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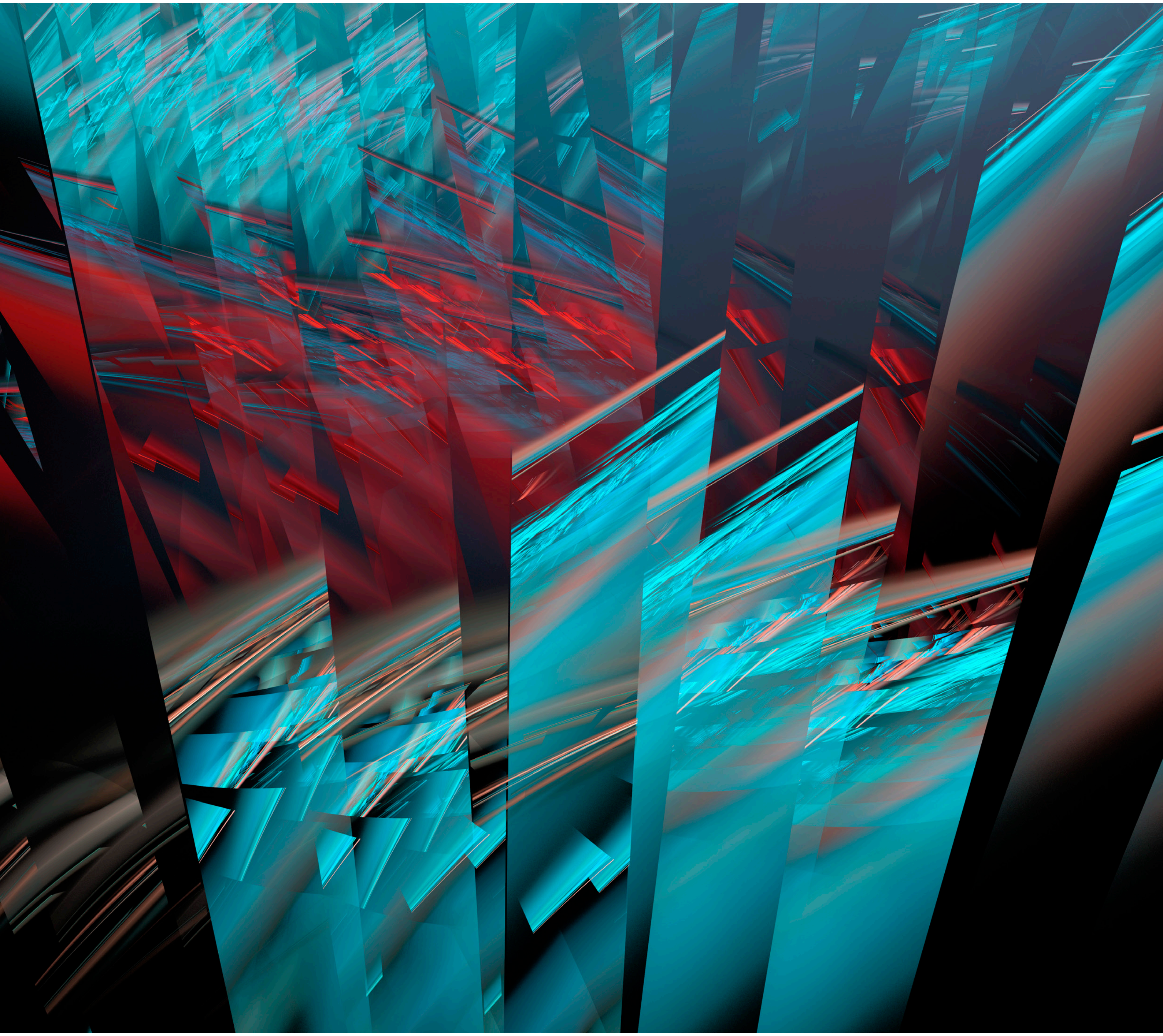

ORF GLOBAL Quarterly

DISRUPTION AND RECALIBRATION

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DISRUPTION *and* RECALIBRATION

Edited by

Sharon Stirling and Eszter Karacsony

EDITORS' NOTE

The start of 2026 has been marked by disruption, conflict, and profound uncertainty. The capture of Venezuela's President, Nicolás Maduro, by United States (US) special forces and the subsequent regime change in the country; transatlantic tensions over Greenland; the US Supreme Court's ruling on tariffs under the International Emergency Economic Powers Act (IEEPA); and joint US-Israel military operations in Iran followed by Tehran's retaliation in surrounding countries are only a few of the developments that are reshaping the global landscape. Additionally, the closure of the Strait of Hormuz as the war in the Middle East erupted, with its cascading energy shocks, has further underscored the fragility of interconnected commercial systems. While it is too early to predict the long-term consequences of these events, what is certain is that they will influence geopolitics and geoeconomics for decades to come.

The first issue of *ORF Global Quarterly*, published in January 2026, identified the megatrends likely to define 2026 across six domains. This second issue builds upon that foundation, presenting data-driven analyses of nine megatrends identified under two critical domains: **Geopolitics, Security, and Defence** and **Geoeconomics and Trade.** Many of these global dynamics are closely tied to the ongoing developments of the year's early months, underscoring the need for rigorous and timely scholarship. The impact of these trends on countries in the Global South are particularly significant and must be assessed through a deeper analysis of the underlying causes of the structural, cross-border transformations that are occurring. The collaborative effort that produced this issue—involving ORF's centres in India, the Middle East, and the United States—provides comprehensive background, empirical data, and granular analyses of the tectonic shifts the world is undergoing.

This issue includes single essays on each of the five trends within Geopolitics, Security, and Defence. Authors were given discretion to determine their focus. For example, the chapter "New Arenas of Great-Power Competition" examines, among the originally identified regions and domains in the first issue, rivalry in the Arctic and explores emerging strategic races in space and undersea-cable technology.

For trends whose underlying causes and potential implications for the Global South are closely interconnected, two essays were commissioned to address them collectively.

This applies to the Geoeconomics and Trade chapters that analyse the trends: "Global South in the Crossfire: Strategic Competition and Managed Interdependence" as well as "Building a Resilient Trade Architecture in the Global South"

Disruptions will continue—even heighten—in the future. While these disruptions generate uncertainty, they also create opportunities to restructure institutions, recalibrate relationships, and redefine rules that no longer fit the new geopolitical and geoeconomic realities of our times. Many countries in the Global South will require partners and multilateral frameworks to achieve equitable leverage in trade, security, technology, energy, and sustainability. Leaders and citizens alike are examining the challenges ahead and exploring how best to position their countries and economies in the emerging landscape. It is our continued hope that this quarterly publication provides valuable insights to guide those strategic choices.

Looking ahead, the third issue of this series will aim to unpack trends identified in the Technology, and Climate and Energy Transitions domains. These thematic areas do not stand alone; their interpretation requires a broader understanding of the geopolitical and geoeconomic shifts explored in this issue.

Sharon Stirling
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New Arenas of Great-Power Competition

Rachel Rizzo

In 2026, the scope and intensity of strategic competition show no signs of slowing and indeed, the stakes are intensifying and the rivalries becoming more pronounced. The Arctic region, once a geopolitical afterthought for many policymakers, has now moved decisively to the centre of global decision-making, emerging as a primary theatre of great-power competition. Domain-specific competition on the ocean floor and beyond the Earth's atmosphere is also moving to the forefront of conversations. Undersea cables carry most global internet traffic and financial data, and space technology has become a cornerstone of both military and commercial policymaking. How major powers navigate this moment, and whether multilateral institutions created in a different era can adapt to the new one, will be the defining questions in the years ahead.

The Arctic Grows in Importance

Since the beginning of his second administration, United States (US) President Donald Trump had expressed interest in acquiring Greenland, a sovereign territory of Denmark, and an island that the US "needs" for national security reasons.[1] Whatever one might make of that ambition, the desire itself signifies more than intra-NATO pressure; it reflects an understanding that as climate change accelerates, the race for critical minerals intensifies, and melting ice caps potentially open new sea lanes while extending the usability of existing ones. The Arctic therefore is rapidly becoming a central arena of great-power competition.

The drivers of intensifying Arctic competition are diverse and interconnected. According to a study by the US Geological Survey—the most comprehensive one to date—the region is estimated to hold up to 13 percent of the world's undiscovered oil and 30 percent of its undiscovered natural gas.[2] Greenland alone contains approximately 25 of the more than 30 raw materials classified by

1 Sarah Smith, "Trump Says the US Needs to 'Own' Greenland to Prevent Russia and China from Taking It," *BBC News*, January 10, 2026, https://www.bbc.com/news/articles/c78vj5n7jg3o.

2 U.S. Geological Survey, "Arctic Oil and Natural Gas Resources," U.S. Energy Information Administration, January 20, 2012, https://www.eia.gov/todayinenergy/detail.php?id=4650.

the European Union (EU) as "critical", all of which are essential to defence electronics, the green transition, and advanced manufacturing.[3] Although these minerals are extremely difficult and expensive to extract, given their location beneath deep sheets of ice, it is unsurprising that the US has shown interest in exploration: today, China controls roughly 60 percent of global rare-earth production and 90 percent of global rare-earth processing capacity.[4] This concentration of supply chain leverage remains a source of strategic concern for Washington.

Meanwhile, in the shipping sector, the distance from Northern Europe to China via the Northern Sea Route is approximately 40-percent shorter and 10-15 days faster than through the Suez Canal.[5] Projections suggest that the Arctic Ocean could experience its first ice-free day in 2034 (a decade earlier than previously anticipated), and ice-free summers by mid-century, thereby opening a Transpolar Sea Route that would connect the Atlantic and Pacific for the first time in history.[6] Russia has ensured it is well positioned for that moment: it maintains an operational fleet of 45 ice breakers in the arctic region, including eight nuclear-powered vessels (by comparison, the US has only three, one of which is 50 years old) and has rebuilt Arctic military installations at a pace unseen since the Soviet era.[7] China, according to some analysts, has invested nearly US$90 billion in the Arctic, despite having no territorial claims in the region.[8] To the chagrin of the US, it has also actively sought port and airport infrastructure in Greenland.

Finally, the Nordic countries—Norway, Sweden, Finland, Denmark, and Iceland—are strategically vital actors in shaping the future of the Arctic. Norway, as an Arctic littoral state and member of the Arctic Council, oversees substantial offshore energy production in the region and has a direct interest in the governance of Arctic resources and sea lanes. Sweden and Finland, which joined NATO in 2022 and 2023, respectively, strengthened the alliance's Arctic and Baltic flanks and enhanced regional military coherence. Denmark currently carries considerable geopolitical weight due to its administrative relationship with Greenland. Ultimately, the Nordics bring deep Arctic expertise along with critical basing and logistics infrastructure to NATO's northern posture and will be key to shaping the Arctic's evolving global role.

Taken together, the combination of resources, shipping routes, and military positioning makes it clear that the Arctic region will be at the forefront of policymaking conversations in the coming years.

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3 Adrienne Murray, "The Story Behind the Scramble for Greenland's Rare Earths," *BBC News,* November 5, 2025, https://www.bbc.com/worklife/article/20251104-the-story-behind-the-scramble-for-greenlands-rare-earths.

4 Gracelin Baskaran and Meredith Schwartz, "Developing Rare Earth Processing Hubs: An Analytical Approach," Center for Strategic and International Studies, July 28, 2025, https://www.csis.org/analysis/developing-rare-earth-processing-hubs-analytical-approach.

5 "Shipping and Transportation," *The Arctic Review,* https://arctic.review/economy/shipping-and-transportation/.

6 Alexandra Jahn, Marika M. Holland, and Jennifer E. Kay, "Projections of an Ice-Free Arctic Ocean," *Nature Reviews Earth & Environment,* March 5, 2024, https://www.nature.com/articles/s43017-023-00515-9.

7 Lori Ann LaRocco, "How Chinese, Russian Arctic Ambitions are Fueling a U.S. Polar Icebreaker Mission," *CNBC,* March 28, 2026, https://www.cnbc.com/2026/03/28/china-russia-arctic-polar-icebreaker-ships.html.

8 Anders Edstrøm, Guðbjörg Ríkey Th. Hauksdóttir, and P. Whitney Lackenbauer, "Cutting Through Narratives on Chinese Arctic Investments," Belfer Center for Science and International Affairs, June 23, 2025, https://www.belfercenter.org/research-analysis/china-arctic-investments.

Strategic Considerations: Below the Waterline and in Space

Meanwhile, two specific domains demand particular attention: the proliferation and strategic importance of undersea cables, and the race to develop space-based capabilities.

Undersea cables carry over 95 percent of global data traffic and underpin the global financial systems, military communications, and intelligence architectures on which nations depend for technological and economic survival.[9] Yet these cables are also critically vulnerable: they predominantly lie on the open seabed and traverse thousands of miles of unmonitored ocean floor. Incidents such as dragged anchors or deliberate line cuts are difficult to detect in real-time and may take weeks to repair. Globally, there are only 62 specialised cable-laying repair vessels (heavily concentrated among a small number of mostly European companies, but with China building its own fleet and capacity) which are both ageing and insufficient to match the pace of cable expansion, leaving a weakness that can be actively exploited.[10]

In December 2024, the Estlink 2 power cable between Finland and Estonia was severed alongside two telecommunications cables.[11] The alleged culprit was the Eagle S, an oil tanker believed to be part of Russia's sanctions-evading global shadow fleet.[12] Similarly, in the preceding month, the BCS East-West Interlink cable between Lithuania and Sweden and the C-Lion1 cable between Finland and Germany were cut, with suspicion directed toward the Chinese cargo vessel Yi Peng 3, which had departed from a Russian port only a few days earlier.[13]

> **"Undersea cables that carry over 95 percent of global data traffic and underpin the global financial systems, military communications, and intelligence architectures are critically vulnerable.**

9 Colin Wall and Pierre Morcos, "Invisible and Vital: Undersea Cables and Transatlantic Security," Center for Strategic and International Studies, June 11, 2021, https://www.csis.org/analysis/invisible-and-vital-undersea-cables-and-transatlantic-security.

10 Aaron Bateman, "To Keep the World's Data Flowing, Countries Need to Quickly Fix Broken Undersea Cables," *Bulletin of the Atomic Scientists,* July 29, 2025, https://thebulletin.org/2025/07/to-keep-the-worlds-data-flowing-countries-need-to-quickly-fix-broken-undersea-cables/.

11 Bruce D. Jones, "Seabed Zero: Baltic Sabotage and the Global Risks to Undersea Infrastructure," *Bulletin of the Atomic Scientists,* February 13, 2026, https://thebulletin.org/2026/02/seabed-zero-baltic-sabotage-and-the-global-risks-to-undersea-infrastructure/.

12 Miranda Bryant, "Finland Accuses Tanker Crew of Sabotage of Undersea Cables with Anchor," *The Guardian,* August 11, 2025, https://www.theguardian.com/world/2025/aug/11/finland-accuses-tanker-crew-sabotage-undersea-cables-anchor.

13 Bojan Pancevski, "Chinese Ship's Crew Suspected of Deliberately Dragging Anchor for 100 Miles to Cut Baltic Cables," *The Wall Street Journal,* November 29, 2024, https://www.wsj.com/world/europe/chinese-ship-suspected-of-deliberately-dragging-anchor-for-100-miles-to-cut-baltic-cables-395f65d1.

Both states and multilateral institutions are working hard to address these threats, but there are limitations to what specific bodies can accomplish. For example, the International Telecommunications Union (ITU), a United Nations agency, partnered with the International Cable Protection Committee (ICPC) to establish the International Advisory Body on Submarine Cable Resilience.[14] Unfortunately, the body is strictly advisory with no enforcement powers, it explicitly does not attribute the source of cable disruptions, and it focuses almost exclusively on accidental damage. As a result, its practical contribution to protecting against or preventing cable sabotage remains limited.

Other organisations, in contrast, have been more effective. In January 2025, for example, NATO launched its Baltic Sentry mission, deploying frigates, maritime patrol aircraft, and naval drones across the Baltic maritime area to strengthen surveillance and deterrence. The EU has also taken important steps, allocating an additional EUR 540 million between 2025 and 2027 to strengthen digital infrastructure, including undersea network security.[15] At the national level, states are beginning to legislate this domain more assertively. For example, in April 2025, Estonia granted its defence forces explicit legal authority to act against vessels threatening critical underwater infrastructure.[16] The primary challenge, however, lies in international maritime law. Without consent, states cannot board or interdict vessels in the high seas, allowing adversaries to anchor just beyond territorial waters to avoid seizure. Closing that legal gap will be a key consideration moving forward.

Beyond Earth's atmosphere, geostrategic competition is intensifying rapidly. Today, satellites orbiting Earth underpin nearly every dimension of modern military and economic power. GPS-guided munitions, intelligence sharing, financial systems like SWIFT, and early warning networks, all rely on uninterrupted access to space-based infrastructure. Consequently, states are building their space-based assets at a pace comparable to the expansion of their ground-based capabilities.

By July 2025, China had over 1,060 satellites in orbit,[17] more than 510 of which possess intelligence, surveillance, and reconnaissance capabilities. Similarly, Beijing conducted 68 space launches in 2024, placing 260 payloads into orbit.[18] China's GuoWang constellation, a state-owned low-Earth orbit project that

14 International Telecommunication Union (ITU), "Launch of International Advisory Body to Support Resilience of Submarine Telecom Cables," November 29, 2024, https://www.itu.int/en/mediacentre/Pages/PR-2024-11-29-advisory-body-submarine-cable-resilience.aspx.

15 European Commission, "Joint Communication to Strengthen the Security and Resilience of Submarine Cables," https://digital-strategy.ec.europa.eu/en/factpages/joint-communication-strengthen-security-and-resilience-submarine-cables.

16 "Riigikogu to Vote on Navy's Right to Use Force, Including Against Civilian Vessels," *ERR News,* April 8, 2025, https://news.err.ee/1609657169/riigikogu-to-vote-on-navy-s-right-to-use-force-including-against-civilian-vessels.

17 Abhinandan Mishra, "China Rapidly Expands Satellite Fleet Amid Strategic Space Dreams," *Sunday Guardian,* August 3, 2025, https://sundayguardianlive.com/world/china-rapidly-expands-satellite-fleet-amid-strategic-space-dreams-136791/.

18 National Space Security Agency (NSSA), "Space Threat Fact Sheet," May 16, 2025, https://nssaspace.org/wp-content/uploads/2025/05/20250516-S2-Space-Threat-Fact-Sheet-v8-RELEASE.pdf.

> **Beyond Earth's atmosphere, geostrategic competition is intensifying rapidly and today, satellites orbiting Earth underpin nearly every dimension of modern military and economic power.**

currently has fewer than 200 satellites in orbit, aims to increase that number to 13,000 by the 2030s to provide global internet services.[19] This initiative will directly rival the US-based Starlink system. SpaceX (which operates the Starlink constellation) recently received FCC approval to expand coverage to as many as 15,000 next-generation satellites.[20] At present, the disparity between GuoWang and SpaceX is substantial: the latter already has over 10,000 satellites in orbit. Competition between these systems is expected to intensify further through 2026.

