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GEOECONOMICS AND THE NEW WORLD ORDER

THE INTERSECTION OF POWER, POLITICS AND PROSPERITY

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A NOTE FROM THE CHAIRPERSON

Over my time at GAEE India, I have come to see economics as much more than a discipline we study—it is a lens through which we learn to question the world around us.

Working with students across chapters, research teams, and initiatives has reinforced that perspective. Conversations that began with a simple question often led us towards incentives, opportunity costs, information asymmetry, behavioural biases, externalities, and the role of institutions in shaping outcomes. What mattered was not simply knowing a concept, but asking whether it actually explained the problem in front of us.

This edition of the GAEE India Magazine captures that spirit of inquiry. The pieces bring together different areas of economics, but share a common approach: questioning assumptions, engaging with evidence, and looking beyond what happened to understand why.



I am particularly proud of everyone who has contributed to this edition. My time at GAEE has been defined by the people I have had the opportunity to learn and work with, and by an impressive number of discussions where we somehow managed to turn every problem into an economics problem.

I hope these pages leave you with a few new questions, a few new perspectives, and perhaps a small increase in your utility.

And if this magazine manages to improve your utility without making anyone else worse off, I think we can safely call that a Pareto improvement.

Aanya Narula
Chairperson, GAEE India

EDITOR-IN-CHIEF'S NOTE

Putting together this edition of the GAEE India Magazine has been a rather special experience. What started with ideas, scattered drafts, and countless conversations gradually came together into something we can finally share. Working on this edition reminded me that a magazine is never just about its finished pages. It is also about the questions that emerge along the way, the ideas that evolve as you work on them, and the people who make the process worthwhile. This edition explores geoeconomics, but I hope it also reflects the curiosity and thought that went into bringing it together.



Through its different pieces, this edition examines some of the forces shaping the world around us. A common thread runs through them: economic relationships are rarely just economic. Decisions about trade, resources, technology, and finance can have consequences that extend far beyond their immediate objectives. Bringing these pieces together encouraged us to look at some of these connections differently, and that was one of the most rewarding parts of working on this edition.

Working on this edition has also been a reminder of how important it is to look beyond headlines and immediate developments. The forces shaping the global economy are often interconnected in ways that are not immediately obvious, and understanding them requires us to look at the larger picture. As students, we are still learning to make sense of these connections, and I think that is precisely what makes exploring them worthwhile. There is always more to question, understand, and reconsider.

I am incredibly grateful to everyone who contributed to this edition and to those who helped shape it along the way. I hope these pages leave you with a few new questions of your own, or encourage you to reconsider some of the relationships we often take for granted.

I hope you enjoy reading it as much as we enjoyed putting it together.

Mitakshra Khajuria
Editor-in-Chief
GAEE India

CALCULATED HANDSHAKES



"Alliances are built on interests, not intentions"

*By - **Ivana Ravuri***

There is a peculiar kind of trust that exists between people who do not trust each other at all. Business partners who each keep a quiet eye on the other's mistakes, just in case. Neighbours who will lend a cup of sugar but never a spare key. Somewhere in that middle ground—cooperation without confidence—is where most of the world's important economic relationships actually live. It is not friendship. It is not enmity either. It is something closer to a handshake between two people who have already figured out where the other's weak spot is.

For most of the last century, several economists told us trade was a peace project. If two countries were selling to each other, buying from each other, building factories in each other's cities, war would become too expensive to bother with, so it simply would not happen. The idea has old roots— Norman Angell was making a similar argument back in 1910: that war between economically entangled nations had become irrational and required too much energy for too little gain. He was not entirely wrong. Nations rarely burn down their own supply chains for the fun of it. But somewhere between 1910 and now, 'irrational' quietly got mistaken for 'impossible'. Those are very different claims, and the gap between them is exactly where the geopolitics of the last few years have played out.

Take two of the world's largest trading powers. In 2024, the goods moving between the United States and China ran into the hundreds of billions of dollars— semiconductors, soybeans, rare earths, the components inside every smartphone. These are also, not coincidentally, the two countries locked in the most impactful rivalry of the century, trading export bans and tariff threats the way old enemies trade insults. Washington has restricted the sale of advanced chips and the machinery used to make them. Beijing has responded by tightening its grip on gallium and other minerals no chipmaker can do without.

What is easy to miss is that none of this would work if the two economies were not so tightly wound together in the first place. You can only squeeze a hand you are already holding.

That is the paradox worth sitting with. Interdependence did not dissolve the rivalry between the USA and China—it gave the rivalry a grammar, a vocabulary of targeted pain. Every dependency on either side built up over the many years of globalisation turned out to be a pressure point. Chinese factories that made themselves indispensable to American consumer goods also made themselves a target for tariffs. American chip designs that Chinese manufacturers relied on became the perfect lever for an export ban. The closer the two economies grew, the more effectively each could hurt the other the moment trust ran dry.

Europe learned a version of the same lesson more painfully. For years, Germany treated its gas pipelines from Russia as sound policy—cheap energy, a stable supplier, and a lasting hope that commerce might soften Moscow's politics from the inside. The phrase went: change through trade. It was interdependence dressed up as diplomacy. Then Russia invaded Ukraine in 2022, the West imposed sanctions, and Russia sharply reduced gas flows to Europe, sending energy bills soaring and forcing an entire continent to relearn how to heat itself through winter. The pipelines that were meant to bind two economies together in mutual benefit turned out to bind one side rather more tightly than the other. Germany did not buy peace with Russia. It bought exposure, and for a long time misunderstood this invoice for a peace treaty.

Something to remember about both cases is how ordinary their beginnings were. Nobody in Berlin or Washington sat down and deliberately built a weapon. They built a supply chain, a trade agreement, a pipeline—the unglamorous furniture of ordinary economic life.

The weaponising came later, almost as an afterthought, once the relationship had already grown bitter for reasons that had very little to do with economics at all. That should worry us rather more than any single sanctions announcement does. It suggests leverage is not a special tool that states reach for in a crisis. It is already built into the architecture of trade itself, waiting to be noticed.

None of this means every dependency is a trap, or that every state reaches for the lever the moment it is able to. Plenty of countries stay deliberately entangled precisely because the alternative is worse. India continues to buy discounted Russian oil while deepening defence cooperation with Washington—not out of confusion about where its interests lie, but because untangling from either relationship would cost it far more than the discomfort of holding both at once. Much of the Global South operates on the same logic, as do Gulf states balancing Chinese investment against American security guarantees. Interdependence, read this way, is not innocence. It is a calculated denial of choosing, for as long as choosing can reasonably be postponed.

But postponement is not peace either. It is a wager that the cost of staying entangled will remain lower than the cost of walking away—a wager that can turn out to be wrong, and one that ordinary people rarely get a vote on. When Russia cut its gas exports, it was not Gazprom executives who queued for firewood; it was pensioners in Germany, choosing between heating and eating that winter. When Washington tightens chip export controls, it is not only Chinese state planners who feel it, but engineers in Shenzhen whose projects stall overnight, and American farmers who lose their Chinese buyers when Beijing retaliates in kind. Geoeconomics is negotiated in ministries and boardrooms, but its costs are almost always paid further down the chain, by people with no seat at the table where the decision was made.

So perhaps the more honest way to describe the last thirty years of globalisation is not that it built peace, which then broke down. It is that it built leverage, and for a good while, nobody needed to use it. Interdependence was never really the alternative to conflict. It was conflict's patient, waiting form—cooperation with a trapdoor already built in, for whenever anyone needed one.

Which leaves an uncomfortable question that nobody in office seems especially keen to answer: if this is what interdependence actually was all along, what would genuine peace between rival economies even look like? Not a trade deal, clearly—that has been tried, and it came with an off-switch attached. Maybe peace was never something economics alone could manufacture, however elegant the theory once sounded. And if that is true, then the countries now racing to “de-risk” their supply chains, to reshore their factories, to hold fewer hands they do not fully trust, are not necessarily abandoning interdependence at all. They may simply be admitting, a little late, what it always was.

CURRENTS OF POWER



"Power flows where capital, commodities and technology converge"

WHEN ENERGY BECAME A WEAPON

Russia, Europe, and the Geoeconomics of Dependence in the New World Order

By - ***Gauri Shukla***

Building Interdependence: Europe's Dependence on Russian Energy

For many years, Europe and Russia cultivated a strong energy interdependence. By 2021, Russia supplied nearly 40% of the European Union's natural gas imports, and Germany relied on Russian gas for more than half of its consumption. European leaders believed that trade would foster political stability by creating mutual dependence. However, as Robert Keohane argued, interdependence frequently leads to uneven vulnerabilities—the side that controls key resources gains a strategic advantage. Over time, pipelines transcended their role as mere economic infrastructure, transforming into tools of geopolitical influence.



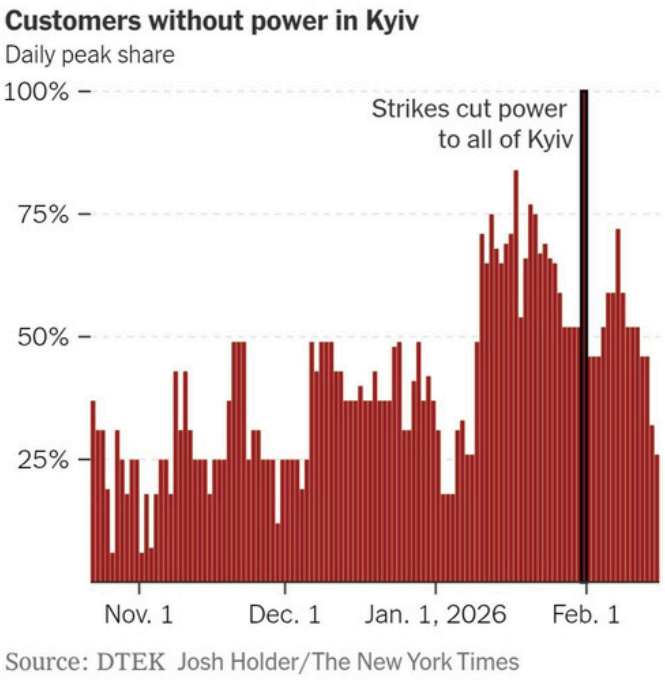
Energy as a Geopolitical Weapon

The Russia–Ukraine conflict demonstrated how energy can serve as a geopolitical weapon. After Russia's 2022 invasion, gas shipments to Europe plummeted, leading to unprecedented energy prices and significant supply instability, turning Europe's reliance into a strategic weakness. Political scientists Henry Farrell and Abraham Newman coined the term 'weaponised interdependence' to describe this dynamic, in which economic networks are turned into instruments of coercion. The crisis showed that modern geopolitical conflict increasingly unfolds via sanctions, pipelines, and resource control, rather than relying solely on direct military confrontation.



Inflation Crisis and the Social Cost of Geoeconomics

The energy shock rapidly spread throughout European economies. Eurozone inflation peaked at 10.6% in October 2022, primarily due to rising energy and transport costs. Industries encountered production slowdowns, while households saw significant rises in electricity and heating costs. The crisis revealed the direct impact of geopolitical conflict on ordinary economic life. Globalised economies continue to rely heavily on stable energy supply chains, and any disruptions can cause significant economic and social instability. What began as a geopolitical conflict soon turned into a wider cost-of-living crisis throughout Europe.



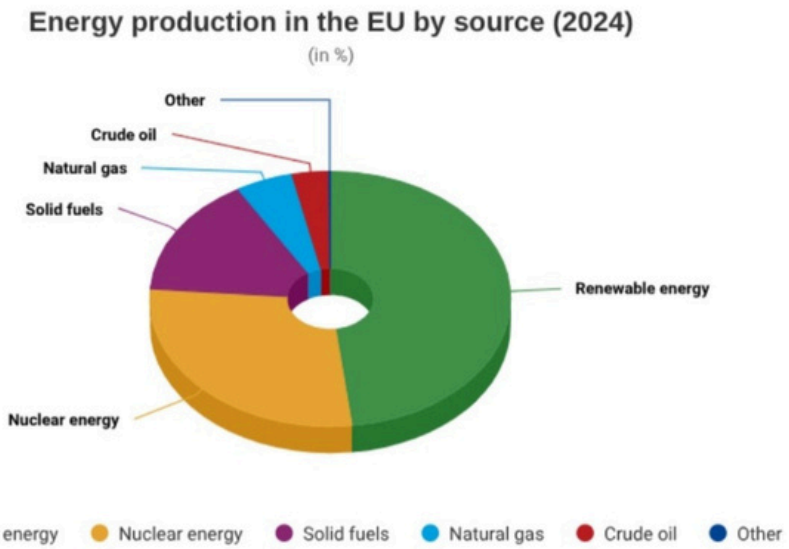
Europe's Policy Response: Diversification and Energy Security

In response, the European Union rapidly restructured its energy strategy. European states increased LNG imports from the United States and Qatar, expanded energy reserves, and introduced subsidies to ease household burdens; simultaneously, they accelerated investment in renewable energy and green infrastructure. According to the International Energy Agency, renewable electricity expansion in Europe reached record levels after 2022. The crisis shifted policy priorities from efficiency-driven globalisation towards resilience and energy security.

The New Energy Order: From Oil Politics to Green Geoeconomics

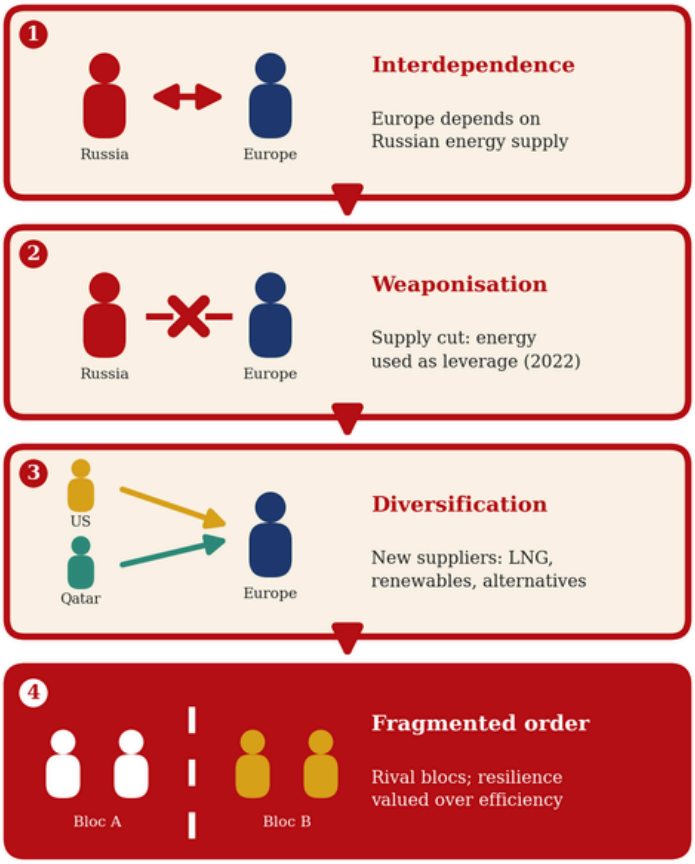
The shift towards global energy alternatives is fostering new geopolitical competition focused on essential minerals. Lithium, cobalt, and rare earth metals are crucial for electric vehicles, batteries, and renewable energy technologies. The International Energy Agency projects that lithium demand could rise more than forty-fold by 2040 if global climate goals are met. Strategic competition is increasingly focused on securing control of green technology supply chains and critical mineral resources, as the politics of oil gradually gives way to the politics of critical minerals.





Conclusion: The Fragmented Global Order

The Russia–Europe energy crisis reflects a broader transformation in the global order. Economic interdependence, once viewed as a pathway to cooperation, is increasingly associated with strategic vulnerability. Trade, energy, technology, and finance have become instruments of geopolitical competition. States now prioritise supply chain resilience, domestic production, and economic sovereignty alongside growth. The contemporary world economy is gradually fragmenting into competing blocs shaped by geoeconomic interests. In the twenty-first century, power is exercised not only through military force, but through control over resources, infrastructure, and economic networks.



CHOKEPOINTS OF POWER

The Geoeconomics of Conflict Zones

*By - **Guni Kesarwani***

Conflict Beyond the Battlefield

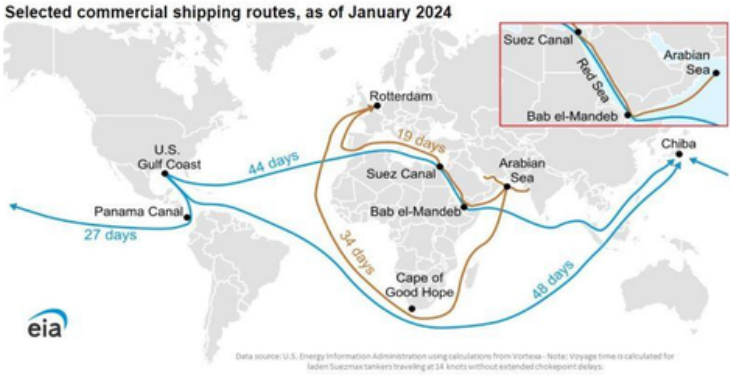
War rarely stays restricted to the region where it started. In an interconnected global economy, conflict can disturb energy markets, trade routes, and supply chains, creating economic consequences far beyond the battlefield.

This is where geoeconomics becomes important: it examines how economic power, trade, resources, and financial networks can be used to pursue geopolitical objectives. Conflict can therefore reshape not only territory but also the economic networks that connect the global economy.

Chokepoints Under Fire

The Bab el-Mandeb Strait serves as the southern entry point to the Red Sea and, along with the Suez Canal, is an important channel connecting the Indian Ocean with the Mediterranean Sea. Before the recent disruptions, around 15% of global maritime trade passed through the Suez Canal (IMF, 2024b; UNCTAD, 2024a). When attacks on commercial vessels intensified from late 2023, major shipping companies rerouted vessels around the Cape of Good Hope (IMF, 2024a).

The transmission mechanism was straightforward:
Conflict ↠ threat to shipping ↠ rerouting ↠ longer distances ↠ increased costs ↠ supply-chain pressures.



IMF PortWatch data showed that Suez Canal trade volumes fell by around 50% year-on-year in January and February 2024, while trade around the Cape of Good Hope increased by approximately 74% (IMF, 2024a). The rerouting process added 10 days or more to the average delivery time (IMF, 2024a).

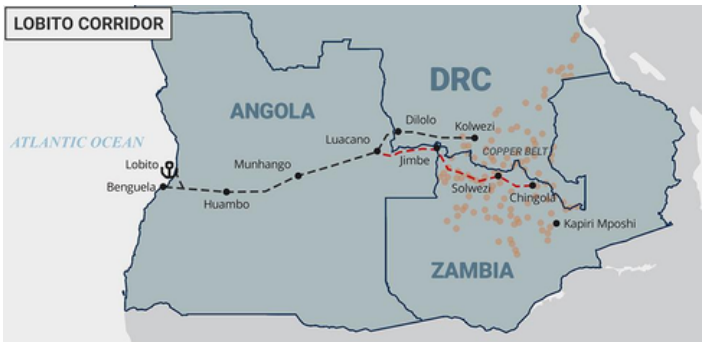
UNCTAD reported that by the first half of February 2024, container tonnage crossing the Suez Canal had fallen by 82% (UNCTAD, 2024c). The greater geoeconomic effect is the behavioural one. Prolonged disruption encourages firms to diversify suppliers, keep more inventory in stock, and develop additional logistics channels. A conflict does not have to destroy a trade route to disrupt it; even the risk of disruption can change how businesses trade.

Critical Minerals, Strategic Leverage

The energy transition is shaping dependencies in new ways. Cobalt and copper are indispensable for batteries, the electrification process, and infrastructure development, yet their extraction and processing are highly geographically concentrated. It is important both economically and geopolitically to ensure reliable access to these minerals.

The Democratic Republic of the Congo (DRC) is a case in point. The cobalt industry there has been witnessing considerable investments from Chinese and other foreign companies. At the same time, Kinshasa is seeking greater control over the industry. The question is no longer just about ownership of the resource, but rather its influence and control.

Infrastructure is equally strategic. The Lobito Corridor connects mineral-rich regions of the DRC and Zambia with Angola's Atlantic coast, creating an alternative route to international markets (European Commission, n.d.).



Source: Geopolitical Monitor, "The Lobito Corridor: Washington's Answer to Belt and Road in Africa" (2024).

Critical minerals have consequently become geoeconomic assets. Besides scarcity, their strategic importance also lies in the security of the networks through which they are extracted, processed, and transported.

The Resilience Premium

Frequent geopolitical shocks are altering how companies define efficient supply chains. For many years, companies focused on cost minimisation and just-in-time production, with sourcing concentrated in limited areas. Conflict and barriers have shown the vulnerability of this approach, leading companies to adopt dual sourcing, nearshoring, and friend-shoring.

Yet resilience comes with a cost. Alternative sources and backup production processes help mitigate risks, but they also mean losing economies of scale. OECD modelling suggests that broad-based relocalisation could reduce global trade by more than 18% and global real GDP by more than 5% (OECD, 2025). Importantly, the OECD also finds that relocalisation does not consistently improve resilience and could increase GDP volatility in more than half of the economies modelled (OECD, 2025).

However, this does not mean globalisation is coming to an end. The total amount of world trade in goods and services in 2024 reached $33 trillion (UNCTAD, 2024a). Globalisation is simply recalibrating, and trade is diversifying among suppliers, and reliable partners.

