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THE INSTITUTE OF STRATEGIC RISK MANAGEMENT

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CENTRE FOR THE STUDY OF WICKED PROBLEMS

# GLOBAL RISK REVIEW

APRIL 2026

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## A MESSAGE FROM DR DAVID RUBENS

World news for the last month has been dominated by the Israel-US war with Iran (though it has still not been officially ratified as such by US Congress, which means that it is still technically no more than an 'operation').

There have been multiple announcements from Washington about a possible cease fire, but as of writing this, that is still something that seems to be a matter of aspirational rhetoric during inconclusive talks, mediated by Pakistan. [Update: On Sunday 12<sup>th</sup> it was announced from Washington that peace talks had failed, and that the US would be imposing a total blockade of the Strait of Hormuz, denying access to all ports].

President Trump continues to give mixed messages, on the one hand as saying that total victory has been achieved and that Iran's military capacity has been destroyed, at the same time that he is calling on allies to provide the military cover to allow safe passage through the Strait of Hormuz. He has claimed that there are people within the Iranian regime who are more intelligent than the previous incumbents (all of whom he and the Israelis have killed) at the same time that he has threatened to 'bomb them back into the stone age' and 'a whole civilization will die tonight', language that was widely condemned both within America and across the world.

The ramifications of that conflict continue to reverberate across the international political and security matrices. Trump's continued rhetorical attacks against Europe for failing to support his military activities, as well as threatening to refuse to support Europe in the case of future possible scenarios, led to European leaders, including UK Prime Minister Sir Kier Starmer, questioning whether the US was a dependable ally, and looking at alternative options even after Trump leaves office, which he is due to do following presidential elections in November 2028.

The closure of the Strait of Hormuz and the blockage of the 20% of global oil and gas that it carries, is beginning to have serious impacts around the world.

Petrol pump prices and general food and other supplies are being hit, as well as more structural impacts such as the impact on availability of fertiliser for the global agricultural sectors and airplane fuel that is already beginning to be reflected in rearranged schedules and cancelled flights.

Pope Leo XIV (who is American), as part of his Holy Week activities marking Easter, called on world leaders to abandon the pursuit of power and the use of military force to achieve political aims.

Whilst he did not mention names, his statement that Jesus 'does not listen to the prayers of those who wage war', and that God ignores the prayers of those whose 'hands are full of blood' seemed to be a response to the remarks of US Secretary of Defence Pete Henshaw who had repeatedly used Jesus name to bless the military efforts of the US, and to use his position to pray for 'overwhelming violence of action against those who deserve no mercy'.

Whilst such an intervention is rare, it is not unprecedented. Pope John Paul II (who was Polish), made numerous attempts to influence President George W. Bush into not going to war against Iraq, though that too had limited effect.

The overarching feeling is that America had failed to achieve any of its stated aims, has created global instability, has impacted on the reputation of the US across the world and is on the edge of walking away from a war for which it has limited support both at home and abroad and which it has little interest in engaging with on a long-term basis.

Israel meanwhile seems to have its own agenda, and the continued bombing of Beirut as well as sustained incursions into Southern Lebanon, causing the displacement of millions of people, has been used by the Iranian side to claim that the terms of any peace deal were not being respected, and therefore the talks were off the table. This situation is more than acceptable to Israel, or at least to the government of Benjamin Netanyahu, who seem to see continuous war as a viable political aim. They have openly talked about Turkey as the next target.

The final piece before we move on from Iran is the fact that President Trump seems to be increasingly uncontrolled in his personal behaviour, as evidenced by his use of the f-bomb in his statements. Giving a warning before the end of a deadline for peace negotiations, Trump posted 'Tuesday will be Power Plant Day, and Bridge Day, all wrapped up in one in Iran. There will be nothing like it!!! Open the Fuckin Strait, you crazy bastards, or you'll be living in Hell – JUST WATCH! Praise be to Allah. President DONALD J. TRUMP'

There is increasing talk about the possibility of the 25<sup>th</sup> Amendment being invoked, which would allow the Vice-President and the Cabinet to forcibly remove the President due to his personal incapacity. As one commentator said, 'If he was your Grandad, you'd take the car keys away from him'. And yet this is the man who holds the security of the planet in his hand – and seems to be surrounded by people who are not prepared to take an alternative view.

Two immediate impacts of the Iran War are that Israel's activities in Gaza and the West Bank have completely left the news agenda, and the fact that high-level weapons systems that would be delivered by the US to Ukraine are no longer being made available.

That is particularly true of Patriot air-defence systems that are considered crucial for Ukraine's military operations. It has been reported that 800 Patriot missiles were fired in the first three days of the Iran war, with a total of around 2,000 since then. That compares to 600 fired in the four years since the invasion of Ukraine in February 2022.

Given that the cost of a Patriot missile is around \$4 million, and there is a significant drain on current reserves, it is unlikely that they will be made available in any significant numbers to Ukraine in the near future.

And finally, Hungary went to the polls on Sunday 12<sup>th</sup>, to vote on the government of Viktor Orban. Although a member of the EU, Orban has consistently taken a pro-Moscow approach to European politics, particularly in blocking EU aid to Ukraine to such a degree that at one stage there were serious discussions about suspending Hungary's membership in order to allow aid packages, both military and logistical, to be agreed.

US Vice President JD Vance was in Hungary before the election, decrying the efforts of Europeans to influence the outcome of the voting, and expressing support for Orban and his policies.

He used his visit to openly attack the EU, accusing them of 'one of the worst examples of foreign election interference that I have ever seen or ever even read about... because they hate this guy' and that 'interference that's come from the bureaucracy in Brussels has been truly disgraceful'.

Speaking at an Orbán campaign rally, he said: 'We want you to make a decision about your future with no outside forces pressuring you or telling you what to do. I'm not telling you exactly who to vote for, but what I am telling you is that the bureaucrats in Brussels, those people should not be listened to.' He finished his speech, telling people 'Go to the polls in the weekend, stand with Viktor Orbán, because he stands for you'.

By Monday morning Orban had been rejected by the Hungarian people with the Tisza party projected to win a 'supermajority'. This election is being seen as a huge set back for Putin and the rejection of the Trump administration as the electorate opt for closer relations with the EU.

In significant news for the ISRM this month, we have been delighted to announce the launch of the Saudi Arabia Chapter. That has already created a strong community with over 140 members on its WhatsApp group and 170 members on the [LinkedIn Group](#).

The Chapter leadership has announced plans for a bilingual Arabic-English Journal.

For more details on that, please visit [ISRM KSA Arabic-English Journal](#).

And we are looking forward to the [ISRM APAC Inter-University Risk Challenge](#) this month. That will involve 60 teams across 40 universities from 13 countries, including Australia, New Zealand, Singapore, Malaysia, Indonesia, China, Thailand, Vietnam, India, Nepal, the Philippines, and Bangladesh. Good luck to everyone involved in that!



**David Rubens**

*Executive Director, ISRM*

10<sup>th</sup> April 2026

# EXECUTIVE SUMMARY

The April Global Risk Review delivers concise, strategic analysis of key geopolitical, economic and humanitarian developments shaping global stability. It has been compiled from a series of global conversations managed by the Institute of Strategic Risk Management (ISRM) under the heading of the Global Risk Forum. The forum's core purpose: to provide a space for informed, diverse and concise contributions that collectively enhance understanding of global risk trajectories.

As participation continues to broaden, the Global Risk Forum remains committed to maintaining an inclusive, forward-looking dialogue that captures both immediate developments and longer-term systemic trends. It has become renowned within strategic risk circles as a major influence on strategic thought and leadership.

## TOP 5 GLOBAL RISKS THIS MONTH

- **Prolonged Disruption of the Strait of Hormuz**
- **Global Fertiliser Shortages Leading to Food Insecurity**
- **Energy Market Volatility and LNG Fragility**
- **Supply Chain Breakdown and Maritime Congestion**
- **Strategic Fragmentation Among Major Powers: U.S.-Israel divergence, EU internal splits and shifting Asian alignments**

## REGIONAL CASE STUDIES:

- **Africa**
- **Southeast Asia**
- **India**
- **Nepal**
- **Australia**
- **Hungary**
- **Ukraine**

# BUILDING RESILIENCE IN AN ERA OF SYSTEMIC RISK AND UNCERTAINTY

**A special article providing an in-depth analysis of the U.S. retreat from the Indo-Pacific is featured at the end of the issue, written by Perin Bhatt MSc, MISRM, Head of OSINT at Global Weekly.**

## OVERVIEW

The ongoing conflict involving Iran has emerged as a central focus of international security discourse, with discussions at the Global Risk Forum highlighting a complex and evolving risk landscape.

Despite reported targeting of leadership and infrastructure, Iran's political and military structures remain largely intact, with no clear evidence of regime change. Entrenched institutional frameworks continue to function, suggesting a more complex and protracted trajectory than initially anticipated.

At the same time, questions have been raised regarding the accuracy and consistency of intelligence assessments, particularly in relation to Iran's nuclear capabilities, drawing comparisons with historical precedents and contributing to reduced international consensus.

Geopolitical fragmentation has become increasingly evident, with strategic divergence among key actors—particularly between the United States and Israel—on operational priorities, infrastructure targeting and long-term regional outcomes. Several Western nations have also demonstrated reluctance to engage directly, emphasising the limited scope of existing defence commitments.

Meanwhile, diplomatic efforts, including indirect communication channels via Pakistan, have yet to yield substantive de-escalation and hostilities across the region continue to intensify.

*The broader risk environment remains highly volatile, shaped by intersecting political, religious and strategic factors.*

The conflict's economic and systemic implications are substantial. Disruptions to critical maritime chokepoints, including the Strait of Hormuz and the Bab el-Mandeb Strait, have contributed to rising energy prices, increased market volatility and heightened risks to global supply chains.

Attacks on oil and gas infrastructure, alongside restrictions on maritime traffic, have exacerbated energy insecurity and inflationary pressures worldwide. These developments are reshaping trade dynamics, with indirect economic advantages emerging for alternative energy suppliers, all the while contributing to shifting geopolitical alignments.



Beyond energy markets, the report identifies significant downstream impacts on global food systems. Constraints in the availability of nitrogen-based fertilisers—particularly urea—driven by disruptions in liquefied natural gas supply and key transit routes such as the Red Sea, are creating substantial risks for agricultural production.

As planting seasons approach in multiple regions, rising input costs and supply shortages are expected to affect crop yields, trade flows and food prices, with particularly acute consequences for fertiliser-dependent economies including India, Brazil, Kenya and Australia.

Regional escalation dynamics remain fluid and multi-layered. Retaliatory actions affecting Gulf states and critical infrastructure, including emerging vulnerabilities in urban water supply systems, highlight the risk of cascading disruptions across interconnected systems.

Although recent developments include a temporary ceasefire announced by the United States extending into early April, military operations by regional actors continue independently, reflecting the fragmented and decentralised nature of the conflict. While some areas have experienced relative calm, the broader risk environment remains highly volatile, shaped by intersecting political, religious and strategic factors.

In this context, the Global Risk Forum aimed to assess the operational realities, strategic implications and systemic vulnerabilities associated with the conflict. The findings underscore a period of heightened global uncertainty, characterised by the convergence of military, economic and political risks.

As the situation continues to evolve, close monitoring and forward-looking responses will be essential to mitigate potential long-term consequences for regional stability, global markets and international governance.