Beyond communication and internet capabilities, the space domain is increasingly subject to militarisation. Russia is developing an anti-satellite system that would "use a nuclear explosion to create weapons effects, most likely an electromagnetic pulse (EMP), that would in turn disable or destroy satellites."[21] If realised, this capability could potentially threaten satellites owned and operated by states and private companies worldwide. China, meanwhile, has developed ground-based laser weapons that not only can disrupt satellite sensors, but also pose direct physical threats to them. Additionally, it can deploy so-called 'dogfighter' satellites designed to push or pull other satellites out of their operational orbits.[22] Meanwhile, the US Space Force released a space-warfighting framework in April 2025, explicitly emphasising offensive and defensive measures designed to secure space superiority.[23]

Competition in these domains will naturally accelerate, but the US will play a major role in shaping its trajectory. The current US administration will likely continue its unpredictable global decision-making, prompting states (especially Russia and China) to hedge by accelerating domestic capability development, and potentially adopting more confrontational approach beyond their borders. Similarly, private companies will continue to influence the evolution of the space industry, with firms such as SpaceX and Blue Origin,

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19 Andrew Jones, "China Is Developing Plans for a 13,000-Satellite Communications Megaconstellation," *SpaceNews,* April 21, 2021, https://spacenews.com/china-is-developing-plans-for-a-13000-satellite-communications-megaconstellation/.

20 Jeff Foust, "FCC Approves 7,500 Additional Starlink Satellites," *SpaceNews,* January 10, 2026, https://spacenews.com/fcc-approves-7500-additional-starlink-satellites/.

21 Victoria Samson, Seth Walton, and Kathleen Brett, "FAQ: What We Know About Russia's Alleged Nuclear Anti-Satellite Weapon," Secure World Foundation, https://www.swfound.org/publications-and-reports/faq-what-we-know-about-russias-alleged-nuclear-anti-satellite-weapon.

22 Simone McCarthy, "China Is Practicing 'Dogfighting' with Satellites as It Ramps Up Space Capabilities: US Space Force," *CNN,* March 21, 2025, https://edition.cnn.com/2025/03/21/china/china-space-force-dogfighting-satellites-intl-hnk.

23 United States Space Force, "Space Warfighting: A Framework for Planners," April 10, 2025, https://www.spaceforce.mil/Portals/2/Documents/SAF_2025/Space_Warfighting_-_A_Framework_for_Planners_BLK2_(final_20250410).pdf.

and a growing constellation of smaller launch and satellite operators increasingly setting the pace of innovation and deployment.

Implications for the Global South

For India, intensifying competition across the Arctic, undersea cable networks, and space could represent a strategic opening. Resource and shipping dynamics in the Arctic will have cascading effects on global prices, supply chains, and trade routes disproportionately impacting developing economies. As one of the world's most active space powers, and a notable player in the Indo-Pacific's undersea cable architecture, New Delhi holds a distinct role in shaping how global norms are created and enforced. It should leverage that position to its advantage. The primary challenge for India will be the pressure exerted by growing US-China competition, and to ensure the rules of the road are written through multilateral forums like the G20 rather than through the lens of bilateral economic and military contests. This will require India to become more comfortable asserting its influence in multilateral settings. In a world of emerging multipolarity, few countries are as well positioned as India to help shape what comes next.

For the Global South, more broadly, the stakes of these emerging competitions remain underappreciated. Countries across Africa, Latin America, and Southeast Asia are increasingly dependent on undersea cable infrastructure for their digital economies, yet they have limited influence over how that infrastructure is secured or governed. In the same vein, the commercialisation of space will accelerate access to services enabled by space technologies, ranging from expanded broadband connectivity to advanced climate monitoring. This presents opportunities for economic growth, but much of the infrastructure will be owned by foreign commercial companies, leaving countries overly dependent on external actors. As a result, they risk finding themselves on the wrong side of a new digital divide. Moving forward, coalition and capacity building, and a more active presence in multilateral institutions, will be essential to ensure that the Global South emerges as a rule-shaper rather than a rule-taker in the evolving global order.

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Building in the Rupture: The World’s New Alignments

Clemens Chay

Less than a year after Canadian Prime Minister Mark Carney declared that Canada's old relationship with the United States (US)—anchored in deep economic integration and close security cooperation—was "over,"[1] he delivered a forceful message at Davos in January 2026. He argued that the "fiction" of the international rules-based order, in which powerful states exempt themselves at will and trade rules are "enforced asymmetrically," had been laid bare. The "bargain," as he described it—an American-led order underwriting a stable financial system, collective security, and the multilateral frameworks long relied upon by middle powers—was now in "rupture."[2]

These strong words follow a shock delivered by US President Donald Trump shortly after taking office in January 2025: a declaration of American "economic independence" through the introduction of "Liberation Day" tariffs in April, imposing a 10-percent baseline rate on all countries and subjecting those with trade surpluses vis- à-vis the US to sharply higher rates.[3] Jarring as it was, the move should not have come as a surprise—it flowed directly from the "America First" policies Trump had initiated during his first term, from January 2017 to January 2021, when his administration framed its foreign policy doctrine as "principled realism."[4] Whereas that first term tested the boundaries of the liberal order, his second has challenged them more aggressively,

1 Jessica Murphy, Ali Abbas Ahmadi and Bernd Debusann, "Canada PM Mark Carney Says Old Relationship with US 'is Over'," *BBC News,* March 28, 2025, https://www.bbc.com/news/articles/c5y41z4351qo.

2 "Davos 2026: Special Address by Mark Carney, Prime Minister of Canada," World Economic Forum, January 20, 2026, https://www.weforum.org/stories/2026/01/davos-2026-special-address-by-mark-carney-prime-minister-of-canada/.

3 Kira Schacht, "Who's Winning Under Trump's Tariff Policy?," *DW,* March 30, 2026, https://www.dw.com/en/who-is-winning-under-trump-tariffs-global-trade-data-driven-journalism/a-76303601.

4 "President Donald J. Trump at the United Nations General Assembly: Outlining an America First Foreign Policy," US National Archives, September 20, 2017, https://trumpwhitehouse.archives.gov/briefings-statements/president-donald-j-trump-united-nations-general-assembly-outlining-america-first-foreign-policy/.

explicitly linking economic policy to national security under the rubric addressing "unfair and unbalanced trade."[5] This framing has provided justification for tariffs imposed not only against rivals, but also against some of the US's closest allies.

Trump's unreliability as a guarantor of the liberal order has become a generative force in its own right. His first term catalysed smaller groupings anchored in a "Free and Open Indo-Pacific" framework, while his second, still unfolding, has not only accelerated those minilateral initiatives, but also pushed allies, and in some cases adversaries, into lateral arrangements with partners they might previously have considered unlikely or unnecessary. The reality is that "America First" under the Trump administration has functioned as a structural force rather than empty rhetoric—one that has prompted state actors to exercise agency by prioritising their own national interests.

Dismantling Multilateralism

Between Trump's first and second terms, his administration's key priorities have remained consistent: a focus on America's immediate neighbourhood—codified in the November 2025 National Security Strategy[6] as the

> **'America First' has functioned as a structural force rather than empty rhetoric—one that has prompted state actors to exercise agency by prioritising their own national interests.**

"Western Hemisphere"—and hostility toward external threats such as Iran, alongside what the same document terms "non-Hemispheric competitors," a thinly veiled reference to Beijing. Yet Trump 2.0 has introduced a sharper edge. For Europe, the transatlantic divide has widened not only through Washington's studied ambivalence toward NATO commitments, but also through its conspicuous omission of Russian responsibility for the war in Ukraine—a conflict the European Union (EU) regards as an existential threat.[7] The implications were made plain by Defense Secretary Pete Hegseth at the 2025 Shangri-La Dialogue in Singapore: while America would "continue to be an Indo-Pacific nation," the administration's "peace through strength" strategy would only endure if European allies assumed "greater ownership" of their own security.[8] The message, delivered in Asia, was directed squarely at Brussels.

5 "America First Trade Policy," White House, January 20, 2025, https://www.whitehouse.gov/presidential-actions/2025/01/america-first-trade-policy/.

6 "National Security Strategy of the United States of America," White House, November 2025, https://www.whitehouse.gov/wp-content/uploads/2025/12/2025-National-Security-Strategy.pdf.

7 Giuseppe De Vita, "Kaja Kallas: Russia is An Existential Threat to EU Security," *Brussels Morning*, January 22, 2025, https://brusselsmorning.com/kaja-kallas-russia-is-an-existential-threat-to-eu-security/65257/.

8 "Remarks by Secretary of Defense Pete Hegseth at the 2025 Shangri-La Dialogue in Singapore," US Department of War, May 31, 2025, https://www.war.gov/News/Speeches/Speech/article/4202494/remarks-by-secretary-of-defense-pete-hegseth-at-the-2025-shangri-la-dialogue-in/.

What is evident in Trump 2.0 is not a recalibration but a repudiation of multilateral norms, alliance obligations, and the assumption that American power and global stability are mutually reinforcing. The tariffs present the most visible manifestation of this shift: economic instruments deployed with a force that strains alliances, increases the cost of doing business in an era of globally mobile capital and innovation, and risks undermining the dollar's reserve-currency status along with the deep, liquid markets that have long sustained American financial primacy.[9] These are not the trade-offs of a country confident in its hegemony; they are the choices of one that has concluded that global leadership now costs more than it yields.

In this environment, multilateralism is effectively being dismantled. The global order is left to operate only where it serves Washington's immediate interests—underscored most starkly by the Presidential Memorandum authorising US withdrawal from 66 international organisations and UN entities.[10] While this trajectory has roots in Trump 1.0, the second term has abandoned any pretense of soft power altogether: the closure of USAID, long a cornerstone of American diplomatic influence, signals an administration that has substituted persuasion with coercion and financial leverage. What remains is a world in which the architecture of collective problem-solving is being eroded from within by the very power that constructed it.

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9 "Breaking Down Trump's 2025 National Security Strategy," *Brookings,* December 8, 2025, https://www.brookings.edu/articles/breaking-down-trumps-2025-national-security-strategy/.

10 "Withdrawing the United States from International Organizations, Conventions, and Treaties that Are Contrary to the Interests of the United States," White House, January 7, 2026, https://www.whitehouse.gov/presidential-actions/2026/01/withdrawing-the-united-states-from-international-organizations-conventions-and-treaties-that-are-contrary-to-the-interests-of-the-united-states/.

Trump 1.0 & 2.0: Withdrawal from Major International Organisations and Frameworks

01

Trans-Pacific Partnership (TPP)

Withdrew Jan 2017

The United States (U.S.) withdrew from the 12-nation trade agreement and began pursuing bilateral trade negotiations to advance American interests.

02

Paris Climate Agreement

Withdrew Jan 2017 (effective Nov 2020) rewithdres Jan 2005 effective Jan 2026)

The U.S. International Climate Finance Plan is revoked and rescinded immediately.

03

UNESCO

Withdrew Oct 2017 (effective Dec 2018); re-withdrawal Jul 2025 (effective Dec 2026)

Trump alleged financial mismanagement and claims of anti-US bias in some of its policies.

04

Iran Nuclear Deal (JCPOA)

Withdrew May 2018

Trump abandon the (JCPOA), re-imposing economic sanctions on Iran

05

UN Human Rights Council (UNHRC)

Withdrew Jun 2018, re withdrew Feb 2025

The United States did not participate in the UNHRC and will not seek election to that body.

06

Intermediate-Range Nuclear Forces (INF)

Withdrew Aug 2019

U.S. withdrawal from the INF Treaty due to the Russian Federation's continuing violation of the treaty.

07

Treaty on Open Skies

Withdrew Nov 2020

Trump blames Russia's aggressive actions against Georgia and Ukraine, its purported suspension of its obligations under the CFE Treaty, and its selective implementation of the Vienna Document

08

World Health Organization (WHO)

Withdrew July 2020; re-withdrew Jan 2025 (effective Jan 2026)

Paused the future transfer of any United States Government funds, support, or resources to the WHO.

09

UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)

Prohibited future funding Feb 2025

U.S. Executive departments. and agencies shall not use any funds for a contribution, grant, or other payment to UNRWA

10

U.S. Withdrawal from 66 International Organisations, Conventions, and Treaties.

Jan 2026

The United States withdrawn from and Ending Funding to 31 United Nations Organisations and 35 Non-UN Organisations

Trump's withdrawal from international organisations across two terms (Created by Surya Prakash Noutiyal)

Building in the Rupture

Where multilateralism erodes, alternative interstate arrangements have thrived. Minilateralism—what Moises Naím[11] influentially described as bringing together "the smallest possible number of countries needed to have the largest possible impact"—has shifted from the margins of diplomatic practice to its centre. Such groupings are not new to Washington. Indeed, minilateralism has experienced a "golden age" since the emergence of the Indo-Pacific construct, with US-linked initiatives spanning security, trade, critical minerals, infrastructure, and governance expanding markedly across the Obama, Trump, and Biden administrations.[12]

What distinguishes the current moment is not merely the proliferation of minilaterals, but the simultaneous dismantling of the multilateral architecture alongside which they once operated. The Quad, the quadrilateral dialogue between the US, Japan, Australia, and India, drew on concepts developed during the Bush and Obama administrations before being formally revived under Trump's first term as a cornerstone of an Indo-Pacific security architecture.[13] The US-Japan-Philippines Trilateral,[14] which conducted a Multilateral Maritime Cooperation Activity (MMCA)[15] as recently as February 2026, reflects the same logic: targeted coalitions designed to project deterrence in contexts where broader multilateral frameworks lack the speed or cohesion to respond effectively.

Trump's support for such arrangements is conditional rather than principled. Minilateral groupings that advance American interests—or where allies have sufficiently cultivated favour with Washington—receiving backing; those that do not are treated as expendable. AUKUS, the multibillion-dollar submarine partnership between Australia, the United Kingdom (UK), and the US established under the Biden administration, illustrates this dynamic. In October 2025, Washington moved to review the supply and delivery of nuclear-powered attack submarines, with officials signalling little reason to share what they described as a "crown jewel asset."[16] The arrangement's strategic logic—containing China, binding allies, and projecting Indo-Pacific resolve—remained intact. What shifted was the calculus of America's perceived returns.

It is within this transactional environment, where American pressure is exerted through economic coercion rather than diplomatic persuasion, that alignments are shifting in unexpected ways. BRICS, once a loose coalition of the world's fastest-growing economies, has

11 Moises Naím, "Minilateralism," *Foreign Policy*, June 21, 2009, https://foreignpolicy.com/2009/06/21/minilateralism/.

12 Sarah Teo, "The Rise and Endurance of Minilaterals in the Indo-Pacific," Lowy Institute, December 27, 2024, https://www.lowyinstitute.org/the-interpreter/rise-endurance-minilaterals-indo-pacific.

13 Lindsey Ford, "The Trump Administration and the 'Free and Open Indo-Pacific," *Brookings*, May 2020, https://www.brookings.edu/wp-content/uploads/2020/05/fp_20200505_free_open_indo_pacific.pdf.

14 Lisa Curtis and Ryan Claffey, "U.S.-Japan-Philippines Trilateral Cooperation," *CNAS*, March 2026, https://s3.us-east-1.amazonaws.com/files.cnas.org/documents/Trilateral_IPS_Mar2026_Final.pdf.

15 This is the second MMCA of 2026, following a similar activity with Australia, the Philippines, and the US.

16 Lana Lam, "What is Aukus, the Submarine Deal Between Australia, the UK and US?," *BBC News*, October 21, 2025, https://www.bbc.com/news/articles/cgr589k5yleo.

acquired new coherence as a collective hedge against US tariffs, with growing consideration of bilateral trade agreements denominated in national currencies to mitigate dependence on the dollar.[17] Its expansion to 10 full members, with nine additional nations designated as partner countries, has broadened the bloc's reach, though its heterogeneity imposes real limits on cohesion.[18] A common thread across this disparate membership, however, is the shared imperative to respond to and manage the consequences of American dominance. This unity has produced tangible diplomatic movement: Chinese President Xi Jinping, Indian Prime Minister Narendra Modi, and Russian President Vladimir Putin aligned closely at the Shanghai Cooperation Organisation summit in September 2025.[19] Most striking is the recalibration between China and India—longstanding adversaries whose border tensions remain unresolved—who nonetheless pledged to strengthen economic ties, with Beijing agreeing to increase supplies of rare-earth minerals to New Delhi.[20] This development is perhaps the clearest indicator of how profoundly Trump's pressure has reshaped the strategic landscape.

Nonetheless, the Global South's response is not merely reactive. For many developing nations, the erosion of US-led multilateralism has accelerated a recalibration already underway; it is rooted less in outright opposition to the Western order than in frustration with its asymmetries. Their shared agenda centres on what IBSA—the trilateral dialogue among India, Brazil, and South Africa, revived after a 14-year hiatus at the G20 in Johannesburg in November 2025—has long termed "reformed multilateralism": development financing without political conditionality, fairer representation in international institutions, and trade beyond dollar dependency.[21] South African President Cyril Ramaphosa articulated this posture precisely: "We must position ourselves as co-architects of a more representative and responsive multilateral system."[22] In 2026, that co-architecture is already underway—organised, directional, and no longer contingent on Washington's approval.

Barely halfway through Trump's second term, the damage to American partnerships and alliances is already measurable. Confronted with US economic coercion, partners have moved to bypass or hedge against Washington with a speed and breadth that would have seemed improbable just years ago. Trilateral free trade talks between China, Japan, and South Korea—

17 Shanthie Mariet D'Souza, "A Reality Check for BRICS and the Lofty Dedollarisation Agenda," Lowy Institute, November 18, 2025, https://www.lowyinstitute.org/the-interpreter/reality-check-brics-lofty-dedollarisation-agenda.

18 "BRICS Expansion and the Future of World Order: Perspectives from Member States, Partners, and Aspirants," Carnegie Endowment for International Peace, March 31, 2025, https://carnegieendowment.org/research/2025/03/brics-expansion-and-the-future-of-world-order-perspectives-from-member-states-partners-and-aspirants.

19 "Xi, Putin and Modi Close Ranks Against West at Regional Summit in China," *Le Monde with AFP,* September 1, 2025, https://www.lemonde.fr/en/international/article/2025/09/01/xi-putin-and-modi-close-ranks-against-west-at-regional-summit-in-china_6744926_4.html.

20 Vishnu Som, "China's Minerals Offer to India: Banishing the Ghost of Galwan?," *NDTV,* August 19, 2025, https://www.ndtv.com/world-news/chinas-promise-to-address-indias-rare-earth-needs-just-business-or-strategic-realignment-9114003.

21 Ministry of Foreign Affairs of Brazil, "India-Brazil-South Africa (IBSA) Dialogue Forum 11th Trilateral Ministerial Commission Meeting," September 22, 2023, https://www.gov.br/mre/en/contact-us/press-area/press-releases/india-brazil-south-africa-dialogue-forum-ibsa-11th-trilateral-ministerial-commission-meeting-new-york-22-september-2023.