Geopolitical Risks Enter the Boardroom

Geopolitical risks have become both a cost of doing business and an input in capital allocation decisions. Risk can increase costs for freight, energy, raw materials, and insurance, as well as cause production delays and increased working capital needs.

This extends to financial markets. Uncertainty affects the predictability of future cash flows, making investors demand higher risk premiums and, as a result, lower valuations. Companies will find themselves hesitant to invest as the costs of operations in politically sensitive areas increase.

Apple's increased manufacturing capabilities in India are a good example of this broader trend (Reuters, 2024). Increasing production in India allows the company to diversify its manufacturing base and reduce its dependence on a single geography. Geographic diversification can therefore serve as a hedge against concentration risk even when it is not the most cost-efficient option.

The way of thinking about things has changed. The least expensive option is not always the most valuable if geopolitics can wipe out its advantages. Companies now need to take into account not only profitability but also the resilience of networks generating that profit.

From Globalisation to Strategic Interdependence

Globalisation is undergoing a recalibration, giving rise to a model of strategic interdependence. States will remain connected via commerce, finance, and technology, but economic ties will be evaluated from a security perspective.

The fundamental questions are changing:
Who controls the resource? Who controls the route? Who controls the payment system?

There will be a trend towards selective decoupling rather than full decoupling. Sectors like semiconductors, military equipment, critical minerals, and energy will be more insulated from geopolitical competition, while non-sensitive trade will continue between nations.

Efficiency will remain an important criterion, but now resilience and control will become even more important.

Conclusion

A conflict in Yemen can lead to higher shipping costs for businesses. A mineral corridor in Central Africa can influence the economics of electrification around the world. Financial sanctions can restrict access to markets.

This connectivity signals a significant shift: economic networks are now an extension of geopolitics. War does not have to cross a country's border to create economic consequences; it can spread through channels of commerce, trade in commodities, finance, and supply chains.

The big geoeconomic risk of the next decade may not be the end of globalisation but the increasing struggle over the networks that support it.

The line between security and business strategy is becoming increasingly unclear: a shipping route is a strategic resource, a mine a geopolitical asset, and a supply chain a security issue.

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THE ARCHITECTURE OF ASYMMETRIC RUPTURE

A Geoeconomic Analysis of Conflict Zones

By - ***Anusmita Das***

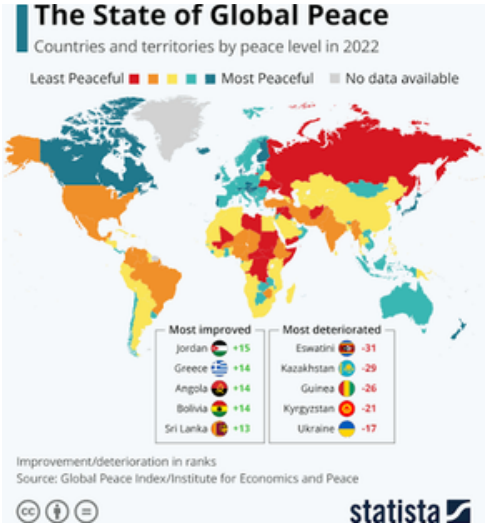
From Market Efficiency to Weaponised Interdependence

Traditional trade theories, like David Ricardo's comparative advantage and the Heckscher-Ohlin model, assume that economic ties create shared dependencies that make open conflict less likely. But in today's conflict zones, this assumption doesn't hold.

Geoeconomics, which uses economic tools to influence political outcomes, redefines conflict zones as situations where power is unevenly distributed.

In these areas, market systems are controlled, dependencies are used as weapons, and informal systems replace formal government structures.

"Markets aren't just connecting countries; they're creating power imbalances."



Theoretical Frameworks

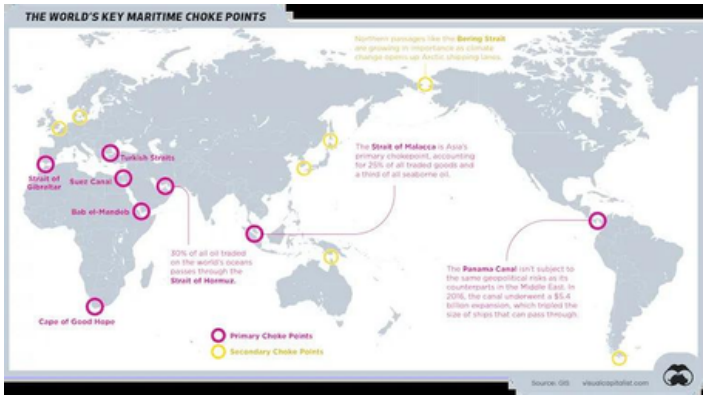
Weaponized Interdependence and Hub-and-Spoke Dynamics

Farrell and Newman developed a theory showing that global networks, such as financial systems like SWIFT or energy routes, are not balanced. Instead, they have a central hub with surrounding spokes.

Countries that control these hubs have two types of power -

The Panopticon Effect: The ability to track and analyse financial and resource movements through these hubs.

The Chokepoint Effect: The power to cut off or limit access to these hubs, causing severe economic losses for those who depend on them.



The Conflict Trap and Resource Curse Models

Collier and Hoeffler's "Greed vs. Grievance" model suggests that conflicts can be driven by the potential to profit from valuable resources, alongside political grievances. When a resource is easy to transport and concentrated, capturing control of it becomes easy and highly profitable for rebel groups and government leaders.

Hirschmanian Asymmetric Trade and Bargaining Theory

Based on Albert Hirschman's work, modern geoeconomics looks at trade through the lens of how easy it is to leave a market. If one country can easily switch to another, but the other can't (like due to reliance on a single pipeline), the first country gains more control over economic agreements by threatening to cut off trade.



Strategic Disruptions in Action

1. The Donbas Basin & Industrial Decoupling

The conflict in the Donbas region serves as a vivid demonstration of how a localised conflict zone can cause structural breaks in industrial supply chains and energy transit networks.

Russia's war in the Donbas began in 2014 and escalated into the full-scale invasion of 2022. Historically a major coal and heavy-industrial base, the Donbas was already disrupted by the 2014 fighting, and the 2022 invasion deepened the damage.

Separately, the invasion and its aftermath broke the gas-transit link: Russian gas flowed through Ukraine's pipelines to Europe until transit ended in January 2025, after the sabotage of Nord Stream (2022) and Europe's pivot to LNG terminals and alternative suppliers. Ukraine was also a leading source of semiconductor-grade neon, so the war raised input costs for chipmakers.

The disruption also pushed the development of new financial systems and changes in how energy is transported across Europe.

2. The Black Sea Grain Corridor & Food Security Geoeconomics

The conflict around the Black Sea maritime zone highlights the explicit use of agricultural chokepoints to generate global economic leverage. The region historically accounts for a major share of global wheat, barley, and sunflower oil exports, acting as a key breadbasket for import-dependent developing nations. Blockades and military operations in Black Sea ports severely restricted agricultural outflow, creating an immediate contraction in global grain supply. This supply shock drove up world food prices, disproportionately burdening low-income economies across Africa and the Middle East. The subsequent creation and fragile operation of dedicated trade corridors demonstrated how access to maritime transit in a conflict zone becomes a primary bargaining chip in international diplomacy, directly linking regional territorial control to global macroeconomic stability.

Beyond immediate price spikes, the weaponisation of Black Sea shipping lanes exposed the deep vulnerabilities of global supply chains dependent on hyper-concentrated trade routes. When maritime transit is bottlenecked by geopolitical friction, nations reliant on agricultural imports are forced to divert scarce foreign reserves toward inflated commodity costs, heightening domestic inflation and civil unrest risks.

"Food security is no longer just an agricultural concern. It is a geopolitical asset."

Control over these maritime corridors effectively grants regional actors outsized leverage in international negotiations, turning food staples into strategic instruments of statecraft.

Historical Precedent: The 1973 Oil Embargo

The modern geoeconomics of conflict has roots in the 1973 oil embargo by OAPEC, during the Yom Kippur War. By reducing oil production and restricting supplies, member states contributed to a global shortage that led to a sharp rise in oil prices. This created stagflation, high inflation with little economic growth, which traditional economic policies couldn't handle. The event led to new policies and structures, including oil reserves and international energy agreements.

Informal Economies and Shadow Financial Networks

In conflict zones, official banking systems often fail because of sanctions and political instability.
This leads to the growth of informal financial networks and economies that operate outside the usual structures. What comes out is not an empty economy, but a flexible system of financial activity that works outside of regular banking rules. This system, including hawala and other peer-to-peer settlement networks, is an unofficial way of moving money that depends on trust between people who act as middlemen, known as hawaladars.

"When conventional financial channels close, alternative networks emerge"

Hawala avoids the usual financial restrictions that are in place. In countries with strict rules on moving money, there's a big difference between the official exchange rates set by the government and the rates that people actually use on the black market. Politicians and wealthy people who can get foreign currency at a better official rate often buy local money and then exchange it on the black market. This gives them a lot of extra income, but it also makes the local currency lose value and causes prices to go up for regular people.

To understand how conflict affects wealth and power around the world, we need to look at it in three different levels. Firstly, at the smallest level, conflict affects local areas by focusing on getting resources. People in these areas make money by controlling illegal mining, setting up unofficial taxes at checkpoints, and using cheap goods to make profits through currency trading. At the next level, the whole country's economy breaks down. Formal banking and insurance systems don't work, supply chains for farming and making goods are cut off, and people start trading goods illegally across borders to replace the broken normal trade routes. Finally, at the largest level, these local issues add up and change how goods are moved globally.
Key trade points and energy routes become important targets for certain groups. This causes the world to shift towards smaller, regional trade systems and new ways of moving money that avoid financial sanctions.



Conclusion

For the world's economy, these developments show that modern conflicts don't stay in one place.

They spread through trade, markets, and financial systems.
The idea that being connected economically stops conflict is no longer true.
The weaknesses in the global system that depends on being efficient can be used as weapons in economic warfare. Moreover, global markets are starting to value being able to handle problems more than trying to save money. The companies and countries are moving away from systems where they only have what they need right when they need it, instead setting up plans to have extra supplies and building more flexible supply chains.

Finally, ongoing economic tensions are causing the world's financial systems to become more split up. As both governments and groups outside government try to avoid the effects of financial sanctions, new ways of moving money and regional trade agreements are growing, changing the way the global economy and politics work.



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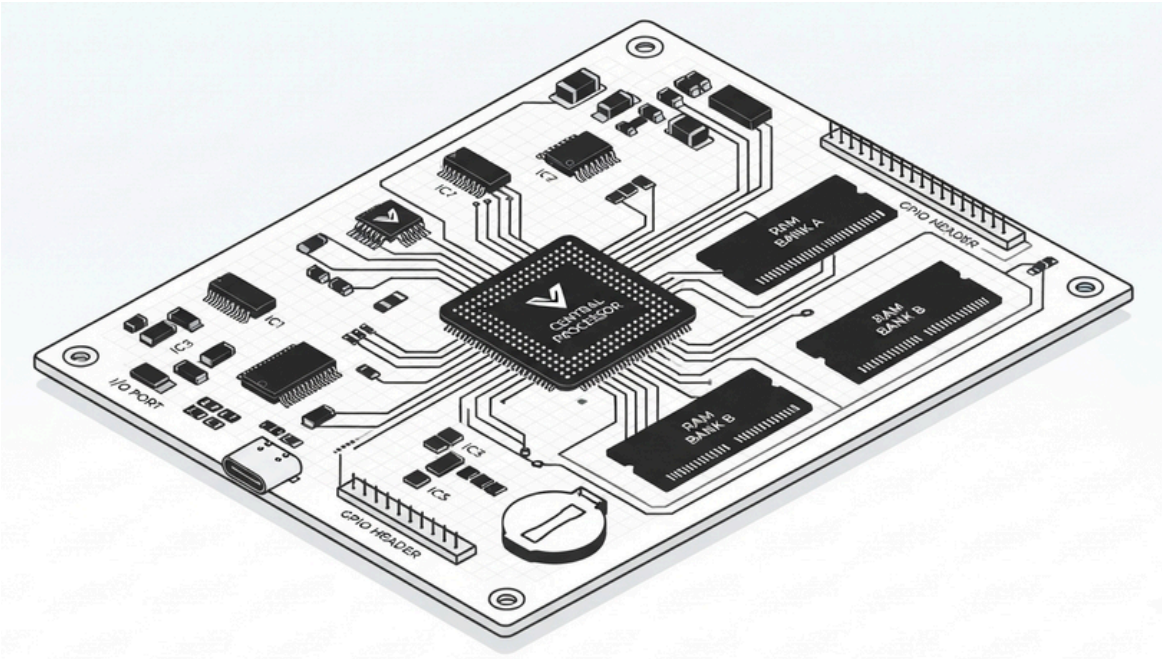
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THE SILICON FRONTIER



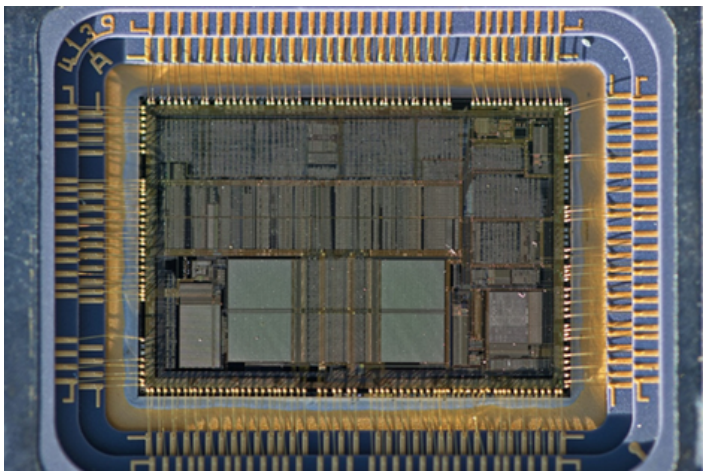
"The new geography of power is drawn in code, not territory"

CHIP WARS:

How a Tiny Piece of Silicon Redrew the Map of Power

By - ***Palak Dikit***

A microchip is, in essence, a tiny switchboard consisting of millions of microscopic switches etched onto silicon, flicking on and off to process the electricity that powers everything from smartphones to missile systems. For decades after its invention in the late 1950s, chip manufacturing was distributed relatively widely across the globe, and few outside the engineering world paid it much attention. That has changed. As chips have become more advanced, only a handful of firms worldwide have retained the capability to manufacture them. This concentration has quietly become one of the defining vulnerabilities of the global economy. What follows is the story of how that vulnerability turned a tiny object into the central battleground of a new geoeconomic order.



(A silicon microchip contains the microscopic circuitry that underpins modern computing and digital technology.)

What was once an obscure engineering component has become the most contested resource of the twenty-first century. Chips sit at the heart of every modern technology, including computing, communications, defence systems, and artificial intelligence, which means that whoever controls their production can influence the pace and direction of global technological progress.

Unlike oil, which can be extracted in dozens of countries, or gold, which sits in vaults across continents, the most advanced chips require an extraordinarily complex manufacturing process that only a few companies on Earth have mastered. This scarcity is precisely what has transformed a piece of engineering into a source of geopolitical leverage. Nations that once measured strength in barrels of oil or tonnes of steel now measure it in nanometres, the units used to describe how small and advanced a chip's circuitry is. In this sense, the microchip has quietly become the modern equivalent of a strategic resource once reserved for oil fields and gold reserves, except this one sits inside almost every device the modern world relies upon.



(Nearly all the world's most advanced chips are manufactured in clean rooms like this one.)

Over 90% of the world's most advanced chips are produced by a single company, TSMC, on a single island, Taiwan. This is not merely an industrial statistic; it is a geopolitical fault line. China regards Taiwan as its own territory, and the possibility of conflict there threatens to sever the supply of chips that the entire modern economy depends upon, turning the fate of an entire industrial cluster into a matter of global economic security. The scale of this concentration is difficult to overstate: building a single advanced fabrication plant costs tens of billions of dollars and takes years

of specialised expertise to construct and operate, meaning few nations can realistically replicate what Taiwan has built. This has left the rest of the world in an uncomfortable position, deeply dependent on a single, geopolitically contested location for a technology it cannot function without. Governments from Washington to Tokyo to Brussels have all begun treating this dependency not as an industrial inconvenience but as a national security emergency, pouring billions into subsidies to build fabrication capacity of their own, precisely because they understand how fragile this single point of failure truly is.



(Global shipping networks connect the semiconductor supply chain, while increasingly becoming strategic points of economic leverage.)

Since 2022, the United States has restricted the export of advanced chip-making equipment and technology to China, treating export controls not as routine trade policy but as an instrument of national security policy (U.S. Department of Commerce, 2022). China has responded by tightening its grip on critical minerals used in semiconductor and other high-tech production. This is geoeconomics in its purest form: no soldiers, no battlefields, yet a contest for power waged through export bans, subsidies, and supply chains. What makes this shift so significant is how it inverts the logic that defined globalisation for the past three decades. Where once countries pursued trade openness because interdependence was seen as a source of shared prosperity and peace, that same interdependence is now viewed with suspicion, a vulnerability to be exploited rather than a bond to be nurtured. Ports and shipping lanes that once symbolised the free flow of goods now double as pressure points, capable of being tightened or loosened depending on the political relationship between the nations at either end. Trade, in other words, has stopped being purely economic and has become an extension of foreign policy itself.



(New players are stepping into the gap left by a fracturing order.)

Through initiatives like the India Semiconductor Mission and large-scale investments such as Tata's fabrication plant in Dholera, India is positioning itself as a "trusted" alternative in a supply chain the world no longer wishes to concentrate in one place. This is not simply an industrial ambition; it is a geoeconomic strategy that allows India to build leverage and relevance in a system being actively rewritten by others. India's pitch rests on a combination of factors that have become newly valuable in this fractured order: a large domestic market, a democratic system and a policy of strategic autonomy, and government incentives designed specifically to attract manufacturers looking to diversify away from both China and Taiwan. This is often described as a "China-plus-one" or "friend-shoring" strategy by global firms, and India has moved deliberately to present itself as the natural beneficiary of that shift. Whether this ambition translates into genuine manufacturing

capability will depend on execution, infrastructure, and time, but the intent alone signals how seriously middle powers now take their position in this new economic order.



(International economic forums increasingly bring technology, trade, and national security into the same strategic conversation.)

What emerges is a new world order defined less by armies and alliances of the twentieth century, and more by control over critical technology and the willingness to weaponise access to it. The nations that master chip production, or that credibly diversify away from dependence on any single source, will hold outsized influence over the coming decades of global affairs. Forums like the G20 and the Quad have increasingly become venues where economic and technological alignment is negotiated alongside traditional diplomacy, reflecting how thoroughly geoeconomics has merged with geopolitics. The blocs forming around chip access, trade rules, and technology standards today may prove just as consequential as the military alliances that defined the twentieth century. The difference is that this contest is fought through subsidies, sanctions, and supply chains rather than soldiers and borders.

Conclusion

The chip war, in the end, is not really about chips at all. It is about who gets to shape the architecture of the future, who sets the rules of trade, technology, and security in a world no longer organised around a single superpower. A component small enough to balance on a fingertip has become the clearest lens through which to understand the new geoeconomic order: one where economic tools, not armies, decide who leads and who follows. As nations continue to reposition themselves around this new reality, the true measure of power in the twenty-first century may no longer be counted in warheads or territory, but in wafers, fabrication plants, and the fragile, contested supply chains that connect them to the rest of the world.

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MUSLIN TO MICROCHIPS:

Reclaiming India's Place in Global Value Chains

By - ***Ragini Gupta***



Control over the movement of strategic commodities and technologies across borders has historically been closely associated with economic and political power. What has changed in recent decades is the speed with which supply-chain dependencies can be converted into instruments of economic pressure. India's contemporary supply-chain strategy reflects an effort to reduce such vulnerabilities through diversification and increased domestic manufacturing. However, diversification alone does not necessarily produce resilience. Long-term resilience depends on developing domestic capabilities across the upstream stages of production, including components, materials, machinery, and technological inputs.

India's Historical Position in Global Trade

India's current efforts to strengthen its manufacturing and supply-chain capabilities need to be considered in their historical perspective. For much of recorded history, the Indian subcontinent was an important centre of production and international trade.

Indian cotton textiles, spices, precious stones, and other manufactured goods were traded extensively across the Indian Ocean, the Middle East, Southeast Asia, and the Mediterranean.

Indian textile production provides a particularly important example. Bengal and other regions developed sophisticated textile industries whose products were exported to international markets.

This position changed substantially under colonial rule. The colonial economy increasingly integrated India into a system in which raw materials were exported while manufactured goods were imported. British commercial and industrial policies contributed to the decline of several indigenous manufacturing sectors, particularly textiles. India was increasingly positioned as a supplier of raw materials and a market for manufactured products.

The significance of this transformation lies in the distinction between possessing resources and possessing productive capabilities. Access to cotton, for example, does not by itself create industrial strength. Economic value is generated through processes such as spinning, weaving, designing, manufacturing, and distribution. The decline of these processing and manufacturing capabilities consequently reduced India's position within international value chains.

India's Contemporary Dependence on Chinese Inputs



A similar structural issue can be observed in India's present trade relationship with China. India's trade deficit with China reached approximately $112.6 billion in FY2025–26, while imports from China rose to $131.63 billion. A substantial proportion of these imports consists of electronics, machinery, organic chemicals, plastics, and other intermediate goods.

