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All submission, subscription, and business enquiries can be addressed to: St Antony's International Review
62 Woodstock Rd, Oxford OX2 6JF, United Kingdom
Email: stairjournal@sant.ox.ac.uk | Online: www.stairjournal.com

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THEME SECTION

Editorial Introduction

By Estey Chen

At the turn of the century, integration and interdependence seemed to define the global political economy. Yet, two decades later, the US-China trade wars, the resurgence of industrial policy, and the emergence of de-risking discourse have undermined these assumptions. Not only has the US abdicated leadership and flouted the multilateral institutions and norms it upheld, but economic interdependence has also become a stage for inter-state strategic competition in the name of diversified supply chains, economic security, and technological primacy.

Amidst this shift, new opportunities are emerging for countries that were historically confined to the periphery of the global economic order. Global South countries may gain from increased demand for critical raw materials, with countries like the Democratic Republic of the Congo accounting for 74 percent of the world's cobalt production, and Indonesia accounting for 52 percent of mined nickel production in 2023. In times of economic and political fragmentation, Global South governments may be empowered to extract long-sought concessions from industrialised powers in exchange for access to their resources.

However, international economic history urges greater caution. The age of European colonial exploitation suggests that geographical proximity to natural resources does not guarantee economic prosperity nor geopolitical might. Processes of market integration, colonial extraction, and forced labour flows also illustrate that some countries have shouldered an unfair share of the costs of globalisation. This issue's six articles and five essays, which include data from more than 20 Southeast Asian, South American, and African countries, are positioned at this critical juncture. It is still too early to conclusively assess the winners and losers of geoeconomic competition, but this thematic issue attempts to start by analysing the conditions under which geoeconomic relevance can be converted, or not, into strategic agency.

The issue's contributors are, overall, sceptical that Global South countries can convert this moment into sustained economic and political leverage. Most of the geoeconomics literature frames large states as dictating the rules of economic engagement through sanctions, export controls, industrial policies, and supply-chain restrictions imposed on smaller states. While our authors reject this fatalistic view, their findings caution that possessing natural resources or the flexibility to be an early adopter of innovations does not guarantee economic growth. For example, Iluobe's essay on stablecoin adoption in Africa finds that success is limited by the lack of institutional capacity for developing and enforcing new finance frameworks.

A second grouping of contributions examines substantive institutional capacity relative to rhetorical agency. Huang and Shih demonstrate that Southeast Asian countries, which continually reject the binary of "choosing a side" between the US and China, are also becoming "rule-shaping agents" in their approaches to labour policy. Responding to pressure from the US, Malaysia and Vietnam selectively, rather than passively, incorporate US-style forced labour due diligence into their domestic

legal frameworks. By contrast, Rizvi and Hussain distinguish between agency and reactiveness, arguing that Pakistan's narratives of strategic choice function to signal autonomy to China, the United States, and the domestic audience but fall short of "genuine policy transformation."

Global South agency also hinges on unified coordination from the state down to sub-national and civil society levels. Cecchi's examination of the European Union's Emergency Trust Fund for Africa illustrates how cooperation and marginalisation can occur simultaneously. The European Union retains its geoeconomic and security leverage over African states by deploying a "root causes" approach, which prevents local governments and NGOs from contributing to the aid negotiation process until after key decisions have been made. Even when local actors appear engaged in decision-making, their agency can be constrained if they are acting within externally imposed governance frameworks. If local governments lack the organisational capacity to set the conditions of their participation, geoeconomic competition may merely reproduce existing power asymmetries or limited agency conditional on terms set by external players.

Conversely, this kind of fragmentation can become "defensive insulation", as argued by Mortin, who notes that lithium extraction in the Sahel is contested across a diverse range of state institutions, armed non-state actors, and informal economies. While state leverage is undermined by fragmented control over the extraction, processing, and transportation of lithium, the fragmentation prevents foreign powers from manipulating the entire supply chain because of the challenges inherent in coercing all the stakeholders simultaneously. Global South agency requires vertical and horizontal coordination, but the absence of one does not guarantee foreign exploitation, either.

The other key insight centred on critical minerals and supply chain vulnerabilities. Capital-intensive hydropower projects are seen as opportunities to transform natural resources into meaningful agency, as indicated in Ezugwu, Apokhume, and Chidozie's article. The authors argue that hydropower megaprojects like the Grand Ethiopian Renaissance Dam can become "negotiation capital" for Africa's collective sustainability and regional politics. Yet, there are persisting concerns with policy follow-through, as Ethiopian interviewees reported the continued lack of electricity transmission infrastructure, which is essential for distributing the dividends of the initial megaproject. Project completion is not a sufficient guarantee of African agency, as resource transmission and redistribution are also necessary for long-term development.

This logic is echoed in Gallage's essay on critical minerals in the Democratic Republic of the Congo (DRC), Visentin's case study of Southeastern Guinea's iron-ore reserves in Simandou, and Jiang and Panourgias's study of Indonesian nickel. Visentin argues that Guinea can convert foreign competition over iron-ore into developmental leverage if the state controls the rules governing the railway and port system that "links extraction to export." Likewise, Jiang and Panourgias's case study of Indonesian "downstreaming" underscores how "infrastructural readiness," which was built into nickel-focused Morowali Industrial Park by its consortium of Chinese and Indonesian investors, is one of the four conditions that helped ensure Indonesia's success in forcing foreign investment and exercising agency. Gallage proves the inverse, finding that the absence of capital, infrastructure, and domestic processing capacity prevents the DRC from becoming an agenda-setter. These papers demonstrate that if countries

effectively manage the final nodes in the supply chain, they are better positioned to move beyond sites of extraction and into actively shaping global trade and investment networks on their own terms.

Finally, the issue engages with conceptual debates around who benefits from geoeconomic strategic competition. Ali's essay takes a step back to consider the implications of geoeconomic competition on non-state actors. She argues that neoliberal trade and debt regimes disproportionately transfer the burdens of economic risk, familial care, and household indebtedness onto women. This is a welcome intervention, not only because it bucks the state-centrism of existing international relations research but also because it affirms that international economic policies must be assessed alongside their effects on everyday communities.

In sum, this issue suggests that the emerging geoeconomic order offers new opportunities for Global South agency, but only when states can build and manage capable institutions, develop short- to long-term strategic roadmaps, and integrate vertical and horizontal stakeholders. Questions also remain around whether the term "Global South", with its connotations of Cold War solidarity, is useful for understanding the agency of historically marginalised states and conceptualising potential multilateral cooperation in the model of Western economic blocs – or whether it merely flattens the diversity among states and societies. However, we believe the findings of this issue help initiate important debates and hope that it informs future research on how marginalised states may reshape the global economic and political order.

Critical Minerals, Critical Risks:

How Global Lithium Demand Reconfigures Security Dynamics in the Sahel

Bradley A. Mortin[1,2]

Abstract: Contemporary debates on geoeconomics remain largely state-centric, assuming that governments exercise coherent control over resources, markets, and supply chains. This article challenges that assumption by examining how fragmented political economies can generate geoeconomic effects without consolidated authority or explicit geostrategic intent. Focusing on lithium extraction in the Sahel, it argues that where authority is dispersed across state institutions, armed non-state actors (NSAs), and informal economic networks, control over extraction and trade becomes structurally distributed. This fragmentation limits a state's ability to translate resource endowments into strategic leverage, while simultaneously reducing its vulnerability to external coercive capture, producing a form of defensive insulation. Drawing on documentary analysis and a case study of northern Nigeria, the article shows how lithium extraction is becoming embedded within pre-existing conflict economies. While NSAs pursue local objectives, their activities shape supply conditions and market dynamics within globally significant resource systems. The article concludes that geoeconomic theory must move beyond state-centric assumptions to account for fragmentation, informality, and the distributed nature of agency in resource-rich but weakly governed environments.

Introduction: Geoeconomics Beyond the State

Early post–Cold War academic analysis was sceptical of the role economics played in global security politics.[1] However, more recent scholarly work has seen geoeconomics move toward the centre of international political analysis.[2] Under such an academic shift in thought, trade controls, industrial policy, sanctions regimes, and supply-chain security have now all come to feature prominently within the relevant strategic language of major powers. Further, economic instruments, once treated as technocratic tools, are now increasingly recognised as being central to national security and geopolitical competition.[3] This shift has been particularly evident in recent debates over critical mineral resources, whose importance has grown alongside efforts to decarbonise the existing global fossil-fuel-based energy system, electrify transport, and secure technological competitiveness.[4]

Among these new critical resources, lithium has emerged as one of the most strategically consequential, underpinning all battery technologies central to electric vehicles (EVs), renewable energy storage, and digital infrastructure, with demand projected to increase sharply over the coming decades.[5] As such, governments in the United Kingdom (UK), the European Union (EU), and the United States (US) have all begun to treat access to lithium not merely as an economic concern but rather as a strategic imperative linked to resilience, autonomy, and geopolitical risk management.[6] As a result, lithium is now firmly embedded within all narratives of the global green energy transition and, therefore, has become a necessary consideration for debate surrounding great-power competition.[7]

[1] Department of War Studies, King's College London
[2] LLM use declaration: Grammarly (web-based version), Publisher: Grammarly Inc, URL: https://www.grammarly.com. Description of use: Used for grammar, spelling, and language clarity checks during final proofreading.

Alongside such considerations, dominant approaches continue to frame strategic economic power and agency as the preserve of states, states that are almost always viewed as being capable of exercising consolidated authority over their resources, supply chains, and the associated markets through which said commodities are sold.[8] Yet, this assumption sits at odds with observed political realities from across much of the Global South, where authority is partial, contested, or fragmented.[9] In such contexts, control over territory, labour, and resources is frequently exercised not by governments, but by armed non-state actors (NSAs), informal networks, and arrangements of hybrid governance. As such, whilst formally owned by the state, strategic assets may, in reality, be governed by actors operating outside of official institutions.[10] Whilst it is widely evident that legal sovereignty doesn't always translate into effective governance, geoeconomic analysis still treats the described fragmented conditions as being peripheral rather than constitutive of how strategic outcomes may be produced.[11]

This divergence creates a conceptual puzzle for geoeconomic theory. If states cannot exercise consolidated control over both their extraction and supply networks, how should their geoeconomic agency be understood? More specifically, how do fragmentation and informality in mineral extraction and supply chains shape the geoeconomic leverage and limits of strategic agency within the mineral-rich states of the Global South amid intensifying global competition for critical resources? Addressing this question requires a reconsideration of how geoeconomics conceptualises power, authority, and control under conditions of fragmented governance. Crucially, under such consideration, fragmentation does not simply represent a deficit of state capacity; it also reshapes the terrain of geoeconomic competition by limiting the ability of external actors to convert economic access into political control.

Of late, a growing body of scholarship has begun to challenge portrayals of the Global South as a passive arena for external competition, emphasising how some states leverage geopolitical rivalry, resource endowments, and diplomatic alignment to enhance autonomy and bargaining power.[12] However, this capacity is uneven and often constrained in regions where governments exercise limited control over extraction and supply chains, as diminished leverage may coexist with greater insulation from external coercive capture. While these contributions are essential, they still tend to retain an implicit statist bias, treating the state as the primary agent, even where authority is visibly dispersed. Such a focus, therefore, risks obscuring how strategic outcomes can often be shaped by NSAs that are operating either below or alongside the state in contexts of limited governance.

This article explores whether (and how) fragmented authority structures alter the relationship between resource control and geoeconomic leverage. Rather than assuming that strategic economic influence is exercised primarily through centralised state control, it analyses how dispersed governance arrangements shape supply conditions, bargaining dynamics, and exposure to external pressure. Under such conditions, states may possess limited direct geoeconomic leverage while facing reduced vulnerability to coercive capture, as extraction and trade remain only partially under formal governmental control.

Within this context, the Sahel provides a particularly useful setting through which to examine these shifting dynamics. Long characterised by weak governance, porous borders, and entrenched conflict

economies, the region has recently emerged as a frontier for lithium exploration.[13] This development also coincides with the expansion of jihadist and criminal groups already long embedded within the existing Artisanal and Small-Scale Gold Mining (ASGM) economies of the Sahel.[14] Here, lithium's newfound geological accessibility and rising strategic value make it both desirable and vulnerable to similar patterns of nefarious actor capture, drawing a direct link between local extraction practices and global geoeconomic priorities.[15]

To analyse these processes, the article develops a framework for understanding how fragmented and informal systems of resource governance generate geoeconomic effects without necessitating any intentional geostrategic agency. Rather than treating NSAs as geoeconomic strategists, the framework examines how their control over extraction, taxation, and trade shapes supply conditions and political risk in ways that carry international consequences, even in the absence of coordinated geopolitical intent.

The following section situates critical minerals within debates on geoeconomics, fragmentation, and Global South agency. Analysis then develops a conceptual framework for interpreting geoeconomic effects in fragmented governance environments. Subsequent sections examine lithium's integration into Sahelian political economies, including a focused case study of northern Nigeria. The final section considers the implications of fragmentation and informality for Sahelian state leverage, vulnerability to external pressure, and the conceptualisation of geoeconomic leverage and agency in weakly governed resource contexts.

Geoeconomics, Fragmentation, and Global South Agency

At the theoretical level, existing geoeconomic thought largely assumes that states exercise meaningful control over strategic sectors and supply chains, enabling them to convert economic position into geopolitical leverage. Yet, in many resource-rich regions of the Sahel, extraction and trade operate through fragmented, informal, and non-state-controlled systems that are only partially subject to government authority. Under such conditions, the relationship between resource endowments and strategic influence becomes less a function of consolidated state capacity than of dispersed governance arrangements that blur the boundary between formal and informal control. Within such an argument, the concept of geoeconomic leverage is introduced, used to describe the capacity of an actor to convert control over economic resources or supply chains into political influence over other actors. This influence can exist either through forms of direct bargaining power or through an actor's ability to shape the conditions under which other actors can access strategically significant goods.

Conventional accounts of geoeconomics conceptualise economic power primarily as an instrument of state strategy.[16] In contrast, more contemporary approaches have expanded upon this focus to include areas such as sanctions, financial networks, technological standards, and supply-chain dependencies.[17] The concept of weaponised interdependence takes this debate further by incorporating considerations of how states exploit asymmetries within global networks to exert various forms of coercive influence whilst still remaining at the sub-threshold level in terms of necessary recourse to military force.[18] However, such assumptions sit uneasily against the political realities experienced across much of the Global South, where state authority is often partial, contested, or fragmented, and where control over

territory, labour, and resources is frequently exercised by armed NSAs, informal networks, and hybrid governance arrangements, rather than by official institutions. Under such circumstances, it becomes clear that legal sovereignty doesn't necessarily translate into effective governance. Yet, geoeconomic analysis often treats these 'alternative' realities as peripheral rather than central to how strategic outcomes are in fact produced.[19]

Importantly, fragmentation not only constrains state geoeconomic leverage; it may also reduce a state's exposure to external coercive leverage. Where governments exercise limited control over extraction and supply chains, foreign powers face greater difficulty in converting economic pressure into political capture through state-centred agreements or exclusive production arrangements. In such contexts, the geoeconomic position of the state becomes characterised less by enhanced bargaining power than by forms of defensive insulation, in which diminished control simultaneously limits both strategic leverage and external vulnerability.