22 Sudhi Ranjan Sen, Daniel Carvalho, S'thembile Cele, and Bloomberg, "Trump's Attacks Push India, Brazil, South Africa Closer Together," *Fortune,* November 23, 2025, https://fortune.com/2025/11/23/trump-pushes-brazil-india-south-africa-together-ibsa-forum-g20-tariffs/.

stalled since 2012, in part because Tokyo and Seoul are close US allies—have regained renewed momentum.[23] India, subjected with an additional 25 percent tariff in retaliation for its continued purchase of Russian oil, accelerated negotiations toward what has been described as the "mother of all deals" with the EU—a reciprocal tariff reduction agreement poised to create the world's largest free trade zone by population.[24] Canada, perhaps the most aggrieved party, has pursued the widest range of lateral bilaterals via Carney's state visits at the start of 2026: deepening ties with China, thawing a long-frozen relationship with India, and attracting Qatari investment in infrastructure and artificial intelligence.[25] These are not improvised reactions—they represent the early architecture of a post-American economic order.

An Orwellian Tale

George Orwell warned in 1946 that political language is designed not to illuminate but to obscure—that abstract slogans become useful precisely because their vagueness allows them to justify almost anything. "America First" exemplifies this dynamic in the contemporary moment. On the surface, it appears to embody principled realism; in practice, it signals something more radical: not simply that the US will prioritise its own interest—as all states do—but that American interests are deemed categorically more valuable than those of any partner, ally, or institution. Orwell's most enduring formulation applies with uncomfortable precision: "all animals are equal, but some animals are more equal than others."

That logic carries significant consequences. Trump's tariff policy pursued two central ambitions: to restore American manufacturing by bringing blue-collar jobs back home, and to loosen China's grip on global production. Both objectives have backfired. Instead of redirecting supply chains to US soil, the uncertainty generated by Trump's volatile tariff regime accelerated an existing shift of manufacturing out of China and into Vietnam—a relocation driven by companies hedging against unpredictability rather than investing in America.[26] Meanwhile, his repeated threats to withdraw from NATO have eroded whatever reassurance his administration's security commitments might otherwise provide to allies already seeking alternatives to American guarantees. Across the Global South, the long-deferred project of reformed multilateralism has acquired new urgency gaining momentum precisely in the space Washington has vacated. The world is not waiting for America's return; it is constructing around its absence.

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23 Tai Wei Lim and Peng Er Lam, "China-Japan-South Korea Trilateral Summit," East Asia Institute, August 25, 2025, https://research.nus.edu.sg/eai/wp-content/uploads/2025/09/EAIBB-No.-1837-China-Japan-S-Korea-Trilateral-Summit-2025-synopsis_exsum.pdf.

24 "Here's Why the India-EU Trade Pact is the 'Mother of All Deals'," World Economic Forum, February 5, 2026, https://www.weforum.org/stories/2026/02/india-eu-mother-of-all-trade-deals-what-to-know/.

25 Ian Austen, "As Carney Travels the Globe for New Alliances, He Looks Away on Human Rights," March 17, 2026, https://www.nytimes.com/2026/03/17/world/canada/canada-carney-alliances-human-rights.html.

26 Andy Lin, Nguyen Xuan Quynh, Spe Chen and Claire Jiao, "China's Pivot to Vietnam Blows Hole in Trump's Made-in-USA Plan," March 30, 2026, https://www.bloomberg.com/graphics/2026-vietnam-trump-tariffs-supply-chain/.

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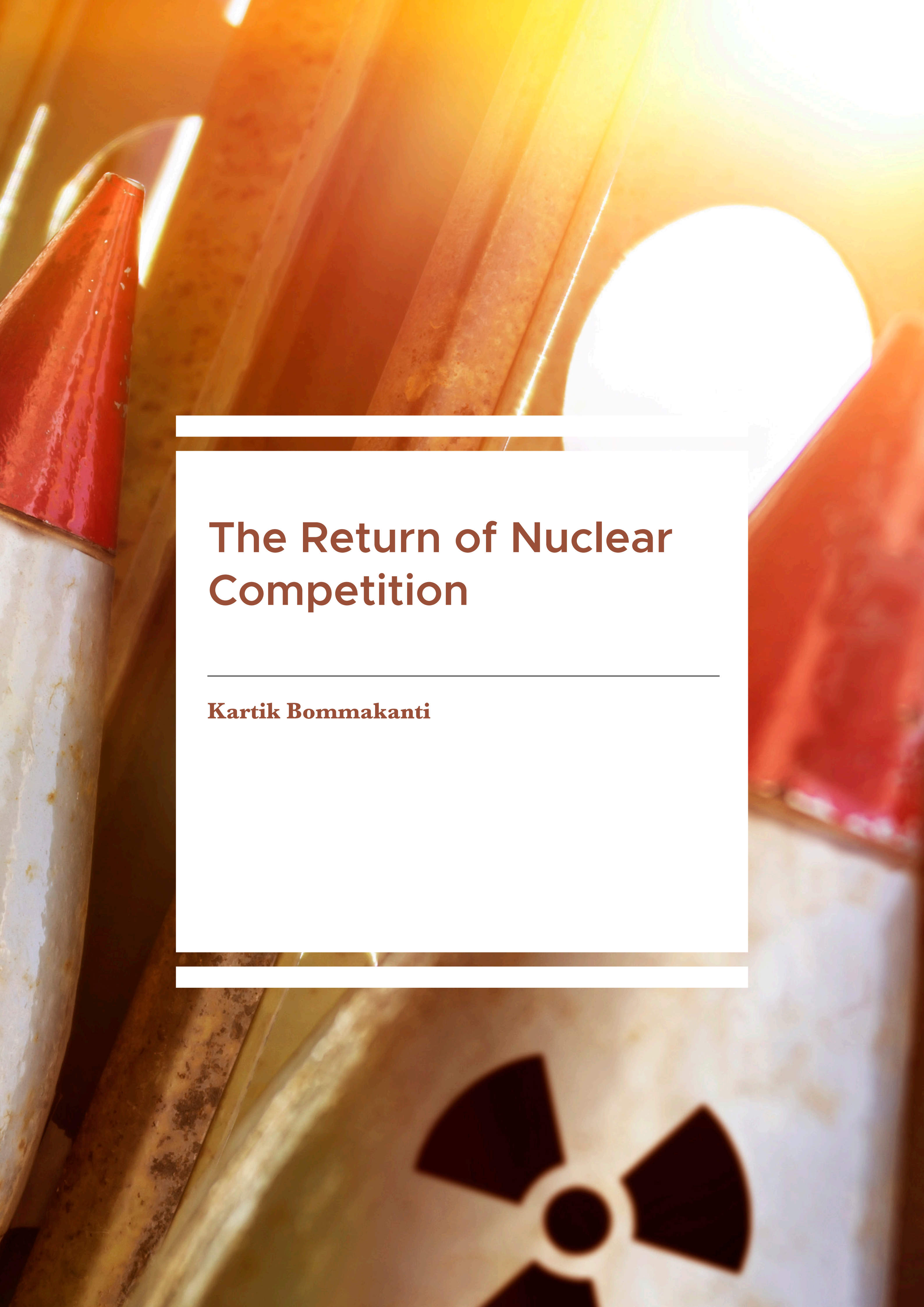

The Return of Nuclear Competition

Kartik Bommakanti

In early February 2026, the Trump Administration announced that it would not extend the Strategic Arms Reduction Treaty (New START), allowing it to lapse.[1] This decision is best understood in the context of intensifying strategic competition between the United States (US) and China over trade, critical minerals, and supply chains, as well as their reciprocal efforts to expand and modernise nuclear arsenals. The emerging nuclear competition is increasingly being shaped by a key structural driver: the expansion of Chinese military power.

Given this backdrop, two issues warrant closer examination. The first is the potential resumption of nuclear testing by certain Nuclear-Weapon States (NWS). The second concerns regional proliferation, the erosion of extended deterrence guarantees, the weakening of monitoring and surveillance mechanisms, and the broader decline of nuclear arms control—developments that risk intensifying nuclear competition.

Testing New Nuclear Designs

China, according to the United States (US), conducted a nuclear test in June 2020. While Beijing has vehemently denied the claim, two seismic events in close proximity to each other was detected by an International Monitoring Station (IMS) of the Comprehensive Test Ban Treaty Organization (CTBTO) in Kazakhstan.[2] The tremor was recorded at 2.75 on the seismic scale.[3] Although clear evidence of China's conduct of a supercritical nuclear test is unavailable from Open Source Intelligence (OSINT), if such a test did occur as American officials allege, China may have carried out a secretive decoupling test designed to conceal seismic and optical activity.[4] The latter

1 Jack Detsch, "Trump Says He Won't Extend Nuclear Arms Treaty with Russia," *Politico*, February 5, 2026, https://www.politico.com/news/2026/02/05/trump-nuclear-arms-treaty-russia-00767497.

2 "12 Seconds Apart: Twin Seismic Pulses in China That Set Off US Nuclear Alarm," *NDTV*, February 19, 2026, https://www.ndtv.com/world-news/china-nuclear-test-how-a-2020-tremor-through-central-asia-unmasked-chinas-nuclear-secrets-11057352.

3 "12 Seconds Apart: Twin Seismic Pulses in China That Set Off US Nuclear Alarm".

4 Joseph Rodgers and Joseph S. Bermudez Jr., "Satellite Imagery Analysis of China's Alleged 2020 Nuclear Test at Lop Nur," Center For Strategic & International Studies, February 13, 2026, https://www.csis.org/analysis/satellite-imagery-analysis-chinas-alleged-2020-nuclear-test-lop-nur#:~:text=While%20the%20U.S.%20Geological%20Survey,hide%20optical%20and%20seismic%20signatures.

is likely to have been detected by American intelligence, which possesses advanced seismic monitoring capabilities. If China did conduct a test, it was likely associated with a newly designed warhead. At the United Nations Conference on Disarmament (UNCD) in early February 2026, an American official presented data supporting Washington's claim.[5] China, for its part, declared the American allegation "completely groundless."[6]

As Table 1 indicates, among all NWS, Beijing has a strong incentive to conduct additional testing, having carried out only about 46 nuclear tests (including the June 2020 test)—far fewer than the US which has conducted more than 1,000, and Russia, with over 700. This disparity may partly explain China's decision to test what was most likely a newly designed low-yield device.

Table 1. Nuclear Tests, by Country

Country/State	Total Number of Test Explosions
United States (US)	1,030
USSR/Russia	715
France	210
United Kingdom (UK)	45
People's Republic of China (PRC)	46 (including June 2020 test)

Source: Arms Control Association[7]

Regardless of the uncertainty around China's alleged nuclear test in 2020, it has at the very least provided an impetus for a renewed round of nuclear testing. The June 2020 test during the first Trump Administration—an event Washington highlighted and raised an alarm over—reinforced the push for nuclear testing under the second Trump Administration. In October 2025, the Trump Administration announced that it would resume nuclear testing,[8] ending a hiatus of more than three decades. The US has several new warhead designs developed under its Reliable Replacement Warhead (RRW) programme, initiated in early 2005 by the United States Congress.[9]

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5 Rodgers and Bermudez Jr, "Satellite Imagery Analysis of China's Alleged 2020 Nuclear Test at Lop Nur".

6 Richard Stone, "Allegations of a Chinese Nuclear Blast May Reignite Weapons Testing," *Science,* February 24, 2026, https://www.science.org/content/article/allegations-chinese-nuclear-blast-may-reignite-weapons-testing.

7 Nuclear Testing Tally: Fact Sheet & Briefs, *Arms Control Association,* October 2025, https://www.armscontrol.org/factsheets/nuclear-testing-tally#:~:text=United%20Kingdom:%20(45%20total%20nuclear,Not%20a%20CTBT%20signatory.

8 Max Matza, "Trump Directs Nuclear Weapons Testing to Resume for First Time in Over 30 Years," *BBC,* October 30, 2025, https://www.bbc.com/news/articles/c4gzq2p0yk4o.

9 Jonathan Medalia, "The Reliable Replacement Warhead Program: Background and Current Developments," CRS Report for Congress, June 12, 2007, pp. 17-25.

These factors have created the conditions for competitive nuclear modernisation among the US, China, and Russia, with potential implications for other nuclear-armed states. They also explain why Washington declined to renew the New START Treaty, which expired on 4 February 2026.

Arms Control Takes a Back Seat

The American decision to let the New START Treaty lapse indicates that the US views nuclear arms control more as a constraint than as a mechanism for regulating and managing nuclear competition. Concluded in 2011, the treaty capped strategic nuclear weapons at 1,550 and required renewal every five years.[10]

Meanwhile, China has emerged as a key variable in contemporary nuclear competition. The growth in China's capabilities represents the most critical factor driving the revival of nuclear competition among the nuclear powers. Chinese nuclear capabilities are expanding rapidly,[11] which the US regards as both a strategic challenge and threat. Beijing is expanding its triad of nuclear delivery capabilities.[12] Although the US and Russia possess about 90 percent of the world's nuclear weapons, the Trump Administration has called for a trilateral agreement among Washington, Moscow, and Beijing, framing it as a "new, improved, and modernized treaty designed to endure well into the future."[13] The US does not regard Russia as a peer competitor, despite its nuclear strength.[14] A tripartite agreement has been rejected by both Moscow and Beijing.[15] The latter considers its arsenal, despite ongoing expansion, too limited to justify constraints imposed by an arms control agreement. Moscow, meanwhile, prefers an agreement that also includes the other two recognised nuclear-armed states, France and the United Kingdom (UK), whose arsenals are smaller than China's.[16]

The European states with nuclear weapons are also considering the possibility of an independent "Euro-deterrent". This reassessment comes against the backdrop of the Russian invasion of Ukraine, rising doubts about US commitment to extended deterrence for Washington's European allies in the North Atlantic Treaty Organization (NATO) under the Trump Administration, and the rapid expansion of the nuclear arsenals

10 "New START Treaty," U.S. Department of State, https://www.state.gov/new-start-treaty.

11 Hans M. Kristensen et al., "Chinese Nuclear Weapons, 2025," *Bulletin of Atomic Scientists,* March 12, 2025, https://thebulletin.org/premium/2025-03/chinese-nuclear-weapons-2025/.

12 Ann Scott Tyson, "As US and Russia Unbind from Nuclear Treaty, China's Arsenal Has Been Growing," *The Christian Science Monitor,* March 3, 2026, https://www.csmonitor.com/World/Asia-Pacific/2026/0303/As-US-and-Russia-unbind-from-nuclear-treaty-China-s-arsenal-has-been-growing.

13 Fred Weir, "Russia is Finding Post-START Arms Control a Harder, Multipolar Project," *The Christian Science Monitor,* February 13, 2026, https://www.csmonitor.com/World/Europe/2026/0213/new-start-russia-us-arms-control-nuclear-weapons-china#:~:text=%E2%80%9CThe%20U.S.%20clearly%20doesn't,one%20is%20on%20the%20horizon.%E2%80%9D; Xiaodon Liang, "New START Expires As U.S. Urges 'Modernized' Treaty," *Arms Control Today,* March 2026, https://www.armscontrol.org/act/2026-03/news/new-start-expires-us-urges-modernized-treaty.

14 Weir, "Russia is Finding Post-START Arms Control a Harder, Multipolar Project".

15 Enoch Wong, "China Rejects Trump Proposal to Join US-Russia Nuclear Disarmament Talks," *South China Morning Post,* August 27, 2025, https://www.scmp.com/news/china/diplomacy/article/3323375/china-rejects-trump-proposal-join-us-russia-nuclear-disarmament-talks.

16 Weir, "Russia is Finding post-START Arms Control a Harder, Multipolar Project".

of China, India, Pakistan, and North Korea.[17] France maintained an independent nuclear deterrent, whereas the UK has relied on the US for Trident missiles and their maintenance. There is now a call for a "fully independent British nuclear deterrent."[18] France has offered to extend its nuclear deterrent guarantee to European allies—signalling a shift in Paris' defence policy.[19] A plausible outcome could be France and the UK consolidating their capabilities in coordination with Germany to establish an independent European nuclear deterrent, particularly if Washington's nuclear guarantee weakens.

> **"The growth in China's nuclear capabilities represents the most critical factor driving the revival of nuclear competition among the nuclear powers.**

In contrast to Europe, Northeast Asia remains a key region where the American nuclear umbrella is expected to remain robust. In an official communiqué and in official testimony before the United States House Foreign Affairs Subcommittee on East Asia and the Pacific, the Trump Administration has emphasised that for Japan and South Korea, the US's nuclear deterrent guarantee will remain intact and robust.[20]

Beyond proliferation arising from competition among the NWS and de-facto nuclear-armed states, a bilateral nuclear pact between Saudi Arabia and Pakistan, concluded in September 2025, could trigger regional proliferation in West Asia.[21] The Saudi–Pakistan nuclear partnership is likely to intensify Iran's drive to develop its nuclear weapons capability. Iran's nuclear ambitions, regardless of the ruling regime, pose a proliferation risk, as they could compel Türkiye and Egypt to reconsider both their nuclear posture and their designation as Non-Nuclear Weapon States (NNWS). Consequently, horizontal proliferation may potentially gain greater traction as strategic competition and the pursuit of dominance among the region's major powers generate strong incentives for nuclear expansion. Dyadic conflicts between India and China, and between India and Pakistan—rooted in deep territorial, historical, and cultural animosities—are also likely to accelerate vertical proliferation as part of this renewed round of strategic competition among the NWS.

17 Paula Soler, "Q&A: What Does the End of Nuclear Arms Control Mean for Europe," *The Parliament,* February 6, 2026, https://www.theparliamentmagazine.eu/news/article/qa-what-does-the-end-of-nuclear-arms-control-mean-for-europe.

18 Brian Wheeler, "UK Must Build Own Nuclear Missiles, Say Lib Dems," *BBC,* March 15, 2026, https://www.bbc.com/news/articles/cy0dz1k0rr4o.

19 President Delivers Speech on France's Nuclear Deterrence, Embassy of France (UK), March 4, 2024, https://uk.diplomatie.gouv.fr/en/president-delivers-speech-frances-nuclear-deterrence.

20 Ministry of Foreign Affairs, Government of India, https://www.mofa.go.jp/press/release/pressite_000001_02104.html; "Rep. Bera Presses Trump Official on U.S. Extended Deterrence Commitments to South Korea," U.S. Representative Ami Bera, March 26, 2026, https://bera.house.gov/news/press-releases/rep-bera-presses-trump-official-on-us-extended-deterrence-commitments-to-south-korea.

21 "Pakistan Extends Nuclear Deterrence to Saudi Arabia," Arms Control Association, October 2025, https://www.armscontrol.org/act/2025-10/news-briefs/pakistan-extends-nuclear-deterrence-saudi-arabia.

More broadly, nuclear proliferation driven by uncertainties surrounding Washington's extended deterrence guarantee to NATO's European members is creating conditions for a potential Euro-deterrent. In addition, the integrity and reliability of monitoring mechanisms of the CTBTO for detecting seismic activity triggered by nuclear tests have come under scrutiny, particularly following the alleged Chinese nuclear test of June 2020. Finally, the expiration of the New START Treaty will serve as a catalyst for vertical proliferation in strategic nuclear weapons.

Conclusion

Various factors are driving the revival of nuclear competition among major powers. However, the most decisive factor shaping this shift is dyadic great-power strategic competition between the US and China. Beijing has abandoned its self-restraint on nuclear expansion and now seeks to neutralise American nuclear superiority both quantitatively and qualitatively. Although Russia retains a substantially larger nuclear arsenal than China, the US-Russia nuclear relationship is increasingly becoming only secondary to the nuclear rivalry between Beijing and Washington.