This pattern is significant because many of these imports are not final consumer products. They are inputs into India's own manufacturing processes. Electronic components, integrated circuits, machinery, and chemical inputs are required for producing goods that India increasingly seeks to manufacture domestically.

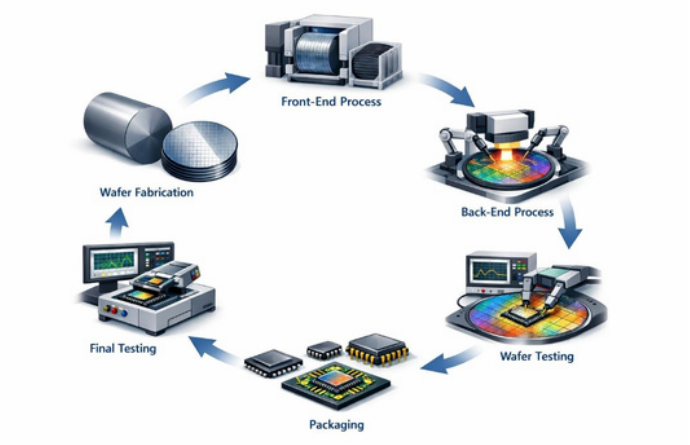
Consequently, the expansion of manufacturing in India does not necessarily imply an equivalent reduction in external dependence. A product assembled in India may still rely heavily on imported components and production equipment. The geographical location of final assembly may therefore change without a corresponding change in the underlying structure of technological dependence.

This distinction is particularly relevant to the "China Plus One" strategy. India has benefited from the efforts of multinational firms to diversify production beyond China. However, attracting final assembly and manufacturing operations represents only one stage of supply-chain diversification. If the components, machinery, materials, and technological inputs required by these facilities continue to be imported from China, diversification remains incomplete.

The objective should therefore not simply be to increase the number of products carrying a "Made in India" label. It should also be to increase domestic value addition and develop capabilities at different stages of the production process.

Semiconductors as a Case Study

The semiconductor industry provides a useful case through which to examine the distinction between manufacturing expansion and industrial depth. Semiconductors are strategically important because they are inputs into telecommunications, automobiles, defence systems, consumer electronics, artificial intelligence, and industrial equipment.



The India Semiconductor Mission has made significant progress in attracting investment into the sector. Twelve manufacturing projects have been approved across six states, (Gujarat, Assam, Uttar Pradesh, Odisha, Andhra Pradesh and Punjab), involving cumulative investment of approximately ₹1.64 lakh crore. Press Information Bureau, 2025, 2026). In July 2026, the government also introduced Semicon 2.0, with an announced outlay of approximately ₹1.27 lakh crore, placing greater emphasis on semiconductor materials, equipment, specialty gases, and related supporting capabilities.

However, implementation remains at an early stage. Of the approved projects, only a small number of facilities have commenced commercial production: Micron's facility in Sanand, CG Semi, and Kaynes Semicon. These facilities are primarily involved in semiconductor assembly, testing, and packaging rather than wafer fabrication.

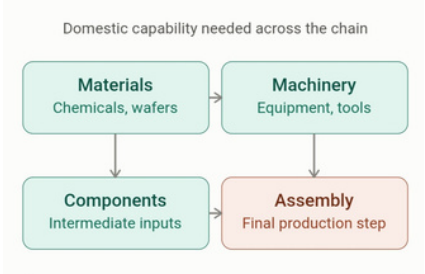
The reported delay in the expected production timeline demonstrates the difficulty of moving from investment announcements to operational industrial capacity. This does not indicate that India's semiconductor programme has failed. Semiconductor-producing economies have historically developed their capabilities through sequential stages, including assembly and testing before moving towards advanced fabrication. Nevertheless, the distinction between approved projects, projects under construction, and operational production is important when assessing progress.

The development of upstream capabilities is equally significant. A semiconductor ecosystem requires not only fabrication plants but also semiconductor-grade chemicals, specialised materials, manufacturing equipment, design software, testing infrastructure, and skilled personnel. Without these supporting industries, domestic fabrication capacity can remain dependent on foreign suppliers.

The Chinese Approach to Industrial Depth

China provides a useful comparative case because its industrial strategy has placed considerable emphasis on developing domestic capabilities across multiple stages of production. In response to restrictions on access to advanced semiconductor technologies and equipment, China has invested heavily in domestic fabrication, packaging, semiconductor materials, design capabilities, and related technologies.

China's state-backed National Integrated Circuit Industry Investment Fund, known as the Big Fund, has been capitalised in three phases: RMB 138.7 billion in 2014, RMB 204 billion in 2019 and RMB 344 billion (about US$47.5 billion) in 2024 (Clarke, 2024; Lee, 2024). China has used state-supported research programmes, industrial policies, and talent initiatives to strengthen domestic technological capabilities.



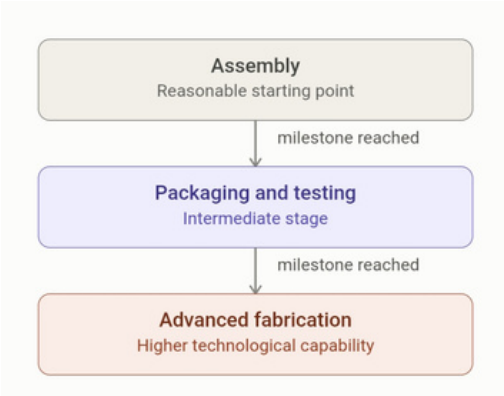
The significance of the Chinese approach lies in its emphasis on the wider industrial ecosystem. Building a semiconductor industry requires a network of firms and institutions rather than isolated fabrication plants. Equipment manufacturers, chemical suppliers, design companies, research institutions, universities, and skilled engineers all contribute to industrial capacity.

India's semiconductor policy has increasingly recognised this requirement. The emphasis of Semicon 2.0 on materials, equipment, and design-related capabilities indicates a shift towards strengthening the broader ecosystem. Its effectiveness will depend on whether investment in these areas is sustained over a sufficiently long period and whether it produces competitive domestic firms rather than continued dependence on imported inputs.

Towards a More Resilient Supply-Chain Strategy

Three broader conclusions emerge from this analysis.

First, attracting final-assembly investment should not be treated as equivalent to achieving supply-chain resilience. Assembly operations can create employment, increase exports, and integrate India into global production networks. However, resilience requires capabilities across the production chain. Domestic production of components, materials, machinery, and other intermediate inputs is therefore essential for reducing structural dependence.



Second, the sequencing of industrial development matters. India can reasonably begin with assembly, packaging, and testing before developing more advanced fabrication capabilities. However, each stage should be accompanied by measurable progress towards the next level of technological capability. Clear production milestones, rather than investment announcements alone, would provide a more reliable basis for evaluating industrial policy.

Third, India's objective should not necessarily be complete economic decoupling from China. Given the scale of bilateral trade and the integration of Chinese firms into global manufacturing networks, complete substitution is neither immediately feasible nor economically desirable across all sectors. A more practical objective is to reduce dependence in strategically important areas where supply disruptions could have significant economic or security consequences. This requires identifying specific supply-chain vulnerabilities and developing domestic or diversified alternatives for critical inputs such as semiconductor materials, specialised chemicals, advanced packaging technologies, manufacturing equipment, and electronic components. At the same time, continued trade should be maintained in areas where dependence does not create significant strategic vulnerability.

India's historical experience demonstrates that economic power depends not merely on access to resources or participation in international trade, but on the capacity to transform resources into higher-value goods and technologies. The decline of India's manufacturing position under colonial rule illustrates the consequences of losing such capabilities.

The contemporary challenge is therefore not simply to attract manufacturing activity to India, but to develop the technological and industrial depth required to sustain it.

The central question for India's supply-chain strategy is whether diversification will remain primarily geographical or develop into genuine industrial diversification. The latter requires investment in upstream capabilities, technological skills, domestic suppliers, research institutions, and production infrastructure. Such a transition would allow India's growing participation in global manufacturing networks to translate into greater long-term supply-chain resilience.

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THE DIGITAL FRONTLINE:

Cyber Warfare as an Instrument of Geoeconomic Statecraft

By - ***Omkar Dandekar***

For most of the modern era, states settled their disputes with armies. Increasingly, they settle them with code. Strategist Edward Luttwak (1990) argued that the international system now runs on the "grammar of commerce," a blend of economic competition and geostrategy. Cyberspace has become the place where that grammar is spoken. It is no longer just a channel for business and communication, but a theatre in which states can pressure rivals without firing a shot.

Cyber operations have outgrown espionage and data theft. They can now disrupt energy systems, hospitals, logistics chains, financial institutions and factories. Recent attacks on operational technology (OT) and industrial control systems (ICS) show that a digital intrusion can do strategic damage comparable to conventional sanctions. As economies lean on ever more interconnected information infrastructure, adversaries gain more ways to erode economic stability and public confidence in government. Homeland security planners now have to look at critical infrastructure in a new light.

This piece argues that cyber operations against a country's infrastructure can work like sanctions without kinetic force, and that national security must therefore be built on both digital sovereignty and economic resilience. The analysis is qualitative, drawing on case studies, policy review and secondary sources covering cyber incidents from 2024 to 2026. It pays particular attention to state-sponsored disruption, ransomware and attacks on the energy, health care, logistics and industrial control sectors. To trace shifts in homeland security and resilience strategy, it reviews policies and advisories from CISA (n.d.), NIST (n.d.) and foreign cybersecurity authorities.

It also draws on Farrell and Newman's (2019) work on weaponised interdependence to explain how digital networks have become tools of coercion, and on threat intelligence from Dragos (2026) and IBM Security (2025) to gauge economic consequences and priorities.

Weaponised Interdependence and Digital Coercion

According to Dragos (2026), threat groups increasingly target sectors where operational disruption carries major economic consequences. Adversaries exploit trusted third-party relationships and remote-access vulnerabilities to move from IT systems into OT environments. One group, SYLVANITE, reportedly ran campaigns of VPN exploitation, credential theft and reconnaissance of industrial systems across several countries. Figure 1 shows how limited many operators' visibility into their own OT environments remains (Dragos, 2026).

The Ukraine conflict is a major example of cyber-enabled infrastructure warfare, with attacks on energy and communication systems coordinated alongside physical military operations. The Colonial Pipeline ransomware attack showed how digital disruption alone could cause fuel shortages and economic instability.

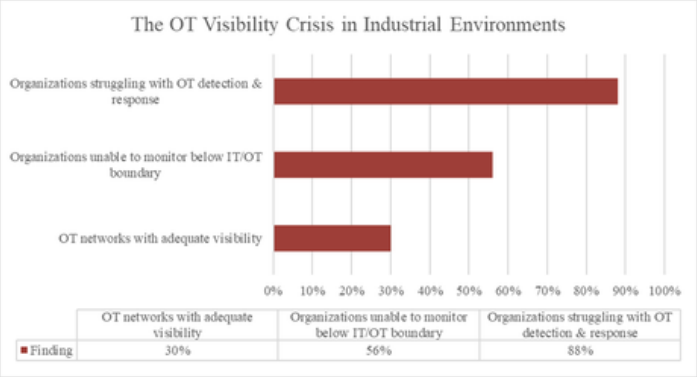
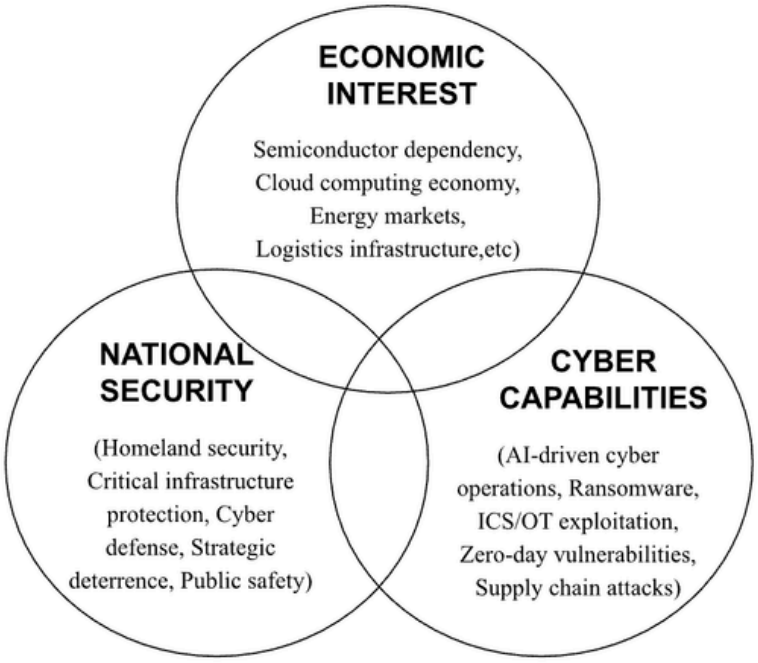


Figure 1. The OT visibility crisis in industrial environments (Dragos, 2026).



Overlap represents: Digital Sovereignty, Geoeconomic Statecraft, Cyber-enabled Economic Coercion, Infrastructure Resilience, Weaponised Interdependence.

Figure 2. The figure illustrates the convergence of economic interests, national security priorities and cyber capabilities in modern statecraft.

Cyber Disruption as Economic Statecraft

Cyber operations were once used mainly for surveillance and espionage. Today, ransomware campaigns against logistics providers, health care systems and manufacturers act as non-kinetic trade barriers, disrupting commerce and eroding public confidence.

IBM Security's (2025) Cost of a Data Breach report puts numbers on the damage.

Global Average Cost of Data Breach:

$4.44M

Rose to $10.22M in the United States

$10.22M

Health care was the costliest sector, at USD 7.42 million per breach. Supply chains were involved in 15% of breaches, which cost USD 4.91 million on average and took 267 days to contain. Phishing accounted for 16% of breaches worldwide (IBM Security, 2025).

From Efficiency to Resilience

Cyber insecurity is reshaping economic priorities. For decades, industry prized efficiency, globalisation and optimisation. As cyber threats have grown, governments and companies have shifted toward resilience, redundancy and digital sovereignty. They are investing in cybersecurity infrastructure, zero-trust architecture, supply chain verification and industrial resilience.

The payoff is measurable. Breaches that lasted more than 200 days cost USD 5.01 million on average, against USD 3.87 million for those resolved sooner. Organisations that used AI and automation in security cut their breach lifecycles by about 80 days and their costs by almost USD 1.9 million (IBM Security, 2025).

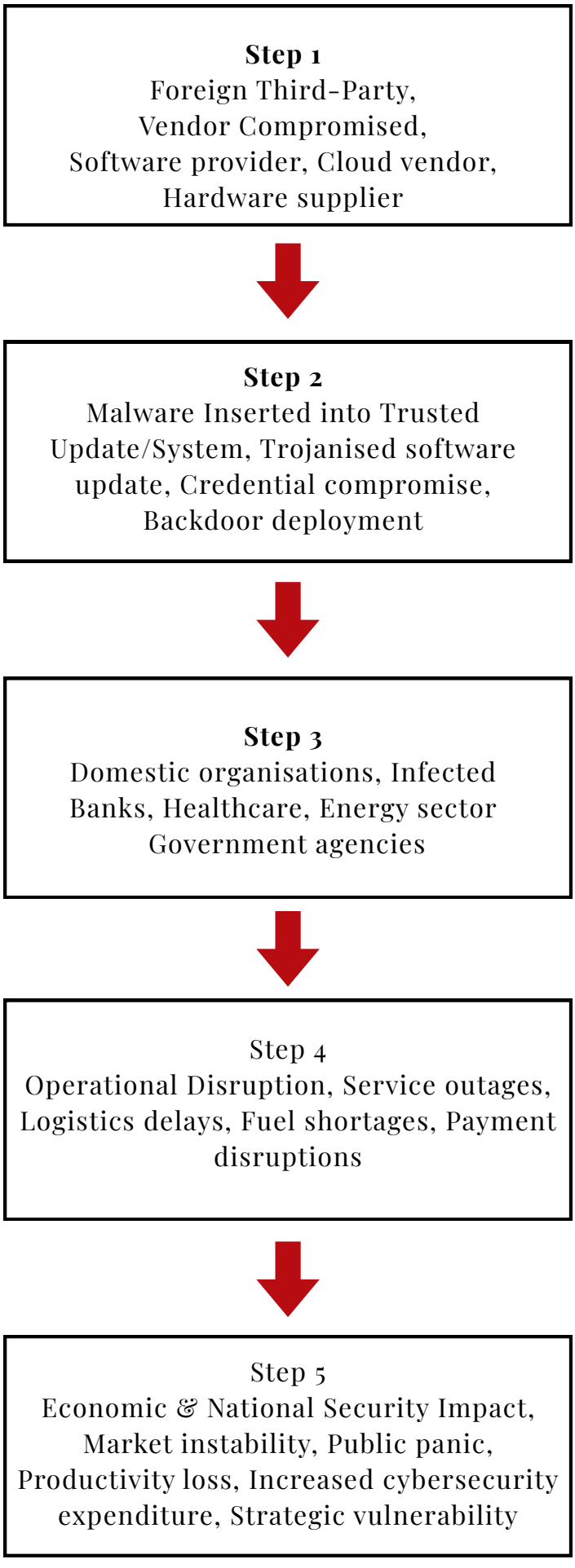


Figure 3. Cyber breaches within foreign suppliers can cascade into domestic economic disruption.

Conclusion

We are in a cyber-geoeconomic era in which digital sovereignty matters as much as territorial sovereignty. Cyber warfare lets one state impose strategic costs on another without military action.

Cyberspace, economics and homeland security now have to converge in a resilient framework that joins cybersecurity, industrial security and supply chain security. Military strength alone is not enough, because future national security depends on technological sovereignty and resilient digital ecosystems.

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THE GEOPOLITICAL WEAPON:

Sanctions, Reserve Hegemony and Institutional Statecraft

By - ***Yashya Ankit***



The Architecture Of Power

Money has always been political. What changed in the post-war decades is the degree to which specific financial infrastructure, like the messaging systems, clearing networks, and correspondent banking chains through which global commerce physically moves, became instruments of state coercion available to a small number of powerful actors. This piece is not primarily about which currency dominates global reserves. It is about something more specific and arguably more consequential: how access to the plumbing of the international financial system has been transformed into a tool of foreign policy, and what the institutional implications of that transformation are.

Understanding this requires stepping back from individual sanctions announcements and looking at the underlying architecture: the networks that route payment instructions, the correspondent relationships that allow banks to operate across jurisdictions, and the governance structures, or absence of them, that determine who retains access when political conditions change.

The Network And Its Gatekeepers

SWIFT, the Society for Worldwide Interbank Financial Telecommunication, is a Belgium-based cooperative that connects more than 11,000 financial institutions across more than 200 countries and territories. On a typical day, it processes approximately 38M messages routing payment instructions between banks. It does not hold funds itself. It carries instructions. But that distinction, seemingly technical, is what makes exclusion from the network so consequential: without the ability to send and receive those instructions, a bank becomes functionally incommunicado with the international financial system.

The exclusion of Iranian banks from SWIFT in 2012 offered the first systematic demonstration of what that disconnection looks like in practice. Iran's oil revenues fell by roughly half in the period following its removal, and foreign trade contracted by an estimated 30 percent. No military operation produced that outcome. A messaging system did. The precedent established something significant: that financial infrastructure operators, under sufficient political pressure from major member states, would act as enforcers of sanctions regimes rather than as neutral intermediaries.

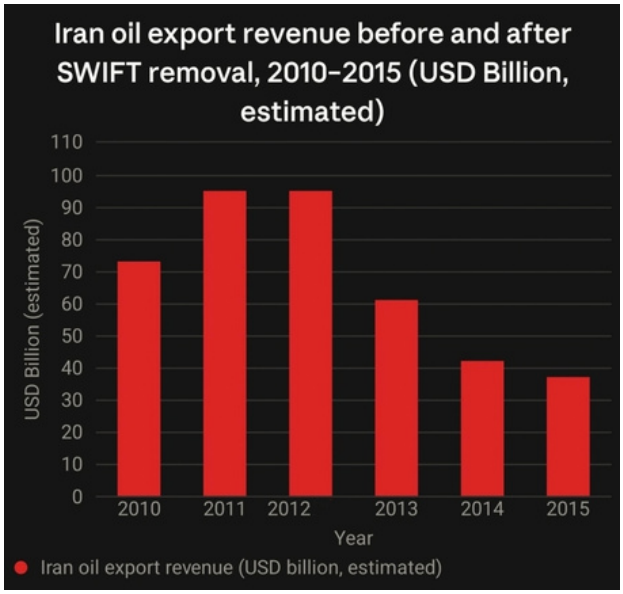
Russia's experience after February 2022 was simultaneously more dramatic and more instructive about the limits of the mechanism. On March 2, 2022, the European Commission implemented regulations to remove seven Russian banks from SWIFT: VTB, Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, and VEB. A further three banks were removed in June. The action was described, at the time, as a financial nuclear option.



Simultaneously, the G7 and its partners froze approximately $300 billion in Russian central bank reserves held in foreign jurisdictions. Around €200 billion of that sits at Euroclear, the Belgian central securities depository. The assets remain frozen: legal title has not been transferred, but the Central Bank of Russia cannot move, sell, or deploy them. By 2024, the interest accumulating on those frozen assets at Euroclear reached roughly $7 billion annually, the majority of which the EU subsequently directed towards Ukraine reconstruction financing.