This paradox can be understood through a modified application of Robert Putnam's "two-level games" framework, in which domestic constraints can shape, and in some cases strengthen, a state's international position.[20] In fragmented resource economies, limited state control over extraction and supply chains reduces the ability of external actors to secure exclusive access through state-centred negotiation. Rather than enhancing bargaining power, fragmentation produces a form of structural insulation, constraining both state leverage and external coercive influence.[21]

Instead of automatically treating fragmented governance as a deficit in need of correction, deeper analysis through a fragmentation lens reveals how strategic outcomes are produced through dispersed and overlapping authorities that operate beyond consolidated state control.[22] Under such a broadened understanding, markets can be seen as blending both licit and illicit practices, whereby functions of governance are performed by NSAs, and global demand transmits incentives into spaces beyond formal regulation.[23] Under such layered conditions, strategic influence is no longer monopolised by states but rather distributed across a range of actors, each of whom is capable of controlling access to economically significant assets.

The incorporation of critical minerals into this landscape of consideration intensifies such dynamics. Unlike hydrocarbons such as oil and gas, many critical minerals (including lithium) are highly compatible with simplistic forms of Artisanal and Small-Scale Mining (ASM).[24] They can be mined with limited capital, integrated into informal trade networks, and laundered through complex supply chains.[25] As demand rises, control over extraction sites and transit routes becomes a key source of influence and value, even in the absence of formal ownership. This creates opportunities for NSAs to exercise strategic agency within global markets, structured by state demand.

Understanding the geoeconomic Global South, therefore, requires a move beyond state-centric models of power distribution. Agency must be understood as relational and contingent, shaped by control over resources where value is defined externally, but whilst the process of extraction remains a concern tied to local governance. This insight sets the stage for a reconceptualisation of geoeconomic agency that accounts for concepts of fragmentation.

Non-State Geoeconomic Agency in a Fragmenting World

Geoeconomic agency is typically understood as the ability of an actor to use economic instruments, such as control over trade, investment, or supply chains, to achieve political or strategic objectives. Within existing geoeconomic literature, this capacity is overwhelmingly attributed to states, which are assumed to exercise authority over domestic resources and economic networks. However, in fragmented political economies, where control over extraction and circulation is dispersed across multiple actors, this assumption becomes increasingly difficult to sustain. Under such conditions, actors operating outside formal state structures may also exercise meaningful influence over economically and strategically significant resources. In this sense, agency becomes understood not solely as an intentional strategy, but as the capacity to shape outcomes through control over economically significant processes, even where such effects are not explicitly articulated as geoeconomic objectives.

The concept of non-state geoeconomic agency captures how strategic economic influence can operate under conditions of fragmented authority. Here, non-state geoeconomic agency refers to the capacity of NSAs to shape the production, governance, or strategic significance of economic assets in pursuit of locally defined objectives, such as revenue extraction, territorial control, or organisational survival, in ways that carry international political or security implications.[26] The concept differs from pre-existing accounts of conflict resources and political violence in two key ways. Firstly, it cannot be reduced to simple revenue extraction or opportunistic predation. While armed actors may extract value from resource economies, their influence is viewed as extending far beyond finance to incorporate the governance of extraction sites, the regulation of access, and the structuring of supply chains that connect local production to global markets. Secondly, it argues that non-state geoeconomic agency does not depend on the articulation of explicit geoeconomic strategies comparable to those of states. While armed actors pursue locally defined objectives, their actions shape supply conditions and risk environments within globally significant markets. In this sense, their agency emerges from their position within strategic resource systems rather than from deliberate participation in geopolitical competition. This approach aligns with recent work that seeks to rescale geoeconomic analysis beyond the state, highlighting how localised forms of illicit or non-state authority can shape global economic processes and strategic outcomes.[27]

Non-state geoeconomic agency also differs from both classical geopolitical influence and conventional accounts of resource predation.[28] Conflict-economy scholarship has long documented how armed groups exploit natural resources to finance violence, sustain organisational capacity, and entrench territorial control.[29] This is also reflected beyond the scholastic realm, now widely recorded in the reports of governments and think-tanks alike.[30] The combined output of such analysis emphasises regional exploitation, taxation, and coercion as being widespread mechanisms for survival. However, all generally fall short of addressing how such practices also intersect with global strategic demand.

Existing literature captures elements of these stated dynamics but has only partially engaged with the associated geoeconomic implications. Building on these insights, embeddedness within resource economies produces geoeconomic effects, shaping strategic competition and supply-chain dynamics even in the absence of deliberate geopolitical intent. In doing so, it shifts the focus from how resources

fund conflict to how fragmented control over strategically significant resources reshapes geoeconomic relations. Existing approaches tend to emphasise governance failure, conflict financing, or firm-level coordination, often treating global markets as background conditions rather than sources of strategic value. By contrast, non-state geoeconomic agency includes an emphasis on how strategic economic influence may emerge in the absence of consolidated governance, including when locally governed resources acquire heightened geopolitical salience through increased global demand. Such a perspective thus bridges international political economy and conflict studies by showing how strategic outcomes can be shaped not only by states and organisations, but also by a multitude of other actors, including those with nefarious motives, operating within fragmented political orders. This form of influence can therefore be understood as a structurally produced or unintended form of geoeconomic agency, through which locally purposive actions generate systemic economic and political implications without any concept of deliberate geopolitical strategy.

The geoeconomic significance of an actor's position is inherently relational; it is derived not simply from forms of resource control, but from the strategic value assigned to a specific resource by external actors. In such contexts, influence often emerges less from deliberate geoeconomic strategy than from the structural consequences of occupying a resource position within markets shaped by external demand. When a commodity becomes critical to industrial policy, energy transitions, or national security strategies, as with lithium, control over its extraction gains significance at a rate that quickly outpaces any concept understood at the level of the local political economy. NSAs, therefore, need not articulate formal geoeconomic strategies to shape systemic outcomes. While direct interaction between NSAs and great powers in geoeconomic terms remains limited or indirect in the Sahelian context, their control over extraction and supply conditions nonetheless shapes the strategic environment within which such interactions occur.

This type of agency can be viewed as being enabled through three forms of fragmentation. Firstly, the fragmentation of authority that undermines state monopolies over coercion and regulation. Here, armed groups frequently perform governance functions in areas where the state is absent, distrusted, or unstable, regulating access to land, imposing taxation, and enforcing rules. Secondly, the fragmentation of markets, which blurs the boundary between licit and illicit economic activity, allows resources extracted under NSA control to enter global supply chains through intermediaries and regulatory arbitrage.[31] Thirdly, the fragmentation of geopolitical alignment that elevates the strategic value of resources located in politically marginalised regions, as states seek to diversify supply chains amid concepts of national security and great-power rivalry.

Together, these three dynamics create conditions under which NSAs can acquire forms of geoeconomic influence that extend beyond local markets without requiring deliberate geopolitical strategy. By controlling access to strategically significant resources, they shape supply conditions, risk profiles, and governance challenges across global markets, while also exercising a more direct form of leverage, vis-à-vis the states in which they operate, by constraining governmental control over extraction and trade. Furthermore, their actions shape the effectiveness of state strategies aimed at resilience and diversification by altering control over extraction sites and supply routes, thereby influencing economic leverage and market risk rather than merely constraining policy through conventional political or security pressure.

Critical Minerals and the Sahelian Political Economy

The Sahel exemplifies the intersection between fragmentation and strategic resource extraction. Stretching across West and Central Africa, this arid belt of land, which traverses multiple states, has long been characterised by weak governance, environmental stress, and protracted insecurity.[32] State authority exists but is widely uneven, borders are porous, and large areas are governed through hybrid arrangements involving local elites, militias, and jihadist groups. These conditions have therefore shaped the region's political economy for decades, particularly in relation to the extraction of natural resources.

ASM occupies a central place within this landscape as a broad category of informal extraction. Within this, ASGM has expanded rapidly across the Sahel since the early 2000s, providing livelihoods for millions while simultaneously generating revenue for armed groups.[33] Jihadist organisations affiliated with al-Qaeda (AQ) and Islamic State (IS) have embedded themselves within gold-mining regions, generating funds by taxing miners, regulating access to sites, and controlling transport corridors.[34] These practices generate long-term income, reinforce territorial control, and embed armed groups within local governance structures.

Lithium has now also begun to enter this political economy. Geological surveys have identified lithium-bearing pegmatites (rocks) across several Sahelian states, including Mali, Niger, Guinea, and notably northern Nigeria, with numerous other states in the region now beginning their own lithium surveys.[35] While industrial extraction remains limited, due to the remote nature of sites, overall yield rates, and security threats, lithium mining through ASM, hereafter referred to as Artisanal and Small-Scale Lithium Mining (ASLM), has begun to thrive, emerging in areas characterised by weak oversight and existing conflict economies.[36] The geological characteristics of hard-rock lithium deposits make them accessible using ASLM techniques almost identical to those used in ASGM, lowering barriers to entry and enabling rapid expansion.[37] Unlike hydrocarbons, which typically require capital-intensive, state-backed infrastructure, lithium's compatibility with ASM allows it to be absorbed into existing conflict economies with minimal institutional transformation.

Lithium's integration into pre-existing Sahelian extraction economies follows familiar patterns for all involved. Informal miners extract ore with minimal capital investment, intermediaries purchase the output of their toil at extremely low prices, and regulatory gaps enable widespread smuggling, often through the misclassification of commodities.[38] Armed groups exploit these dynamics by imposing taxation, providing protection, or exerting coercive control over access routes. What distinguishes lithium from other conflict-associated minerals, however, is not the mode of extraction but the strategic context in which it is valued.

Comparable dynamics can be observed across the Sahel, particularly in Mali and Niger, where ASGM has long been embedded within conflict-affected peripheral regions. In northern Mali, armed groups and community militias have extracted revenue from mining through systems of taxation and protection, while in Niger, similar arrangements have emerged along smuggling corridors linking extraction sites to regional markets.[39] In both contexts, limited state presence and the growing reliance of local populations on ASM have enabled NSAs to exercise regulatory authority over both production

and circulation. These cases underscore how the mechanisms which are also observed in northern Nigeria are not anomalous but instead reflect broader patterns through which mineral extraction has become governed in fragmented political orders across the Sahel.[40]

While the mechanisms observed in northern Nigeria resonate across the Sahel, important contrasts in state response and armed-group institutionalisation shape how these dynamics unfold. In Mali, ASGM has been embedded within conflict economies for a longer period of time, and at a greater scale, particularly in northern and central regions where jihadist groups and community militias exercise durable territorial control.[41] In these regions, armed NSAs have developed more formalised systems of taxation and dispute resolution around mining sites, reflecting a higher degree of institutionalisation formed around a longer history of extraction-based governance.

Niger presents a different configuration to the same pressures. Although ASM is widespread, especially in gold-producing regions such as Tillabéri in the country's far west, the state has at times pursued more assertive interventions, including periodic mine closures and military operations aimed at disrupting armed-group access to extraction sites.[42] These interventions have produced uneven results, often displacing rather than dismantling illicit extraction and pushing mining activity across borders. Compared to Mali, armed-group involvement in Niger tends to be more fluid and opportunistic, with control exercised through transit routes and protection rackets rather than through sustained territorial administration.

These variations highlight that non-state geoeconomic agency does not manifest uniformly across the Sahel. Instead, it is shaped by the interaction between local political economies, the intensity of state intervention, and the organisational capability of armed actors. The Nigerian case thus represents one point along a broader regional spectrum, rather than an outlier, reinforcing the need to analyse geoeconomic dynamics in fragmented contexts comparatively, rather than through the lenses of single-state study.

Unlike gold, lithium is directly embedded in global narratives of decarbonisation, technological transition, and industrial resilience.[43] Western governments increasingly frame lithium access as a matter of national security, linking it to climate commitments and geopolitical competition.[44] As a result, lithium extracted in fragmented environments becomes indirectly entangled in global geoeconomic strategies, even when extraction occurs entirely outside formal regulatory frameworks. This entanglement alters incentive structures for armed NSAs. Control over lithium extraction sites offers not only revenue but also elements of strategic relevance. While insurgent organisations don't seek to influence international markets, their actions shape supply conditions in markets of growing strategic importance. In doing so, they exercise non-state geoeconomic agency, converting local coercive capacity into influence over globally valued resources.

The Sahel thus illustrates how the global green transition intersects with conflict-affected political economies. Rising demand for critical minerals does not bypass fragmented regions; it intensifies their strategic significance. Without effective governance mechanisms, the pursuit of resilient supply chains risks reinforcing the very forms of instability it seeks to mitigate.

These dynamics are most clearly visible where ASM extraction, entrenched conflict economies, and emerging lithium demand all come to intersect within a single political space. In this respect, northern Nigeria provides a particularly instructive case study through which to examine this outcome and to determine how non-state geoeconomic agency operates in practice.

Northern Nigeria: From Gold to Lithium in a Fragmented Political Economy

Northern Nigeria provides a concentrated illustration of how non-state geoeconomic agency operates within fragmented governance environments. The region has long experienced insecurity driven by jihadist insurgency, communal violence, and criminal banditry.[45] Within this context, ASM has emerged as a critical source of livelihoods and revenue for both local communities and armed actors.[46] The Nigerian case demonstrates how non-state geoeconomic agency operates not only through market manipulation or diplomatic leverage, but through the governance of vital extraction sites, collectively embedded in global strategic demand.

Gold mining expanded rapidly across northern Nigeria in the early 2010s, driven by rising global prices and limited alternative economic opportunities.[47] By the latter part of the decade, the gold-centred extraction economy had become institutionalised within local conflict dynamics, providing armed groups with regular revenue streams and governance experience that later facilitated their diversification into lithium. Thousands of informal ASM sites emerged across Zamfara, Kebbi, Niger, and Kaduna states, often operating entirely external to Nigeria's regulatory framework.[48] Local powerbrokers, criminal networks, and jihadist groups filled governance vacuums in these areas, embedding themselves within mining economies through systems of taxation, coercion, and protection.[49]

Yet, the armed groups of Nigeria rarely engage directly in extraction themselves. Instead, they function as de facto regulators. Miners pay access fees, protection taxes, or production levies, all in exchange for permission to operate.[50] Armed actors also control the transit routes that link the mining areas to regional trading hubs, enabling them to extract rents at multiple points along the value chain.[51] These various arrangements generate substantial revenue streams that are then used to fund the procurement of weapons, recruitment, and the consolidation of territorial control.[52] Gold thus functions not only as a source of income but as a key mechanism of governance within insurgent-controlled spaces.

These arrangements have remained adaptive rather than static since being implemented. Armed groups such as those affiliated with AQ and IS respond to shifts in enforcement pressure, market prices, and local resistance by, as necessary, relocating sites, altering taxation regimes, or diversifying revenue sources. When Nigerian security forces have intensified operations against illicit ASGM sites, in areas seen to be overtly challenging the government, or following media backlash for political inaction, miners and intermediaries can be seen shifting their activities across nearby state borders or moving into more remote, and therefore safer areas.[53] Once the government efforts are completed or exhausted and security forces withdraw, the miners and intermediaries are once again free to return.

It is within this well-established gold-centred conflict economy that lithium has now begun to emerge. Geological surveys have identified lithium-bearing pegmatites across several northern Nigerian states,

often in close proximity to existing ASGM sites.[54] While industrial lithium extraction remains limited, ASLM has expanded quietly yet rapidly, largely under the radar of public scrutiny.[55] Here, miners extract lithium ore using techniques similar to those employed for gold, requiring little additional capital or specialised equipment. Knowledge related to the value of lithium circulates throughout these regions primarily through trade networks rather than any form of state or formal communication.

