

# Middle Power and Powerlessness on a changing World Stage

A FORESIGHT STUDY

Koen Aartsma  
Gijs Verbossen  
Liam Klein  
Chiara Schrader  
Bart van der Wal



Clingendael

Netherlands Institute of International Relations

APRIL 2026

Clingendael

**Geostrategic Perspective  
2026-2040**

**Disclaimer:** This report is part of the PROGRESS programme commissioned by the Dutch Ministries of Foreign Affairs and Defence. The authors are responsible for the content of this report. Its publication does not imply that the Ministries of Foreign Affairs and Defence hold the views forwarded.

**April 2026**

© Netherlands Institute of International Relations “Clingendael”.

Unauthorised use of any material constitutes an infringement of copyright, trademark law and/or other rights. If a user wishes to download material from the website or from any other source related to the Netherlands Institute of International Relations “Clingendael” or Clingendael Institute, for personal or non-commercial use, the user must comply with all regulations and legislation governing copyright, trademark law or other similar notices included and displayed in the original material.

Material on the website may be reproduced or published, distributed or used for public and non-commercial purposes, provided that the Clingendael Institute is clearly cited as the source. Permission is required to use the Clingendael Institute logo. This permission can be obtained by sending an email to the Communications Department of the Clingendael Institute at [press@clingendael.org](mailto:press@clingendael.org).

The following web link activities are prohibited by the Clingendael Institute and may constitute an infringement of trademark and copyright law: links involving improper and unauthorised use of the Clingendael logo in any form, framing, inline links, or metatags and hyperlinks, or any form of use or application of a link that conceals the URL.

### **About the Clingendael Institute**

The Netherlands Institute of International Relations ‘Clingendael’ is a leading think tank and academy in the field of international relations. Through our analyses, training courses and public debates, we aim to inspire and equip governments, businesses, NGOs and society at large, thereby contributing to a safe, sustainable and just world.

The Clingendael Institute  
P.O. Box 93080  
2509 AB The Hague  
The Netherlands

## About the authors

**Koen Aartsma** is Senior Research Fellow and head of the Strategic Foresight & Intelligence programme in the Security Unit of the Clingendael Institute. Koen leads Clingendael's efforts in the field of strategic foresight and geopolitical trend analysis. His research focuses on power politics, the changing world order and the role of intelligence and security services, among other topics.

**Gijs Verbossen** is Senior Research Fellow in the Strategic Foresight & Intelligence programme in the Security Unit of the Clingendael Institute. Gijs conducts research on the interaction between geopolitics and security, with a particular focus on global governance, international legal order and non-traditional security threats.

**Liam Klein** is Research Fellow in the Strategic Foresight & Intelligence programme in the Security Unit of the Clingendael Institute. Liam specialises in the study of political ideologies. He uses both historical insight and foresight methods to explore possible directions for ideological trends, including in the field of conservative and right-wing radical America.

**Chiara Schrader** is Researcher in the Strategic Foresight & Intelligence programme within the Security Unit at the Clingendael Institute. Chiara's research focuses on international and national security issues, in which she uses methods such as horizon scanning and scenario development. Her research focuses on Latin America and the Caribbean, hybrid threats and intelligence cultures.

**Bart van der Wal** is Researcher in the Strategic Foresight & Intelligence programme in the Security Unit of the Clingendael Institute. His research focuses on the security implications of international trends and the changing world order, using foresight methods such as scenario development, horizon scanning and serious gaming.

## Acknowledgements

We would like to express our sincere gratitude to the many Clingendael experts, as well as external experts and staff from the Ministries of Foreign Affairs and Defence and other ministries, for providing substantive input, proofreading texts, kindly agreeing to be interviewed and participating in five scenario input sessions. We would like to extend special thanks to our colleagues Maud Zonneveld, Bob Deen, and Monika Sie Dhian Ho.

# Inhoud

<b>Summary</b>	<b>VI</b>
<b>Introduction</b>	<b>1</b>
<b>Chapter 1. Scenarios: eight imaginable futures</b>	<b>4</b>
<b>Scenario 1: Multinational Diplomacy</b> <i>How a disruptive business model paves the way to a privatisation of world peace</i>	6
<b>Scenario 2: Middle Might Makes Right</b> <i>How multipolarity leads to military (middle) power politics</i>	8
<b>Scenario 3: Bipolar Disorder</b> <i>How multilateralism splits into two rival systems</i>	10
<b>Scenario 4: Middle Powers in the Great Game</b> <i>How middle powers survive and succumb in a neo-imperialist world</i>	12
<b>Scenario 5: Multicurrency Mercantilism</b> <i>How multipolarity ushers in regional protectionism</i>	14
<b>Scenario 6: From the Jungle to the High Seas</b> <i>How (digital) piracy and hybrid financial (state) terror infest the world stage</i>	16
<b>Scenario 7: The Great Sell-out</b> <i>How great powers agree to betray old friends</i>	18
<b>Scenario 8: Capital's Punishment</b> <i>How a global financial meltdown turns the tables</i>	20
<b>Chapter 2. Scenario analysis</b>	<b>22</b>
<b>Conclusion</b>	<b>38</b>
<b>Deep Dive 1. Middle powers in a changing world order</b>	<b>43</b>
<b>Deep Dive 2. Change on the world stage: important trends, developments and uncertainties</b>	<b>54</b>
<b>Appendix. Methodology</b>	<b>70</b>
<b>Reference list</b>	<b>73</b>

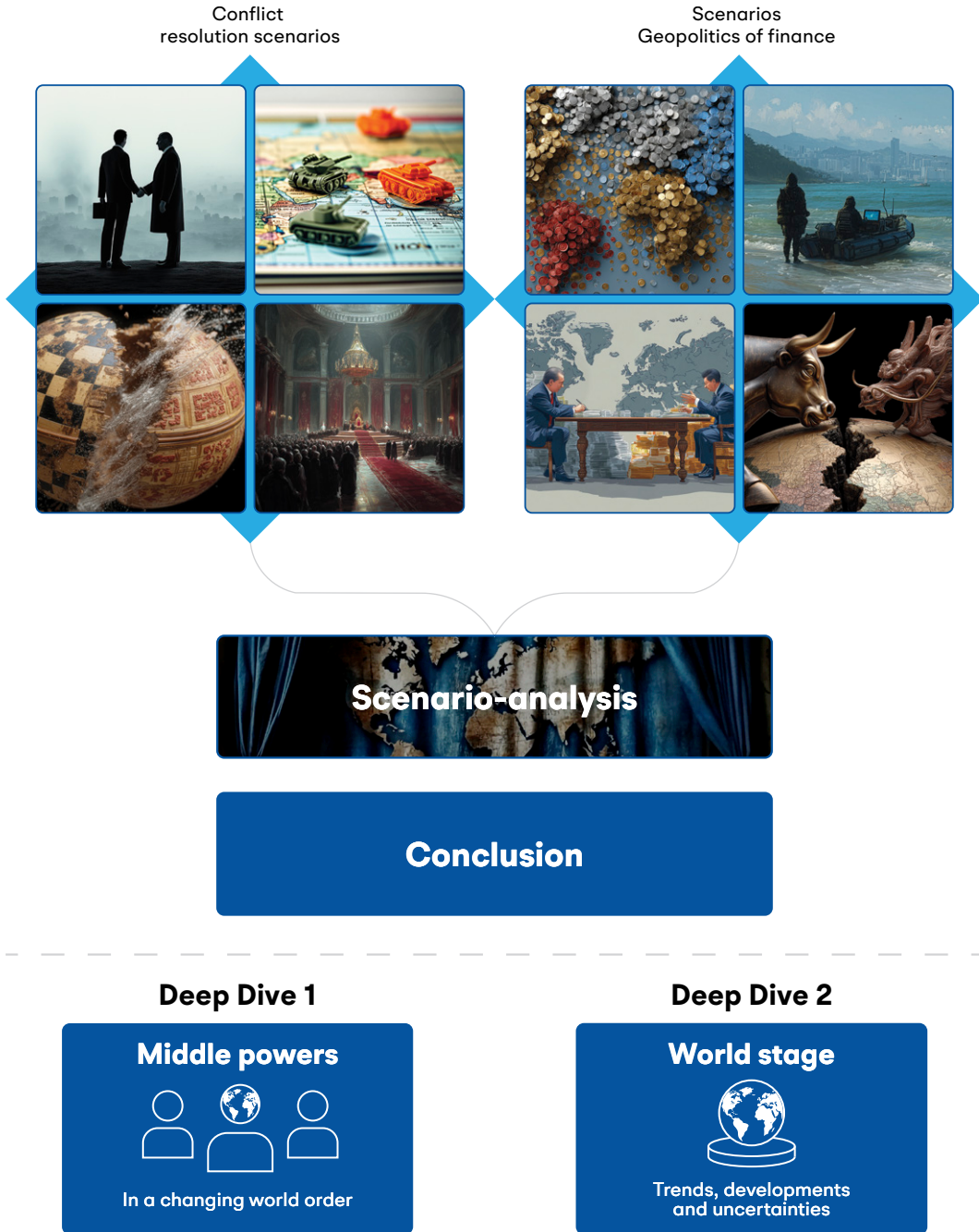


Figure 1 The schematic structure of this report.

# Summary

For this foresight study, **eight scenarios** were developed which together offer a unique perspective on the **role of middle powers in a changing world**. Middle powers can play a major role in the creation of a new world order, but do not yet have a decisive role at this point. Middle powers also face ‘middle powerlessness’ on the world stage.

Middle power is a relative concept – a spectrum rather than a binary threshold level of power. A middle power is a country (or region) that can have **a substantial influence** on the actions of geopolitical actors without being able to change the world order on its own. **There is therefore no such thing as ‘the’ middle power**. In this study, middle power broadly refers to countries such as India and Russia at the top end of the spectrum and countries such as the Netherlands and Egypt at the bottom end.

Over the coming years, middle powers will have the opportunity to take a proactive and assertive stance and play a **key role** in shaping a new geopolitical future. At the same time, like other players, they will be confronted with an **unpredictable world stage** on which various players, including the great powers, will try to impose their will. Middle powers have diverse worldviews and intentions, diverse visions of their own role and assertiveness in world affairs, diverse political, economic and military capabilities, and diverse strategic positions. This includes attempts to remain *multi-aligned*, *non-aligned* or *fully aligned*, and varying degrees of success in acquiring, maintaining and exercising power.

How protean world affairs really are is illustrated well by the **two central themes** of this study: **conflict resolution** and the **geopolitics of finance**. These two themes were picked because they **represent two of the main pillars of the ‘old’ liberal rules-based order**. Both are subject to erosion and transformation. Middle powers must relate to this on the one hand but can also exert substantial influence on it.

In the geopolitical developments towards a new world order, **multipolarity** is not a given but **a key uncertainty**. In addition to the precise polarity of the emerging order, the degree of **cooperation versus non-cooperation** between middle powers is a **second key uncertainty**. These variables strongly determine the degree of success of different middle power profiles and strategies.

**The Netherlands** is a **middle power**, but whether it will remain so is **unsure**. It sorely needs a new strategic vision on changing relations with the great powers as well as with its middle power peers. In addition, the world stage is rapidly changing in a direction that the Netherlands (and, incidentally, the EU) is not accustomed to. Raw power politics prevails over international law, as demonstrated by the growing use of threats, using conventional and unconventional means. This points to a second urgent need: **to find comfort in the uncomfortable** and to get used to the unfamiliar. What’s more, neither NATO nor EU membership makes the Netherlands immune to the rise of brutal power politics.

In particular, this study concludes that although **strategic indispensability** is a **cost-effective strategy** for smaller middle powers, it is **also a particularly vulnerable** strategy. Just as excessive dependence on the existing world order is unwise, so too is excessive dependence on a single vulnerable means of power. This foresight study shows that **hedging and multi-alignment** are becoming increasingly prominent strategies in the middle power arsenal. These instruments offer middle powers **maneuverability** in an uncertain geopolitical era. The Netherlands can also benefit from learning to manoeuvre on the basis of these strategies.

The successful middle powers in this foresight study develop **broad capabilities** in multiple domains and deploy them with maximum effectiveness in strategically important moments and issues. Such **middle power acumen** requires various skills: (1) **adaptability** to a changing environment; (2) **diversification and deepening of collaborations**; and (3) **broad resilience and geopolitical fortitude. Insight** into, **and investment** in one's own strengths and skills (one's own **middle power**), but also insight into the limits of one's own capabilities (one's own '**middle powerlessness**') are indispensable for meeting the current and future challenges of a world order in flux.

# Introduction

The geopolitical world stage is changing radically. The liberal world order is under severe pressure and a shift in the balance of power is in full swing. The Pax Americana of the post-Second World War era and American supremacy after the Cold War seem to be over. **The world order is in transition, but what will emerge remains unknown.**

With the rise of China and several middle powers, as well as the drastically changing outlook of the United States, the international system has **lost the relative stability of a unipolar order**. Increased competition and rivalry bring back protectionism, transactionalism, civilisational thinking and 'might makes right' as the defining norms of geopolitics. The future world order may be bipolar or multipolar. Even renewed unipolarity is possible (but seems less likely at this point).

At this geopolitical juncture, there is room for new centres of power, emerging powers, new alliances as well as divisions, and new norms and forms of inter- and intrastate politics. On this changing world stage, all actors – large and small – will face **a high degree of uncertainty**.

In the creation of a new world order, power imbalances matter again. On the one hand, lesser powers become more vulnerable, while on the other hand, all players are given new scope for strategic assertiveness and geopolitical repositioning. For middle powers in particular, this scope offers opportunities, as well as challenges. Whereas great powers can shape the global order, and small countries are essentially at the mercy of changing circumstances, **middle powers can use their capabilities and strategies to make geopolitical gains**. They can initiate new relationships, exchanges, collaborations and norms to their own benefit, albeit with the risks, investments and responsibilities that this entails.

This foresight study focuses specifically on the **(future) influence of middle powers on a changing world stage**. The concept of middle power is defined as a country (or region) that can have a substantial influence on the actions of geopolitical actors without being able to change the world order as such on its own. **This influence depends not only on capabilities but also on strategic choices and circumstances**. The concept of middle power covers a **variable and broad spectrum** between great and minor powers.

Actual geopolitical influence and power is a continuum on which various classifications can be made. In this foresight study, the **US and China are classified as great powers**. Based on their economic, military, political-diplomatic and demographic capabilities, these two countries tower far above all the rest / are a cut above the rest. They are **followed by countries such as India and Russia**, which are classified in this study as some of the most influential middle powers. Further down the middle power spectrum are countries such as the **Netherlands, Egypt and Argentina**, which can also exert substantial influence on world affairs, provided they play their geopolitical cards right.

um

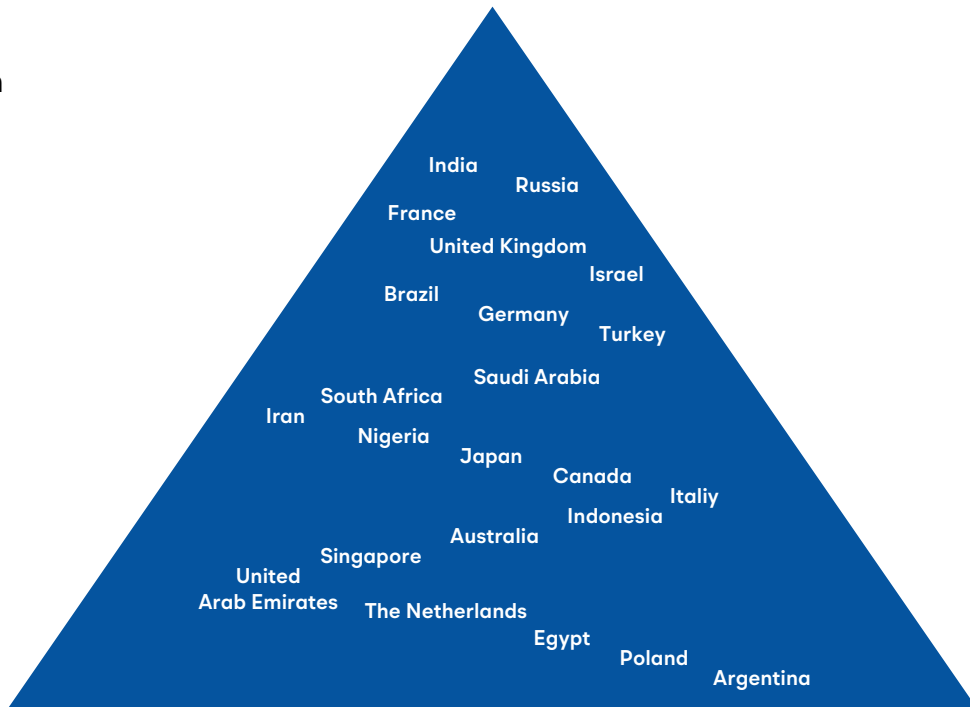


Figure 2 A selection from a broad list of middle powers. See Deep Dive 1 for a comprehensive analysis of all middle powers on the world stage.

In the coming years, middle powers could find new opportunities to assume a proactive and assertive geopolitical posture and, together, might play a **key role** in shaping global order. At the same time, like other players, they will be **confronted with unpredictability** and various players, including the major powers, who will try to impose their will. For a start, middle powers, like everyone else, face a number of important fundamental trends.

#### Important trends

1. Increasing politicisation and fragmentation of the global economy and global finance
2. Growing pressure on international and democratic legal orders
3. Accelerating transformation of the economy, society and (geo)politics due to technological developments
4. Deepening inequality and polarisation, nationally and internationally
5. Accelerating climate change and environmental degradation
6. Growing demographic imbalances and societal challenges
7. Intensification and hybridisation of conflict and warfare

Figure 3 Seven important trends that are likely to characterise the current and future world stage. See Deep Dive 2 for a detailed elaboration of these trends and associated developments and uncertainties.

This foresight study presents **eight scenarios** for the possible **role(s) of middle powers on a changing world stage**. In consultation with the client the authors of this study decided to adopt a thematic focus on two pillars of the ‘old’ liberal order: **conflict resolution** and the **geopolitics of finance**. Both these areas of international conduct are subject to transformation and norm erosion. Middle powers must respond to these developments, but they can also exert substantial influence on them. The study covers a time horizon of five to fifteen years. Hence the scenarios offered extend to the year 2040 at the latest. Clingendael’s strategic foresight method aims to provide tools for a more anticipatory – future-proof – Dutch foreign and security policy. The starting point here is that the future is fundamentally unpredictable. This study does not predict the future but entertains different conceivable futures.

### Structure of the Clingendael Geostrategic Perspective

This edition of the Clingendael Geostrategic Perspective consists of two parts: a **foresight analysis** (the main report) and two **in-depth analyses**, or Deep Dives.

The foresight report first presents **eight scenarios**. The first four middle power scenarios focus on the theme of **conflict resolution**. The last four focus on the theme of **the geopolitics of finance**. These scenarios are then **analysed**, individually and taken together. What do these scenarios teach us about the **changing world stage** and the **role of middle powers** on it? And what **challenges and opportunities for the Netherlands** arise from this?

The foresight report concludes with a **summary** of the most important **overarching insights** arising from the various foresights and the in-depth study conducted into the concept of middle power on the one hand and the changing world stage on the other.

For interested readers, **two additional Deep Dives** have been added. **Deep Dive 1** elaborates on the geopolitical capabilities, strategies and instruments of **middle powers** and presents a comprehensive index of countries that can be regarded as the middle powers of today and, potentially, tomorrow.

**Deep Dive 2** adds colour to the current and future world stage by outlining a number of important **trends, developments and uncertainties** that are likely to characterise the world stage. This section also provides additional context to the themes of conflict resolution and the geopolitics of finance.

Finally, the appendix explains the methodological choices made in this foresight study.

## CHAPTER 1

# Scenarios: eight imaginable futures

How can middle powers position themselves on the changing world stage in the coming years? And what influence and impact – positive and negative – can they have?

To provide a foresight answer to these and other questions, **eight future explorations (scenarios)** have been drawn up. These incorporate the insights gained about the (potential) middle powers of today and tomorrow (see Deep Dive 1) the important trends, developments and uncertainties that characterise the world stage (see Deep Dive 2). These scenarios are not predictions of the future, but explorations of various imaginable futures. The **time horizon** of these explorations extends to **2040** at the latest.

The **first four (middle power) scenarios** focus on the theme **of conflict resolution**. The **last four** focus on the **geopolitics of finance**. In chapter 2 these scenarios are analysed, first individually and then taken together as a whole.

All eight scenarios have been drawn up based on a 2x2 matrix, in which the two key uncertainties are central:

1. The extent to which middle powers seek **cooperation** or **non-cooperation** in their actions on the world stage;
2. The extent to which the future world order is rather **multipolar** or more **bipolar**.

The development of the eight scenarios is informed by in-depth studies of middle power in global order and of the important trends, developments and uncertainties that will influence this order, presented respectively in Deep Dives 1 and 2. In each quadrant of the matrix, a scenario centred on the theme of conflict resolution and a scenario centred on the theme of geopolitics of finance was drawn up (see Figure 4). Please consult the Appendix for further substantiation of the methodology of this foresight study.

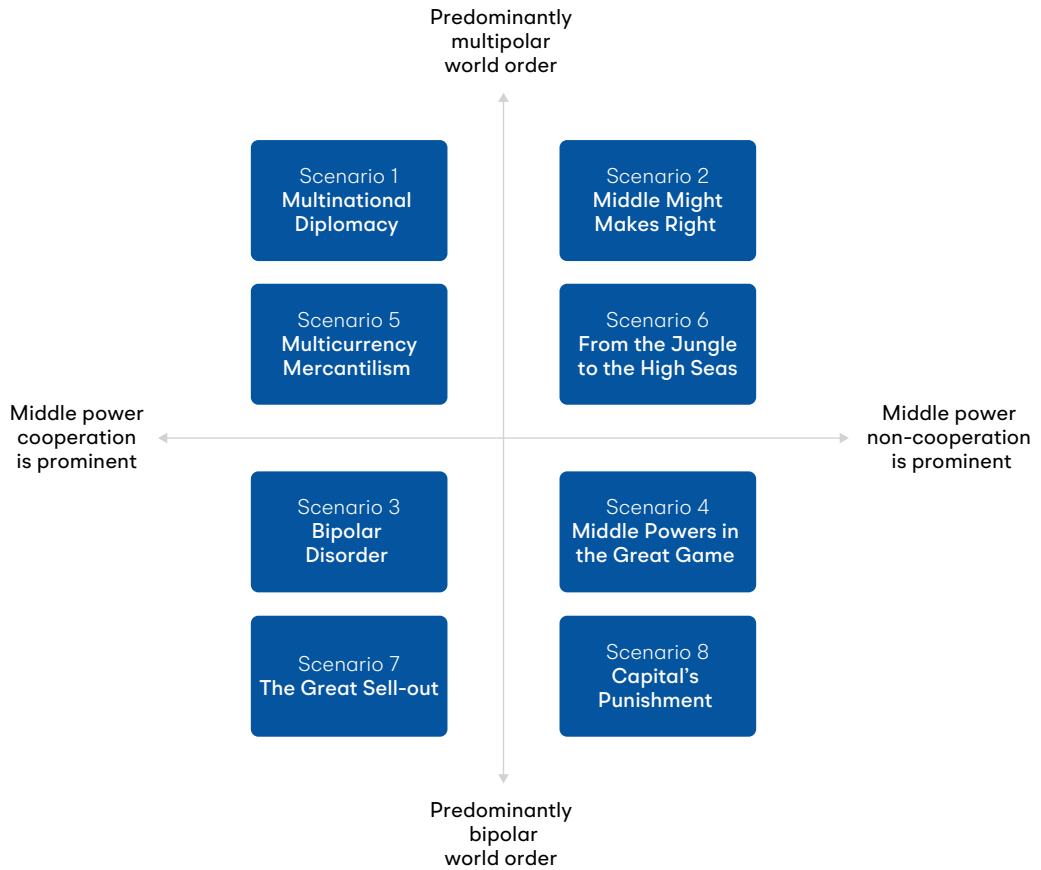


Figure 4 The 2x2 matrix within which this foresight study developed the scenarios.



# Multinational Diplomacy

## How a disruptive business model paves the way to a privatisation of world peace

The 2030s are the roaring twenties of the twenty-first century. Commercial life is flourishing, not only in developed economies in North America and Europe, but also in emerging powers. Interstate diplomacy is sluggish, but business interests and money increasingly grease the gears of international relations. The UN is functioning reasonably well, but the real dynamism in conflict resolution is found elsewhere. In recent years, businesspeople often acted as (in)formal negotiators on behalf of major powers. This model also appears to be catching on in other countries as well. Many rapidly developing middle economies believe that states should be run more like successful companies: transactionally, focused on material growth, pragmatic and thinking outside the box. Also with regard to the multilateral system of conflict resolution room is found for creative solutions from disruptive private parties, which are increasingly allowed to speak on behalf of governments.

The logic of the DeepSeek business model, whereby companies make the framework of their products publicly available via open source, but not the secret ingredients of their products, is proving to be leading the way. In hydrogen power, battery production, cyber security, satellite navigation and the gaming industry, for example, companies that share their underlying blueprints with the world are cropping up. This brings all kinds of commercially interesting applications within reach of many. These **horizontalizing commercial dynamics** also present companies from emerging economies with all kinds of opportunities. **Business is booming**, and public-private partnerships are creating a global dynamic in which **disruption and deal-making** are embraced as essential virtues. Emerging economies are developing faster than expected.

**Senegal** is a **shining example** of a country that has made excellent use of this commercial horizontalization. This West African coastal nation was already at the forefront of embracing mobile telephony in the 1990s and 2000s. By 2030, Senegal's technological modernisation initiative, the 'New Deal Technologique', has become fruitful. Partly thanks to the wave of digitalisation, an inventive Senegalese start-up develops an

integrated app for calculating optimal maritime trade routes using open-source models. The app communicates rapidly with the UN's digitised eTIR system and combines this input with a range of OSINT sources and AI-driven predictions, enabling the mapping of routes that maximise efficiency and minimise external risks such as hijackings and storms. Following a merger with a similar rising company in Vietnam, this Senegalese start-up, called **Pirogue**, is growing into a **regional champion and a large multinational**.