The Russian case revealed two things in sharp relief. Financial network exclusion is a genuinely powerful instrument of coercion, capable of producing economic disruption at a scale previously requiring military or diplomatic coordination of a much higher order. At the same time, effectiveness is constrained by the political economies of the sanctioning coalition itself: exemptions carved out for energy transactions, and continued trade flows through non-participating countries, meant that the sanctions, while damaging, fell well short of their theoretical ceiling.

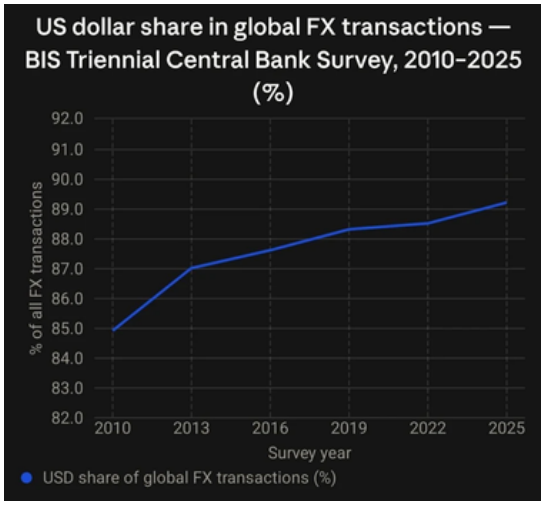


The Clearing Layer And Why It Matters

The coercive capacity of financial sanctions does not derive solely from which currency sits atop global reserve holdings. It derives from something more structural: the near-universal dependence of international trade on dollar-denominated clearing infrastructure, regardless of what currencies parties to a transaction prefer to use.

Legal ambiguity and operational effectiveness exist simultaneously. Most dollar payments are cleared through US correspondent accounts, so even a transaction between two non-US parties can pass through the US financial system. That passage is what gives American regulatory and enforcement authorities jurisdiction over a transaction that, in any ordinary commercial sense, has nothing to do with the United States. The dollar's role in trade invoicing and settlement means that even countries seeking to conduct bilateral trade in other currencies frequently find that their domestic banks still require dollar-clearing access for other parts of their operations, creating an exposure that financial sanctions can exploit.

This is the architecture that makes financial statecraft work. Not reserve share as an abstract measure of confidence, but operational dependency on a clearing infrastructure whose governance is not neutral.



Secondary sanctions and the extension of Reach

Primary sanctions prohibit US persons and entities from transacting with designated targets. Secondary sanctions go further: they threaten non-US entities with exclusion from the US financial system if they conduct significant transactions with sanctioned parties, regardless of whether those transactions involve any US person, institution, or jurisdiction.



The extraterritorial reach this creates is substantial. A bank in India transacting with a sanctioned Russian entity faces the prospect of losing access to US correspondent banking relationships, which are typically necessary for dollar-clearing operations. The threat alone, without any formal designation, appears sufficient in many cases to alter the transaction behaviour of third-country financial institutions. This is the mechanism's most operationally significant feature: it functions through deterrence as much as through enforcement, shaping behaviour across jurisdictions that have no formal legal obligation to comply.

This mechanism operated extensively in the post-2022 Russia context. Reports from 2023 onward suggested that numerous Chinese and Indian banks curtailed or refused transactions with Russian counterparts, not because they were legally obligated to do so under their own domestic law, but because the secondary sanctions risk of losing dollar-clearing access was commercially unacceptable. The practical result was that the US Treasury's reach extended well beyond US jurisdiction, shaping the behaviour of institutions in countries that had explicitly declined to join the sanctions coalition.

A related but distinct phenomenon operates through what regulators call de-risking. Large correspondent banks, facing the compliance costs and reputational risks of maintaining banking relationships in high-sanctions-risk jurisdictions, have progressively terminated those relationships entirely rather than managing them case-by-case. The World Bank has documented this pattern extensively across small island states, conflict-affected economies, and certain developing country financial systems.

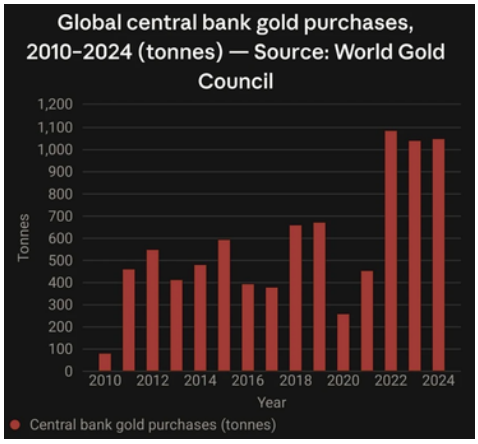
distinguishing them from sanctioned entities has become too high for correspondent banks to bear. Sanctions, in other words, produce financial exclusion effects well beyond their formal targets.

Whether secondary sanctions represent a legitimate extension of US foreign policy or an improper extraterritorial imposition of domestic law remains genuinely contested in international legal scholarship. What is empirically observable is that they work, and that their effectiveness is proportional to the depth of global dependence on dollar-clearing infrastructure. Legal ambiguity and operational effectiveness exist simultaneously, which is precisely what makes them such a useful and politically durable instrument.

Institutional Responses And Their Limits

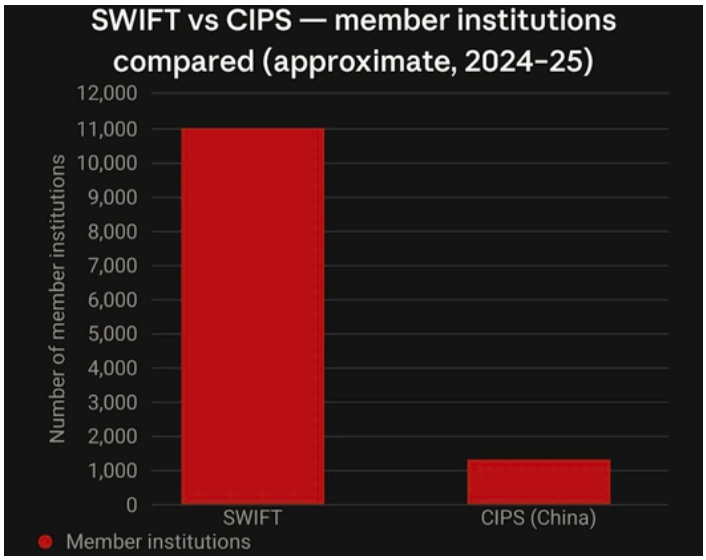
No significant coercive mechanism operates without producing counter-responses. The financial architecture described above has generated a set of institutional efforts to build alternative infrastructure and reduce exposure to network-based exclusion, though the gap between intent and operational capacity remains considerable in most cases.

China's Cross-Border Interbank Payment System, known as CIPS, is the most developed alternative messaging infrastructure currently in operation. Approximately 1,300 financial institutions participate in CIPS, the majority indirectly. That compares to the more than 11,000 institutions on SWIFT. More significant than the membership gap is the jurisdictional question: CIPS ultimately relies on SWIFT for a substantial portion of its messaging traffic in practice, meaning that genuine architectural independence from Western-controlled infrastructure is less complete than the headline system suggests. The strategic intent is clear. The operational independence is not yet there.



The gold accumulation trend is arguably the most structurally significant counter-response and the most straightforward to quantify. Central banks globally added 1,082 tonnes of gold to reserves in 2022, the highest annual figure since records began in 1950, according to the World Gold Council. The following year saw purchases of 1,037 tonnes, the second-highest total on record. In 2024, approximately 1,045 tonnes were added, sustaining that pace. From 2010 to 2021, the average annual pace of central bank gold purchases was around 473 tonnes. The post-2022 pace has been roughly double that.

The institutional logic is transparent. If sovereign reserves held in foreign jurisdictions in the form of dollar-denominated assets can be immobilised by political decision, as Russia's $300 billion demonstrated in real time, then those reserves are not fully sovereign in the operationally relevant sense. Gold stored in domestic vaults carries limited counterparty risk. It is less directly exposed to foreign sanctions or immobilisation. The shift towards gold is not, in its primary motivation, a statement about dollar value or reserve currency preferences. It is a response to a governance discovery: that the assets widely treated as the safest in the world are subject to a form of political risk that had not previously been priced into central bank reserve management decisions.



The deeper governance problem remains largely unresolved. SWIFT is formally a cooperative governed by its member institutions, and its statutes describe it as a neutral financial infrastructure provider. The decisions to exclude Iranian and then Russian banks were made under pressure from Western governments, particularly the United States and the European Union, applying their own domestic legal and regulatory frameworks to an institution incorporated in Belgium and operating across 200+ jurisdictions.

No multilateral framework governs these decisions. No formal appeals process exists for excluded entities. The precedent set is that access to global financial infrastructure is, in practice, governed by the foreign policy preferences of its most powerful member-state stakeholders, despite cooperative governance language describing the institution as neutral.

What the Architecture Actually Reveals

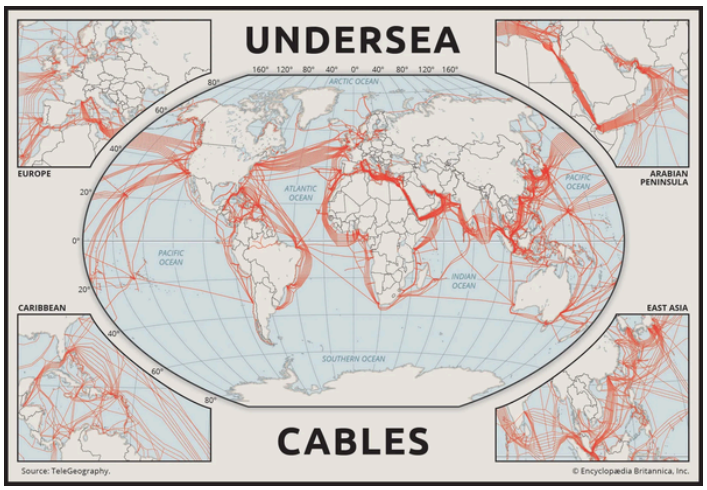
The deepest insight from this system is not that financial power has become geopolitical. It always was. The insight is that the infrastructure through which ordinary commerce flows has been revealed, unmistakably and irreversibly, as an instrument of statecraft. SWIFT routes payment instructions. Under specific political conditions, it denies them. Correspondent banking relationships facilitate trade settlement. Under secondary sanctions pressure, they function as coercive tools in disputes that have nothing formally to do with the institutions being pressured. De-risking extends exclusion further still, to populations and economies that were never the intended targets of any specific policy.

That revelation has a cost that is distinct from and additional to whatever economic harm specific sanctions produce. The credibility of the financial system as a neutral infrastructure for global commerce depends, at least in part, on participants believing that access is governed by commercial and prudential criteria rather than political ones. Each major sanctions episode that uses financial exclusion as a coercive mechanism makes that belief slightly harder to maintain.

The freezing of Russian central bank reserves appears to have accelerated reserve diversification and infrastructure-building decisions in capitals far beyond Moscow, including among countries that have no particular sympathy for Russia's position.

The resulting dynamic is not straightforward de-dollarisation. The structural advantages of existing dollar-clearing infrastructure are real, deep, and self-reinforcing in ways that no short-run political disruption is likely to unravel. What the post-2022 period suggests is something much more specific: that the weaponisation of financial networks, while effective in the short term, may gradually erode the presumption of neutrality that made those networks so powerful in the first place. And once participants in a system begin to treat its access rules as politically contingent rather than commercially stable, they begin building redundancy slowly, expensively, and with imperfect results, but consistently.

The systemic cost of that shift accumulates quietly, inside institutional decisions that make few headlines until, eventually, the aggregate weight of them becomes visible in the architecture itself.



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WHEN COUNTRIES DEPEND ON MONEY THEY DON'T CONTROL

By - ***Poorti***

In the new world order, financial dependence can be as powerful as dependence on oil, chips or trade. The currency a country uses, and the financial systems it relies on, can shape how much room it has to make its own choices.

A country can have its own flag, its own government and its own currency, and still find itself dependent on money it does not control. Consider something as ordinary as importing oil. An Indian company buying crude from abroad may ultimately need dollars to settle the transaction. The exchange rate determines how expensive that oil becomes in rupees. The availability and cost of dollar funding affect businesses and banks. And changes in US monetary policy can ripple through global capital markets.

A decision taken thousands of kilometres away can therefore find its way into domestic prices, borrowing costs and investment decisions. This is the less visible side of geoeconomics. We often think of geopolitical power in terms of armies, territory or natural resources. But in an increasingly interconnected world, financial dependence can create leverage too. Countries depend on currencies, capital markets, payment networks and financial institutions that they do not completely control. And whenever dependence exists, there is the possibility of power.

The Currency Everyone Needs

The clearest example is the US dollar. The dollar is not simply another national currency used by Americans. It sits at the centre of global finance. In the second quarter of 2026, the dollar accounted for 56.70% of global official foreign-exchange reserves, according to the IMF. The euro followed at roughly one-fifth, while the Chinese renminbi accounted for less than 2%.

But reserve holdings tell only part of the story. In April 2025, the dollar was on one side of 89.2% of all foreign-exchange transactions, according to the Bank for International Settlements. The euro was involved in 28.9%, the Japanese yen in 16.8%, and the Chinese renminbi in 8.5%. These shares overlap because every foreign-exchange transaction involves two currencies.

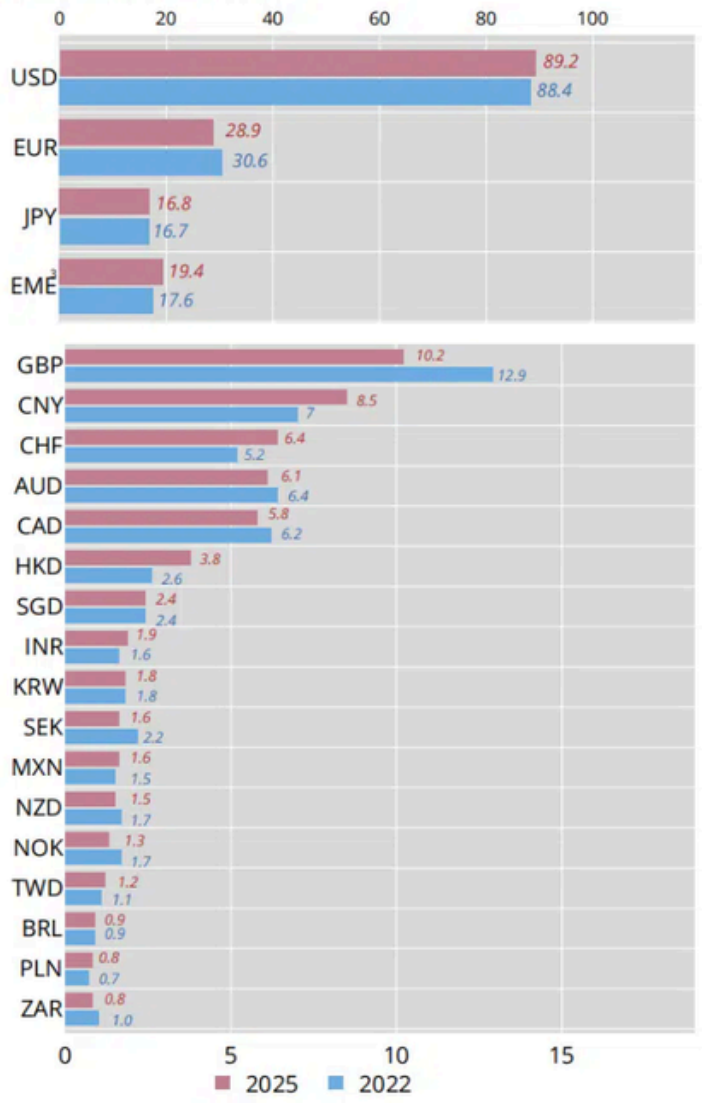


Figure 1. The dollar remains the world's dominant vehicle currency.
Source: Bank for International Settlements, Triennial Central Bank Survey, 2025

The striking feature is not simply that the dollar is the largest currency in the market. It is the scale of its lead. The dollar's presence in nearly nine out of every ten FX transactions reflects how deeply embedded it is in global financial activity.

This does not mean that every country uses the dollar because it prefers the United States. Much of its power comes from a network effect. The more people use a currency, the more useful it becomes. The more companies trade in it, the easier it is for banks to provide dollar services. The more financial assets are denominated in it, the deeper and more liquid its markets become. And the more central banks hold it as a reserve, the stronger the incentive for others to do the same.

The result is a system that can be difficult to leave even when countries want greater financial autonomy. That is what makes currency power different from simply having a "strong" currency.

Power comes from being difficult to replace.

When Dependence Becomes Leverage

Financial power becomes most visible when access to the system is threatened. The response to Russia's invasion of Ukraine in 2022 provided one of the clearest demonstrations. Western governments imposed extensive financial sanctions, while the European Union moved to exclude key Russian banks from SWIFT, the dominant global financial messaging system.

The significance went beyond the immediate impact on Russian banks. It demonstrated that access to financial infrastructure itself can become a geopolitical asset.

Payment systems can look like neutral plumbing when everything is functioning normally. But once access can be restricted, that infrastructure becomes a source of leverage. The same applies to access to foreign capital, reserve currencies and international banking networks.

This changes the meaning of economic interdependence. Interdependence is often presented as something that encourages cooperation because everyone benefits from trade and investment. But dependence is not necessarily symmetrical. If one side has fewer alternatives than the other, an economic relationship can become a source of power.

The question is therefore not simply: Who trades with whom?

It is also: Who has the ability to decide who gets access to the system?

The Search for Alternatives

This helps explain why countries have increasingly discussed de-dollarisation. The objective is not necessarily to eliminate the dollar overnight. For many countries, that would be economically unrealistic. Instead, the aim is often to reduce vulnerability: settling more trade in local currencies, diversifying reserves, developing alternative payment arrangements or strengthening regional financial institutions.

China's renminbi illustrates both the ambition and the difficulty of this process. The renminbi's share of global FX turnover reached 8.5% in April 2025, up from earlier surveys and reflecting its growing role in international transactions. Yet the gap with the dollar remains enormous: 8.5% compared with 89.2%. This is why declaring that "the dollar is being replaced" misses the more interesting story.

The world may be moving towards greater financial diversification without necessarily moving towards a single replacement for the dollar. A more multipolar financial system could involve several currencies, regional payment networks and different sources of

capital operating alongside the existing dollar-centred system.

But building an alternative is difficult because financial power is not contained in a currency note. It is embedded in markets, institutions, infrastructure, liquidity and trust. Creating a new currency is one thing; creating a financial ecosystem that the rest of the world wants to use is another.



Figure 2. The dollar's dominance has weakened only gradually.
Source: International Monetary Fund, Currency Composition of Official Foreign Exchange Reserves (COFER).

India Wants More Financial Room

The long-run trend provides useful context to the de-dollarisation debate. The dollar's share has fluctuated over time, but it remains above half of global official FX reserves. The story is therefore less about an abrupt collapse of dollar dominance and more about the gradual diversification of a system that remains heavily dollar-centred.

For India, this tension is particularly important. India has an obvious interest in greater financial autonomy. Increasing the international use of the rupee could reduce some dependence on foreign currencies, facilitate trade settlement and strengthen India's position in international finance. But financial autonomy does not mean financial isolation.

India remains deeply connected to global markets and depends on international trade, foreign investment and imported commodities. A country cannot simply decide to stop using the financial system that its trading partners, investors and businesses already rely upon. This is why India's approach has increasingly focused on internationalising the rupee rather than abandoning the global financial system.

The Reserve Bank of India has been pursuing local-currency settlement arrangements with partner countries. Its Annual Report notes agreements with the UAE in 2023, Indonesia in 2024, Maldives in 2024 and Mauritius in 2025, aimed at facilitating trade invoicing and settlement in local currencies. The RBI has also highlighted the role of payment infrastructure such as UPI and RuPay in supporting cross-border transactions.

The objective is not to choose between the rupee and the dollar in absolute terms. It is to ensure that India's economic choices are not excessively constrained by movements in a financial system largely shaped elsewhere.

DID YOU KNOW
INDIA'S RUPEE PUSH
The RBI has entered local-currency settlement arrangements with the UAE, Indonesia, Maldives and Mauritius, alongside efforts to expand the international use of the rupee and Indian payment infrastructure.
Source: Reserve Bank of India Annual Report 2024-25.

The New Geography of Money

This is where currency becomes a geoeconomic question. A country's financial strength is no longer determined only by how much money it possesses. It also depends on where that money comes from, which currency it is held in, which systems it moves through and who controls those systems. The emerging contest, therefore, is not simply between currencies. It is between financial ecosystems.

Countries that can provide capital, liquidity, payment infrastructure and trusted financial institutions can exercise influence far beyond their borders. Countries that depend heavily on those systems may gain from integration, but they may also find their policy choices constrained when geopolitical tensions rise.

This does not mean that interdependence is inherently bad. Financial integration has brought enormous benefits: cheaper transactions, greater access to capital, deeper markets and more opportunities for trade and investment. The challenge is that the same connections that create efficiency can also create vulnerability. And that may be one of the defining features of the emerging world order.

The next great struggle for economic power may not be about who owns the most resources or produces the most goods. It may be about who controls the systems through which those resources, goods and wealth move. Because countries do not only need money. Increasingly, they need access to someone else's money. And in a world built on financial interdependence, the ability to grant, or withdraw, that access can become power in its most invisible form.