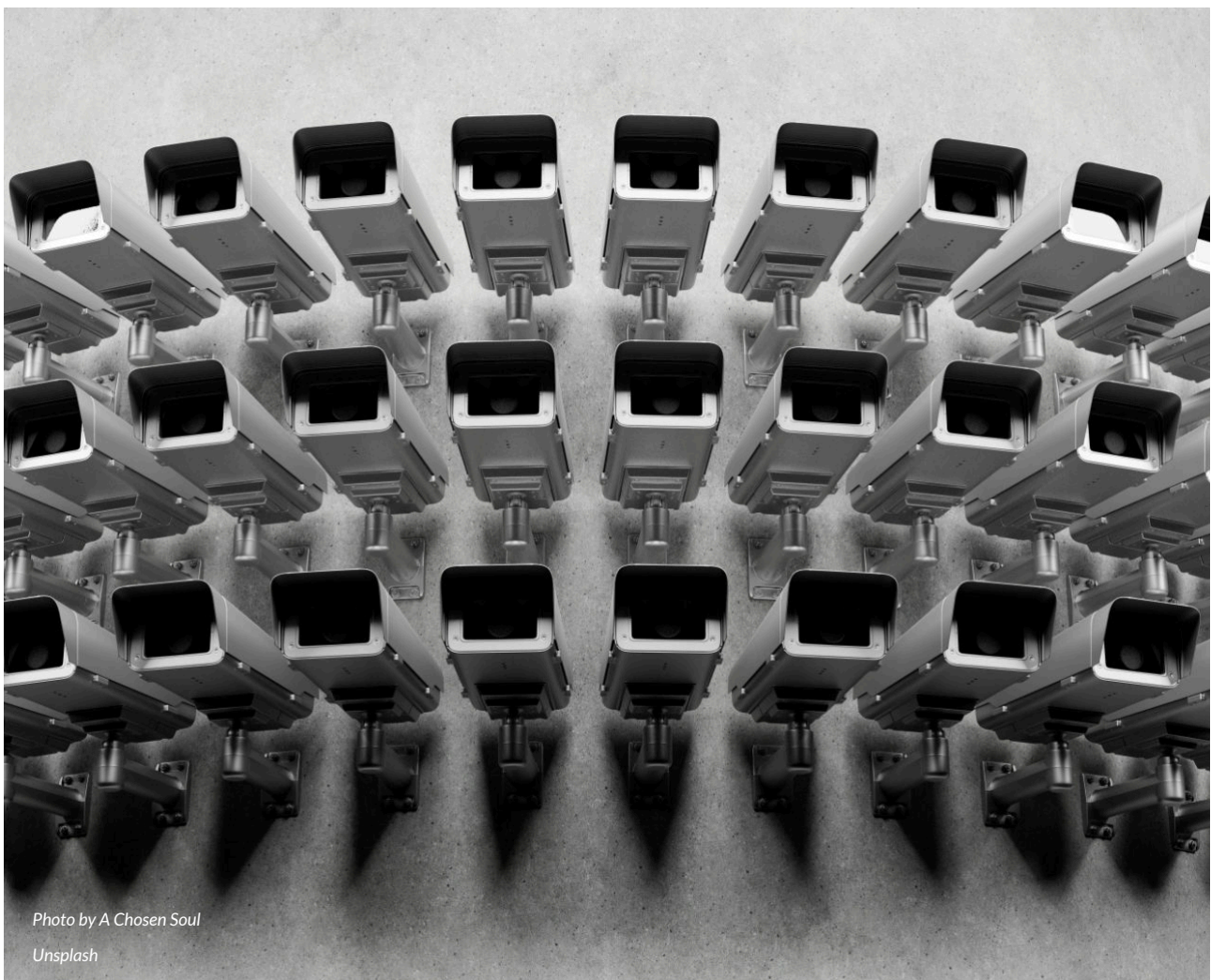


Photo by A Chosen Soul

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## GULF TENSIONS AND GLOBAL RIPPLE EFFECTS

The forum examined the current regional dynamics in the Gulf and their broader global implications, focusing on the cascading effects on trade, energy and critical infrastructure. While media narratives have suggested severe disruption in the UAE, on-the-ground observations indicate that the response has been highly effective and the immediate operational impact is limited.

Attacks attributed to Iran have primarily targeted U.S. military assets, with limited civilian casualties and minor disruptions to daily activity. However, emerging threats to fibre optic networks, energy supplies and other critical infrastructure highlight the potential for systemic consequences.

The conflict exists within a broader geopolitical context, including ongoing tensions in Lebanon, Gaza, the West Bank and the Golan Heights. These events are creating diversionary effects that mask larger territorial and strategic objectives in the region, while generating complex, cross-sector ripple effects on international trade, manufacturing and agri-food supply chains.

*The region is characterised by overlapping international interests, creating a high-risk environment prone to miscalculation.*



The focus falls on assessing both the immediate operational realities and the secondary, long-term consequences of these regional tensions, emphasising the need for a comprehensive understanding of cascading risks and interdependencies.

## MIDDLE EAST SECURITY LANDSCAPE SHIFTS AMID RISING DRONE CAPABILITIES

According to Forbes, in early March, President Zelenskyy proposed providing Gulf states with access to Ukrainian-developed drone systems, including the Octopus platform, as part of a broader initiative to incentivise negotiations toward a ceasefire with Russia.

The regional security environment in the Middle East is evolving rapidly, driven by advances in unmanned aerial systems and changes in defence procurement. Interceptor drone systems, such as Octopus, are demonstrating higher effectiveness and significantly lower costs compared to traditional missile defence platforms, resulting in a reduction of Patriot missile orders by key Gulf states.

This technological shift is reshaping strategic calculations. In the Ukrainian context, interceptor drone systems have reported success rates of up to 88%; however, these figures refer specifically to interception rates, which do not necessarily equate to complete neutralisation, as warheads may still reach their intended targets despite interception. Nonetheless, these performance levels underscore the growing impact of precision, cost-effective unmanned systems on regional defence planning and procurement decisions.

Global attention and transparency via social media are amplifying scrutiny of traditional defence programs, exposing operational shortcomings and influencing national security strategies. The focus remains on adaptive, targeted approaches rather than overwhelming force, reflecting broader lessons from past historical conflicts.

These changing dynamics underscore the need for continuous monitoring of emerging technologies and their implications for regional stability, strategic planning and global defence procurement.

*Advances in drone technology are reshaping regional security dynamics, offering cost-effective and highly successful alternatives to traditional defence systems.*



Photo by Manny Moreno

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## STRATEGIC DYNAMICS IN THE MIDDLE EAST

Current regional tensions reflect a complex interplay of intent, strategy and long-standing structural factors. Actions in the Gulf and surrounding areas demonstrate calculated decision-making, with Iran showing measured, rule-based responses rather than indiscriminate escalation.

*The region is characterised by overlapping international interests, creating a high-risk environment prone to miscalculation.*

Political figures often dominate media narratives, but underlying bureaucratic structures and institutional support networks drive the real decision-making. These mid- and senior-level actors influence outcomes more than any single leader, highlighting systemic risks beyond individual administrations.

The conflict also generates both intended and unintended consequences. Beyond immediate military actions, there are cascading effects on regional security, alliances and global trade flows. Understanding these dynamics requires recognising the rational objectives of regional actors and the strategic incentives guiding their behaviour.

## GEOPOLITICAL TENSIONS AND INFORMATION MANAGEMENT

Current conflicts in the Middle East are creating widespread economic and social repercussions beyond the immediate combat zones. Even countries not directly involved are experiencing supply chain disruptions, economic strain and societal pressures.

The use of religion in framing conflicts has intensified tensions. Framing wars along religious lines amplifies polarisation and distracts from underlying political and strategic motivations, complicating both local and international responses.

Media and information management are central to shaping perceptions. Social media and news outlets often present narratives that align with specific agendas rather than objective realities, influencing public opinion and regional alliances.

Right-wing political influences, particularly through ideological groups, are affecting policy decisions and military strategies. These dynamics demonstrate the intersection of domestic political agendas with international conflict escalation. Therefore, the situation underscores the need for careful monitoring of systemic risks and adaptive strategies to mitigate both regional and global consequences.

*Geopolitical tensions are amplified by information and ideological framing, shaping global perceptions and policy.*

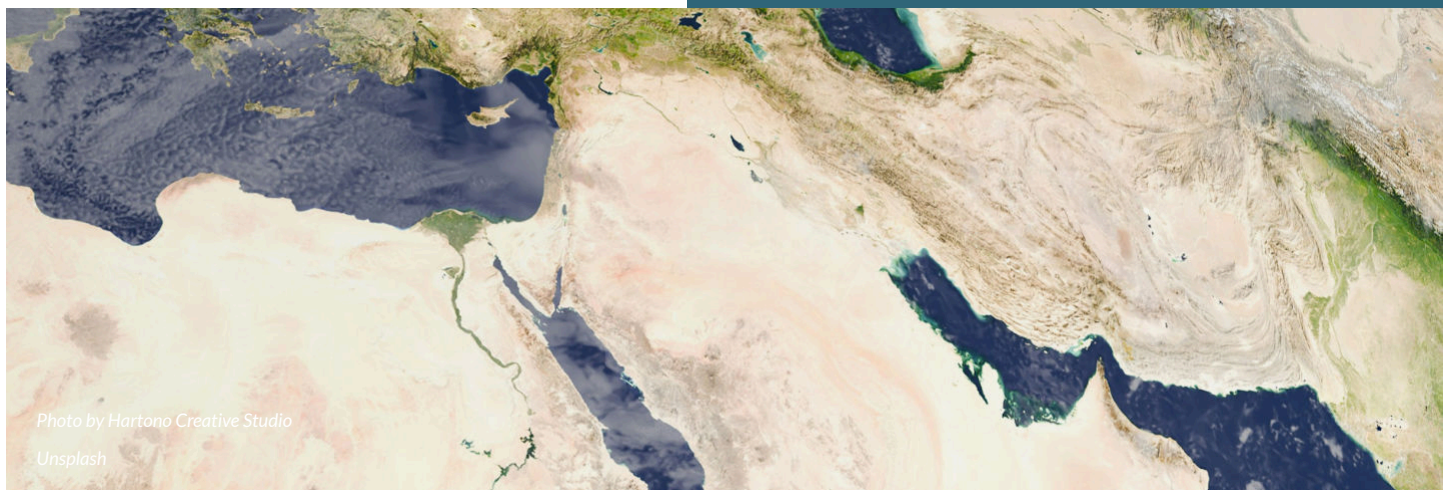


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## REGIONAL ECONOMIC PRESSURES AND RESILIENCE IN EUROPE

Serbia and the broader Balkans are experiencing mounting economic pressure as geopolitical tensions in the Middle East drive gradual increases in fuel, transport and food costs. While sudden spikes in energy prices are not expected, the cumulative effect is a slow squeeze on household budgets and small businesses. Lessons learned from the 2022 Ukraine conflict have enabled adaptation strategies, but continued vigilance is required as costs climb steadily.

Hungary and Poland are highlighting growing political divergences within the EU. Hungary's recent actions, including blocking support to Ukraine, have intensified tensions with Poland and reflect an increasing shift toward right-wing authoritarian influence across Europe. These developments suggest potential challenges for regional cohesion and raise concerns about the broader political and economic stability of the European Union.

In the UK, national resilience is becoming a renewed focus. After years of infrastructure cuts, central government is reassessing preparedness for emergencies. Local councils and independent organisations are supplementing efforts, establishing emergency communication channels and identifying critical gaps in authority and coordination. These measures illustrate both the risks and opportunities in strengthening crisis management and national preparedness.

Across Europe, the convergence of rising costs, supply chain vulnerabilities and political instability underscores the need for comprehensive resilience planning. Governments, businesses and communities are increasingly required to manage not only immediate economic pressures, but also longer-term systemic risks, ensuring both social stability and continuity of essential services.

*Rising costs and political tensions are testing Europe's resilience and crisis preparedness.*



Photo by Alexandre Lallemand  
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## CULTURAL AND SECURITY IMPACTS OF REGIONAL CONFLICT

Recent strikes in Iran have caused damage to historic and cultural sites, including 16th and 17th century palaces in Tehran and Isfahan, as well as ancient fortresses over 2,000 years old. UNESCO and heritage organisations have expressed concern, highlighting the irreversible loss of cultural treasures. Diplomatic infrastructure has also been affected, with the Serbian embassy in Tehran temporarily relocating staff for safety following nearby strikes.