Emerging middle powers such as Senegal, Vietnam and Chile are becoming inspiring examples for their regions. They demonstrate how much economic potential can be unlocked by a young and inventive population, reasonably stable and predictable governance, and a solid digital infrastructure. Young innovative companies are also increasingly getting involved in geopolitics. Precisely because they originate from countries that are not stuck in traditional geopolitical blocs, they appeal to elites from other middle powers more than (slower) companies from Europe, the US or China. For example, a well-coordinated **lobbying campaign by a broad coalition of East Asian companies** ultimately leads to a **public-private**

**deal with Moscow.** The companies are exempt from icebreaker fees on the Northern Sea Route for their container ships. In exchange, these companies, including energy companies, advise and invest in the technological catch-up that Russia wants to make. This classic win-win with constructive stance by Russia is met with scepticism and distrust in Western policy circles.

The widespread optimism in the start-up world is partially reflected in the multilateral system. The greater emphasis on financial and economic interests worldwide, makes it easier to break through stubborn conflict dynamics, albeit mainly with short-term solutions. At the same time, **the old veto structures in the UN Security Council are still in place.** Squabbling of the veto powers often impedes or sabotages peace processes.

In response, the multilateral reform summit, the **Summit of the Future**, is attempting to implement bold **reforms** inspired, in part, by the spirit of innovation and public private partnering that is sweeping the world. The recommendations emerging from the summit conclude that large language models (LLMs) can help bridge radical differences of opinion. The proposal involves a partnership between AI-companies jointly developing a specially designed **LLM that writes a first draft of a resolution in the event of disagreement in the Security Council**, which then forms the basis for further discussions. To the surprise of many, the proposal is received relatively favourably by those involved. No veto rights need to be relinquished, national AI champions can show off their skills, and the hostile reflexes of diplomatic opponents can be partially circumvented through a technocratic compromise text. Open source LLMs prove to be well equipped to formulate such initial compromise texts, facilitating the subsequent negotiation process.

The surprising success of this reform initiative raises fundamental questions among parts of the international community. Should conflict resolution still be reserved to states? Are public actors still the most suitable for keeping the peace? The perception prevails that the institutional mechanisms of the UN are designed to suppress the interests of (particularly emerging) middle powers. The transactional world of business may be tough, but it offers apparent clarity. Many emerging middle

powers feel comfortable with this. Bolstered by the idea, the World Economic Forum (WEF) in Davos is rapidly gaining influence. The WEF has proven to be an excellent place to make deals, settle disputes and, in privacy and calm, air grievances with the other party. The guest list still includes a few prime ministers and ministers – depending on the specific conflict that is preoccupying the world – but increasingly CEOs, bankers, lawyers, consultants and top scientists are invited. A growing number of them come from Latin America, Africa, Eurasia and Southeast Asia.

Despite the composition of the guest list, “state” interests are appearing on the agenda. Heads of state and government officials approach “their” business leaders before the summit in an attempt to promote their own interests through these commercial ambassadors. However, **what makes the WEF so ‘successful’** is precisely the fact that the **negotiators are less encumbered** by the (bureaucratic) policy reflexes of (archaic) governments. When delegates at the WEF 2039 succeed in getting Malaysia and Indonesia to agree on the demarcation of their common border, global confidence in the problem-solving capacity of this forum grows further.

Countries that attempt to resolve conflicts through traditional multilateral and legal channels see their efforts repeatedly overtaken by this new modus operandi, whereby ambitious businesspeople **forge deals through a second, semi-official track**, from which they themselves benefit significantly. This public-private partnering in peace and conflict resolution continues to expand. In 2040, devastating confrontations erupt between the advancing troops of the Islamic State of Mozambique, which then control a wide coastal strip, and the Mozambican government forces. **The WEF, meanwhile transformed into a kind of private counterpart to the UN**, decides that the time is ripe for the logical next step. A motion is passed by a convincing majority to **establish its own peacekeeping force**, consisting of private military companies (**PMCs**), with a mandate to protect global trade and the population from jihadist violence; a peacekeeping operation that claims to revive the international norm of Responsibility to Protect (R2P). “The multilateral system is dead,” headlines the New York Times the next day. “Long live the multinational system.”

# Middle Might Makes Right

## How multipolarity leads to military (middle) power politics

Competition between great powers and their meddling in other countries are slowly becoming history. After several confrontations with assertive middle powers that forced both the US and China to back down, they are resigning themselves to a new reality by (for the time being) accepting the multipolarisation of world order. Instead of risking imperial overstretch, they are steering towards isolationism and regionalism. There is no longer a great power policing international relations and keeping conflicts in check. No longer an obvious mediator that can cool wars. Multilateral institutions, once designed around American power and hegemony, have become empty shells that only a few countries still turn to. Instead, an arms race is taking place, driven by mistrust and a growing belief that “*might makes right*”. In the resulting power vacuum, some middle powers feel threatened, others feel free to assert themselves, and still others experience a mix of both.

Assertive middle powers seize the opportunity. Prominent regional players are increasingly behaving like regional hegemons. They are brimming with confidence and are (sometimes firmly) convinced that it is high time to claim their rightful place on the world stage. The moderation of great power competition is messy and results in an increase of the number of inter- and intra-state conflicts. A significant **armed conflict** that resurfaces in the mid-2030s is that **between India and Pakistan**. This time, however, the armed conflict takes a different turn than it in previous instances.

In recent years, increasing **water scarcity** made the **Kashmir region**, with its many rivers and lakes, more important than ever for the growing populations of both India and Pakistan. Due to increasing nationalism and growing self-confidence, India is making more assertive claims on the entire Kashmir region than ever before. India, now a military giant, is proactively seizing its opportunity and overrunning Pakistani positions along the line of control. Whereas New Delhi previously had to take international repercussions into account, Washington now looks no further than its own meridians. China, meanwhile, is holding on to the

importance of stable relations with India – following an earlier compromise on their border conflict – and limits its military support to Pakistan. India, in short, is no longer inhibited by anything, except for the risk of nuclear escalation. Pakistan’s nuclear capability alone fails to deter the Indian offensive. **Only a severe nuclear threat issued by a shocked Pakistani government brings the Indian army to a halt.** Pakistan suffers painful losses all the same, among which a significant part of Kashmir.

Now that China has taken a step back in South Asia, **Saudi Arabia** is stepping up as a new security actor in this region. With the loss of Chinese support for Pakistan, Riyadh sees an opportunity – but also a dire necessity – to strengthen its own position in an increasingly unsafe world. Saudi Arabia has something to offer Pakistan, and the other way around. A deal is quickly taking shape: **Saudi Arabia is offering large-scale financial and economic support to help Pakistan recover** from its devastating losses. **In exchange, Saudi Arabia will gain access (via a 100-year ‘lease arrangement’) to a dozen Pakistani nuclear weapons**, including the cruise missiles capable of carrying such a payload. Nuclear proliferation in the Middle East and beyond now looms large.

Defence budgets have risen sharply worldwide. **Europe has been feverishly building its own security structure** after even the last remnants of the American security umbrella disappeared. States that led the way and achieved critical military mass, such as Poland, Turkey, France, the United Kingdom and Germany, become the (new) linchpins of European decision-making, both within a Europeanised NATO and within the EU. Russia, however, did not sit idle; quite the contrary. In recent years, the country significantly expanded its military presence in Belarus to “defend the country against European aggression”. When the Belarusian President carefully expresses concern about Russia’s near military omnipresence, things develop rapidly. A successful Russian intelligence operation leads to an internal coup, after which the new Belarusian military leadership quickly declares its support for reunification with “the motherland.” With the new direct border between the EU and Russia, the Russian threat to the EU becomes ever more direct.

However, not everyone is participating in the global arms race. **Brazil, Argentina, South Africa and Switzerland** attempt a different path. They **are positioning themselves as champions of peaceful conflict resolution** and call for new forms of cooperation, whether multilateral or minilateral. Many smaller, vulnerable countries benefit from strong multilateral standards, as they have reason to fear the ambitions of one or more powerful neighbouring states. Their ‘**peace agenda**’ thus finds a narrow majority in the UN General Assembly when put to a vote. However, this call for peace in the New York headquarters of the UN is drowned out by the worldwide clamour of arms.

In Southeast Asia, **Indonesia is taking steps to become an independent military (maritime) power.** Thanks to investments by successive presidents who placed great importance on military influence and power, several promising Indonesian defence manufacturers develop into competitive market players. This, however, will soon expose a significant cost of taking part in the global arms race. Massive investments in defence have created a **new elite: generals, mining magnates and national heroes**

who fought against separatists in Papua and mining companies from China. When results of the Indonesian parliamentary elections are rigged, sidelining the reform-minded government, it becomes immediately clear that this elite will fight for power. It is the last blow that finalises the long creeping democratic backsliding. The generals’ grip on the country is irreversible.

**Brazil’s** (and its supporters’) **hope** for a more constitutional world **are definitively dashed when the country speaks out strongly against a new series of American anti-drug operations in the “Gulf of America” and the “American” Caribbean.**

According to Brasília, Washington repeatedly violates the sovereignty of independent states in Latin America, with the American operations in Venezuela in early 2026 as prime example. Washington, however, won’t be lectured: Arleigh Burke-Class destroyers and a Gerald R. Ford-class aircraft carrier off the coast of Rio de Janeiro and São Paulo. Another classic example of **gunboat diplomacy**, but this time involving a major middle power. The message is clear: the US may have withdrawn and abandoned its global ambitions for the time being, but it still has sufficient capabilities and willingness to give its critics (especially in the Western Hemisphere) a diplomatic, economic or military slap in the face.

The extent to which the Netherlands and Europe will escape the sabre-rattling is highly doubtful. **There are serious concerns about the cohesion within NATO**, due to, on the one hand, increasing nationalism among European member states and, on the other hand, a unilateral America that prioritises political goals over European security in its foreign policy. Meanwhile, **tempers are running higher and higher in Europe.** For example, the UK and France are increasingly at odds over migration and the status of the Channel Islands, Hungary and Ukraine are quarrelling over Transcarpathia, and Greece and Cyprus are deeply concerned about increasing Turkish military activity in and around the self-proclaimed republic of Northern Cyprus. Europe too, once the champion of international law and multilateralism, seems to have abandoned these ambitions for the moment.

# Bipolar Disorder

## How multilateralism splits into two rival systems

Like Doctor Frankenstein from the famous novel, the chief architect of the multilateral world order is disgusted by his own creation. In 2025, the US already openly expressed doubt about the effectiveness of the UN and proceeded to withdraw financially. Unlike Frankenstein, however, the US is not turning its back on its own (co-)creation but is taking far-reaching measures to transform the UN according to a new vision. When it comes to security cooperation and freedom of navigation, Washington praises the UN as a 'great' forum where all countries should be able to find common ground. In the areas of climate adaptation and mitigation, arms control, and cyber and AI regulation, however, Washington is moving toward the abolition of relevant UN bodies. Because global demand for these multilateral policy areas, which the US has denounced, remains high, China feels emboldened by other players to step into the void. An alternative multilateral system is launched, with system-shocking consequences...

A key moment is the **2030 Conference of the Parties (COP)** climate summit in Indonesia's new capital on Borneo. In the run-up to the summit, **Washington campaigns for a surprising approach: the climate issue must be linked to jihadist terrorism and mass migration**, and discussed exclusively in those terms as a **security issue**. Climate change itself is a neutral ecological fact, according to this interpretation, but the real geopolitical problem lies with these two alleged "main consequences" of climate change. Small and medium-sized players on the world stage in particular are seriously questioning the extent to which the UN as a platform can still do justice to their climate concerns. Host country **Indonesia makes no secret of its disappointment** and finds **support from Mexico, Brazil, South Africa, and Peru**, among others, all of which are experiencing serious consequences of climate change but see no merit in merging the issue with jihadism or mass migration.

In response to the **loud grumbling of a broad coalition of middle powers**, **China** has decided to seize the moment and launch a **competing multilateral platform**. The explicit mission of this China-led "**Co-Prosperty Community**" (CPC) is

to "facilitate cooperation on issues that affect the well-being and prosperity of all humanity." Implicitly, however, the goal is to pick up the multilateral ball that the US has dropped. In practice, the CPC's focus is on issues that the UN is no longer able to address. **China is positioning itself as the guardian of multilateralism** by sending a clear signal: anyone concerned about climate change and green tech, cyber agreements and digital governance, and global anti-corruption and anti-fraud efforts should turn to China's system and go along with the proposed global update.

More and more cases traditionally handled by multilateral bodies in New York and Geneva are dealt with in one of the ultra-modern new offices in Beijing. A **new court has already been established in Beijing for the arbitration of international disputes**. In this way, jus ad bellum (the conditions under which a state may wage war), jus in bello (how states may behave in a war), and jus post bellum (how to achieve a just peace) are being reinterpreted by China within a brand-new multilateral alternative. Within this interpretation, **sovereignty is central and firm agreements on universal human rights are largely**

**avoided.** However, agreements are made on cluster munitions, mines, and chemical weapons.

Countries have “the right to choose their own path to development,” whereby “conflict resolution through dialogue and consultation” and on the basis of “win-win cooperation” must take place. The CPC does not go any further than that: **according to CPC spokespersons, the UN has already moved too far in a supranational direction**, including with a far-reaching human rights doctrine.

At the alternative multilateral forum, the Universal Declaration of Human Rights is not used as a charter. The vast majority of countries, particularly the more autocratic ones, see it as a “Western” construct. Instead, the **emphasis is on the norm of non-intervention**. This is **multilateralism with Chinese characteristics**. For most new members, such new principles are uncontroversial. The existence of this **new forum allows actors to shop for initiatives between the two systems** at their own discretion, depending on the convergence with their own national perspective. Ukraine, for example, now invokes the Beijing treaties to remind the world of the now 20-year occupation of Donbas and Crimea. Egypt asks Beijing for financial support for adaptation to climate impact, while in New York and Geneva it is soliciting financial support for measures against migration.

Middle powers have to deal with a bipolarization of multilateralism. Due to substantial competition within the multilateral market, they are suddenly confronted with a dilemma. **Some middle powers, such as South Korea, Saudi Arabia, and India, immediately opt to diversify** by sending diplomats to Beijing in addition to their representation in New York. Loyal allies of the US, including many European states, decide to stay put and stick to the UN system. The UK, for example, is comfortably seated in the UN Security Council and does not want to jeopardize its special relationship with the US under any circumstances. The same applies, to a lesser extent, to European states that occupy prominent positions within UN committees and want to protect their transatlantic ties. **Strongly dependent allies of China, on the other hand, immediately withdraw from the UN to focus**

**entirely on the CPC.** North Korea and Iran have suffered particular disadvantages as a result of the UN’s actions and now make a decisive switch to the CPC.

The **most surprising cases are Russia and France**. These formidable middle powers are firmly entrenched in, respectively, the Chinese and American geopolitical camps. Both, however, choose to participate in the old and the new system. Russia recognizes in the CPC its own emphasis on national community and anti-terrorism, and in the UN it wants to maintain its veto-power prerogative to steer or spoil decision-making. France wants to try out the Chinese initiative for its traditional skepticism of American dominance in Europe, while it sticks to the UN because it identifies itself as a Latin American and Indo-Pacific player with its overseas territories. Also, Paris sees itself sufficiently strategically autonomous to try multi-alignment. Hungary quickly follows in their footsteps. Other European players such as Spain and Greece are forced to think about their own positioning and strategic options.

The existence of two parallel multilateral frameworks presents opportunities but also **difficult new problems**. A tragic natural disaster unfolding in Haiti, where Hurricane Benedict is dragging the ill-fated island into further catastrophe. The local population is hit twice: first by the forces of nature and second by a further deterioration of the security situation as armed groups clash and pillage the island. The world wants to unite to lend a helping hand to the suffering Haitians – but through what framework and under what conditions? The UN organizes humanitarian aid and a peacekeeping mission, but simultaneously the CPC formulates a conflicting proposal. Just as the elevation of a rival “antipope” in Avignon undermined the universal moral claims of the Roman Catholic Church, the **‘dual-order’ system too makes a universal moral response increasingly difficult**. Moreover, middle powers not only gain privileges and freedoms by participating in both systems, they also take on two sets of obligations. If they fail to play two different games on two distinct multilateral boards at once, they may find themselves burdened with **mounting and potentially conflicting obligations...**



# Middle Powers in the Great Game

How middle powers survive and succumb  
in a neo-imperialist world

Scenario

Step by step, Washington managed to gradually persuade Taiwanese TSMC to increasingly orient its business strategy towards the US. Three months after American parties gained access to TSMC's most important intellectual property, Taiwan was invaded by the People's Republic of China. The US remained on the sidelines. After lengthy and tortuous secret diplomatic negotiations with Beijing, Washington agreed that China could 'have' Taiwan if all its positions (diplomatic, economic and military) in Latin America were handed over to the US. The fall of Taiwan heralds a new world order. A bipolar order of 'empires', in which two twenty-first-century superpowers are trying to revive the imperialist dynamics of old.

Initially, the international response to China's invasion of Taiwan is very fierce – partly driven by panic among states that traditionally rely on either the US or China, or on both. Outside Europe, **South Korea, Singapore, Indonesia, Japan and the Philippines** position themselves as **advocates of international law** (and defenders of the disrupted status quo in China's maritime sphere of influence). They oppose the secret agreements between the two superpowers. The deal on Taiwan, although still informal and provisional, shockingly introduces the idea of 'spheres of influence'. The kinetic part of the superpower struggle is mainly fought in **proxy wars, of client states on the fault lines between spheres of influence, as well as in the global commons** – in cyberspace, space, the deep seas and polar regions. After all, this is where the raw materials of the future are acquired – including data, bytes and an almost infinite supply of rare earth metals. **There is no place for the UN and other multilateral institutions in this superpower horse-trading.**

**Conflict resolution** in this world is no longer a matter of multilateral consultation, but **a matter of decree by superpower(s)**. Middle powers are more or less free to do (and annex) whatever they want, as long as their conflicts do not harm the interests of either of the superpowers. 'Interests' here relate to territory (does the conflict destabilise the

superpower's sphere of influence?) and capacities (does the conflict jeopardise the superpower's economic and technological development?). According to their mutual understanding, the world's most advanced technology is reserved for the US and China, Middle powers are allowed, by leniency from above, to freely develop 'middle technology' sectors. Middle powers can earn their living with cars, handguns, grenades, diodes and transistors. High technology, however, like **advanced AI, quantum technology and space travel** is off-limits to middle powers and disobedience will be met with interference from above. **Rare earths** to produce such advanced technologies are secured by the US and China, in principle from their own spheres of influence. In some resource-rich countries that are not (yet) under the influence of either, particularly smaller countries in Central Africa, great power rivalry is intensely manifest as **proxy and hybrid warfare**.

Within **the American sphere of influence** – consisting of North and Latin America, Europe and parts of Africa – a hierarchy is organised according to two overlapping principles. First, there is a capitalist '**pay-to-play principle**'. As soon as states want to deploy American-made military equipment, they must pay for the 'hours played' or make a significant investment in the US. If they do not, the relevant weapon systems will be one click

away from deactivation by the Pentagon. Secondly, **an ethnic-cultural principle** applies within the American sphere of influence. All states designated by the State Department as part of **'the Western sphere of civilisation'** can count on high discounts and fast-track agreements from the Pentagon for the activation of American weapon systems. In addition, while the most advanced systems are exclusively for American use, **"civilised allies"** can purchase outdated or actively downgraded weapon systems. Other countries in the American sphere of influence only have access to cheap and sloppily assembled "light versions." But Washington appears to be flexible in using this doctrine. Besides 'obvious' civilised allies in Europe, Canada and Oceania, states in Latin America, Asia and the Caucasus are **strategically rewarded or punished states by raising or lowering their civilisational status.**

**The Chinese sphere of influence is structured as a kind of hemispheric planned economy.** The Chinese government supports governments of "friendly countries" with selective investments and emergency development packages. As soon as these governments show diplomatic resistance, the economic tap is turned off. In this way, the governments of **Pakistan, Thailand, Iran and Indonesia**, among others, are propped up by Beijing. In exchange for patronage, these countries must supply raw materials and mobilise labour to work under high-tech surveillance in China's domestic and overseas production chains. In sectors like **mining, oil and agriculture** a growing proportion of the Han Chinese are now too old and too wealthy to work. They are happy to leave this heavy work to **labourers from "friendly countries" and domestic ethnic minorities.**

As such, the imperial dynamics in respective spheres of influence differ greatly. But there is one important common denominator: **both the US and China attach enormous value to their own civilisations.** As a result, other countries have a strong interest in maintaining a strong, permanent lobby at the 'imperial court' of either the White House or the (restored) Forbidden City.

To a degree, conflict resolution has become **a game of influence, intrigue and psychological manipulation** in pursuit of self-interest. To get the green light for military action against neighbouring countries, the ruling power must be appeased. Those who are most adept at mastering the language and concepts of the metropolis – who can best 'flatter egos and entertain the court' – can, for example, win approval for territorial expansion, or come out on top of a dispute that is brought to Washington or Beijing for arbitration. Spin doctors, influencers, social media experts, literary scholars and historians, entertainers and top models are actively recruited by the middle powers to influence perceptions at one or both of the courts. Countries such as **Indonesia and Russia** are investing heavily in setting up Chinese language and cultural centres.

Russia acquires a special position in the new imperialist order: it is left alone by the two superpowers US and China. This is not only because the Kremlin skilfully uses Chinese philosophies of politics, but also because of the size, location and military and nuclear capacities of this imposing middle power. The condition for this implicit compromise, however, is that Russia abandons its own imperialist ambitions in Central Asia and in Europe west of Ukraine, Moldova, Belarus and the Baltic States.

**France, India and Turkey are trying hardest to resist the new imperialism.** After Russia, the strategic autonomy of these middle powers was developed furthest before 'the fall of Taiwan'. They know how to keep the power of Washington and Beijing at bay for a long time. France, India and Turkey **retain considerable policy autonomy** thanks to a combination of **nuclear weapons** (India and France), **their own defence production** (Turkey and France) and their **geographical size and location** (India and Turkey). However, the price of this relative autonomy is very high for all three. They are able to remain more or less sovereign at the cost of having a militarised society, without even the appearance of an open and free internet, constantly under hybrid attack from the superpowers and an ultra-nationalist population under stress.



# Multicurrency Mercantilism

## How multipolarity ushers in regional protectionism

Scenario

The US has continued to wield capricious sanctions and tariffs policies as geopolitical weapons. While the rest of the world was left shocked and dismayed at the start of Trump's second presidential term, it has regained its footing over the years. American economic coercive instruments are quickly blunted as states – led by middle powers – begin to form trade and monetary blocs to defend themselves. By the early 2030s, it has become clear that the US is in steep decline as the American economy begins to display signs of structural contraction. American economic woes also impact other economies, primarily the Chinese and European ones. Unlike the US and Europe, China sees not only risks but also opportunities in the emergence of regional trade blocs with protectionist tendencies. By remaining actively involved behind the scenes in the creation of these blocs, China hopes to turn the formation of a multipolar, fragmented world to its own advantage.

The alarming state of the American economy is bringing global GDP growth to a grinding halt. On top of the volatility of American import tariffs, American stagnation is providing an extra incentive for other countries to diversify away from the dollar at an accelerated pace and to look for alternative markets. The dollar's dominance in world trade is steadily declining and the volume of world trade is shrinking. The spectre of geo-economic assertiveness is haunting the middle powers. As they gradually turn away from the US, they focus on protecting their own markets and industries, on the diversification of trade currencies and on the strategic management of private and public investments. **Global prosperity is declining and a world of mercantilist economic and financial partnerships looms.**

With China's backing, **BRICS+** is starting to transform into a more cohesive bloc. **Bilateral currency swap agreements** will allow the central banks of BRICS+ to be more tightly integrated. **The member states have also agreed not to trade with each other in currencies outside of the alliance**, in order to prevent the dominance of either the dollar or another non-BRICS+ currency. China pushes for replacing the common payment

system BRICS Pay with the more efficient **Cross-border Interbank Payment System (CIPS)**. On the one hand, Beijing seeks to open up the system for payments in the various currencies commonly used within BRICS+. On the other hand, Beijing seeks to promote payments in yuan with trading partners outside the alliance, for which the Chinese Central Bank offers very favourable yuan exchange rates to members states. The yuan is slowly achieving dominance within BRICS+. For all member states, the developments appear to be in their own interests, and the alliance is increasingly becoming a coherent, decisive trading bloc. China's financial dominance, however, is a cause for concern and reflection, particularly among a number of other strong middle powers.

With the European Union and, to a lesser extent, ASEAN as shining examples, various regions attempt to **establish alternative economic and financial blocs**. In addition to the existing Eurozone, various financial and economic zones slowly emerge. The **African Union** is achieving far-reaching economic and financial integration, giving African countries a much stronger negotiating position and enabling them to enforce better terms of cooperation with foreign actors. In the **Middle East**, a 'dinar zone' is

emerging under the inspiring leadership of **Saudi Arabia** and the **United Arab Emirates**. Qatar, Egypt and Oman join, after some hesitation about the geopolitical consequences that Saudi-Emirati regional financial dominance will entail. Here is an attractive model for neighbouring countries, backed up by sustained oil demand and a rapidly growing (Gulf) tech sector, stable (albeit authoritarian) governance and a prudent, centralized investment strategy. More and more countries join the queue for accession, including Ethiopia and Jordan.

**Russia** is making a somewhat unsuccessful attempt to establish a 'ruble zone'. Only a few countries from the Eurasian Economic Union reluctantly join. However, mutual trade interests in this zone are limited. In addition, Russia's harsh interventionist and somewhat unstable government, and its lack of innovative capacity, make this model much less attractive. The 'ruble zone' is therefore largely maintained by the guarantee (and threat) of brute military force. A widely repeated joke in the eurozone mocks the '**trouble zone**' to its East.

For the time being, overlapping memberships of different monetary zones – such as the UAE in BRICS+ and in its own Dinarzone – are mutually accepted. However, as currencies from outside overlapping zones grow in strength, monetary agreements within zones becomes more difficult to sustain.

**The US** is unable to prevent these developments from undermining the position of the dollar. The country **appears to be stuck in a reflex of unilateral, coercive action, provoking increasingly fierce and united resistance in others**. Beijing, on the other hand, not only allows the formation of alternative blocs, but even says it "respects" the choices made by Russia, Saudi Arabia and others, because their own right to choose "underscores these countries' right to self-determination." The underlying reason is that Beijing does not see these blocs as plausible global competitors and wishes to maintain access to raw materials and semi-finished products from these blocs. In addition, **China** has become a highly respected 'major shareholder' of the ruble and dinar zone through its tactical financial, military and economic support, China itself has become a

highly respected '**major shareholder**' in the **ruble and dinar zones**. Behind the scenes, Beijing has a major influence on the monetary and economic policies of these somewhat porous competing blocs, partly thanks to China's rapid accumulation of other currency reserves through intensive commerce in local currencies.