Any transition from gold to lithium does not represent a wholesale replacement, but instead a diversification of ASM extraction. Miners frequently alternate between commodities depending on demand, price signals, and enforcement conditions.[56] Once successfully extracted, Nigerian lithium ore is purchased by intermediaries at relatively low prices, reflecting miners' limited bargaining power and lack of access to formal markets.[57] The material is then transported across borders, often mislabelled or mixed with other minerals, before entering regional supply chains via neighbouring states such as Niger and Benin.[58]

Intermediaries play a central role in mediating between local extraction and regional circulation. Traders aggregate material from dispersed ASM sites, provide advance payments or equipment to miners, and assume responsibility for transport across insecure territories. These actors often operate across commodity lines, shifting between gold, lithium, and other minerals in response to price signals and enforcement pressures. Their position within informal networks allows them to absorb much of the risk and navigate regulatory ambiguity, while simultaneously insulating both miners and armed groups from direct exposure to state authorities. Through these practices, intermediaries function as key transmission mechanisms through which local extraction becomes integrated into wider regional supply chains.

In addition to the work of these intermediaries, armed groups have also adapted existing governance mechanisms to lithium extraction with minimal friction. Taxation systems developed for gold are applied to lithium, and control over access routes enables armed actors to regulate the flow of resources. In some areas, lithium sites attract less scrutiny than gold, which often draws greater attention from Nigerian authorities and international partners due to its long-established role in conflict financing.[59] Lithium's relative novelty, therefore, provides additional opportunities for armed groups to operate below regulatory thresholds.

What truly distinguishes lithium from gold is not the structure of control, but the strategic context in which it is valued. Gold has long functioned as a store of value and as a medium for exchange within conflict economies. However, lithium, by contrast, derives its significance from its vital role in battery production and the global green-energy transition. Its value is shaped less by immediate local demand than by global industrial strategies pursued by advanced economies.

The distinction between the role and purpose of gold and lithium is central to understanding non-state geoeconomic agency in this context. Armed groups in northern Nigeria do not articulate geoeconomic strategies in conventional state-centric terms, nor do they engage directly with international markets as formal actors. Yet, by exercising de facto control over lithium extraction sites, they shape the availability and circulation of a resource increasingly framed as critical to national security elsewhere.

Their actions influence supply conditions, risk assessments, and governance challenges within lithium markets, even in the absence of formal participation.

Lithium's integration into northern Nigeria's conflict economy also reinforces insurgent governance, whether that of AQ, IS, or any of their numerous affiliates or subsidiaries. Revenues derived from extraction strengthen armed group capacity to provide security, adjudicate disputes, and regulate economic activity.[60] In areas where the state is absent or distrusted, these functions confer legitimacy as well as coercive power. Lithium thus contributes not only to material capability but also to the political entrenchment of NSA authority.

As such, Northern Nigeria can be seen as a means of illustrating how global demand transmits incentives into fragmented local contexts. As lithium prices rise and international interest intensifies, extraction becomes more attractive even in high-risk environments. Armed groups are thus not required to understand the broader geopolitical significance of lithium to benefit from it. Their control over territory and labour allows them to capture value generated by distant policy decisions related to both decarbonisation and supply-chain resilience.

In this sense, the transition from gold to lithium in northern Nigeria, or at least the adoption of this dual opportunity approach, reflects a broader transformation in how global economic priorities intersect with local political economies. As lithium becomes increasingly central to international industrial strategies, with great power rivalry driving a concerted need for access to diverse sources, regions often characterised by fragmented authority acquire ever-greater strategic relevance irrespective of state intent. The Nigerian case thus demonstrates how non-state geoeconomic agency operates in practice, converting local coercive power into influence over globally valued resources.

These dynamics generate broader geoeconomic effects beyond the immediate context of extraction. Fragmented control over lithium sites introduces uncertainty into supply chains, complicating efforts by external actors to secure stable access. The integration of informally extracted lithium into global markets through intermediaries undermines traceability and regulatory oversight, while the presence of armed actors increases transaction costs and risk exposure. In these ways, localised systems of control shape the conditions under which geoeconomic competition unfolds.

These dynamics extend beyond localised extraction into formal supply chains. Across the Sahel, illegally mined lithium has been reported to enter licensed processing systems through intermediary networks, where it is mixed with legally sourced output and exported through formal channels.[61] This blurring of licit and illicit production undermines traceability and alters the conditions under which external actors secure access to supply demand.

The Externalisation of Geoeconomic Risk in the Green Transition

For the low and middle-income countries (LMICs) of the Global South, characterised by fragmented governance, the geoeconomic implications of rising critical-mineral demand are distinct from those faced by consolidated industrial powers. In Sahelian contexts, limited governmental control over extraction and supply chains constrains the capacity of states to convert mineral endowments into

direct strategic leverage. Exclusive agreements, production quotas, or coordinated export strategies become difficult to sustain where authority is dispersed across informal networks and armed actors. As a result, the strategic value of resources such as lithium does not automatically translate into commensurate state bargaining power. This form of insulation does not imply strength but rather reflects the reduced capacity of external actors to translate economic leverage into political control under conditions of fragmented governance.

Where production and trade are not fully centralised, foreign powers encounter greater difficulty in securing monopolistic access through state-centred pressure or diplomatic conditionality. Sahelian governments may therefore experience a paradoxical position in which diminished geoeconomic leverage coexists with a degree of defensive insulation, enjoying indirect economic benefits from heightened mineral demand while facing more limited risks of political subordination through resource dependency.

The growing strategic prominence of lithium highlights a structural tension at the heart of the global green transition, in which efforts by advanced economies to enhance supply-chain resilience may externalise risk into fragmented political economies. Western governments increasingly frame access to critical minerals as being essential to national security, industrial competitiveness, and decarbonisation.[62] Strategies adopted by the UK, EU, and US all emphasise a critical need for diversification of supply chains, reduced dependence on dominant suppliers (particularly China), and the development of resilient sourcing networks.[63] These approaches all rest on assumptions that exposure to geopolitical risk can be mitigated through diversification and regulatory coordination. Yet, when diversification directs attention toward regions characterised by fragmented authority, it also generates unintended consequences. Expanding demand for critical minerals raises the value of resources extracted in politically marginal spaces, enhancing the revenue-generating potential of sites that exist outside effective state control. Within such contexts, supply-chain resilience and insecurity become intertwined, and efforts to secure access may in fact increase the profitability of extraction governed by armed NSAs, unintentionally and indirectly reinforcing instability.

This dilemma is not the result of flawed implementation or insufficient regulation. Rather, it is structural in nature, reflecting a tension between global decarbonisation imperatives and the political economies of fragmented governance. Efforts to secure critical mineral supply chains may inadvertently increase the value of extraction governed outside formal institutions, reinforcing the economic incentives of armed NSAs. In this sense, strategies designed to mitigate strategic vulnerability at the global level can generate conditions that risk intensifying local insecurity, complicating development and stabilisation objectives even where direct causal links are difficult to isolate, particularly in regions where extraction intersects with pre-existing conflict economies.

From a geoeconomic perspective, this dynamic complicates prevailing notions of resilience. Diversification reduces exposure to concentrated suppliers but does not eliminate risk; rather, it redistributes it. When supply chains extend into fragmented political economies, vulnerabilities shift from interdependence among states to governance gaps within them. These vulnerabilities are much less visible, harder to regulate, and often more resistant to conventional policy instruments.

The hybrid nature of critical-mineral markets further intensifies the outlined dynamic. Lithium extracted through informal or coercive arrangements may enter global supply chains through intermediaries, misclassification, or downstream processing hubs.[64] This blurring of licit and illicit flows undermines traceability initiatives and weakens the assumption that market participation equates to regulatory compliance. As a result, Western consumers and manufacturers may become indirectly entangled in conflict economies despite formal due diligence frameworks.[65]

The dilemma also exposes the limits of prevailing development narratives surrounding critical minerals. Resource extraction is often presented as an opportunity for state-led growth, fiscal consolidation, and geopolitical leverage, particularly in the Global South. While such outcomes are possible under conditions of consolidated authority, the reality of fragmentation alters the expected distribution of benefits. Increased extraction may strengthen non-state governance structures, entrench conflict economies, and deepen political exclusion. As such, this demonstrates that strategic value does not automatically translate into forms of increased state value or capacity. Armed groups involved in lithium extraction pursue local objectives such as revenue generation and territorial control, yet in doing so shape production conditions and supply-chain dynamics within markets of growing strategic importance. In this sense, the green transition embeds NSAs within global geoeconomic systems even as they remain excluded from formal governance arrangements.

For Western policymakers, this presents a dilemma with no straightforward resolution. Militarised approaches to securing extraction sites may disrupt production without addressing underlying incentives, and often only offer a short-term solution, while forms of disengagement risk ceding strategically significant resources to informal networks. Efforts to formalise ASM and improve governance face structural constraints in regions affected by chronic insecurity.[66] The pursuit of resilience, therefore, risks reproducing instability unless accompanied by sustained engagement with the political economies of fragmentation.

Recognising this dilemma requires rethinking what geoeconomic security entails, both presently and as a desired outcome. Resilience cannot be understood solely in terms of diversification, stockpiling, or market access. It must instead also account for who governs extraction landscapes and how global demand reshapes local power relations. Without such recognition, the global green energy transition risks generating new forms of vulnerability even as it seeks to resolve existing ones.
While these dynamics complicate supply-chain resilience strategies for industrialised economies, their more immediate and enduring consequences concern how fragmented LMIC states navigate geoeconomic competition without consolidated control over extraction landscapes.

Conclusion: Fragmentation and the Reconfiguration of Geoeconomic Power

This article has argued that NSAs constitute geoeconomic agents within fragmented political economies, exercising influence over strategically significant resources through their control of extraction, governance, and circulation networks. As demand for critical minerals accelerates, actors operating beyond formal state structures increasingly begin to shape the strategic significance of resource production, often in ways that escape conventional geoeconomic analysis.

Through an examination of lithium's emergence in the Sahel and a focused case study of northern Nigeria, the article has shown how armed NSAs exercise de facto authority over extraction sites and integrate critical minerals into existing conflict economies. In doing so, the analysis clarifies how geoeconomic agency must be conceptualised in Sahelian contexts where state control over extraction and supply chains remains structurally fragmented. These actors do not articulate geoeconomic strategies in conventional state-centric terms, nor do they seek a formal role in global governance. Nonetheless, by controlling access to resources whose value is defined by global strategic demand, they exercise non-state geoeconomic agency and shape outcomes of international significance.

The concept of non-state geoeconomic agency reframes fragmentation not as an absence of power, but as a condition that redistributes influence across formal and informal actors. It highlights how global economic transformations embed local conflict dynamics within international strategic systems, generating unintended consequences for security and governance.

These findings also carry broader implications for how geoeconomic security must be understood. Efforts to secure resilient supply chains through diversification do not eliminate vulnerability; they relocate it. When supply chains extend into fragmented political economies, resilience strategies risk reinforcing the very forms of instability they seek to avoid. Addressing this dilemma requires analytical frameworks capable of recognising how power operates beyond the state.

As demand for critical minerals continues to grow (as is predicted), the dynamics explored in this article are likely to intensify. Understanding the geoeconomic Global South, therefore, demands sustained attention to fragmentation, informal governance, and the distributed nature of strategic agency. Only by acknowledging these realities can scholars and policymakers grasp the full implications of a fragmenting world for geoeconomic power and security. As competition over critical minerals expands beyond lithium to include cobalt, nickel, and rare earths, the dynamics identified here are likely to become a defining feature of geoeconomic competition in other fragmented regions.

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Projecting Agency: Pakistan's Geoeconomic Discourse in an Era of Great Power Competition

Mubashar Rizvi[1], *Aizaz Hussain*[2,3]

Abstract: As great power competition intensifies, many Global South states claim to pursue "geoeconomic" strategies that prioritise economic partnerships over traditional security alignments. Pakistan is no exception to this rhetorical shift. Since 2021, Pakistani officials have explicitly endorsed a pivot from "geopolitics to geoeconomics" and articulated a posture of strategic non-alignment between the United States and China. But does this discourse reflect genuine agency, or does it mask persistent structural constraints? Through process tracing across three interconnected timelines – US–Pakistan relations from 2010 to 2025, CPEC development from 2013 onwards, and the emergence of geoeconomics rhetoric from 2021 – this paper analyses the relationship between strategic narratives and material policy outcomes. Using a publicly filed May 2025 Foreign Agents Registration Act (FARA) document as a critical test case, the paper demonstrates a fundamental gap between public non-alignment rhetoric and less visible, transactional diplomatic positioning. The empirical evidence shows that Pakistan's dual dependencies, operating through US-backed IMF conditionalities and Chinese infrastructure lock-in mechanisms, compound rather than offset one another, substantially restricting material policy transformation. This paper argues that geoeconomic discourse functions not as evidence of structural autonomy, but as a form of limited discursive agency deployed to manage domestic and international legitimacy costs. Ultimately, the paper proposes empirical indicators for distinguishing genuine agency from rhetorical positioning, offering a potentially replicable analytical framework for understanding how middle powers strategically deploy narratives to navigate narrow negotiating spaces within, rather than beyond, great power asymmetry.

"The contemporary concept of national security is not only about protecting a country from internal and external threats but also providing a conducive environment in which aspirations of human security, national progress, and development could be realised." With these words, Pakistan Army Chief General Qamar Javed Bajwa announced a fundamental recalibration of Pakistan's strategic priorities at the Islamabad Security Dialogue on March 18, 2021.[1] His speech articulated a vision of Pakistan moving "from geo-political contestation to geo-economic integration," pivoting away from traditional security alignments toward economic partnerships and regional connectivity.

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[1] Center for Security, Strategy & Policy Research (CSSPR). ORCID: 0000-0001-7193-8539

[2] Sciences Po (Paris). ORCID: 0009-0007-1866-4146

[3] LLM use declaration: QuillBot (web-based version, QuillBot Inc.) was used selectively for minor sentence-level rephrasing during the editing stage; no AI-generated content was directly incorporated into the manuscript. Grammarly (web-based version, Grammarly Inc.) was used for grammar, spelling, and language clarity checks during final proofreading.

The rhetoric intensified in subsequent months. When HBO's Jonathan Swan asked Prime Minister Imran Khan whether Pakistan would permit American military bases for counterterrorism operations in Afghanistan, Khan delivered an unambiguous response: "Absolutely not."[2] Foreign Minister Shah Mahmood Qureshi told the Council on Foreign Relations in September 2021 that Pakistan sought neither "assistance" nor "a dole-out" from the United States, but rather "opportunities of investment."[3] The messaging was consistent: Pakistan claimed it was charting an economically driven, strategically autonomous course between the United States and China.

Yet four years later, in May 2025, a document filed under the Foreign Agents Registration Act (FARA) revealed a strikingly different reality. Squire Patton Boggs, a Washington law firm registered as an agent of the Government of Pakistan, submitted a strategy outline titled "A Renewed Pakistan – United States Relationship" to the State Department.[4] The document proposed concrete deliverables: increasing American exports to balance trade, modernising Pakistan's financial infrastructure with US fintech companies, "doubling down" on counterterrorism cooperation, and positioning the bilateral relationship independently from Pakistan's ties with China and India.[5] The transactional framing bore little resemblance to the confident assertions of geoeconomic autonomy that had defined Pakistani rhetoric since 2021.