*Heritage organisations warn of the permanent loss of cultural treasures amid ongoing conflict.*

In the UK, there is a paralysis of strategic response to potential threats, with attention focused primarily on soft targets and the risk of sleeper cells or cyber attacks rather than conventional warfare. The overall domestic security approach remains reactive, reflecting a cautious 'wait-and-see' posture.



Photo by Farnaz Kohankhaki  
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## GLOBAL INSTABILITY AND FOOD SECURITY RISKS

A temporary ceasefire between Pakistan and Afghanistan signals a short-term effort toward de-escalation, reflecting the continued relevance of traditional diplomatic pauses even amid persistent regional instability.

At a broader level, renewed attention has been drawn to long-standing concerns regarding global food systems. The legacy of Paul R. Ehrlich and his work 'The Population Bomb' underscores enduring anxieties around population growth, fertiliser dependency and agricultural sustainability. While earlier predictions of mass famine did not materialise, current trends—particularly biodiversity loss and rising input costs—suggest mounting structural strain. Food availability and affordability remain central to social stability, with historical precedent linking food insecurity to civil unrest.

Geopolitical tensions in the Middle East continue to lack a clear pathway to de-escalation. Regional sentiment reflects growing frustration toward external involvement, particularly perceptions of conflict being driven by outside powers. At the same time, inconsistencies in strategic narratives and military positioning contribute to uncertainty, especially regarding the protection of critical infrastructure such as energy transit routes including the Strait of Hormuz.

*Global instability is increasing pressure on food systems, raising risks to affordability and social stability.*



Photo by Ian Taylor  
Unsplash

Economic sustainability of military engagement is also emerging as a concern. The imbalance between high-cost defensive systems and comparatively low-cost offensive threats raises questions about long-term viability and resource allocation. In parallel, shifting geopolitical dynamics are particularly evident in Hungary, whose recent actions within the EU—including blocking measures and exerting pressure on Ukraine regarding the operation of a Russian pipeline transiting its territory—highlight a more transactional approach to the conflict.

This position contrasts with that of most other Eastern European EU member states, which have largely maintained consistent support for Ukraine. While not indicative of a broader regional realignment, Hungary's stance may still influence EU cohesion and decision-making, with potential implications for the trajectory of the conflict, as well as for regional security and global energy markets.

The current landscape is defined by interconnected risks, limited clarity on resolution pathways and increasing pressure on global systems. These dynamics point toward sustained uncertainty and the likelihood of continued disruption across geopolitical, economic and food security domains.

ENERGY MARKET  
VOLATILITY  
AND LNG FRAGILITY

## RESILIENCE IN THE UAE AND EMERGING ENERGY RISKS

Despite ongoing attacks, the situation in Dubai remains relatively stable, with limited casualties and high interception rates of incoming drones and missiles. Daily life and economic activity continue with a degree of normality, supported by strong defensive capabilities and transparent public communication from authorities.

While there has been some decline in tourism and new bookings, overall confidence in economic recovery remains intact. Public behaviour and sentiment suggest resilience, with minimal signs of widespread disruption despite the security environment.

However, underlying risks persist. Even isolated successful attacks could significantly alter the current stability. Additionally, broader economic impacts are emerging, particularly through energy dependencies.

The role of liquefied natural gas (LNG) is of increasing concern. In countries such as India, LNG is critical not only for energy but also for transportation systems. Disruptions to LNG supply chains could therefore have far-reaching consequences beyond traditional oil markets. While immediate impacts in the UAE remain contained, secondary effects—particularly in energy distribution and global supply chains—pose growing medium-term risks.

*Despite ongoing attacks, the UAE demonstrates strong resilience, with stable daily life supported by effective defence systems and clear public communication.*

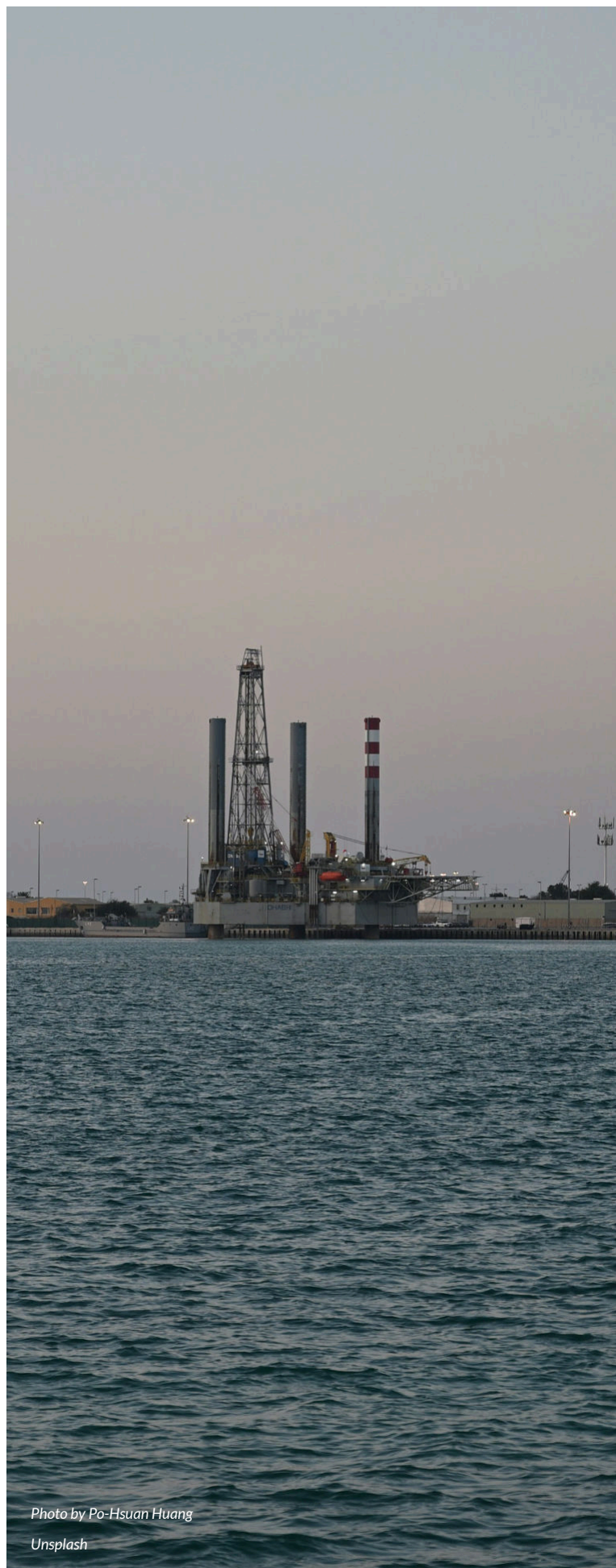


Photo by Po-Hsuan Huang  
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## ENERGY SUPPLY DISRUPTION AND LNG VULNERABILITY

The closure of the Strait of Hormuz and damage to energy infrastructure are creating significant risks to global energy resilience. In the short term, liquefied natural gas (LNG) distribution is expected to be the most critical pressure point.

Unlike oil, which is typically stored in larger reserves, LNG supply chains operate with limited storage capacity, leaving many countries exposed within weeks. This vulnerability is already impacting local economies, with early signs of disruption in fuel access and distribution systems.

*Disruptions to LNG supply chains are exposing critical structural weaknesses in global energy systems, with uneven impacts that disproportionately affect the more vulnerable economies.*

The effects are uneven across regions. In India, panic-driven hoarding is straining supply chains, while in China, reliance on LNG for transport infrastructure presents a significant economic risk. In a competitive market, stronger economies are likely to secure available supply, leaving weaker nations disproportionately affected.

Even in the event of a near-term resolution, infrastructure damage is expected to prolong supply disruptions. The situation highlights structural weaknesses in global energy systems and the potential for sustained economic impact.

## GEOPOLITICAL DEVELOPMENTS AND ECONOMIC IMPACTS ON ENERGY

The Global Risk Forum sessions highlighted potential US troop deployments to Kharg Island, a critical terminal for approximately 90% of Iran's crude oil exports. While an earlier airborne exercise was cancelled, the situation remains a point of close observation due to its strategic significance.

In parallel, economic pressures are increasingly central. Specific energy sector targets, including major multinational companies, have been identified, emphasising that the resolution of tensions is likely to occur through economic measures rather than direct military engagement.

These developments reinforce the dual impact of geopolitical events: heightened strategic risks in the Middle East and global economic ripple effects, particularly across energy markets and investment opportunities.

*Geopolitical tensions are shifting toward economic confrontation, with energy assets driving global ripple effects.*

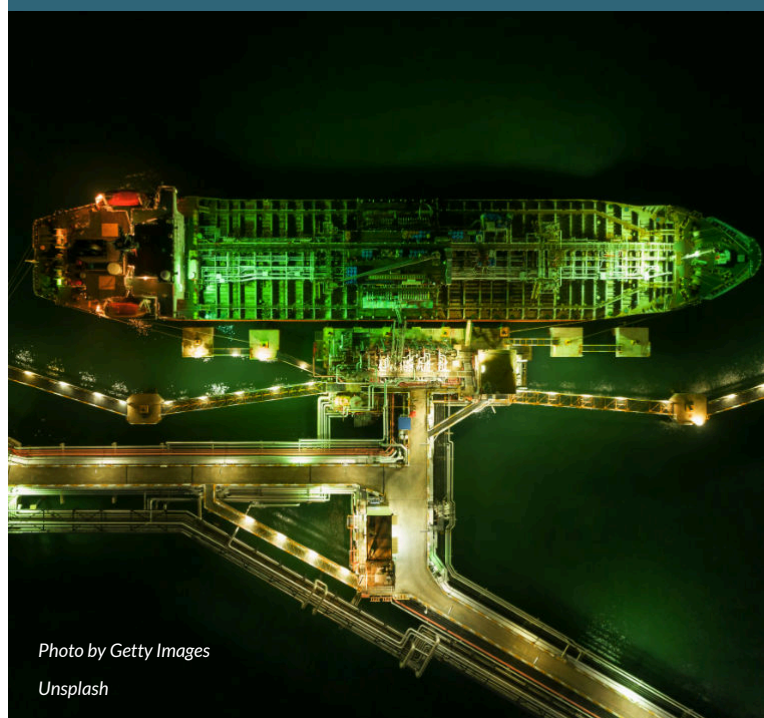


Photo by Getty Images

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# SUPPLY CHAIN BREAKDOWN AND MARITIME CONGESTION

## MARKET UNCERTAINTY AND GEOPOLITICAL RISK

Global markets remain volatile as tensions in the Middle East create ongoing uncertainty. While oil prices have not yet matched the spikes seen during the Russian invasion of Ukraine, disruptions to the Strait of Hormuz—a critical energy corridor—pose risks to supply stability. Strategic reserve releases have helped limit immediate price shocks, though these measures are largely short-term political signals rather than sustainable solutions. Major producers, including Saudi Arabia, remain cautious and avoid direct involvement, while uneven international alignment, especially regarding institutions like NATO and the IAEA, amplifies strategic uncertainty.

Economic volatility is increasing, driven by both geopolitical disruption and domestic pressures in major economies. Oil market fluctuations, combined with rising borrowing costs, are already affecting global financial stability. Energy markets remain particularly vulnerable, with the potential for sharp price rises from key actors, such as Iran, threatening cascading impacts across supply chains and broader economic systems.

*Middle East tensions are driving market volatility, with energy risks and geopolitical uncertainty threatening global economic stability.*



Photo by Getty Images  
Unsplash

Governance and institutional resilience are under strain. Unilateral actions, weakening oversight and inconsistent international cooperation are eroding trust in established norms. This environment of uncertainty creates opportunities for financial crime and fraud, while decision-making capacity is constrained by rapidly evolving developments and limited clarity.