Sino-Russian cooperation on arms control, even if only tacit, is intended to create leverage and counterbalance American nuclear strength. The possible emergence of a Euro-deterrent would introduce a quadrangular contest involving the designated NWS and Germany. Nuclear states with smaller arsenals such as India, Pakistan, and North Korea may seek to expand their capabilities. China-US nuclear competition could adversely affect the China-India nuclear dyad by compelling New Delhi to pursue further nuclear expansion.

This, in turn, would place greater competitive pressure on the India–Pakistan nuclear dyad. Beyond South Asia, regional proliferation in the Middle East is likely to intensify in the wake of the Saudi Arabia-Pakistan nuclear pact and Iran's renewed nuclear ambitions. Türkiye and Egypt, in responding to the acquisition of and cooperation of key states in securing nuclear weapons, risk undermining nuclear restraint and weakening the broader non-proliferation regime.

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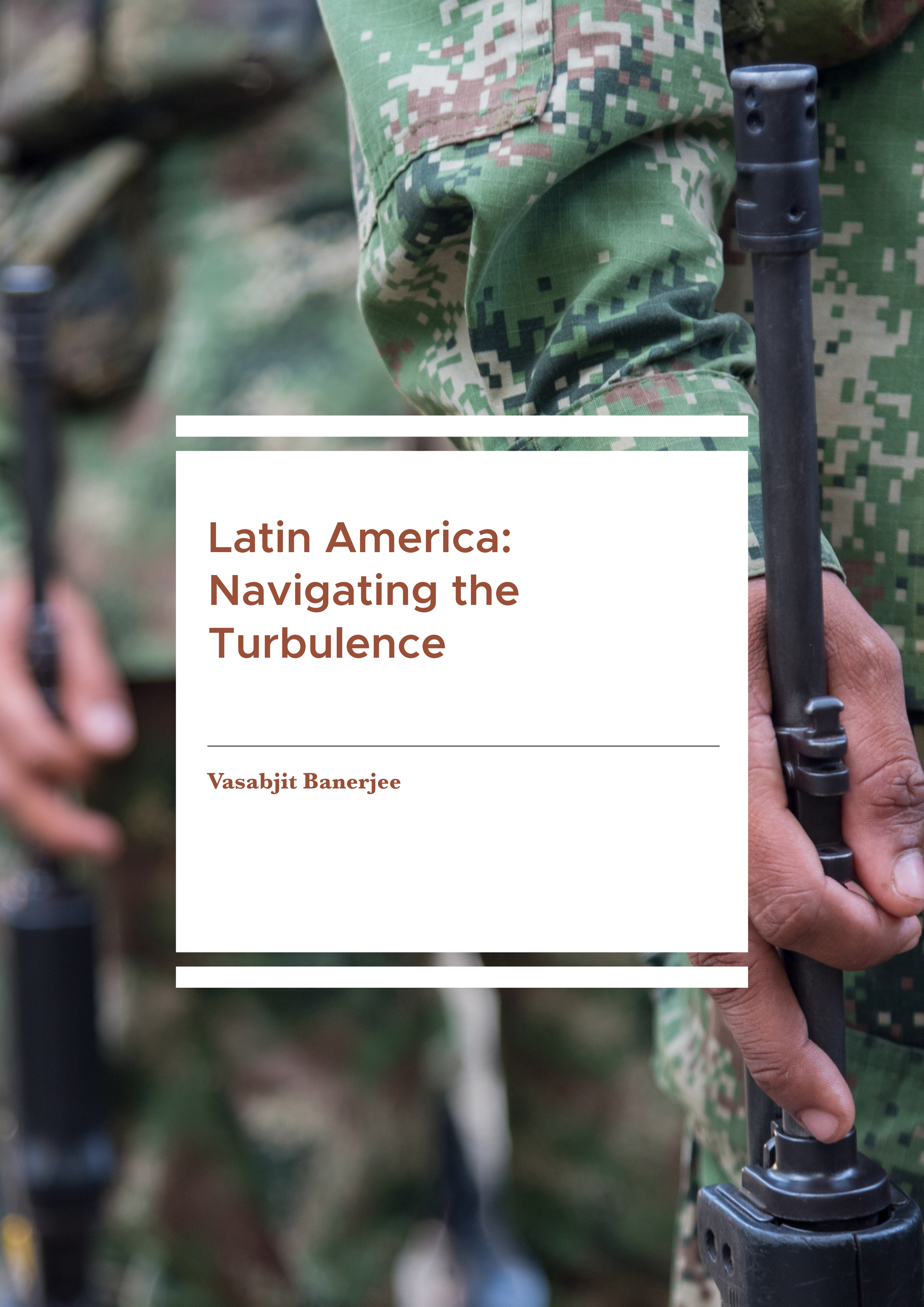

Latin America: Navigating the Turbulence

Vasabjit Banerjee

The Trump administration's foreign policy toward Latin America sought to revitalise the Monroe Doctrine, originally issued by United States (US) President James Monroe in 1823 with the aim to prevent extra-regional powers from intervening in the Western Hemisphere.[1] The doctrine positioned the US as the guarantor of hemispheric autonomy, thereby implicitly asserting US supremacy in economic, diplomatic, and military affairs across the region.

What has been described as the 'Donald Trump Corollary' to the Doctrine, as articulated in the National Security Strategy of 2025, emphasised the need to "deny non-Hemispheric competitors the ability to position forces or other threatening capabilities, or to own or control strategically vital assets."[2] Although no countries were explicitly identified, the corollary was primarily directed at China. The Biden administration had already characterised China as a great-power rival, posing threats to the US "economically, technologically, politically, and militarily;"[3] the Trump administration similarly frames its approach as one of deterrence and balancing against Chinese influence in the Western Hemisphere.[4]

China's economic and military presence in Latin America is expanding, prompting the US to pursue countermeasures. It is too early to predict whether US policies in Latin America aimed at curbing Chinese influence will succeed. Other extra-regional actors, ranging from the European Union (EU), a supranational entity, to countries such as India, are simultaneously deepening their engagement with the region. The US could strategically leverage these relationships to reinforce its own position.

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1 President James Monroe, "The Monroe Doctrine: A Portion of President James Monroe's Seventh Annual Message to Congress," December 2, 1823, https://www.oas.org/sap/peacefund/VirtualLibrary/MonroeDoctrine/Treaty/MonroeDoctrine.pdf.

2 President Donald J. Trump, *National Security Strategy of the United States of America*, White House, 2025, https://www.whitehouse.gov/wp-content/uploads/2025/12/2025-National-Security-Strategy.pdf.

3 Jim Garamore, "Official Talks DOD Policy Role in Chinese Pacing Threat, Integrated Deterrence," Department of Defense, June 2, 2021, https://www.war.gov/News/News-Stories/Article/Article/2641068/official-talks-dod-policy-role-in-chinese-pacing-threat-integrated-deterrence/.

4 President Donald J. Trump. *National Defense Strategy*, White House, 2026, https://media.defense.gov/2026/Jan/23/2003864773/-1/-1/0/2026-NATIONAL-DEFENSE-STRATEGY.PDF.

China's Expanding Presence in Latin America

China has expanded its presence and influence in Latin America across multiple domains ranging from trade and infrastructure to defense cooperation and arms supplies. It has become South America's leading trading partner and the second largest after the US in Latin America (which includes Mexico and Central American countries). By 2024, in addition to importing oil from Venezuela and Brazil, China sourced 98 percent of its total imports of lithium carbonate; critical for green energy, from Latin American countries, as well as 75 percent of its soybean imports.[5] In return, China exports electric vehicles, machine tools, telecommunications equipment, and consumer electronics to the region.[6] Although the China Development Bank has provided loans for a variety of projects against future sales of minerals and agricultural products, the overall amounts have declined sharply, falling from a peak of US$24.5 billion in 2010 to zero in 2024 and 2025, according to data from the Inter-American Dialogue.[7]

Twenty-three Latin American and Caribbean countries have joined China's Belt and Road infrastructure initiative (BRI) between 2018 and 2025.[8] According to a 2025 report by the Center for Strategic and International Studies, Chinese state-owned and private enterprises modernised and acquired ownership stakes in several Latin American ports in Peru, Mexico, Panama, and Jamaica, developments that could reshape hemispheric commerce in China's favour.[9] Notable examples close to the US include the partial construction of the Tren Maya in southern Mexico by the state-owned China Communications Construction Company, particularly the segment linking Chiapas, Tabasco, and Campeche,[10] as well as Chinese financing the upgrade of the Santiago de Cuba port.[11] Figure 1 illustrates the scope of China's infrastructure projects in Latin America.

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5 Margaret Myers, "China's New Playbook for Latin America," *Americas Quarterly,* October 14, 2025, https://americasquarterly.org/article/chinas-new-playbook-in-latin-america/.

6 Myers, "China's New Playbook for Latin America".

7 "Chinese Loans to Latin America and the Caribbean Database," *The Dialogue,* 2025, https://www.thedialogue.org/MapLists/#/Policy/List/year.

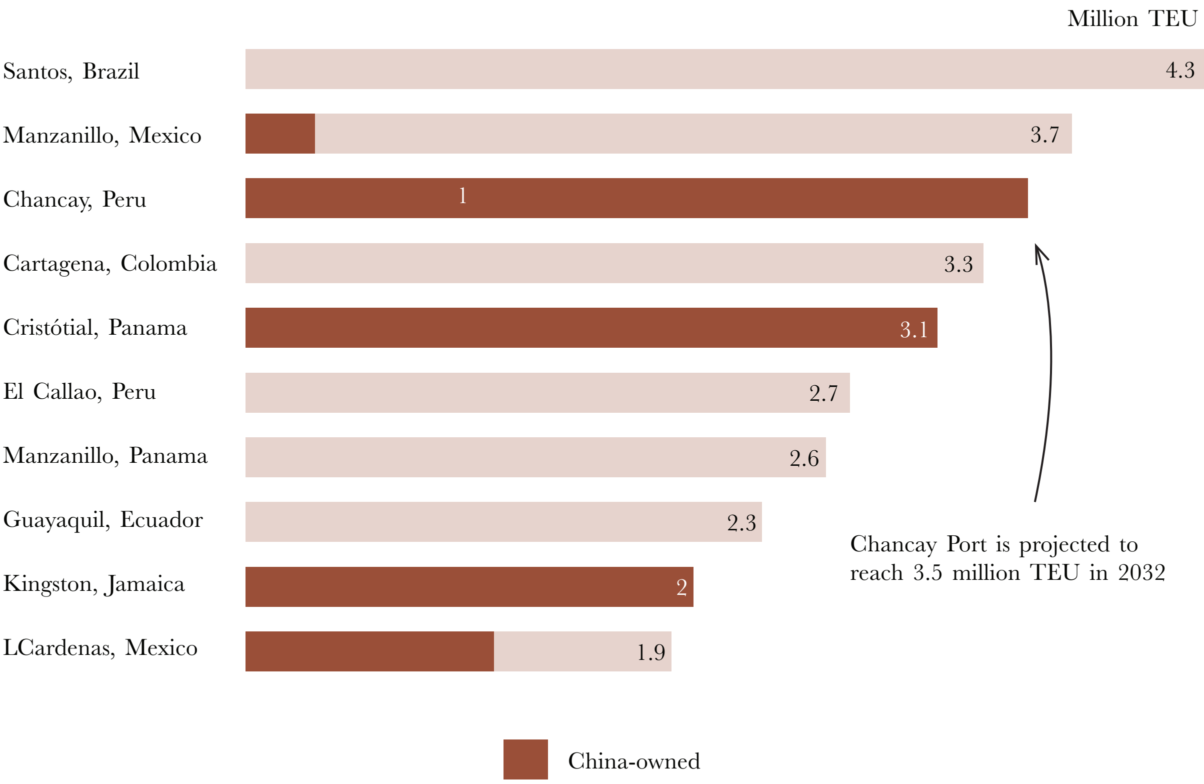
8 Antigua and Barbuda (2018), Argentina (2022), Barbados (2019), Bolivia (2018), Chile (2018), Colombia (2025), Costa Rica (2018), Cuba (2019), Dominica (2018), Dominican Republic (2019), Ecuador (2018), El Salvador (2018), Grenada (2018), Guyana (2018), Honduras (2023), Jamaica (2019), Nicaragua (2022), Panama (2025), Peru (2019), Suriname (2018), Trinidad and Tobago (2018), Uruguay (2018) and Venezuela (2018), "Countries of Belt and Road Initiative (BRI)," Green Finance and Development Center, May 2025, https://greenfdc.org/countries-of-the-belt-and-road-initiative-bri/.

9 Ryan C. Berg, Christopher Hernandez-Roy and Henry Zimmer, "China-owned Chancay Port Set to Become Latin America's Third Largest," CSIS, February 2025, https://www.csis.org/analysis/china-owned-chancay-port-set-become-latin-americas-third-largest.

10 "Track Laying Starts on Mexico's Mayan Train Project," China Communications Construction, May 13, 2022, https://en.ccccltd.cn/xwzx/ztbd/202205/t20220524_172223.html.

11 Cuba Business Report Staff, "Chinese-Funded Terminal at Port of Santiago Opens," May 15, 2019, https://cubabusinessreport.com/chinese-funded-terminal-at-port-of-santiago-opens/.

Figure 1: China's Infrastructure Footprint in Latin America



Source: Center for Strategic and International Studies[12]

China's growing profile in Latin America extends beyond the economic sphere to include security dimensions. In terms of defence facilities, China has established a military-run space station in Argentina's Nequén province which enables monitoring of space-related activities, including those of the US.[13] Closer to mainland US, China has developed signals intelligence collection centres in Cuba by modernising older sites such as Bejucal and Calabazar and constructing new facilities at Wajay and El Salao, the latter located near the US base at Guántanamo.[14] These installations are capable of monitoring US telecommunications as well as maritime, air, and land traffic, ranging from ships and aircraft to missile systems. China's defence cooperation also encompasses officer education and exchange programmes with Latin American countries (see Figure 2).[15]

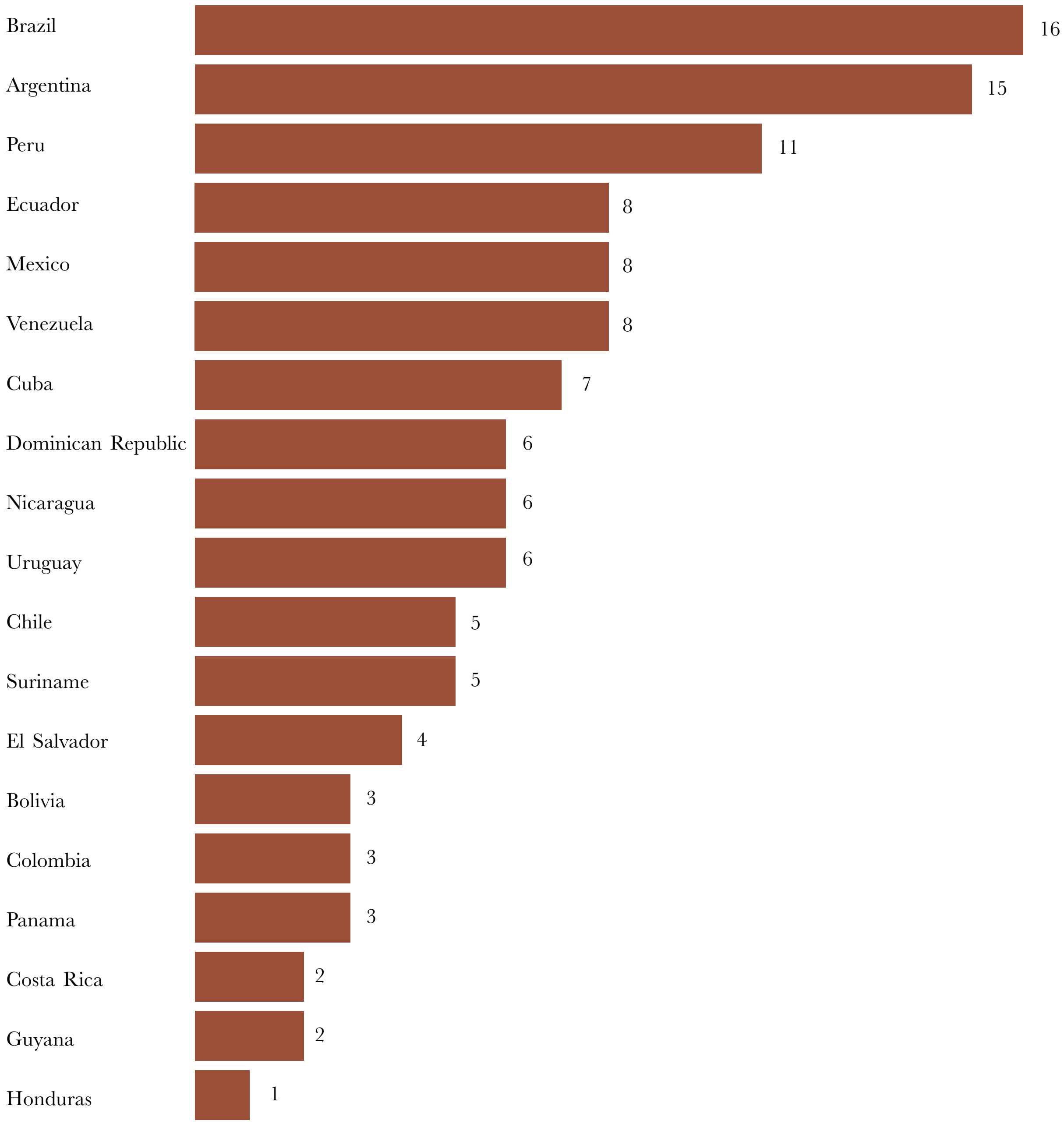
12 Ryan C. Berg, Christopher Hernandez-Roy, and Henry Ziemer, "China-Owned Chancay Port Set to Become Latin America's Third Largest," Center for Strategic and International Studies, February 25, 2025, https://www.csis.org/analysis/china-owned-chancay-port-set-become-latin-americas-third-largest.

13 Germán Padinger, "Qué sabemos sobre la estación del Espacio Lejano que China opera en la Patagonia argentina?," April 6, 2024, https://cnnespanol.cnn.com/2024/04/06/que-sabemos-estacion-espacio-lejano-china-patagonia-argentina-orix.

14 Matthew P. Funaiole, Aidan Powers-Riggs, Brian Hart, Henry Zeimer, Joseph S. Burmudez Jr., Ryan C. Berg, and Christopher Hernandez-Roy, "China's Intelligence Footprint in Cuba: New Evidence and Implications for U.S. Security," CSIS, December 6, 2024, https://www.csis.org/analysis/chinas-intelligence-footprint-cuba-new-evidence-and-implications-us-security.

15 Ryan Berg et al., "Beijing's Military Diplomacy is Making Major Gains," October 14, 2025, https://americasquarterly.org/article/beijings-military-diplomacy-is-making-major-gains/.