This gap between discourse and documented behaviour raises a fundamental question: Does Pakistan's geoeconomic rhetoric reflect genuine strategic agency, or does it function as rhetorical positioning that masks persistent structural constraints? The discrepancy matters not only for understanding Pakistan's foreign policy trajectory but also for broader theoretical debates about Global South agency amid intensifying great power competition.

This paper argues that Pakistan's geoeconomic discourse functions as a tool for projecting autonomy and strategic choice within persistent structural constraints rather than as evidence of genuine policy transformation. Through process tracing across three interconnected timelines, US–Pakistan relations from 2010 to 2025, CPEC development from 2013 onwards, and the emergence of geoeconomics rhetoric from 2021, the analysis demonstrates how Pakistan deploys strategic narratives to create rhetorical space (for domestic consumption and more importantly for signalling to great powers) while navigating dual dependencies on American-backed IMF conditionalities and Chinese-led infrastructure obligations. The FARA filing serves as the critical test case: appearing precisely when geoeconomic rhetoric should have crystallised into substantive policy autonomy, it instead shows Pakistan seeking American economic, security, and diplomatic engagement through explicitly transactional offers.

Literature Review and Theoretical Framework

Three theoretical frameworks illuminate Pakistan's geoeconomics discourse: hedging theory and middle power strategies, geoeconomic discourse and strategic narratives, and structural constraints, including dependency theory and conditionalities.[6] These frameworks evaluate whether Pakistan exercises genuine agency or deploys rhetoric to navigate constrained policy space.

Hedging Theory and Middle Power Strategies

Middle powers in the Global South employ hedging strategies to navigate great power competition, particularly between the United States and China. These strategies are characterised by a blend of economic, diplomatic, and security manoeuvres aimed at maximising strategic autonomy whilst avoiding entrapment in rivalry dynamics.[7] Pakistan navigates US-China competition by leveraging its strategic position in what scholars term the "US-China-Pakistan triangle." Despite closer alignment with China, Pakistan maintains a working relationship with the US, focusing on geoeconomic priorities to address domestic and regional security concerns. Other middle powers employ similar hedging strategies, but Pakistan's dual dependencies create compounding constraints that distinguish its case. Middle powers' status is inherently relational, defined relative to great powers.[8] Competition between China's Belt and Road Initiative and the US's Free and Open Indo-Pacific strategy prompts omnidirectional hedging through multilateralism and economic diversification.[9] Whether this represents genuine autonomy or constrained manoeuvring remains contested.

Geoeconomic Discourse and Strategic Narratives

Over time, the foreign policy approach in Pakistan has shifted from geopolitics to geoeconomics.[10] The term 'geoeconomics' is defined as the strategic use of economic instruments to achieve geopolitical objectives.[11] This framework emphasises infrastructure investments, financial management, and regional integration in shaping states' strategic posture.[12] The transition from geopolitics to geoeconomics reflects pragmatism in leveraging economic partnerships to bolster development and reduce traditional security dilemmas.[13] However, the deployment of geoeconomic discourse by developing countries and middle powers often serves rhetorical functions that may diverge from material policy outcomes.

Developing countries employ geoeconomic discourse and strategic narratives to project autonomy in international relations despite facing structural constraints. These narratives allow them to assert agency and influence more powerful states by leveraging geopolitical competition and economic statecraft.[14] Strategic narratives function as tools for influence, enabling states to shape international perceptions and relationships despite material constraints.

A critical gap often exists between rhetorical positioning and material policy outcomes. The China-Pakistan Economic Corridor (CPEC) demonstrates how local contestation forces adaptations, highlighting gaps between strategic narratives and material outcomes.[15] This suggests that whilst developing countries can use geoeconomic discourse and strategic narratives to project autonomy, the effectiveness of these strategies is often constrained by structural factors and domestic considerations, creating discrepancies between public rhetoric and private engagements.

Structural Constraints: Dependency and Conditionalities

Dependency theory elucidates the structural constraints faced by developing states in global financial systems, providing a framework for understanding how external dependencies limit policy

autonomy.[16] Pakistan's experience exemplifies the dialectic between external pressures and internal elite interests shaping development trajectories and sovereignty challenges. With Pakistan receiving over twenty-three International Monetary Fund (IMF) loan packages since 1958 and facing recurrent debt distress, its economic trajectory is deeply intertwined with external financial institutions and bilateral partnerships.[17]

IMF conditionalities represent a primary mechanism through which structural constraints operate, limiting Pakistan's fiscal and social policy space. Research demonstrates that IMF programmes constrain fiscal flexibility and social policy autonomy, often imposing trade-offs that affect social welfare and economic growth.[18] The persistent tension between the short-term benefits of IMF support and long-term challenges of structural reforms creates cycles of dependency that fundamentally constrain economic sovereignty.

Infrastructure debt and economic lock-in mechanisms constitute another dimension of structural constraints. The CPEC enhances regional connectivity and middle power status but introduces significant debt sustainability challenges and governance deficits. Whilst some research argues that Chinese finance expands Pakistan's policy autonomy by providing alternatives to Western-dominated multilateral institutions, concerns persist regarding opaque loan terms, sovereign guarantees, and contingent liabilities that may generate new forms of dependency.[19] The complexity of debt structures and their geopolitical implications creates economic lock-in effects that constrain future policy options regardless of rhetorical assertions of autonomy.

Middle powers engage in transactional diplomacy and bilateral negotiations whilst projecting autonomy through geoeconomic discourse, yet these engagements often reveal discrepancies between public rhetoric and private arrangements.[20] This suggests that transactional diplomacy operates within structural constraints that fundamentally shape the parameters of process tracing across three specified timelines to capture temporal dynamics and identify what middle powers can achieve, regardless of their rhetorical positioning.

These three frameworks, when taken together, suggest that the middle power behaviour gets inspired by the interaction of structural constraints, strategic narratives, and hedging practices. Structural constraints limit policy autonomy for Pakistan, particularly because of the external economic reliance and financial conditionalities. Nevertheless, middle powers use the geoeconomics discourse and strategic narratives to negotiate structural constraints, project strategic agency, and justify hedging behaviour between competing powers. In that sense, strategic narratives do not eliminate dependency but rather provide space for limited manoeuvrability within an evolving international order.

Research Gap and Contribution

The synthesis of existing literature reveals critical gaps that this research addresses. Whilst substantial scholarship examines Pakistan's economic partnerships with China through CPEC and its interactions with the IMF, few studies systematically integrate analysis of how geoeconomic discourse relates to material policy outcomes across both dependencies simultaneously. Existing studies frequently deploy

geoeconomic and dependency frameworks at a high level of abstraction, without systematically operationalising these concepts through explicit indicators linking discourse to policy behaviour.

This research contributes through a systematic analysis of the relationship between geoeconomic discourse and material policy outcomes by examining both the US (IMF) and China (CPEC) dependencies concurrently. It employs critical junctures where discourse-behaviour gaps become evident. The research directly addresses whether Pakistan's geoeconomic discourse represents strategic adaptation within constraints or masks continued structural dependency, a question with implications for understanding middle power agency more broadly in the contemporary international system.

Methodology

This study employs process tracing as its primary methodological approach to examine Pakistan's geoeconomic discourse and its relationship to material policy outcomes across a fifteen-year period from 2010 to 2025. Process tracing proves particularly suited to this research question because it enables systematic analysis of causal mechanisms linking discourse to behaviour whilst identifying critical junctures where rhetoric and reality either converge or diverge.

The empirical foundation rests on three interconnected timelines. The first timeline traces US-Pakistan relations from 2010 to 2025, focusing on the post-Abbottabad deterioration beginning in 2011, the Trump administration's transactional pressures from 2017 to 2020, and the Biden era's continued leverage through IMF dependencies from 2021 to 2025. The second timeline examines China-Pakistan relations through CPEC from 2013 to 2025, encompassing CPEC's launch from 2013 to 2018, implementation challenges and mounting debt concerns from 2018 to 2022, and the consolidation of lock-in dynamics from 2022 to 2025. The third timeline analyses the emergence and evolution of Pakistan's geoeconomic discourse from 2021 to 2025.

The data sources encompass comprehensive timelines of US-Pakistan bilateral relations documenting security assistance patterns, IMF programme negotiations, and Financial Action Task Force (FATF) proceedings; detailed records of CPEC project implementations and debt accumulation patterns; systematic compilation of Pakistani official statements on geoeconomic priorities from military, political, and diplomatic leadership; and the May 2025 FARA registration document filed by Squire Patton Boggs representing the Government of Pakistan. These sources provide both the material record of policy outcomes and the discursive record of strategic positioning, enabling direct comparison between rhetoric and reality.

The analytical approach centres on juxtaposing geoeconomic discourse against material behaviour patterns across both dependencies simultaneously. Temporal sequencing examines whether shifts in discourse precede, coincide with, or follow changes in material policy. Gap identification systematically catalogues instances where official statements diverge from documented actions. Leverage mapping traces the mechanisms through which both the United States and China exercised constraint over Pakistani policy autonomy. The FARA document serves as the critical test case: appearing in May 2025, four years after the geoeconomic pivot was announced, it provides a unique window into Pakistan's private diplomatic positioning as distinct from its public rhetoric.

Operationalising the Framework

Genuine agency would manifest in: diversification beyond bilateral dependencies, successful debt renegotiations, policy deviations from conditionality requirements, and infrastructure generating sustainable growth.

The official discourse of geoeconomics can be found in the speeches of the elite leadership, policy documents, diplomatic statements, and strategic communication products that emphasise sovereignty, regional connectivity, strategic diversification, non-alignment, and investment-driven development. Such narratives do not necessarily serve strategic autonomy but instead act as political and diplomatic instruments for managing the legitimacy costs of continued structural dependence. Thereby, these discursive claims are systematically compared with material policy outcomes, including persistent dependence on the IMF, compliance with external conditionalities, limited capacity for diversification, and ongoing implementation gaps. Rhetorical positioning appears through persistent IMF dependence, acceptance of conditional lending, inability to diversify partners, and gaps between announced initiatives and implementation.

Process tracing these timelines enables identification of critical junctures: Pakistan's 2019 return to the IMF despite two years of geoeconomic rhetoric about economic autonomy; the 2022 IMF programme suspension and subsequent acceptance of intensified conditionalities despite continued non-alignment claims; the persistence of CPEC debt rollover dependencies through 2023-2025 despite rhetorical emphasis on partnership rather than dependence; and the May 2025 FARA filing's transactional offers appearing precisely when geoeconomic discourse should have crystallised into substantive autonomy. The approach examines three concurrent timelines to capture how dual dependencies compound. The 2010-2025 frame contextualises geoeconomic discourse within preceding constraints. The FARA document provides empirical scrutiny of rhetorical claims through private diplomatic positioning.

US-Pakistan Relations Timeline (2010–2025)

Post-Abbottabad Deterioration (2011–2016)

The unilateral US raid that killed Osama bin Laden on May 2, 2011, fundamentally transformed the US-Pakistan relationship. Navy SEAL Team Six's operation in Abbottabad, conducted without Pakistani knowledge just half a mile from the country's premier military academy, generated immediate sovereignty concerns that shaped bilateral dynamics for years afterwards.[21] The Obama administration moved swiftly to impose consequences after Operation Neptune Spear, in which the US military killed Osama bin Laden in Abbottabad, Pakistan. On July 10, 2011, the White House suspended approximately $800 million in military aid. "Pakistan's actions have given us reason to pause," White House Chief of Staff William Daley stated, establishing a template for aid conditionality that would persist for over a decade.[22]

The November 26, 2011, Salala incident, a NATO airstrike that killed twenty-four Pakistani soldiers, demonstrated that Pakistan retained some counter-leverage capacity. Islamabad immediately closed both NATO supply routes into Afghanistan, through which approximately 40% of non-lethal coalition supplies transited. The supply route crisis was resolved on July 3, 2012 following Secretary of State Hillary Clinton's formal apology. However, Congress enacted Section 1227 of the FY2013 National Defence Authorisation Act, which prohibited any Coalition Support Fund reimbursements for the closure period and established new certification requirements linking future payments to Pakistani actions against al-Qaeda, the Taliban, and the Haqqani Network.[23]

Post-Abbottabad Operation, the deterioration in the bilateral relationship between US-Pakistan went on further, and even the IMF exercised sustained influence over Pakistani policy autonomy through structural adjustment requirements. The newly elected Pakistan Muslim League (N) government secured a $6.64 billion Extended Fund Facility approved on September 4, 2013, Pakistan's first successful IMF programme completion in decades. The thirty-six-month programme imposed extensive conditionalities, including raising the tax-to-GDP ratio, eliminating energy subsidies that consumed 1.9% of GDP, strengthening the State Bank of Pakistan's independence, and executing a privatisation agenda targeting state-owned enterprises.[24]

Trump Era Transactional Pressures (2017–2020)

President Trump's inauguration brought the most aggressive use of security assistance leverage since the 1990s nuclear sanctions era. On January 1, 2018, Trump announced via X (then Twitter) the suspension of security assistance to Pakistan, accusing Islamabad of "lies & deceit." The administration suspended nearly $1.3 billion in annual security assistance.[25] In March 2018, Congress rescinded $500 million in Coalition Support Fund (CSF) reimbursements. On September 1-2, 2018, the Pentagon officially cancelled the remaining $300 million in suspended CSF funds. The FY2020 National Defence Authorisation Act subsequently disallowed any CSF reimbursements to Pakistan entirely, effectively ending the programme that had transferred approximately $14-15 billion since 2001.[26] The administration quietly terminated International Military Education and Training programming in August 2018, cutting virtually all military assistance programmes simultaneously.[27]
A parallel pressure campaign operated through the FATF. On June 28, 2018, the FATF plenary placed Pakistan on its grey list of jurisdictions with "strategic counter-terrorist financing-related deficiencies." US diplomacy proved decisive: Washington convinced Saudi Arabia and China to withdraw opposition, enabling the June consensus.[28] The grey listing imposed a twenty-seven-point action plan requiring Pakistan to freeze funds of UN-designated entities, pursue legal action against designated groups, and demonstrate prosecutions. Research estimates suggest cumulative GDP losses of approximately $38 billion from 2008 to 2019 during Pakistan's grey-listing periods.[29] Pakistan remained on the grey list through fourteen consecutive plenary reviews over four years. Following prosecutions of Hafiz Saeed and Sajid Mir and an on-site verification visit in September 2022, the FATF plenary on October 21, 2022, removed Pakistan from the grey list by consensus.[30]

Biden Era and IMF Dependencies (2021–2025)

The convergence of security assistance suspension, FATF grey listing, and structural economic weaknesses forced Pakistan back to the IMF for a new $6 billion Extended Fund Facility approved July 3, 2019. The programme's conditionalities were more extensive than any previous arrangement, requiring a market-determined exchange rate, eliminating central bank financing of budget deficits, implementing a Circular Debt Management Plan for the energy sector, and strengthening the anti-money laundering framework for FATF compliance.[31] The programme proved exceptionally difficult to complete. COVID-19 forced the suspension in April 2020. Policy differences triggered additional suspensions in March 2021 and from November 2022 through June 2023. The programme expired, having disbursed only approximately $3.9 billion of the authorised $6.5 billion.[32]