The convergence of geopolitical conflict, economic stress and governance challenges presents significant long-term risks. These include not only heightened exposure to systemic vulnerabilities, but also sustained instability across interconnected global markets.

## ESCALATION PATTERNS AND STRATEGIC CHOKEPOINT RISKS

The current Middle East conflict reflects recognisable historical patterns in U.S. military engagement, with a gradual build-up phase preceding direct intervention. Similar trajectories observed in past conflicts suggest that the escalation was foreseeable based on precedent and geopolitical signalling.

Critical maritime chokepoints—including the Strait of Hormuz and the Bab el-Mandeb Strait—are central to the strategic and economic risks. Disruption to these routes threatens global supply chains, particularly for Europe, echoing vulnerabilities exposed during previous crises such as the Suez Canal blockage.

Iran's response is shaped by deep-rooted political, cultural and religious structures, reducing the likelihood of rapid regime change. Escalatory actions, including threats to close key shipping routes and target regional infrastructure, align with stated deterrence strategies and reflect limited strategic alternatives under external pressure.

Regional dynamics further constrain escalation pathways. For example, Turkey is unlikely to support developments that could strengthen Kurdish autonomy, highlighting how internal security concerns shape broader geopolitical positioning.

The conflict environment is further complicated by overlapping international interests, with major powers maintaining strategic footholds across critical locations. This contributes to a highly congested and sensitive security landscape, increasing the risk of miscalculation.

Europe's response has revealed internal divisions and limited cohesion, raising concerns about its strategic influence and resilience. In summary, the situation underscores a convergence of geopolitical tension and constrained policy options, with significant implications for regional stability and global trade.

*Critical chokepoints such as the Strait of Hormuz and Bab el-Mandeb Strait are central to global supply chain risk and economic stability.*

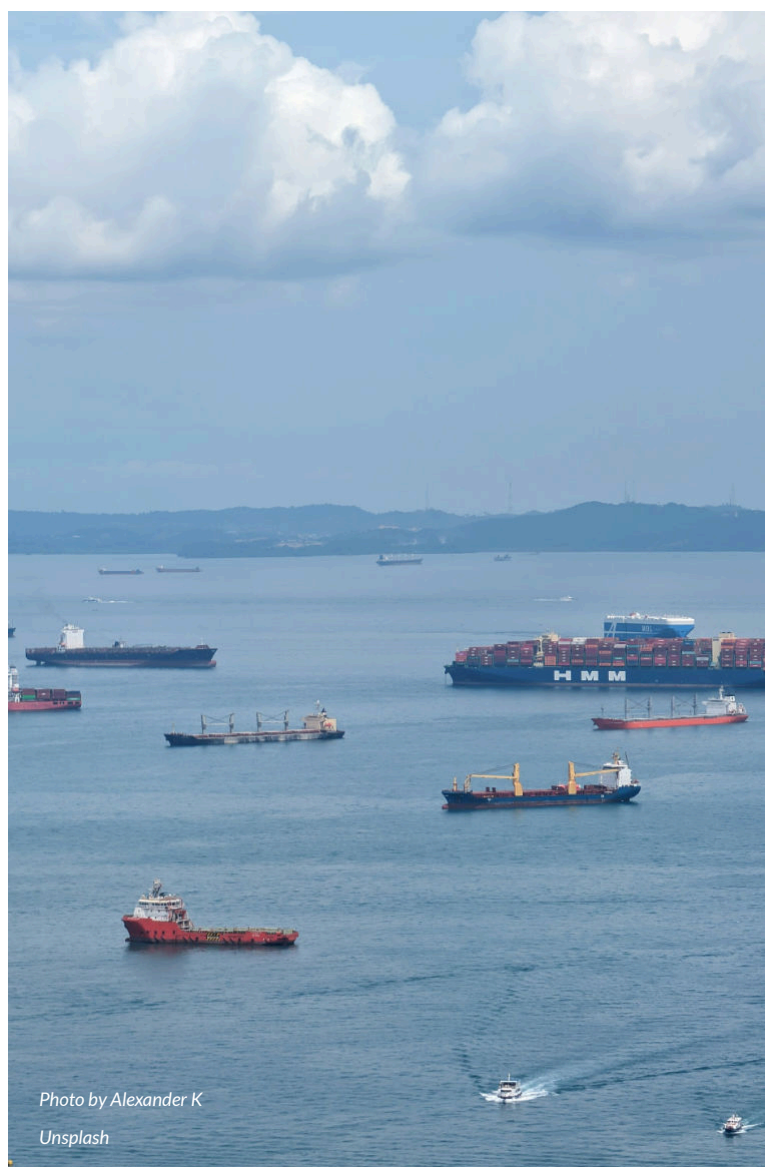


Photo by Alexander K

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## GLOBAL SUPPLY CHAIN AND HUMANITARIAN RISKS

New Zealand's current situation highlights the cascading effects of global conflicts and supply chain disruptions. While the Iranian conflict dominates international headlines, other crises—including the humanitarian situation in Cuba and ongoing tensions in Gaza, West Bank and Lebanon—continue to receive limited attention, despite significant legal and humanitarian implications.

Fuel security is under scrutiny, with potential rationing measures being considered to protect domestic food supply chains. Aviation fuel, diesel and petrol availability remain critical for agriculture, transport and food distribution.

The petrochemical supply chain shows ongoing fragility. Shortages of plastics, CO<sub>2</sub> and other byproducts are affecting food packaging, storage and the construction industry. These disruptions may lead to both immediate and delayed impacts on domestic production, food preservation and the wider economic activity.

Agriculture remains particularly vulnerable, with diesel dependence for machinery and fertiliser stocks limited to short-term availability. The cumulative effect of these factors underscores the broader systemic risks stemming from regional conflicts and global logistical pressures.

*Global conflicts and supply chain disruptions are creating cascading risks to fuel, agriculture, and humanitarian systems.*



Photo by Unsplash+ Community

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STRATEGIC FRAGMENTATION  
AMONG MAJOR POWERS:

U.S.–ISRAEL  
DIVERGENCE,  
EU INTERNAL SPLITS  
AND SHIFTING ASIAN  
ALIGNMENTS

## STRATEGIC MISALIGNMENT AND UNCERTAINTY IN U.S.–ISRAEL POLICY TOWARD IRAN

Evidence suggests that the United States has sought to limit escalation by avoiding large-scale destruction of Iran’s oil infrastructure, recognising its importance to global energy stability and potential post-conflict recovery.

For example, U.S. strikes on key locations such as Kharg Island have primarily focused on military targets while deliberately avoiding oil facilities. However, very recent developments—including U.S. threats to potentially target or ‘take’ oil infrastructure if conditions are not met—introduce an element of strategic ambiguity and suggest a less consistent approach to the protection of energy assets. In contrast, Israeli operations have increasingly targeted energy and logistical infrastructure, contributing to broader economic disruption and signalling a more systematic strategy aimed at degrading Iran’s overall state capacity.

This reflects a fundamental difference in strategic plan. Israel appears focused on weakening Iran’s operational capabilities and long-term resilience, regardless of wider economic consequences. Conversely, the United States is balancing military objectives with broader geopolitical and economic considerations, including maintaining regional stability and avoiding severe disruption to global oil markets.

These differing approaches are contributing to a widening gap in coordination and alignment. The risk of unilateral actions increases as each side prioritises its own objectives, potentially complicating joint efforts and prolonging instability.

*U.S.–Israeli strategy differences toward Iran are fuelling uncertainty and regional instability.*

Additional uncertainty arises from indications that U.S. engagement may be limited in duration. Signals suggest a potential rapid disengagement strategy that raises concerns among partners about the reliability and consistency of U.S. commitments in prolonged conflicts.

The prospect of deploying ground forces further complicates the situation. While such actions could escalate the conflict significantly, they also carry substantial political and human costs, which may act as a limiting factor on decision-making. It is important to stress that the situation reflects a combination of strategic misalignment and uncertainty over long-term commitment, contributing to a more fragmented and unpredictable geopolitical environment.



## U.S. FOREIGN POLICY FACES SHIFTING SENTIMENT AND UNCERTAINTY

A notable shift is emerging in domestic attitudes within the United States regarding its relationship with Israel. Public and political discourse is increasingly questioning the extent of U.S. alignment with Israeli strategic priorities—an issue that, until recently, remained largely uncontested in mainstream debate.

This evolving narrative reflects growing concern over perceived imbalances in influence and decision-making. The normalisation of such scrutiny marks a significant development, with potential implications for future policy direction, electoral dynamics and international partnerships.

At the same time, internal political pressures are intensifying. Signs of fragmentation within leadership circles and declining consensus on foreign policy approaches suggest increasing instability in decision-making processes. These dynamics may influence upcoming electoral cycles and reshape strategic priorities.

More broadly, the current environment is characterised by a high degree of uncertainty. Rapidly changing developments, unpredictable escalation pathways and competing global priorities make forward-looking assessments increasingly difficult. Traditional frameworks for analysing geopolitical risk appear less reliable under present conditions.

Additionally, the concentration of global attention on a single dominant crisis highlights the limited capacity of political and media systems to address multiple complex issues simultaneously.

Overall, the convergence of shifting public sentiment and global instability points toward a more fluid and less predictable international landscape, with significant implications for future geopolitical alignment and policy coherence.

*Shifting U.S. sentiment is fuelling uncertainty in foreign policy and global alignment.*



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## BREAKDOWN OF GLOBAL SYSTEMS AND EMERGING STRUCTURAL RISKS

The current global environment reflects a gradual breakdown of long-standing systems established in the mid-20th century. Frameworks originating from the Bretton Woods era in the U.S. have been progressively altered over decades, leading to a point where restoration to previous stability appears unlikely. This shift signals a fundamental transformation rather than temporary disruption.

Traditional analytical models and forecasting tools are increasingly ineffective in this new context. Changes in climate patterns, economic structures and geopolitical dynamics mean that historical reference points are no longer reliable. Institutions and decision-makers are being challenged to reassess assumptions and adopt new approaches suited to a more volatile and unpredictable system.

Supply chain disruptions are no longer secondary effects but immediate consequences of systemic instability. Behaviours often described as ‘panic buying’ are, in many cases, actually rational responses to anticipated shortages. These reactions further amplify volatility, exposing weaknesses in planning and risk assessment frameworks.

Risk management practices remain limited in scope, often failing to account for interconnected global threats. Complex, cross-border risks—such as conflict-driven disruptions—are insufficiently integrated into existing models, leaving systems underprepared for cascading impacts. Environmental pressures are compounding these challenges. Degrading ecosystems, water scarcity and pollution are introducing additional long-term risks, particularly as waste systems and resource management face increasing strain.

*Global systems are breaking down, exposing structural risks and a more fragmented, unpredictable world order.*

At a strategic level, global power dynamics are also shifting. While attention remains focused on immediate conflicts, other actors are advancing their long-term positioning, highlighting a broader realignment in international influence. The convergence of systemic breakdown and environmental stressors underscores a transition toward a more fragmented and less predictable global order..



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REGIONAL  
CASE STUDIES:  
LOCALISED STRESS,  
GLOBAL CAUSES

**AFRICA****REGIONAL SECURITY  
PRESSURES AND ENERGY  
ADAPTATION IN NIGERIA**

*Extremist groups such as Boko Haram and ISWAP are exploiting reduced global attention, contributing to a resurgence of attacks.*

Nigeria is experiencing localised security pressures amid the broader geopolitical crisis, with heightened risks primarily directed at United States interests and affiliated individuals. Potential civil unrest and demonstrations, particularly involving groups such as the Islamic Movement in Nigeria, may increase the likelihood of targeted incidents.

At the same time, extremist groups including Boko Haram and Islamic State – West Africa Province appear to be exploiting reduced attention, leading to a resurgence in attacks in certain regions. This has prompted renewed coordination among Nigerian security agencies to reassess and strengthen response measures.