Figure 2: China's Military Exchanges with Latin America and the Caribbean (2022-2025)



Source: Americas Quarterly[16]

16 Berg et al., "Beijing's Military Diplomacy is Making Major Gains".

China has also established a foothold in arms exports to Latin America.[17] While Venezuela has been the primary recipient, other countries including Bolivia, Ecuador, Peru, Argentina, and Brazil, have also procured Chinese weaponry. In addition, China has donated non-lethal defence equipment to Guyana, Colombia, the Dominican Republic, and Costa Rica, further broadening its security engagement with the region.[18]

US Efforts to Reassert its Economic and Military Dominance

Latin American policies under the Biden administration (2021-2025) and both Trump administrations (2017-2021 and 2025-present) have sought to address China's multidimensional penetration of Latin America, while simultaneously balancing US domestic politics imperatives. Although their approaches have exhibited superficial differences, underlying similarities point to a more assertive stance centred on trade, infrastructure, counter-narcotics, and defence policy.

On the one hand, the industrial demands of great-power competition and need to generate revenues to address rising budget deficits and resultant debt have led the Trump administration to impose tariffs on goods and services from Latin American countries. In contrast, US efforts at 'friendshoring', introduced under the Biden administration,[19] sought to secure supply chains in sectors such as green energy, thereby strengthening Latin American economies and binding them more closely to the US.[20] While Trump administration's tariffs initially reduced overall exports from Latin America to the US, subsequent bilateral trade agreements with El Salvador, Argentina, Ecuador, and Guatemala suggest that the broader objective was to secure more equitable access for US goods and services rather than to block imports outright.[21]

As a caveat, there remains some uncertainty regarding trade policy. A January 2026 ruling by the US Supreme Court invalidating tariffs imposed by the Trump administration has facilitated an increase in Latin American exports. At the same time, the administration's subsequent imposition of 10 percent global tariffs, potentially rising to 15 percent, has introduced uncertainty and diminished the relative advantage of Latin American exports compared to those from Asia and Europe.[22]

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17 R. Evan Ellis, "China's Security Engagement in Latin America and the Caribbean," *The Diplomat,* February 23, 2024, https://thediplomat.com/2024/02/chinas-security-engagement-in-latin-america-and-the-caribbean/.

18 Ellis, "China's Security Engagement in Latin America and the Caribbean".

19 Fatima Hussien and Josh Boak, "The Biden Administration Pushes for More US-Latin America Trade, Seeking to Lessen Chinese Influence," *Associated Press,* November 2, 2023, https://apnews.com/article/yellen-latin-america-interamerican-development-bank-china-e32078c94b6e71ffb3b4f50f222ef4f3.

20 William Maloney, "How Latin America and the Caribbean Can Benefit from Foreign Direct Investment and Reshoring," World Economic Forum, February 19, 2024, https://www.weforum.org/stories/2024/02/latin-america-and-the-caribbean-reshoring/.

21 "Fact Sheet: President Donald J. Trump Announces Historic Trade Deals with Western Hemisphere Trading Partners," White House, November 13, 2025, https://www.whitehouse.gov/fact-sheets/2025/11/fact-sheet-president-donald-j-trump-announces-historic-trade-deals-with-western-hemisphere-trading-partners/.

22 AQ Editors, "Reaction: How Trump's 15% Tariff Move Impacts Latin America," *Americas Quarterly,* February 23, 2024, https://www.americasquarterly.org/article/reaction-how-trumps-15-tariff-move-impacts-latin-america/.

The Trump administration has also sought to curtail China's infrastructure projects in Latin America. It pressured the Panamanian government to compel the Hong Kong-based CK Hutchison subsidiary, Panama Ports Company, to divest from its Panama Canal holdings, specifically the cargo terminals of Balboa and Cristóbal.[23] The Panamanian government permitted Balboa to be operated by the Danish company Maersk and Cristóbal by Switzerland's Mediterranean Shipping Company.[24] Similarly, the Trump administration has exerted pressure on Peru to remove the Chinese state-owned Cosco from its control of the Chancay port, citing the extra- territorial rights granted to China that limit the Peruvian government's authority over "regulation, supervision, oversight and sanction."[25] Notably, these measures build upon assessments produced during the Biden administration, which have identified China's expanding access to and control over regional infrastructure.

> **Latin American policies under the Biden and two Trump administrations have sought to address China's multidimensional penetration of Latin America, while simultaneously balancing US domestic politics imperatives.**

Defence and security cooperation by the Trump administration has focused on renewed efforts to train and assist local forces in counternarcotics operations and providing defence equipment. A prominent example is the US-Ecuadorian joint military operations against drug cartels in the country initiated under agreements signed in February 2026.[26] However, an earlier agreement to cooperate on "law enforcement and the justice sector" aimed at combating criminal networks and strengthening internal security was signed in August 2023 during the Biden administration, underscoring the bipartisan consensus in the US on these issues.[27]

The most prominent example of defence equipment imports was also bipartisan: the sale of 24 refurbished F-16A/B fighter jets to Argentina from Denmark approved under the Biden administration in 2024,[28] with deliveries

23 Elida Moreno, "Panama's President Reject 'Outrageous' Claims by CK Hutchison Over Cancelled Port Contracts," *Reuters,* March 19, 2026, https://www.reuters.com/world/china/panama-rejects-ppc-claims-canceled-port-contracts-2026-03-20/?link_source=ta_first_comment&taid=69bd1f7c21f0bd00017f052a&utm_campaign=trueAnthem:+Trending+Content&utm_medium=trueAnthem&utm_source=facebook&fbclid=IwY2xjawRIWaxleHRuA2FlbQIxMABicmlkETFNaHVoUkcyUkZvTUZaNUNJc3J0YwZhcHBfaWQQMjIyMDM5MTc4ODIwMDg5MgABHhAAUwbPV2IsH0AquoxZ-y6_HJ2HrXzDQgvZnTFvsEzZKpEcFDvA6iowWHpT_aem_YE1-e-p5lhS90RIh0zOWAg.

24 Anniek Bao, "Panama Cancels China-Linked Port Deal, Hands Canal Terminals to Maerst, MSC," *CNBC,* February 24, 2026, https://www.cnbc.com/2026/02/24/panama-officially-voids-annuls-ck-hutchison-contracts-interim-control-maersk-msc-canal-dispute.html.

25 Laura Kelly, "US Warns China Costing Peru its Sovereignty," *The Hill,* February 12, 2026, https://thehill.com/policy/international/5735194-peru-port-chinese-control/.

26 Alfie Parnell, "US and Ecuador Launch Joint Military Action Against Drug Trafficking," *Latin America Reports,* March 4, 2026, https://latinamericareports.com/us-and-ecuador-launch-joint-military-action-against-drug-trafficking/13746/.

27 "U.S. and Ecuador Extend Cooperation Agreement in Counternarcotics, Law Enforcement," U.S. Mission Ecuador, August 16, 2023, https://ec.usembassy.gov/u-s-and-ecuador-extend-cooperation-agreement-in-counternarcotics-law-enforcement-and-justice-sector-cooperation/.

28 Ryan Finnerty, "Argentina Takes Delivery of Initial Six F-16 Fighters from Denmark," *FlightGlobal,* December 8, 2025, https://www.flightglobal.com/fixed-wing/2025/12/argentina-takes-delivery-of-initial-six-f-16-fighters-from-denmark/.

scheduled between 2025 and 2028 under the Trump administration. The agreement reached with the pro-American Argentinian President Javier Milei effectively blocked the procurement of China's JF-17 fighter jet, which has been favoured by the preceding Alberto Fernández administration.[29] A key element of the deal was the US decision to replace British components—given Britain's opposition to Argentina's procurements of fighter jets due to the Falklands Islands/Las Malvinas dispute—while imposing technological limitations consistent with British concerns.[30] In addition, the US agreed in 2025 to supply Peru with F 16 V, Block 70 fighter jets manufactured at its Greenville, South Carolina plant,[31] a significant development given that Peru's ageing fleet currently consists of Russian-origin MiG-29 A and French-origin Mirage 2000P aircraft.

The synergy between trade and defence objectives was evident in US actions following the removal by US special forces of Venezuelan President Nicolás Maduro in January 2026. For more than two decades, Venezuela's one-party authoritarian regime, reliant on a complicit military had opposed US economic and security interests in the region.[32] Economically, it funded alternative regional organisations such as the Alianza Bolivariana para los Pueblos de Nuestra America (ALBA) founded in 2004 and PetroCaribe, an energy-based initiative for the Caribbean launched in 2005. In the security domain, Venezuela provided shelter and assistance to Colombian left-wing insurgent groups, including the Fuerzas Armadas Revolucionarias de Colombia (FARC) and the Ejército de Liberación Nacional (ELN),[33] while also issuing credible threats of annexation against its tiny oil-rich neighbor Guyana in 2024-2025.[34] Maduro's successor, acting President Delcy Rodriguez has reshuffled senior military leadership[35] and is cooperating with US economic demands centred on petroleum[36] and gold[37] exports.

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29 Cecelia Degl'Innocenti, "Argentina's F-16 Deal Signals a Strategic Pivot Toward Washington," *Argentina Reports,* January 23, 2026, https://www.argentinareports.com/argentinas-f-16-deal-signals-a-strategic-pivot-toward-washington/4166/.

30 "Argentina's F-16s Said to Have Limited Capacities Due to UK Concerns," *MercoPress,* July 15, 2025, https://en.mercopress.com/2025/07/15/argentina-s-f-16s-said-to-have-limited-capacities-due-to-uk-concerns.

31 "Peru – F-16 Aircraft," Defense Security Cooperation Agency, Transmittal No. 25-96, September 15, 2025, https://www.dsca.mil/Press-Media/Major-Arms-Sales/Article-Display/Article/4304541/peru-f-16-aircraft.

32 Vasabjit Banerjee and Maria I. Puerta Riera, "Venezuela's Military Won't Surrender Its Privileges Easily," *Foreign Policy,* January 7, 2026, https://foreignpolicy.com/2026/01/07/venezuela-military-army-strikes-politics/.

33 Staff, "ELN in Venezuela," *InSight Crime,* January 13, 2026, https://insightcrime.org/venezuela-organized-crime-news/eln-in-venezuela/.

34 Vasabjit Banerjee and Prashant Hosur, "Resolving the Essequibo Crisis: Security Cooperation Against Venezuelan Threats," *FAO Journal of International Affairs,* July 28, 2025, https://faoajournal.substack.com/p/resolving-the-essequibo-crisis-security.

35 Florantino Singer and María Martín, "Delcy Rodríguez Renueva El Alto Mando Militar Tras La Destitución de Padrino Como Ministro de Defensa," *El País,* March 19, 2026, https://elpais.com/america/2026-03-20/delcy-rodriguez-renueva-el-alto-mando-militar-tras-la-destitucion-de-padrino-como-ministro-de-defensa.html.

36 Sheila Dang, "Oil Sales Under US-Venezuela Deal to Reach $2 Billion by End of February, US Says," *Reuters,* February 26, 2026, https://www.reuters.com/business/energy/oil-sales-under-us-venezuela-deal-expected-reach-2-billion-by-end-february-us-2026-02-27/.

37 Marc Caputo, "Scoop: Trump Officials Broker Massive U.S.-Venezuela Gold Deal," *Axios,* March 4, 2026, https://www.axios.com/2026/03/05/trump-us-venezuela-gold-deal.

Extra-Regional Paths to Leverage US Initiatives in Latin America

Although initial outcomes appear promising, it is too early to assess the overall success of the new US policy toward Latin America, which currently enjoys support from Congress and President Trump. The Venezuelan regime has become more receptive to meeting US energy demands, while Guyana and its petroleum resources are more secure than prior to the change in Venezuelan leadership. At the same time, key elements of the Chavista regime remain intact and continue to assert claims over Guyana's Essequibo region. In the infrastructure domain, control of key projects in Panama has reverted from Chinese to Panamanian management, whereas projects in Peru and Mexico remain under Chinese influence. The US is assisting Ecuador in its fight against narco-terrorists, and pressuring Mexico to confront its own cartels, though both initiatives face domestic opposition. Finally, the US re-entered the Latin American arms supply market by facilitating transactions such as Denmark's transfer of F-16 fighter jets to Argentina.

Several extra-regional actors illustrate how trade and defence relations with Latin America can provide a path forward in the region's contested and evolving foreign and domestic policy environment. The EU concluded a preferential trade agreement with the most prominent trading bloc in South America, Mercosur/Mercosul[38] in December 2024. The agreement addresses trade-related issues in multiple ways: lowering barriers between the EU and Mercosur states, granting EU-based companies preferential access to raw materials, supporting supply chain integration, and promoting collaboration on sustainable development that incorporates climate change and labour standards.[39] In terms of bilateral relations, India has advanced its trade ties with Brazil, including a petroleum supply agreement in 2026 between Brazil's Petrobras and India's Bharat Petroleum Corporation.[40] India and Brazil are also engaged in negotiations on defence procurement[41] and the co-production of defence equipment.[42]

38 Spanish: Mercado Común del Sur; Portuguese: Mercado Comum do Sul. Full member states are: Argentina, Bolivia, Brazil, Paraguay, and Uruguay. Associated states: Chile, Colombia, Ecuador, Guyana, Peru, and Suriname. Observer states: Mexico and New Zealand. Venezuela is a suspended full member state. "EU-Mercosur Agreement," European Commission, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement_en.

39 "Questions and Answers on the EU-Mercosur Partnership Agreement," EU Commission, January 16, 2026, https://ec.europa.eu/commission/presscorner/detail/en/qanda_24_6245.

40 "India Says State-Run BPCL to Sign Oil Deal with Brazil's Petrobras," *Reuters,* January 23, 2026, https://www.reuters.com/business/energy/india-says-state-run-bpcl-sign-oil-deal-with-brazils-petrobras-2026-01-23/.

41 Rojoef Manuel, "India, Brazil Weigh Barter Deal for Military Aircraft," *The Defense Post,* October 7, 2025, https://thedefensepost.com/2025/10/07/india-brazil-barter-aircraft/.

42 Victor Barriera and Jon Grevatt, "India, Brazil Pursue Defence Equipment Collaboration," *Janes,* October 21, 2025, https://www.janes.com/osint-insights/defence-news/air/india-brazil-pursue-defence-equipment-collaboration.

The overlap between EU and NATO membership, as well as India's strategic partnership with the US, ensures that Washington faces no potential national security threats from these actors. This suggests that successful relations with Latin America are possible for extra-regional powers if they acknowledge the prevailing political consensus in the US to return to what has long been considered an essential trait of US foreign policy: control of the Western Hemisphere.[43] In this context, the US can leverage such extra-regional actors as force-multipliers, enabling it to contain and reduce China's influence in Latin America.

43 Paul Poast, "Trump's Approach to Latin America Is Not Such an Outlier," *Global Affairs,* December 8, 2025, https://globalaffairs.org/commentary/analysis/trumps-approach-latin-america-not-such-outlier.

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Russia-China Defence and Security Partnership: Intensification Amid Constraints

Aleksei Zakharov

"Never against each other, but not always together"[1]—this is the formulaic expression often used in discussions among Russian officials and experts to describe Russia-China relations. Such characterisation captures the nuances of bilateral engagement more accurately than the widely publicised "no-limits partnership", which has become a cliché in global expert analysis since February 2022.

Despite the formal projection of a "comprehensive strategic partnership",[2] neither side is willing to shoulder the burden of protecting the other during conflicts. China is carefully balancing its position on the war in Ukraine, offering Russia targeted support while avoiding direct military involvement in the form of supplying lethal weapons or deploying troops. Similarly, Moscow would like to avoid getting entangled in China's conflicting relations with India, Japan, Vietnam, or the United States (US). This cautious approach on both sides imposes a clear ceiling on their engagement and leaves limited prospects for an alliance-like partnership in the future.

Over the past several years, Russia and China have strengthened their political dialogue, reinforcing their affinity in defence and security. Much of this strategic alignment derives from both Moscow's and Beijing's efforts to act in concert to counterbalance the US. Their shared opposition to US hegemony has accelerated the evolution of their bilateral ties, most evident in defence cooperation. At an unprecedented level of bilateral engagement, defence relations have expanded to encompass extensive transfers of technology from Russia,[3] the intensification and broadening of bilateral exercises, and closer coordination between the militaries, including the exchange of battlefield experience.[4]

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1 "The Head of IMEMO RAS: The Confrontation Between the US and China Will Be the Main Issue in the Post-Pandemic World," TASS, July 10, 2020, https://tass.ru/interviews/8936527; Andrei V. Kortunov et al., *Russia-China Dialogue: The 2022 Model: Report No. 78,* Moscow, Russian International Affairs Council, 2022, https://russiancouncil.ru/papers/Russia-China-2022-Report78.pdf.

2 "Joint Communique Following the 30th Regular Meeting of the Heads of Government of Russia and China," Government of Russia, November 4, 2025, http://government.ru/news/56833/.

3 Russia has been willing to supply China with a range of state-of-the-art platforms, including air defence systems and fighter jets. However, Moscow has been reluctant to share the most advanced technologies for producing jet engines or stealth propulsion systems for the latest nuclear-powered submarines, which China has been seeking to acquire.

4 Claus Soong, "China–Russia Military Cooperation Targeting Taiwan Could Link the European and Asia–Pacific Theaters," *MERICS,* November 6, 2025, https://merics.org/en/comment/china-russia-military-cooperation-targeting-taiwan-could-link-european-and-asia-pacific.

In the military-technical domain, Russia has long supplied China with advanced weaponry and equipment, ranging from fighter jets and jet engines to air defence systems and assistance in developing a ballistic missile early warning system (BMEWS) (see Table 1). The latter is particularly noteworthy from a political perspective: first, because such systems represent rare and sophisticated technology previously developed and maintained only by the US and Russia;[5] and second, because it directly enhances China's strategic capabilities vis-à-vis the US. Whether the Russian and Chinese systems exchange data automatically—a development that would effectively amount to the creation of a joint global missile defence network and reveal the depth of their military cooperation—remains an open question.[6]

Table 1. Russian Military Supplies to China (2016-2025)

Delivery Years	Type of Equipment	Platform Designation	Quantity
2016	Heavy transport aircraft	Il-76M	7
2018	Fighter aircraft	Su-35S	24
2018	Turbofan engine	AL-41F-1S	10
2018-2025	Turbofan engine	D-30	487
2019	Surface-to-air missile system	S-400	8
2019	Surface-to-air missile	DM96M	400
2019	Surface-to-air missile	48N6	300
2019	Long-range air-to-air missile	R-77	240
2021-2022	Transport helicopter	Mi-17	54

Source: SIPRI Arms transfers database[7]

5 Vasily Kashin, "Chinese–Russian Ballistic Missile Cooperation Signals Deepening Trust," *East Asia Forum*, February 20, 2021, https://eastasiaforum.org/2021/02/20/chinese-russian-ballistic-missile-cooperation-signals-deepening-trust/.

6 Vasily Ivanov, "Maximum Rapprochement Without Strategic Alliance," *Nezavisimaya Gazeta*, December 21, 2023, https://nvo.ng.ru/gpolit/2023-12-21/1_10_11_1237_china.html; Kashin, "Chinese–Russian Ballistic Missile Cooperation Signals Deepening Trust."

7 "Arms Transfers Database," SIPRI, https://armstransfers.sipri.org.