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THE TECHNOLOGICAL FRONTIER

Programmable Money, CBDCs, and the Privatisation of Monetary Rails

By - ***Kritika Lovewanshi***

For most of monetary history, the question of financial power came down to a fairly simple axis: who has the authority to issue money, and who sets the price of credit. Central banks controlled the base money supply, commercial banks created deposit money on top of it, and the plumbing connecting the two, clearing systems, correspondent banking, card networks, was treated as a technical afterthought. That plumbing is no longer an afterthought. As money becomes software, the question of power is splitting into two related but distinct questions: who issues the money, and who controls the code, servers, and rails through which that money moves, is restricted, and is accessed. Central bank digital currencies (CBDCs), privately issued stablecoins, and the payment platforms that sit between them are forcing a re-examination of both.

This is not a story with a clean verdict. Programmable money genuinely creates new capabilities for welfare delivery, for automated settlement, for financial inclusion, that older payment rails cannot offer. At the same time, most of what gets described as a "revolution" in monetary control is better understood as a change in the tools available to actors who already had the underlying power. The interesting empirical question, addressed below with reference to China's yuan (CNY), India's rupee (₹), and the dollar stablecoin market, is how much genuine redistribution of power is actually happening, and how much is repackaging.

Programmability as control: what exists, what's being tested, what's merely possible

"Programmable money" is used loosely enough in public debate that it is worth being precise, and researchers at institutions like the Bank for International Settlements (BIS) and MIT's Digital Currency Initiative have pushed back on sloppy usage of the term. A useful three-way distinction has emerged in the literature. First, there are **programmable payments**, automating the transfer of ordinary, unrestricted money using smart contracts or conditional logic (pay on delivery, escrow, payment-versus-payment). Second, there is **purpose-bound or restricted money**, which places limits on where or how money can be spent, which does not actually require programmability in a technical sense; it can be done through simple permissioning, the way a food-stamp card already restricts purchases. Third, there is programmability of the monetary instrument itself, where rules are embedded in the money by whoever governs the underlying ledger. The MIT researchers Nikhil George, Tadge Dryja and Neha Narula argued explicitly that conflating these categories has muddied the entire policy debate.

Central banks have been unusually consistent, in public, about wanting to stay away from the third category. Christine Lagarde, president of the European Central Bank, told a BIS panel that central bank digital currency issued as central bank money would not itself be programmable, and that the actors who would provide programmability for CBDC would be intermediaries, commercial banks, not the central bank. The Bank of England's design work on a digital pound reaches a similar architectural conclusion from a different angle: a 2023 technical analysis found that a full programmability layer sitting inside the central bank's own core ledger would conflict with the "platform model" principle that the ledger should do the minimum necessary, and instead proposed that programmability be offered by private intermediaries or financial market infrastructure providers built on top of the central ledger, so that programmable payments could be made functionally consistent across

the digital pound and commercial bank money rather than run by the central bank itself.

That said, "central banks won't program the currency" is a narrower claim than it sounds. Several things are already true, not merely hypothetical:

- **Wholesale programmability is already being tested at scale**. The BIS's 2024 survey of central banks found that of 93 central banks surveyed, 91% were exploring either a retail CBDC, a wholesale CBDC, or both, with wholesale CBDC work at a more advanced stage than retail, and earlier survey work noted that interoperability and programmability are frequently cited features under consideration specifically for wholesale CBDCs, which serve banks and financial institutions rather than ordinary consumers.
- **Purpose-bound welfare payments are live, not theoretical, in India.** The Reserve Bank of India's 2025–26 annual report describes government agencies actively using programmable CBDC for direct benefit transfers: welfare-linked CBDC pilots ran in Gujarat and Puducherry before expanding to Chandigarh and Dadra & Nagar Haveli, with beneficiaries receiving food subsidies through the digital rupee, and multiple government agencies using the programmability feature of the CBDC to ensure "productive utilisation of public funds". Bank executives interviewed by the Indian press have said plainly that while ordinary retail digital-rupee transactions remain modest, programmable CBDC is demonstrating value specifically by letting governments and banks control the end use of funds, with one bank reporting it had already deployed the feature for subsidy schemes in at least one state.
- **Automated conditional settlement in wholesale markets is operational, not speculative.** The BIS's own Project Helvetia, a joint experiment with the Swiss National Bank and SIX Group, demonstrated the feasibility of settling tokenised digital assets in central bank money through a delivery-versus-payment mechanism, and wholesale CBDCs of this kind could make central bank money programmable to automate transactions and mitigate settlement risk.
- **What is still genuinely hypothetical** is the idea of retail central-bank money carrying built-in expiry dates, geographic limits, or category restrictions imposed directly by the central bank on ordinary citizens' holdings, the scenario that dominates public anxiety about CBDCs. No major central bank has implemented this, and several, including the ECB and Bank of England, have explicitly disclaimed any intention to.

The more careful academic treatments, including a CIGI paper on CBDC governance, note that even where purpose-bound restrictions look attractive to policymakers, automating the collection of fines, for instance, raises real legal questions: automating the collection of fines could conflict with an individual's autonomy, right to a fair trial, and the presumption of innocence, and could even create new incentive structures around enforcement that don't exist under manual collection. The technology does not just execute existing law faster; it can quietly change the character of enforcement itself.

The China case shows how programmability and monetary redesign can move together even without touching individual transaction rules. On January 1, 2026, the People's Bank of China (PBOC) implemented a fundamental reclassification of the e-CNY: verified e-CNY wallet balances became interest-bearing deposits, transforming the digital yuan from a digital-cash model into a deposit-like instrument, a shift PBOC Deputy Governor Lu Lei described as moving the currency "from digital cash to digital deposit money." Separately, the PBOC has been embedding smart-contract functionality into e-CNY pilots

covering payroll disbursement, healthcare payments, lottery distributions, and fiscal spending by government agencies. None of this required restricting an individual citizen's spending categories; it is closer to the wholesale/institutional end of programmability, but it illustrates how much design latitude a state retains even while insisting, as China does, that the retail currency functions like ordinary cash.

The corporate mint: stablecoins as private seigniorage

If CBDC programmability is a story about what states could do with money, dollar-backed stablecoins are a story about what private firms are already doing with the state's own currency. By mid-2026 the total stablecoin market stood at roughly $316 billion (DefiLlama, 12 June 2026), with Tether's USDT holding roughly 59% at around $187 billion and Circle's USDC about 24% at roughly $75 billion, together controlling about 83% of the market. Nearly all of this is dollar-denominated: dollar-backed stablecoins account for approximately 99% of the global stablecoin market.

Seigniorage, the profit a currency issuer earns from being able to issue liabilities that cost less to produce than their face value, has quietly migrated, in part, to these private firms. Both major issuers hold their reserves overwhelmingly in short-dated U.S. Treasury bills, and the scale is large enough to matter to sovereign debt markets: Tether's Q2 2026 attestation (as of 30 June 2026, published 31 July) reported $114.96 billion in direct Treasury bill holdings plus a further $25.62 billion in overnight reverse repurchase agreements, roughly $140 billion in combined exposure, well above the roughly $113 billion it reported for Q4 2024. Tether itself describes this as making it one of the largest holders of U.S. Treasuries in the world. Whether one frames this as "private seigniorage" or, more narrowly, as private firms acting as large non-bank buyers of short-term government debt, the practical effect is the same: a commercial enterprise, not the U.S. Treasury or the Federal Reserve, decides how many dollar-equivalents circulate in large parts of the world, and earns the spread between what it pays depositors (nothing, under U.S. law) and what those Treasury holdings yield.

The United States' regulatory response, the GENIUS Act, is worth reading in this light. Signed into law in July 2025, it does not nationalize this activity, it legitimizes and channels it. Reserve requirements confine issuers to a narrow set of assets, Treasury bills with 93 days or less remaining maturity, insured deposits at FDIC-member banks, or overnight Treasury repurchase agreements, which one commentary bluntly characterized as dollar policy rather than consumer policy, since a compliant and non-compliant issuer could offer identical consumer protections while only the compliant one gets access to American banks and payment rails. Circle, whose reserves already sat mostly in a BlackRock-managed, SEC-registered government money-market fund, was well positioned for this regime and received an OCC national trust bank charter in July 2026. Tether, domiciled offshore, faces a harder path and reportedly a multi-billion-dollar reserve restructuring to secure a "reciprocity" determination that would let it keep serving U.S. persons. The effect, whatever the framers' intent, is to formalize a public–private division of labour: the state defines the acceptable collateral and compliance perimeter; private firms do the actual issuing, marketing, and technical operation of the money.

This is where the "control of rails, not just issuance" argument becomes concrete. A stablecoin issuer decides which blockchains it deploys on, which wallets can be frozen or blacklisted (both Tether and Circle have frozen addresses at law enforcement request), which

jurisdictions get service, and, under the new U.S. framework, which activities count as "offering or selling" a stablecoin, a definition the Treasury is still finalising and one that will determine whether exchanges can keep listing USDT for American users at all. None of that requires changing who is legally the issuer of the U.S. dollar; it is control exercised at the level of the payment infrastructure sitting on top of it.

The counter-case: limits, frictions, and reasons for Scepticism

It would be a mistake to read all of this as an inexorable transfer of power to whoever controls the software. Several forces cut the other way.

First, adoption evidence for CBDCs is genuinely mixed even among the most heavily promoted projects, which should temper claims that programmable state money is close to reordering financial power in practice.

Second, technical programmability does not automatically confer political capacity. A central bank could, in principle, code arbitrary restrictions into money; whether the legal and political system will let it is a separate question, and the CIGI research cited above shows how quickly such capabilities collide with due-process and rule-of-law constraints that predate the technology.

Third, private stablecoin dominance is itself precarious and concentrated in ways that create its own vulnerabilities rather than pure strength: the 2023 episode in which USDC broke its dollar peg after investors rushed to redeem over concerns that Circle could not access the $3.3 billion held at the failed Silicon Valley Bank is a reminder that privately issued digital dollars are still liabilities of a single firm, subject to run dynamics that central bank money is generally less exposed to. Regulators, including the Federal Reserve, are explicitly watching whether large, correlated stablecoin redemptions could transmit stress into the Treasury market itself, given how large stablecoin issuers' T-bill holdings have become.

Fourth, the "privatisation of monetary rails" argument can be overstated because it undersells how much states retain the power to define the compliance perimeter private issuers operate within. The GENIUS Act does not deregulate stablecoins; it makes issuers "financial institutions" under the Bank Secrecy Act, subject to full anti-money-laundering programs and OCC or state supervision. The state is not ceding control so much as outsourcing operational execution while retaining regulatory command over who is allowed to execute it, which is arguably a very old pattern (chartered banks have always been privately run, publicly licensed intermediaries) wearing a new technical wrapper.

Conclusion

The honest answer to whether programmable money represents a shift in financial power, or merely a new toolkit for exercising power that already existed, is: both, depending on which layer of the system you look at. At the level of legal authority to issue currency, very little has changed, central banks still issue central bank money, and states still decide what counts as legal tender and how stablecoins may be licensed. At the level of operational control over how money moves, who can be excluded from a payment rail, and how transaction data is captured, real power has moved toward whoever writes and runs the software, sometimes a state agency (as in China's expanding e-CNY operator network or India's programmable welfare disbursement), and sometimes a private firm answering primarily to shareholders and, increasingly, to a narrow federal compliance regime (as with Tether and Circle under the GENIUS Act).

The most consequential open question is not domestic. It is the one the IMF has been most vocal about: whether dollar-denominated private money, moving through infrastructure controlled by a handful of American and

offshore firms, will erode the monetary sovereignty of countries too small or too fragile to compete with it, a dynamic in which the "private mint" doesn't need to replace a national currency to weaken it; it only needs to become more convenient. Set against that, state-issued CBDCs look less like tools of domestic surveillance-by-default and more like defensive infrastructure aimed at keeping some of that convenience, and the seigniorage, data, and control that comes with it, inside national borders. Both fears are legitimate, and the technology now exists to make either one real. Which one dominates in a given country will likely depend less on what the code can do than on how much administrative capacity, and how much public trust, the state issuing the alternative actually has.

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THE PRICE OF POWER



"In a weaponised global economy, even influence has a balance sheet"

TARIFFS AS STRATEGY:

Reading the 2025 Trade Shocks as Geoeconomic Statecraft

By - ***Praghi Mehrotra***

Introduction: Tariffs Beyond the Tax Code

When the United States announced a fresh round of sweeping tariffs in 2025, much of the early commentary treated the move as a domestic economic policy, a measure to shield manufacturers, raise revenue, or correct a persistent trade deficit. This reading, while not wrong, is incomplete. Tariffs in 2025 functioned less as a conventional fiscal instrument and more as an articulation of geoeconomic power, a deliberate use of market access as leverage in a wider contest over technological dominance, supply chain security, and strategic alignment. Understood this way, the tariff shocks of 2025 were not an aberration in an otherwise liberal trading order; they were a symptom of an order already in transition, one in which economic interdependence is increasingly treated as a vulnerability to be exploited rather than a public good to be preserved.

This essay argues that the 2025 tariff measures are best understood through the lens of geoeconomics, the use of economic instruments to pursue strategic and political objectives, rather than through the narrower frame of trade policy alone. It examines three dimensions of this shift: the use of tariffs as a tool of coercive bargaining, the uneven global response that revealed fractures in the existing trade architecture, and the longer-term consequences for supply chains and economic alliances. The essay concludes that while tariffs have always carried a political dimension, their scale and explicitness in 2025 mark a meaningful departure from the rules-based trading system that defined the post-war order, and signal the consolidation of a more openly transactional, power-based model of international economic relations.

Tariffs as Coercive Bargaining

The clearest evidence that the 2025 tariffs were geoeconomic rather than purely economic in intent lies in the way they were deployed: as leverage in negotiations that extended well beyond trade itself. Tariff rates were adjusted, suspended, and reinstated in response to negotiations that extended beyond trade itself, including issues related to technology controls and economic security, suggesting that market access was being used as a bargaining chip in a broader strategic negotiation rather than as a fixed instrument of industrial policy. The tariff dispute increasingly extended beyond conventional trade measures, with the United States using tariffs alongside broader technology and national-security policies, while China responded with retaliatory tariffs and export controls on critical minerals. (White & Case LLP, 2025).

This pattern echoes what scholars of geoeconomics have long argued: that economic tools are most powerful not when they are applied uniformly, but when they are applied selectively, rewarding alignment and punishing defection. The semiconductor sector offers a useful parallel. Export restrictions on advanced chips and chip-making equipment were paired with tariff threats on unrelated goods, creating a layered system of pressure in which trade policy and technology policy reinforced one another. The message to trading partners was increasingly clear: economic relationships with the United States would now be evaluated, at least in part, through the lens of strategic alignment, not merely comparative advantage or market efficiency.

Critics of this approach point out that coercive tariffs carry significant costs even for the country imposing them, including higher consumer prices, retaliatory measures against exporters, and damage to long-standing alliances (Capistrano, 2025; Centre for Economic Policy Research, 2025). These costs are real and well documented. Yet the persistence of the policy despite these costs is itself instructive. It suggests that the calculus driving the 2025 tariffs was not primarily economic efficiency but strategic positioning, a willingness to accept short-term economic pain in exchange for longer-term leverage over critical industries and supply chains.

A Fractured Response

If the tariffs themselves revealed a shift towards economic coercion, the global response revealed how unevenly prepared different countries were to absorb such shocks. Major economies with diversified trade relationships and substantial domestic markets, such as the European Union, were able to respond with calibrated retaliation, targeting politically sensitive American exports while opening parallel trade negotiations with other partners to offset potential losses (Centre for Security Studies, 2026). China, already engaged in its own technology and resource standoff with Washington, responded by tightening export controls on critical minerals essential to semiconductor production, demonstrating that it, too, possessed geoeconomic instruments capable of inflicting reciprocal pain (Centre for Strategic and International Studies, 2025; Al Jazeera, 2025).

Smaller and trade-dependent economies, however, faced a starker set of choices. Many lacked the market size to credibly retaliate and the diplomatic weight to negotiate broad exemptions. For these countries, the rational response was often accommodation: adjusting domestic regulations, offering concessions on unrelated issues, or accepting reduced market access as the cost of maintaining the relationship. This asymmetry exposes a structural feature of the emerging geoeconomic order, namely that the capacity to wield economic coercion, and the capacity to resist it, is distributed unevenly across the international system. The result is not a world in which all states compete on equal economic terms, but one in which a handful of large economies set the terms of engagement and smaller states adapt around them.

This fracturing was visible too within global supply chains. Firms operating across multiple jurisdictions found themselves caught between competing regulatory demands, required to satisfy both American restrictions and the retaliatory or protective measures of other governments. For many multinational firms, the practical response was not to choose a side decisively but to begin a slow, costly process of diversifying supply chains, maintaining parallel production lines for different markets to hedge against further escalation. This duplication, often described in policy circles as “de-risking” rather than full decoupling, represents a quiet but significant erosion of the efficiency gains that decades of globalisation had delivered (Swedish Institute of International Affairs, 2025; Centre for Economic Policy Research, 2025).

Consequences for the Global Trading Order

The longer-term significance of the 2025 tariff shocks lies less in their immediate economic impact, which, while substantial, has been the subject of considerable debate among economists, and more in what they reveal about the trajectory of the international trading system. The post-war order, built around institutions such as the World Trade Organization and a broad presumption in favour of open markets, was always underpinned by an assumption that economic interdependence served a stabilising function,

that countries with deeply intertwined economies would have strong incentives to avoid conflict. The willingness of major powers to use tariffs as instruments of strategic pressure, even at meaningful cost to their own economies, suggests that this assumption is being tested, if not abandoned outright.

In its place, a more explicitly transactional model appears to be taking shape, one in which trade relationships are continuously renegotiated according to shifting strategic priorities rather than anchored in stable, rules-based commitments. This does not mean that institutions such as the WTO have become irrelevant; rather, their role appears to be narrowing, providing a residual framework for dispute resolution while the most consequential decisions about market access increasingly occur through bilateral negotiation and unilateral action. For businesses and policymakers alike, this shift implies a need to plan for persistent uncertainty rather than gradual liberalisation, building resilience into supply chains and diversifying trade relationships not as a temporary adjustment but as a permanent feature of operating in the new world order.

It is worth noting, too, that this transactional turn is not confined to any single country. While the 2025 American tariffs have attracted the most attention, the broader shift toward geoeconomic competition is not confined to the United States. The selective use of trade measures to extract strategic concessions is increasingly visible in the policies of other major economies as well. This suggests that the shift towards geoeconomic competition reflects deeper structural pressures within the international system, including the diffusion of economic and technological power away from any single dominant actor, rather than the idiosyncratic choices of one administration (Abukari & Saluja, 2025).

Conclusion

The 2025 tariff shocks should be understood not as an isolated episode of protectionism but as an expression of a broader transformation in how states pursue power in an interconnected global economy. By using tariffs selectively, as instruments of coercive bargaining rather than uniform fiscal policy, major powers have signalled that market access is now a strategic asset to be deployed in service of wider geopolitical objectives. The uneven global response to these measures has exposed significant asymmetries in the capacity of different states to resist or absorb economic coercion, while the resulting duplication of supply chains points to a quieter but no less significant erosion of the efficiency gains associated with globalisation. Taken together, these developments suggest that the rules-based trading order of the late twentieth century is giving way to a more transactional, power-conscious model of economic relations, one in which the grammar of commerce is being rewritten, increasingly, in the logic of conflict.

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THE TARIFF BOOMERANG

The Hidden Costs and Global Spillovers of the 2025 Trade Shock

By - ***Steffin George***

Tariffs are usually marketed to the public as something that is aimed outward—a lever pulled against a rival economy to protect domestic industry, punish unfair trade practices or extract geopolitical concessions. But the key lesson of the 2025 tariff shock is that the economic costs of this weapon rarely remain confined to the target. It boomerangs back on the country that fires it, and radiates outward into the global trading system, in ways that are measurable, cumulative and often underestimated at the moment of imposition.

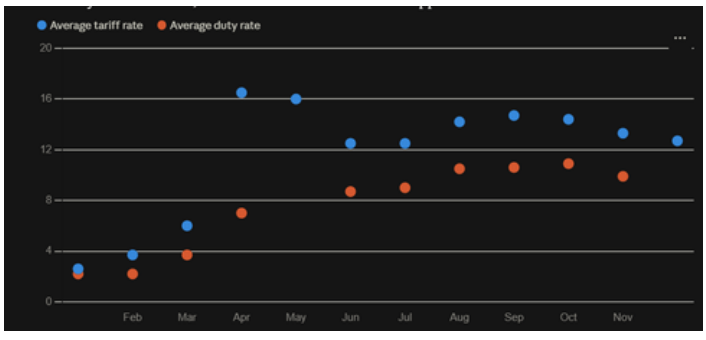


The scale of the 2025 shock

Following the "Liberation Day" announcement in April 2025, the United States levied the most extensive series of tariff increases since the Smoot-Hawley Tariff Act of 1930. The Federal Reserve Bank of New York found that the average U.S. tariff rate rose from 2.6% at the start of 2025 to 13% by the end of the year, while the Yale Budget Lab recorded much higher effective rates at several points during the year. The magnitude of the increase is less important for what it signals strategically than who absorbed it. The geoeconomic case for tariffs usually assumes foreign exporters eat the cost by cutting prices to remain competitive. The evidence from 2025 largely contradicts this.