Pakistan secured a nine-month $3 billion Stand-By Arrangement approved on July 12, 2023. This bridge programme required FY24 budget implementation with a primary surplus target of 0.4% of GDP and return to market-determined exchange rates. Both reviews were completed successfully, with the programme concluding in April 2024 and doubling gross reserves from $4.5 billion to $8 billion.[33] The current $7 billion Extended Fund Facility was approved on September 25, 2024, representing the most comprehensive conditionality package yet. Novel requirements include a "National Fiscal Pact" mandating federal-provincial revenue cooperation, agricultural income tax harmonisation effective January 1, 2025, integration of exporters into regular tax regimes, phase-out of Special Economic Zone (SEZ) incentives, and elimination of agricultural support prices. The first review was completed on May 9, 2025, with an additional $1.4 billion Resilience and Sustainability Facility.[34]

The August 2021 Taliban takeover of Afghanistan removed the primary rationale for US-Pakistan strategic engagement, enabling the Biden administration to deprioritise the relationship. President Biden became the only US president in modern history to never call a Pakistani prime minister during his tenure. At a Democratic fundraiser in October 2022, Biden described Pakistan as "maybe one of the most dangerous nations in the world" due to "nuclear weapons without any cohesion." Security assistance remained effectively frozen, limited to International Narcotics Control and Law Enforcement funding (approximately $26 million annually) and restored but minimal IMET programming (approximately $3-4 million annually).[35] The sole exception was the September 2022 approval of a $450 million Foreign Military Sale to sustain Pakistan's F-16 fleet, the largest security assistance since the 2018 suspension, framed as counterterrorism capability maintenance.[36]

President Trump's March 4, 2025, address to Congress marked a dramatic departure from his first-term approach. During the longest presidential joint session speech in history, Trump announced the arrest of Mohammad Sharifullah, the ISIS-Khorasan commander responsible for the August 2021 Abbey Gate bombing that killed thirteen US service members. "I want to thank, especially, the government of Pakistan for helping arrest this monster," Trump stated, crediting Pakistani cooperation with CIA intelligence. The arrest, accomplished near the Pakistan-Afghanistan border following discussions between CIA Director John Ratcliffe and ISI head Lieutenant General Asim Malik, represented precisely the counterterrorism cooperation that previous administrations had demanded as a precondition for improved relations.[37]

The June-December 2025 period brought unprecedented engagement: Trump hosted Army Chief Munir (June), imposed a favourable 19% tariff (July), designated the Baloch Liberation Army as a

terrorist organisation (August), welcomed Prime Minister Sharif (September), and approved $686 million in F-16 modernisation (December 8).[38]

The fifteen-year record reveals a sophisticated leverage architecture operating through three interlocking mechanisms. Security assistance conditionality proved most visible but episodic, with dramatic suspensions followed by gradual relaxation as geopolitical circumstances evolved. IMF programme requirements exercised more sustained influence over domestic economic policy, constraining fiscal discretion, monetary independence, and subsidy programmes through multi-year structural adjustment packages. FATF regulatory pressure demonstrated how international institutional mechanisms could multiply bilateral leverage. The 2025 reset suggests that leverage operates most effectively through specific, verifiable cooperation requirements rather than blanket demands.[39]

China-Pakistan Relations Timeline (2013–2025)

CPEC Launch and Early Optimism (2013–2018)

The CPEC emerged as the flagship project of China's Belt and Road Initiative, transforming Pakistan's relationship with Beijing from a primarily security partnership into a comprehensive economic entanglement. On May 16-23, 2013, during Premier Li Keqiang's visit to Pakistan, Gwadar Port was transferred to Chinese operation. The original CPEC memorandum of understanding was signed on July 5, 2013. President Xi Jinping's historic visit to Pakistan on April 20-21, 2015, marked CPEC's formal launch with an announced value of $46 billion, later adjusted to $62 billion.

The financing structure established during this period would prove consequential: government concessional loans carried 2% interest with a twenty-year maturity and five-year grace periods, whilst commercial and buyer's credit loans demanded 5.2% interest over twenty years with debt-to-equity ratios of 75:25 to 80:20. Major project initiations in 2015 included energy generation facilities, transportation infrastructure, and Gwadar Port development. Critically, Pakistan waived competitive bidding requirements for Chinese projects, eliminated standard procurement transparency, and provided sovereign guarantees on all Independent Power Producer loans, exposing national finances to contingent liabilities that would become increasingly burdensome.[40] This period marked the apex of CPEC optimism: Pakistan's external debt crossed $96.7 billion with Chinese commercial loans of $4 billion added during 2017-18, but the prevailing narrative emphasised transformational opportunity rather than dependency risks.[41]

Implementation Challenges and Debt Concerns (2018–2022)

September 2018 marked a turning point as Imran Khan's newly elected government signalled renegotiation intent, raising concerns about project transparency, debt sustainability, and unfavourable terms. The 2018-2019 IMF programme negotiations forced greater transparency around CPEC obligations, revealing the scale of contingent liabilities and capacity payment commitments that had accumulated. In October 2019, Pakistan established the CPEC Authority to coordinate implementation, implicitly acknowledging earlier governance deficiencies.[42]

The COVID-19 pandemic through 2020 crystallised the capacity payment crisis: Chinese Independent Power Producers (IPP) were owed mounting payments regardless of electricity dispatch due to take-or-pay contract structures. Pakistan participated in the G20 Debt Service Suspension Initiative and sought debt rollovers from China, revealing its inability to service obligations through its own resources.[43] By 2022, Chinese IPPs threatened to suspend operations due to unpaid arrears, demonstrating how capacity payment obligations created recurring leverage points for Beijing. Pakistan's debt to China surged from approximately $4 billion in 2013 to $27-30 billion by 2024, representing 22-27% of total external debt. Of ninety planned CPEC projects, only thirty-eight reached completion by 2025, whilst capacity payments to Chinese power plants ballooned to PKR 2.1 trillion annually, a 450% increase from pre-CPEC levels.

Current Phase and Lock-In Dynamics (2022–2025)

The tenth anniversary of CPEC in 2023 prompted stocktaking that revealed sobering realities. Key completions that year included the Matiari-Lahore High Voltage Direct Current transmission line ($1.66-2.1 billion), which locked southern generation to central consumption patterns for twenty-five years, creating infrastructure path dependencies that would persist regardless of future policy preferences. September 2024 saw Suki Kinari Hydropower become operational, one of the few CPEC projects generating electricity without requiring imported coal.[44]

Premier Li Qiang's October 2024 visit to Pakistan focused substantially on debt restructuring negotiations, reflecting Pakistan's inability to service obligations without Chinese forbearance. Security concession escalation through 2024-2025 saw Pakistan dedicate thirty thousand troops (two divisions) to CPEC security whilst permitting Chinese security personnel deployment, representing sovereignty concessions driven by Beijing's security demands. September 2025 brought the launch of CPEC 2.0, emphasising agriculture, information technology, and mining, though financing details remained opaque.[45]

The debt trajectory from 2013 to 2025 reveals structural lock-in: annual debt service to China during 2019-2022 reached $14.7 billion in repayments due, with over 80% of Pakistan's bilateral debt service flowing to Beijing from July 2021 through March 2022. This created recurring leverage points where Pakistan required annual rollovers of $2-3.4 billion in Chinese deposits and commercial loans to maintain foreign exchange reserves, giving Beijing extraordinary influence over Pakistan's macroeconomic stability.[46]

Documented Chinese leverage instruments included payment conditionality, where Chinese banks linked new financing to settlement of IPP arrears, creating circular dependency between fresh loans and outstanding obligations. Rollover dependency meant Pakistan required annual Chinese cooperation simply to avoid a balance of payments crisis. Take-or-pay obligations ensured capacity payments of $540 million monthly flowed to Chinese power plants regardless of electricity dispatch, creating fixed outflows that reduced fiscal flexibility. Project financing control was demonstrated by ML-1 railway's decade-long stall, showing China's ability to withhold major infrastructure investment when terms were unfavourable.

Pakistani concessions documented through this period included revenue surrender at Gwadar Port under a 91% split, meaning Pakistan received approximately $200,000 annually from its sole deep-water strategic asset. Tax exemptions included a twenty-three-year income tax, sales tax, and customs duty exemptions for the China Overseas Ports Holding Company, ten-year tax holidays for SEZs, and approximately $200 million in exemptions for the Multan-Sukkur motorway alone. Guaranteed returns of 27-34% return on equity for Chinese IPPs created approximately $2.4 billion in annual current account outflows. Security commitments of thirty thousand dedicated troops and Chinese security personnel deployment represented sovereignty concessions and a significant budgetary commitment.[47]

The most significant unrealised project, the ML-1 Railway, demonstrated dependency limits: after nearly a decade of negotiations, China withdrew financing support in 2025 when Pakistan could not meet the terms. Pakistan now seeks Asian Development Bank funding for this critical connectivity project, illustrating that CPEC's promise of transformational infrastructure development remained substantially unfulfilled despite fifteen years of partnership rhetoric.[48]

The evidence suggests structural economic dependency rather than deliberate debt trap diplomacy. Pakistan's debt to China created measurable constraints through capacity payment obligations, revenue-sharing asymmetries, guaranteed return commitments, and debt rollover requirements that fundamentally limit policy autonomy. However, the pattern differs from simplistic debt trap narratives: China has consistently rolled over obligations rather than demanding asset transfers, maintained rhetorical support through five Pakistani governments, and accepted project cancellations and renegotiation attempts. The dependency is structural and economic rather than overtly coercive – Pakistan's reduced sovereignty stems from unfavourable contract terms negotiated by its own governments, not from Chinese seizure of assets. Yet the outcome remains the same: Pakistan operates within severe constraints created by this economic relationship.

Geoeconomic Discourse Timeline (2021–2025)

The Rhetorical Shift (2021–2022)

General Qamar Javed Bajwa's March 18, 2021, speech at the first Islamabad Security Dialogue represented the foundational articulation of Pakistan's geoeconomic pivot. The speech established an intellectual framework explicitly repositioning Pakistan away from traditional security-centric foreign policy toward economic integration and regional connectivity. Bajwa articulated a broadened national security concept: "It is an almost universally acknowledged fact that the contemporary concept of national security is not only about protecting a country from internal and external threats but also providing a conducive environment in which aspirations of human security, national progress, and development could be realised."[49]

The speech outlined four core pillars: moving toward lasting peace within and outside Pakistan, non-interference in neighbours' internal affairs, boosting intra-regional trade and connectivity, and bringing sustainable development through investment and economic hubs. Bajwa explicitly addressed the defence-versus-development trade-off: "Despite being one of the most impoverished regions of the world, we end up spending a lot of money on our defence, which naturally comes at the expense of

human development... we are ready to improve our environment by resolving all our outstanding issues with our neighbours through dialogue." Most significantly, he framed Pakistan's strategic objective as shifting "from geo-political contestation to geo-economic integration."

Prime Minister Imran Khan amplified this messaging throughout 2021. His June 20, 2021, HBO Axios interview with Jonathan Swan produced the categorical rejection of US military bases: "Absolutely not. There is no way we are going to allow any bases, any sort of action from Pakistani territory into Afghanistan." Foreign Minister Shah Mahmood Qureshi's September 21, 2021, Council on Foreign Relations speech explicitly positioned geoeconomics as Pakistan's new strategic orientation: "And there is a shift in our focus. We are focusing on geoeconomics, on geopolitics. Now, that's a huge shift in mindset." Qureshi emphasised that Pakistan sought "opportunities of investment" rather than assistance or "a dole-out."

The December 14, 2021, Margalla Dialogue saw Qureshi state: "With the intensification of competition between established and emerging powers, which has made world peace fragile and the direction of diplomacy unpredictable, Pakistan has made a strategic pivot from geopolitics to geoeconomics." He emphasised that "positioning Pakistan as a geoeconomic centre with unparalleled regional connectivity has to come as a mindset, top down."[50]

The January 14, 2022, launch of Pakistan's National Security Policy (NSP) represented the institutionalisation of the geoeconomic discourse. Prime Minister Khan's foreword articulated "boldly defined and clearly articulated goals as a self-respecting, sovereign, and inclusive state," whilst National Security Adviser Dr. Moeed Yusuf described it as "a clear and bold vision, emphasising a geo-economic paradigm that supplements our geo-strategic approach." The NSP formally established "economic security at the core" and declared Pakistan did not subscribe to "camp politics." [51]

At the Second Islamabad Security Dialogue on April 1-2, 2022, General Bajwa stated: "Pakistan will benefit if we improve ties with India. We have wasted seventy years; it is time to move on... We want development first." He emphasised: "Pakistan does not believe in camp politics."[52]

Articulation of Non-Alignment (2022–2023)

Prime Minister Shehbaz Sharif's government, which took office in April 2022, maintained the geoeconomic rhetoric. Before his first China visit on November 1-2, 2022, Sharif tweeted about "revitalisation of CPEC" and the "second phase of CPEC promises to usher in a new era of socio-economic progress."[53] Foreign Minister Bilawal Bhutto Zardari's December 20, 2022, Atlantic Council appearance emphasised Pakistan's desire to move beyond counterterrorism-focused relations with the US, imagining Pakistan becoming "a hub between Southeast Asian and Central Asian nations."[54]

General Asim Munir, who succeeded Bajwa as Army Chief in November 2022, continued the economic prioritisation messaging. At Khanewal Model Agriculture Farm on July 24, 2023, Munir declared: "Pakistanis are a proud, zealous, and talented nation. All Pakistanis must throw out the beggar's bowl." At the August 1, 2023, Pakistan Mineral Summit, he emphasised that "security and the economy are interlinked and indispensable to each other," whilst highlighting the Special

Investment Facilitation Council's (SIFC) establishment to "ensure an investor-friendly system."[55] Meeting business leaders in Lahore on September 3, 2023, General Munir highlighted the pivotal role of the SIFC, emphasising its potential to attract substantial investments of up to $100 billion."[56]

Caretaker Prime Minister Kakar's September 2023 UN General Assembly address stated: "Geo-politics is resurging when geo-economics should be at the top of the international agenda." He warned: "The world cannot afford Cold War 2.0... challenges confronting humankind demand global cooperation and collective action."[57]

Persistence Despite Constraints (2024–2025)

Prime Minister Shehbaz Sharif's April 28-29, 2024, World Economic Forum appearance in Riyadh declared: "We have to stand on our own feet, which is difficult but not impossible." His second China visit from June 4-8, 2024, saw declarations that "no force can stop China's development and growth or shake the iron-clad friendship between Pakistan and China." At the September 27, 2024, UN General Assembly session, Sharif warned that "we feel the chill of a new Cold War" and declared the "international financial architecture is morally bankrupt."[58]

Finance Minister Muhammad Aurangzeb's January 21, 2025, World Economic Forum appearance in Davos emphasised Pakistan's "Uraan Pakistan" economic transformation plan, aiming for "sustainable, export-led six percent GDP growth by 2028." His April 2025 Washington visit represented perhaps the most sophisticated articulation of Pakistan's geoeconomic positioning. At the Atlantic Council GeoEconomics Center fireside chat on April 22-23, 2025, Aurangzeb stated: "The crux of our strategy with the IMF involves not just temporary relief but laying the groundwork for enduring stability and economic resilience." His April 25, 2025, Reuters interview declared: "Pakistan has reached a critical turning point, with macroeconomic stability, sustained reforms and policy continuity restoring confidence."[59]

Foreign Minister Ishaq Dar's policy statements throughout 2025 maintained the geoeconomic framework: "Pakistan's current foreign policy's focus is on geo-economics, calling for the reimagination of regional cooperation within South Asia." He emphasised, "Our foreign policy is now geared towards securing Pakistan's economic future. Promoting trade, attracting investment, encouraging remittance flows, and forming strategic development partnerships are top priorities."[60]

The documentary record reveals remarkably consistent messaging across Pakistan's military, political, and diplomatic leadership from 2021 to 2025, despite significant political turbulence. The geoeconomic pivot was formally articulated by General Bajwa and institutionalised through the NSP in 2021-2022. Finance Minister Aurangzeb's 2024-2025 international engagements showcased sophisticated economic diplomacy messaging emphasising green finance, export-led growth, and "partnerships not aid." The "from geopolitics to geoeconomics" formulation became Pakistan's dominant foreign policy brand, signalling non-alignment to great powers, prioritising economic engagement over security commitments, and asserting Pakistani agency in navigating an increasingly competitive international environment.