A much more worrying case for Beijing emerges when reports surface that **India**, also nervous about China's growing financial dominance within BRICS+, is negotiating accession to **ASEAN**. Until now, ASEAN – even more so than the dinar and ruble zones – has been a bloc where China is firmly in control behind the scenes, thanks to substantial trade surpluses and foreign direct investment. Accession of *multi-aligned* India to ASEAN could, however, fundamentally change the balance of power within the bloc. Indonesia, Thailand and Malaysia are pressured by China to reject Indian accession with the threat of withdrawal of important Chinese companies. In response, India has made it clear that China faces a choice. Either Beijing will have to face an Indian diplomatic charm offensive to entice ASEAN members into a new "rupee bloc", enabling these Southeast Asian countries to counterbalance Chinese influence. Or Beijing will have to accept India taking a fair, serious share in ASEAN. After lengthy negotiations, China and India reach an agreement on the conditions for Indian accession to ASEAN (option two), but the real winners are Indonesia, Malaysia, Thailand and Singapore, which can now balance within ASEAN.

**Meanwhile**, a '**dollar zone**' led by the US is **steadily shrinking**. More and more countries are switching to other blocs – especially BRICS+ and ASEAN. The **most painful cases** are **Turkey**, which is now allowed to join BRICS+ alongside India as part of the Indian-Chinese agreement, and **Australia**, which applies for an ASEAN membership, following closely in India's footsteps. The last dollar loyalists are in North America – Canada and Mexico – and in parts of Latin America and Africa. However, China's BRICS+ is also recruiting more and more members in these parts of the world. The trend is clear. How the US can and will respond to this, on the other hand, is much less certain.

# From the Jungle to the High Seas

How (digital) piracy and hybrid financial (state) terror infest the world stage

The collapse of the US had been in the making for some time, due to a downward spiral of dumped government bonds, rising interest rates on sovereign debt and an ever-diminishing capacity to repay due to dwindling state revenues. Any structural political solution was rendered impossible by social polarisation. When the AI boom turns out to be a bubble that bursts in 2029, the trillions invested in this market evaporate. Other markets are dragged down, too, as banks and stock exchanges collapse and the dollar loses its value. The US collapses economically and socially. China follows, as one of its most important markets virtually disappears and the American debt securities on which its financial stability partly rested lose much of their value. The world is thrown into an unprecedented recession. The US and China are severely affected. The two superpowers face severe economic, financial and social turmoil and turn inwards for the time being. Other countries and populations are also dragged down. Heralded by the grim echoes of a century before, the 2030s turn out to be a decade of great consternation, decimated world trade and collapsed capital and stock markets.

In this decade of crisis, the search is on for alternative sources of stability, including for the dollar. However, truly safe financial havens are few and far between. The euro is performing only slightly better than its American and Chinese counterparts, partly because of the major interests that European institutional investors had in the American market, which in turn rested on the **tech sector that has now collapsed**. A significant part of **the EU economy relies on sizable investments in the militaries** of individual Member States. **France, Germany and Italy benefit especially from this development**. At the same time, the ECB is buying up government and corporate bonds on an unprecedented scale, while the money presses are running overtime to make this possible. **Hyperinflation**, as was the case in the interwar period, is rapidly becoming inevitable. In the absence of alternatives, **Bitcoin** is soaring. But by far the greatest demand is for **silver and gold**, which central banks are also trying to switch to en masse. The value of these and other precious metals explodes, sending the world into turmoil. The risk of global bank runs is growing exponentially: even in countries with previously stable banking sectors, more and more people are emptying their accounts

to try to buy stable assets with rapidly depreciating currency.

**Doubt and mistrust prevail.** Recession, inflation and unemployment are on the rise. The search for solutions by governments, businesses and populations heralds a transactional and anarchic world, while American financial institutions increasingly abandon their stabilizing role. It is the creatives, the daring and the ruthless who are able to capitalise on the fresh opportunities. **Under these circumstances, all actors – private and public – vie for the same spoils.** They must secure **precious metals, cryptocurrencies** and any other **valuable items**, either for their own use or as tokens of exchange. The weapon of choice in their procurement are offensive hybrid operations, including large-scale cyber-attacks, sabotage and extortion.

The trend of **increasing proliferation of cyber weapons** in the 2020s continues unabated in the 2030s. In fact, without substantial offensive and defensive cyber capabilities, countries are left by the wayside. A wide variety of state actors choose

to outsource these capabilities to private actors – on the regular, “grey” and black market. **Criminal (digital) networks** thrive as never before. Some operate autonomously, but many are hired by states for *plausible deniability*.

Thanks to their deep pockets, the Gulf states **are able to attract many hackers-for-hire**, who secretly **target** crypto exchanges and private wallets for them. A country such as France significantly expands its economic espionage portfolio and now implements a “tit-for-tat policy.” Countries with an offensive cyber programme targeting France are subjected to counter-attacks by French hackers, who engage not only in espionage but also in the confiscation of financial assets. In countries such as **Venezuela and Peru, criminal groups and militias** play just as active a role as the state itself. These networks bribe government officials with small amounts of money while keeping the local population satisfied through distributions of so-called crypto helicopter money.<sup>i</sup> Many see these groups as modern-day versions of Robin Hood.

**The risks of the digital world soon spill over into the physical world.** Bank vaults need to be more tightly secured than ever, because heavily armed groups without national insignia can be seen to carry out bank robberies in various countries. In addition, strategically located state actors are on the hunt **for valuable booty at geographical bottlenecks**. Around the **Strait of Hormuz** and in the Mediterranean Sea, ships are subject to lightning strikes under the guise of toll collection. The **Strait of Malacca** is another important bottleneck. **ASEAN**, the Southeast-Asian trade bloc, has by now developed a maritime arm – largely funded by Singapore – and is now partly **a consortium for securing critical transit routes** in the region. According to the official ASEAN line, it is proving impossible to suppress piracy across the South China Sea. However, many suspect that the **piracy** is being orchestrated by Southeast Asian states themselves. **The term ‘profit privateers’ has entered the lexicon:** these are modern pirates who raid and pillage, modern variants of the privateer’s letter in hand, for throne and altar. A modern variant of the

**privateer’s letter**, whether or not in the name of throne and altar, going on a raid. On land, at sea and in cyberspace.

But it is not merely financial gain that is driving these developments. **Geopolitical conflict is increasingly being settled in the economic and financial domain**, albeit by military and covert means. For example, the cyber units of **Ukraine**, now militarily a middle power, conduct covert strikes against Russian targets wherever they can (except along the frozen frontline in eastern Ukraine, which seems on first sight to mark a stable ceasefire). For one, Ukraine attacks large Russian companies as well as international companies that continue to purchase Russian fossil fuels. However, Ukrainian attacks are easily outmatched by (what are presumed to be) **Russia’s** physical attacks on the Ukrainian financial sector. Two **bomb attacks** in rapid succession **roil the stock exchange in Kyiv**, which had just reopened after being closed for years. Armed attackers force their way in, cause a bloodbath and distribute pamphlets warning people not to invest in the Ukrainian stock exchange, which primarily lists military startups.

After a brief pause, the **Ukrainians respond** with, surprisingly, an act of financial-psychological warfare. **Thick stacks of Russian rubles** of various denominations arrive by post at thousands of homes spread across Russia. Even though **they are counterfeit**, they are almost indistinguishable from genuine currencies. Even though the counterfeit bills are negligible compared to the total ruble circulation, the psychological impact on the Russian population appears to be significant. Shops and businesses hardly accept cash anymore. Cash savings in the proverbial old sock suddenly seem worthless. The working class sections are particularly affected. Many elderly Russians in particular, who relied on modest retirement savings, are taking to the streets in anger. They have nothing left to lose.

Meanwhile, the rest of the world observes the **hybrid escalations in the financial domain** with both awe and trepidation. Some see opportunities in these new revenue streams and forms of financial subversion. Others are rapidly adjusting their risk and threat assessments and financial worst-case scenarios: what if we become victims of **hybrid financial terrorism** instead?

<sup>i</sup> Helicopter money is a financial expedient that involves creating a large amount of money and then distributing it among the population by central banks and governments. This is an unconventional way of stimulating the economy.



# The Great Sell-out

## How great powers agree to betray old friends

Despite the election slogan of ‘America First’, Trump-II turned out to be primarily interested in pragmatically pursuing a broad compromise with China. Repeated attempts at establishing a Sino-American grand bargain initially fail, leading some observers to conclude that the interests and worldviews of the two superpowers are too divergent for a fruitful relationship. However, as it happens, the difficult negotiations were largely due to the personalities of the primary negotiators and their lack of familiarity with each other’s habits and perspectives. After the Chinese negotiator happens to be replaced by an American-educated diplomat and after a worldly figure with extensive China knowledge joins the negotiations on the American side, the discussions suddenly proceed unexpectedly smoothly. Problems and disagreements remain, but the locus of gravity shifts to the points of agreement. Slowly but surely, the US and China begin to converge on a blueprint for a world order that both parties can live with. This order is divided according to spheres of influence, but not in the traditional territorial sense. The spheres represent a division of labor between the US and China: both sides seize undisputed dominance in a different financial power domain, leaving each other’s dominance in the other domain more or less unchallenged. While some middle powers benefit from the stability of the Sino-American compromise, other countries are doing everything they can to sabotage this agreement.

Within the division of labour of the grand bargain that has been secretly concluded, China gives the international financial system a legitimacy boost, while the US operates the infrastructure to keep the sinews of finance running smoothly. **The US tightens its grip on international payment systems while taking a step back as a global lender.**

Such a withdrawal is popular with the American electorate, which has recently pushed back against development aid. China, on the other hand, steps up by once again significantly increasing the budget of the Belt and Road Initiative (BRI). The Asian Infrastructure Investment Bank (AIIB) becomes a larger and more important financial hub than the World Bank. In this way, Chinese investments drive the construction of critical infrastructure worldwide. From solar parks in Uzbekistan to satellite networks in Indonesia and roads in South Africa – Chinese money is the common denominator.

Chinese loans are no longer meant exclusively or primarily for developing countries but increasingly

fund projects in higher-income countries. Even the US itself appears to be a major recipient of Chinese investment.<sup>i</sup> While **the US tolerates China taking over the role of global lender**, China accepts the continuation of dollar-based payment systems controlled by American Big Tech. At the centre of it all stands the American Clearing House Interbank Payments System (CHIPS), which has an absolute monopoly position with a global market share of around 96%. CHIPS benefits from the technological lead of American Big Tech. Tech companies wield considerable influence through their lobby in Washington. Since the passing of the GENIUS Act, the institutional integration of stablecoins<sup>i</sup> into the dollar system is given firm legal footing.

<sup>i</sup> A stable coin is a digital currency (cryptocurrency) the value of which is linked to another asset, such as gold or a fiat currency such as the dollar.

Middle powers that find themselves well-integrated in both the American infrastructure and Chinese investment flows benefit greatly from the superpower compromise. **European middle powers can breathe a sigh of relief.** The US and China still occasionally attempt to force European powers to pick sides, but such attempts are much less shrill than before. Even before the grand bargain, these European players were already trying to some extent to find a strategic compromise between aligning with the US and cooperating with China; there is now simply more scope for seeking the right strategic poise. Meanwhile, **Singapore, the financial centre of the Indo-Pacific region, becomes an important hub for payments between Western and Asian banks.** Singaporean institutions act as reliable intermediaries between the Chinese government and the AIIB, on the one hand, and the recipients of these loans across the globe, on the other. **The UK financial sector also experiences a revival** because the Bank of England played a pioneering role in the adoption of stablecoins. The implementation of the new stablecoin regime in 2026 introduces emergency liquidity as a safety net in the event of stablecoin payment issues. However, by issuing these guarantees, British financial institutions are also rendering themselves vulnerable. A potential crash of the stablecoin could have a direct impact on the standing of the central currency, creating a snowball effect that could result in financial crisis.

The case of the Bank of England demonstrates that countries that wish to participate in these new financial structures are also taking a big risk. **For example, the fintech company Yellow Card, which was founded in Nigeria in 2019, rapidly grows into Africa's largest platform for international payments in stablecoins.** In 2025, the American company Visa announced that it would be working closely with Yellow Card. Now Visa is taking over Yellow Card. On the one hand, the collaboration enables African companies to engage in fast and reliable transactions in stablecoins pegged to the dollar. On the other hand, the merger increases the influence of American Big Tech companies and limits the freedom of African central banks to pursue monetary policy.

**For other middle powers, the grand bargain between the US and China seems to be shattering their dreams.** India and Brazil, longing for a multipolar world, had banked on a fragmented financial infrastructure. With the launch of their own alternatives for digital payments, **India's Unified Payments Interface (UPI)** and **Brazil's Pix**, the countries hoped to combat the dominance of American Big Tech companies such as Visa and Mastercard. Although the systems are a success with domestic consumers, the platforms obtain only a minimal share in international payments. China also withdraws its support for the development of an alternative mode. It pulls out of the BRICS Pay initiative, which was initiated by Russia to compete with the SWIFT system. In the corridors of the Kremlin, policymakers decry “the Chinese betrayal” of the multipolar ideal.

**The axis of upheaval has splintered, BRICS+ lies broken.** The project of BRICS+ was to stand up to unipolarity and a top-down world order, united under the informal leadership of China. Now China has itself become a major shareholder in a centralized world order. The remaining opponents of the new geopolitical ‘dual monarchy’ are referred to in several media outlets as RIBS. **Russia, India, Brazil and South Africa** now form the dry remains of the promise that BRICS+ once held out. These **RIBS countries** now take a step back and begin to undermine the stability of the Sino-American world system from the shadows, while at the same time trying to persuade China to return to the ‘multipolar’ fold. One of the central pillars of the new system is formed by stablecoins. The Russian and Iranian security and intelligence agencies now start to undermine this pillar. Armed with decades of experience in carrying out “active measures” (read: clandestine interference), these agencies now spread **alarm about the instability of the new financial infrastructure and the satanic conspiracies in which the CEOs of stablecoin companies are allegedly involved.**



Scenario

# Capital's Punishment

## How a global financial meltdown turns the tables

The US and China diverge on many issues, but there is one area where they do converge. Both countries are undergoing a profound ideological shift in which economic growth and financial stability are increasingly deprioritized as policy end goals. Under Xi Jinping, state and party interests have been put front and centre, and government committees have intervened ever more frequently and more forcefully in the market. Influential MAGA spokespersons, too, openly question the prioritization of endless economic growth. When China suddenly attempts to take over Taiwan by force, these ideological background factors lead both the US and China to make a radical decision that they might never have made otherwise. Both powers bite the bullet and opt for total and sudden decoupling, effectively cleaving the global economic and financial system in two.

For a long time, it was unclear whether the US would come to the aid of **Taiwan** in the event of a Chinese invasion. Once the moment of truth arrives, and large troop and materiel movements appear to signal a Chinese invasion, **Washington's strategic calculus appears to have ended up in favor of military intervention to defend Taiwan.** Thanks in part to active state support from Taipei, **TSMC** has always been one or two steps ahead of American copycats. The company continues to lead the way in chip manufacturing and combines its unique product with equally unique cyber security measures, which can even withstand quantum-driven hacking activities from China. TSMC thus serves as a **technological and entrepreneurial role model for Western companies.** Taiwan is too important to be allowed to fall into Chinese hands, which is why the Pentagon shows itself willing to see through China's "bluff". Contrary to all expectations in Washington, however, bluff is not on China's mind: Taiwan is under serious attack. China's initial attempts to invade the island are repelled by the US Pacific Fleet (PACFLT), albeit at great cost. A **maritime war** continues to rage.

Panic spreads across the stock markets as soon as investors realize that maritime traffic in the western Pacific Ocean will be halted indefinitely. The

Chinese leadership estimates that the Americans are too beholden to the stock markets to stand firm. **Beijing** therefore seizes this moment of panic to sell off **a significant portion of its US government bonds.** The White House faces a major dilemma: should it fold or double down? In this US, however, geostrategic dominance wins out over the interests of Wall Street, and the American government decides to press ahead.

To manage the **economic earthquake** that begins to unfold, both superpowers try to secure a stable supply of essential goods. In this context, **middle powers that supply essential commodities and are geographically convenient for supply routes initially** have an important trump card to play. **Canada, Mexico** and **Brazil** manage to negotiate very favourable long-term contracts with the US for the supply of soybeans, grains, beef and mechanical parts, among other things. In a similar way, **South Korea** and **Russia** are approached by China for long-term contracts for oil, mechanical parts and electronics.

Meanwhile, **global trade largely grinds to a standstill.** Globalisation gives way to regionalisation. Both superpowers impose hermetic capital restrictions in order to prevent capital

flight. Companies, private equity firms and even national governments are pressured to sell dollar or yuan reserves. **Then it's off to the races for the US and China to try to halt the supply of essential goods to the other side, thereby forcing each other into submission.** Japan and South Korea are pressured by the US to largely cease ongoing trade with China, while China is pressuring these same countries to carry on business as usual. **Brazil** is targeted in a Chinese pressure campaign. Without cheap Brazilian soybeans, the price of pork rises immediately, and it is precisely pork that Beijing tends to perceive as a barometer of economic prosperity. Brazil is completely blindsided by the considerable diplomatic and economic pressure that Beijing appears to be willing to exert in order to secure cheap soybeans. In this way, strategic indispensability proves to be a double-edged sword for middle powers in times of economic crisis.

**The possession of substantial gold reserves, on one's own territory, also emerges as an important (middle power) asset in getting a seat at the table as shareholder in one of the two power blocs. Gold can be offered as collateral to one of the two superpowers or used as a payment device. France, Germany and Italy** have a strong negotiating position because of their gold reserves and are able to secure very favourable trading conditions in the American economic zone gradually crystallizing on the world stage. **Russia** sees itself upgraded from China's dependent 'junior partner' to a serious (but still subordinate) ally. **India and Japan do possess gold reserves, but are unable to fully reap the rewards.** India is stuck in its pursuit of multi-alignment and fails to realize in time that it has too little to offer in the financial domain, while Japan turns out to be highly dependent on East Asian maritime traffic, which has come to a standstill. Both countries are under considerable pressure from both the US and China; both are forced to decide between discrete camps.

The desperation to which Japan is being driven in these circumstances represents a broader trend: **self-sufficiency and relative isolation from the global 'pre-Taiwan' system appear to be winning characteristics. The Netherlands and Singapore** – both exceptionally open economies – are among the **hardest-hit** in the economic disaster that unfolds, while Russia and Iran are, to a certain extent, used to finding creative, unconventional solutions to commercial disruptions. The small

middle power that is the Netherlands has been hit extremely hard because it has become so economically intertwined with global trade. Systematic underinvestment in industries that contribute to self-sufficiency now takes its toll. Dutch pension funds have never been in such a precarious position and are barely able to stay afloat. **The UK is better able to weather the storm,** despite the fact that it was also heavily intertwined with the global financial system through London's City. The UK **possesses most of the industries it needs to sustain its basic national needs,** including a nationalized steel industry and sufficient arable soil for scaling up agriculture.

**Two more or less closed economic, commercial and monetary blocs** are forming. The Chinese bloc increasingly functions like an outsized version of China's own centrally planned economy, with the Chinese state – and the Chinese central and investment banks under its direct control – exerting considerable influence over the economic and financial policies of subordinate allies. Under the guise of 'solidarity,' China's will reigns supreme in this bloc.

Within the new American bloc, remarkable developments are afoot. The governing bodies of the Bank of England, the Reserve Bank of Australia and the Nederlandsche Bank, among others, are subjected to threatening language, personal sanctions and *lawfare* from the White House. The international media are quick to dub the campaign "**the Global Bank War**", a reference to President Andrew Jackson's attack on the American central bank in the nineteenth century. **Washington aims to break down national monetary policy frameworks,** particularly in Europe, **private American actors** can become **the primary lenders** in these countries, allowing them to continue to dominate the financial system in 'their own' sphere of influence. The starting signal has been sounded for an unequal, existential struggle within the American bloc between two competing banking models: a public-private model with significant national monetary sovereignty versus a completely privatized model largely in American hands. In response, India, which up until this point had been the only country to remain neutral by participating in both blocs, grudgingly decides to sell its dollar reserves and to commit itself to the Chinese system.

## CHAPTER 2

# Scenario analysis

The eight scenarios, considered individually or collectively, offer a variety of geopolitical lessons. The analysis below will begin by drawing lessons from individual scenarios. Next, the overarching insights of the eight scenarios taken together are discussed, in order to get a sense of the extent and manner in which the Netherlands can realize its middle power potential, in the present and in the future.

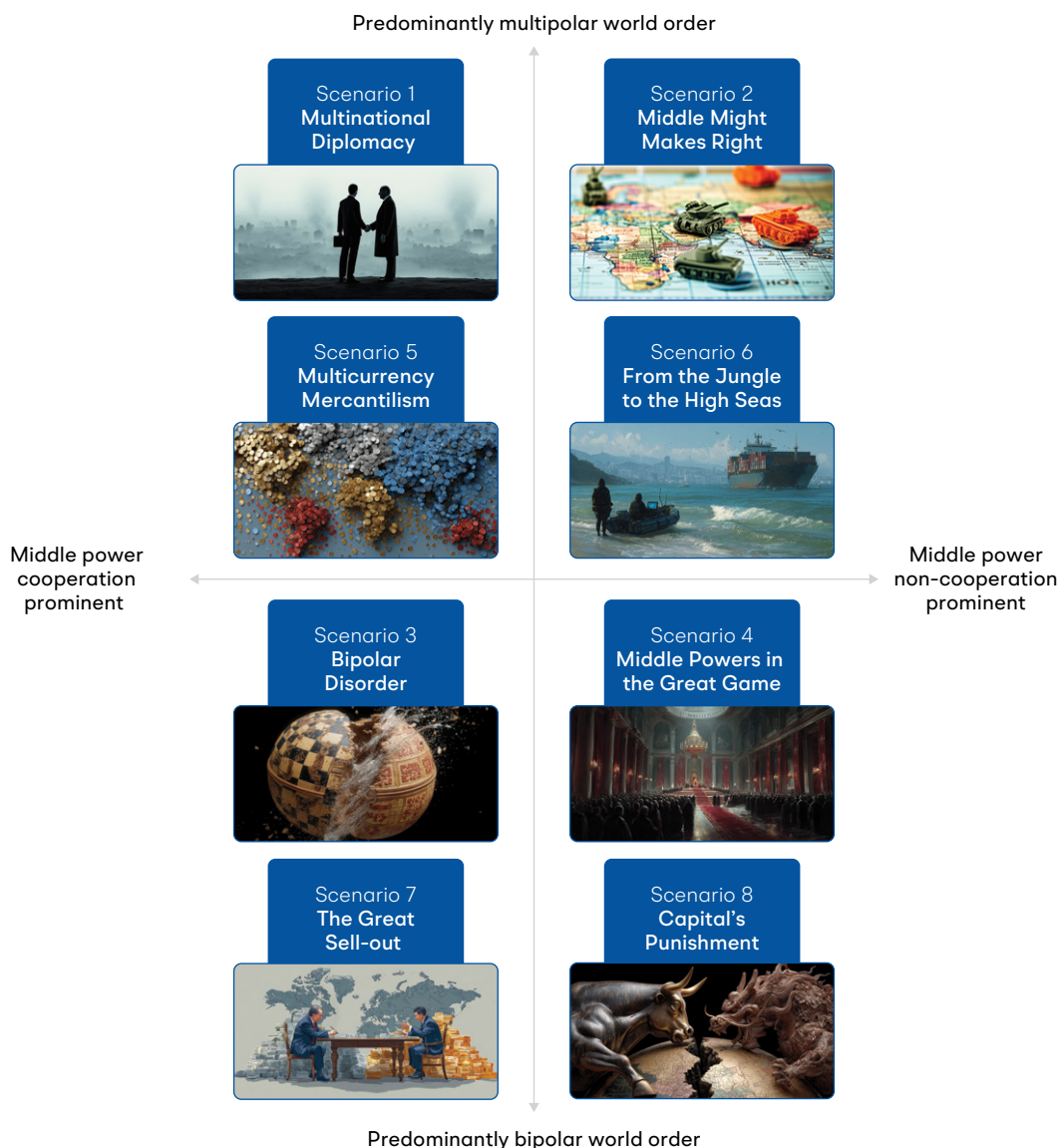


Figure 5 The axes used in this foresight study to develop the scenarios.

## Middle power and powerlessness depicted per scenario

The eight scenarios reflect middle power and powerlessness in different ways. Some strategies work well in a specific context, while in other contexts they are insufficient. The table below summarizes the strategic lessons per scenario:

Scenario	Essence	Economic domain	Military domain	Political/ diplomatic domain
<b>1. Multinational Diplomacy</b>	The focus of conflict resolution shifts from multilateral forums to private parties and multinationals.			
<b>2. Middle Might Makes Right</b>	Multipolarity manifests itself as the rule of the strongest, which middle powers use to their own advantage.			
<b>3. Bipolar Disorder</b>	Two rival multilateral forums emerge, giving middle powers real alternatives to choose from.			
<b>4. Middle Powers in the Great Game</b>	In a neo-imperialist world order, conflicts are settled by 'superpower decree'.			
<b>5. Multicurrency Mercantilism</b>	The global economy contracts and breaks down into regional mercantilist blocs operating their own currencies.			
<b>6. From the Jungle to the High Seas</b>	A global financial recession leads to scarcity, modern piracy, state terror and cyber chaos.			
<b>7. The Great Sell-Out</b>	Great powers strike a grand bargain involving a division of labor (and of the financial spoils) on the world stage.			
<b>8. Capital's Punishment</b>	When the global system gets cleaved in two, control over fundamental assets such as food and gold become essential assets on the world stage.			

### Middle power strategies applied in the scenarios:



### Relative effectiveness of the economic, military and political-diplomatic domains:

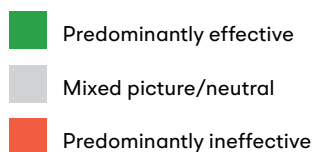


Figure 6 Different (middle power) strategies are employed in the eight scenarios.