Who actually pays: the domestic cost angle

The usual geoeconomic case for tariffs assumes that the burden will be borne by foreign exporters, who will lower their prices to remain competitive. The evidence from 2025 largely runs counter to this. Tariffs' cost to U.S. firms and consumers was nearly 90% of the total economic cost, rising to 94% in the first eight months of the year, according to research by the New York Fed's Mary Amiti, Chris Flanagan, Sebastian Heise and David Weinstein. Import prices for goods subject to tariffs rose about 11% relative to untaxed goods. This was confirmed by Germany's Kiel Institute, which called the tariffs an "own goal" for the US economy. The Yale Budget Lab's household modelling found that the tariffs in place as of April 2, 2025 would increase consumer prices by 2.3 per cent and cost the average American household about $3,800 a year, with lower-income households hardest hit because tariffs are a regressive tax. A later Budget Lab report said this initial estimate was revised down substantially as the year progressed and consumption patterns changed, although the direction of the effect remained.



Sources: U.S. Census Bureau, Foreign Trade Statistics; U.S. International Trade Commission (USITC); U.S. Government, Statutory Tariff Rates.

Retaliation as a second cost centre: the China case

Retaliation adds a second cost centre, while some retaliatory measures also imposed costs on economies with no direct stake in the original dispute. China responded to the tariffs in April 2025 by adding a 34 per cent tariff on US goods and imposing export curbs on medium and heavy rare earth elements, which are critical to defence, semiconductor and clean-energy supply chains. By October 2025 Beijing had extended those controls and extended licensing requirements to certain foreign-made products containing Chinese-origin materials, on products made abroad that contained Chinese-origin materials or technology, prompting Washington to threaten an additional 100 per cent tariff on Chinese goods. The price effect was immediate and global. The European Parliament's research service found the restrictions severely disrupted EU supply chains for digital, green and defence industries, and market analysts reported the European trading price of dysprosium, a rare earth critical to magnets and electronics, tripled within weeks of the April measures.

The global spillover

The shock reverberated through the global trade architecture beyond the country imposing the tariff. The WTO had previously forecast a contraction in world merchandise trade volumes in 2025, but front-loading of shipments and stronger-than-expected trade in AI-related goods helped lift merchandise trade growth to about 2.4% in 2025. But the WTO greatly reduced its 2026 forecast to a meagre 0.5% expansion and warned that the full impact of tariffs would be felt later. Investment flows reacted more rapidly: UNCTAD data showed that the number of international investment projects in tariff-exposed, supply-chain-intensive sectors—particularly textiles, electronics and machinery—fell by 25% in 2025.

A case study: India's exposure

India shows that a geoeconomic tariff imposes tangible domestic costs on the target, even in the face of low overall trade exposure. The direct exposure to the US market was limited relative to India's overall economy: US-bound goods exports were about 20% of India's goods exports, or roughly 2% of GDP. Nevertheless, Goldman Sachs estimated a 0.6 percentage-point cut in India's GDP growth, Moody's projected growth could slow to around 6% for FY26, and MUFG Research modelled that a sustained tariff of 50 per cent would cut India's GDP by about 1 per cent over time. The Global Trade Research Initiative estimated that India's exports to the US could fall from $86.5 billion to around $50 billion by 2026, with textiles, gems and jewellery, shrimp and carpets facing potential declines of around 70%, concentrated in small labour-intensive firms with little capacity to absorb the shock. In response, India has accelerated trade diversification – fast-tracking talks with the EU, Peru, Chile and New Zealand, and pushing export intensification toward ASEAN, Latin America and the Gulf. This reorientation carries transition costs in its own right, even as it strategically reduces future exposure.

Conclusion: the economics beneath the geopolitics

Geoeconomics, as Edward Luttwak once called it, is 'the logic of conflict in the grammar of commerce' – a useful shorthand for why tariffs get fired in the first place. But the 2025 episode is less an object lesson in that logic, and more a demonstration of where the recoil hits. Almost 90 per cent of the measured cost was absorbed by the tariff-imposing country's own consumers and firms; retaliatory measures generated a second wave of costs for third parties with no direct stake in the dispute, as the rare-earth shock did for Europe; and even a country with relatively low direct exposure, like India, experienced billions in projected export losses and a measurable drag on GDP.

The strategic argument for tariffs is that they are a targeted tool. The economic history of 2025 suggests they are more like a blast radius, one that the country that pulls the trigger can't fully control and often can't fully avoid.

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RISK DIVERSIFICATION

Multisourcing and Multimodal Logistics in the Era of Tariff Wars

By - ***Manan Garg***

Introduction: Tariff Wars and the Logistics Crossroads

Supply chains no longer operate in a stable environment. Tariffs, geopolitical rivalries, and shifting regulations have disrupted the once-monolithic logic of trade (WTO, 2023). For business models built around the efficient flow of goods, disruption is no longer a matter of if, but when and where it will occur. How do firms develop logistics strategies that are resilient when tariffs shift in a matter of hours or lanes are politically charged?



This is where multisourcing and multimodal logistics strategies transition from being efficiency levers to existential imperatives. Diversification of supplier bases and transport modes helps companies to lower the risk of being exposed to tariff shocks, as well as safeguard margins and customer trust.

The New Tariff Reality: A Landscape of Uncertainty

The US–Chinese controversies, UK–EU post-Brexit reallocations, and fresh export controls over core technologies have underscored a universal reality: volatility in tariffs has become

a structural characteristic of international trade (WTO, 2023). Tariff frictions can affect sourcing decisions, landed costs, and the movement of goods across international supply chains. For supply chain executives, dependency upon a lone country, a sole provider, or a lone transport corridor is a gamble, not a policy.

Tariffs do not just raise prices. Tariffs alter sourcing models, prolong lead times, and disrupt shipping schedules. Automotive, electronics, and consumer goods companies have seen unforeseen rises in landed cost and in unscheduled distribution changes. The takeaway is crystal clear: concentrated supply chains are brittle, and diversification is the remedy.



Multisourcing: Spreading Risk Across Suppliers and Regions

Multisourcing across several suppliers of essential inputs is a hedge against tariff shocks. With higher duties in a specific corridor,

firms move to other providers in regions with more favourable tariff treatment. Electronics firms, for example, have shifted aspects of sourcing from China to Vietnam, India, and Mexico.

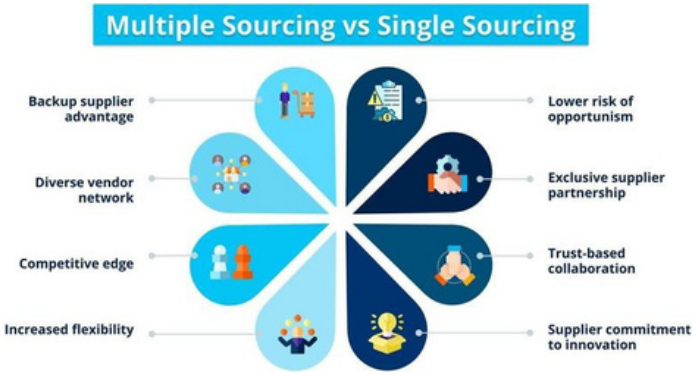
In addition to tariff arbitrage, multisourcing fosters innovation as well as cost discipline. Suppliers in different geographies possess specialities in labour effectiveness, technical expertise, or regulatory knowledge.

Blending these strengths enhances competitiveness while reducing reliance on any single source in volatile trading conditions.

Of no less significance is collaboration with suppliers. Top companies today no longer view suppliers as mere transactional partners, but as strategic partners. Joint forecasts, mutual risk analysis, and joint investments in technology ensure that diversification does not compromise quality or service levels.

"Diversification is no longer just about suppliers; it is about building strategic resilience"

Multisourcing, however, is critically dependent upon digital visibility. AI and analytics-powered platforms now provide real-time visibility into suppliers' performance, geopolitical developments, and expenses, enabling firms to rebalance sourcing portfolios dynamically as tariffs move.



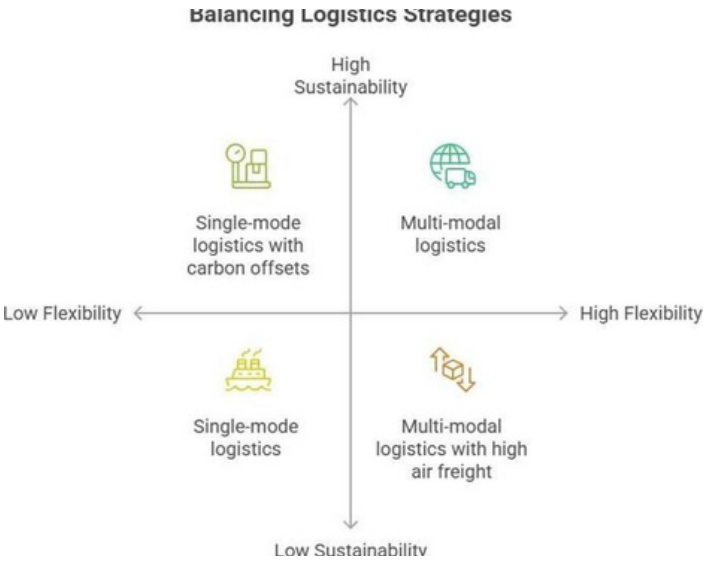
Multimodal Logistics: Flexibility on the Move

While multisourcing is about where inputs have been obtained, multimodal logistics is about how they have been shipped. Any supply chain built upon a single mode, like shipping via sea, is vulnerable when tariffs or policies affect individual routes or when congestion is pushing prices higher.

A multimodal approach pools together ocean, air, rail, and road, so firms can adapt their logistics flows in response to changes in speed-to-market priorities, cost optimisation, or shifts in tariffs.

When tariffs and trade restrictions intensified, some firms modified transport flows or shifted to alternative modes to avoid bottlenecks. Agility and flexibility often took precedence over incremental cost.

Multimodal is also compatible with sustainability. Through mode balancing, firms are able to reduce carbon-emitting air freight while retaining the flexibility for expedited shipments, matching tariff resilience to ESG objectives. For global companies facing investor and regulatory pressures to lower emissions, this combination of flexibility and accountability is becoming increasingly important.

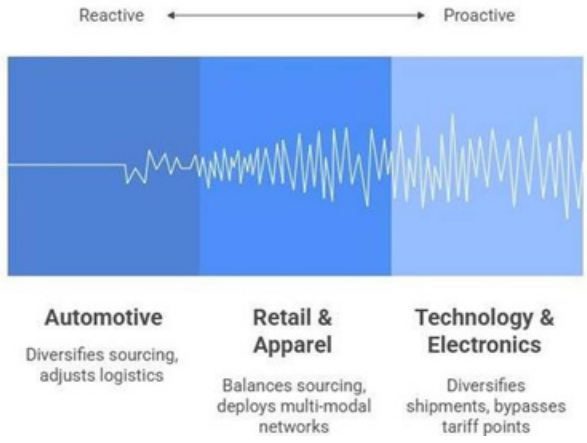


Case Insight: Lessons Across Sectors

- **Automotive:** Manufacturers facing tariffs on imported steel diversified sourcing to regional producers and adjusted inbound logistics through rail–road combinations in North America.
- **Retail & Apparel:** Fast fashion players balanced sourcing between South Asia and Latin America while deploying multimodal networks to protect delivery timelines during disputes.
- **Technology & Electronics:** Semiconductor firms diversified shipments between air and ocean freight to reduce exposure to tariff-affected transit points.

These examples demonstrate that while industries differ in their risk exposure, the logic of diversification is universal. The added complexity is manageable; excessive concentration is not.

Supply chain resilience strategies against tariff impact



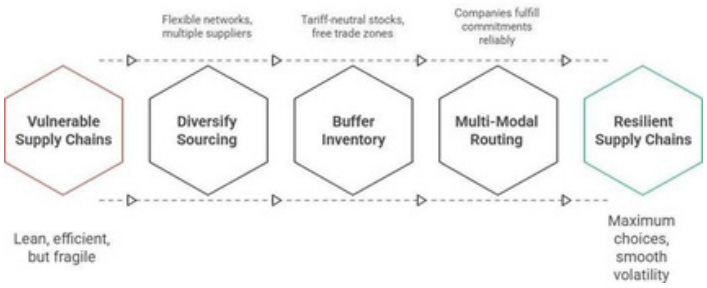
Strategic Repositioning: From Efficiency to Resilience

Traditional supply chain models emphasised lean efficiency, reduced inventory, low-cost sourcing and routing, and streamlined routes. Tariff wars reveal how vulnerable that approach is. The new norm is resilience, no matter how marginally higher its cost.

Resilience is not a defensive expense; it is a source of differentiation.

This evolution also redesigns the handling of inventory. Strategically positioned buffer stocks in free trade zones or bonded warehouses allow firms to smooth volatility. Through multisourcing and multimodal routing, companies can keep fulfilling their own commitments even when competitors cannot.

Building Supply Chain Resilience



If tariffs challenge a market, then eventual winners are not companies that have a minimum-cost structure, but companies that have maximum choices.

Challenges and Trade-offs

Diversification comes with its own challenges. Multisourcing necessitates greater levels of supplier relationship management and quality control duplication. Multimodal logistics adds complexity to planning and cost trade-offs.

But inaction is a more expensive option. Companies that did not diversify when tariffs were escalated faced greater exposure to margin pressure, reputational harm, and in extreme cases, market withdrawal. The trade-off is between controllable complexity and uncontrollable disruption, a decision that becomes increasingly apparent in every new tariff headline.

Looking Ahead: The Evolving Logistics Map

Tariff tensions are unlikely to disappear. The scramble for supply chain sovereignty, reshoring, and regionalised trade zones implies that global supply chains will continue in a state of flux.

This forces companies to ask: Is our supply chain DNA intricately linked to resilience, or are we still playing the odds of stability that does not exist?

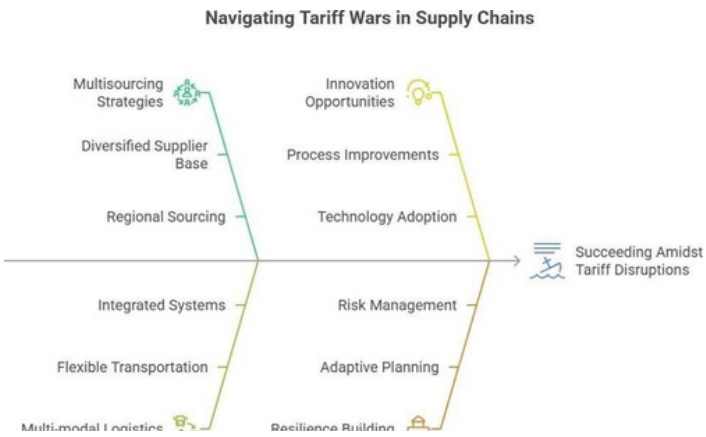
New technology will have a role to play. Digital twins, predictive analytics, and blockchain-powered trade platforms already enable companies to simulate tariff scenarios and pre-analyse logistics transitions. The integration of technology with a diversification strategy will create the next frontier. Companies that adopt these tools can not only prepare for tariff jolts but also create new efficiencies and value for customers.



Conclusion: Reflection on the New Normal

Multisourcing and multimodal logistics are not temporary fixes; they represent a structural repositioning of supply chains in an age of tariff wars. They embody a shift from brittle efficiency to adaptive resilience (Sheffi, 2015).

The fundamental question is not how to endure tariff disruptions but how to succeed amidst them. By shifting their view of tariff volatility from threat to opportunity, enterprises can emerge stronger, leaner, and more credible in their clients' eyes.



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RESILIENCE AND VULNERABILITY IN SUPPLY CHAINS

By - ***Pranjal Jain***

Global Supply Chains Under Pressure: Tariffs, Diversification, and Resilience

The supply chain that is used globally includes producers, suppliers, carriers, and consumers in various countries, which allows companies to cut costs, participate in international trade, and specialise in production processes. Nevertheless, increased tariffs and trade barriers have demonstrated both the strengths and weaknesses of these interconnected supply chains

Supply chain resilience can be considered the ability of an enterprise or economy to prepare for, withstand, and recover from disruptions. Recent challenges such as the pandemic, geopolitical instability, and unpredictable trade policies have been testing this resilience. Companies have been storing more inventory and importing supplies before tariffs are imposed, and shifting the shipment routes via other countries. Despite protectionism, international trade has remained resilient.

Tariffs: Cost Pressures and Operational Disruption

Directly increasing the cost of imports is the effect of tariffs. Firms that rely on imported steel, automobile components, pharmaceutical ingredients or equipment will find their input costs increasing. Apart from increased costs, tariffs may make business difficult as suppliers may have to be switched or alternative products designed and manufactured in order to evade tariffs. Constant changes in tariffs may lead to uncertainty and reluctance to invest by the firm. The International Monetary Fund explains how tariffs misallocate resources, as they draw capital and labour away from their best use.

Overreliance and Concentration Risks

The primary weakness faced by companies that depend on one particular country or particular suppliers is the risk they take.

For instance, apparel retailers that depend on a limited number of sourcing destinations in Southeast Asia run the risk whenever there is a change in tariffs in the U.S. or Europe. On the other hand, an automotive company that depends on its assembly plants in Mexico for its products sold in the U.S. faces the risk of changes to USMCA rules.

Rules of origin and transshipment regulations make it mandatory to show the origin of products. Pharmaceutical products that depend on active pharmaceutical ingredients (API) imports from a certain region face risks when tariffs become tough on them. Battery and electric vehicle manufacturers face increased costs because of their dependence on lithium, cobalt, and nickel imports from particular countries.

Resilience: Diversification and Nearshoring

Some ways firms can improve their resilience are through supply chain diversification, creation of regional hubs, and risk management. Some companies have resorted to dual sourcing and nearshoring to mitigate risk. Examples are:

- Automotive: Some firms are moving parts manufacturing from Mexico and Eastern Europe to meet the needs of U.S. and EU markets and avoid long lead times and tariffs.
- Textile and Apparel: Retailers have diversified sourcing of materials from Vietnam, Cambodia, Turkey, and Eastern Europe, while creating regional hubs to minimise logistics costs.
- Pharmaceuticals: Companies have been stockpiling medicines, working with local contract manufacturers, and diversifying suppliers of APIs in India, the EU, and the U.S.
- Batteries and EVs: Battery companies are localising battery supply chains and securing raw materials through friend-shoring.

•Other methods may involve maintaining inventory buffers, using digital technology in supply chain management for real-time visibility, and negotiating contracts with flexible provisions and tariff adjustments. However, full-scale reshoring of operations is costly, increasing manufacturing costs and reducing access to skilled labour and materials.

The Role of Governments

Governments may aid resilience efforts by establishing predictable tariff regimes and engaging in multilateral trade cooperation through the World Trade Organization. Temporary assistance for industries may be useful, but excessive protection may decrease competition and increase consumer costs. For developing nations, whose options for diversification are more limited, specific help is required.

Conclusion

While the use of global tariffs has shown that supply chains can adjust, it has also highlighted significant vulnerabilities—overreliance, unpredictability, and fragility of international relations. Resilience cannot be achieved by withdrawing from globalisation, but rather by diversifying and making supply chains more flexible in different sectors and regions. Business efforts and trade policy can help make the world economy more resilient to tariffs while maintaining efficiency.

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THE NEW TARIFFS BASELINE

By - ***Neerja Singh***

In July 2026, the Office of the U.S. Trade Representative imposed tariffs of 10% or 12.5% on imports from 60 economies, collectively covering 99.4% of U.S. imports. This move followed Section 301 investigations into the failure of these economies to impose and effectively enforce prohibitions on imports produced using forced labour. However, there is a different narrative here. Section 301 has historically been used primarily in disputes involving specific trading partners rather than simultaneously targeting 60 economies. Using it simultaneously across 60 economies, covering almost the entire spectrum of U.S. imports, represents an unusually broad application of the tool. This move can also be read as a broader assertion of U.S. economic power amid ongoing geopolitical tensions, including the U.S.–Iran dispute, when separating trade policy from foreign policy messaging has become increasingly hard.

Numbers prove this as well. According to the WTO–IMF Trade Policy Activity Index, which tracks trade policy activity across a large number of economies, the level of intervention in global trade policies for January–May 2026 was nearly twice its 2024 level and about a quarter above its 2025 average. That was the highest point measured by this index since its launch after the 2008 economic crisis. Importantly, the growth was not caused by trade friendly initiatives but rather reflected a significant increase in restrictive measures in the form of tariff rises, bans on imports and subsidies, going far beyond the biggest economies in the world into non G20 countries as well.

Taken together, these responses show how tariffs are reshaping not only trade flows but also the strategic relationships between countries.

Other government responses further clarify the realignment. Instead of allowing some tariffs to expire, Canada has increased the rate on certain U.S. imports. The Mexican Senate passed a bill that imposes a 50% tariff on goods from nations without a free trade agreement with Mexico, which includes China. This brings the trade policy of Mexico in line with the United States' policy prior to the review of USMCA in 2026. Some nations are also reviewing their de minimis level for imports, with some lowering or doing away with the de minimis rate. None of this suggests that countries are waiting for tariffs to be negotiated down. It is a case of countries resetting the rules on a new baseline.

This is the real change behind the 2026 wave of tariffs. Tariffs ceased being an economic weapon and turned into a tool for the United States, and then for all those reacting to them, to communicate who their friends and who their enemies are.