FARA Document Analysis

Context and Significance

On May 15, 2025, Squire Patton Boggs filed correspondence with the US Department of State under the FARA, identifying itself as "a registered agent of the government of Pakistan under FARA."[61] The filing, submitted by Paul W. Jones, a retired US Ambassador serving as International Affairs Advisor, sought State Department feedback on a one-page outline titled "A Renewed Pakistan – United States Relationship." The document arrived precisely four years after General Bajwa's March 2021 Islamabad Security Dialogue speech that had launched Pakistan's geoeconomic pivot and non-alignment rhetoric. The FARA document also reflected continuities with earlier phases of the Pakistan-US engagement examined in preceding sections. Where the discourse on geoeconomics and non-alignment surfaced more frequently in the policy circles post-2021, Pakistan's dependence on transactional bargaining with the external powers has a history, particularly during the periods of economic vulnerability and strategic pressure. Therefore, the FARA document does not represent a complete departure from the past, rather the re-emergence of longstanding dependency-management practices beneath a newer geoeconomic narrative.

The timing proves revealing. By May 2025, Pakistan's geoeconomic discourse should have crystallised into substantive policy autonomy if the rhetoric reflected genuine strategic transformation. Instead, the FARA filing reveals Pakistan engaging professional lobbying representation to pitch relationship renewal to Washington through explicitly transactional offers. The document itself serves as a unique window into Pakistan's private diplomatic positioning, distinct from the public rhetoric of non-alignment and economic prioritisation that had defined official statements since 2021.

The significance extends beyond the document's content to its very existence. States confident in their strategic autonomy and genuinely pursuing non-alignment between great powers do not typically engage American lobbying firms to craft relationship renewal proposals emphasising their willingness to serve US interests. The act of filing under FARA, requiring detailed disclosure of foreign principal representation, itself contradicts the carefully cultivated image of Pakistan as an independent actor navigating great power competition on its own terms.

Content Analysis

The FARA document structures its proposals around four thematic pillars: Trade & Investment, Financial Modernisation, Security, and Geopolitical. Each pillar contains specific, actionable commitments that Pakistan offered to undertake to improve bilateral relations. The framing explicitly positions Pakistan as prepared "to take significant actions to renew its bilateral relationship with the United States based on shared interests," whilst noting that "a clear, forward-looking agenda will serve the core interests of both nations."

Under Trade & Investment, the document declares: "Pakistan recognises the importance of fair global trade and is prepared to help balance the trade deficit." Specific commitments include Pakistan's preparedness "to buy significantly more US exports, including agricultural and energy, and lower

tariffs on US products." Pakistan offers "large US investors access to the SIFC, jointly chaired by the Prime Minister and Army Chief, to fast-track permitting and government support for strategic investments." Most significantly, Pakistan seeks "to become a preferred US partner for critical minerals based on its extensive reserves in copper, lithium, cobalt, nickel, and various rare earths valued in the trillions of dollars," pursuing "a bilateral critical minerals agreement with the US that would benefit both the national security of the US and Pakistan's economy."

The Financial Modernisation section states: "Pakistan seeks to partner with the US to modernise its financial infrastructure." This encompasses opportunities for "US fintech and broadband companies" as "Pakistan's largely cash economy is poised for digitisation." The document notes Pakistan "would welcome US support to improve debt sustainability and financial transparency," whilst highlighting Finance Minister Muhammad Aurangzeb's April 2025 Washington visit, where he "underscored Pakistan's commitment to structural reforms."

Under Security, the most striking language appears: "Pakistan is prepared to double down on its commitment to counter-terrorism cooperation with the US." The document emphasises Pakistan's demonstration of "capability and commitment to counter-terrorism by arresting and expelling to the US the Abbey Gate ISIS bomber who killed thirteen American soldiers," noting that "President Trump thanked Pakistan for this assistance in his speech to a Joint Session of Congress in March 2025." Pakistan declares it is "prepared to do more with the US against ISIS and assist in retrieving US military weapons and equipment left behind in Afghanistan." Most significantly, Pakistan "seeks more US collaboration against the Tehreek-e-Taliban Pakistan (TTP), whose terrorist attacks aim to establish a Taliban regime in Pakistan."

The Geopolitical pillar contains the document's most revealing hedging language. It states: "Pakistan seeks a bilateral US relationship that stands on its own merits, not dependent on US relations with Pakistan's neighbours." Regarding China, the document acknowledges: "Pakistan's longstanding relationship with China is based on geographic location and does not inhibit Pakistan's offering the US concrete economic and counter-terrorism opportunities." On India, it asserts: "Pakistan also believes that the US-India relationship should in no way inhibit stronger US-Pakistan ties."

Strategic Positioning Revealed

The FARA document's strategic positioning reveals fundamental tensions with four years of geoeconomic rhetoric emphasising non-alignment and autonomy. The transactional framing, offering to purchase more American products, providing critical minerals access, intensifying counterterrorism cooperation, and fast-track US investor approvals, positions Pakistan as seeking favour through concrete deliverables rather than engaging as an autonomous actor with inherent strategic value.

The critical minerals proposal deserves particular scrutiny. Pakistan offers to "become a preferred US partner for critical minerals," seeking "a bilateral critical minerals agreement with the US that would benefit both the national security of the US and Pakistan's economy." This language mirrors the framework of US critical minerals partnerships with Australia and other close allies – relationships characterised by strategic alignment rather than non-alignment. The proposal effectively positions

Pakistan within American supply chain security architecture, a stance difficult to reconcile with claims of equidistance between Washington and Beijing.[62]

The security pillar's language about "doubling down" on counterterrorism cooperation contradicts the confident rhetoric of 2021. When Prime Minister Khan told HBO Axios, "Absolutely not" regarding US military bases, and when officials emphasised Pakistan's refusal to provide cooperation that compromised sovereignty, they projected a posture of setting boundaries with Washington. The FARA document instead emphasises Pakistan's eagerness to intensify cooperation, assist in retrieving American military equipment from Afghanistan, and collaborate against groups that threaten US interests. The tone shifts from boundary-setting to opportunity-offering.[63]

Perhaps most revealing is the hedging language regarding China. The document acknowledges "Pakistan's longstanding relationship with China" but immediately qualifies that this "does not inhibit Pakistan's offering the US concrete economic and counter-terrorism opportunities." This defensive framing suggests Pakistan anticipates American concerns about its China ties and seeks to reassure Washington that the relationship poses no obstacle to US-Pakistan cooperation. States genuinely practising non-alignment typically do not feel compelled to reassure one great power that their relationship with another does not compromise their utility.

The Rhetoric-Reality Gap Exposed

Instead of reflecting a complete departure from the earlier patterns of Pakistan's external engagement, the FARA filing illustrates how longstanding practices of transactional diplomacy have been reframed through the newer language of geoeconomic and strategic autonomy. The FARA document exposes a fundamental gap between Pakistan's geoeconomic rhetoric (2021-2025) and its documented diplomatic behaviour. Four years of official statements emphasised Pakistan's strategic autonomy, its refusal to choose between great powers, and its focus on economic integration over security alignments. Foreign Minister Qureshi told the Council on Foreign Relations in September 2021 that Pakistan sought "opportunities of investment" rather than "assistance" or "a dole-out." General Bajwa repeatedly emphasised that "Pakistan does not believe in camp politics." Prime Minister Khan categorically rejected US military cooperation requests. Finance Minister Aurangzeb spoke confidently of Pakistan's economic transformation and partnerships based on mutual benefit rather than dependence.

Yet in May 2025, Pakistan's registered agent submitted a document to the State Department proposing to balance trade by purchasing more American exports, providing US investors fast-tracked access through SIFC, double down on counterterrorism cooperation, including equipment retrieval from Afghanistan, and pursue a critical minerals agreement positioning Pakistan within American supply chains.

The gap becomes most apparent when juxtaposing specific claims against documented offers. In March 2021, General Bajwa emphasised moving "from geo-political contestation to geo-economic integration," suggesting Pakistan would prioritise economic partnerships over traditional security relationships. In May 2025, the FARA document leads with security cooperation proposals, offering to "double down" on counterterrorism and assist in retrieving US military equipment. In June 2021,

Prime Minister Khan told HBO that Pakistan would provide "absolutely not" any bases or military cooperation to Washington. In May 2025, Pakistan's lobbyist emphasizes Pakistan's willingness to intensify security cooperation and assist US objectives in Afghanistan.[64]

The critical minerals proposal deserves particular emphasis as evidence of the rhetoric-reality gap. Throughout 2021-2025, Pakistani officials emphasised Pakistan's partnerships with both China and the US, suggesting these relationships operated on parallel tracks without forcing choices between Washington and Beijing. Yet the May 2025 proposal to become "a preferred US partner for critical minerals" through "a bilateral critical minerals agreement" explicitly seeks to position Pakistan within American strategic supply chain architecture. The proposal cannot be reconciled with genuine non-alignment between Washington and Beijing.

The FARA document's coming to existence four years post announcement of the geoeconomics pivot indicates less of a transformation in Pakistan's external behaviour than an adaptation in how the country's existing course of action is publicly framed. Earlier periods of US-Pakistan engagement also had transactional bargaining and strategic concessions during periods of economic and security vulnerabilities, but then the discourse of geoeconomic autonomy and non-alignment was not really aggressive. Hence, the 2021-2025 period appears distinctive not only because substantive dependence disappeared but also because changing domestic expectations, regional competition, and great power rivalry increased the political and diplomatic value of the projecting strategic agency rhetorically, whilst continuing to negotiate within enduring structural constraints.

Explaining the Gap

Synthesizing Evidence

The evidence across US-Pakistan relations, China-Pakistan economic integration, and geoeconomic discourse reveals a striking pattern: as material constraints intensified through 2010-2025, rhetorical claims of autonomy and non-alignment grew proportionally stronger. This inverse relationship between constraint accumulation and discourse intensification contradicts expectations that genuine strategic transformation would produce convergence between rhetoric and material behaviour. Rather than reflecting achieved autonomy, this intensification of geoeconomic rhetoric appears to have functioned as a strategy for projecting agency, maintaining domestic and diplomatic legitimacy, and negotiating greater flexibility within persistent structural constraints. General Bajwa's March 2021 declaration of Pakistan's shift "from geo-political contestation to geo-economic integration" coincided with Pakistan's twenty-third IMF programme. The January 2022 NSP proclaiming Pakistan "does not subscribe to camp politics" emerged whilst Pakistan remained on the FATF grey list, facing American-led international pressure. Finance Minister Aurangzeb's April 2025 confident assertions of Pakistan achieving "a critical turning point" preceded by one month the FARA filing, revealing Pakistan offering to balance trade deficits by purchasing American exports, double down on counterterrorism cooperation, and pursue critical minerals agreements positioning Pakistan as willing to fall within US supply chains.

Dual Dependencies, Singular Rhetoric

Pakistan's position by 2025 reveals dual dependencies operating through distinct but complementary mechanisms. American leverage functions primarily through institutional conditionalities: IMF programme requirements that constrain fiscal and monetary policy, FATF compliance demands that shape counterterrorism prosecutions and financial regulations, and security assistance conditionality that links military support to cooperation on Washington's priorities. Chinese leverage operates through structural economic obligations: capacity payment commitments requiring fixed monthly outflows, debt rollover dependencies giving Beijing recurring veto power over Pakistan's external position, and infrastructure contracts with guaranteed returns creating long-term current account drains. These dependencies compound rather than offset each other. The 2024-2025 period saw both dependencies operating simultaneously: Pakistan completing its twenty-fourth IMF programme (September 2024 $7 billion EFF) whilst negotiating Chinese debt restructuring (Premier Li Qiang's October 2024 visit) and issuing China-denominated bonds.

Yet Pakistan deployed a singular rhetoric that claimed to transcend both dependencies. The geoeconomic discourse emphasised Pakistan's agency, its economic prioritisation, its refusal of camp politics, and its capacity to navigate great power competition on its own terms. The May 2025 FARA filing exposes how this singular rhetoric masked dual dependencies. The document proposed relationship renewal with Washington through offers that revealed Pakistan's continued constraint: purchasing more American exports to balance trade, seeking US support for "debt sustainability and financial transparency," doubling down on counterterrorism cooperation, and pursuing critical minerals agreements. Yet just one month earlier, Finance Minister Aurangzeb had told the Atlantic Council that Pakistan had achieved "a critical turning point" with "macroeconomic stability" enabling "export-led growth." The gap between Aurangzeb's confident April rhetoric and Pakistan's May FARA proposals reveals geoeconomic discourse functioning as projection rather than description.

Rhetorical Positioning as Limited but Real Agency

The evidence demonstrates that Pakistan's geoeconomic discourse represents rhetorical positioning within constraints rather than genuine strategic transformation. This finding should not be misinterpreted as evidence of complete Pakistani impotence or purely fictive rhetoric. Rhetorical positioning itself constitutes a form of limited agency – an attempt by middle powers to create negotiating space, signal preferences, and shape the terms of asymmetric relationships even when unable to fundamentally alter material dependencies.

The rhetoric produced some tangible outcomes that distinguish it from purely fictive discourse. Pakistan successfully secured FATF grey list removal in October 2022 following four years of sustained effort, demonstrating the capacity to meet international regulatory requirements despite constraints. The Biden administration's September 2022 approval of $450 million in F-16 sustainment followed Pakistani diplomatic efforts emphasising counterterrorism cooperation. The Trump administration's 2025 engagement reset followed Pakistan's demonstrable counterterrorism cooperation with the Abbey Gate arrest. Additionally, the rhetoric also served as a tool for investor

signalling that was later evident in the Trump administration's excessive interest in exploring mineral resources in Pakistan.[65]

Regarding China, Pakistan successfully negotiated project cancellations and renegotiation attempts that Beijing accepted despite contractual obligations. The ML-1 railway stalled for a decade before China withdrew financing in 2025 without demanding penalties. Premier Li Qiang's October 2024 visit focused on debt restructuring negotiations, suggesting Beijing recognised the need for accommodation to preserve the strategic partnership. These outcomes indicate that whilst Pakistan operated within severe constraints, it retained some negotiating capacity shaped partly by how it framed the relationship rhetorically.

The key analytical insight is that rhetorical positioning and structural constraint operate simultaneously rather than as binary alternatives. Pakistan faced genuine dependencies on both Washington and Beijing that fundamentally limited policy autonomy, a fact documented through the timelines and exposed by the FARA filing. Yet within these constraints, Pakistan deployed geoeconomic discourse strategically to create negotiating space, signal preferences, maintain domestic legitimacy, and potentially extract better terms than purely supplicant postures might have achieved. The rhetoric was neither purely fictive (it produced some tangible outcomes) nor genuinely transformational (material dependencies persisted unchanged).