## ANALYSIS SCENARIO 1

# Multinational Diplomacy

How a disruptive business model paves the way to a privatisation of world peace



### World stage

This scenario outlines a further intertwining of economic interests and hard security. The Clingendael Strategic Monitor 2025-2030 observed, through the lens of actor Elon Musk, that businesspeople have extraordinary influence on geopolitics and international diplomacy. **Musk acted in the StratMon 2025-2030 as an informal ambassador for American interests.** Scenario 1 considers the next possible step: **what if businesspeople were to formally and institutionally staff the relevant forums for conflict resolution?**

In a world where the multilateral system shaped by states is declining or failing, there is room for alternative forms of cooperation and 'new' players. Multilateral diplomacy – including in the field of conflict resolution – may face competition from 'multinational diplomacy', in which private players rather than states take the lead. **Countries hosting large multinational, critical and innovative companies, which engage in effective public-private partnering, could well rise to prominence in this world.**



### The Netherlands

- If conflict resolution is taken up by commercial parties, the Netherlands risks losing its voice if it fails to obtain proper representation with/through these influential players or refrains from engaging in these non-traditional forms of diplomatic interaction.
- In the public-private forums of this future, old diplomatic stalemates may be easier to break than in traditional multilateral forums. This offers diplomatic opportunities for the Netherlands, provided it makes use of these new forums skilfully. At the same time, this presents a policy dilemma, because it further undermines the values of a forum such as the UN – values that the Netherlands currently embraces.
- The Netherlands can choose to engage (and entice) foreign commercial players in conflict resolution, or even position its own business champions as national ambassadors. In this way, Dutch economic capabilities may directly translate into diplomatic influence.



## ANALYSIS SCENARIO 2

# Middle Might Makes Right

How multipolarity leads to military (middle) power politics



### World stage

The end of unipolarity in the world's balance of power gives way to multiple global and regional centres of power. However, it remains an open question – one that experts have been debating for decades – whether the emergence of a more horizontal world order can be a peaceful process with a peaceful result. It is quite conceivable that a process of multipolarisation will, at least during the transition period of several years or even decades, be less peaceful and more anarchic.

As such, this scenario proposes a multipolar order in which middle powers see an opportunity to make territorial conquests, adopt a militarily assertive stance and impose their will on smaller players. **Military power politics is dominant** in this scenario, making states with limited military capabilities particularly vulnerable. **Middle powers with solid economic and/or political capabilities but insufficient military strength can become targets.** Nuclear proliferation is lurking. Small regional coalitions of states sometimes manage to organise themselves to put a stop to inter- and/or intra-state conflict when shared interests compel them to do so. Without a clear underlying norm, however, there is a high risk that intervening parties will fight over the 'spoils' of a peace kept or enforced.



### The Netherlands

- With its limited individual military capabilities, the Netherlands is in a vulnerable position in this scenario. This is particularly true given that Dutch economic interests are spread across the globe. Should another European country unexpectedly develop territorial ambitions in this relatively anarchic future, this would pose major challenges for the Netherlands and its armed forces.
- If this form of multipolarisation continues, it could have consequences for the form of cooperation that the EU has with countries such as Turkey, Tunisia and Morocco. As soon as these countries become more assertive, this could complicate existing and future agreements.
- If global security alliances and guarantees disappear or lose their effectiveness, not only the security of the Netherlands but also that of the Caribbean parts of the Kingdom will be at stake. Stable military coalitions and cooperation between countries with similar interests are a necessity for a country like the Netherlands in the future. This can be within NATO as well as within other military 'coalitions of the willing'.



## ANALYSIS SCENARIO 3

# Bipolar Disorder

How multilateralism splits into two rival systems



### World stage

In a US and Western dominated multilateral system (considered unfair by some) there is more and more room for alternatives set up by others. In this scenario, multilateralism is detached from the two dominant and partially overlapping narratives about the distribution of power on which such an order would (should) be based. According to some observers, the current multilateral system is in reality underpinned by American unipolar power. According to others (and sometimes the same), multilateralism tends towards a multipolarisation of power, or should ideally do so. Scenario 3 explores the option that is often overlooked in this context: two multilateral systems based on a bipolar global distribution of power.

**In this scenario, countries with relatively strong political and diplomatic capabilities adhering to a multi-alignment strategy will be more successful** than countries that are only part of a single bloc. Competition between the two global multilateral systems is looming. This will hamper effective coordination in areas such as conflict resolution or natural disasters. As a result, some affected countries and populations will receive double support – even more so than before – while others will receive no support at all.



### The Netherlands

- In this scenario, friction may arise between European partners: should you participate only in the 'old' UN system or (also) join the new (China-led) system? The Netherlands can already weigh the options in advance: should it opt for the most multilateral route or stick to established structures and partners? Are strategic (power) or normative considerations decisive in this area?
- If two parallel international systems of multilateral engagement emerge, it will become more difficult for the Netherlands and Europe to build bridges with non-European or 'non-Western' countries.
- An alternative multilateral system also offers opportunities for the Netherlands to increasingly pursue a multi-alignment strategy. In order to anticipate a future like this, it would be beneficial for the Netherlands to pursue a more multi-aligned course already now.



## ANALYSIS SCENARIO 4

# Middle Powers in the Great Game

How middle powers survive and succumb in a neo-imperialist world



### World stage

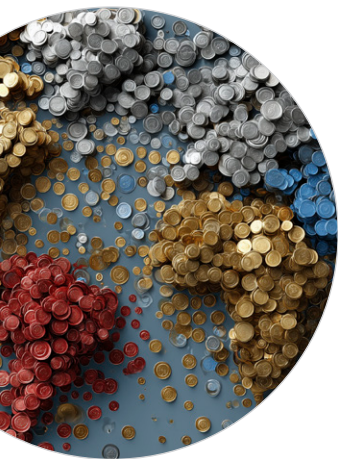
Middle power projection can be severely undermined when the superpowers agree on their respective spheres of influence, be it explicitly or implicitly. Where the outer limits of these spheres are unclear, there is a growing risk of (armed) conflict fuelled by ongoing superpower rivalry, for example in the form of proxy and hybrid warfare or interference in local politics.

**Broader strategic resilience is complicated in such a future, but it is essential.** Middle powers with destructive instruments of power, such as nuclear capabilities (at various levels of escalation), have significantly more geopolitical weight. Subtle forms of influence, such as effective flattery, also exert relatively great influence. Other instruments of power offer little certainty: great powers can ignore them at any time. **The more authoritarian the opponent superpowers in a bipolar world, the higher the price of maintaining national sovereignty for everyone else.** So, sovereignty at what price? Whether it is worth it for a middle power to pay it, will depend on geographical location (which becomes crucial in this scenario), state capacities, history and (strategic) culture.



### The Netherlands

- In this scenario, the superpowers exploit existing dependencies of middle powers to establish their neo-imperialist order, in which even longtime allies get little room to manoeuvre. The scenario shows (as does the Trad Powers scenario in StratMon 2025-2030) how uncomfortable the relationship between the Netherlands and the US could become.
- In this scenario, middle powers are cajoled into accepting an authoritarian order of the great powers by receiving (limited) privileges. This raises moral (policy) dilemmas for countries such as the Netherlands. Yet this future does involve a certain horizontalising dynamic: through diplomatic flattery and influence, even a small middle power such as the Netherlands can exert a great deal of influence at the 'imperial court' of a superpower.
- In this scenario, middle power Taiwan thought it was indispensable to the US and the world, due to its number one position in chip manufacturing. This turns out to be a miscalculation, which sets an example to other 'indispensable' middle powers such as the Netherlands ('indispensable' because of photolithography giant ASML). Dependencies can change quickly and cost-benefit considerations may turn out differently than expected.



## ANALYSIS OF SCENARIO 5

# Multicurrency Mercantilism

How multipolarity ushers in regional protectionism



### World stage

The global economic and financial order may become more **mercantilist** and less capitalist in the coming years. State intervention and national (security) interests will dominate in this future, leading to the further restriction of free trade, the protection of industries and the reduction of dependencies. **Economic and financial asserts thus become ever more essential trump cards** in the pursuit of geopolitical competitiveness. In a multipolar mercantilist system, multiple viable currencies for international trade may emerge and dollar dominance may enter into serious decline. In this future scenario, the norms of international finance will become more decentralized and bilateral currency swaps will become more prevalent. Bretton Woods institutions will be replaced with rather more ad hoc, mini- or bilateral, and sector-specific agreements on financial mobility, risk and infrastructure.



### The Netherlands

- In a future in which individual states increasingly turn inward, it becomes crucial for a smaller country such as the Netherlands to stick together with like-minded partners so as to remain competitive economically and monetarily. A well-functioning EU and Economic and Monetary Union (EMU) are critical in this regard.
- Due to deglobalisation and regional protectionism, all countries, but certainly also the Netherlands, will face steeper trade barriers, price increases and varying degrees of supply chain disruption. The challenge for the Netherlands, and other countries, is to render the new situation, and the upward financial pressures associated with it, economically and democratically sustainable. Dutch interconnectedness with the hyperglobalized financial and economic system results in serious difficulties in this scenario, as it does in Scenario 8. In contrast to Scenario 8, however, the Netherlands can still perform a hub function for the European bloc, even though its principal market will now be much smaller.
- In this scenario, most actors on the world stage engage in spheres-of-influence thinking. In Europe, this way of thinking is currently underdeveloped. In a future like the one described here, which regions would (or should) belong to the European sphere of influence? And for which regions would there be an overlap of competing spheres of influence? How can the protect, promote & partner strategies of the EU (Member States), for instance in the context of Global Gateway, answer to such a development?



## ANALYSIS OF SCENARIO 6

# From the Jungle to the High Seas

How (digital) piracy and hybrid financial (state) terror infest the world stage



### World stage

This scenario draws attention to the fact that a large-scale **economic or financial crash** – and/or accompanying **superpower crash** – is **always conceivable** and could burst into reality without much prior notice. Such an event would cause a (geopolitical) systemic shock with catastrophic near-term impacts and major aftershocks.

When **global disorder** prevails, competition and conflict intensify. Such conflict will be fought by an even broader range of actors than in previous eras, using an even broader range of means. **Actors with high-powered cyber assets have a comparative advantage, as do those who are more prompt in decisively turning their backs on 'old' international norms and rules.** Countries with limited military capabilities and/or a low degree of resilience will see their prospects starkly diminish in a future such as this.

Economy and **finance** will increasingly become the **target** of both overt and covert attacks.



### The Netherlands

- In an increasingly digital world, it makes sense to develop defensive as well as offensive cyber capabilities. Building such capabilities – provided they can be deployed autonomously – is a cost-effective way for a smaller middle power to create deterrence. For a country such as the Netherlands, which has a lot to lose in the economic and digital domains, these capabilities can make a crucial difference.
- The Netherlands must seriously consider a scenario in which the increasing hybrid threat becomes more horizontal, involving an ever-wider range of unconventional and (non-)state security threats.
- The Netherlands must seriously consider a scenario in which the mounting hybrid threat will also increasingly target the financial domain, an area that has been relatively 'safe' in recent years. The resulting policy dilemma for the Netherlands is to what extent the Netherlands and the EU itself should also actively deploy hybrid instruments, given that doing so further undermines the existing international (financial) system.



## ANALYSIS OF SCENARIO 7

# The Great Sell-Out

How great powers agree to betray old friends



### World stage

Middle powers ought to grapple with a scenario in which the great powers reach a grand bargain. Such a great-power compromise could involve the global financial domain, in which the great powers already held a major share. In a grand bargain between the US and China, the yuan will take its place alongside the dollar as a major payment and reserve currency. In such a future, it becomes vital for middle powers to harmonize their own definition of interests, their own policies and their own infrastructure with the division of labor bilaterally agreed upon by the great powers. Financial markets, for both private and public money, will need to equip themselves to deal with the distribution of economic sectors and financial roles among the great powers. As long as the great powers continue to honour the grand bargain, the system is ostensibly stable. But as soon as one of them reneges on the terms of the bargain, the risk of confrontation reappears swiftly and in full force.



### The Netherlands

- A grand bargain between the US and China can suddenly problematize a posture of multi-alignment, as well as the pursuit of policies geared towards a multipolarizing world order and horizontalizing capabilities. There is less room for manoeuvre for middle powers, and a degree of dependence on great powers is virtually inevitable. This also applies to the Netherlands.
- This scenario creates opportunities for middle powers with competitive economies that have something to offer both power blocs. Examples include countries such as Singapore and the UAE, but also countries such as the Netherlands. The challenge is (as always) to strike the right balance so as not to antagonize either of the superpowers.
- A superpower compromise entails the risk that the superpowers will move in lockstep to contain European countries and to undermine European cooperation within the EU and/or other partnerships.



## ANALYSIS OF SCENARIO 8

# Capital's Punishment

How a global financial meltdown turns the tables



### World stage

The geopolitical competition between the US and China could escalate in the coming years, whether by design or by accident. **In the event of a large-scale escalation between the two superpowers, other powers will be pressured to take sides.** Depending on their levels of reliance, on geography, on existing networks of co-operation and alliance, countries will see significant variation in the extent to which they can afford to remain aloof.

When superpower competition rises to the level of armed confrontation, **far-reaching politicization and uncertainty in both the economic and financial system** will lead to inevitable recession and crises. In this situation, thorough economic and financial decoupling between the US and China suddenly becomes conceivable. Due to the interdependence of economic and financial systems, the entire globe will be dragged into recession and crisis. Supply chains become heavily disrupted. If the superpowers are prepared to escalate their rivalry to armed conflict, they will not shy away from using all possible means, including weaponizing the economy and finance, to force middle powers into their own camp.



### The Netherlands

- Any country's degree of self-sufficiency, resilience and autonomy, or even sovereignty, is key to formulating an effective response to the events sketched in the scenario. Capability limits in the production of primary goods in addition to harmful dependencies could significantly diminish the geopolitical standing of the Netherlands and, as well as within, Europe. The policy dilemma exposed in this scenario points out the extent to which current (domestic) political priorities and (future) national self-sufficiency may come to pull in opposite directions.
- It is risky to put all monetary eggs in one financial-economic basket, especially in a context of increasing (geo)politicisation of economic and financial resources. The scenario also demonstrates that countries may be rewarded for investing in currencies with intrinsic value, such as gold.
- Increasing pressure on the sovereignty and supervisory functions of the European Central Bank and national banks is conceivable if Europe allows itself to be pulled, slowly but surely, into an exclusive 'American economic zone'.

## Key insights (cross-scenario)

Across the eight scenarios, various lessons can be gleaned concerning the geopolitical changes that may occur in the coming years. Broadly speaking, there are four key insights:

1. The polarity of the future world order is uncertain;
2. There is a wide range of possible forms of cooperation and non-cooperation;
3. Not all strategic (middle) power instruments are equally valuable and applicable in every situation;
4. In a changing world, neither middle power nor superpower status can be taken for granted.

### The polarity of the future world order is uncertain: a bipolar order is conceivable, and multipolarity can take many forms

**In a more bipolar world, it is difficult for middle powers to push through their own agenda (strategic coercion)**, whether on the political, military or economic front. The two power poles leave especially little room for the unilateral use of military power instruments. Except if the middle power in question simultaneously focuses on seeking support from the great power(s) through political and diplomatic channels (Scenarios 3 & 4). Only the strongest middle powers can independently claim the space to impose their own will on others in a (more) bipolar future, and even then the price may be high (Scenario 4). For middle powers that do not have this broad range of instruments at their disposal, a combination of **strategic resilience, indispensability, balancing and, above all, close cooperation** with like-minded players is key to maintaining power in a world of fierce great power rivalry.

Zooming in on the two great powers in this study, the US and China, one development deserves special emphasis, given the extent to which several (smaller) middle powers are playing up their economic trump cards. In both American and Chinese policy circles, less value is attached than in the past to financial stability and economic growth, for (varying) ideological reasons. In addition, there is a shift in the relative value attached to economic growth per se compared to broader national security interests. The great powers are showing a willingness to accept short-term losses in order to gain greater autonomy in strategic industries in the long term. As this ideological trend continues, economic instruments may prove to be less effective protective mechanisms than initially thought (Scenarios 4 & 8).

The scenarios also show that **a (more) multipolar future can be organised in many different ways, not all of which are equally beneficial to middle powers, especially weaker ones**. One can imagine an order of different blocs competing against each other in both the economic and military domains (Scenarios 5 & 6). Or an anarchic disorder of unrestrained competition in a war of all against all (Scenarios 2 & 6). Or perhaps a revival – possibly in an unexpected or shocking form – of the multilateral ideal of consensus-building among more or less like-minded parties (Scenario 1).

One scenario in particular also shows that a multilateral future does not necessarily have to be multipolar. Multilateral systems can equally well become instrumentalised in a bipolar struggle between the superpowers (Scenario 3), although in that case it would no longer be possible to

speak of a global multilateral system. Whatever form the multilateral system takes, balancing, cooperation and coercion are highly relevant strategic instruments that will all have a place in geopolitics.



## The Netherlands

Multipolarity is held in high esteem among several important strategic partners of the Netherlands, as well as within several Dutch policymaking circles. For good reason. A less hierarchical (more democratic) world stage that reaches sustainable agreements through peaceful consultation, for example in multilateral forums, is an attractive prospect. Nevertheless, the scenarios show that for a smaller player such as the Netherlands, there are indeed risks associated with the multipolarisation of power. For actors without substantial and sovereign military power, a relatively anarchic version of multipolarity could actually lead to greater insecurity. A bipolar order is hierarchical (or more hierarchical) and will probably be based on values that differ from ours. A more bipolar system could result in greater stability and predictability, including for Dutch security (which is largely based on the economic security provided by the indispensability of certain companies). For the Netherlands in particular, such a future could lead to greater friction between normative principles and security interests.

### **There is a wide range of forms of cooperation and non-cooperation that middle powers will either leverage or be confronted with**

To a certain extent, cooperation and non-cooperation coexist in every scenario. There is no world in which there is no cooperation or confrontation. The extent to which middle powers can exert influence is partly dependent on the geopolitics of the great powers but partly rests in their own hands. The more successfully middle powers are able to cooperate, the more easily they can collectively shape world politics and thus influence the structures within which the great powers operate. We continue to see a dynamic interaction between great powers and middle powers, despite power asymmetries.

**In a more non-cooperative world, purely political or economic instruments of power are no longer sufficient, and even the combination of political and economic instruments of power shows mixed results.** Middle powers hoping for a relatively peaceful multipolar world based on norms such as mutual respect may perish if multipolarity turns out to be more competitive and violent than they had hoped for (Scenario 2). In a bipolar, non-cooperative future, political and economic instruments of power may also prove insufficient. For example, the EU may lose its global role if it fails to develop further military deterrence and power projection (Scenario 4).

In a global cleavage between the economic and the financial system, smaller middle powers with a limited range of political and economic trump cards, such as

the Netherlands, may lose out. Larger middle powers with a broader range of political and economic instruments, such as Germany, have a chance of maintaining their position in such a world through greater self-sufficiency (Scenario 8). In a non-cooperative world order, it is therefore uncertain whether political and economic means of power will suffice in a competitive geopolitical environment. This depends on the size and strength of the middle powers, the extent to which they are able to join forces, and the extent to which the world order is turned upside down.

**In a world where the tendency towards (middle power) cooperation prevails, players who are able to engage in a multitude of international forums are generally rewarded.** The quality and depth of these forums obviously play an important role. Middle powers can proactively seek out transnational, supranational and international institutions in order to align them with their own agenda, such as: public-private partnerships and commercial networks (Scenario 1), multiple multilateral systems (Scenario 3), criminal networks (Scenario 6) and various financial authorities (Scenario 7). Multi-alignment is promising, as the cases of Turkey and India demonstrate (Scenario 4), but such activity not without risks. The risks here are mainly the inflation or dilution of memberships once members also participate freely in a range of other forums (Scenario 5) and the overlapping obligations to which middle powers may commit themselves (Scenario 3). The key question for middle powers – especially the smaller ones – remains who to build on when faced with a serious geopolitical challenge (Scenario 4).

**Political influence – through diplomacy, soft power and psychological pressure – remains important at all times** in an increasingly hybridised conflict landscape, even in world orders characterised by non-cooperation. Even (or perhaps especially) in a scenario of enormous concentration of power and brutal power dynamics, subtle influence can prove to be a potent (middle) instrument of power (Scenario 4).



## The Netherlands

The Netherlands has some important trump cards up its sleeve – for example, a number of strategically indispensable companies and a strong tradition of diplomacy and soft power. The scenarios show that diplomatic clout is a useful power instrument in all the outlined futures – even in a highly hierarchical, bipolar order. Dutch production of high-tech military or dual-use goods will also be useful in any future scenario (with the partial exception of a tech bubble bust scenario leading to economic and financial turmoil). Nevertheless, the picture is not entirely reassuring. In some of the scenarios, strategically indispensable companies do not appear sufficient to shield a middle power from geopolitical doom (see Taiwan in Scenario 4). Diplomatic power, moreover, is clearly best expressed by players who know how to engage in multiple forums without being ‘stuck’ in a single diplomatic or political role. Finally, it becomes clear that offensive military capabilities will also be necessary in some futures in order to keep rivals at bay. To what extent will the Netherlands possess adequate deterrents, in both the physical and digital domains, to defend itself on an increasingly grim world stage? <sup>4</sup>

## Not all strategic instruments of power are equally valuable or useful in every situation

When all scenarios are considered together, several insights come to the fore regarding the strategic instruments at the middle power’s disposal.

**Resilience and cooperation appear to be essential ingredients of a successful middle power in all the scenarios explored in this study** (see also Figure 7). Two factors seem to be of especial importance in order to avoid being swallowed up by others and to achieve one’s own policy priorities. Firstly, the extent to which states are prepared to adapt to the turbulent developments in a new geopolitical era, both individually and collectively, and to adopt a proactive and preventive stance in this regard. Secondly, the degree to which a country possesses a firm solidarity among citizens (at the national level) and allies (at the international level) plays a crucial role. These two imperatives are closely linked: external pain can only be

absorbed effectively through solidarity, whether domestic or among allies. The challenge is that absorbing impact can make it difficult to muster solidarity, especially when it concerns the prosperity of others. Success among non-superpowers is closely linked to both the strength and the extent of mutual cooperation.

**“Indispensability” is a useful tool, especially for smaller middle powers. At the same time, this tool is also vulnerable** (see also Figure 7). With TSMC, for example, Taiwan has an important asset at its disposal to avoid being handed over to China (Scenario 8). However, because its middle power status is derived mainly from one specific, tangible strategic asset, this status can be lost by a misstep or sudden development, such as a technological breakthrough elsewhere, a corporate espionage campaign or a forced deal (Scenario 4).

A caveat should be noted with regard to cooperation as a strategy. Although cooperation is essential for small countries and middle powers, it is not advisable to *rely* too heavily on others in these changing and interest-driven times. The more unequal the partnership, the greater the security risks it can entail. By relying entirely on a single partnership, middle powers can find themselves in a difficult position if that partnership shifts in a direction that they themselves perceive as risky or threatening (Scenario 4).



### The Netherlands

As a prosperous port of transition, exposed to the vagaries of international trade and acclimatised to decades of peace, the Netherlands is perhaps less resilient across the board than countries that are more autonomous.

As mentioned earlier, strategic indispensability is a tool that the Netherlands likes to use in the economic domain. However, this tool will not be equally effective in all future scenarios. National resilience, on the other hand, appears to have a positive effect in all the scenarios outlined in this report. And it is precisely this resilience, through geographical location, social durability and the self-reliance and mutual support of citizens, that is relatively low in the Netherlands. These two strategic pillars – commercial indispensability and resilience – communicate with each other to a certain extent. The same factors that make the Netherlands a high-tech, affluent, ‘indispensable’ hub, closely intertwined with the global economy, also partly reduce national resilience.

### **In a changing world, neither middle power nor superpower status can be taken for granted.**

The geopolitical landscapes that emerge from the eight scenarios are characterised by a wide spectrum of power and a broad diversity of players. Even in the scenarios where two superpowers manage to make the largest conceivable mark on the world stage, there is still scope for action that enables some players to gain more policy autonomy than others (Scenarios 4 & 8). The entire middle power spectrum matters. Smaller middle powers are still interesting to pay attention to because of their ingenuity and adaptability, as well as the unique combinations of strategic instruments and domains that these players employ.

Middle power status and even superpower status can be squandered by circumstance and choice. In one scenario, Brazil attempts to strike an independent sound in a multipolar world order, but is painfully reminded by the USA of the crucial importance of military projection

power (Scenario 5). Indonesia commits itself (whether voluntarily or not) to the Chinese power bloc in a bipolar order, but ends up having to supply labour to do the dirty work in Chinese industrial plants (Scenario 4). For the moment, Russia and Iran are fully committed to geopolitical disruption under Chinese leadership, but may find themselves left out in the cold if China itself becomes a global superpower (Scenario 7). Even the US may find itself facing an impending loss of (superpower) status if policy choices prove structurally disadvantageous and the dynamics on the world stage prove sufficiently multipolarising (Scenario 5).

In addition to descents in geopolitical power, we can also observe significant upward mobility. It would be unwise to underestimate potentially fast-growing players such as Chile, Vietnam and Senegal (Scenario 1). There are also upward dynamics at the top of the middle power spectrum. India, the Gulf States and, to a lesser extent, France and Turkey are good examples of players that, through a varied arsenal of strategic instruments, could gain territorial, economic or military dominance in various scenarios (Scenarios 2, 3, 4, 5).



### The Netherlands

As a smaller player, the Netherlands is also a potentially underestimated actor on the world stage. The horizontalising dynamics that give Senegal, Chile and Vietnam extra opportunities in Scenario 1 also apply to the Netherlands, with its relatively digitally literate and inventive population and high-quality (digital) infrastructure. On the other hand, ageing and underinvestment in R&D are long-term trends that could damage the Netherlands' innovative strength and power projection. In addition, geopolitical pressure from larger players could cause an actor such as the Netherlands to quickly lose relevance. The broader foresight lesson that emerges from the current volatility of the global balance of power is the following: current relationships are anything but permanent. The Netherlands has the potential to develop into a kind of Singapore of Europe, but it could also slip and lose its middle power status. The (open) question for policymakers is how badly they want to avoid the latter scenario and how far they are prepared to go to achieve the former.

### Will the Netherlands (still) be a middle power in the future?

Finally, the question with which this analytical chapter began: what about the Netherlands' status as a middle power? In sum, the foresight reply is the following: that is (still) to be determined and depends on both external factors over which the Netherlands has no influence and internal and external factors over which the Netherlands does have influence.