Russian arms imports were particularly instrumental during the 1990s and 2000s, enabling the Chinese military-industrial complex to develop expertise in producing its own military platforms and emerge as a self-reliant arms manufacturer. Conversely, Russia has more recently experienced a shortage of certain types of military platforms, a challenge that has become evident during the war in Ukraine. As a result, it may even need to consider acquiring defence systems such as military transport aircraft or AWACS planes from China, which developed them using Soviet technology.

Moscow is also becoming increasingly eager to pursue joint cooperation, including research and development (R&D) in the high-technology production of military equipment such as air and missile defence systems, fifth- and sixth-generation fighter aircrafts, submarines, and spacecraft.[8] From Moscow's perspective, co-development and co-production are intended to shift the balance from China's unilateral procurement of Russian weapons systems to a more collaborative mode of cooperation, although this remains largely aspirational and has yet to yield tangible progress.[9]

In recent years, amid the war in Ukraine, Russia has sourced from China various dual-use items, including microelectronics and critical components necessary for defence production. These supplies are believed to have assisted Russia in overcoming a critical juncture in the war in 2023 and in sustaining the production of advanced equipment and missiles.[10] However, China has refrained from exporting heavy weapons or fully assembled arms to Russia, with the exception of a limited number of Shaanxi Baoji Tiger armoured vehicles supplied to Russian paramilitary forces.[11] This ambiguity has enabled China to portray itself as a proponent of peace and deflecting accusations of direct involvement in the war alongside Russia. A notable asset that Russia contributes to the partnership is battlefield experience, which the Chinese Army lacks. This issue has been highlighted during multiple exchanges between military delegations from Moscow and Beijing.[12]

Engagement between military officials has increased markedly in the recent years, with a growing number of meetings and dialogues. Russian Defence Minister Andrey Belousov, for example, since assuming office in May 2024,

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8 This is not a China-specific policy, since Russia has put forward similar proposals to its other strategic partners, including India.

9 "Russia Has Expressed Its Readiness to Offer China Joint Weapons Production," *RIA Novosti,* November 13, 2024, https://www.gazeta.ru/army/news/2024/11/13/24372031.shtml.

10 Aamer Madhani, "US Intelligence Finding Shows China Surging Equipment Sales to Russia to Help War Effort In Ukraine," *The Associated Press,* April 19, 2024, https://apnews.com/article/united-states-china-russia-ukraine-war-265df843be030b7183c95b6f3afca8ec.

11 "Arms Transfers Database."

12 "A Delegation from the Chinese Armed Forces Arrived in Moscow," *Izvestiya,* August 22, 2024, https://iz.ru/1747021/2024-08-22/v-moskvu-pribyla-delegatciia-sukhoputnykh-voisk-vs-kitaia.

> **From Moscow's perspective, co-development and co-production are intended to shift the balance from China's unilateral procurement of Russian weapons systems to a more collaborative mode of cooperation.**

has conducted four rounds of talks with the Chinese military-political leadership, including Vice Chairman of the Central Military Commission Zhang Youxia[13] and Defence Minister Dong Jun. During their most recent video call in January 2026, Belousov and Jun discussed developments concerning Venezuela and Iran.[14] This was followed by an official visit to China in February 2026 by the Secretary of the Russian Security Council, Sergey Shoigu, who held talks with Wang Yi, Member of the Political Bureau of the CPC Central Committee and Foreign Minister. According to the Chinese readout, the discussions addressed several flashpoints in the Indo-Pacific, including "stability in the Taiwan Strait" and "Japan's attempts to accelerate remilitarisation."[15]

The Indo-Pacific is a key geography where Russia and China have reinforced one another politically and militarily. Their converging regional outlooks are shaped by a shared perception of threat, articulated by officials from both sides, arising from so-called "closed military-political alliances." This affinity in geopolitical approaches has contributed to the increasing frequency and complexity of bilateral exercises, indicating a gradual shift toward deeper coordination between their armed forces.

Since 2022, Russia and China have intensified their annual joint air and naval patrols in the Indo-Pacific.[16] The locations of these manoeuvres indicate that Moscow and Beijing are signalling coordinated efforts directed against the US and its regional allies. In addition to regular air patrols near Japanese and South Korean airspace, the Russian and Chinese strategic bombers TU-95MS and Xian H-6K conducted a patrol near Alaska in July 2024, where they were intercepted by the US and Canadian fighter aircrafts.[17] Expanding their bilateral military activities in the region, Russia and China carried out a joint submarine patrol in August 2025, which included the

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13 In January 2026, Zhang Youxia was removed from his position and placed under investigation for "violation of discipline and law."

14 "Belousov Discussed Developments in Venezuela and Iran with the Head of China's Ministry of Defense," *Vedomosti,* January 27, 2026, https://www.vedomosti.ru/politics/news/2026/01/27/1172095-belousov-obsudil.

15 "Wang Yi and Secretary of the Russian Federation Security Council Sergei Shoigu Hold Strategic Communication," Ministry of Foreign Affairs of People's Republic of China, 2026, https://www.fmprc.gov.cn/eng/xw/zyxw/202602/t20260202_11849138.html.

16 The CSIS database shows the evolution of China-Russia military exercises from 2003 to 2025. See: "China-Russia Joint Military Exercises," China Power Project, CSIS, https://chinapower.csis.org/data/china-russia-joint-military-exercises/.

17 Paul Sonne, "Russia and China Carry Out First Joint Bomber Patrol Near Alaska," *The New York Times,* July 25, 2024, https://www.nytimes.com/2024/07/25/world/asia/russia-and-china-carry-out-first-joint-bomber-patrol-near-alaska.html.

exchange of sonar data and rescue exercises, in both the Sea of Japan (the East Sea) and the East China Sea.[18] Another notable development was the resumption of joint anti-missile drills after an eight-year hiatus, with the third round held "within Russian territory" in December 2025.[19]

Beyond bilateral drills, Russia and China regularly conduct maritime exercises in the Indian Ocean, including with South Africa and with Iran (see Table 2). The nine-day BRICS-Plus naval exercise, 'Will for Peace', off South Africa's Western Cape, marked the first occasion on which all four powers participated (alongside the UAE).[20] Although the military dimension is not formally part of the BRICS agenda, framing the drills as a 'BRICS Plus naval exercise'[21] suggests an intention by some countries to introduce this aspect into the group's activities. However, two founding BRICS members—Brazil and India—chose not to participate, underscoring the limited scope of the group's military engagement. The most recent 'Maritime Security Belt' drills with Iran were held in the Gulf of Oman in February 2026, coinciding with a build-up of US naval forces in the region.[22]

Table 2. Russia-China Military Drills (May 2022-February 2026)

Exercise	Area	Date
Joint aerial patrol	Near Japanese border	24 May 2022
Vostok-2022	Eastern Military District, Russia	1-7 September 2022
Joint naval patrol	The Sea of Okhotsk and the Pacific Ocean	15 September–4 October 2022
Joint air patrol	Over the Sea of Japan (East Sea) and the East China Sea	30 November 2022
Maritime Cooperation-2022	The East China Sea	21-27 December 2022
Mosi (Russia, China, Republic of South Africa)	The Indian Ocean	17-26 February 2023
Maritime Security Belt-2023 (Russia, China, Iran)	The Gulf of Oman	15-19 March 2023

18 Liu Zhen, "Russia and China 'Shared Sonar Data' In Submarine Exercise 'That Sent Message to US'," *South China Morning Post,* November 1, 2025, https://www.scmp.com/news/china/military/article/3331124/details-russian-chinese-joint-submarine-exercise-sent-message-us-released.

19 Guo Yuandan and Xu Yelu, "Chinese, Russian Militaries Hold 3rd Joint Anti-Missile Exercise, Working Together to Jointly Reinforce Post-World War II Order: Expert," *Global Times,* December 7, 2025, https://www.globaltimes.cn/page/202512/1349933.shtml.

20 Paul Nantulya, "China's Military Footprint in Africa Deepens with PLA-led BRICS Naval Drills," Africa Center for Strategic Studies, January 30, 2026, https://africacenter.org/spotlight/china-pla-military-africa-brics-naval-drills/.

21 See "'Will for Peace 2026' Exercise Shows a New Model of Security Co-Op Among 'BRICS Plus' Nations," *China Military,* January 6, 2026, http://eng.chinamil.com.cn/2025xb/O_251451/16435863.html.

22 Jay Hilotin, "Russian, Chinese, Iran Warships Conduct 'Surprise' Hormuz Strait Exercises, Amid Massive US Military Mideast Buildup," *Gulf News,* February 19, 2026, https://gulfnews.com/world/mena/russian-chinese-iran-warships-conduct-surprise-hormuz-strait-exercises-amid-massive-us-military-mideast-buildup-1.500448199.

Exercise	Area	Date
Joint aerial patrol	Over the Sea of Japan (East Sea) and East China Sea	7 June 2023
Northern/Interaction-2023	The Sea of Japan (East Sea)	20-23 July 2023
Joint naval patrol	The Sea of Japan (East Sea), the Sea of Okhotsk, the Bering Sea, and the Pacific Ocean	28 July–19 August 2023
Maritime Security Belt -2024 (China, Iran, Russia)	The Gulf of Oman	15-18 March 2024
Maritime Cooperation-2024	The South China Sea	July 2024
Joint naval patrol	Western and Northern Pacific	3-6 July 2024
Joint air patrol	Near Alaska	25 July 2024
Northern/Interaction-2024 + Joint naval patrol	The Sea of Japan (East Sea) and the Sea of Okhotsk	10-28 September 2024
Maritime Security Belt-2025 (China, Iran, Russia)	The Gulf of Oman	12-15 March 2025
Maritime Interaction-2025 Naval patrol Joint submarine patrol	The Sea of Japan (East Sea), the Sea of Okhotsk and the Western Pacific	1-5 August 2025; 6-20 August 2025
Anti-missile drills	Russia	Early December 2025
Joint air patrol	Over the Sea of Japan (the East Sea), East China Sea and the Western Pacific	9 December 2025
Will for Peace (China, Iran, Russia, South Africa, UAE)	Off Western Cape	9-17 January 2026
Maritime Security Belt-2026 (China, Iran, Russia)	The Gulf of Oman	18-19 February 2026

Source: Author's own, using data from various open sources.

Although there is a significant gap, and room for mistrust remains between the Russian and Chinese militaries, their engagement in recent years indicates deeper coordination and operational integration. Efforts by US President Donald Trump to drive a wedge between Beijing and Moscow have thus far not altered the trajectory of their defence partnership, which continues to be sustained by their shared perception of the US and the US-led alliances as a common security threat.

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Global South in the Crossfire: Strategic Competition and Managed Interdependence

Soumya Bhowmick and Arya Roy Bardhan

The Global South is no longer a peripheral arena in United States (US)-China competition. Trade, technology, industrial policy, logistics corridors, and development finance have become instruments through which strategic rivalry is projected outward.[1] For countries across Asia, Africa, and Latin America, the challenge is no longer simply how to engage Washington or Beijing diplomatically, but how to preserve developmental autonomy in an environment where great-power competition is restructuring markets, supply chains, and industrial choices.

India sits at the heart of this dilemma. Its relationship with China is economically consequential, politically sensitive, and strategically constrained. Bilateral merchandise trade remains substantial yet deeply imbalanced, with Chinese capital goods, intermediates, and processed inputs embedded across Indian manufacturing.[2] Yet the relationship is no longer understood in New Delhi solely through a commercial lens. Since 2020, the security environment has hardened, prompting India to pay closer attention to how concentrated dependence in critical sectors can constrain autonomy under stress. The result is neither wholesale rupture nor effortless coexistence but rather managed interdependence under strategic competition: keeping commercial channels open where growth requires them, tightening guardrails where vulnerability is too high, and diversifying wherever feasible.

That wider logic is now visible across the Global South. Indonesia faces rising imports of Chinese steel and textiles that undercut its own industrialisation efforts, even as it remains dependent on Chinese investment in nickel processing.[3] Vietnam, deeply integrated into China-linked electronics

1 Henry Farrell and Abraham L. Newman, "Weaponized Interdependence: How Global Economic Networks Shape State Coercion," *International Security* 44, no. 1 (2019): 42–79,https://www.jstor.org/stable/10.2307/26777882.

2 India Brand Equity Foundation, "China Overtakes US as India's Top Trading Partner in FY24: GTRI," *IndBiz,* May 13, 2024,https://indbiz.gov.in/china-overtakes-us-as-indias-top-trading-partner-in-fy24-gtri.

3 Brendan Kelly and Shay Wester, "ASEAN Caught Between China's Export Surge and Global De-Risking," Asia Society Policy Institute, February 20, 2025, https://asiasociety.org/policy-institute/asean-caught-between-chinas-export-surge-and-global-de-risking.

supply chains, is navigating pressures from both sides as US tariffs increasingly target Chinese content routed through third countries. Brazil contends with an influx of low-cost Chinese-manufactured goods, particularly in autos and steel, while remaining reliant on China as its dominant buyer of commodities.[4] South Africa, similarly, has experienced pressure on local manufacturing from Chinese consumer goods, even as Chinese demand sustains its mining sector.[5] Each case differs in specifics, but the underlying dilemma mirrors India's challenge of capturing the benefits of Chinese economic engagement without ceding industrial ground or strategic leverage.

China's trade position is adjusting to rising tariff barriers, Western industrial policies, and slower access to mature markets by pushing more aggressively into developing economies. In the first two months of 2026, China's exports rose 21.8 percent year-on-year, with its trade surplus reaching US$213.6 billion. It closed 2025 with a record surplus of US$1.2 trillion, as exporters increasingly redirected goods toward Southeast Asia, Africa, and Latin America.[6] As the past year witnessed US tariffs on Chinese goods escalate to historically high levels, Beijing responded with export controls on critical minerals and retaliatory duties. The combined effect of these measures has squeezed Global South economies between costlier imports, disrupted supply chains, and narrowing market access for their own exports. At the same time, the Gulf crisis, triggered by the US-Israeli strikes on Iran in February 2026 and Iran's subsequent closure of the Strait of Hormuz, has heightened concerns over shipping, energy prices, and trade-route vulnerability, particularly for import-dependent economies such as India.[7]

This essay frames US-China strategic competition and China's export surge to the Global South as two dimensions of the same geoeconomic transformation. The first establishes the strategic context: rising tariffs, technology controls, industrial subsidies, and selective decoupling that are fragmenting the global trading system. The second illustrates how that fragmentation is absorbed elsewhere: as access to advanced markets becomes more contested, Chinese goods, capital, and industrial capacity are increasingly redirected into developing economies. These trends demonstrate that the Global South is no longer merely responding to great-power rivalry but is increasingly becoming the arena where the economic consequences of that rivalry are being redirected, negotiated, and contested.

4 Lucas Lorimer, "Brazil Plans Response as Steel Sector Hit by Chinese Imports and U.S. Tariffs," *Datamar News,* December 11, 2025, https://datamarnews.com/noticias/brazil-plans-response-as-steel-sector-hit-by-chinese-imports-and-u-s-tariffs/.

5 Marvellous Ngundu, "South Africa's Trade Deficit Dilemma with China," Institute for Security Studies, March 5, 2025, https://issafrica.org/iss-today/south-africa-s-trade-deficit-dilemma-with-china.

6 Joe Cash, "China's Exports Turbocharge into 2026 after Record-Breaking Year," *Reuters,* March 10, 2026, https://www.reuters.com/world/asia-pacific/chinas-exports-turbocharge-into-2026-after-record-breaking-year-2026-03-10/.

7 United Nations Conference on Trade and Development (UNCTAD), "Hormuz Shipping Disruptions Raise Risks for Energy, Fertilizers and Vulnerable Economies," March 10, 2026, https://unctad.org/press-material/hormuz-shipping-disruptions-raise-risks-energy-fertilizers-and-vulnerable-economies.

China's Export Push and the Reordering of Developing-Country Markets

> **The Global South is no longer merely responding to great-power rivalry but is increasingly becoming the arena where the economic consequences of that rivalry are being redirected, negotiated, and contested.**

The US is shaping the development landscape of the Global South, through a distinct set of instruments. While China's presence remains market-deep and trade-heavy, Washington's approach is more selective, standards-driven, and security-inflected. It involves friend-shoring through regional supply-chain arrangements, export controls on sensitive technologies, development finance through the US International Development Finance Corporation, coordination in critical minerals through the Minerals Security Partnership, AI and semiconductor supply-chain alignment through the Pax Silica initiative launched in December 2025, and clean-energy platforms such as the Clean Energy Demand Initiative. This has resulted in a reconfiguration, not a retreat, of US influence—shifting from broad market access toward targeted corridor-building, trusted supply chains, and strategic sectors.

The geography of economic competition has shifted. Rather than simply decoupling from one another, the US and China are seeking to shape the external environment in which others trade, invest, and industrialise. China's response to tariffs, export controls, and industrial pressure has not been retreat[8] but an outward commercial push, particularly toward developing markets where demand for affordable manufactures, green technologies, digital hardware, and industrial machinery remains strong. For many Global South economies, this makes China more than a supplier and instead a structuring force in development choices.

The Global South has become central to China's export strategy for structural reasons. Demand in many advanced economies is weakening, trade barriers are rising, and the politics of overcapacity have intensified. In contrast, developing economies continue to absorb growing volumes of industrial inputs, consumer goods, digital equipment, and transition technologies. This makes them attractive not only as markets, but also as political and strategic constituencies in a shifting trade order. For importing economies, this creates a double-edged reality where goods can lower costs, support infrastructure expansion, accelerate renewable deployment, and relieve supply shortages. Yet they may also arrive at a pace and scale that domestic industries struggle to absorb. When Chinese export surges enter economies with shallow supplier bases, they can widen trade deficits, compress local margins, and complicate the execution of industrial policy.

8 Tatjana Schulze and Weining Xin, *Demystifying Trade Patterns in a Fragmenting World,* IMF Working Paper No. 2025/129 (Washington, DC: International Monetary Fund, June 27, 2025), https://www.imf.org/en/publications/wp/issues/2025/06/27/demystifying-trade-patterns-in-a-fragmenting-world-567071.

India's case is instructive because it shows why this is not a straightforward story of dependence versus resistance. India still relies on Chinese inputs across electronics, machinery, chemicals, renewables, and pharmaceuticals.[9] In a region where production is fragmented across multiple stages, diversification does not necessarily mean replacing China; more often, it means reconfiguring exposure while continuing to operate within value chains where China remains the dominant upstream node. That is why India's policy is beyond decoupling, and rather an effort to separate developmental necessity from strategic overexposure.

Dependence, Deficits, and the Sectoral Politics of Exposure

A bilateral trade deficit is not inherently exploitative; in fragmented production system, it often reflects value-chain position rather than simple unfairness.[10] Yet deficits become politically and strategically salient when they are large, persistent, and concentrated in sectors that are difficult to substitute. That is why India's deficit with China matters: it is not merely a macroeconomic issue, but a map of industrial vulnerability.

The key question is composition. Dependence on final consumer goods is one thing; dependence on intermediates, machinery, chemicals, APIs, and critical inputs is another. The more deeply Chinese products are embedded in domestic production, the harder it becomes to absorb disruption without wider economic costs. For India, this vulnerability is especially visible in electronics, renewable energy, pharmaceuticals, and heavy industrial equipment. The issue is less whether trade exists and more of particular forms of trade risk becoming crisis multipliers.