*Nigeria is facing heightened localised security risks, particularly targeting United States interests and affiliated individuals.*

Energy security remains a critical concern. Disruptions linked to the Strait of Hormuz are influencing domestic fuel availability, prompting efforts to strengthen local refining capacity, including increased reliance on facilities such as the Dangote Refinery.

While the overall national situation remains stable, the combination of security risks and energy challenges highlights Nigeria's exposure to both internal threats and external geopolitical shocks.



## AFRICA

### EMERGING INSTABILITY IN EAST AFRICA AND OVERLOOKED GLOBAL RISK DYNAMICS

Key regional flashpoints include Ethiopia, Eritrea, South Sudan, Sudan and the Democratic Republic of the Congo. These interconnected conflicts are intensifying and have the potential to destabilise the wider region. Their cumulative impact is particularly evident in Uganda, which is increasingly exposed to cross-border pressures.

A major concern is the escalation of a regional refugee crisis. Projections indicate a substantial influx of displaced populations into Uganda over the coming months, primarily driven by deteriorating conditions in neighbouring states. This is expected to place considerable strain on already limited economic and social resources.

*Uganda is increasingly exposed to cross-border pressures and a potential surge in refugee inflows.*

Domestically, Uganda faces underlying political and economic fragility. Despite relative surface-level stability, recent electoral developments, prolonged leadership tenure and emerging opposition dynamics point to a more uncertain internal environment. This creates heightened sensitivity to external shocks, particularly those originating from neighbouring conflict zones.

The broader regional landscape is characterised by deep interconnectivity, where instability in one country rapidly influences others. External actors also play a role in shaping conflict dynamics, further complicating the security environment.

*Interconnected conflicts across East Africa are intensifying and risk destabilising the wider region.*

In parallel, questions have been raised in the global security context regarding the accuracy of threat assessments used to justify recent military actions. Diverging viewpoints on the immediacy and scale of certain threats highlight the challenges of decision-making under uncertainty. Therefore, the situation underscores the need for increased attention to underreported regions, where overlapping conflicts, humanitarian pressures together with political fragility combine to create significant and potentially escalating risks.



Photo by Sam Mann

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**AFRICA****POLITICAL RISK  
AND ECONOMIC STRAIN  
ACROSS SOUTHERN  
AND EAST AFRICA**

South Africa and East Africa are both navigating periods of heightened uncertainty driven by political, strategic and economic pressures. In South Africa, shifting political dynamics—marked by declining support for the ruling party and evolving international relationships, including closer ties with Iran—are unfolding alongside renewed concerns over nuclear material security. Although the country dismantled its nuclear weapons programme, it retains enriched uranium stockpiles and recent security breaches at key facilities have raised alarms about safeguarding these sensitive assets, with implications for global nuclear stability.

*Domestic political and economic fragility is heightening sensitivity to external shocks.*

Meanwhile, in East Africa, countries such as Kenya, Uganda and Tanzania are facing mounting economic strain. Heavy reliance on imported fuel—amid disruptions linked to Gulf supply chains—is driving inflation, increasing transportation costs and worsening living conditions. Agricultural systems are also under pressure due to fertiliser shortages, threatening future crop yields and food security. At the same time, rising import costs are weakening foreign exchange reserves and straining already limited fiscal capacity.

Taken together, these developments reflect a broader pattern of interconnected political risk and economic vulnerability across the African continent, where shifting alliances, resource insecurity and systemic financial pressures are converging to create sustained challenges for stability and development.



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## SOUTHEAST ASIA

### ENERGY VULNERABILITY AND ECONOMIC IMPACT

The Middle East conflict is having immediate economic implications across Southeast Asia, primarily through energy supply disruptions and rising import costs. Limited fuel storage capacity—particularly in Indonesia—is increasing vulnerability, with only short-term reserves available and growing reliance on alternative suppliers.

*The Middle East conflict is driving rising energy import costs and immediate economic strain across Southeast Asia.*

Rising prices for LNG and LPG are expected to directly impact the cost of living, especially as these fuels are essential for transport and household consumption. Governments may be forced to increase subsidies, placing additional strain on public finances and diverting resources from other policy priorities.

The region's dependence on Middle Eastern energy routes remains a key risk. Countries such as Philippines and Thailand are particularly exposed due to their reliance on imports passing through the Strait of Hormuz.

Beyond economics, the conflict is also influencing domestic political dynamics. In Indonesia, early diplomatic positioning has led to some loss of political capital, while in Malaysia, a firmer stance has strengthened leadership credibility. The situation underscores the region's exposure to external shocks, with significant implications for economic stability, energy security and political alignment.

*Dependence on Middle Eastern supply routes leaves countries such as the Philippines and Thailand highly exposed to external disruptions.*

In parallel, questions have been raised in the global security context regarding the accuracy of threat assessments used to justify recent military actions. Diverging viewpoints on the immediacy and scale of certain threats highlight the challenges of decision-making under uncertainty. Therefore, the situation underscores the need for increased attention to underreported regions, where overlapping conflicts, humanitarian pressures together with political fragility combine to create significant and potentially escalating risks.



**INDIA****REGIONAL STABILITY IN INDIA  
AND CONTROLLED IMPACT  
AMID GLOBAL TENSIONS**

Current assessments indicate that India is maintaining a cautious and diplomatically driven approach to the ongoing crisis, with no indication of military involvement beyond its immediate region. Strategic restraint remains a priority, supported by the absence of expeditionary military planning and a continued reliance on diplomatic channels.

Despite global concerns surrounding energy disruptions, domestic conditions in India remain relatively stable. There is no significant evidence of aviation fuel shortages and air transport operations continue without disruption. Similarly, while initial public reactions led to temporary pressure on cooking gas supplies, availability has since normalised, supported by government prioritisation of domestic consumption and the use of reserve stocks.

Industrial impact appears limited and targeted, with only a small proportion of factories experiencing reduced output due to energy allocation measures. These disruptions are not widespread and remain under control. Political considerations, including upcoming regional elections, are also influencing efforts to maintain supply stability and avoid public dissatisfaction.

*India demonstrates resilience, though broader regional risks remain interconnected and uncertain.*



In contrast, regional dynamics in neighbouring countries, particularly Afghanistan and Pakistan, present a more concerning outlook. Economic strain, compounded by energy pressures, is increasing instability and placing additional stress on already fragile systems. The risk of escalation or unintended developments in these areas warrants close monitoring.

From a broader strategic perspective, questions remain regarding the justification and outcomes of recent military actions. Conflicting narratives and continued operational activity suggest a lack of clear resolution, while Iran retains offensive capabilities despite sustained pressure. Ongoing attacks affecting Gulf states further highlight the risk of regional spillover, with significant economic consequences for countries not directly involved in the conflict.

While India demonstrates relative resilience and stability, the wider regional and global environment remains uncertain, with multiple interconnected risks requiring continued observation.

**NEPAL****REMITTANCE RISK  
AND GLOBAL SUPPLY CHAIN  
DISRUPTION IN NEPAL**

The Middle East conflict poses significant economic risks to Nepal, primarily due to its heavy reliance on overseas labour. With approximately three million citizens working in the region and contributing to around 20% of its GDP through remittances, any disruption threatens national economic stability and requires urgent government response.

Energy and supply chain disruptions are amplifying these challenges. The instability of the Strait of Hormuz—a key route for global trade, oil and liquefied natural gas—has triggered rising transport and energy costs, with cascading effects on inflation, food security and economic growth, particularly in developing economies.

*Nepal's economy is highly vulnerable due to reliance on remittances, which account for approximately 20% of its GDP.*

Domestic impacts are already visible. Limited fuel and LPG availability is affecting daily life, forcing rationing measures and increasing pressure on households. Dependence on imports, particularly via India, further heightens vulnerability to external shocks. At a broader level, international institutions such as the United Nations are emphasising the need to accelerate the transition toward renewable energy to enhance long-term energy and economic security.

Therefore, it is crucial to understand that this crisis underscores the interconnected nature of global systems, with immediate economic strain on vulnerable countries and longer-term implications for energy policy, trade and sustainability.



Photo by Pritush Munankarmi  
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*Instability in the Strait of Hormuz is driving transport and energy cost increases with cascading inflationary effects.*

## NEPAL

### NEPAL'S NEW GOVERNMENT: OPPORTUNITIES AND IMMEDIATE CHALLENGES

Nepal has inaugurated its youngest-ever Prime Minister and Parliament, marking a historic political transition. This change reflects the momentum of recent movements and offers potential lessons for broader democratic engagement globally.

The new administration faces immediate economic pressures. Fuel prices have risen by over 20%, impacting construction and daily living costs, while gas shortages are limiting household access. Food prices are also under upward pressure, with fertiliser availability constrained by regional geopolitical tensions.

Financial and institutional challenges further complicate governance. Nepal's transition from a least developed to a developing country places added strain on fiscal management, cash flow and anti-corruption measures, particularly with major political parties outside the cabinet.

The Forum examined the interplay between political renewal, economic stress and governance capacity, highlighting both the opportunities and risks facing Nepal's new leadership.

*Fuel shortages and rationing are placing immediate pressure on households and daily life.*



Photo by Ravi Sharma  
Unsplash

### EMERGING CHALLENGES IN NEPAL AMID GLOBAL GEOPOLITICAL TENSIONS

Nepal has recently appointed its youngest and first engineer Prime Minister, marking a significant political transition. This new administration faces multiple challenges both domestically and as a result of global developments.

Household energy supply is under pressure. Gas shortages are causing partial deliveries, long queues and increasing costs, directly impacting everyday life. These shortages are exacerbated by rising global oil prices following the partial closure of the Strait of Hormuz.

The construction sector is experiencing delays due to increased material costs, affecting national infrastructure projects and potentially lowering GDP growth. Development activities may need temporary suspension to adjust to these economic pressures.

Labour migration also faces disruption. Nepalese workers in Gulf countries, a key source of remittances, are experiencing challenges, which could influence fiscal planning and the national budget.

Food production and agriculture are at risk. Fertiliser shortages, tied to global supply chain disruptions, may reduce crop yields, further affecting household security and economic stability.

Healthcare infrastructure is another area of concern. Rising costs and supply constraints for essential medicines and medical services could strain public health systems.

These issues highlight the interconnected nature of local and global risks. Nepal, while relatively insulated in energy due to hydropower, remains vulnerable to supply chain disruptions, economic shocks and delays in meeting national development and SDG targets. Strategic planning and international cooperation will be critical to navigate these challenges.

## AUSTRALIA

### GLOBAL SHIPPING DISRUPTION AND FUEL DEPENDENCY RISKS IN AUSTRALIA

Australia is experiencing acute supply chain disruptions amplified by the bullwhip effect, where small demand fluctuations trigger disproportionately large impacts. Diesel-dependent sectors, including trucking and heavy industry, are most affected, as electric alternatives are not yet viable for large-scale haulage.

*Australia is experiencing acute supply chain disruption amplified by the bullwhip effect.*

Freight costs are rising sharply across air, sea and rail, limiting transport options and creating nationwide distribution challenges. These pressures are feeding into higher energy and food costs, driving domestic economic stress and potentially influencing political sentiment.

Globally, logistics and fuel-dependent industries face similar instability. Despite being a major LNG exporter, Australia relies heavily on imported petroleum products, particularly diesel, exposing critical sectors to supply disruptions.

Shipping costs have surged to multiple times pre-conflict levels due to heightened risk, insurance premiums and operational uncertainty. Recent attacks on vessels in the Strait of Hormuz have further escalated concerns, resulting in loss of life and increasing reluctance among crews and operators to navigate the region.

*Shipping costs have risen to multiple times pre-conflict levels due to risk and insurance pressures.*

Insurance markets are under pressure, with more frequent use of force majeure clauses and growing caution among insurers and shipping firms operating in high-risk zones. Even with financial incentives and reinsurance support, safety concerns are limiting participation.