The Netherlands enjoys a **strong international position** and can be classified as a (smaller) middle power. In terms of **prosperity** and **standard of living**, the Netherlands is a world class nation. However, this favourable relative position cannot be taken for granted. In several areas, the Netherlands faces challenges that could undermine this strategic position (in the future).

The Netherlands is in a good position to deploy a range of instruments from the middle power toolbox, for example in the area of strategic cooperation. For example, the Netherlands plays a prominent role in several economic partnerships (**EU, Benelux**) and military coalitions (**NATO, JEF**). Strategic indispensability is also an asset. The Netherlands is home to cutting-edge knowledge and expertise that enable it to play an indispensable role in global value chains and

knowledge communities. **ASML**, for example, the world's leading manufacturer of lithographic printers, forms a crucial link in chip production. **Thales** and **TNO** produce highly advanced radars, which are an important component in the weapon systems of many international players.

At present, the Dutch economy is (still) in good shape. In 2024, GDP per capita was more than one and a half times higher than the European Union average. **However, this privileged position may come under further pressure.** The Netherlands is struggling with declining competitiveness. Whereas in 2021 the Netherlands was still in fourth place in the IMD's World Competitiveness Ranking, by 2025 it had slipped to tenth place. There are structural domestic challenges that are hampering growth, such as network congestion and a tight labour market. In addition, policy choices are influencing the Netherlands' ability to innovate. For example, research and development expenditure is lower than the European target of 3 per cent of GDP. If the trend of **declining competitiveness** continues, it could affect the Netherlands' geopolitical weight on the world stage in the medium term.

In the field of defence, Russia's large-scale invasion of Ukraine has brought about a major **change of course.** Substantial **increases in defence spending** are likely to mean that the Netherlands will have greater military capabilities in the future. At the same time, it is uncertain to what extent defence plans will be realised in the coming years and to what extent this will improve the Netherlands' relative position, given that other countries are now also spending more on their defensive and offensive capabilities.

A middle power can also overplay its hand. The Dutch intervention at Nexperia in 2025, and the resulting clash with China, demonstrates the limitations of a smaller middle power such as the Netherlands in forcing its own (economic) interests. It also shows the consequences of failing to address strategic dependence, or addressing it too late, due to a lack of diversification in supply chains.

**The Netherlands' status as a middle power is not a future certainty.** Without the defence and improvement of its own strategic position, the Netherlands will eventually become a minor power. Maintaining or improving the Netherlands' international position requires, among other things, strategic vision, "futures-proof" policy and a high degree of resilience.

# Conclusion

The Clingendael Strategic Monitor 2025-2030 maintained that middle powers “will have a greater impact on the geopolitical world stage,” meaning that these players “to a large extent hold the key to a safe and prosperous future.”<sup>5</sup> This still holds true, but also requires further elaboration. The present study provides insight into the complexity of the concept of middle power. Both Russia and Peru can be included in this category – two completely different countries in two completely different geopolitical weight classes. That is why this study has used a broad definition. A middle power can have **a substantial influence** on the actions of geopolitical actors without being able to change the world order on its own. This definition is applied on the basis of **capabilities, on the one hand, and strategic choices, on the other**.

There is room for debate about who deserves the title of middle power and who does not. Some consider Russia a superpower, while others view Peru as a small country rather than a middle power. Whatever the exact list may look like, it will always include a **wide variety of actors**. Middle powers have diverse worldviews and intentions, differing visions of their own role and assertiveness on the world stage, and varying capabilities in the political, economic and military spheres, divergent strategic positions, including attempts to remain multi-aligned, non-aligned or fully aligned, and varying degrees of success in acquiring, maintaining and exercising power on the world stage.

## Two key uncertainties on the changing world stage

Middle powers play a major role in the formation of a new world order, but will they dominate this new world order, too? It is too early to conclude that the world is irrevocably moving towards a multipolar order in which no single great power or superpower calls the shots. Assuming this outcome at this stage may involve conflating empirical and normative observations, and jumping the gun geopolitically. **In this foresight study, multipolarity is not considered a key fact but a key uncertainty**. The unipolar moment of the US is almost certainly over. But the current tech race and tough power politics between the US and China are signals that a more bipolar future is also conceivable.

In addition to the precise polarity of the emerging world order, **the degree of cooperation versus non-cooperation is the second key uncertainty**. This variable also has a strong influence on the degree of success of various middle power profiles and strategies. Cooperation and non-cooperation are not a matter of absolute opposition – every world order contains a good bit of both – but rather of relative prevalence in a given context. One can speak of cooperative or non-cooperative dynamics within the UN, for example, or between Russia and the EU, or within the Southeast Asian region. Some middle power strategies work particularly well in a cooperative context, while other middle powers are strategically better equipped to assert themselves in a confrontational setting.

## Seven trends as relative certainties

In addition to these two core *uncertainties* that will shape the landscape in the coming years and to which middle powers must respond, there are also relative *certainties*: the trends described in Deep Dive 2. The politicisation of the global economy and finance, the erosion

of the (inter)national legal order, the disruption brought about by technology, escalating inequality and polarisation, climate change, unbalanced demographic developments and the hybridisation of conflict are trends that do not seem likely to reverse (any time soon). **These trends will also have a significant impact on the fate of the various middle powers.**

**Together, these relative certainties and uncertainties determine the success or failure of middle powers on a changing world stage.** Some middle powers will be unable to cope with the challenges and fall into decline. Other middle powers, on the other hand, will flourish.

The winners need not necessarily be today's major middle powers. It is precisely **at the lower end of the middle power spectrum that one can observe a lot of mobility** and potential. With a combination of luck, courage and strategy, smaller players can exploit their middle power potential, while traditional middle powers may lose their status and influence on the world stage. **At the top end, too, we are likely to see mobility.** Will India remain a middle power or will it manage to claim great power status? Will Russia remain an aspiring great power or will it become an 'average' middle power? Will smaller European countries and European middle powers be able to unite sufficiently – for example within the EU – to consolidate or even enhance their position on the world stage?

### Multilateral and financial systemic shocks

Just how changeable the world stage really is can be deduced from the **two themes** used as thematic lenses in this study: **conflict resolution** and the **geopolitics of finance**. These two themes represent **two of the central pillars on which the 'old' liberal world order rested**. While multilateral forums such as the UN, the ICC and the ICJ attempted to regulate inter- and intra-state conflicts, a financial system including the SWIFT system, the IMF and the World Bank sought to maintain a global financial and economic consensus. Both pillars are undergoing significant changes. Even the financial system, traditionally the most stable and uncontroversial pillar of the old system, is now subject to rapid geopoliticisation, as demonstrated by the selective exclusion from the SWIFT system, the deliberate de-dollarisation by some countries and the rapid politicisation of capital mobility and lending.

In view of the common thread running through the scenarios, our findings on the topic of conflict resolution demonstrate that even in a rigid bipolar or multipolar order, there will still be a great deal of shared interest in maintaining a shared conflict resolution mechanism. Order and predictability remain desirable, even for authoritarian superpowers, if only for economic and commercial reasons. Two scenarios (Scenarios 2 & 6) drew attention to a future in which a certain degree of violent anarchy prevails. Even in these futures, however, there will be strong impulses to curb the most harmful excesses of uncontrolled armed conflict (think, for example, of joint anti-terrorism policy, perhaps in the financial domain in a hypothetical continuation of Scenario 6). This means that the current erosion of the multilateral consensus-based model does not in any way spell the end of conflict resolution. It merely signifies a transformation to a new model, in which new norms may take centre stage, but in which the international legal order is unlikely to offer protection across the globe. Although every country – both large and small – and every individual would be affected, it will likely be the weak and the frail that are impacted the most.

In the financial domain, further instrumentalisation is a near-certainty in the future. It is therefore unwise to assume that capital and the broader financial system will be off-limits,

while submarine cables, critical raw materials and mail servers are violently contested. Scenarios are conceivable in which (middle) powers join forces to safeguard freedom of navigation. Similar scenarios concerning financial transactions are conceivable – but by no means certain. All players on the world stage must seriously consider futures in which unabashed mercantilism, financial (state) terror and even the (deliberate) partial collapse of the financial system may occur. For there are geopolitical and ideological signals pointing towards a more radical economic and financial posture on the part of the two current superpowers.

### Geostrategic foresight warnings

This foresight study points towards several **early warning signals**:

- The financial and economic landscape may well become mercantilist rather than capitalist. If this is the case, there will be a stronger incentive to form regional blocs for self-protection. Diversification of trade and reserve currencies is a first step in this direction.
- A rapprochement between the US and China is more than conceivable. Just as the rapprochement between the US and Russia, which the Clingendael Strategic Monitor 2025-30 warned about, turned out to be more realistic than initially assumed, a grand bargain between the US and China similarly has the potential to radically alter the geopolitical landscape.
- Both the US and China are demonstrating greater willingness to put their own interests and ideology first and to follow the logic of spheres of influence. This makes it increasingly likely that a geopolitical dynamic will emerge in which the great powers take a coercive or even aggressive stance towards defiant middle powers.
- Businesspeople are increasingly encroaching on traditional diplomacy. Discussions between wealthy entrepreneurs may eventually form the basis for geopolitical deals. This is both an opportunity for (middle) powers that know how to exploit these cracks in interstate diplomacy, and a threat to the international norms, institutions and players that play a major or even central role in the multilateral system and its diplomatic relations.
- When conflict resolution is based solely on selective interests rather than shared and institutionalised norms, relatively powerless actors are effectively subjected to the law of the jungle. Expendable states and groups no longer enjoy the protection of international law.

### The Netherlands as a middle power on a changing world stage

The Netherlands can learn several things from these and other insights. Firstly, **the Netherlands is (still) a middle power**. There sometimes seems to be a discrepancy between the Netherlands' material characteristics as a middle power – its capabilities – and its sometimes 'smaller' self-image. The Netherlands has a high-quality tech and service sector, it is the eighteenth largest economy in the world, it has a relatively favourable geographical location and it is a member of powerful organisations such as the EU and NATO. The Netherlands (still) matters on the world stage. Nevertheless, what was said earlier in this study about other middle powers also applies to the Netherlands: **the Netherlands' middle power status is not guaranteed**. This player on the world stage could also become marginalised if it does not play its cards wisely. **A strategic vision of the Netherlands' relationship with both great and middle powers is not a luxury but a dire necessity**.

In addition, the world stage is rapidly changing in a direction that the Netherlands (as well as the EU) is not accustomed to. Raw power politics prevails, dominated not by international law but by coercion, using conventional and unconventional means. In addition to strategic vision, there is therefore a second urgent need: **the Netherlands must find some comfort in the uncomfortable and get familiarised with the unfamiliar.** Given the major and rapid shifts in geopolitics, it is no longer possible to rely on the old system and on the middle power capabilities of the Netherlands that sufficed within that system. In particular, this study concludes that, although strategic indispensability is a cost-effective strategy for a smaller middle power to survive, this strategy is also particularly vulnerable. Just as excessive dependence on the existing world order is unwise, so too is excessive dependence on a single vulnerable asset.

The EU and NATO enable the Netherlands to exert extraordinary geopolitical influence – especially in periods during which the Netherlands has strong, politically agile representation in Brussels and New York. This applies to all issues, but especially to conflict resolution and the geopolitics of finance.

This means that the Netherlands has a strong interest in ensuring that the EU and NATO, as organisations, evolve in lockstep with the demands of the changing world stage. However, **neither NATO nor the EU makes the Netherlands immune to brutal power politics.** In short, these two partnerships are also vulnerable. Both NATO and the EU have been seriously shaken in the recent past, with no guarantee of improved stability in the (very near) future.

This foresight study shows that **hedging and multi-alignment are becoming increasingly prominent strategies in the middle power arsenal.** These instruments offer middle powers room to manoeuvre. **The Netherlands can benefit from learning to manoeuvre using these strategies.** The Netherlands can learn a great deal from cooperating with and observing countries that are used to geopolitical balancing. At the same time, it should not be forgotten that these countries can also learn a great deal from the robust, successful partnerships that the Netherlands has maintained. Hedging and multi-alignment entail the risk of the dilution of existing partnerships. Conversely, maintaining deep relationships – cultivating genuine partnerships – is an art that the Netherlands has mastered and from which other middle powers can learn.

### Middle power and powerlessness on a changing world stage

The successful middle powers in this foresight study are able to develop broad capabilities in multiple domains and deploy them with maximum effectiveness at strategically important moments and on strategically important dossiers. However, this **middle power finesse** requires a variety of skills. It **requires the ability** to adapt **quickly** in a changing environment. It **also requires sharp and anticipatory strategic analysis** of, inter alia, the partnerships that need to be built, broadened and/or deepened. Finally, and perhaps most importantly, it requires **broad resilience and geopolitical fortitude.**

Only geopolitical players prepared to shoulder some risk when it comes to protecting their own principles and national (security) interests will be able to soften or mitigate the consequences of an increasingly risky landscape. Middle power **finesse requires self-correction and self-knowledge. Insight into and investment in one's own strengths and skills** (one's own **middle power**), but also insight into the **limits of one's own capabilities** (one's own '**middle powerlessness**'), are indispensable for meeting current and future challenges of the new world stage.



## DEEP DIVE 1

# Middle powers in a changing world order

This section of the report takes a closer look at ‘middle powers.’ Which definition best captures the complexity of this concept? Which capabilities distinguish a middle power from a great power or a minor power? What strategies do middle powers have at their disposal to hold their own in a context of great power competition?

This section is structured as follows. First, we reflect on the question **of what a middle power is** and introduce a criterion for middle power status. Next, we map (literally and figuratively) the **middle powers of today and tomorrow**, identifying some sources of power shifts in the future. Finally, we consider the **scope for action available to middle powers: what strategic options do they have** at their disposal to exert (maximum) influence on the world stage?

## What is a middle power?

In the post-Cold War world order, multilateralism, free trade, and American hegemony had a levelling effect on power differences between states. By participating in this international system, minor powers were able to exert influence, make use of open trade routes, engage in security cooperation, and, to a certain extent, defend themselves against aggression from stronger states. In the emergence of a new world order, power differences are regaining importance. On the one hand, this makes countries vulnerable, but on the other hand, it also provides scope for strategic assertiveness and geopolitical repositioning. This space offers new opportunities, especially for middle powers. While great powers have the potential to shape a new world order and minor states are mostly constrained to trying to avoid crises, **middle powers can use their capabilities and strategies to gain geopolitical advantage.** They can influence new relationships, exchanges, collaborations, and norms to their own advantage, although not without risk.<sup>8</sup>

This foresight study employs the following **definition**:

*A middle power is a country (or region) that can exert substantial influence on the conduct of geopolitical actors without being able to change the world order on its own.*

This definition focuses on a particular degree of influence. Middle powers can, especially in times of a changing world order, **initiate new geopolitical relationships within that order, or influence them in such a way** that they are able to position themselves favourably. Minor powers, by comparison, do not have the luxury of actively improving their geopolitical position. And as long as there are great powers, they alone have the ability to shape the world order wholesale.

This definition focuses on a particular degree of influence. Middle powers can, especially in times of a changing world order, **initiate new geopolitical relationships within that order, or influence them in such a way** that they are able to position themselves favourably. Minor powers, by comparison, do not have the luxury of actively improving their geopolitical position. And as long as there are great powers, they alone have the ability to shape the world order wholesale.

The influencing of relations on the world stage, or **power projection, starts with capabilities**. Economic size and influence, military strength, and diplomatic and political reach are decisive factors in this regard, as are natural factors such as population size and geographical advantages and limitations. Medium-sized economies have influence in trading blocs, value chains, and exchanges of knowledge. Militarily, middle powers are able to impose costs on aggression by other states. Diplomatic reach can be used to bring about agreements, standards and cooperation.

Whether a country with such capabilities actually exerts influence on the world stage is **partly a matter of choice**. Policy choices determine whether and how capabilities are strategically deployed to secure favourable geopolitical positions and achieve interests.

The influence that a country derives from its middle power status is therefore a unique and variable equation of capabilities and strategic choices, with varying effects on positioning in a changing geopolitical context. In sum, middle power status is neither binary nor static, but a **flexible spectrum. There is no such thing as ‘the’ middle power**.

The definition employed here combines three common approaches in the middle power literature. A definition based purely on **capabilities** is static and does not do justice to the various ways in which a middle power can **choose to position itself strategically**. A definition based solely on behaviour, on the other hand, fails to recognise the capability constraints on this freedom of choice. A definition in which only geopolitical positioning in relation to great powers is decisive leaves no room for a changed world order and the middle power’s **possibility of repositioning**.<sup>9</sup>

## Middle powers today and tomorrow

The map below displays which countries can currently be classified as middle powers and where they stand in relation to each other on the middle power spectrum, based on research into their varying capabilities. The map also indicates which countries can be seen as potential middle powers given the 2040 timeframe employed in this report.

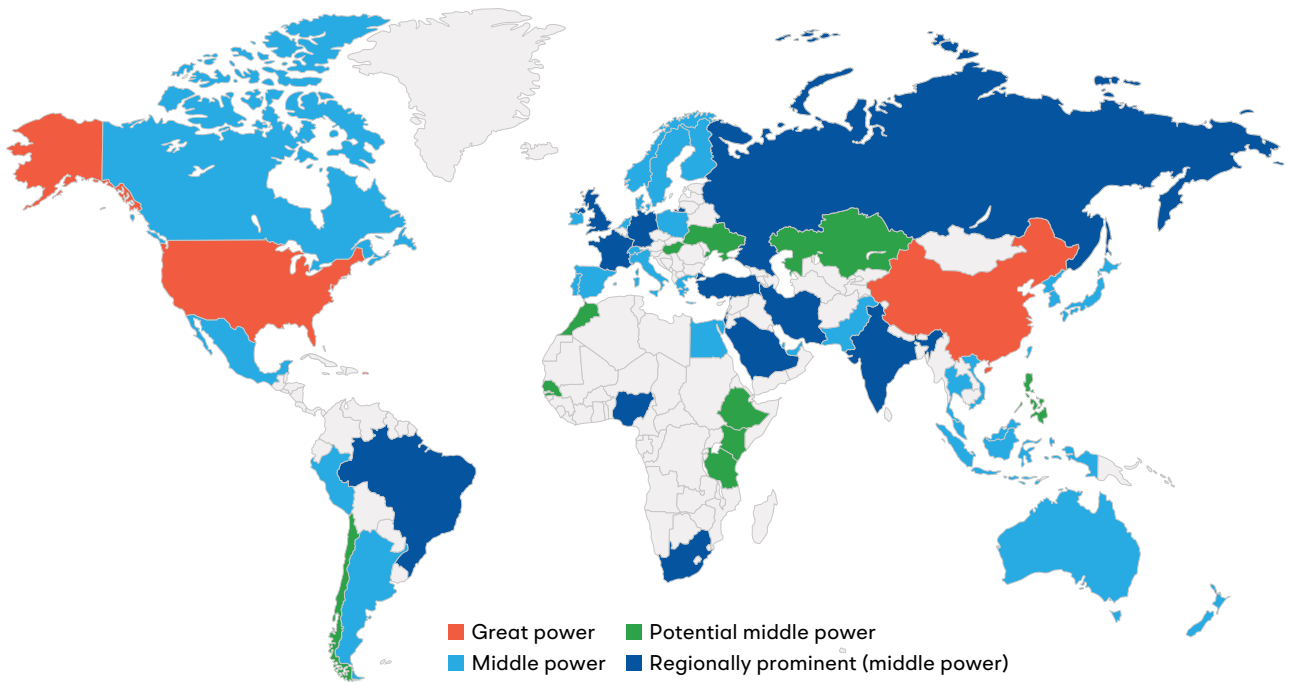


Figure 7 On the world stage, middle powers and potential middle powers play an important role in their 'intermediate position' between great powers and minor powers.

## Deep Dive 1. Middle powers in a changing world order

Country (or region)	Index score	Regionally prominent?	Nuclear power?
United States of America	0.84	✓	✓
China	0.74	✓	✓
India	0.57	✓	✓
Russia	0.54	✓	✓
France	0.49	✓	✓
United Kingdom	0.49	✓	✓
Israel	0.36	✓	✓
Brazil	0.48	✓	
Germany	0.48	✓	
Turkey	0.47	✓	
Saudi Arabia	0.44	✓	
South Africa	0.33	✓	
Iran	0.28	✓	
Nigeria	0.27	✓	
North Korea	Insufficient data		✓
Pakistan	Insufficient data		✓
Japan	0.54		
Canada	0.49		
South Korea	0.48		
Switzerland	0.48		
Italy	0.47		
Sweden	0.46		
Australia	0.45		
Norway	0.44		
Spain	0.43		
Indonesia	0.42		
Singapore	0.42		
United Arab Emirates	0.42		
Finland	0.41		
Peru	0.41		
Thailand	0.41		
Denmark	0.40		
Greece	0.39		
Mexico	0.39		
Netherlands	0.39		
Vietnam	0.39		
Qatar	0.38		
Egypt	0.37		
Malaysia	0.37		
New Zealand	0.36		
Poland	0.36		
Portugal	0.36		
Argentina	0.35		
Ireland	0.35		
Taiwan	Insufficient data		

Figure 8 Overview of middle powers on today's world stage, based solely on broader capabilities, regional prominence and nuclear power. The great powers US and China are included for comparison.

### Brief methodological justification of the middle power index

A total of eleven capacity indicators – for economic, military, political-diplomatic and demographic capacities – have been weighted, normalised and aggregated into a single relative score in the above middle power index. In addition, the index takes into account the global influence exerted by nuclear weapons and by regional prominence.

Because the US and China are in a league of their own, these countries are **great powers**. Countries that score relatively well (between 0.35 and 0.70), are regionally prominent and/or possess nuclear weapons are classified as **middle powers**. Nuclear armament and regional prominence also create a specific category of relatively large middle powers, even when the score on other capacities is lower. Countries that do not meet one of these three criteria are therefore not middle powers and have not made it into the index. They can be seen as the world’s minor powers. See the methodological appendix for further elaboration on how the index was created.

The capabilities-based middle power index is, by definition, a **snapshot**. Middle powers can try to increase their capabilities, strategies can change, and circumstances affect the leverage that can be obtained. **Middle power status and influence are therefore changeable**. Today’s middle powers may not be tomorrow’s. Some countries that do not make the cut in this study represent borderline cases. Some countries may see their capabilities strengthened or weakened in the future by the trends, developments and uncertainties on the changing world stage described in Section 2. There are also countries that appear to have more limited capacities but nevertheless manage to exert substantial geopolitical influence and thus display characteristics of middle power status. Figure 9 shows a selection of countries that, based on their index score or strategic position, have been identified as potential middle powers.

**Kazakhstan** is a good example of a minor power **with explicit middle power ambitions** that is already profiling itself as such, for example at the Astana International Forum 2025. This country is trying to further diversify its international partnerships, while benefiting from the increased interest in Central Asia. Kazakhstan could well become a textbook example of a hedging (middle) power.

The overall picture (see Figure 8) is that ‘Western’ middle powers will be increasingly challenged in the coming years to maintain their current relative dominance on the world stage. Several (potential) middle powers from Latin America, Africa and Asia are experiencing greater upward momentum in power potential. At the same time, they in turn are by no means immune to challenges. The extent to which they will be able to realise their growth potential remains uncertain. Hence, instead of predicting exactly which players will be the middle powers of the future, it is more useful to imagine (by way of foresight) what different middle powers of the future might look like (see Chapter 1). We may identify several trends and causalities that contribute to power shifts.

Potential middle powers
Chile
Ethiopia
Philippines
Hungary
Kazakhstan
Kenya
Morocco
Ukraine
Senegal
Tanzania

Figure 9 Overview of countries that did not quite make the ranking at present but might claim middle power status (in the future).

For example, **economic and financial power is shifting, broadly speaking, from the developed economies of the West to the Global South.** These emerging economies are expected to collectively account for a larger share of the global economy than the G7 countries combined in just a few years' time (see Figure 10). If this movement continues, the middle power landscape will also shift.

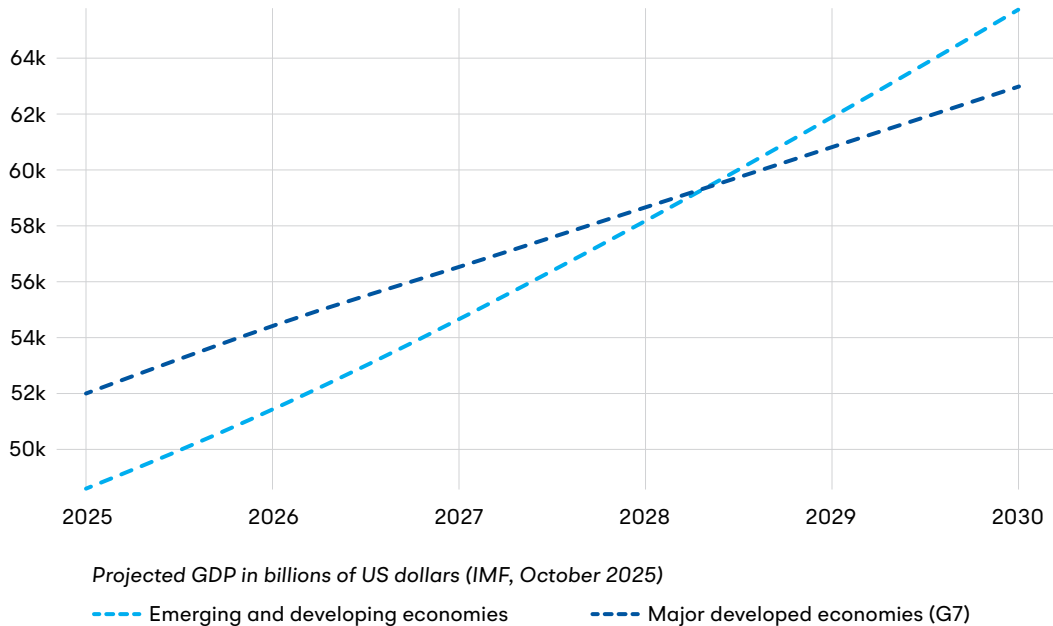


Figure 10 The sum of all emerging and developing economies is growing in importance relative to the G7, the major developed economies (Canada, France, Germany, Italy, Japan, the UK and the US). (Source: IMF, 2025).

**Military power may also shift in the same direction.** Germany and Saudi Arabia are two middle powers with the largest relative growth in defence spending,<sup>10</sup> clearly demonstrating their military ambitions. However, Germany, like many European middle powers, is struggling with its competitiveness and its own military past. German reluctance in the acquisition and deployment of military capabilities remains palpable. Such considerations, on the other hand, do not play a role in Saudi Arabia and other middle powers in the Gulf region.