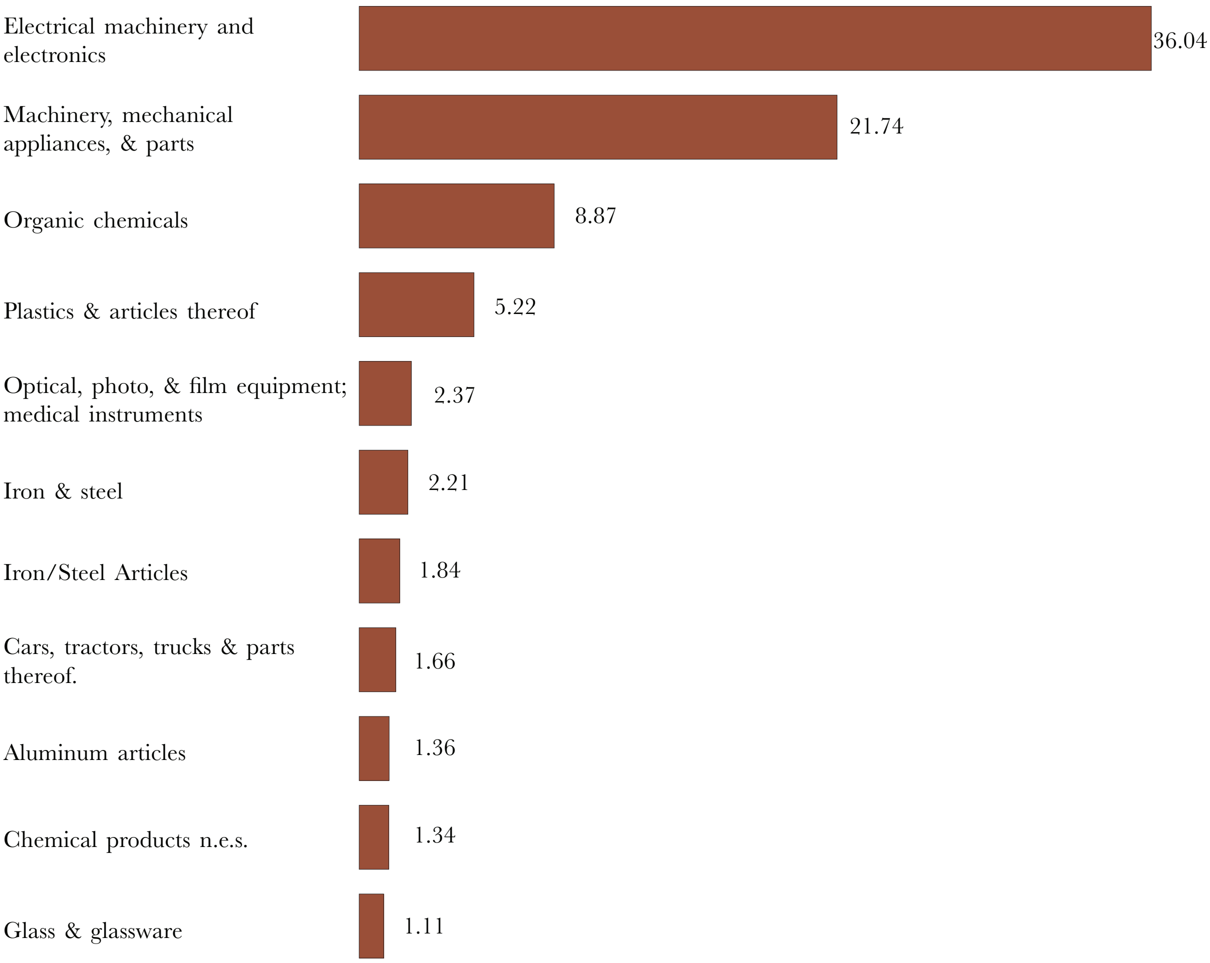
This is also where China's export surge into the Global South assumes wider significance. Cheap imports may support downstream manufacturing and accelerate access to green technologies, but if they overwhelm domestic firms before local ecosystems mature, they risk trapping countries in a cycle where industrialisation remains shallow and import dependence deepens. The politics of dependence, therefore, is not about rejecting imports but about managing their pace, sectoral concentration, and developmental consequences.

Not all dependence is economically equivalent. Consumer-goods dependence is usually the least binding; it affects prices, inflation, and household welfare, but substitute suppliers can often be found with manageable adjustment costs. Intermediate-goods dependence is more consequential as it is transmitted through production networks—disruptions here can slow domestic output, delay exports, and propagate cost shocks across sectors. Strategic-input dependence is the most significant. Where imports are tied to health security, digital systems, energy transition hardware, or critical minerals, the central issue is not efficiency but continuity, bargaining power, and resilience under stress.

9 Ministry of Commerce and Industry, Government of India, "Unstarred Question No. 4948: Trade with China," Lok Sabha, April 1, 2025,https://www.commerce.gov.in/wp-content/uploads/2025/04/LS-USQ-No.4948-dated.-01.04.2025-1.pdf.

10 Organisation for Economic Co-operation and Development (OECD) and World Trade Organization (WTO), *Trade in Value Added: OECD–WTO Database Brochure*, January 2013, https://www.wto.org/english/res_e/statis_e/miwi_e/tradedataday13_e/oecdbrochurejanv13_e.pdf.

Figure 1: Composition of India's Imports from China, by Product Category (2024)



Source: Observatory of Economic Complexity[11]

China's export push into the Global South is not uniform. In solar modules and batteries, China's scale lowers the cost of energy transitions for developing countries. In industrial machinery and electronics, it supports manufacturing expansion where local capabilities remain limited. In telecommunications equipment and digital systems, however, the issue is not only price but trust, auditability, and infrastructure integrity. In steel, chemicals, and consumer manufactures, Chinese scale can easily become a source of competitive pressure for weaker industrial ecosystems.

The current Gulf crisis sharpens this dynamic. Rising oil prices and disrupted shipping routes have increased the urgency of energy diversification across the Global South, which is likely to accelerate demand for Chinese solar modules, wind turbines, and battery storage.

11 Observatory of Economic Complexity, "India (IND) and China (CHN) Trade," https://oec.world/en/profile/bilateral-country/ind/partner/chn?selector538id=HS2.

Yet, this same acceleration deepens supply-chain concentration risks: China currently accounts for over 80 percent of global solar module manufacturing and dominates lithium-ion battery cell production.[12] A crisis-driven rush to deploy renewables sourced overwhelmingly from a single supplier could exchange one form of energy vulnerability (fossil-fuel dependence routed through contested sea lanes) for another (concentrated dependence on Chinese clean-energy hardware) at a moment when Beijing's willingness to use economic leverage is itself under scrutiny.

For India, this sectoral variation is critical. Chinese strength in upstream clean-energy components can advance India's decarbonisation goals while simultaneously complicating indigenous manufacturing. Chinese machinery helps sustain industrial output but reinforces supplier dependence. Telecom and digital systems raise sharper strategic concerns because the risks involve system control, data integrity, and continuity under stress; which are ultimately questions of technological sovereignty, rather than of mere import competition.[13] Not all dependencies carry the same weight, and a serious policy response must therefore be differentiated, pragmatic, and non-ideological.

Figure 2: Development and Strategic Risk Trade-offs, Select Sectors

Strategic risk

Lower payoff / lower risk	**High payoff / lower risk**
Consumer durables	Industrial machinery
Low-end household goods	Selected chemicals
Lower payoff / higher risk	**High payoff / higher risk**
Core digital infrastructure	APIs / bulk drugs
Chokepoint logistics	Rare-earth magnets
	Upstream solar cells
	Electronics components

Developmental payoff

Source: Authors' own

12 International Energy Agency (IEA), *Solar PV Global Supply Chains*, July 2022, https://www.iea.org/reports/solar-pv-global-supply-chains/executive-summary.

13 Department of Telecommunications, Government of India, "Trusted Telecom Portal," https://trustedtelecom.gov.in/.

India's Response: Managed Interdependence in Practice

India's response has evolved into a layered toolkit built on three pillars: capability building, rule enforcement, and strategic guardrails. First, industrial policy, especially production-linked incentives, aims to draw supplier ecosystems onshore, deepen value addition, and gradually reduce dependence on single sources. Second, standards, conformity requirements, and trade remedies shape import composition and create space for domestic scaling. Third, strategic hardening targets sectors with especially high failure costs, including telecom, sensitive digital systems, data-rich platforms, and critical infrastructure. This is not a push for autarky, but an effort to reduce risky, weaponisable dependence by accepting limited continued reliance on Chinese inputs while diversifying exposure and tightening controls in sensitive areas.

The limitations of India's policy toolkit are equally important and should be factored into the analysis. The Performance Linked Incentive (PLI) scheme has been effective in attracting investment, scaling assembly operations, and improving export performance, particularly in electronics.[14] However, deeper upstream localisation remains incomplete in components, materials, and process technologies. Standards and conformity requirements can create policy space for domestic firms, yet they also impose compliance costs and may slow diffusion when local capacity is limited.[15]

Chokepoints, Coercion, and the Gulf Shock

Developing countries face a policy dilemma: Chinese exports can provide affordable infrastructure and clean technology essential for rapid growth, but they can also undermine domestic industry and create long-term strategic dependence if left unmanaged. India reflects this broader Global South challenge, as it seeks to leverage low-cost Chinese inputs to support development while simultaneously mitigating excessive vulnerability in an increasingly coercive global environment.

The key lesson from across the developing world is that the real issue is not imports themselves, but the policy context within which they are absorbed. Pakistan's solar expansion demonstrates how Chinese scale can accelerate development by reducing costs and expediting deployment, while South Africa's experience illustrates that high import penetration may suppress manufacturing employment, constrain sales growth, and undermine firm survival. Ultimately, Chinese trade is beneficial only when it reinforces domestic capability-building rather than displacing it before it can mature.[16]

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14 Press Information Bureau, Government of India, "Electronics Manufacturing in India Expanded Significantly in the Last 11 Years; India Emerges as the Second-Largest Mobile Manufacturer in the World," February 6, 2026, https://www.pib.gov.in/PressReleasePage.aspx?PRID=2224503&reg=3&lang=2.

15 Sudarshan Varadhan, "India Mandates Use of Locally-Made Solar Cells in Clean Energy Projects from June 2026," *Reuters,* December 10, 2024, https://www.reuters.com/business/energy/india-mandates-use-locally-made-solar-cells-clean-energy-projects-june-2026-2024-12-10/.

16 Sofia Torreggiani and Antonio Andreoni, "Rising to the Challenge or Perish? Chinese Import Penetration and Its Impact on Growth Dynamics of Manufacturing Firms in South Africa," *Structural Change and Economic Dynamics* 64 (2023): 199–212, https://doi.org/10.1016/j.strueco.2022.12.010.

> **Developing countries face a dilemma: Chinese exports can provide affordable infrastructure and clean tech essential for rapid growth, but they can also undermine domestic industry and create long-term strategic dependence.**

The most serious risk in India's relationship with China is not a blanket collapse of trade, but selective coercion through chokepoints. When dependence is concentrated in processed materials, critical minerals, Active Pharmaceutical Ingredients (APIs), electronics components, or other hard-to-substitute intermediates, even narrow restrictions can cascade into broader production losses.[17] India's resilience strategy has therefore evolved in two directions: targeted domestic capacity creation in identified bottleneck sectors, and diversification through trusted partnerships in critical minerals, advanced manufacturing, and supply-chain resilience.

The challenge for India and much of the Global South is increasingly one of dual de-risking: reducing concentrated exposure not only to China but also to the US. Washington's willingness to deploy tariffs, sanctions, and technology restrictions against partners as well as adversaries means that over-alignment with either pole introduces distinct vulnerabilities. A policy architecture built around a single axis of dependence reduction risks substituting one source of coercive leverage for another. Genuine strategic autonomy, therefore, requires diversifying supply chains, technology partnerships, and market access away from both major powers simultaneously. Although politically more difficult, this remains the only approach capable of safeguarding developmental flexibility in an era when economic statecraft is exercised from multiple directions.

The Gulf crisis has made clear that India's vulnerability is not confined to bilateral dependence, but extends to a wider system in which China-related supply chains, maritime chokepoints, energy flows, and trade logistics are tightly interconnected. Disruption in the Strait of Hormuz affects not only oil supplies, but also freight rates, insurance costs, delivery schedules, inventory management, and the viability of just-in-time production across import-dependent economies.[18] For India, this implies that de-risking from China cannot be separated from reducing exposure to maritime and energy disruptions. Strategic autonomy, therefore, is no longer only about tariffs, incentives, or diplomacy, but also about strengthening systemic resilience through secure shipping routes, expanded storage capacity, and alternative trade corridors.

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17 Guillaume Beaumier and Madison Cartwright, "Cross-Network Weaponization in the Semiconductor Supply Chain," *International Studies Quarterly* 68, no. 1 (2024), https://academic.oup.com/isq/article/68/1/sqae003/7578750.

18 International Energy Agency, "Strait of Hormuz," *Oil Security and Emergency Response*, https://www.iea.org/about/oil-security-and-emergency-response/strait-of-hormuz.

Conclusion: Strategic Autonomy in an Age of Redirected Rivalry

US–China strategic competition is increasingly reshaping the Global South, as the contest now extends well beyond tariffs and summit diplomacy to encompass production, supply, finance, and the absorption of industrial surplus. China's export surge into the Global South is therefore not merely a trade trend, but part of a wider reordering of global commerce shaped by tariff fragmentation, industrial overcapacity, and geopolitical pressures. India's response provides a useful lens on this shift: it has neither embraced full decoupling nor accepted passive dependence, but instead pursued managed interdependence—remaining open where growth requires it, building domestic capability where substitution is feasible, and imposing guardrails where dependence becomes strategically risky.

Gaps still exist. Domestic capability-building in semiconductors, advanced chemicals, and critical minerals processing is still at an early stage, and PLI-supported manufacturing has not yet achieved the scale or cost-competitiveness required to reduce import dependence in most targeted sectors. Diversification of supply chains away from China has advanced only gradually, as alternative sourcing from Vietnam, South Korea, or Japan remains limited in volume and is frequently more prohibitive. Regulatory enforcement against circumvention, including transhipment and under-invoicing, has been inconsistent. Moreover, India has yet to articulate a coherent framework for dual de-risking that addresses vulnerability to US economic statecraft alongside Chinese leverage. Managed interdependence, in other words, is a credible strategic direction, but one whose implementation continues to lag behind its stated ambition.

The pressures of 2026 only reinforce this logic. China's export surge, weak global trade growth, and the Gulf crisis together underscore an increasingly volatile external environment in which diverted trade, energy shocks, and coercive leverage can reinforce one another. For India and the wider Global South, the task is not to choose sides in great-power rivalry, but to develop sufficient industrial depth, logistical resilience, and policy autonomy to prevent that rivalry from determining development outcomes. The challenge, therefore, is not disengagement from China, but disciplined engagement on terms that safeguard developmental agency: importing where it lowers transition costs, diversifying where concentration is dangerous, and building domestic depth where external dependence is susceptible to coercion.

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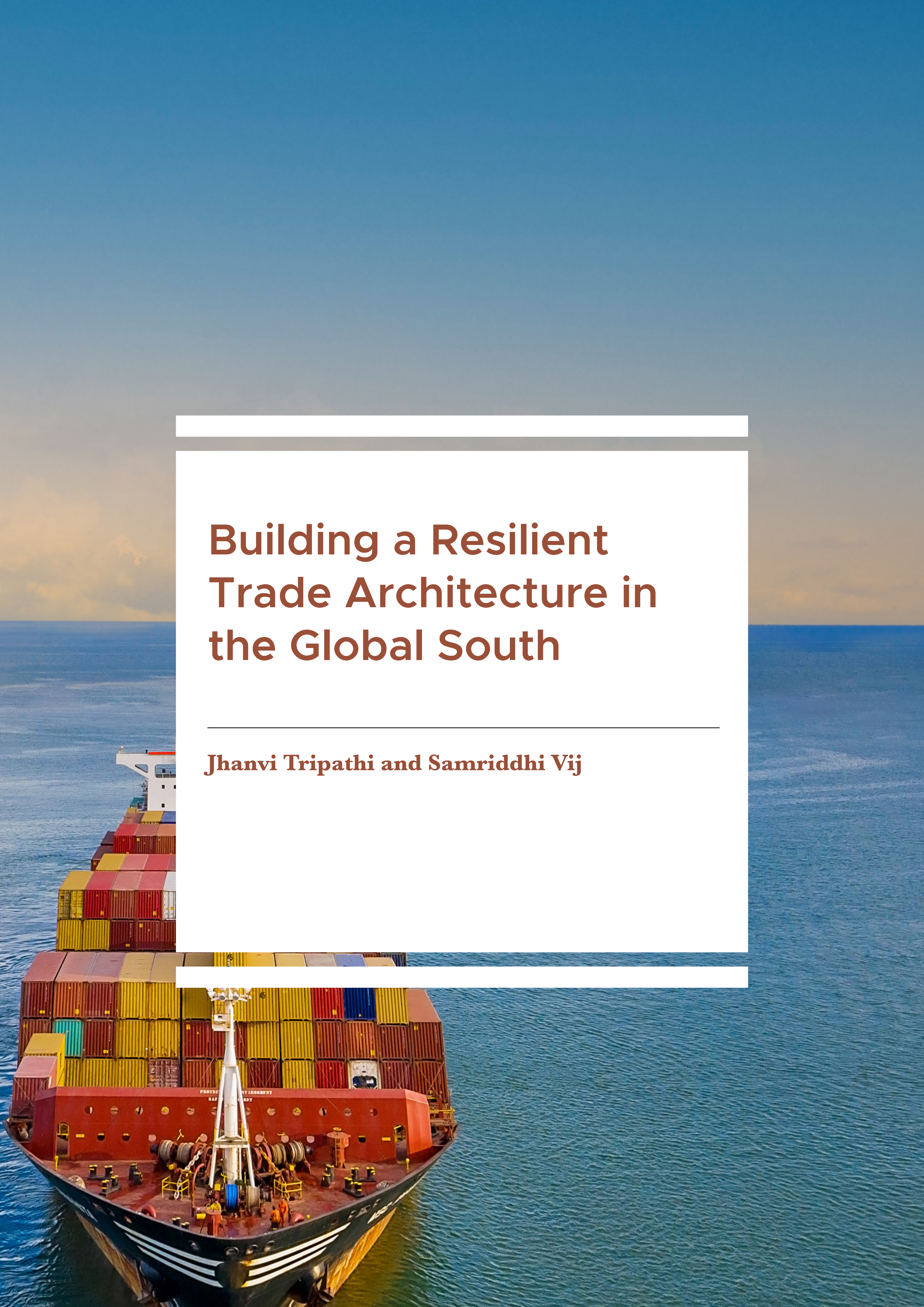

Building a Resilient Trade Architecture in the Global South

Jhanvi Tripathi and Samriddhi Vij

Over the past few years, tariffs, export controls, and regional conflicts have disrupted global trade, and Trade Policy Uncertainty (TPU)[1] has led to supply chain shocks. From food supply chains impacted by the Russia-Ukraine war to TPU caused by the United States' (US) tariff policies, and most recently, the war in the Middle East which has created an oil and gas crisis as a result of the closure of the Strait of Hormuz and continued attacks on infrastructure in the region. Moreover, traditional trade routes have struggled to accommodate the typical volumes that traverse them, making the search for new routes and new markets a defining feature of the past decade. These disruptions have exposed the fragility of existing trade architecture and accelerated efforts to build more resilient and diversified alternatives.