The combination of domestic supply chain fragility and global maritime disruption highlights the vulnerability of critical logistics networks. Rising transport costs and operational uncertainty underscore the cascading economic impacts on both national and international scales.

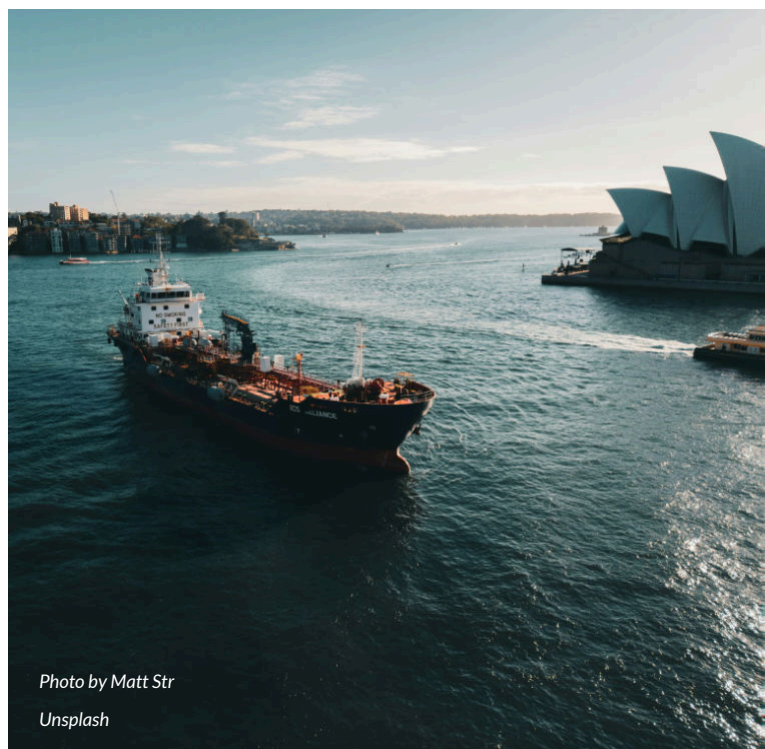


Photo by Matt Str

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## AUSTRALIA

### ESCALATING CLIMATE AND SUPPLY CHAIN DISRUPTIONS IN AUSTRALIA

Australia is currently experiencing an unusual and severe climate event, with a late-season cyclone crossing multiple regions—an occurrence not seen in decades. The system is expected to bring extreme rainfall, highlighting shifting climate patterns where events are occurring outside traditional locations and timeframes.

These developments reflect a broader trend of increasing environmental unpredictability, with climate-induced disasters becoming more frequent and less seasonal. This is placing growing pressure on national response systems, which are already experiencing reduced volunteer capacity and declining emergency response resources.

At the same time, global supply chains are facing significant disruption. A large number of vessels remain stranded in key maritime routes, contributing to shortages in critical goods such as pharmaceuticals, fertilisers and energy supplies. Storage limitations have also forced reductions in oil production, further compounding economic pressures.

*The convergence of climate and logistics crises is creating a complex and escalating risk environment.*

*Global supply chain disruptions are causing shortages in critical goods and energy supplies.*

The convergence of climate-related crises and logistical breakdowns is creating a complex risk environment. Reduced emergency preparedness, combined with cascading supply chain impacts, underscores the need for enhanced resilience and coordinated international response strategies.



Photo by Troy Mortier

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## HUNGARY

### RISING POLITICAL AND SOCIAL TENSIONS

On March 15th, Hungary's national holiday was marked by widespread protests rather than traditional celebrations. Demonstrations reflected multiple pressures: upcoming elections, economic frustrations and public discontent with civil liberties.

Economic concerns are prominent, with high prices and a perception that citizens are not benefiting from progress. These issues are fuelling opposition and shaping political engagement ahead of the April elections. Civil liberties remain a key point of tension. Restrictions on media, limits on public gatherings, as well as constraints on pride events have contributed to broader public dissatisfaction.

Hungary's stance on EU and NATO support for Ukraine has also intensified domestic and international scrutiny. Blocking a €90 billion aid package has been interpreted by some as a political manoeuvre appealing to nationalist voters, while raising questions about Hungary's role in broader European security dynamics.

Overall, Hungary faces a confluence of political, economic and social pressures that are reshaping both domestic governance and its position within the European strategic environment.

*National celebrations have been overshadowed by widespread protests driven by economic and civil liberty concerns.*

*Hungary's stance on EU and NATO policy is increasing both domestic and international scrutiny.*



Photo by Roman Bodnarchuk

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## UKRAINE

### ESCALATION IN UKRAINE AND EXPANDING STRATEGIC IMPACT

The conflict in Ukraine continues to intensify, with a notable increase in attacks on civilian infrastructure, including transport hubs and public spaces. These actions appear aimed at undermining public morale, though resistance remains resilient.

On the military front, Ukraine's forces are gaining recognition as being highly experienced and battle-hardened, contributing with expertise through international exercises and defence collaborations across Europe. At the same time, growing global demand for Ukrainian defence capabilities—particularly drone technology and training—has strengthened both international partnerships and revenue streams.

Energy security remains a critical pressure point. Disruptions linked to key infrastructure, including the Druzhba pipeline and broader regional tensions, are contributing to geopolitical friction and supply uncertainty.

*The conflict in Ukraine is intensifying, with increased attacks on civilian infrastructure targeting public morale.*

Beyond the battlefield, humanitarian concerns are gaining increased international focus. Efforts supported by the United Nations have intensified in response to the forced deportation and displacement of children, now formally recognised as a crime against humanity in this context. Ongoing recovery operations are yielding tangible results, with increasing numbers of affected individuals being returned.

In conclusion, the situation reflects a complex convergence of military escalation and energy insecurity with implications extending well beyond the immediate conflict zone.

*Energy security remains a critical pressure point, with disruptions driving geopolitical friction and supply uncertainty.*



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BUILDING  
RESILIENCE IN AN ERA  
OF SYSTEMIC RISK  
AND UNCERTAINTY

## STRENGTHENING RESILIENCE AND REALISTIC RISK COLLABORATION

Recent discussions have highlighted the critical importance of strengthening resilience across interconnected systems, particularly in the face of rising kinetic and infrastructure-related risks. Effective coordination between agencies—even those with differing priorities and limited history of collaboration—is essential to managing complex crises.

The vulnerability of critical national infrastructure remains a central concern, with historical and contemporary analyses consistently demonstrating the cascading effects of disruption. These risks require long-term planning and sustained investment, particularly across supply chains where resilience gaps can have widespread consequences.

There is increasing recognition that resilience must be actively enforced, including accountability measures for stakeholders who fail to meet required standards. However, building such capacity is a long-term effort, requiring early and consistent preparation.

Geopolitical tensions further reinforce the need for pragmatic engagement. Cooperation must extend beyond ideal partnerships to include actors with differing interests, while maintaining a clear understanding of trust limitations and strategic risks.

*Building resilience requires realistic collaboration and coordinated long-term planning.*

Overall, enhancing resilience will depend on realistic assessments, stronger collaboration frameworks and a long-term commitment to preparing for complex and interconnected threats.

## RISING HOUSEHOLD COSTS AND NATIONAL INFRASTRUCTURE VULNERABILITIES

European and global households are experiencing significant pressure from soaring energy and essential commodity prices. For instance, in Romania, government measures have focused on supporting large distributors rather than capping consumer costs, heightening the risk of social unrest and populist political shifts. Upcoming elections may amplify these pressures, potentially influencing public sentiment and political landscapes.

Social media and information dissemination are playing a key role in shaping public perception. Strategic management of narratives, including restrictions on false reporting, has been implemented in some regions to reduce panic and unrest. Accurate and responsible communication remains critical in maintaining social stability.

Critical national infrastructure faces heightened threats. Data centres, desalination plants and energy facilities have been targeted, highlighting the need for future-proofing and strategic resilience planning. These assets will require innovative approaches, including potentially underground or fortified constructions, to ensure operational continuity.

The combination of household economic strain, information management challenges and infrastructure vulnerabilities underscores the importance of coordinated planning, risk mitigation and adaptive strategies to maintain societal and economic stability.

*Rising household costs and fragile infrastructure highlight the need for resilience and coordinated planning.*

## SYSTEMIC RISK AND THE CHANGING NATURE OF GLOBAL THREATS

Global risk landscapes are evolving rapidly, exposing limitations in traditional models and frameworks. Systems designed for efficiency and just-in-time operations are collapsing under stress, revealing vulnerabilities in supply chains, national resilience and critical infrastructure.

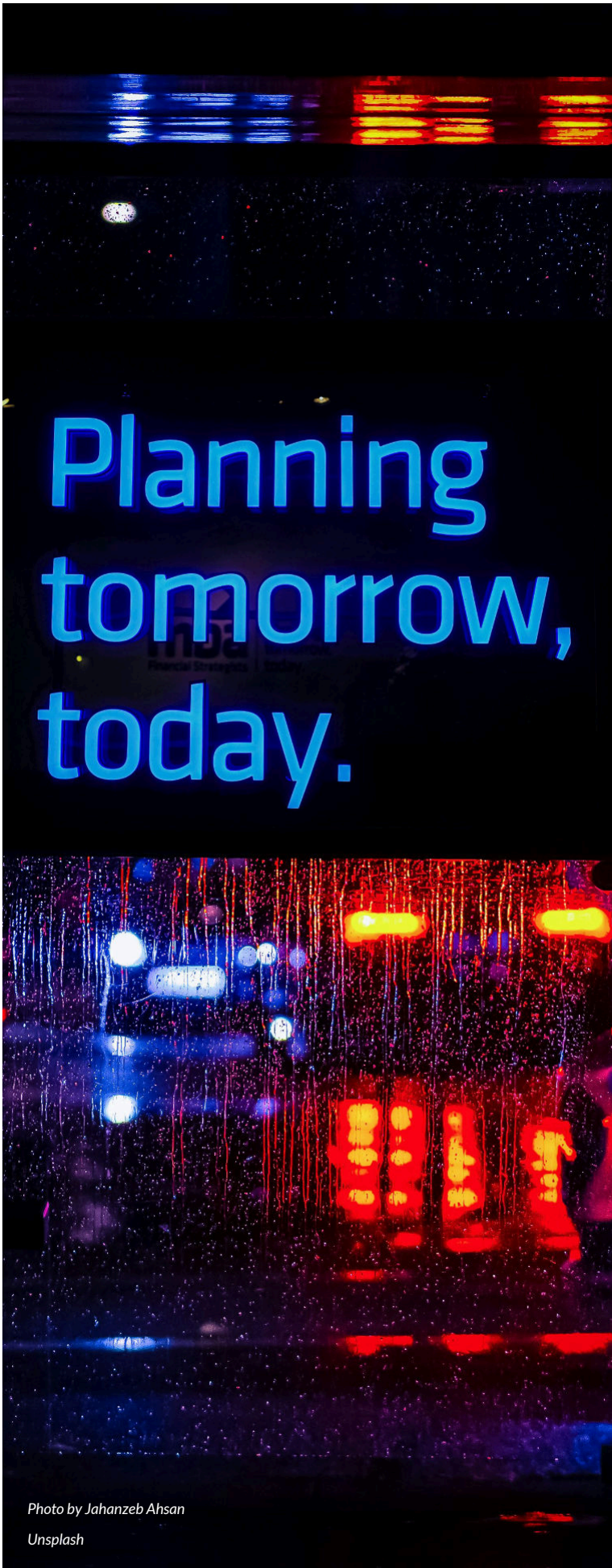
Military and geopolitical developments highlight the challenges of modern conflict. Overreliance on legacy defence systems, coupled with asymmetric threats, underscores the need for adaptive strategies. Conventional measures may no longer guarantee capability, despite available capacity.

Information management has become critical. Misinformation and narrative control affect public perception, social stability and decision-making, highlighting the importance of accurate communication in mitigating risk.