Of all the middle powers, Russia, India and South Korea (and Russia in particular) currently possess the greatest military capabilities while also investing heavily in enhancing these capabilities. Whereas the Russian economy is so weakened that long-term war investments may come under pressure, and both Russia and South Korea are struggling with ageing, shrinking populations, India's economic and demographic prospects better allow for considerable long-term military growth.

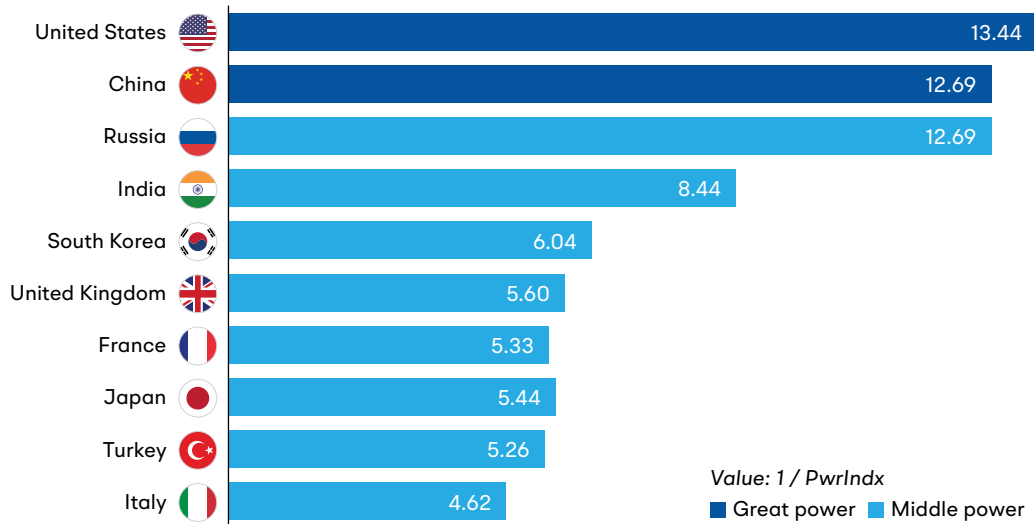


Figure 11 Like the great powers, the United States and China, middle powers Russia, India and South Korea also have considerable military capabilities (Source: [Global Firepower Index, 2025](#)).

New Delhi is also investing heavily in its national diplomacy – after Turkey, India has the fastest-growing diplomatic network, with eleven new posts since 2021.<sup>11</sup> Almost three-quarters of these new posts are located in Africa, reflecting the growing importance of economic ties with and on the African continent. India therefore has a variety of power instruments and a variety to methods to project its power. This makes India a major middle power, with the potential to become a great power.

Brazil, as a large and regionally prominent middle power, also focuses on diplomacy and soft power and attaches great importance to the international legal order. The country deprioritises military strength, resulting in Brazil’s relatively low defence spending.

## Strategies: how middle powers can exert influence

This study distinguishes seven different strategies that middle powers can use to deploy their capabilities. These are briefly outlined below, with examples of situations in which middle powers have employed these strategies.

1. **Cooperation**
2. **Balancing**
3. **Influencing**
4. **Coercion**
5. **Becoming indispensable**
6. **Pursuing regional dominance**
7. **Strengthening resilience**



**Cooperation** – The transition in the geopolitical balance of power gives middle powers the opportunity to join coalitions, change the nature of coalitions and/or initiate new partnerships. For example, Japan and Australia joined the Asia-Pacific Regional Comprehensive Economic Partnership (RCEP) in 2020-2021. This contributed to the world's largest free trade agreement (FTA) entering into force in 2022.<sup>12</sup> Partnerships in smaller, often more informal, so-called minilateral contexts have increased over the past decade, especially in the security domain.<sup>13</sup> For example, Vietnam became part of the QUAD security dialogue in 2018 when it welcomed a US aircraft carrier in this context, and in 2020 South Korea joined a QUAD dialogue on non-traditional security, prompted at the time by the COVID-19 pandemic.<sup>14</sup>



**Balancing** – Middle powers exploit changing power relations to balance dependencies by pursuing diverse, sometimes contradictory, economic, military and diplomatic relationships. This so-called multi-alignment or hedging helps to reduce vulnerabilities in relationships of dependency. For example, Indonesia became a full member of the non-Western-oriented BRICS in January 2025 and is currently also a candidate member of the Western-oriented OECD.<sup>16</sup> In response to increasing tensions between the great powers and the declining reliability of existing agreements, Australia and Japan, for example, took the step of establishing their Special Strategic Partnership in 2014 to coordinate military efforts to shore up their respective security guarantees from the US and in case of American default on those security guarantees. In September 2025, the partnership was elevated with the agreement to conduct joint flexible deterrent operations (FDOs).



**Influencing** – Entering into multiple relationships also creates opportunities for strategic influence. Economic, military, or political power can, of course, be exercised bilaterally, but the scope and potential impact of influence grows as it is deployed as a hub in a larger network. Currently, a typical feature of a middle power is the relative freedom to try to change relationships on the world stage.<sup>18</sup> Depending on circumstances and objectives, a middle power may choose to adopt a revisionist, conservative or mediating stance. Brazil, for example, is positioning itself as a leader of the Global South by voicing the ambition to play a greater role in a reformed system of global governance and a new global distribution of power.<sup>19</sup> Japan, on the other hand, initiated the FOIP strategy in 2016 and is engaging diplomatically, economically and – slowly but surely – militarily to maintain international ties and agreements.<sup>20</sup> South Korea plays a more modest role and attempts to ease tensions between the great powers, the US and China, in order to maintain its security relationship with the one and its trade relationship with the other.<sup>21</sup>



**Coercion** – In addition to more subtle and collaborative forms of exercising power, middle powers can sometimes impose their will or impose high costs on others so as to break external resistance in the political, economic and military domains. The military domain illustrates the point most tangibly and most visibly. Consider, for example, Russia's large-scale invasion of Ukraine, or Israel's occupation of new parts of the Syrian Golan Heights after the fall of the Syrian Assad regime. However, in the political and economic spheres, a policy priority can likewise be forced down in spite of external opposition. In the political domain, one might think back on the (successful) diplomatic blockade of Qatar that the Arab League, led by Saudi Arabia, imposed from 2017 to 2021. Examples of the economic variant of strategic coercion include Russia's restriction of gas supplies to Europe and the European sanctions imposed on Russian oligarchs and companies in response to the war in Ukraine.



**Indispensability** – In a hyperglobalised world of extremely complex inter-state dependencies in supply chains, trade flows, digital connections and security agreements (and threats), control over critical links yields geopolitical influence. This can occur, for example, in control over rare earth metals, through indispensability within vital industries or due to a country's geographic location. For Taiwan, for example, global leadership in chip production offers a form of implicit security.<sup>23</sup> Israel is not only a middle power due to its regional military superiority, but also because various trade partners depend on its (cyber) defence industry. Such comparative advantage can also be used indirectly. The Gulf states of Saudi Arabia, Qatar and the UAE, for example, invest fossil fuel revenues (and also religious legitimacy in the case of the former) in soft power and diplomacy capabilities in order to make themselves indispensable partners in specific regional and international conflicts.<sup>24</sup>



**Regional dominance** – Whereas great powers can and want to have an almost global economic and security reach, middle powers are more bound by geographic constraints. Middle power status can therefore be considered relative to the region, rather than comparatively at the global level.<sup>25</sup> Canada and Germany, for example, are comparable in size in material terms, but due to its proximity to the US, Canada cannot achieve regional economic or security dominance, while Germany has more opportunities to do so in its own region. In an era of shifting geopolitical power balances, it is only to be expected that middle powers further removed from the great powers will have more scope and more need to assert themselves. This may also lead to an increased importance of regional coalitions of minor and middle powers, such as the European Union (EU) or the Gulf Cooperation Council (GCC).<sup>26</sup>



**Resilience** – Strategic resilience, finally, in this context refers to the capacity to absorb external shocks and recover from them, or even learn and grow from them. It is the figurative shield that a country may raise for protection. Four Rs play an important role in this process: Robustness, Redundancy, Resourcefulness and Rapidity.<sup>27</sup> These correspond to every level of society: government, civil society and the broader social structure. In addition, geographic factors such as mountains and coastal situation also influence strategic resilience. For example, Australia's location, surrounded by ocean, has a predominantly positive influence on resilience, whereas Poland's location makes it more vulnerable. India is a good example of a country whose central government has shown an above-average willingness to absorb strategic shocks and accept their impact in order to maintain its autonomous position on the world stage. The Scandinavian countries serve as role models in the field of broadly supported societal resilience.

When these strategies are related to the various domains in which middle powers can deploy their capabilities, a **geopolitical middle power ‘toolbox’** emerges. Combining strategies and capabilities yields concrete **power instruments** within certain domains, which can be used to exert geopolitical influence. Political and diplomatic cooperation, for example, can yield an authoritative international summit. The toolkit below already contains a number of examples of such (middle) power instruments.

By conceptualising middle power status as the exercise of influence based on capabilities and strategic decisions, four important conclusions may be drawn. First, the greater the middle power, the more combinations of capabilities and strategies it has at its disposal to exert geopolitical influence. Secondly, the more varied the middle power’s toolbox, the better it is able to achieve its interests in a variety of ways and in a range of situations. Thirdly, it follows that the smaller the middle power, the more it is forced to fall back on a limited variety of strategic deployments of capabilities, making it more difficult to defend itself in unfavourable geopolitical circumstances. However, this also means, fourthly, that a small arsenal of instruments of power can achieve a relatively large amount of geopolitical influence under the right circumstances.

Domain \ Strategy	Economic	Military	Political/diplomatic
<b>Cooperation</b>	E.g. Concluding trade agreements; establishing and enforcing rules	E.g. supplying weapons and troops; military alliances; joint military exercises	E.g. Consulting allies; active participation in (multilateral) forums
<b>Balancing</b>	E.g. Purchasing foreign currency; diversifying value chains	E.g. purchasing weapon systems from multiple parties; holding exercises with multiple states	E.g. Abstaining from voting in a multilateral forum; pursuing multi-alignment; hedging strategies
<b>Influencing</b>	E.g. Investments; tariff policy; imposing sanctions; bribery	E.g. Conducting military exercises; strategic placement of defences; demonstrating capabilities	E.g. Engaging in diplomacy; organising summits; mediating; cultural production
<b>Coercion</b>	E.g. Economic stranglehold through large-scale sanctions; cutting off supply lines	E.g. Invading territory; (nuclear) threats; gunboat diplomacy	E.g. Withdrawal from diplomatic forums; termination of treaties; use of veto
<b>Indispensability</b>	E.g. Production and/or processing of critical raw materials; dominating; cutting-edge (tech) production	E.g. Supplier of advanced weapon systems or creation of unilateral military dependence	E.g. Having or obtaining veto power; being a driving force behind standardisation and/or coalitions
<b>Regional dominance</b>	E.g. Use (or potential use) of regional trade hub; toll collection	E.g. Blocking (or being able to block) territorial bottlenecks; winning regional arms race	E.g. Claiming leadership in a regional context
<b>Resilience</b>	E.g. Diversification and/or protection of supply chains	E.g. Maintaining alliances; ensuring interoperability of systems; combat readiness	E.g. Promoting societal resilience; investing in diplomatic reputation and relations

Figure 12 Middle powers have a ‘toolbox’ of economic, military and political power instruments which, when combined, can be deployed in various strategic ways

## DEEP DIVE 2

# Change on the world stage: important trends, developments and uncertainties

The Clingendael Strategic Monitor 2025-2030 summarised changes on the world stage of geopolitics as follows:

‘The geopolitical world stage is undergoing radical change. This change will also affect Dutch national security and the international legal order in the coming years. Geopolitical developments and shocks – intentional and unintentional – can change the existing international environment as if it were a ‘resetting’ of a theatre’s stage. In the coming years, a **geopolitical reset** should be given serious consideration. Such a reset can occur quickly and have very serious consequences.’<sup>28</sup>

**The world order is in transition, but the outcome is unknown.** All actors on the world stage – large, medium-sized and small – will experience a high degree of uncertainty. Compared to yesterday, today’s and tomorrow’s world stage can probably be characterised as...

1. More competitive;
2. More interest-driven;
3. More transactional;
4. And interpreted by a broader range of ideologies and values.

The timeline of this report extends to 2040; a long period in geopolitical terms. Hence, this second deep dive analysis examines seven long-term trends, developments and uncertainties, already discernible now and expected to continue to shape geopolitics – and the actions of middle powers – significantly still in fifteen years’ time. The themes of ‘conflict resolution’ and ‘the geopolitics of finance’ are subsequently explored in greater depth, as the scenarios centred around them.

## 1. Increasing politicisation and fragmentation of the global economy and global finance

**Economic and financial risks are** increasing due to geopolitical competition and structural challenges and uncertainties, causing further **fragmentation** of a hyper-globalised world economy (which began after the 2008 financial crisis) and a decline in economic growth. Countries increasingly focus on **de-risking strategies**, meaning that economic efficiency becomes less important than **(economic) security**.

With **a rise of state interventions** in the economy and trade – such as import duties, sanctions, export restrictions and state aid (see Figure 14) – countries seek to protect strategic sectors at home and curtail them abroad. Especially in high-tech industries such as chip production, crucial for example to the development of AI, major players may progressively use protectionist measures to compete.

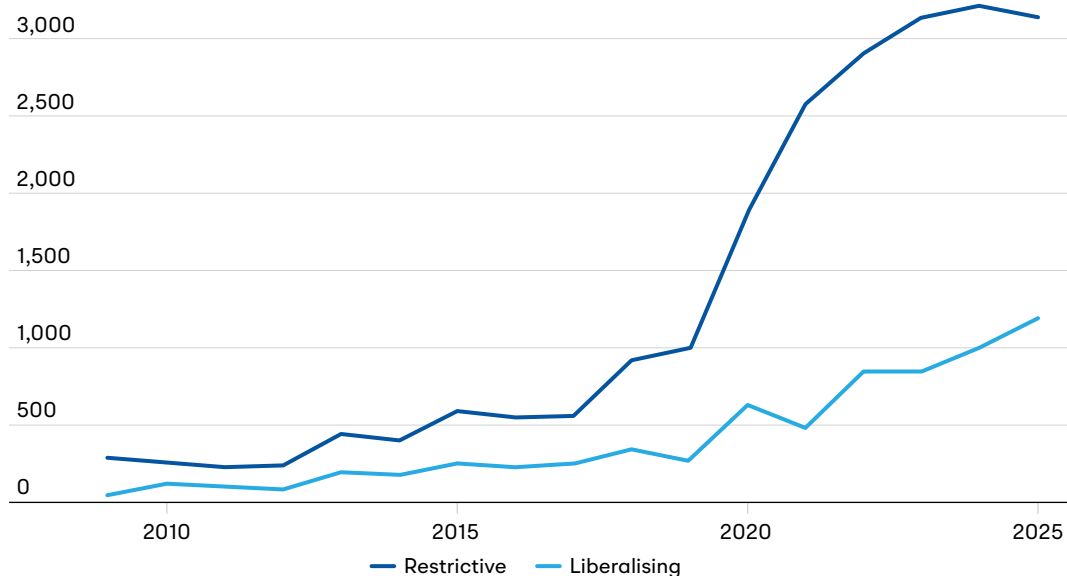


Figure 13 Global trade restrictions are increasing (Source: [Global Trade Alert, 2025](#)).

In addition to the **securitisation of economic interests**, the **international financial system** is increasingly a field of **geopolitics**. Capital markets, investments and financial products, trade and reserve currencies and (international) payment systems become the theatres of rivalry and strategic (re)orientation of great as well as middle powers, using comparative advantages as strategic leverage (also see the in-depth analysis of the Geopolitics of Finance later in this Deep Dive).<sup>30</sup>

If this trend continues, a world fragmented into more or less closed trading blocs may emerge, where supply chains, capital flows and technological exchanges are restricted.<sup>31</sup> The resulting market contraction can lead to economic uncertainty, financial instability and an average loss of prosperity. In theory, some states may be able to turn this to their own advantage. The economic and financial power to do so will likely continue to shift towards emerging economies of the so-called Global South.<sup>32</sup>

Structural challenges are accelerating the above developments and intensify related risks. Economic growth, the energy transition and digitalisation, for example, require both more fossil fuels and more critical raw materials. Competition for such raw materials easily turns into rivalry, encouraging protectionism, with an increased risk of both intra- and inter-state armed conflicts, further reinforcing the fragmentation of the global economy and the financial system.

#### Key uncertainties in the global economy

- Which trading blocs emerge as a result of the geopolitisation and fragmentation of economic and financial relations?
- To what extent are fragmented trading blocs closed economic and financial systems?
- What economic and financial powers and instruments drive geopoliticalisation and fragmentation, and can these dynamics still be curbed by rules?

## 2. Growing pressure on international and democratic legal orders

The ‘third wave of democratisation’ (since the mid-1970s) is over. The current trend is one of ‘**autocratisation**’. Almost three-quarters of the world’s population now lives in an autocracy, and the number of fully-fledged democracies continues to decline. Liberal democracy is particularly suffering from the weakening of the separation of powers and, in some cases, even the militarisation of internal security.

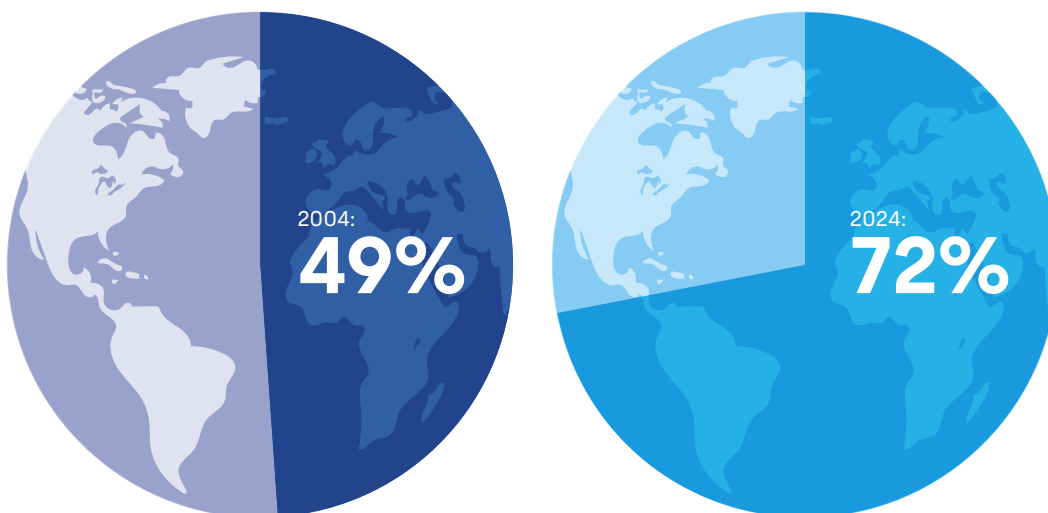


Figure 14 The proportion of the world population living in an autocratic or autocratising country is increasing substantially (V-Dem Institute, 2025).

Large, influential countries are subject to this process, from great power US to middle powers such as Argentina, Indonesia, Mexico and South Korea. Closer to home, democratic governance is weakening in countries such as Hungary, Greece, Serbia and Poland.<sup>33</sup>

Global multilateral governance – based on democratic, rule of law norms and standards – is also weakening. **International multilateralism's centre of gravity, the United Nations (UN), is virtually paralysed by divisions among the permanent members of the Security Council.** The great powers, the US and China, are embroiled in geopolitical rivalry, and Russia, a major middle power, has alienated itself from particularly European capitals by waging war on Ukraine. Competition between great and lesser powers and the loss of legitimacy – also caused by own failures as well as the spread of disinformation and conspiracy theories – is paralysing not just the UN but also associated multilateral fora such as the international financial institutions or courts.

Alternatively, countries are increasingly opting for smaller, less binding, more transactional ad hoc coalitions in a multitude of policy areas. Prominent examples are BRICS+ and the Shanghai Cooperation Organisation (SCO). Instead of multilateral governance based on international law, **a growing patchwork of minilateral governance may emerge**, in which members make issue-driven and ad hoc agreements on a case-by-case basis. When countries join an increasing number of ad hoc coalitions, a fragmented, so-called plurilateral system arises.

**Countries that are underrepresented in the existing multilateral system are particularly critical of the way this system functions.** They are critical of international law and UN institutions as being manipulated or sidelined in favour of Western interests. Instead, they may opt for a reformed or different multilateral system. Complete rejection of international multilateralism would deprive the international community of peaceful conflict resolution mechanisms and restrictions on the abuse of power, which would mainly affect the smaller powers.

#### Key uncertainties in international and democratic legal orders

- Will the wave of autocratisation continue and which countries will be affected?
- How can global problems still be resolved effectively in a plurilateral world of transactional cooperation?
- What is the future of sovereignty and peaceful conflict resolution if countries turn away from the UN?

### 3. Accelerating transformation of the economy, society and (geo) politics through disruptive technological developments

Technological developments – in areas like AI, quantum computing, semiconducting, biotechnology, space, robotics, photonics and energy – have major economic, social and political consequences, creating **opportunities and threats**. Tech innovation is a key driver of efficiency in production, information processing and services, and is therefore the largest **investment market** now. AI in particular attracts a great deal of capital.<sup>35</sup>

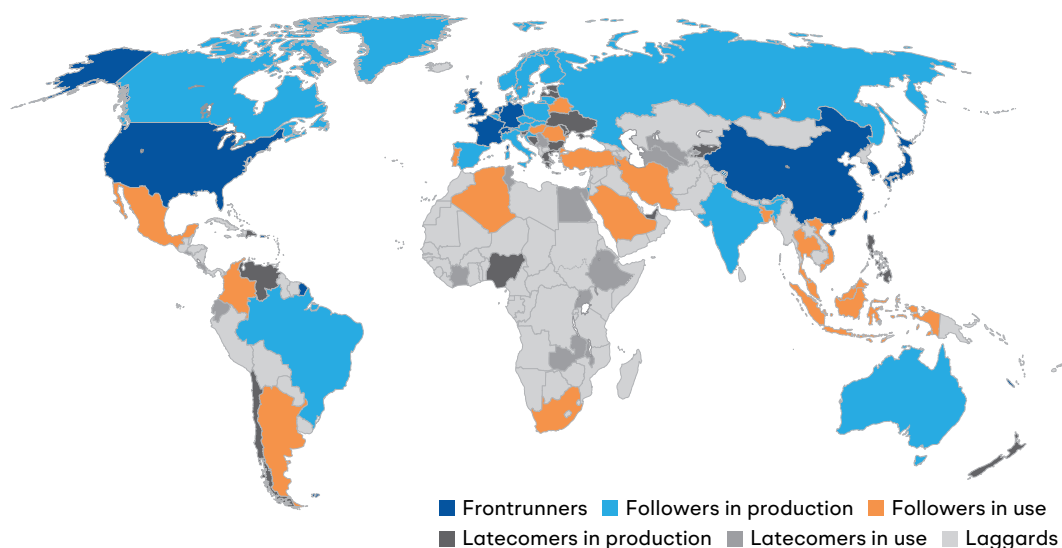


Figure 15 Large parts of the world do not benefit, or benefit to a lesser extent, from the development and distribution of technology (UN, 2020).

New technologies bring about fundamental changes in **both public and private life**. Public services in the areas of health, communication, food security, governance and safety can become better and more accessible. The increasing speed and quality of processing, sharing and generating information continues to expand the reach of private life digitally.

This **potential for fundamental change** makes technology one of the main instruments and objectives of geopolitical competition. The great powers China and the US are engaged in a **technology race** for global leadership of this sector and its transformative power. Through export restrictions, state subsidies, espionage, influence and possibly pre-positioning for sabotage, Washington and Beijing are trying to increase their own market shares, knowledge positions, production capacities and access to raw materials, at the expense of each other and third countries.<sup>36</sup> Middle powers with high-tech knowledge, production capacities and/or raw materials be strategically indispensable to this race, but face pressure from one or both superpowers at the same time.<sup>37</sup>

In addition to the risks of geopolitical rivalry, technologisation presents other fundamental vulnerabilities and challenges. Governments and societies are increasingly dependent on the tech sector and its giants like Microsoft and Google. Hyperconnectivity, the growing number of digital links between hundreds of billions of devices, makes both states and their citizens extremely vulnerable to covert influence and sabotage. Finally, there is the risk that investments in the tech sector turn out to be a financial **bubble** that bursts, like the internet bubble of 2000.<sup>38</sup>

#### Key uncertainties in technology

- Will the techrace remain a leading geopolitical dynamic in the coming years and, if so, what will be the main 'battles' of this competition?
- How can and will middle powers relate to a tech superpower or tech superpowers?
- What is the impact on the world stage of the possible financial burst of the tech bubble?

#### 4. Deepening inequality and polarisation, nationally and internationally

Inequality and social polarisation are often mutually reinforcing processes. The trend of democratic decline and the rise of power politics are therefore closely linked to deepening cultural and socio-economic polarisation and inequality, as well as to the increasing spread of digital disinformation and misinformation.

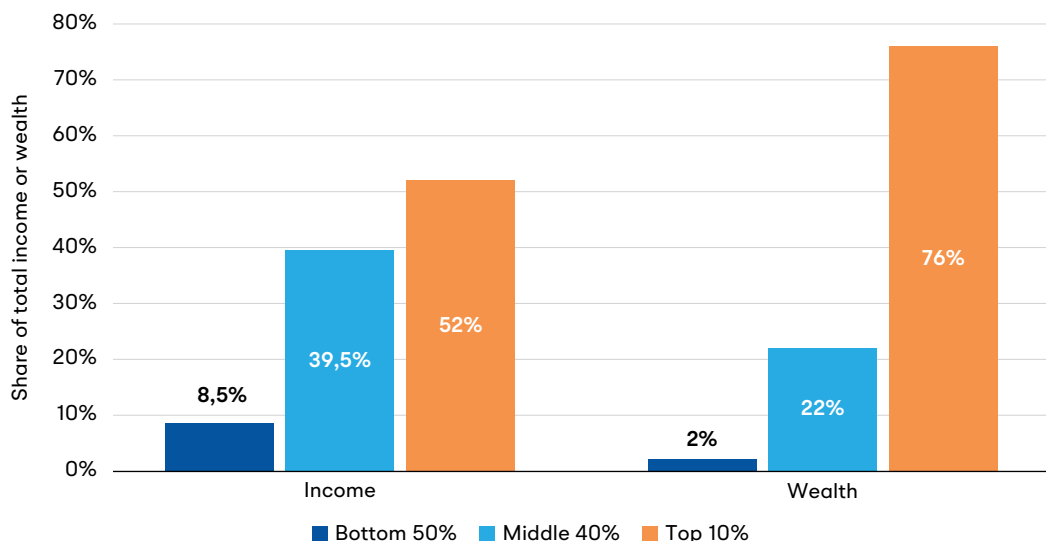


Figure 16 Global income and wealth inequality in 2021 (Source: World Inequality Lab).

