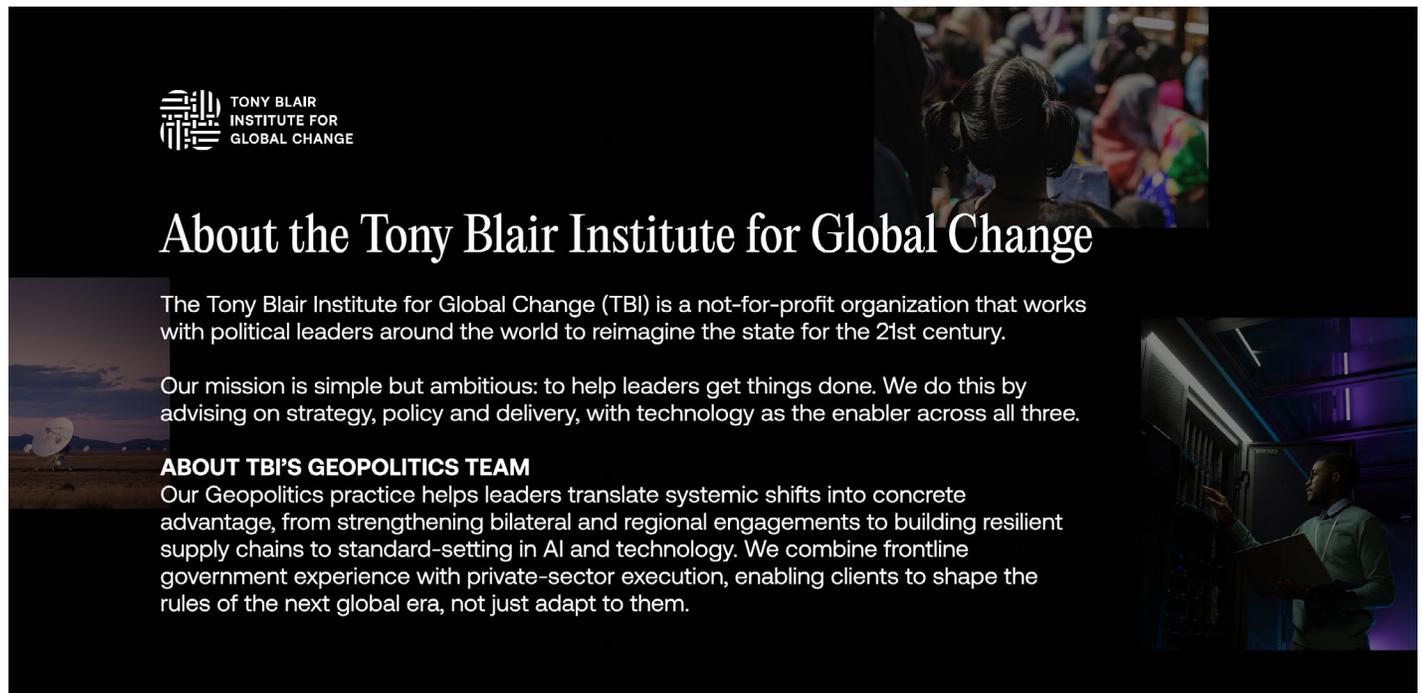
What We're Watching: Signals That Could Reshape Business Strategy

The following issues are emerging signals that could reshape the operating environment for firms over the next decade. Each reflects the dynamics of fragmentation and multipolarity described in this paper, and each carries potential consequences for market access, financial flows, and regulatory exposure. They are therefore on our watch list of developments businesses should monitor closely.

- **De-dollarization and independent payment systems:** Alternative networks such as China's CIPS and India's UPI are gaining traction in regional trade. They will not replace the dollar overnight, but wider adoption could gradually reduce U.S. financial leverage, alter sanctions risk and affect how firms settle cross-border transactions.
- **What comes after the WTO?** With the dispute settlement system paralyzed, global trade lacks a universal referee. Businesses face rising regulatory fragmentation and must prepare for a future of overlapping regional trade pacts. A shift toward new tribunals, potentially excluding the United States, would redraw the map of trade enforcement.
- **BRICS and ASEAN integration:** Both blocs are experimenting with deeper economic coordination. Moves toward local currency trade settlement and talk of common currencies remain limited, but even incremental progress could alter payment norms, supply chain diversification and commodity pricing. Firms exposed to these markets will need to track how far integration translates into real regulatory or financial convergence.
- **Middle state diplomacy:** Saudi Arabia, the UAE, Qatar, Norway and Singapore are emerging as neutral brokers and convening hubs outside Washington, Brussels, or Beijing. For businesses, their expanding role in global rule-making means that norms in areas such as climate, energy and digital governance are increasingly shaped outside traditional Western centers. Their diplomatic reach also provides alternative venues to engage governments and gain early influence over emerging standards and market access.
- **Populism and policy volatility:** Populist pressures are reshaping fiscal and industrial priorities across advanced economies, making tax, trade, and subsidy policies more politically fluid—especially around energy, migration, and living costs. Major European economies such as France, the United Kingdom, and Germany could see populist governments within the decade, heightening regulatory churn and reputational risk. Firms should prepare for shorter policy cycles as well as higher reputational exposure and build rapid-response plans for compliance and stakeholder management.
- **Re-militarization and security economics:** A new security-driven industrial cycle is emerging. Watch for tightening export controls, technology-sharing restrictions, and defense industry partnerships that could redefine access to key inputs. Firms should monitor how dual-use regulation expands beyond defense into AI, quantum, and advanced manufacturing—and assess exposure to future screening or localization requirements.

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The JPMorganChase Center for Geopolitics harnesses the firm's vast global network of expertise and know-how to help clients successfully seize opportunities and weather the trends transforming our global landscape. Access to the Center's offerings can be facilitated through bankers or other client advisors. For more information or to contact the JPMorganChase Center for Geopolitics, please visit: www.jpmorganchase.com/geopolitics



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Our mission is simple but ambitious: to help leaders get things done. We do this by advising on strategy, policy and delivery, with technology as the enabler across all three.

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Our Geopolitics practice helps leaders translate systemic shifts into concrete advantage, from strengthening bilateral and regional engagements to building resilient supply chains to standard-setting in AI and technology. We combine frontline government experience with private-sector execution, enabling clients to shape the rules of the next global era, not just adapt to them.

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