Risk planning is shifting from event-based to consequence-based approaches. The focus is now on understanding the cascading effects of disruptions—whether in logistics, energy or national infrastructure—rather than predicting the triggering event itself.

*Global threats reveal systemic vulnerabilities, demanding adaptive and consequence-focused risk planning.*

Organisations like the ISRM are increasingly recognised for their role in shaping global dialogue on systemic risk. Their contribution is pivotal in developing adaptive frameworks and facilitating international cooperation in an era of unprecedented challenges.



Planning  
tomorrow,  
today.

Photo by Jahanzeb Ahsan

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# CONCLUDING REFLECTIONS

The Global Risk Review Report highlighted a rapidly evolving global landscape characterised by both resilience and fragmentation. While certain regional actors—particularly Gulf economic centres such as Dubai—are well positioned to recover swiftly from disruption, the broader implications of the conflict extend far beyond immediate physical damage.

At the international level, the conflict is accelerating a process of geopolitical realignment. Diverging strategic priorities among major actors, including the United States, European nations, regional Gulf states and major powers such as China and India, are contributing to a more fragmented and competitive global order.

This realignment is not only redefining alliances but also influencing trade dynamics, energy partnerships and long-term security frameworks. The result is an increasingly multipolar environment in which coordination is more complex and consensus more difficult to achieve.

Economic pressures are already materialising across multiple regions. Strains on energy supply and rising costs are driving sustained market volatility, with evidence suggesting that, rather than widespread formal rationing measures within the European Union (with limited exceptions such as Slovenia), consumers are increasingly self-rationing in response to price spikes.

At the same time, disruptions to supply chains—particularly in energy, fertilisers and essential commodities—are exposing structural vulnerabilities in globally integrated systems. These pressures are compounded by the risk of secondary crises, including food insecurity and inflationary shocks, which may disproportionately affect less resilient economies.

*The broader implications of conflict extend far beyond immediate physical damage, reshaping geopolitical and economic systems.*

The persistence of underreported and secondary conflict zones, including Iraq, further underscores the risk of cascading instability. Localised tensions, when combined with broader geopolitical competition, have the potential to generate wider regional and global consequences. In parallel, ongoing military developments and technological asymmetries are reshaping defence strategies, signalling a shift toward more cost-effective and adaptive forms of warfare.

Against this backdrop, resilience and adaptability emerge as critical priorities. Lessons from previous global disruptions—including the COVID-19 pandemic and events such as the Fukushima disaster—reinforce the importance of maintaining adaptive practices, strengthening local capabilities and prioritising consequence-based planning. Efforts such as supply chain diversification and investment in alternative technologies will be essential in mitigating future shocks, though these transitions will require time, coordination and sustained investment.

Ultimately, the current crisis underscores the interconnected nature of modern risk. While some regions may recover quickly, the global system as a whole faces a more prolonged period of adjustment. The convergence of geopolitical, economic and technological pressures is reshaping the foundations of international stability. Therefore, proactive risk management and agile strategic responses will be essential to navigate uncertainty and to build resilience against future disruptions.

An aerial photograph of a modern city, likely Singapore, featuring several high-rise apartment buildings with balconies. A light rail train is visible on an elevated track in the foreground, moving through a green, tree-lined area. The sky is a mix of blue and white clouds. The overall image has a teal and blue color palette.

# THE CONVERGENCE OF GEOPOLITICAL, ECONOMIC AND TECHNOLOGICAL PRESSURES IS RESHAPING THE FOUNDATIONS OF INTERNATIONAL STABILITY

Perin Bhatt MSc

Head of OSINT at Global Weekly

# THE U.S. RETREAT FROM THE INDO-PACIFIC

## OUTLOOK

The Indo-Pacific is likely to experience sustained strategic turbulence over the short to medium term (2026–2030), driven primarily by U.S. retrenchment, China’s expanding influence and increasingly complex regional hedging behaviour:

- **U.S. posture:** It is likely that the United States will continue to limit its security footprint and emphasise burden-sharing, rather than reversing its retreat. This will reinforce perceptions of declining U.S. reliability and encourage allies and partners to diversify their security and economic relationships.
- **China’s trajectory:** China is highly likely to consolidate its position as the central strategic actor in the region, using a combination of military modernisation, infrastructure financing and political leverage. Its ability to shape “regional norms, trade rules and security arrangements” will grow as U.S. engagement weakens.
- **Alliances and partnerships:** Quad and AUKUS are likely to remain under political and operational strain, with partners recalibrating expectations of U.S. leadership. India, in particular, will probably deepen selective cooperation with the U.S. and Europe while preserving strategic autonomy and hedging against over-dependence on any single partner.
- **Flashpoints:** The risk of coercive pressure and miscalculation in the Taiwan Strait, South China Sea and Korean Peninsula will remain elevated. In the absence of strong U.S. deterrence, China and North Korea may be more willing to test boundaries, increasing the chance of crisis or limited confrontation.
- **Economic and governance impacts:** As U.S. development and economic engagement recede, China is likely to fill key gaps, increasing regional dependency and political leverage. States may divert resources from social and climate resilience to defence, exacerbating governance and inequality challenges.
- **Regional order:** The Indo-Pacific is likely to drift toward a more fragmented, China-influenced order, with a weaker rules-based system and greater reliance on power politics. Smaller states will face sharper choices and reduced strategic autonomy.

## ANALYSIS

The partial U.S. retreat from the Indo-Pacific represents a structural inflection point in the regional security environment. The document notes that the United States has “initiated a partial reduction of its security presence in the Indo-Pacific region, while simultaneously exploring a more conciliatory approach toward China,” a shift that is already reshaping alliance behaviour and regional threat perceptions.

This recalibration is likely to weaken deterrence across several high-risk theatres. The report highlights that reduced U.S. engagement “would weaken deterrence, destabilise alliances, accelerate China’s strategic expansion and create economic and security vacuums.” China’s demonstrated willingness to exploit strategic openings—illustrated by the launch of a new Type 055 destroyer on 03 January 2026—suggests Beijing is positioned to consolidate influence rapidly as U.S. presence contracts.

The weakening of the Quad and AUKUS is a notable indicator of alliance stress. The document states that this strategic adjustment “has had the effect of weakening the Quad and AUKUS alliances, prompting concerns among regional partners regarding the long-term commitment of the United States.” This erosion of confidence is likely to drive partners toward hedging strategies, as evidenced by India’s diversification of defence and technology partnerships with both the United States and Germany.

The Indo-Pacific’s economic centrality amplifies the consequences of instability. The region accounts for “over 40% of global GDP... and nearly two-thirds of worldwide economic growth,” meaning any deterioration in security conditions would have global economic repercussions. The document also underscores the region’s vulnerability to climate-driven shocks, which—when combined with geopolitical uncertainty—could strain governance and humanitarian systems.

## KEY FINDINGS

- The United States has commenced a partial drawdown of its security presence in the Indo-Pacific, while simultaneously seeking to ease tensions with China. This approach is reshaping alliance behaviour and threat perceptions, creating uncertainty among partners regarding long-term U.S. commitment.
- Reduced U.S. engagement is likely to undermine deterrence across several high-risk theatres. The diminished presence destabilises existing alliances, accelerates China’s strategic expansion and leaves economic and security vacuums. China’s ability to capitalise on these openings is evident, notably with the launch of its new Type 055 destroyer on 03/01/2026, signalling readiness to consolidate influence.
- The weakening of the Quad and AUKUS alliances is a clear sign of increased alliance stress. Regional partners are expressing doubts about U.S. reliability, prompting them to hedge their bets. For example, India is actively diversifying its defence and technology partnerships, engaging not only with the U.S. but also with Germany.
- The Indo-Pacific’s position as the world’s economic engine amplifies the risks associated with instability. The region accounts for over 40% of global GDP and nearly two-thirds of global economic growth. Any deterioration in security conditions would have far-reaching global economic consequences. Additionally, the area’s vulnerability to climate-driven shocks, when coupled with geopolitical uncertainty, threatens governance and humanitarian systems.
- The likelihood of miscalculation in key flashpoint areas—such as the Taiwan Strait, South China Sea, Korean Peninsula and the India–China border—is increasing. The absence of robust U.S. deterrence may embolden regional actors to test boundaries, raising the risk of unpredictable responses and possible escalation into wider conflicts.
- The U.S. disengagement in Asia is indicative of a larger withdrawal from global leadership. This trend is eroding global trust in U.S. commitments, emboldening adversaries and accelerating the transition towards a more fragmented, China-centric regional order.

## THE CONTEXT

### Global Shifts Under the Second Trump Administration

During January and February 2026, the global order experienced significant changes brought about by the second Trump administration. These developments have created widespread impact, with Western and European countries—core allies of the United States—being particularly affected by the evolving situation.

### A Historic Turning Point in International Relations

January 2026 was marked by mounting global instability. The World Economic Forum in Davos characterised the year as a historic turning point, defined by weakening international cooperation, deepening US–China rivalry and the continuing consequences of Russia’s 2022 invasion of Ukraine. World leaders warned that the post-war, rules-based order was coming under threat, as conflicts proliferated and major powers increasingly adopted transactional approaches to diplomacy.

### Geopolitical Flashpoints and Market Calm

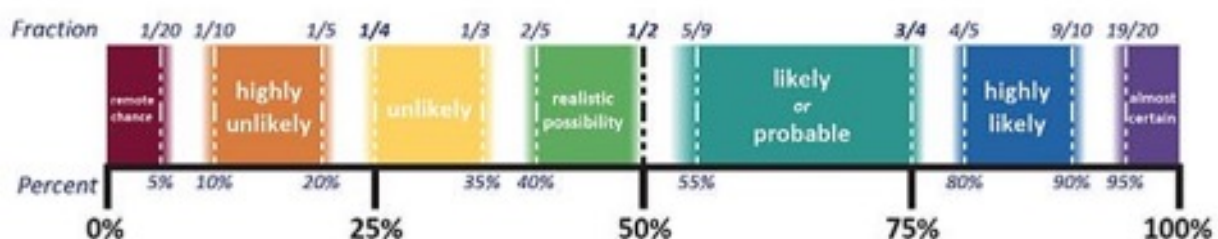
Several geopolitical flashpoints further contributed to this atmosphere of fragility. Venezuela’s political crisis and the possibility of US intervention unsettled regional stability, while speculation regarding US interests in Greenland drew attention to shifting Arctic geopolitics. Meanwhile, tensions in the Middle East stoked worries about oil price shocks and stagflation. Despite these considerable risks, financial markets remained unexpectedly calm, though analysts warned that investors may be underestimating the potential for disruptive geopolitical events.

### Domestic Politics on the Global Stage

The month also saw domestic political issues spill over into international arenas. Travel bans affecting supporters from various countries led to calls for boycotting the World Cup and US actions overseas sparked debates regarding the selective application of international law. Overall, January 2026 reflected a world contending with shifting power dynamics, institutional pressures and a growing perception that global norms are facing a period of intense uncertainty.

However, and significantly, the United States has initiated a partial reduction of its security presence in the Indo-Pacific region, while simultaneously exploring a more conciliatory approach toward China. A RAND report—subsequently withdrawn—recommended that Washington consider establishing a modus vivendi with Beijing, which would involve acknowledging the political legitimacy of the Chinese Communist Party and adopting principles of shared global governance. This strategic adjustment has had the effect of weakening the Quad and AUKUS alliances, prompting concerns among regional partners regarding the long-term commitment of the United States.

The intelligence assessment community use terms like unlikely or probable to convey the uncertainty associated with intelligence judgements. The Professional Head of Intelligence Assessment (PHIA) Probability Yardstick splits the probability scale into seven ranges. This standard set of language in probabilistic judgements to describe our assessed likelihood that a statement is true or that an event will occur, is occurring or has occurred. This probabilistic language scale is used by UK Defence Intelligence and used across within the UK intelligence government agencies.