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MAPPING THE NEW ORDER

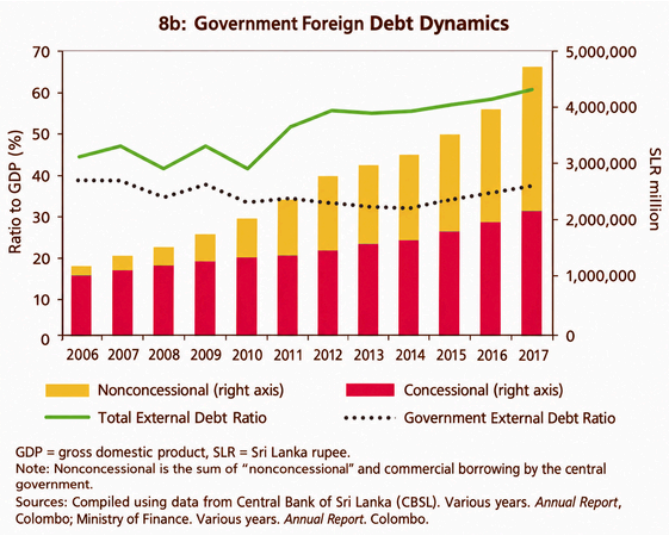


INFRASTRUCTURE & TRADE DIPLOMACY:

A New Path to a New World Order

By - ***Malhar Patankar***

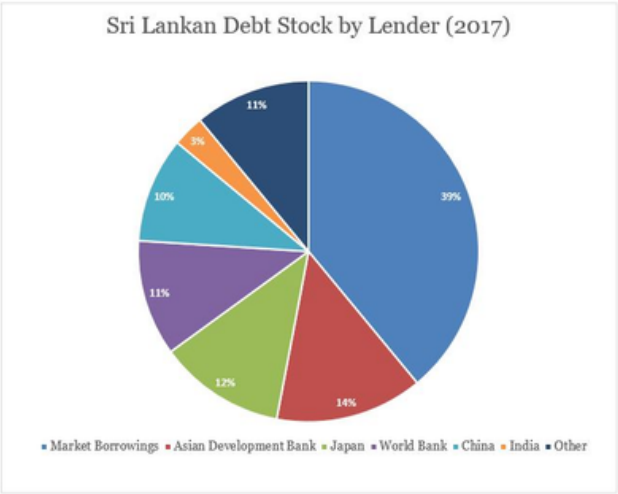
Infrastructure has historically been considered an internal matter of a sovereign state. It is only in recent times that it has become a topic of international proportions. While financing for infrastructure projects has, of course, required funding from the likes of the World Bank and the Asian Development Bank, it has largely stayed non-political. This article attempts to study the infrastructure developments arising as a result of political complications, in context of global trade. It examines the implications of the existing World Order by taking examples of Sri Lanka's Hambantota Port and China's Belt and Road Initiative.



GDP = gross domestic product, SLR = Sri Lanka rupee.
Note: Nonconcessional is the sum of "nonconcessional" and commercial borrowing by the central government.
Sources: Compiled using data from Central Bank of Sri Lanka (CBSL). Various years. *Annual Report*, Colombo; Ministry of Finance. Various years. *Annual Report*. Colombo.

Hambantota Port

Possibly one of the most infamous examples of infrastructure projects gaining international attention is the handing over of operations of Sri Lanka's Hambantota Port to China on a lease of 99 years. It is not just the port that was handed over: nearly 15,000 acres of surrounding land (said to even be cultivable farmland) changed hands as well. While this drew significant protest from the population, the long-term impact of this handover was undeniable. Countries like India and the United States expressed apprehensions over a foreign takeover of a port so strategically located on the world map. The question here was about sovereignty: does Sri Lanka hold onto its promise of retaining all defence and security operations, or does China override it; if not now, then a few decades down the line? The transfer gave China control of territory just a few hundred miles off the shores of a rival, India, and a strategic foothold along a critical commercial and military waterway. There have been growing concerns among the strategic community, including India's, that Chinese ties with countries such as Bangladesh, Pakistan, and Sri Lanka could potentially result in the "String of Pearls", a theory that Chinese military bases would encircle India and expand its overseas presence. This, of course, prompted a diplomatic standoff between all concerned countries. It was intensified over the past few years over reports of survey ships docking for a "joint marine scientific research exercise". This has proven to be a valuable lesson on two fronts: first, in infrastructure financing, as the main reason Sri Lanka turned to China for funding was the refusal from traditional sources; and second, that debt-trapping is a potential weapon to heavily influence a country's economic and trade policy. Unlike flexible instalment-based loans, sovereign bonds lack long payback periods and must be paid fully on maturity, causing large spikes in debt servicing, allowing lenders to dictate favourable terms.



Belt and Road Initiative (BRI)

Long ago, a route more than 5,000 kilometre long, spanning land and sea and known as the Silk Road, was used to trade goods, transport people, and share ideas and cultures. Trade is, of course, a major reason for most diplomatic fallouts. The Belt and Road Initiative is China's primary vehicle for establishing its authority in an international order, where Beijing sits at the centre of global connectivity. It is a prime example of how the intersection of infrastructure, trade and debt-trap can influence geopolitical relations.



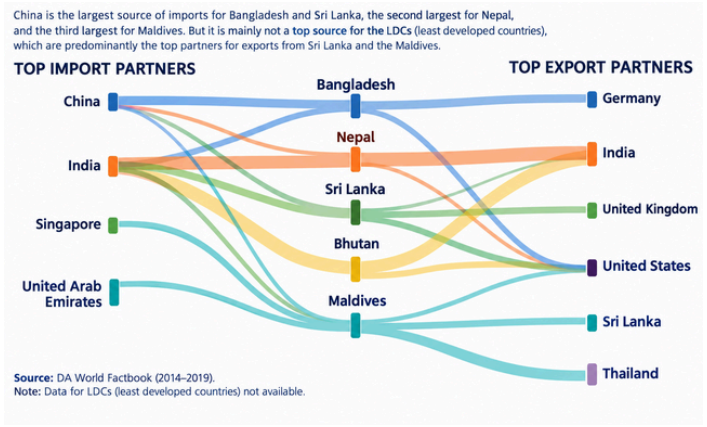
China-Pakistan Economic Corridor (CPEC)

Perhaps one of the most invaluable links in the entire BRI is CPEC, as it provides a strategic outlet to the Arabian Sea and an alternative route for oil and gas transport. China is thus building a large network of highways and railways at a total estimated cost of 62 billion dollars. These projects are financed by loans given by Chinese banks to the Government of Pakistan. The total loan value reached $3.5 billion by the end of fiscal year 2024-25.

If these loans remain unpaid, then these projects will have to be leased to China. There has been further diplomatic fallout as the CPEC passes through PoK: Pakistan-administered Kashmir. India argues that land that is not owned by any parties involved has been unilaterally included in this plan. [3]



Push for De-Dollarisation



Most of global trade is conducted in the US dollar, the standard currency for pegging an exchange rate. Through its BRI, China wants to focus on de-dollarisation, and carry out trade in its own currency, the Chinese yuan. This ambition has invited fierce contention from the United States and has had a ripple effect on other groupings of which China is a part, such as BRICS. Diplomatic efforts had to be invested to convey that a common currency to carry out trade within this bloc was not being encouraged. India, for example, trades with Russia using the Rupee-Rouble Trade System, bypassing the standard global currency. Recognising the importance of such corridors, attempts have been made to create others too, such as the India-Middle East-Europe Economic Corridor (IMEC). It was officially announced in September 2023 on the sidelines of the G20 Summit in New Delhi.

As evidenced by the adjacent figure, while nations like Bangladesh, Sri Lanka, Nepal, and the Maldives rely heavily on China as a primary source of imports, China is noticeably absent as a top market for their exports. This creates massive trade deficits. Thus, these South Asian nations must walk a delicate geopolitical tightrope: they rely on Chinese imports to supply their domestic markets, depend on India for regional trade, integration, and commodities, and look to Western markets like the United States, Germany, and the United Kingdom as their customers to buy their exports and sustain their economies.

Conclusion

There has been a shift from military alignment to structural geoeconomics, where power is projected through concrete assets rather than defence alliances like NATO. As has been demonstrated, superpowers are transforming economic interdependence into long-term geopolitical authority by owning critical ports and inland infrastructure.

The Hambantota takeover proved that the one building the world's infrastructure will ultimately dictate the rules of the world's trade. The Belt and Road Initiative proves that geoeconomics has overtaken geopolitics. In the new world order, power is structural. In this new world order, the ultimate currency of global power is no longer the territory you conquer, but the connectivity you control. [4]

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FROM THE GULF TO EUROPE:

How Modi's Five-Nation Tour Reflects India's Geoeconomic Ambitions

By - ***Simran Kaur***

Introduction

The role of economic power has become a crucial factor as we see the rise of interconnectedness among nations, alongside military power, which is important to shape international relations, through trade agreements, technology partnerships, infrastructure projects, and supply chains to promote economic growth as well as strategic and geopolitical interests.

This approach has emerged as a defining feature of twenty-first-century diplomacy, which is often referred to as geoeconomics. For instance, the five-nation tour of Prime Minister Narendra Modi in May 2026 to the United Arab Emirates, the Netherlands, Sweden, Norway, and Italy was presented as a series of bilateral engagements, but a closer look, it reveals a broader strategic objective. The objective of this tour was to strengthen the position of India's economic and technological networks from the Gulf to Europe, as well as its role as an influential actor in an increasingly multipolar world.

Hence, this analytical essay argues that the significance of the tour does not lie only in the agreements signed or meetings held, but in the demonstration of India's evolving geoeconomic strategy.

Even though India is attempting to convert economic relationships into long-term geopolitical influence by combining trade, technology, connectivity, and strategic relationships, the success of these strategies will largely depend on India's ability to navigate regional instability and an increasingly fragmented global order.

Beyond Diplomacy: Why This Tour Matters

This five-nation tour is often dismissed as a series of routine diplomatic visits. Beyond that lens lies a carefully crafted strategy in which each country represents a different pillar that strengthens India's connectivity and competitiveness in the global economy.

For India, the United Arab Emirates serves as a crucial partner in energy security and regional connectivity; the Netherlands offers access to European trade and logistics networks; Sweden and Norway contribute expertise in innovation, sustainability, and advanced technologies; Italy occupies a unique position as a gateway to Europe and a key stakeholder in emerging connectivity initiatives such as the India-Middle East-Europe Economic Corridor (IMEC). Instead of being isolated in bilateral engagements,

India chose to create partnerships that form a wider network linking major economic centres across the Gulf and Europe. Many analysts call this tour a strategy of multi-alignment, which allows New Delhi to pursue economic opportunities by maintaining productive relationships with a diverse range of partners, while also preserving its strategic autonomy in an increasingly multipolar world.

These partnerships can be among India's most significant diplomatic assets as the global rivalries are intensifying and traditional alliances become less predictable. Therefore, we see India forming a web of partnerships that goes beyond signing agreements and attempting to transform economic relationships centred on trade, technology, connectivity, and innovation.

The Five Countries as Building Blocks of India's Geoeconomic Vision

This five-nation tour is, although geographically diverse, collectively it forms a coherent geoeconomic framework that contributes to India's broader objective of enhancing economic resilience,

technological competitiveness, and global connectivity. It is evident that the United Arab Emirates holds a central place in this framework as one of India's most important economic partners in the Gulf through its strategic location, as it not only provides energy security but also the indispensable link between South Asia, the Middle East, and Europe. Hence, it serves as the starting point for India's westward economic engagement by facilitating trade flows and connectivity initiatives that extend beyond the region.

Moving ahead towards Europe, the Netherlands, which is well known for its world-class ports, advanced logistics infrastructure, and strong trading networks, offers India greater integration within European markets. When concerns over supply-chain disruptions and economic uncertainty come up, the Dutch connection, therefore, with its major trade hubs, becomes increasingly valuable and strengthens India's access to global commerce.

In the pursuit of innovation and sustainable development, Sweden and Norway highlight another important dimension for India's geoeconomic ambitions. Both countries have established global reputations in areas like clean technology, digital transformation, renewable energy, and research-driven innovation. These deep engagements with the Nordic economies will increase accessibility to technological expertise and collaborative innovation ecosystems that are extremely valuable strategic assets for India.

However, through all these strategic visits, Italy holds an important position within this overall framework.

It is important to note that, unlike other destinations, Italy serves both as an economic partner and a strategic gateway to the Mediterranean region and the broader European Union. The elevation of India-Italy relations through a Special Strategic Partnership demonstrates the growing cooperation in trade, technology, infrastructure, maritime security, and connectivity. Most significantly, Italy supports IMEC, which aims to establish alternative routes that link South Asia, the Gulf and Europe.

All these efforts point to a broader shift in global politics where influence is determined by a country's ability to connect markets, technologies, infrastructure, and investment networks and not just military alliances.



The Challenges and Limits of India's Geoeconomic Ambitions

Despite these positive prospects, India's geoeconomic strategy is prone to face several challenges. The success of projects such as IMEC depends largely on the political stability in the Middle East; ongoing conflict and regional tension can disrupt trade routes and connectivity plans, making it difficult for India to achieve its objective of increasing trade connectivity in the first place.

Additionally, India's constant efforts to balance relationships with a diverse range of partners, including Western countries, BRICS members, and Gulf states, can be hampered if interests do not always align.

On top of that, economic cooperation is also exposed to practical obstacles like a significant amount of investments for large-scale initiatives, policy coordination, and long-term commitment.

Finally, rising protectionism, supply-chain disruptions, and increasing geopolitical competition have made international economic cooperation more uncertain.

These challenges show how India's geoeconomic ambitions will ultimately be judged only by their successful implementation. Therefore, we can conclude by saying that the larger significance of these visits lies ultimately in the effective implementation, sustained cooperation, and the ability to navigate geopolitical uncertainties.



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TALENT MOBILITY AS THE NEW CURRENCY FOR GEOPOLITICS

*By - **Shreya Jain***

Introduction:

The most powerful geopolitical tools we have known include trade surpluses, currency reserves, military spend, chip exports. Visas were the formality, the paperwork, a mere step after decisions were made. But the geopolitical paradigm has dramatically changed. In 2026, a visa stamp is a powerful weapon, working at the same level as tariffs. Most individuals moving across borders for education and work have not yet realised this, and that mismatch is the most underpriced risk in global mobility right now.

Policy Effect:

Trade policy controls what crosses borders. Currency policy controls what it's worth. Military policy controls who's afraid of whom. Talent mobility policy controls who crosses borders. Increasingly, states are employing it with the same deliberateness. Visa policy has become a genuine reflection of economic and geopolitical status, sitting at the intersection of US-China rivalry, regional blocs in a battle to lock in skilled workers, and a widening gap between countries that see this coming and countries still treating immigration as a routine HR process.

The Chinese Strategy:

China has spent the last three years running a visa liberalisation campaign that looks less like a tourism policy and more like a strategic play with a spreadsheet behind it. It extended visa-free entry for 30 days to nationals of most EU member states in 2023–24, then expanded that further in 2025 to include major South American and Gulf countries. The Chinese passport has climbed up the rankings to reach the global rank 54, even as China remains locked out of reciprocal visa-free access to the US, UK, EU, and Canada. [1]

Notice the asymmetry: China is opening its doors to the world faster than the world is opening its doors to China. That's not generosity. The state is trying to buy friendship and influence by making it easy for people to move around. The Belt and Road Initiative is an example of this. The state is making deals to allow people to travel without visas. It is building ports and railways. It is using the fact that people can move around to create ties between countries just like it is using debt from building infrastructure. China is using the movement of workers and building things like roads to achieve its goals. These are different ways to do the same thing. The Belt and Road Initiative is doing this by making it easy for people to move around and by building things.

The European Inclusion:

Contrast that with the European Union, which only unveiled its first-ever bloc-wide Visa Strategy in January 2026, clearly framed as a response to "growing global mobility, regional instability, and mounting geopolitical challenges". The strategy aims to fast-track researchers, students, and start-up founders in parallel. Looking on the bright side, Europe is striving to be a more inclusive space for students and the workforce. Looking at this realistically, it is a high-stakes race where a 27-member Union competes against China and the gulf, balancing on the choices made by the workforce. [2]

The Emirati Migration:

The UAE has taken a different route entirely: monetising migration. Dubai's Golden Visa approvals surged nearly 35% year-on-year in early 2026, driven almost entirely by property-investment pathways to long-term residency. This isn't a skills-based visa system anymore; it's mobility enticed by capital, sold as an asset class. Residency itself has become an investment return. [3]

Human Resources Battle:

The most competitive battle remains the competition for the AI-educated population. Nations are now running targeted campaigns using financial incentives and fast-tracked visas specifically to lock and secure technical talent away from rival countries. The core assumption here is that this small pool of people is strategically aware of its own leverage. Meanwhile, countries that wrap skilled-worker visas in restrictive bureaucracy risk losing the people needed to run the infrastructure they've spent billions building. Most workers, even those who are very skilled, have not reached this level of understanding about their value yet.

It's not only states. Roughly a third of companies globally now cite visa and immigration friction as a top hiring barrier. This translates to firms having started lobbying governments on mobility policy the same way they lobby on tariffs. Corporate HR is becoming a shadow geoeconomic actor, pushing for mobility arrangements because talent gaps now directly threaten revenue timelines.

India is in an unusual position: simultaneously the talent being courted (Gulf sponsorship, UK and Canadian points systems, the perennial H-1B pipeline to the US) and a policy system that has realised and implemented the retention of talent through GCCs and return-migration incentives. But India hasn't yet made the leap China has, treating its own outbound talent as a special tool, rather than an outflow to be stemmed. There's a real policy gap here, and arguably a real opportunity: a country that produces this much mobile skilled labour has more geoeconomic leverage available to it than it's currently using.

Conclusion:

Let's consider another perspective. States can create the rules for visas. They cannot completely control who comes, stays or goes. People still make decisions based on how much money they make, whether they and their families are safe, not on what the country wants. The ability of people to move around is a powerful tool, but still being utilised for primitive reasons, like wanting a better life, and not what countries want.

That's exactly the point, though. States have caught up quicker than expected, treating visas as strategy, incentivising them with capital, ultimately leading to diplomatic goodwill. Most individual professionals are still making cross-border decisions on obsolete logic: which country pays more, which one is "prestigious." Almost nobody is asking how geopolitically contingent their visa status has quietly become. That gap between state incentives and individual practicality isn't just an observation. It's the danger that is hidden beneath every plan to study abroad and every application for an H-1B visa, right now.

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GEOECONOMICS OF EDUCATION & TALENT MOBILITY

*By - **Yashya Ankit***

Education as Export, and the Structural Dependency It Creates

Universities have become export businesses. That framing sounds reductive, but the numbers do not leave much room for a gentler reading.

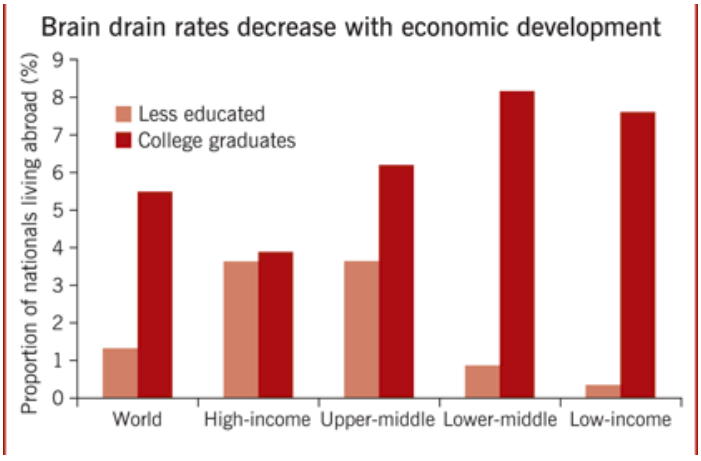
Australia's international education sector generated $50.5 billion in export income in the 2023-24 financial year, according to the Australian Bureau of Statistics, making it the country's fourth-largest gross export behind iron ore, coal, and natural gas. For the major Australian universities, international student tuition fees account for between 15 and over 40 percent of total revenue, according to an analysis by the Reserve Bank of Australia published in July 2025. In the United States, international students contributed an estimated $43.8 billion to the economy during the 2023-24 academic year and supported more than 378,000 jobs, per the Institute of International Education. These are not marginal figures.

What this creates is a structural dependency that has gone largely unexamined in mainstream economic policy debates. When universities derive 30 or 40 percent of their total income from a single category of student, they acquire a powerful commercial incentive to maintain that flow, sometimes in tension with national security concerns, research integrity frameworks, and broader questions about who is actually funding basic research. The dependency also flows in the other direction: source countries, particularly Asia, have become accustomed to sending their students and education expenditure abroad, outsourcing tertiary education provision to foreign institutions rather than investing at equivalent scale domestically. Australia capped international student enrolments in 2024 as part of a broader migration.

Brain Drain as Reverse Development Aid

The standard framing of brain drain focuses on what sending countries lose. The more uncomfortable question is what receiving countries gain, and whether that gain constitutes an unacknowledged subsidy flowing from poorer economies to richer ones.

Approximately 70,000 skilled professionals leave Africa annually, according to AUDA-NEPAD. A 2011 study published in the BMJ, conducted with the participation of seven universities including the University of Washington, estimated that sub-Saharan African countries had provided the United States alone with $846 million in savings on physician training costs, simply from doctors who emigrated from nine African countries and completed their training there before migrating. The same study valued Africa's total negative return on investment from medical emigration to Australia, Canada, the UK, and the US at approximately $2.17 billion. A continent subsidising the healthcare systems of the world's wealthiest countries is not a market failure in the conventional sense. It is a structural outcome of wage differentials so extreme that no domestic retention policy alone can fully close them: a surgeon in Zambia reportedly earns approximately $12,200 per year, compared to an average of over $431,000 in the United States.