**Economic inequality continues to grow worldwide.** It is unlikely that this trend will be reversed without major systemic changes. In the Global North, income growth continues to lag far behind wealth growth. In the Global South, income levels are on the rise, but in practice it is mainly elites and foreign investors who overwhelmingly reap the benefits of economic progress.<sup>39</sup> Identity issues are also playing an increasingly important role in global and national politics. **Socio-cultural divisions** are becoming more prominent, both within and between countries. Communities are increasingly searching for what makes them culturally unique. For many Western countries, this is compounded by a sense of decline. The sum of these developments results in national and international political challenges for both established and emerging middle powers, which also influence each other.

When policy measures yield few tangible results in addressing social and socio-economic issues, **trust in public institutions continues to decline.** As such, disinformation and misinformation will find increasingly receptive audiences. Facilitated by social media, intensified by generative AI and motivated by feelings of alienation from major societal challenges, people retreat into private information bubbles. **The result can be described as a conflict of narratives, which stands in the way of a shared understanding of reality** and thus undermines an essential foundation of pluralism, debate and democracy. At local and international level, polarisation, misunderstanding and, ultimately, animosity make coexistence and governance increasingly difficult.<sup>40</sup>

Declining trust in public institutions and the disappearance of a shared reality provide fertile ground for **populism**. Populist politicians tend to reduce complexity to simple stereotypes of ‘us versus them’. This, in turn, encourages radical and extremist ideas and contributes to the trend of democratic decline.<sup>41</sup>

#### Key uncertainties of deepening inequality and polarisation

- What is the geopolitical impact of foreign policy choices that are increasingly informed by domestic politics, which is becoming more and more polarised?
- What will the geopolitical influence of the economic ‘top 10%’ (see Figure 16) look like?
- To what extent will (dis)information campaigns (further) increase polarisation and inequality?

## 5. Accelerating climate change and environmental degradation

Despite successes in greening and sustainability, greenhouse gas emissions continue to rise, as do the depletion and pollution of natural resources. **The Earth is warming up faster than expected**, causing **extreme weather conditions**, such as heat waves, heavy rainfall, cyclones and droughts to become the new normal. Problems like heat stress, wildfires, floods, crop failures, the spread of tropical **diseases** and **pollution** of surface and drinking will increasingly affect daily life.<sup>42</sup>

In the longer term, quality of life, food security and fresh water supply are threatened by rising sea levels, salinisation, coastal erosion, landslides, loss of biodiversity and desertification. Some of these developments are already causing irreversible damage to vulnerable habitats and facilities. Projections based on current policies show that emissions are increasing and multiple tipping points are becoming inevitable, such as the melting of the West Antarctic Ice Sheet or the bleaching of coral reefs around the equator.<sup>43</sup>

Industrial damage to nature, in the meantime, is increasing, and amplifies the impact of climate change. Deforestation, pollution, intensive agriculture, mining and overfishing are reducing biodiversity and exhausting ecosystems, smothering the vitality of air, water and soil, making human dependencies on climate and the environment even more vulnerable.<sup>44</sup>

As such, climate change acts as a **threat multiplier** that amplifies existing challenges and vulnerabilities. For example, climate change can cause the **potential for (armed) conflict** to increase (possibly drastically) at various levels. At the local, intra-state level, crop failures, price increases, inequality and displacement may lead to social tensions, which can escalate into armed conflict, especially in countries with a history of sectarian violence. Migration consequently increases, creating new social challenges, potentially spreading conflict and jeopardising inter-state relations. At the geopolitical level, old and new forms of competition for scarce resources are fuelled by climate change.<sup>45</sup>

**Due to the (perceived) impending irreversibility of climate change and its effects,** the emphasis in many countries is shifting from preventing climate change (mitigation) to adjusting to the effects of **climate change (adaptation)**. Besides major challenges, some countries may find opportunities in the effects of climate change. In the north of Russia, for example, ports are becoming ice-free and a Northern Sea Route is opening up.<sup>46</sup>

### Key uncertainties of climate change

- To what extent will climate and environmental risks be used as weapons in conflict and geopolitics?
- How will global climate and environmental problems be solved when multilateral cooperation grounded in international law is replaced by unilateral coalitions bound by transactional self-interest?
- What are the (geo)political consequences of unequal sharing of the burdens of climate change and environmental degradation between low- and high-income countries?

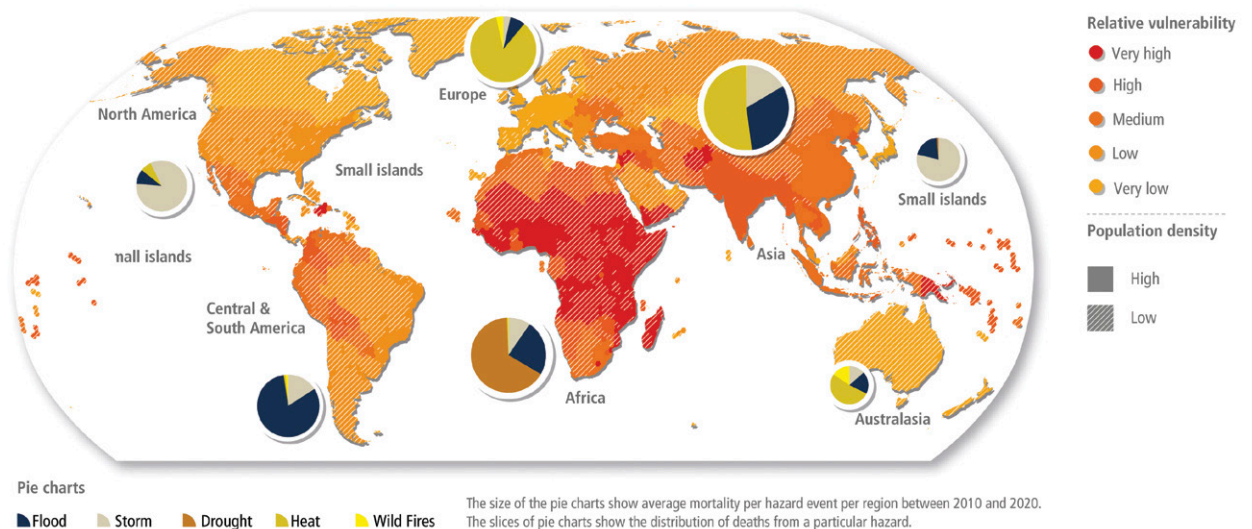


Figure 17 Countries and populations are disproportionately affected by the impact of climate change in different ways (Source: The [Economist](#)).

## 6. Growing demographic imbalances and social challenges

By 2040, the world population will exceed 9 billion. **Over the next 15 years, population growth will be concentrated mainly in low-income countries, while high-income countries will on average face ageing populations. Both young and old population structures present governments with socio-economic challenges.** For the international community, the challenge is to manage these challenges, especially where and when national interests collide.<sup>47</sup>

Healthcare and pension systems can become overburdened in ageing societies, while employment rates can drop in young societies.<sup>48</sup>

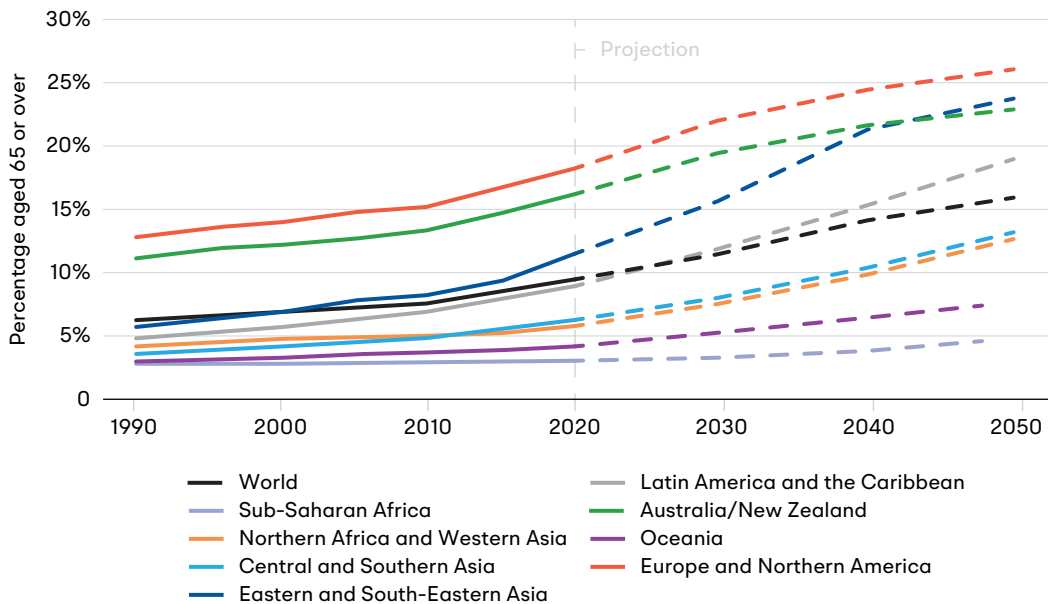


Figure 18 The percentage of the population aged 65 or older is increasing worldwide and by region (Source: UNEN, 2020).

Unemployment, low living standards and a lack of prospects are driving large-scale migration, generally from rural to urban areas and from lower- to higher-income countries. Along the way or at destination, social, cultural and economic tensions may arise, as is the case with the effects of many of the other trends. Migrant workers, at the same time, are of great importance to ageing economies, especially in public services and lower-skilled work.<sup>49</sup>

As a result of urbanisation, **more than two-thirds of the world's population will live in cities by 2040**, where overpopulation, environmental pollution and waste production may lead to heat stress, air pollution and greater pressure on energy supplies. These problems, in turn, fuel social inequality.<sup>50</sup>

In conjunction with the digitisation trend described earlier, the energy mix and public infrastructures of many countries are not equipped to handle future consumption volumes. Trade and competition in both renewable and non-renewable energy resources remain driving forces in geopolitical relations, and major investments will be needed in national and international energy infrastructures.<sup>51</sup>

#### Key uncertainties of demographic challenges

- What are the consequences of increasing automation and digitisation for employment, especially in low-income countries with growing populations of youths?
- Without effective multilateral governance, how will the international community deal with increasing migration and energy competition?
- Can both low- and high-income countries cope with the respective problems of urbanisation, and if not, what are the consequences?

## 7. Intensification and hybridisation of conflict and warfare

**In a competitive and innovative world, the tools of geopolitical competition are becoming more varied and versatile.** All forms of exchange and dependence between states and between people can be used to exert unconventional forms of pressure and influence. This is also referred to as hybrid conflict and warfare, or the ‘weaponisation of everything’, with the aim to undermine societies, economies and governance structures, among other things. More and more types of unconventional weapons are being deployed in more and more domains simultaneously, by state and, increasingly, non-state actors.<sup>52</sup>

**Export restrictions**, among other measures, are used to weaken strategic, particularly dual-use, industries of adversaries. **Digital and physical sabotage** is used to disable critical infrastructure for services such as energy and health. **Disinformation and misinformation** are used to disrupt and manipulate public debate and democratic representation. **Territorial violations**, particularly in the air and at sea, are used to test and mislead defence strategies of foreign opponents. The examples and possibilities are countless. A common characteristic, however, is that hybrid threats (also known as sub-threshold activities) are employed to conceal perpetrators and their intentions, leaving targets to wonder under what threat they really are and by whom.<sup>53</sup>

In order to further avoid the detection and attribution of hybrid threats, **states increasingly seek cooperation with private actors.** The distinction between state and non-state subversion is thus becoming increasingly blurred. In the field of cyber threats in particular, a growing number of intelligence and security services are collaborating with commercial parties and (criminal or non-criminal) networks of hackers and trolls to spy, influence and sabotage.<sup>54</sup>

These developments suggest that we are in an era of so-called **grey zone conflict and warfare**: a virtually permanent state of conflict in which opponents constantly try to weaken each other with unconventional, hybrid tactics.<sup>55</sup>

Simultaneously, there is two parallel trends of an **intensification of conventional armed conflict** on the one hand, and of **a new (form of) arms race** on the other. 2024 saw a record number of 61 state and 74 non-state armed conflicts, with an average increase in death toll since the mid-2000s. At the same time, global military spending grew for the tenth consecutive year in 2024, by 9.4%, to an unprecedented total of \$2.7 trillion.<sup>56</sup>

### Key uncertainties of conflict and warfare

- Which powers will become dominant in hybrid warfare, and how will this dominance translate into concrete geopolitical power?
- What are the consequences of increasing privatisation of hybrid warfare?
- Will (some) grey zone conflicts escalate into conventional armed conflict, and which actors will be involved in this?

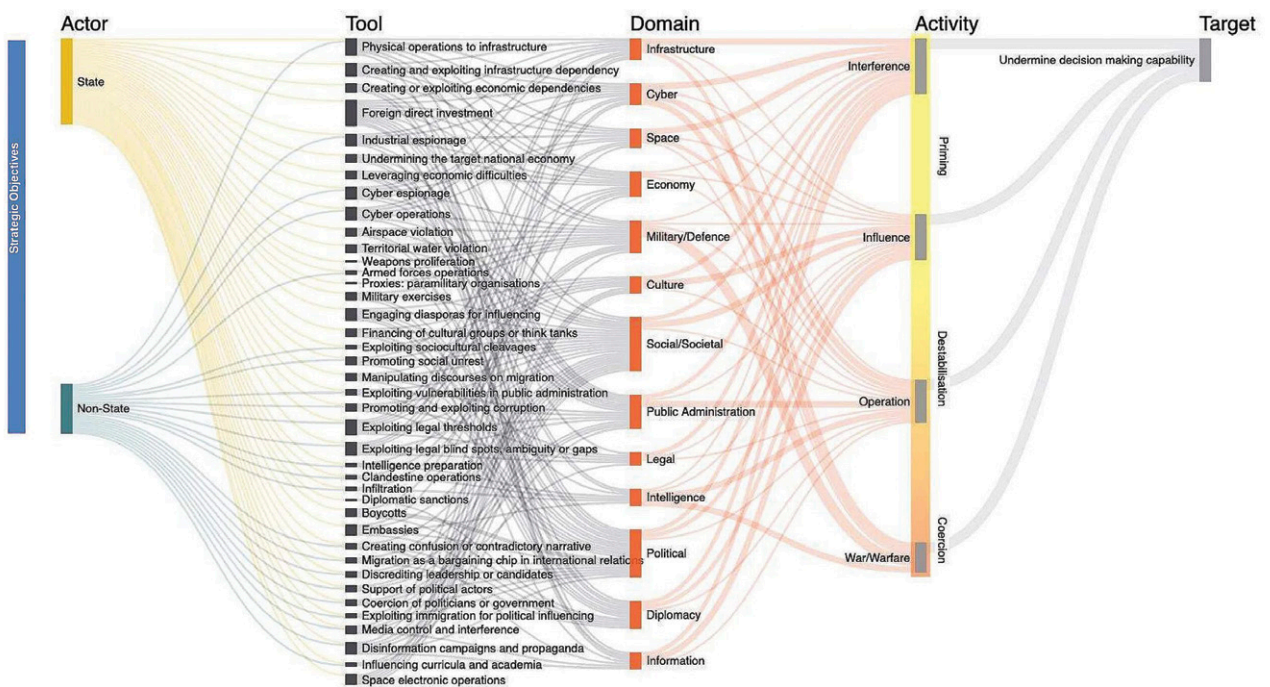


Figure 19 Flow chart of hybrid conflict. A wide variety of actors deploy a wide variety of means across a wide variety of domains. (Source: Giannopoulos, 2021).

## In-depth analysis of the theme of ‘conflict resolution’

**Conflict resolution may change significantly in the future** due to the effects of (a combination of) various trends. After the Second World War, and especially since the end of the Cold War, the international community increasingly cooperated multilaterally, based on international law, to peacefully resolve conflicts between and within states. That system is under severe pressure. **While the potential for conflict is growing worldwide and the way war is waged is becoming more complex, the capacity of the multilateral system to peacefully manage and resolve conflict is declining.**

This decline of multilateral legal mechanisms for conflict resolution consists of at least the following three interrelated aspects:

5. **The institutional paralysis of the multilateral machinery;**
6. **An accelerating process of global militarisation;**
7. **The loss of a shared sense of reality.**

### The institutional paralysis of the multilateral machinery

Although the existing system never worked perfectly and received (partly) justifiable criticism, since the Cold War more states than ever recognised the importance of international peace and security, and the desirability of preserving these as a community without resorting to violence. However, the Russian war in **Ukraine** and the Israeli war in **Gaza** seem to be the beginning of the end of this fragile consensus. In these cases, the UN (representing the international community as a whole) proved incapable of protecting either state sovereignty or human rights, even though these objectives form the very *raison d’être* of the multilateral system.

**Instead, intervention in conflicts is increasingly ad hoc, unilateral or minilateral, and often based on bare self-interest.** The logic of ‘might makes right’ largely determines how and where conflicts are resolved. In conjunction with the decline of democratic legal norms, this leads to **the international weakening of norms and institutions of multilateral peace.** Domestic processes such as autocratisation, the rise of populism and the decline of democratic and constitutional norms are generally accompanied by the suppression of non-governmental organisations in civil society. Because these institutions can play an important role in standardising, implementing and maintaining multilateral conflict resolution, there is a direct connection between intrastate democratic decline and polarisation and the management and resolution of conflict at the interstate level.<sup>57</sup>

### An accelerating process of global militarisation

Partly because of this paralysis of multilateral institutions, and partly because of other dynamics, defence spending worldwide is rising enormously since the beginning of the century. The relative decline of the United States as a superpower and the erosion of multilateral consensus and international law, is giving smaller states more incentive and space to achieve policy goals through military action. **Global militarisation** increases the likelihood that military balances of power between rival parties will change and **allow dormant conflicts to escalate.** On top of that, the so-called **law of the instrument** is further eroding peaceful conflict resolution. The increased focus on military resources is drowning out attention for, and confidence in, non-military conflict management and resolution, causing further marginalisation of multilateral mechanisms and norms. By 2025, global investment in non-military approaches to international peace and security had already fallen by more

than a third,<sup>58</sup> creating a vicious cycle of eroding multilateral consensus and increasing militarisation.<sup>59</sup>

### **The decline of a shared sense of reality**

Domestic political phenomena such as **polarisation and populism**, which are gaining ground in various national contexts, not only directly challenge traditional pillars of peaceful conflict resolution, such as the UN and the ICJ. They also pose a more insidious, indirect threat to peaceful conflict resolution: through **information bubbles, disinformation and extreme rhetoric**, these developments are **eroding the shared sense of reality** without which conflicts are very difficult to resolve.<sup>60</sup>

#### **Recent attempts to adapt multilateral conflict resolution to the new reality**

If conflict resolution takes place in ad hoc coalitions, this will probably happen mainly at the regional level. The UN is trying to continue to play a role in this regardless. In 2023, the UN attempted to provide structural support and cooperation to the peacekeeping missions of the African Union (AU) through Security Council Resolution 2179. When it came to actual support for the AU mission in Somalia at the start of 2025, the Security Council (UNSC) was unable to reach agreement and failed to deliver. When decision-making in the UN is paralysed this way, actors who do recognise the importance of enforcing international law may try to unite.<sup>61</sup> The so-called The Hague Group, for example, brought together thirty states last year to condemn Israeli violations of international law. However, agreements on coordinated action, such as support for independent legal investigations, remained limited to 13 states, including some major middle powers such as Indonesia and Turkey. Still, this shows that middle powers can play a key role in multilateral initiatives to manage and resolve conflicts.<sup>62</sup>

## In-depth analysis of the theme ‘geopolitics of finance’

The global economy is subject to a twin-process of politicisation and fragmentation. Economic and financial policy is increasingly shaped by geopolitical considerations of security rather than economic considerations of efficiency and openness (see the first trend in Deep Dive 2).

**The core functions of the international financial system** – facilitating payments, making capital available, managing financial risks, and generating information and incentives – **are becoming both instruments and arenas of geopolitical competition.** Although the existing system is not based on treaties of international law, national regulatory organisations have always taken a multilateral approach and adhered to shared standards of non-discrimination and supervision in order to safeguard these functions of the system. This system, The Economist recently argued, “is in danger of falling apart”.<sup>63</sup>

This ‘geopoliticisation of global finance’ consists of at least these three interrelated aspects:

1. **Increasing use of financial interdependence as a weapon;**
2. **Increasing restrictions on capital mobility;**
3. **Reorientation of financing.**

### Financial interdependencies as a weapon

International financial interdependency is increasingly used as a geopolitical weapon. **Financial sanctions are used to freeze assets, expropriate funds or exclude banks from currencies,** cutting off countries and industries from capital and markets. And trade positions are undermined **by exclusion from or hacking of international payment transactions.**

Particularly the US and the EU have these financial ‘weapons’ at their disposal due to, respectively, the dominance of the dollar as a reserve and trading currency and the depth of the American capital market, and the importance of European infrastructure and regulators in enforcing sanctions. However, due to the vulnerability of dependencies to such financial instrument of geopolitical pressure, more and more countries are looking for alternative trading currencies and payment systems, which is slowly challenging the dominance of the dollar or of European financial infrastructure. For example, BRICS launched a digital payment system based on bilateral swap agreements between member states, and China launched the CIPS payment system, challenging SWIFT and enabling international transactions in yuan.<sup>64</sup>

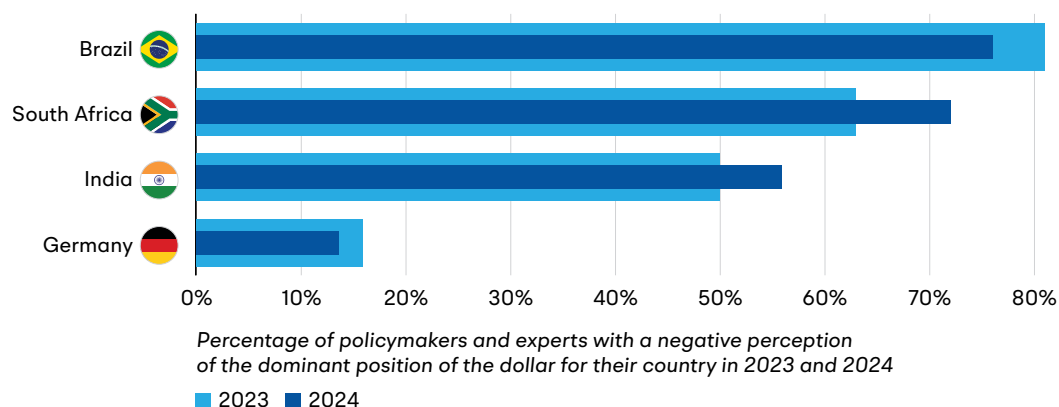


Figure 20 Emerging middle powers (Brazil, South Africa and India) have a predominantly negative perception of the dominance of the dollar (Source: [Körber Stiftung](#)).

### Capital mobility restrictions

The international availability and mobility of capital are also increasingly restricted because of geopolitical considerations. The **regulation of capital flows**, for example, is used to undermine foreign economies and/or critical industries on the one hand, and to protect domestic equivalents on the other. In recent years, all three major economies have used controls on private and public capital flows for security reasons.

Beijing started doing this since China's financial liberalisation in the 1990s. While foreign banks and investors were admitted and foreign stock listings were allowed, the Chinese government always protected strategic financial institutions and industries from foreign influence or takeover. But even the US and the EU, long advocates of international financial integration with open markets and shared liberal supervisory standards, are erecting barriers to investment from and in foreign countries.<sup>65</sup>

### Reorientation of financing

Finally, there is an **increase in geopolitically motivated (re)orientation of domestic and foreign government spending**. For example, NATO countries are aiming for government spending of 3.5% of GDP on defence and 1.5% on defence-related expenditure by 2035. The interstate provision of **bilateral loans** is also increasingly serving explicit strategic purposes, as demonstrated by China's **geopolitical approach to lending**.

Beijing is currently the world's largest lender. Since the turn of the century, Chinese loans have totalled more than \$2 trillion across 200 countries.<sup>66</sup> A significant part of these credits go to sectors such as critical minerals, infrastructure, robotics, semiconductors, and bio- and quantum technology, through which China establishes itself in strategically important industries and value chains.<sup>67</sup> In the US, the role of the central bank as *lender of last resort* has also taken on an increasingly geopolitical dimension. Whereas the Federal Reserve previously used bilateral swap agreements to safeguard international financial stability in times of crisis, the executive branch is now pressuring the Fed to offer favourable agreements to foreign allies. EU loans, particularly the Global Gateway programme, are subject to similar considerations. However, money from European programmes – much more so than from American or Chinese programmes – still maintain some **function of promoting standards and values**, as it is tied to fundamental liberal conditions such as democracy, good governance and transparency. From many recipients' point of view, however, European money is therefore also slow, inefficient and even infringes on national sovereignty.<sup>68</sup>

### Recent developments in the geopoliticisation of finance

The instrumentalisation of finance for geopolitical ends is happening quickly in the past years. The US and the EU, for example, have cut off both Iran and Russia from dollars and euros by freezing assets and threatening with expropriation. The G10 also denied Russia access to the SWIFT international payment system, and examples of capital restrictions are plentiful. In 2022, Beijing scrapped five state-owned enterprises with a combined value of some \$340 billion from the New York Stock Exchange (NYSE), presumably to avoid oversight on the *dual-use* nature of these companies by the US Securities and Exchange Commission (SEC).<sup>70</sup> In 2021, President Trump issued an executive order banning American investment in such Chinese companies, and in 2023, the Committee on Foreign Investment in the US (CFIUS) was given broad powers to block foreign capital on national security grounds.<sup>71</sup> A similar geopoliticisation of public financing is taking place in the European Global Gateway programme, as well as, for example, Trump's recent order to the Fed to lend Argentina \$20 billion virtually free of charge. China is far ahead in this regard. For years, Beijing has been leveraging its enormous trade advantage and investing dollar reserves in sovereign wealth funds, such as the China Investment Corporation and the Silk Road Fund, to acquire strategic interests in foreign raw materials and technology.<sup>72</sup>

# Methodology

The Clingendael Geostrategic Perspective 2026-2040 is a foresight study comprising eight future scenarios covering a time horizon of five to fifteen years. The scenarios therefore extend to 2040 at the latest and, together with their analysis, aims to provide tools for more anticipatory – future-proof – Dutch foreign and security policy.