Alternative Explanations Considered

Three alternative explanations warrant consideration: temporal lag between discourse and implementation, deliberately deceptive rhetoric, and domestic audience costs driving rhetoric disconnected from foreign policy.

The temporal lag explanation that genuine intentions need time to manifest fails because four years suffice for observable changes. Pakistan completed multiple IMF programmes and CPEC renegotiations during this period. The 2025 FARA document contradicts rather than extends the 2021 vision, while dependence on both powers deepened rather than decreased.

The deliberate deception explanation posits that Pakistani leadership deployed geoeconomic rhetoric knowing it was false, intending to mislead one or both great powers. This explanation proves difficult to sustain. Pakistan's geoeconomic discourse was public, widely disseminated, and consistently articulated, circumstances poorly suited to deception of sophisticated intelligence services capable of monitoring Pakistan's actual behaviour. More fundamentally, the explanation misunderstands the rhetoric's function: Pakistan's geoeconomic discourse primarily served to project agency and autonomy rather than to conceal specific policy commitments. Deception implies intent to induce behaviour through false information; Pakistan's rhetoric instead attempted to shape perceptions of Pakistan's strategic value and positioning.

The domestic audience costs explanation suggests that Pakistani leadership deployed geoeconomic rhetoric primarily for domestic consumption, projecting confidence and sovereignty to Pakistani audiences without intending the rhetoric to reflect foreign policy implementation. This explanation

captures partial truth but proves insufficient. Domestic legitimacy considerations clearly shaped rhetorical choices, particularly General Munir's "throw out the beggar's bowl" exhortations and Finance Minister Aurangzeb's optimistic growth projections. However, the rhetoric was consistently deployed in international forums, suggesting foreign policy signalling rather than purely domestic messaging. If domestic audience costs alone drove the rhetoric, we would expect divergence between domestic and international messaging; instead, Pakistani officials maintained consistent geoeconomic framing regardless of audience.

The evidence best supports the rhetorical positioning interpretation: Pakistan deployed geoeconomic discourse strategically to create negotiating space and project agency within persistent structural constraints. The discourse served multiple simultaneous purposes, such as domestic legitimacy, preference signalling to great powers, and leverage cultivation through ambiguity about alignment. At the same time, it diverged from material behaviour shaped by dual dependencies on American-backed IMF programmes and Chinese-led infrastructure obligations. The May 2025 FARA filing crystallises this pattern by revealing Pakistan's private diplomatic positioning, contradicting four years of public non-alignment rhetoric, demonstrating that geoeconomic discourse functioned to project autonomy that material circumstances did not support.

Conclusion

Pakistan's geoeconomic discourse from 2021 to 2025 represents rhetorical positioning within persistent structural constraints rather than genuine strategic transformation. This conclusion emerges from systematic analysis across three interconnected timelines – US-Pakistan relations (2010-2025), China-Pakistan economic integration (2013-2025), and the articulation of geoeconomic rhetoric (2021-2025) – culminating in examination of the May 2025 FARA registration document that exposed gaps between Pakistan's public claims and private diplomatic behaviour.

The evidence reveals an inverse relationship between constraint accumulation and discourse intensification: as Pakistan's dependencies on both Washington and Beijing deepened through security assistance conditionality, IMF programme requirements, FATF regulatory pressure, CPEC debt obligations, capacity payment commitments, and recurring rollover dependencies, official rhetoric emphasising autonomy, non-alignment, and economic prioritisation grew proportionally stronger.

The May 2025 FARA document serves as the critical test case that exposes the rhetoric-reality gap. Four years after the geoeconomic pivot was announced, Pakistan's registered agent submitted proposals to the State Department that contradicted core claims of non-alignment and autonomy. The document's transactional framing, offering concrete deliverables across trade, security, and geopolitical domains to improve bilateral relations, revealed Pakistan operating from constraint rather than confidence.

This paper makes three theoretical contributions to understanding Global South agency amid great power competition. First, it demonstrates that rhetorical positioning itself constitutes limited agency rather than evidence of impotence or deception. Pakistan's geoeconomic discourse served strategic purposes of creating domestic legitimacy, signalling preferences to Washington and Beijing, and

attempting to leverage great power competition. The discourse was neither purely fictive (it produced some tangible outcomes, including FATF delisting, favourable trade terms, and debt renegotiation accommodations) nor genuinely transformational (material dependencies persisted unchanged). Middle powers like Pakistan navigate asymmetric relationships not through genuine autonomy but by exploiting small spaces for negotiation and rhetorical manoeuvring within constraints.

Second, the analysis reveals how dual dependencies compound to constrain policy autonomy more severely than single-power dependence. Pakistan could not escape IMF conditionalities by relying on Chinese financing because Chinese loans increasingly came on commercial rather than concessional terms, and because IMF programmes explicitly required CPEC transparency and debt sustainability assessments. Pakistan could not reduce Chinese economic exposure by diversifying toward American partnerships because it lacked the foreign exchange reserves to service existing Chinese obligations without Beijing's cooperation on rollovers. The compounding effect meant Pakistan faced constraints from both powers simultaneously, with each dependency reinforcing rather than offsetting the other, a pattern likely applicable to other middle powers attempting to balance between Washington and Beijing.

Third, the research operationalises frameworks for distinguishing genuine agency from rhetorical positioning through empirical indicators: diversification of economic partnerships, successful debt term renegotiations, policy deviations from conditionality requirements without programme suspension, and infrastructure projects generating sustainable growth that reduces dependency. Pakistan failed these tests across the fifteen years examined, suggesting that geoeconomic discourse in the absence of material policy transformation should be interpreted as rhetorical positioning rather than evidence of strategic autonomy.

Limitations and Future Research

The analysis relies on publicly available documents and the single FARA filing, lacking access to internal Pakistani deliberations or classified diplomatic communications. Future research with access to broader diplomatic correspondence and elite interviews with decision-makers could test whether private deliberations aligned with public rhetoric or with the constrained behaviour documented here. The temporal scope ending in 2025 cannot assess whether Pakistan's strategic positioning ultimately produces greater autonomy over longer time horizons. Comparative research examining other middle powers' geoeconomic discourse – Indonesia, Vietnam, Malaysia – could test whether the rhetorical positioning pattern identified here reflects Pakistan-specific circumstances or a broader phenomenon facing Global South states navigating US-China competition.

Pakistan's geoeconomic discourse illuminates a fundamental dynamic in contemporary international relations: middle powers facing intensifying great power competition may project agency and autonomy through strategic narratives whilst operating within persistent structural constraints. Understanding how states deploy geoeconomic discourse strategically, even when material dependencies persist, reveals the complex ways Global South actors assert agency within rather than beyond great power competition. The gap between Pakistan's confident rhetoric of non-alignment and its documented behaviour of dual dependence does not reflect Pakistani deception or impotence, but

rather the limited tools available to constrained actors seeking to navigate an increasingly bipolar international system.

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Treaty-Backed Due Diligence Governance: UFLPA's Travelling Enforcement and Strategic Agency in Malaysia and Vietnam

Zihang Huang[1], *Shilling Shih*[2,3]

Abstract: This article examines a new form of transnational labour and supply-chain governance. It argues that transnational U.S. forced-labour governance, especially Section 307 and the Uyghur Forced Labor Prevention Act (UFLPA), has evolved from unilateral border enforcement into treaty-backed travelling due diligence governance: a form of indirect governance that travels through international supply chains and economic interconnectivity to reshape labour governance in Southeast Asia. Moving beyond accounts that portray Southeast Asian states as passive recipients, the article shows how governments become rule-shaping agents that embed U.S.-style due diligence into domestic law and industrial policy, and use external pressure to improve domestic governance capabilities. The study combines comparative process-tracing of Malaysia and Vietnam with (i) textual analysis of trade agreements, national action plans, customs/labour cooperation instruments, and selected corporate disclosures; and (ii) event-style evidence around U.S. Customs and Border Protection interceptions in high-exposure sectors, including gloves, palm oil, apparel, electronics, and solar. We advance the concept of treaty-backed travelling due diligence governance, in which forced-labour risk is translated into market-access pressure, contractualisation, and capacity building. Findings reveal divergent adaptation paths. Malaysia follows an enforcement-to-remediation trajectory: Withhold Release Orders (WROs) and UFLPA actions trigger firm-level audits and remediation funds, then scale into a public compliance infrastructure anchored in a national forced-labour action plan. Vietnam pursues a treaty-alignment trajectory: labour commitments under the EU–Vietnam Free Trade Agreement (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) are paired with supply-chain risk reconfiguration to pre-empt UFLPA frictions. Across the two cases, greater export exposure in high-priority UFLPA sectors is associated with earlier and stronger adoption of forced-labour and due-diligence measures.

Keywords: *UFLPA; geoeconomics; due diligence; Southeast Asia; Malaysia; Vietnam; labour governance.*

Since Section 307 of the Tariff Act of 1930 prohibits the import of goods made with forced labour, the U.S. has gradually embedded labour standards in its trade and customs enforcement system. The Uyghur Forced Labor Prevention Act (UFLPA), which was enacted in 2021, represents a significant upgrade in this governance logic. Unlike Section 307, which relies on case-by-case investigations and cross-border enforcement through Withhold Release Orders (WROs), the UFLPA operates through a rebuttable presumption: covered goods are presumed to be made with forced labour unless importers provide sufficient evidence to rebut that presumption.[1] According to U.S. Customs and Border

[1] University of Oxford
[2] University of Oxford
[3] LLM use declaration: ChatGPT (web-based version, OpenAI) was used solely for grammar, spelling, and language clarity checks during final proofreading. No AI-generated substantive content, arguments, analysis, citations, or references were directly incorporated into the manuscript.

Protection (CBP) enforcement practice from 2022 to 2024, detained shipments were concentrated in highly globalised and labour-intensive industries such as gloves, palm oil, ready-to-wear, electronics, and solar modules. A considerable proportion of these shipments did not come directly from China but entered the U.S. market through Southeast Asian countries; in terms of the value of withheld shipments, Vietnam and several other countries at times surpassed China.[2]

Against this background, Malaysia and Vietnam have become two of the most representative cases of the spillover effect of the UFLPA. Annual enforcement data released by CBP show that cargo interceptions in high-exposure industries in Vietnam and Malaysia under the UFLPA are significantly higher than those of most other Southeast Asian countries.[3] As the world's largest exporter of medical and industrial gloves, Malaysia exported rubber gloves to the U.S. at a value exceeding $3 billion in 2021; palm oil and its downstream chemical products have also continued to face forced-labour review by U.S. customs.[4] In Vietnam, the U.S. has been one of the country's largest export markets for many years. Total U.S. imports from Vietnam in sectors such as ready-to-wear, footwear, electronics, and photovoltaic modules exceeded $100 billion.[5] Solar energy and electronic products have also been listed as key review targets after the implementation of the UFLPA, and some cases involve raw materials or intermediate inputs linked to targeted Chinese supply chains.[6]

More importantly, although the UFLPA clearly targets the Xinjiang region of China in its legislative narrative, its actual operation has posed a systemic challenge for the domestic compliance systems of Southeast Asian countries and even major U.S. trading partners such as Japan and South Korea, by extending supply-chain traceability, due diligence, and corporate compliance responsibilities. This mechanism makes the UFLPA more than a sanction tool against China. It has become a key institutional lever through which the U.S. reshapes global labour governance and the supply-chain order amid escalating structural competition and geoeconomic conflict between China and the U.S. In this context, the ways in which Malaysia and Vietnam respond and adjust between market-access pressure, domestic governance capacity, and institutional sovereignty constitute a key entry point for understanding the logic of the UFLPA's indirect governance. We argue that U.S. import enforcement on forced-labour grounds, especially under the UFLPA, has evolved from a single border-control measure into a travelling due-diligence regime underpinned by trade agreements and treaty-based commitments. It uses market coercion, contractualisation of compliance, and state-led capacity building to reshape Southeast Asian supply chains. The cases of Vietnam and Malaysia show that Global South states are not passive receivers; rather, they exercise strategic dynamism by translating external evidence and traceability requirements into domestic compliance infrastructure, not only to reduce the risk of market exclusion, but also to selectively rewrite the rules of geoeconomic governance.

The Three Mechanisms and Theoretical Approach

This article conceptualises the supervision and sanctions system composed of Section 307 and the UFLPA as a mode of governance, and treats small and medium-sized countries within this system, such as Vietnam and Malaysia, as agentic actors rather than passive objects of U.S. extraterritorial influence. The core analytical strategy is to track how external forced-labour compliance pressures are transmitted along global value-chain governance structures and to identify the channels through which

these countries respond and adapt. Global value-chain scholarship shows that even when lead firms and buyers do not directly own production facilities, they can still organise production through cross-border coordination, and different types of governance correspond to different degrees of power asymmetry.[7] When transactions are complex but can be codified into clear standards, documents, and data, and when supplier capabilities are unevenly distributed, governance relationships are often accompanied by greater information flows, closer coordination, and a more obvious power gap.[8] Recent scholarship on modern slavery and global value chains further shows that forced labour is not merely an isolated workplace violation, but is often produced through buyer pressure, subcontracting, labour intermediation, migration regimes, and asymmetric bargaining power. Building on this literature, this article treats the UFLPA not simply as a border-sanction instrument, but as a governance technology that redistributes responsibility for forced-labour risk across suppliers, buyers, states, and intermediaries.[9] This is exactly the condition under which forced-labour rules are transformed into operational requirements that affect procurement decisions, contract terms, and factory-level practices. On this basis, as shown in Figure 1, this paper proposes three mechanisms to connect external forced-labour regulation with local policy space: market coercion, contractualisation, and capacity building. The three mechanisms can be distinguished analytically, but they are intertwined empirically. In reality, market coercion often triggers contracting, which then creates demand for capacity building. At the same time, existing research shows that each mechanism has limitations and perverse incentives, so the framework also expects uneven distributions of strategic compliance, risk transfer, and burden among all parties in the chain.

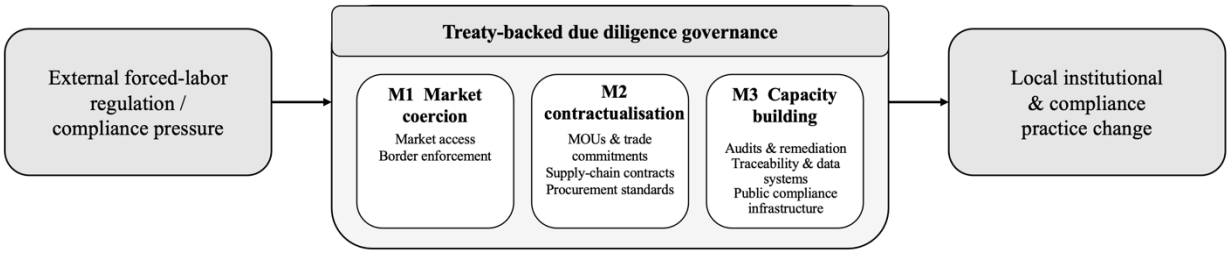

Figure 1: Three-mechanism research process

Market Coercion through Market Access and Border Enforcement

Market coercion refers to the process through which forced-labour allegations and evidentiary uncertainty are converted into market-access risk. Border enforcement tools enable this lever to be implemented. Under the enforcement ecology created by Section 307, forced-labour concerns enter trade governance through customs decisions. Where CBP has reasonable evidence that goods were made with forced labour, it may detain shipments and require importers to submit rebuttal evidence within a limited period.[10] This process converts indicators of coercive recruitment, debt bondage, restricted mobility, abusive working conditions, or other forced-labour risks into immediate market-access consequences. Even if the direct target is only a shipment or an enterprise, its signalling effect is broader, affecting the risk assessments of other buyers, financial institutions, and insurers. Therefore, market coercion operates not only through formal rulings, but also through commercial expectations and risk pricing. In this process, the enforcement effects of statutes extend beyond their jurisdictions. From the perspective of global value chains, the effect of market coercion depends on the position of the threatened market in the corporate income structure and on whether buyers can transmit

compliance requirements downstream through governance relationships. In buyer-dominated chains, global buyers can strengthen control over suppliers through clear coordination even without owning production facilities.[11] The risk of losing high-value markets can therefore be translated into supplier selection, stricter delivery conditions, and higher-intensity document requirements. However, research also suggests that market coercion may lead to substitution rather than rectification. If buyers can easily change suppliers, the response may be withdrawal rather than improvement, thus pushing risks and costs onto weaker chain participants.[12]

According to UFLPA interception data released by CBP, this form of market coercion has become more intense because the law takes rebuttable presumption and a heightened evidentiary threshold as the core of its operation. In essence, the burden of proof is shifted more extensively to importers and exporters, requiring enterprises to prove that their goods are not related to forced labour. This change is theoretically important because it reshapes the behavioural expectations of buyers and suppliers. When the risk of interception rises and the evidentiary burden becomes higher, enterprises are more likely to adjust orders in advance, modify procurement paths, or impose stricter controls on upstream suppliers even without a final legal ruling.