As estimated by the UN Trade and Development (UNCTAD),[2] nearly two-thirds of global trade takes place within value chains. However, policies have not adequately recognised that the next frontier of trade that must be unlocked is South-South Trade. A BCG analysis shows that countries in the Global South are the fastest growing consumer markets with their growing and increasingly aspirational populations.[3] Fulfilling this potential requires addressing deep connectivity gaps—whether physical, institutional, or digital—that have implications for the speed and cost of doing business.

The focus of global industrial policy—which includes economic diversification, technological sovereignty, or job creation—has shifted to the Global South. These countries are going through rapid industrialisation in a rapidly digitising world. They must address the traditional brick-and-

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1 Feiyun Sha, Changxu Ding, Xiaoyu Zheng, Jun Wang, and Yafang Tao, "Weathering the Policy Storm: How Trade Uncertainty Shapes Firm Financial Performance Through Innovation and Operations," *International Review of Economics & Finance 102,* no. 104274 (September 2025), https://doi.org/10.1016/j.iref.2025.104274.

2 "10 Trends Shaping Global Trade in 2026," UN Trade and Development (UNCTAD), January 15, 2026, https://unctad.org/news/10-trends-shaping-global-trade-2026#:~:text=6.,up%20from%2038%25%20in%201995.

3 Aparna Bharadwaj, Cristián Rodríguez-Chiffelle, Leandro Urbano, Suncica Zdunic, and Daniel Azevedo, "In a Multipolar World, the Global South Finds Its Moment," Boston Consulting Group, April 22, 2025, https://www.bcg.com/publications/2025/in-a-multipolar-world-global-south-finds-its-moment.

mortar industrial issues of hard manufacturing while also keeping up with the age of internet technology. This transformation is unfolding even as some of these countries, particularly in Africa, experience significant political shifts.

South-South Trade: The Future of Growth

UNCTAD's *Trade and Development Report 2025* found that exporters in the Global South are diversifying their sourcing and destinations in tandem. The first came as a response to the COVID-19 shocks that revealed the fragilities created by overdependence on Chinese imports of critical goods. The urge to diversify export destinations came from the shock of the rate at which the US started looking inwards. The same report found that the old hub-and-spokes model of trade flows was being rapidly replaced by web-like patterns. This decentralisation of trade has been driven by moves toward regional integration and growth. However, as UNCTAD notes, while the value of South-South merchandise trade increased from US$505.6 billion in 1995 to US$6.17 trillion in 2024; North-North Trade still maintains a lead at US$9.11 trillion in 2024.

There are several reasons why more trade finance needs to move toward the Global South. First, it is competitive in terms of production costs. The costs of land and labour have become prohibitive and are not ideal for scaling production and industrialisation in the Global North. For instance, the cost of production of a smartphone in India is US$408 compared to US$3,500[5] in the US. This is a systemic issue that cannot be addressed by traditional capitalist means. In terms of value-chain creation, this implies that lead firms in the Global North are drawn to production markets in the Global South where there is a cost advantage and they can continue production at scale. At the same time, lead firms in new sectors of the digital economy tend to be in the Global South, providing momentum to South-South trade.

Second is the sustainability dimension. Countries in the Global South have the additional responsibility of ensuring that trade and development take into account the environmental impact of growth. Sustainable trade practices often increase the costs of trade and also slow scaling of production. However, ignoring environmental considerations would entail heavy long-term risks that the Global South cannot afford.

Critical Minerals, Industrial Policy, and a New Trade Architecture

In terms of the most tangible potential for future growth, countries in Africa stand out compared to those in Asia and Latin America. Policymakers and leaders in the continent themselves recognise this, as evidenced by the signing of the African Continental Free Trade Area (AfCFTA) agreement in 2018 which entered into force in 2021. It is also a crucial part of the conversation around critical mineral use and supply which has become a cornerstone of modern geoeconomic considerations. Disruptions in critical mineral supply have a domino effect on a wide range of sectors, from

4 "Trade and Finance: Reshaping the Global South Amid Uncertainty," *Trade and Development Report,* 2025, https://unctad.org/system/files/official-document/tdr2025ch4_en.pdf.

5 Kif Leswing, "Here's How Much a 'Made in the USA' iPhone Would Cost," *CNBC,* May 23, 2025, https://www.cnbc.com/2025/04/11/heres-how-much-a-made-in-the-usa-iphone-would-cost.html.

semiconductors and batteries to downstream industries like machine manufacturing. The specific geographic endowments that the continent enjoys are unique compared to other regions. The demographic dividend that Africa benefits from further strengthens this position. At present, no other continent offers conditions of economic productivity as closely aligned as Africa, making it an ideal case study.

As owners of upstream value chain products, African countries should be reaping the benefits of this resource ownership. The AfCFTA is part of an effort to ensure this outcome and provides the basis for modern economic interaction with the African continent. Analysis conducted by an African trade union collective shows that following the implementation of the AfCFTA, intra-African trade grew from US$69 billion in 2019 to US$81 billion in 2023 within just two years.[6]

The next piece of this conversation concerns BRICS, a project now under stress due to the conflict that Iran and the UAE, both new members of the grouping, are embroiled in albeit by extension. The bloc has made progress in conversations related to customs cooperation and energy (ownership, processing, and consumption). UNCTAD estimates that the group accounts for 27 percent of global GDP, and 68 percent of the GDP of the Global South.[7] In 2024, intra-BRICS trade accounted for only 5 percent of world trade but still accounted for 20 percent of South-South trade. This implies that 10 countries accounted for 20 percent of South-South trade, excluding petroleum which is not traditionally included in merchandise trade calculations.

"Countries in the Global South have the additional responsibility of ensuring that trade and development take into account the environmental impact of growth.

In addition, the Global South countries are coordinating their industrial policy responses. There is a similarity in positions on issues of supply chain diversification and job creation. The overdependence on source markets, and in recent times, specific consumer markets—as seen in the upheaval caused by the US's unilateral use of tariffs to disrupt international trade—has spurred this effort. There is a push for greater integration of Global South economies through value-chain integration.

The failure of the World Trade Organization's 14th Ministerial Conference has only underlined the urgency of improved policy coordination in the Global South, independent of the international system. This is evident in new regional agreements that aim to address near-shoring and friend-shoring, as well as the move towards more bilateral and regional trade agreements within the Global South. Countries are working closely on industrial policy issues of economic diversification. Examples include India's Production Linked Incentives Programme and the new allocations in China's 2026 Five-Year Plan.

6 Nelly Nyagah, "A Five-year Review of the AfCFTA Through a Trade Union Lens," AfCFTA | Social Justice and Decent Jobs in One African Market (blog), July 4, 2025, https://tradeunionsinafcfta.org/a-five-year-review-of-the-afcfta-through-a-trade-union-lens/.

7 "Trade and Finance: Reshaping the Global South Amid Uncertainty".

While the economic rationale for South-South trade is unequivocally robust, its realisation remains physically and institutionally constrained. The 2026 Middle East crisis has exposed the reality that Global South commerce remains dangerously dependent on maritime infrastructure and strategic chokepoints. This is discussed in detail in the following section.

Connectivity Conundrums and Potential Solutions

The disruption of the Strait of Hormuz, which facilitates roughly 20 percent of global oil flows, has transformed theoretical supply chain vulnerabilities into immediate macroeconomic shocks.[8,9] This overdependence on a limited number of maritime chokepoints is now universally recognised as a massive structural risk, prompting leaders of ASEAN (Association of Southeast Asian Nations) and GCC (Gulf Cooperation Council) to accelerate multilateral discussions on volatile corridors and complementary land-sea infrastructure.[10]

Compounding this maritime exposure is the chronic structural penalty borne by landlocked economies—some 32 of them, nearly all located in the Global South across Africa, Asia, and Latin America. These developing countries face structurally higher trade costs, acute dependence on transit neighbours, and vulnerability to politically motivated border closures.[11] The Programme of Action for Landlocked Developing Countries for the Decade 2024–2034 emphasises the need for South-South cooperation and highlights the significance of international development cooperation in fostering economic resilience, trade facilitation, and technology transfer.[12]

Attempts have been made to address these challenges by developing alternative corridors. However, the proliferation of competing corridor architectures represents both an opportunity and a fragmentation risk. Multiple initiatives now target Global South connectivity, including China's Belt and Road Initiative,[13] the EU's Global Gateway,[14] the India-Middle East-Europe Economic Corridor (IMEC),[15] the Trans-

8 Candace Dunn and Justine Barden, "Amid Regional Conflict, the Strait of Hormuz Remains Critical Oil Chokepoint," U.S. Energy Information Administration, 2025, https://www.eia.gov/todayinenergy/detail.php?id=65504.

9 Al Jazeera Interactive Map, "The World's Most Strategic Straits and Channels," *Al Jazeera,* 2026, https://interactive.aljazeera.com/aje/2026/mapping-oil-hormuz-chokepoint/.

10 Abdulwahed Jalal Nori, "Cooperation in Global South is on the Rise," *China Daily,* 2025, https://global.chinadaily.com.cn/a/202512/12/WS693b6ab0a310d6866eb2e3e0.html.

11 "International Day of Awareness of the Special Development Needs and Challenges of Landlocked Developing Countries," United Nations, 2025, https://www.un.org/en/observances/landlocked-developing-countries-day.

12 "South-South Cooperation Plays a Critical Role in the New Programme of Action for Landlocked Developing Countries for the Decade 2024–2034," United Nations Office for South-South Cooperation, 2025, https://unsouthsouth.org/2025/02/20/south-south-cooperation-plays-a-critical-role-in-the-new-programme-of-action-for-landlocked-developing-countries-for-the-decade-2024-2034/.

13 James McBride, Noah Berman and Andrew Chatzky, "China's Massive Belt and Road Initiative," Council on Foreign Relations, 2023, https://www.cfr.org/backgrounders/chinas-massive-belt-and-road-initiative.

14 European Commission, "Global Gateway," 2021, https://commission.europa.eu/topics/international-partnerships/global-gateway_en.

15 Afaq Hussain and Nicholas Shafer, "The India-Middle East-Europe Economic Corridor: Connectivity in an Era of Geopolitical Uncertainty," Atlantic Council, 2025, https://www.atlanticcouncil.org/in-depth-research-reports/report/the-india-middle-east-europe-economic-corridor-connectivity-in-an-era-of-geopolitical-uncertainty/.

Caspian Middle Corridor,[16] and the Lobito Corridor.[17] These reflect competing visions of who anchors Global South connectivity, making coordination between systems politically costly even when it is economically rational. The risk therefore is that cargo halts at the boundary between competing blocs not as a result of lacking infrastructure but because of geopolitical rivalries.

Multimodal connectivity considerations also extend across the African continent, as the Cape of Good Hope has emerged as the preferred alternative to the Suez Canal. This is due to the reduced threat of conflict along the route and the ability of larger vessels to navigate it. Industrial and trade policy on the continent has become increasingly relevant for the rest of the world, creating openings for the harmonisation of trade, investment, and customs rules.

The digital dimension of connectivity further complicates this picture due to information security concerns. Physical infrastructure alone is insufficient to enable the kind of deep South-South commerce that the economic logic of integration demands. Digital trade platforms and AI-enabled logistics optimisation now serve as the connective tissue of regional commerce. In short, the connectivity challenge requires simultaneous investments in resilient physical, institutional, and digital systems.

Across the Global South, governments are investing in infrastructure to improve connectivity. A new generation of corridor investments and institutional architectures has demonstrated both significant achievements and persistent challenges.

There have been institutional advancements across continents. The AfCFTA now encompasses 54 of 55 African Union member states, covering a combined market of 1.3–1.4 billion people and a GDP of over US$3.4 trillion.[18] Physical corridor construction is proceeding in parallel: the 1,300-kilometer Lobito Corridor linking Angola, the Democratic Republic of Congo, and Zambia is expected to play a crucial role in reshaping Africa's critical-mineral supply chains.[20] The Trans-Caspian Middle Corridor recorded total container traffic of 76,900 TEUs, marking a 36-percent increase in 2025 compared to 2024.[21] In South America, the 2,300-kilometer Capricorn Bioceanic Corridor will connect Brazil, Paraguay, Argentina, and Chile, potentially reducing freight costs by up to 40 percent and cutting shipping times by

16 Karel Valansi, "Why the Middle Corridor Matters Amid a Geopolitical Resorting," Atlantic Council, 2025, https://www.atlanticcouncil.org/content-series/ac-turkey-defense-journal/why-the-middle-corridor-matters-amid-a-geopolitical-resorting/.

17 Prithvi Gupta, "The Lobito Corridor: The West's Bid Against Chinese Domination in Central Africa," Observer Research Foundation, 2023, https://www.orfonline.org/expert-speak/the-lobito-corridor-the-west-s-bid-against-chinese-domination-in-central-africa.

18 Matthew Goosen, "$10B on the Table: AfCFTA's High-Stake Industrial Gamble," Energy Capital & Power, 2026, https://energycapitalpower.com/10b-on-the-table-afcftas-high-stake-industrial-gamble/.

19 "The Lobito Corridor," OECD Emerging Markets Forum Background Note, 2025, https://www.oecd.org/content/dam/oecd/en/events/2025/04/oecd-emerging-markets-forum/Panel%202_OECD%20EMF%20Background%20Note%20-%20The%20Lobito%20Corridor.pdf.

20 A TEU or Twenty-foot Equivalent Unit is the unit of measurement used to determine cargo capacity for container ships and terminals.

21 Tural Heybatov, "Middle Corridor Faces New Crisis: Key Challenges Ahead," *Caspian Post,* 2026, https://caspianpost.com/analytics/middle-corridor-faces-new-crisis-key-challenges-ahead.

15 days.[22] In the Middle East, the GCC Rail Network aims to link all six Gulf states.[23] Yet the gap between what is being built and what is needed remains formidable, and three structural deficits stand out.

The first structural deficit is the financing gap. The African Development Bank estimates that US$32 billion must be invested annually in connectivity infrastructure to support AfCFTA's goals, against a continent-wide infrastructure financing gap of US$130–170 billion.[24] Africa also faces an additional estimated US$100 billion trade finance gap.[25] Similar financing shortfalls are observed across other connectivity projects.

The second structural deficit is institutional fragmentation. Corridors without regulatory harmonisation create new inefficiencies and can increase transaction costs rather than reduce them. The Middle Corridor, for example, lacks coordinated governance, applies tariff structures disproportionate to the distances involved, and faces significant delays during customs clearance.[26] Divergent technical standards, incompatible digital systems, and the absence of mutual-recognition agreements mean that goods frequently undergo multiple inspections, redundant documentation requirements, and prolonged dwell times at border crossings.

The third structural deficit is a speed mismatch between geopolitical disruption and infrastructure delivery. The surge in Middle Corridor traffic amidst the 2026 crisis in the Middle East places considerable pressure on existing infrastructure: cargo volumes at the ports of Aktau and Baku have surged, and container processing times have increased roughly threefold.[27] Corridors that take years to build are unable to scale at the speed of the crisis. The primary lesson is that a resilient trade architecture requires anticipatory investment and pre-positioned capacity, rather than reactive interventions after chokepoints have already collapsed.

There are three possible remedies. First, it is important to explore how various multilateral banks can move toward coordinated financing pools, deploying blended finance structures that combine concessional and commercial capital at the scale that the challenge demands. Second, digital single-window customs platforms, mutual recognition of standards, and harmonised transit protocols must advance in tandem with physical construction. Third, participating states should coordinate to collectively underwrite corridor risk, replacing ad-hoc sovereign balance-sheet exposure with pooled multilateral instruments.

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22 "The Capricorn Bioceanic Corridor in South America," OECD Emerging Markets Forum Background Note, 2025, https://www.oecd.org/content/dam/oecd/en/events/2025/04/oecd-emerging-markets-forum/Panel%202_OECD%20EMF%20Background%20Note%20-%20The%20Capricorn%20Bioceanic%20Corridor%20in%20South%20America.pdf.

23 Samriddhi Vij, "The Gulf Railway Project: Bridging the Gaps between Vision and Reality," Observer Research Foundation Middle East, 2025, https://orfme.org/expert-speak/the-gulf-railway-project-bridging-the-gaps-between-vision-and-reality/.

24 "Africa's Infrastructure Investment Horizon," *Highways Today*, 2025, https://highways.today/2025/11/18/africas-infrastructure-investment-horizon/.

25 "Afreximbank Launches 2025 Report on African Trade in a Shifting Global Financial Landscape," African Export-Import Bank, 2025, https://www.afreximbank.com/afreximbank-launches-2025-report-on-african-trade-in-a-shifting-global-financial-landscape/.

> **A resilient trade architecture requires anticipatory investment and pre-positioned capacity, rather than reactive interventions after chokepoints have already collapsed.**

Conclusion

The Global South now accounts for 40 percent of global output and 44 percent of merchandise trade.[28] From trade policy uncertainty and regional conflicts to the 2026 crisis in the Middle East that closed the Strait of Hormuz, the vulnerabilities that have defined this decade have exposed how precariously the Global South's integration remains tethered to fragile infrastructure, chokepoints, and institutions. The response is underway, and it is no longer aspirational. The question before policymakers is not whether South-South integration will accelerate—that trajectory has become structurally inevitable. The question is whether the new architecture will be designed with the institutional depth that genuine resilience requires.

Physical corridors must be accompanied by institutional infrastructure: customs harmonisation, digital trade facilitation, and shared insurance frameworks, because hardware without institutional 'software' merely replicates the transaction cost penalties it seeks to overcome. The new corridors must be designed from inception for resilience. Corridors built without diversified routing and security architecture will simply reproduce the fragility of the system they are intended to replace.

Global and regional value chains must also reflect the realities and needs of the Global South. The move toward web-like patterns of value chains implies that local capabilities and competencies are being created across multiple stages, with no neat distinctions between upstream and downstream countries.

The architecture to match the economic weight of the Global South is under construction. The task is to ensure that what is built is not merely an infrastructure of trade and connectivity but an infrastructure of sustainability and resilience.

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26 "Middle Trade and Transport Corridor: Policies and Investments to Triple Freight Volumes and Halve Travel Time by 2030," World Bank, 2023, https://thedocs.worldbank.org/en/doc/6248f697aed4be0f770d319dcaa4ca52-0080062023/original/Middle-Trade-and-Transport-Corridor-World-Bank-FINAL.pdf.

27 Tural Heybatov, "Middle Corridor Faces New Crisis: Key Challenges Ahead," *Caspian Post,* 2026, https://caspianpost.com/analytics/middle-corridor-faces-new-crisis-key-challenges-ahead.

28 "First Meeting of the Council of the Global South Research Center," UN Trade and Development, 2025, https://unctad.org/osgstatement/first-meeting-council-global-south-research-center.

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