The future scenarios are based on a background study consisting of a conceptualisation of middle power status; a literature study of global trends, developments and uncertainties; and further in-depth analyses of the themes of conflict resolution and the geopolitics of finance.

As part of the research in this broader study, two foresight input sessions were organised and several interviews were conducted with experts and government officials at home and abroad. In 2025 three research trips were undertaken to South Africa, Indonesia and Brazil. The aim of these trips was to gather non-Western perspectives on the relevant themes of this study through knowledge exchange with, among others, research institutes and government officials, and through joint participation in conferences and events. An outreach trip to India undertaken in 2024 for the Clingendael Strategic Monitor 2025 also served as input for this current study.

## Chapter 1 – Scenarios: eight imaginable futures

The scenarios were designed based on two central questions:

- What will be the extent of international cooperation between middle powers over the next fifteen years?
- Is the world order shifting more towards a multipolar or more toward a bipolar order?

The scenarios outline various conceivable futures, four of which relate to conflict resolution and four to the geopolitics of finance. These themes represent two pillars of the ‘old’ liberal world order that is currently undergoing transformation and erosion and will continue to do so in the future. Each individual scenario is a unique combination of a theme, a conceivable world order (more multipolar or more bipolar) and a higher or lower degree of cooperation between middle powers. The systematic development and elaboration of the eight scenarios drew on the trends, developments and uncertainties described in Deep Dive 2. By always taking a different selection from these or elaborations thereof, in combination with a different quadrant, you always obtain a unique set of building blocks with which the scenarios are designed.

A conscious decision was made to give the Netherlands, the EU and NATO a limited role in the scenarios. This may feel artificial, but it serves a purpose. It allows the analysis to elaborate on how the Netherlands could relate to the relevant scenarios on its own and as part of the EU or NATO.

The scenarios do not represent contrasting future possibilities that are mutually exclusive, at least not by definition. Combinations of elements from the scenarios may in reality occur simultaneously and/or in conjunction with each other. The scenarios have not been scored according to probability. However, the trends, developments and uncertainties from the background research are grounded in empirical study, and they form the basis of all scenarios. By making a different selection within these, different perspectives are created.

## Deep Dive 1 – Middle powers in a changing world order

For the middle power overview in this chapter, countries have been divided into three categories based on three selection criteria (an index score, regional prominence and nuclear armament): great powers, middle powers and minor powers (see Figure 21).

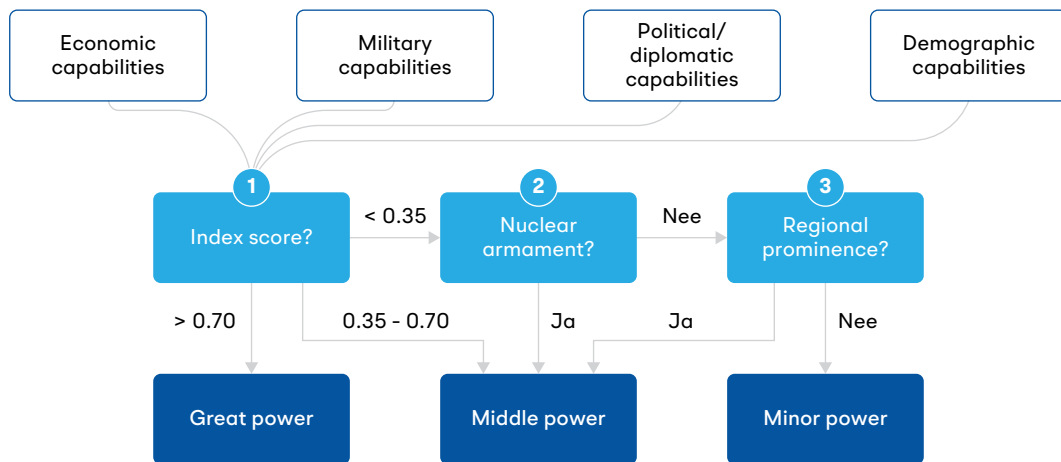


Figure 21 For this study, countries were qualified on the basis of three selection criteria: the index score, nuclear armament and regional prominence.

For the index score, the economic, military, political and demographic capabilities of a group of 56 countries were captured in eleven indicators. The data was normalised per country and aggregated into an index score. The economic indicators for countries consist of GDP (PPP), competitiveness, economic potential, innovation capacity and the presence of natural capital as measured by the natural capital index.<sup>73</sup> Military capacity was measured using the global firepower index and global defence spending numbers.<sup>74</sup> The political/diplomatic capabilities of countries was measured based on the number of diplomatic posts and the global soft power index.<sup>75</sup> Demographic indicators consisted of population size in 2025 and growth projections for 2040.<sup>76</sup> The four indicator categories were then given different relative weights in the index scoring. Economic indicators account for 40%, military indicators for 30%, political indicators for 20% and demographic indicators for 10%. This reflects an assessment of the relative importance of the various domains on today's world stage. This is not set in stone: in the future, different domains may become more or less important. A different geopolitical juncture may entail a different weighting and thus produce a different list of middle powers.

The US and China are considered great powers because they stand head and shoulders above other countries in terms of capabilities. Countries that score relatively well on the index (between 0.35 and 0.70) are classified as middle powers. Countries that score lower, but which are a) regionally prominent and/or b) possess nuclear weapons are also classified as middle powers. Countries that do not meet any of the three conditions are classified as minor powers. Because Taiwan plays an important role on the world stage (think in particular of the chip industry) and, despite a lack of data, would probably score highly in terms of capacity, the decision was made to manually add Taiwan to the list of middle powers.

### **Deep Dive 2 – Change on the world stage: important trends, developments and uncertainties**

The second deep dive aims to provide insight into important trends, developments and uncertainties that influence the geopolitical actions of middle powers and other actors on the world stage. The two themes at this level, conflict resolution and the geopolitics of finance, were determined in consultation with our clients, the Ministry of Foreign Affairs and the Ministry of Defence. Various criteria were decisive in this regard: relevance to Dutch (security) interests, influence on the world stage and shared interest on the part of the clients.

# Reference list

- 1 Una Galani, [“China’s answer to World Bank faces its next test,”](#) Reuters, 12 November 2025.
- 2 Simone McCarthy, [In China’s global lending spree, the US has been the biggest beneficiary, study finds,”](#) CNN, 18 November 2025.
- 3 Nynke Warmerdam, [Bank of England versoepelt regels rondom stablecoins,”](#) BNR, 10 November 2025.
- 4 See also Erik Stijnman, [Countering Russian Hybrid Warfare,”](#) Clingendael Institute, 2025.
- 5 Aartsma et al., [Strategic Monitor 2025-2030: Geopolitical Change on the World Stage,”](#) Clingendael Institute, 17.
- 6 Alexandre Gomes, Koen Aartsma, Maaïke Okano-Heijmans, Jelle van den Wijngaard, “From Plausible Tomorrows to Prompt Action on AI” Clingendael Institute, 2025, 20-21.
- 7 Aartsma et al., [Strategic Monitor 2025-2030: Geopolitical Change on the World Stage,”](#) Clingendael Institute, 88-91.

## Deep Dive 1 – Middle powers in a changing world order

- 8 See, for example, John Ikenberry et al., “Unipolarity, State Behaviour, and Systemic Consequences,” *World Politics* 61, no. 1 (2009): 1–27.
- 9 See, among others, Carsten Holbraad, *Middle Powers in International Politics* (Macmillan Press, 1984); Robert Keohane, “Liliputians’ Dilemmas: Small States in International Politics,” *International Organisation* 23, no. 2 (1969); Meghan L. O’Sullivan and Rana Mitter, “Middle Powers Project,” *Harvard Belfer Centre*, n.d.
- 10 [“SIPRI Military Expenditure Database,”](#) SIPRI, 2024.
- 11 [“Global Diplomacy Index,”](#) Lowy Institute, 2025.
- 12 Yose Rizal Damuri, [Building a Cohesive Regional Response to Global Trade Challenges Through RCEP Leaders’ Summit,”](#) CSIS, 2025.
- 13 Jagannath Panda and Daewon Ohn, “Minilateralism and the New Indo-Pacific Order: Theoretical Ambitions and Empirical Realities,” *Australian Journal of International Affairs* 78, no. 6 (2024): 767–81; Thomas Wilkins, “Towards Cross-Regional Alliance Integration: Exploring the Modes and Modalities of ‘Coalition Building’ around Minilaterals,” *Australian Journal of International Affairs* 79, no. 3 (2025): 493–502.
- 14 Chunying Ba, “The Revival of the Quadrilateral Security Dialogue: Causes and Characteristics,” *Journal of Research in Social Science and Humanities* 2, no. 3 (2023): 16–23.
- 15 Brock F. Tesson, “System Structure and State Strategy: Adding Hedging to the Menu,” *Security Studies* 21, no. 2 (2012): 192–231; Aiysha Safdar and Maheera Munir, “Sino-U.S. Strategic Competition in the Asia-Pacific: Omnidirectional Hedging of Traditional Middle Powers,” *Strategic Studies* 43, no. 2 (2024): 21–44; Bruce Gilley and Andrew O’Neill, eds., *Middle Powers and the Rise of China* (Georgetown University Press, 2014).
- 16 Raoul Bunskoek and Steven Verburg, [“The BRICS and the Emerging Order of Multipolarity,”](#) Clingendael Institute, 2025; Biyan Shandy et al., [Unlocking Indonesia’s Economic Potential Through OECD Accession,”](#) Centre for Indonesian Policy Studies, 2025.
- 17 Thomas Wilkins, “Middle Power Hedging in the Era of Security/Economic Disconnect: Australia, Japan, and the ‘Special Strategic Partnership,’” *International Relations of the Asia-Pacific* 23, no. 1 (2023): 93–127; Penny Wong Australian Minister of Foreign Affairs, “Joint Statement on the Twelfth Japan–Australia 2+2 Foreign and Defence Ministerial Consultations,” 6 September 2025.
- 18 Andrew Cooper et al., *Relocating Middle Powers: Australia and Canada in a Changing World Order* (UBC Press, 1993).
- 19 Monika Sawicka, *Brazil’s International Activism: Roles of an Emerging Middle Power* (Routledge, 2023).
- 20 Kondoh Hisahiro, [Japan’s Strategic Interests in the Global South: Indo-Pacific Strategy,](#) CSIS, 2024.
- 21 Yul Sohn, “South Korea under the US-China Rivalry: Dynamics of the Economic-Security Nexus in Trade Policymaking,” *The Pacific Review* 32, no. 6 (2019): 1019–40.
- 22 Joshua Shiffrin et al., “The Long Unipolar Moment,” *Foreign Affairs* 102, no. 161 (2023).
- 23 John Edwards, [Chips, Subsidies, Security, and Great Power Competition,”](#) Lowy Institute, 2023.
- 24 Andrew F. Cooper and Bessma Momani, “Qatar and Expanded Contours of Small State Diplomacy,” *The International Spectator* 46, no. 3 (2011): 113–28; Simon Mabon, “The Kingdom and the Glory? Saudi Arabia as Middle Power in the Contemporary Middle East,” in *Unfulfilled Aspirations: Middle Power Politics in the Middle East* (Oxford University Press, 2020).
- 25 Arta Moeni et al., [“Middle Powers in a Multipolar World Order,”](#) The Institute for Peace & Diplomacy, 2022.

- 26 Sven Biscop, “The EU and Multilateralism in an Age of Great Powers,” in *Multilateralism in a Changing World Order* (Konrad Adenauer Stiftung, 2018); Tara Varma, “European Strategic Autonomy: The Path to a Geopolitical Europe,” *The Washington Quarterly* 47, no. 1 (2024): 65–83.
- 27 Chris S. Renschler et al. [A Framework for Defining and Measuring Resilience at the Community Scale: The PEOPLES Resilience Framework](#),” MCEER, 8 October 2010.

## Deep Dive 2 – Change on the world stage: important trends, developments and uncertainties

- 28 Aartsma et al., [Strategic Monitor 2025-2030: Geopolitical Change on the World Stage](#),” *Clingendael Institute*, 1.
- 29 Shekhar Aiyar et al., eds., [Goeconomic Fragmentation: The Economic Risks from a Fractured World Economy](#), CEPR Press, *International Monetary Fund*, 2023; [Trend Analysis National Security 2024: Accumulation of Threats in Times of Uncertainty](#),” *National Security Analyst Network NCTV*, 2024; Robert Blackwill and Jennifer Harris, *War by Other Means. Geoeconomics and Statecraft* (Harvard University Press, 2016).
- 30 Elmar Hellendoorn, [Financial Geopolitics and Hybrid Conflict: Strategic Competition in a Financialized World](#),” *Hybrid CoE*, Working Paper no. 16, 2022; Pierre-Hughes Verdier, “International Finance and the Return of Geopolitics,” *The American Journal of International Law* 119, no. 2 (2025): 229–78; Maurice Doll et al., [Resilience in Turbulent Times: Geopolitical Risks and Financial Institutions](#), *De Nederlandsche Bank*, 2024.
- 31 Kathleen Tyson, *Multicurrency Mercantilism: The New International Monetary Order* (Independent, 2023).
- 32 [“Expanding Influence of East and South,” European Commission](#), 2025; [World Economic Outlook: Global Economy in Flux, Prospects Remain Dim](#),” *International Monetary Fund*, 2025.
- 33 Anna Lüthmann and Staffan I Lindberg, “A Third Wave of Autocratisation Is Here: What Is New about It,” *Democratisation* 26, no. 7 (2019): 1095–113; Marina Nord et al., [“Democracy Report 2025: 25 Years of Autocratization – Democracy Trumped?”](#) V-Dem Institute, 2025; [2023 Democracy Index: Conflict and Polarisation Drive a New Low for Global Democracy](#),” *Economist Intelligence Unit*, 2024.
- 34 Stewart Patrick, “The New ‘New Multilateralism’: Minilateral Cooperation, but at What Cost?,” *Global Summitry* 1, no. 2 (2015): 115–34; Andrés Malamud and Eduardo Viola, “Multipolarity Is in, Multilateralism out: Rising Minilateralism and the Downgrading of Regionalism,” in *Regionalism under Stress* (Routledge, 2020); Leslie Vinjamuri et al., [“Competing Visions of International Order: Responses to US Power in a Fracturing World,”](#) *Royal Institute of International Affairs*, 2025; Raoul Bunschoek and Steven Verburg, [“The BRICS and the Emerging Order of Multipolarity,”](#) *Clingendael Institute*, 2025.
- 35 [“Trend Analysis National Security 2024: Accumulation of Threats in Times of Certainty,”](#) *National Security Analyst Network NCTV*, 2024; Eric Schmidt, “Innovation Power: Why Technology Will Define the Future of Geopolitics,” *Foreign Affairs* 102, no. 38 (2023).
- 36 Pak Nung Wong, *Techno-Geopolitics: US-China Tech War and the Practice of Digital Statecraft* (Routledge, 2022); Craig Cohen and Alexander Kisling, *Winning the Economic and Tech Race*, Part II, 2024 *Global Forecast: A World Dividing* (Centre for Strategic and International Studies, 2024).
- 37 See, for example, [“Shaping and Securing the EU’s Open Strategic Autonomy, by 2040 and Beyond,”](#) *European Commission*, 2021.
- 38 Floridi, L. (2024). Why the AI hype is another tech bubble. *Philosophy & Technology*, 37(4), 128.
- 39 Lucas Chancel et al., *World Inequality Report 2022* (World Inequality Lab, UNDP, 2022).
- 40 Alexander J Stewart et al., “Polarisation under Rising Inequality and Economic Decline,” *Science Advances* 6, No. 50 (2020): 1–9; Paulo Pinto et al., [“The Paradox of Progress with Polarization,”](#) *UNDP*, 2024; [“Global Trends: In Search of a New Consensus, from Tension to Intention,”](#) *Ipsos*, 2024; Jennifer McCoy et al., “Polarisation and the Global Crisis of Democracy: Common Patterns, Dynamics, and Pernicious Consequences for Democratic Polities,” *American Behavioural Scientist* 62, no. 1 (2018): 16–42; Jennifer McCoy et al., [“Reducing Pernicious Polarization: A Comparative Historical Analysis of Depolarization,”](#) *Carnegie Endowment for International Peace*, 2022; Aartsma et al., [“Strategic Monitor 2025-2030: Geopolitical Change on the World Stage,”](#) *Clingendael Institute*, 2025.
- 41 David Goodhart, *The Road to Somewhere: The Populist Revolt and the Future of Politics* (Penguin, 2017).
- 42 H. Lee and J. Romero, [“Climate Change 2023: Synthesis Report,”](#) *IPCC*, 2023; S.I. Seneviratne et al., [Weather and Climate Extreme Events in a Changing Climate,”](#) *IPCC*, 2021; Jiannan Wang and Waseem Azam, “Natural Resource Scarcity, Fossil Fuel Energy Consumption, and Total Greenhouse Gas Emissions in Top Emitting Countries,” *Geoscience Frontiers* 15, no. 2 (2024): 1-15.
- 43 David I. Armstrong McKay et al., “Exceeding 1.5°C Global Warming Could Trigger Multiple Climate Tipping Points,” *Science* 377, no. 6611 (2022); Timothy M. Lenton et al., [“Global Tipping Points Report 2025,”](#) *University of Exeter*, 2025.

## Reference list

- 44 [“Navigating New Horizons: A Global Foresight Report on Planetary Health and Human Wellbeing,”](#) UNEP, 2024.
- 45 Huntjens, P., & Nachbar, K. (2015), [“Climate change as a threat multiplier for human disaster and conflict,”](#) The Hague Institute for Global Justice, 1-24; Evans, A. (2010). [“Resource scarcity, climate change and the risk of violent conflict,”](#) 24, World Bank, 2011.
- 46 Denton, F. et al. (2014). Climate-resilient pathways: adaptation, mitigation, and sustainable development. *Climate change*, 1101-1131.
- 47 [“World Population Prospects 2024: Summary of Results,”](#) United Nations Department of Economic and Social Affairs, 2024.
- 48 [“Shaping the Trends of Our Time,”](#) UNEN, 2020; [“ESPAS – Global Trends, Choosing Europe’s Future,”](#) European Strategy and Policy Analysis System, 2024.
- 49 [“Migrants, Refugees, and Societies,”](#) World Development Report, World Bank Group, 2023; *Demographic Trends: The Future of Migration*, Global Trends (The National Intelligence Council, 2021).
- 50 [“World Urbanisation Prospects: The 2018 Revision,”](#) ST/ESA/SER.A/420, United Nations Department of Economic and Social Affairs, 2019.
- 51 [“Global Trends 2040: A More Contested World,”](#) National Intelligence Council, 2021
- 52 Mark Galeotti, *The Weaponisation of Everything: A Field Guide to the New Way of War* (Yale University Press, 2022).
- 53 Giannopoulos et al., [“The Landscape of Hybrid Threats: A Conceptual Model,”](#) Hybrid CoE, 2021; Frank G. Hoffman, “Hybrid Threats: Neither Omnipotent nor Unbeatable,” *Orbis* 54, no. 3 (2010): 441–55; *Hybrid Warfare: Security and Asymmetric Conflict in International Relations* (I.B. Tauris, 2021).
- 54 Rauta, V. (2020). Towards a typology of non-state actors in ‘hybrid warfare’: proxy, auxiliary, surrogate and affiliated forces. *Cambridge Review of International Affairs*, 33(6), 868-887.
- 55 David Carment, [“War’s Future: The Risks and Rewards of Grey Zone Conflict and Hybrid Warfare,”](#) Canadian Global Affairs Institute, 2018.
- 56 [“SIPRI Yearbook 2025: Armaments, Disarmament, and International Security,”](#) Stockholm International Peace Research Institute, 2025.
- 57 See, among others, Roland Paris, “The Past, Present, and Uncertain Future of Collective Conflict Management: Peacekeeping and Beyond,” *Journal of Intervention and Statebuilding* 17, no. 3 (2023): 235–57; Richard Gowan, [“The Twilight of International Peacemaking Institutions?”](#), International Crisis Group, 2025.
- 58 Gretchen Baldwin, [“Pursuing Peace on a Shoestring: Conflict Management in an Increasingly Complex World,”](#) SIPRI, October 2025.
- 59 See, among others, Gretchen Baldwin, [“Pursuing Peace on a Shoestring: Conflict Management in an Increasingly Complex World,”](#) Stockholm International Peace Research Institute, 2025; Oona A. Hathaway and Scott J. Shapiro, “Might Unmakes Right: The Catastrophic Collapse of Norms against the Use of Force,” *Foreign Affairs* 104, no. 4 (2025): 80–93;
- 60 See, for example, Lewandowsky, S., Stritzke, W. G., Freund, A. M., Oberauer, K., & Krueger, J. I. (2013). Misinformation, disinformation, and violent conflict: From Iraq and the “War on Terror” to future threats to peace. *American psychologist*, 68(7), 487.
- 61 Forti, D., [“Security Council misses funding deadline for AU mission in Somalia,”](#) International Crisis Group, 16 May 2025.
- 62 [“Joint Statement on the Conclusion of the Emergency Conference on Palestine,”](#) The Hague Group, 16 July 2025.
- 63 [“The Deglobalisation of Finance,”](#) Special Reports, *The Economist*, 11 May 2024.
- 64 See, among others, Pierre-Hughes Verdier, “International Finance and the Return of Geopolitics,” *The American Journal of International Law* 119, no. 2 (2025): 229–78; Henry Farrell and Abraham L. Newman, “Weaponised Interdependence: How Global Economic Networks Shape State Coercion,” *International Security* 44, no. 1 (2019): 42–79; Lucia Quaglia and Amy Verdun, “Weaponisation of Finance: The Role of European Central Banks and Financial Sanctions against Russia,” *West European Politics* 46, no. 5 (2023): 872–95; Elmar Hellendoorn, [“Crucial Connections: Finance and Hybrid Conflict,”](#) Atlantic Council, n.d.
- 65 See, for example, Jesse M. Fried and Tamar Groswald Ozery, *The Holding Foreign Companies Accountable (HFCA) Act: A Critique*, Working Paper no. 721/2023, ECGI Working Paper Series in Law (European Corporate Governance Institute, 2023); Kristen E. Eichensehr and Cathy Hwang, “National Security Creep in Corporate Transactions,” *Columbia Law Review* 123, no. 2 (2023): 549–614; Hannah Pérez, “Scaling ‘Reverse CFIUS’: A Comparative Review of Outbound Foreign Investment,” *Cardozo International & Comparative Law Review*, no. 8 (2025): 391–420.
- 66 [“U.S. is biggest recipient of Chinese loans, study shows,”](#) Reuters, 19 November 2025.
- 67 Alexandra Stevenson, [“We Now Have a Better Picture of China’s Global Lending Spree.”](#) *The New York Times*, 18 November 2025; Anna Gelpern et al., “How China Lends: A Rare Look into 100 Debt Contracts with Foreign Governments,” *Economic Policy* 28, no. 114 (2023): 345–416; Zongyuan Zoe Liu, *Sovereign Funds: How the Communist Party of China Finances Its Global Ambitions* (Harvard University Press, 2023).

## Reference list

- 68 See, for example, Karjalainen, T. (2023). European norms trap? EU connectivity policies and the case of the global gateway. *East Asia*, 40(3), 293-316.
- 69 Farrell, H., & Newman, A. *Underground empire: How America weaponised the world economy*. Random House, 2023).
- 70 Pierre-Hughes Verdier, "International Finance and the Return of Geopolitics," *The American Journal of International Law* 119, no. 2 (2025): 258.
- 71 Hannah Pérez, "Scaling 'Reverse CFIUS': A Comparative Review of Outbound Foreign Investment," *Cardozo International & Comparative Law Review*, no. 8 (2025): 391-420.
- 72 Zongyuan Zoe Liu, *Sovereign Funds: How the Communist Party of China Finances Its Global Ambitions* (Harvard University Press, 2023).
- 73 "[World Development Indicators](#)," World Bank, GDP PPP (constant 2021 US\$), 2023; "[World Competitiveness Ranking](#)," IMD, 2025; "[2024 Best Countries](#)," US News: Movers, 2024; "[Global Innovation Index](#)," WIPO, 2024. "[Natural Capital Index 2024](#)," Solability, 2024.
- 74 "[2025 Military Strength Ranking](#)," GFP, 2025; "[SIPRI Military Expenditure Database](#)," SIPRI, 2024.
- 75 "[Global Diplomacy Index](#)," Lowy Institute, 2025; "[Global Soft Power Index](#)," Brand Finance, 2025.
- 76 "[Countries in the world by population](#)," Worldometer, United Nations Population Division estimates, 2025; "[World Population Prospects](#)," United Nations, 2024.

The world order is in transition, but the direction and destination of this transition remain unknown. This makes countries vulnerable, but it also provides scope for strategic assertiveness and geopolitical repositioning. For middle powers in particular this scope offers opportunities as well as challenges.

Middle powers have the potential to play a key role in shaping a new geopolitical future. At the same time, like other players, they will be confronted with an unpredictable world stage on which various players, including the major powers, will try to impose their will.

This Clingendael Geostrategic Perspective 2026-2040 examines the role that middle powers could play on a changing world stage. What is their influence and power? When and why may they lack influence and be powerless? In this foresight study, these and other topics are explored through eight scenarios, which individually and collectively offer a variety of perspectives on the future role of middle powers.

## The scenarios (2026-2040)

- **Multinational Diplomacy**  
*How a disruptive business model paves the way to a privatisation of world peace*
- **Middle Might Makes Right**  
*How multipolarity leads to military (middle) power politics*
- **Bipolar Disorder**  
*How multilateralism splits into two rival systems*
- **Middle Powers in the Great Game**  
*How middle powers survive and succumb in a neo-imperialist world*
- **Multicurrency Mercantilism**  
*How multipolarity ushers in regional protectionism*
- **From the Jungle to the High Seas**  
*How (digital) piracy and hybrid financial (state) terror infest the world stage*
- **The Great Sell-out**  
*How the great powers agree to betray old friends*
- **Capital's Punishment**  
*How a global financial meltdown turns the tables*