# THE INDO-PACIFIC: STRATEGIC AND GLOBAL IMPORTANCE

## ECONOMIC SIGNIFICANCE OF THE INDO-PACIFIC

The Indo Pacific region is home to the majority of the world's population and accounts for over 40% of global GDP, as well as nearly two thirds of worldwide economic growth. This diverse region includes key economic powerhouses—China, Japan, India, South Korea, Taiwan and the ASEAN bloc—that are central players in global manufacturing, technology and finance. According to Britannica, the area hosts half the planet's population and seven of the world's largest militaries, underscoring its critical role within international economic and security systems.

### WHY THIS MATTERS:

*Stability in the Indo Pacific underpins global supply chains, technological production and economic growth. Disruptions in the region would have far-reaching economic consequences worldwide.*

## STRATEGIC RIVALRY AND SECURITY DYNAMICS

The Indo Pacific serves as the primary stage for strategic competition between the United States and China, shaping the broader trajectory of global politics. China's rapid economic ascent, military modernisation and growing assertiveness in the South China Sea have heightened tensions throughout the region. In response, the US and its allies—including Japan, Australia, India, the UK, France and Germany—have adopted the "Indo Pacific" framework to coordinate their strategic policies.

### WHY THIS MATTERS:

*The evolving balance of power in the Indo Pacific will have lasting effects on global governance, the rules of trade and international security structures.*



Photo by Neelakshi Singh  
Unsplash

## KEY GEOPOLITICAL FLASHPOINTS

This region contains some of the world's most volatile geopolitical hotspots, including:

- Taiwan Strait
- South China Sea
- Korean Peninsula
- India–Pakistan border
- India–China border

These areas are recognised as critical flashpoints by major geopolitical research centres.

### WHY THIS MATTERS:

*Any escalation in these zones has the potential to spark global economic shocks or even major power conflict.*

## CLIMATE AND ENVIRONMENTAL INFLUENCE

The Indo Pacific is highly susceptible to climate change, facing significant risks such as rising sea levels, extreme weather events like cyclones and widespread coral reef degradation. The region includes both major greenhouse gas emitters (China, India) and climate vulnerable island nations (Fiji, Kiribati, Maldives). Effective regional cooperation is essential for achieving global climate objectives.

### WHY THIS MATTERS:

*Climate instability in the Indo Pacific affects global food security, migration patterns and disaster response mechanisms, further highlighting the region's significance in shaping worldwide environmental and humanitarian outcomes.*

## INDO-PACIFIC GEOPOLITICS: KEY EVENTS (JAN – FEB 2026)

### US STRATEGIC REORIENTATION AND REGIONAL POWER DYNAMICS

**Transition Towards “Spheres of Influence” Under the Trump Administration** In early 2026, the United States initiated a partial withdrawal of its security presence in the Indo Pacific region. This shift coincided with a move towards a more conciliatory approach to China, marking a notable change in Washington's strategic posture. During this period, a report from the RAND Corporation—subsequently withdrawn—recommended that the US pursue a modus vivendi with Beijing. The report outlined a framework whereby Washington would formally recognise the political legitimacy of the Chinese Communist Party and seek opportunities for joint engagement on global governance issues.

This reorientation in US strategy has diminished the perceived unity of key regional alliances, specifically the Quad and AUKUS. As a result, concerns have grown among Indo Pacific partners about the reliability of long term US commitments in the region, casting uncertainty over the future of cooperative security frameworks.

## US NATIONAL DEFENCE STRATEGY UPDATE (LATE JANUARY 2026)

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In late January 2026, the United States issued an update to its National Defence Strategy that signalled a significant recalibration in its approach to regional security. Washington called upon allied nations to assume greater responsibility for their own defence, thereby emphasising a shift in burden-sharing expectations.

This strategic realignment also acknowledged China as an established actor within the Indo-Pacific, reflecting an evolving recognition of the region's power dynamics.

## CHINA'S EXPANDING MILITARY POSTURE

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In parallel to these developments, China continued to advance its military capabilities. On 3 January 2026, China launched a new Type 055 guided-missile destroyer, marking a notable enhancement of its blue-water naval capacity. The deployment of this vessel bolsters China's deterrence posture in contested maritime regions and signifies sustained investment in advanced naval assets.

These actions underscore China's commitment to strengthening its military presence, even as diplomatic engagement with other powers persists.



# INDIA'S STRATEGIC REALIGNMENT & PARTNERSHIPS

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India's recent strategic realignment within the Indo-Pacific is best understood as a hedging strategy, motivated by growing uncertainty regarding the long-term reliability of United States commitments in the region. This approach allows India to preserve its strategic autonomy while actively counter-balancing China's expanding influence. The country's evolving partnerships reflect a deliberate effort to diversify its alliances and strengthen its position amid shifting regional dynamics:

## DEEPENING US-INDIA TECHNOLOGY AND DEFENCE COLLABORATION

- On 02 January 2026, the United States approved export licences for TSMC and Boeing to operate in India, paving the way for enhanced collaboration in both the semiconductor and aerospace industries. This development significantly boosts India's technical capabilities and positions it as a more integral player in these critical sectors.
- These measures demonstrate Washington's intention to further integrate India into its supply chains and defence frameworks, signalling a strengthening of bilateral ties and shared strategic interests.

## REASSESSMENT OF INDIA'S FOREIGN POLICY APPROACH (MID-JANUARY 2026)

- The introduction of a new US regional strategy, together with the uncertainties reminiscent of previous Trump administration policies, is prompting India to reconsider its global alignments. India is increasing its involvement in US-led coalitions, seeking to safeguard its interests in a rapidly changing strategic environment.
- Despite these adjustments, India maintains its commitment to strategic autonomy, continuing to hedge against China's growing regional influence while actively seeking to strengthen its own security and diplomatic position.

## STRATEGIC CONVERGENCE BETWEEN INDIA AND GERMANY (12-13 JANUARY 2026)

- During high-level talks in mid-January, India and Germany finalised nineteen bilateral agreements encompassing defence co-production, technology partnerships and expanded trade initiatives. These agreements mark a substantial broadening of cooperation between the two nations.
- Germany has now introduced visa-free transit for Indian passport holders, further facilitating movement and collaboration between the two countries.
- These developments highlight Europe's increasing engagement with the Indo-Pacific and illustrate India's commitment to diversifying its strategic partnerships beyond traditional US-China relations.

## QUAD AND AUKUS: SIGNS OF STRAIN

- The Quad failed to convene a leader-level summit in 2025, reflecting coordination challenges and shifting US priorities.
- AUKUS commitments face renewed scrutiny under the Trump administration.
- Regional states are recalibrating expectations of US leadership.

## STATE OF THE INDO PACIFIC CONFERENCE (06–07 FEBRUARY 2026)

During the State of the Indo Pacific Conference held from 6th to 7th February 2026, policymakers and scholars engaged in in depth discussions on several critical issues shaping the region. These conversations focused on the following key themes:

- Great power competition and the evolving regional order were central to the debates, reflecting ongoing shifts in geopolitical dynamics.
- ASEAN strategic autonomy emerged as a significant topic, highlighting the region's desire to maintain independence in its policy decisions amid external pressures.
- Maritime security, including contested waters and naval modernisation, was identified as a priority, underscoring concerns over territorial disputes and the need to strengthen naval capabilities.

- Cyber narratives and information warfare were discussed as increasingly important challenges, emphasising the role of digital strategies in regional security and influence.
- Disaster response coordination in climate vulnerable states was also highlighted, stressing the necessity for collaborative efforts to address natural disasters and climate related risks.

Collectively, these discussions encapsulated the region's anxiety regarding US retrenchment and China's growing assertiveness. The themes that emerged reflect the complex interplay of security, autonomy and resilience shaping the Indo Pacific's future.

## WHAT IS THE RISK OF THE U.S REDUCING THEIR PRESENCE IN THE INDO-PACIFIC?

A reduction in the U.S. presence within the Indo-Pacific carries significant and multifaceted risks for the region's security and stability. Such a shift would undermine established deterrence mechanisms, weaken long-standing alliances and create strategic and economic vacuums. These vacuums would likely be filled by China, which possesses both the intent and the capacity to expand its influence. Numerous analyses highlight that, when the U.S. scales back its role, China stands as the primary actor willing and able to assert itself in the region.

### WHY THIS MATTERS:

*China's ability to shape regional norms, trade rules, and security arrangements is likely to grow considerably if U.S. engagement weakens, affecting the balance of power and the rules-based order across the Indo-Pacific.*

- Expansion of China's geopolitical and economic influence, particularly through mechanisms such as infrastructure financing and development aid, which would allow Beijing to shape the region's trajectory.
- Increased leverage by China over ASEAN and Pacific Island states, as these countries may increasingly turn to Beijing for investment and security guarantees in the absence of robust U.S. engagement.
- A reduction in constraints on China's assertive behaviour in sensitive areas, such as the South China Sea and the Taiwan Strait, raising the prospects for heightened tensions and instability.

## IMPLICATIONS FOR ALLIANCES AND REGIONAL STABILITY

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The network of alliances maintained by the United States—including Japan, South Korea, Australia, the Philippines and Thailand—has long been the cornerstone of stability across the Indo-Pacific. The credibility and strength of these alliances are fundamental to deterring aggression and preserving order. Should the U.S. withdraw from even a single treaty arrangement, the ramifications would reverberate throughout the region, deeply undermining trust in collective security guarantees. In the absence of a robust U.S. deterrent, regional flashpoints could become increasingly volatile and unpredictable, heightening the risk of miscalculation and conflict.

### HIGH RISK AREAS

- Taiwan Strait
- South China Sea
- Korean Peninsula
- India–China border

### KEY RISKS

- China may test boundaries in Taiwan or disputed maritime zones.
- North Korea may escalate provocations without fear of a coordinated U.S.– ROK response.

Regional states may miscalculate, increasing the chance of accidental conflict. The significance of continued U.S. presence lies in its historical role as a stabilising force, preventing unilateral actions that could destabilise the region.

## ECONOMIC AND DEVELOPMENT VACUUMS

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- U.S. economic engagement and development initiatives, particularly those spearheaded by USAID, have served as a cornerstone for promoting goodwill and stability across the Indo-Pacific. These programmes have contributed significantly to regional prosperity and have reinforced governance structures, helping to sustain growth and resilience.
- A reduction in U.S. economic and development efforts would leave a vacuum, undermine regional stability and hampering further development.

### KEY RISKS

- Cuts to U.S. development programmes weaken regional economies and governance, eroding the progress achieved through years of collaboration.
- China is likely to fill the void by offering financial assistance, which may lead to increased dependency and allow China greater political leverage within the region.
- Countries may be forced to shift their budgets towards defence expenditure, at the expense of vital investment in infrastructure, education and climate resilience.
- **The importance of this dynamic is clear:** scaling back economic engagement while urging higher defence spending risks alienating key partners and diminishing trust across the Indo-Pacific.

A reduced U.S. presence accelerates the transition towards a China centric regional order, fundamentally altering the balance of power.

## KEY RISKS

- The established rules based order is weakened, giving way to arrangements based on power rather than principles.
- Regional institutions gradually lose their balance and independence, becoming more aligned with Chinese preferences.
- Smaller states are deprived of strategic autonomy and may be compelled to either choose sides or accept Chinese terms, further diminishing their influence.
- This matters because the Indo Pacific region is at the heart of global strategic competition. Instability here would have far-reaching consequences across the world.
- U.S. disengagement in Asia is indicative of a broader withdrawal from global leadership, signalling a shift in international influence.
- Reduced global trust in U.S. commitments affects alliances such as NATO, partnerships in the Middle East and other global relationships.
- Adversaries may be emboldened to test U.S. resolve in various regions.
- U.S. influence in global trade and technology standards continues to decline.
- This is crucial because the Indo Pacific is the world's economic engine; a loss of influence here would reshape global power dynamics.

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