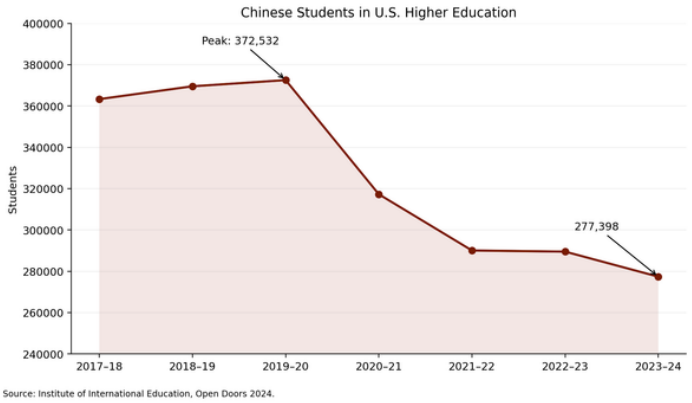
Africa carries approximately 25 percent of the global disease burden but holds only around 3 percent of the world's health workers, according to research published in the journal Global Health. Those two numbers do not describe a coincidence. They describe a resource allocation problem with a specific economic cause: the training investment made by low-income countries is being harvested by high-income labour markets, and the development cost is borne by the country least able to absorb it.

Remittances provide a partial offset, India received $120 billion in 2023 and $129 billion in 2024, according to World Bank data but remittances are private transfers, not public health infrastructure. The two are not substitutes.

Academic Decoupling and the Cost of Fragmented Knowledge

Science has long operated on the assumption that knowledge, unlike goods or capital, flows freely across borders. That assumption is being tested with increasing seriousness, and the economic implications are poorly understood relative to the security ones that dominate the political discussion.

The number of Chinese students studying in the United States peaked at 372,532 in the 2019-20 academic year. By 2023-24, the figure had dropped to 277,398, a decline of around 25 percent over four years. Thirty-six percent of Chinese student visa applications were rejected in 2023. The United States tightened visa screening for STEM researchers with ties to Chinese institutions and launched investigations into researchers' affiliations. State Department announced plans to revoke existing visas for some Chinese nationals in 2025, citing research security concerns. These decisions are individually defensible. Their aggregate effect on the research ecosystem is harder to assess cleanly, and the evidence suggests it is not straightforward.

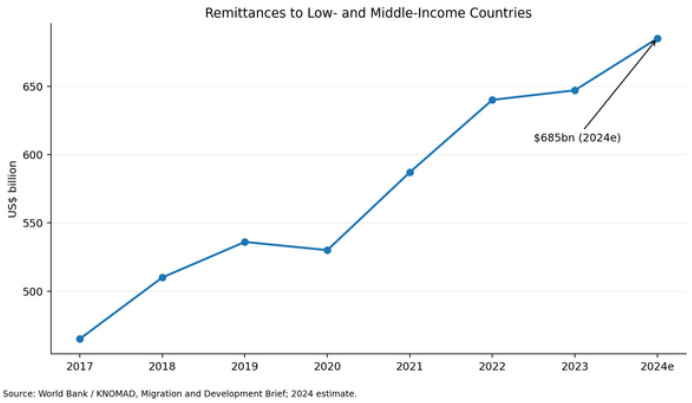


Chinese-born researchers have historically made up a significant share of the AI research workforce at American institutions, at times outpacing the share of US-born researchers working domestically, according to researchers cited by the Foundation for Defense of Democracies. Restricting their entry or creating conditions of institutional suspicion around them does not simply remove a security risk: it also removes a productive input from the scientific system that generated it. UNESCO's analysis, published in March 2026, described academic decoupling as creating a fragmentation of knowledge flows that produces duplication of research effort, reduced efficiency, and the risk that scientific progress in both blocs slows as each rebuilds infrastructure the other already has. Whether that cost is worth the security benefit is a genuinely contested policy question. What appears less contested is that the cost is real and largely absent from the political accounting.

The Remittance Economy-Development Finance or Structural Crutch?

Global remittances to low- and middle-income countries reached $656 billion in 2023 and an estimated $685 billion in 2024, according to World Bank data. Since 2015, remittances have been the largest source of external finance for low- and middle-income countries, surpassing both foreign direct investment and official development assistance. In Tajikistan, remittances amounted to 45.4 percent of GDP in 2024. In more than 60 countries, they account for at least 3 percent of GDP.

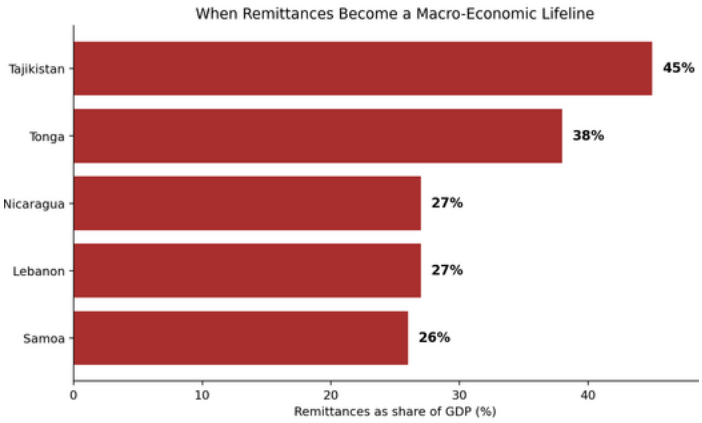
Those figures are often cited as evidence that migration works: that talent flowing to richer countries generates income that flows back, funding consumption, education, and sometimes small business formation in source communities. That reading is not wrong. It is, however, incomplete.



Remittances are private transfers between individuals. They fund household expenses, school fees, and medical costs. They do not build hospitals, train the next generation of doctors, or fund the institutional infrastructure that produces sustained economic development. A country that has become structurally dependent on remittances from its diaspora has, in effect, outsourced part of its social reproduction to foreign labour markets and the migration decisions of its own citizens.

Tonga, where remittances represented 41 percent of GDP in 2023, is the extreme case, but the dynamic appears in many forms across South Asia, Central Asia, and Sub-Saharan Africa. The flow is also vulnerable: remittances from Gulf Cooperation Council countries dropped in 2023 as oil GDP slowed, immediately affecting receiving-country current accounts. In Europe and Central Asia, remittances fell 10.3 percent in 2023, in part because flows from Russia contracted under sanctions pressure.

The deeper question is whether the remittance economy, however large, represents genuine development or whether it functions as a pressure valve that makes the structural conditions producing emigration marginally more tolerable without resolving them. Countries that train talent they cannot retain, then depend on that talent's foreign earnings to fund domestic welfare, appear to be running a model that benefits the receiving economies rather than their own.



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VISHWA MITRA OR STRATEGIC OPPORTUNIST?

India's Geoeconomic Calculus in the Global South

By - **Somya Rawat**

When India got the African Union a permanent seat at the G20 table in 2023, a lot of people called it a masterstroke for Africa. But here is the thing, it was also very good for India. That is not a criticism. That is just how power works in the 21st century. The interesting question is not whether India acts in its own interest (every country does), but rather what kind of power it is becoming in the Global South, and how it is using economics to get there.

This essay tries to answer that. My argument is simple: India is not the selfless champion of the developing world that its press releases suggest, but it is also not a cynical opportunist. It is something more complicated, i.e. a rising power that has figured out that the best way to grow its own influence is to actually deliver things that poorer countries need. Whether that makes India a good leader or just a clever one probably depends on where you are sitting.

A Long time coming:

India has always wanted to be taken seriously on the world stage. Nehru built his entire foreign policy identity around it, non-alignment, third-world solidarity, and moral leadership. The Bandung Conference in 1955, the Non-Aligned Movement, endless UN speeches about the rights of newly independent nations. Noble stuff. But also largely powerless, because India itself was poor and diplomatically isolated for much of the Cold War.

What changed, obviously, is money. India is now the fourth-largest economy in the world. It went from the tenth-largest in 2014 to the fifth by 2025. That kind of jump changes how other countries listen to you. Suddenly India's claims to speak for the Global South have a material weight behind them. It is not just philosophy anymore, India can actually write cheques. Between 2000 and 2024 it gave roughly USD 48 billion in development assistance to 65 countries.

Its 2025-26 budget set aside USD 810 million just for external development projects, a 20 per cent jump from the previous year.

That is real money. And it buys real influence.

The Multilateral Game:

India's preferred arena for Global South leadership is the multilateral forum, G20, BRICS, the Voice of the Global South Summits it started convening in 2023. There is a pattern here. India uses these platforms to push for things that developing countries genuinely want, more votes at the IMF, debt relief, fairer climate finance, while simultaneously positioning itself as the indispensable convenor. It gets to look generous and accumulate diplomatic credit at the same time.

The BRICS story is particularly interesting.

The grouping has expanded rapidly after adding Egypt, Ethiopia, Iran, the UAE and Indonesia, it now accounts for over 37 per cent of global GDP (PPP) and represents around 3.3 billion people (Sustainable Energy for All, 2026). India takes over the BRICS chair in 2026. At the Rio Summit last year, Modi proposed rebranding BRICS as standing for 'Building Resilience and Innovation for Cooperation and Sustainability', a deliberate attempt to move the grouping away from its anti-Western, China-Russia dominated image towards something more constructive.

That rebranding matters because India's position within BRICS is genuinely awkward. It does not want to be part of an anti-Western bloc, it has USD 130 billion in trade with the United States and participates in the Quad. What it wants is a BRICS that amplifies developing-country voices without forcing India to choose sides in a US-China cold war. Whether it can actually manage that juggling act during its 2026 presidency is one of the more fascinating geopolitical questions of the moment.

What India actually offers:

Talk is cheap. What makes India's South-South leadership worth taking seriously is that it comes with actual deliverables, though the scale varies enormously.

The most striking example is probably the COVID-19 vaccine programme. When rich countries were hoarding doses, India shipped vaccines to over 100 nations under its 'Vaccine Maitri' initiative, at prices that developing countries could actually afford. This was not just altruism; it was a demonstration of soft power. A single gesture that cost India relatively little generated enormous goodwill across Africa,

South Asia and Southeast Asia. Ask most diplomats from those regions and they still remember it.

Then there is the energy dimension. India co-founded the International Solar Alliance with France back in 2015, which now has 121 member countries, most of them from the Global South. India itself is the world's third-largest producer of wind and solar energy and is pushing for 500 GW of non-fossil fuel capacity by 2030. As BRICS chair, India has structured its 2026 energy agenda around three things: security, access, and innovation. For countries in sub-Saharan Africa or the Pacific Islands that are desperately vulnerable to climate change and energy poverty.

Digital infrastructure is newer but potentially transformative. India has been exporting its model of low-cost digital public goods, the payments interface, the digital ID system, and health platforms to countries in Africa and Southeast Asia. The idea is that countries should not have to depend on expensive Western technology or opaque Chinese systems; India offers an open-source, affordable alternative. Whether this will create the kind of long-term interdependence India is presumably hoping for remains to be seen.

The Problems Nobody likes to talk about:

Here is where it gets uncomfortable. India's Global South leadership has some serious tensions built into it.

The most obvious one is the self-serving quality of much of it. Foreign Policy (2026) puts it plainly: India justifies its push for a UN Security Council permanent seat, its G20 presidency, its bid to host the 2028 COP climate conference, all of it, on the basis of its Global South credentials. The claim to represent 80 per cent of humanity is enormously useful when you are lobbying for your own institutional promotion. That is not wrong exactly, but smaller developing countries are increasingly aware of it.

There is also the gap between rhetoric and reality when it comes to scale. India's development assistance, impressive as it is in absolute terms, is still dwarfed by China's infrastructure investment across Africa and Asia.

The Belt and Road Initiative has its problems, debt traps, opaque contracts, environmental damage, but it also built actual roads and ports. India's offer, particularly in Africa, is often more modest. 'Strategic autonomy' is India's great diplomatic asset, but it also means India is never quite all-in anywhere.

And then there is the question of what India does when Global South interests conflict with its own. On agricultural subsidies, India protects its farmers in ways that hurt agricultural exporters in Africa. On intellectual property, India's positions at the WTO have not always aligned with what poorer countries want. On Russia-Ukraine, India's studied neutrality, driven by its energy and defence dependence on Moscow, has frustrated countries in Africa and the Pacific.

So What is India exactly?

The honest answer is that India is something genuinely new in international relations, and existing categories do not quite fit. It is not a status quo power, it wants major reform of global institutions and a bigger seat at every table. But it is not a revisionist power either;

it has no interest in tearing down the liberal international order, partly because it benefits from it enormously. It is not an anti-Western power; it genuinely values its partnerships with the US, Europe, and Japan. But it is not a Western-aligned power either.

What it is, arguably, is the first genuinely post-Cold War great power, one that refuses to organise its foreign policy around a primary alliance or a primary adversary, and instead tries to extract maximum advantage from a multipolar world. The Global South is central to this project because it provides India with a constituency, a moral platform, and a source of diplomatic leverage that it would not otherwise have. Whether you call India a Vishwa Mitra or a strategic opportunist might say more about your own priorities than about India. What seems clear is that its geoeconomic rise in the Global South is real, consequential, and still very much in the making.

The 2026 BRICS presidency will be a test. If India can steer the grouping towards something genuinely useful for developing countries, rather than letting it drift into China-Russia dissolve into internal squabbling, it will have earned some of the leadership title it already claims. If it cannot, the gap between the rhetoric and the reality will become a lot harder to ignore.

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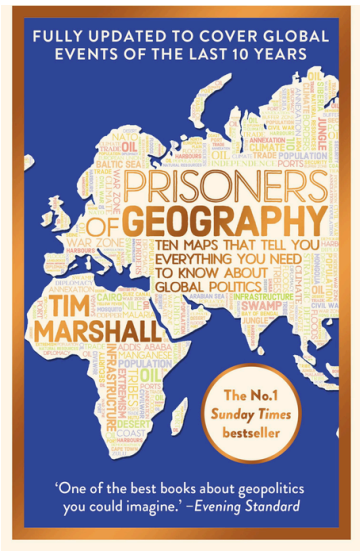
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ENDGAME



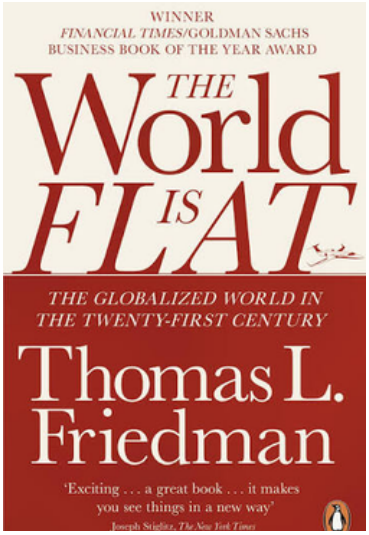
"When the zero-sum game hits the globalised system"

READ/WATCH/LISTEN



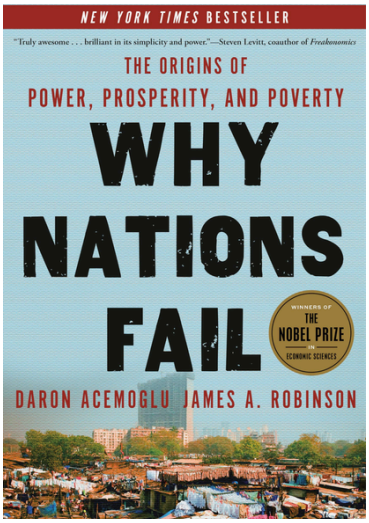
Prisoners of Geography - Tim Marshall

Using ten maps, Marshall argues that geography, mountains, rivers, coastlines, and access to warm-water ports still dictate what nations can and cannot do, regardless of ideology or leadership. It's the most accessible entry point into geopolitical thinking, explaining why Russia fears an open Eastern European plain or why China is obsessed with the South China Sea, without requiring any prior background in international relations.



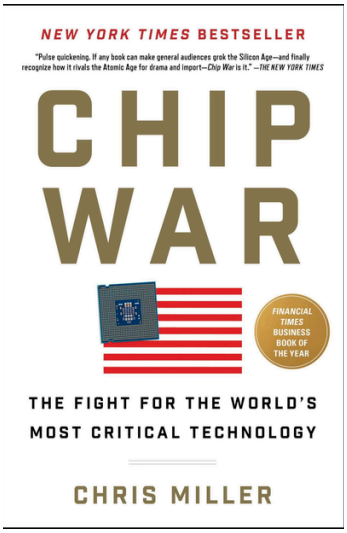
The World Is Flat - Thomas Friedman

Friedman's 2005 classic argues that technology, outsourcing, and supply-chain integration "flattened" the global playing field, allowing countries like India and China to compete directly with the West for the first time. It's since become a touchstone for understanding how globalisation actually happened on the ground: call centres, software teams, and manufacturing hubs, even though parts of its optimism about frictionless global trade now read as dated in a re-fragmenting world.



Why Nations Fail - Daron Acemoglu & James A. Robinson

The authors argue that the difference between rich and poor nations isn't geography, culture, or luck, but whether a country's political and economic institutions are "inclusive" (spreading opportunity widely) or "extractive" (concentrated in the hands of a few). It reframes economic power as fundamentally a question of institutional design - a useful lens for understanding why some nations convert resources or trade advantages into lasting prosperity, and others don't.



Chip War - Chris Miller

Miller traces the semiconductor industry from its Cold War origins to its current status as the single most contested resource in global politics, the thing every major power now needs and few can produce alone. It reads like a thriller while explaining, in concrete terms, why a tiny island (Taiwan) and a handful of companies (TSMC, ASML, Nvidia) now sit at the centre of US-China strategic rivalry.

"China Has Already Remade the International System" - Michael Froman, Foreign Affairs

Froman, president of the Council on Foreign Relations and a former U.S. Trade Representative, argues that the debate over whether China will reshape the rules-based international order is already outdated; it's happened. The piece walks through how Beijing used trade, industrial policy, and control over critical supply chains to quietly rewrite the terms of global economic engagement, even as Washington remained focused on tariffs and headline confrontations.

CFR RealEcon - Council on Foreign Relations (ongoing archive, multiple authors)

A running hub of short analyses from CFR's Greenberg Center for Geoeconomic Studies, covering trade policy, tariffs, and what commentators have dubbed "Trumponomics." The archive is useful for finding two or three short, timely reads on specific topics such as sanctions, dollar dominance, and U.S.–China trade, rather than relying on a single long article.

WATCH



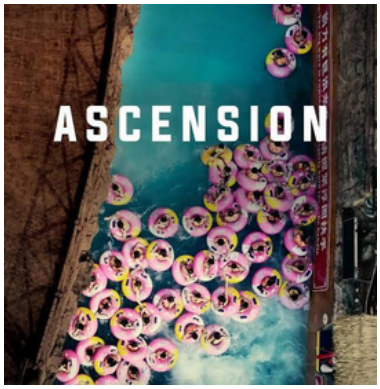
Syriana (2005)

A sprawling, multi-strand thriller following an oil company merger, a disillusioned CIA operative (George Clooney), an energy analyst, and a Gulf state's royal succession crisis, all converging around the same barrel of oil. Loosely inspired by former CIA officer Robert Baer's memoirs, it's less a plot-driven film than a systems portrait: showing how corporate lobbying, intelligence agencies, and Middle Eastern politics are all wired into the same energy-security machine. Still the clearest fictional depiction of oil as a geopolitical weapon.



The International (2009)

Clive Owen plays an Interpol agent chasing a powerful multinational bank that launders money and brokers arms deals to manipulate debt and destabilise governments, all while operating just outside the reach of any single country's law. The plot is fictional, but the premise draws on real cases like BCCI, a bank that genuinely was investigated for financing conflicts and evading regulation across borders. It's a useful illustration of how global finance can function as a stateless instrument of power.



Ascension (2021)

A documentary with no narration and almost no dialogue, moving silently through Chinese factories, training academies, and luxury-goods showrooms to trace the arc of China's manufacturing economy from assembly-line labour to the aspirational consumer class it has produced. Directed by Jessica Kingdon, it won a Peabody and was Oscar-nominated for Best Documentary. Rather than explaining China's role in global supply chains, it simply observes it, letting the images make the argument.



Zero Days (2016)

Alex Gibney's documentary investigates Stuxnet, the computer worm widely attributed to the US and Israel, which was designed to physically sabotage Iran's nuclear centrifuges and is widely regarded as the first known cyberweapon to cause real-world physical damage. Through interviews with anonymous intelligence sources and cybersecurity researchers, it reconstructs how the operation was built, discovered, and what it revealed about a new, largely unregulated domain of state conflict. A direct, well-sourced case study in technology as the newest arena of geopolitical power.

LISTEN



"Economics of Geopolitics in Guinea" - CaspianReport

A concise breakdown of Guinea's position as the world's largest bauxite exporter and how it became how Guinea has sought to reduce its economic dependence on France since independence. A sharp case study in resource leverage and post-colonial economic sovereignty.

"Energy at the End of the World" - Peter Zeihan
https://zeihan.com/energy-at-the-end-of-the-world/

Zeihan's keynote on how American naval protection and cheap dollar-based trade quietly held globalisation together and what happens to energy markets, supply chains, and global growth as the US steps back from that role.

Zeihan on Geopolitics - YouTube Channel
https://youtube.com/@zeihanongeopolitics

Peter Zeihan's near-daily video breakdowns on energy, demographics, and trade, one of the most-followed independent voices in geopolitics/geoeconomics, delivered in a short, direct video-podcast format rather than long-form interviews.

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