Contractualisation through Memoranda of Understanding (MOUs), Supply-Chain Contracts, and Procurement Standards

Contractualisation refers to the embedding of forced-labour requirements into formal instruments, including supply contracts, procurement terms, memoranda of understanding, codes of conduct incorporated by reference into contracts, and public procurement standards. Its core theoretical proposition is that contracts not only reflect compliance, but also create enforceable compliance obligations by assigning risks, stipulating verification obligations, and setting remedies for breach. Dadush's research on model contract clauses shows how contract tools can transform labour commitments from aspirational language into more enforceable arrangements, such as conditioning acceptance of goods on compliance and creating termination rights.[13] Such provisions can also set a trigger threshold of "reason to believe," so that the buyer can refuse to accept goods when a violation is suspected, and even affect multiple contractual relationships.[14] Contractualisation therefore becomes a private-law analogue to the evidentiary logic of border enforcement.

Public procurement research provides another path. When the state is the buyer, procurement rules can use purchasing power to impose labour standards at all stages of procurement, including information disclosure and due-diligence requirements, and transmit them deep into the supply chain through contracts.[15] Research associated with Electronics Watch emphasises that procurement can affect working conditions through requirements, monitoring, and enforcement.[16] However, the procurement path also faces an implementation gap: the expansion of clauses is often faster than monitoring capacity, and verification often relies on an audit ecosystem with structural weaknesses.[17] Under the global value-chain framework, contractualisation is more likely to play a role in codifiable and relatively one-way relationships with stronger control, such as modular and captive relationships.[18] When suppliers' bargaining power is stronger, or when compliance requirements conflict with buyers' procurement practices, such as compressed delivery dates and lower prices, contractual effects will be significantly weakened. This is especially critical for manufacturing exporters in Southeast Asia,

because speed and cost pressures may systematically weaken the labour protection nominally required by contracts.

Capacity Building through Audits, Remediation, Data Systems, and Public Compliance Infrastructure

In the forced-labour context, capacity building should not be understood as generic compliance upgrading. It refers to the institutional and organisational ability to identify, prevent, remediate, and prove the absence of forced labour. This includes recruitment-fee remediation, control over labour brokers, worker interviews, grievance mechanisms, documentation of employment conditions, traceability of inputs, and credible evidence that can be submitted to customs authorities. At the enterprise level, capacity building includes management systems, worker interview mechanisms, corrective action processes, recruitment-fee remediation, and traceable documentation systems. At the public level, it includes labour monitoring capabilities, data systems, public guidelines, and institutional infrastructure to support credible verification. Compliance research emphasises that coercion alone is unlikely to produce sustainable improvement. Locke, Amengual, and Mangla argue that compliance and commitment are complementary rather than mutually exclusive: the background threat of punishment can open up space for cooperation, but long-term improvement requires rectification, joint problem solving, information sharing, and counselling.[19] This is directly significant to the UFLPA environment. If an enterprise regards law enforcement only as a risk-management issue, the response may be box-ticking, avoidance, or supplier replacement. If law-enforcement pressure is combined with capacity building, it may promote investment in practices that improve working conditions and reduce forced-labour risks.

However, the capacity-building route centred on audits is controversial. LeBaron, Lister, and Dauvergne argue that audit projects are often unable to identify problems effectively, that audit systems may protect business interests, and that enterprises retain a high degree of discretion over the depth and visibility of audits.[20] Their interview-based evidence further points out that auditing is often used as a diagnostic tool and does not solve organisational problems by itself.[21] Benstead, Hendry, and Stevenson also identify the common position of audit in transparency and monitoring, but emphasise that further research is needed on how to use audits appropriately in the context of modern slavery, given the known shortcomings of standard social audits.[22] Therefore, in this framework, capacity building cannot be reduced to more audits. A more appropriate understanding is that capacity building involves public and private investment in the production of credible evidence and in remediation capabilities. Under the rebuttable presumption system, evidence is not only a by-product of compliance, but also a key currency for market access.[23] This may promote data-system construction and stronger recruitment governance, but it may also exacerbate uneven burdens, especially for small and medium-sized suppliers whose resources may be insufficient to meet documentation and system requirements.

In summary, putting the three mechanisms together clarifies the meaning of policy dynamism in Vietnam and Malaysia in the UFLPA era. Dynamism means the selective adaptation of states and enterprises under the conditioning effect of external pressure: deciding which industries to prioritise, which verification infrastructure to invest in, how to negotiate buyer requirements, and how to align domestic labour governance with trade-related compliance expectations. At the same time, the

framework anticipates ongoing frictions: market coercion may encourage exit, contractualisation may push risks downward, and audit-centred capacity building may slide towards performative compliance. Therefore, the empirical task of the case study is to identify what combinations of coercion, contract, and capacity building occur in reality, who bears the cost, and whether these reforms are robust enough to survive beyond short-term interception risks.

Pre-UFLPA Compliance Legacies in Malaysia and Vietnam

	Mechanism 1: Market coercion	**Mechanism 2: Contractualisation**	**Mechanism 3: Capacity building**
Malaysia	Acute market-access shocks via import restrictions/enforcement signals (e.g., medical gloves) Standards-linked pressure shaping export legitimacy (e.g., palm oil)	Buyers translate enforcement risk into audit/CAP/remediation clauses (gloves) Certification regimes function as quasi-contractual access conditions (palm oil)	Firm-level evidence routines (documentation, fee remediation, grievance systems) (gloves) State-anchored standard + audit infrastructure (MSPO as reusable compliance machinery)
Vietnam	Trade-linked incentives where leverage varies over time (CPTPP/EVFTA dynamics) Sectoral exposure to monitoring/eligibility pressures (garments; fisheries)	Treaties 'carry' labour obligations into domestic agendas (CPTPP/EVFTA) Programmatic/documentary regimes as repeatable compliance contracts (Better Work; IUU traceability)	Legal-institutional reform with uneven activation (2019 Labour Code; limited uptake of new representation) Iterative monitoring + traceability systems (Better Work cycles; fisheries surveillance/traceability)

Table 1: Pre-UFLPA legacies mapped to the three mechanisms

This section examines the spectrum of compliance experience formed by Vietnam and Malaysia before the UFLPA. At this stage, forced-labour governance had already entered producer countries through cross-border spillover mechanisms. Its pressure sources included U.S. border-enforcement signals and interception risks under Section 307, EU-centred trade and sustainability conditionalities such as EVFTA labour commitments and IUU traceability requirements, and buyer and public procurement standards that translated external concerns into company-level compliance tasks. The cases of the two countries adopt a consistent three-mechanism framework: market coercion, contractualisation, and capacity building. For each mechanism, however, this article selects only one or two key episodes to track the specific causal chain: external triggering, pressure transmission, domestic response, and the distribution of compliance costs. The identification of these pre-UFLPA patterns provides a benchmark for testing how the mechanisms are altered under the UFLPA rebuttable presumption system. Table 1

presents the key compliance legacies formed by Malaysia and Vietnam before the UFLPA with reference to the three-mechanism framework.

Malaysia

Malaysia's pre-UFLPA experience shows that forced-labour governance spills into producing countries through three interconnected channels: market coercion anchored in border risks, contractualisation through buyer governance, and compliance capabilities and infrastructure built by the state. These mechanisms mainly occur in sectors that are highly dependent on migrant labour, especially medical gloves and palm oil. In these sectors, the flexible labour system helps sustain low costs over time, but also reproduces vulnerabilities that external actors define as forced-labour risks.[24]

In the medical glove sector, market coercion constitutes a direct trigger. Before the UFLPA, the threat of U.S. customs enforcement and import restrictions could quickly produce market-access denial, thereby converting forced-labour allegations into substantial economic losses for firms and the national export economy.[25] During the COVID-19 pandemic, the surge in demand for gloves and the decline in buyers' tolerance for supply interruptions further amplified external leverage and propelled suppliers to respond more directly to forced-labour issues. In this situation, external pressure did not remain at the border, but flowed upstream along the global value chain. Even if domestic governance was uneven, the external system could still change the behavioural boundaries of enterprises and industries.[26]

Contractualisation translates enforcement risks into enterprise-level compliance obligations.[27] This forms a layered governance environment: enterprises must not only respond to domestic supervision, but also produce auditable materials required by buyers.[28] Public procurement further strengthens this channel because concern over procurement's encroachment on labour rights has already been indicated. If procurement focuses only on price and supply stability, it may reproduce global inequality by sacrificing labour rights upstream.[29] Therefore, Malaysia's compliance in the pre-UFLPA era relied largely on buyer-driven necessity.

At the same time, in the palm oil sector, capacity building and compliance infrastructure are more prominent. Malaysia's strategy has included the construction of a national certification regime, the Malaysian Sustainable Palm Oil (MSPO) scheme, through which the state positions itself as an active governor rather than a passive follower of external standards. As Rahmat et al. note, the establishment of MSPO partly responds to criticisms of transnational certification systems while also seeking to demonstrate a more proactive governmental role in safeguarding domestic producers and the legitimacy of the sector.[30] Broader literature further indicates that Malaysia's push toward the institutionalisation of certification, culminating in the transition of MSPO to a mandatory requirement around late 2019, reflects an effort to construct standardised governance capacity in a sector characterised by high fragmentation.[31] In this sense, even prior to the implementation of the UFLPA, Malaysia had already developed a compliance apparatus capable of repeated operation and to some extent applicable to the shifting environment brought by the UFLPA.

However, these compliance capacities remain structurally constrained. Research on plantation labour systems emphasises that production relies on the continuous mobilisation of low-cost and replaceable migrant workers, sustained through segmentation, legal status hierarchies, and everyday labour control.[32] Biographical studies of migrant workers in palm oil production similarly document prolonged livelihood insecurity and survival strategies under unsafe conditions, reinforcing the conclusion that vulnerability is not produced by a handful of "bad employers," but is institutionally generated.[33] Puder further argues that even where migrant workers constitute the core of the industrial labour force, they may remain structurally excluded from national development narratives such as the "bioeconomy," rendering standards- and certification-based approaches insufficient to address the deeper conditions of labour improvement.[34] Taken together, Malaysia had already exhibited a clear trajectory prior to the UFLPA: enforcement shocks and buyer-driven conditionality pushed high-risk export sectors towards contractualised remediation, while the state sought legitimacy and market protection through certification and standards infrastructure. Yet structural dependence on migrant labour constitutes a long-term limitation in state agency, foreshadowing that under the more stringent UFLPA regime, compliance is more likely to evolve towards intensified documentation and evidence production than towards a fundamental reconfiguration of the political economy of labour.

Vietnam

Vietnam's pre-UFLPA experience suggests that while external market pressure can induce visible labour and supply-chain reforms, the state and firms retain substantial room to define, frame, and selectively implement what counts as compliance. Under trade-labour linkage frameworks such as the CPTPP and the EU–Vietnam Free Trade Agreement (EVFTA), Vietnam's labour governance was structured more by external incentives than by endogenous demands for labour rights. Meanwhile, implementation remained contested and incomplete, and the political logic of labour governance continued to be filtered through domestic political and industrial structures that determined which changes could be accommodated and which had to be constrained.[35]

A key feature of this period is that trade agreements were widely understood as external catalysts, providing domestic reformists with a window of opportunity, while incentives for implementation became strategically ambiguous once external pressure is lifted. For example, following the U.S.'s withdrawal from the original TPP, such momentum was immediately extenuated, despite the continuous functioning of the CPTPP and EVFTA.[36]

From a legal-institutional perspective, Vietnam's new Labor Code, which was adopted in 2019 and entered into force in 2021, introduced a form of controlled expansion of worker voice by allowing enterprise-level employee representative organisations (EROs) to exist outside the traditional trade union system. In practice, however, the establishment and operation of such new channels have remained extremely limited. Key studies indicate that no genuinely independent worker representative organisations were effectively formed during this period.[37] This gap highlights the distance between formality and substantiality, as formal rules would not be so effective if required resources, protections, and credible enforcement conditions are still lacking.

Vietnam's long-standing corporatist labour-relations structure further explains this divergence. Although legal reforms broadened the range of permissible representative forms, the overall system continues to impose strong political constraints on independent labour organisation. Historically, strikes have promoted minimum-wage adjustments and policy recalibration, but they have also encouraged the government and employers to prioritise reforms aimed at stability and strike reduction, often framed as promoting "harmonious labour relations."[38] In this sense, Vietnam exhibits a pattern of managed pluralisation: meeting external benchmarks while preserving governance priorities centred on stability and political control.

Beyond legal reform, Vietnam has also pursued an alternative compliance pathway by establishing compliance through monitoring systems and quantifiable indicators, particularly in globally exposed sectors such as apparel. Evidence from the ILO/IFC Better Work programme shows that unionisation and collective bargaining are associated with lower rates of non-compliance, though the evidence regarding working hours remains more mixed.[39] This finding is crucial from a forced-labour perspective because it suggests that compliance is more likely to materialise when monitoring cycles are repeatable, capacity building is structurally embedded, and labour-relations structures exist to translate audit findings into continuous improvement rather than relying solely on documentation and one-off inspections.

Vietnam's fisheries governance provides a further case of state-led traceability-based compliance, shaped strongly by EU market power. Existing research shows that Vietnam reconfigured its governance structures to align with the EU Catch Certificate (CC) traceability system, yet mismatches between top-down enforcement and everyday fishing practices have generated violations and imposing disproportionate costs on small and medium-sized operators.[40] Studies of anti-IUU reforms also describe a similar concern about the social costs of enforcement and whether traceability necessarily equates to sustainability.[41]

Taken together, Vietnam's pre-UFLPA experience yields three transferable insights. First, trade-linked pressure can accelerate formal reform, but the intensity and credibility of external leverage determine whether reform translates into substantive implementation or merely procedural compliance. Second, compliance improvements are more likely to emerge from combinations of monitoring systems, workers' activities, and iterative evaluation cycles than from isolated audits. Third, states and firms can reconfigure compliance as a governance project oriented towards stability, strengthening documentation, surveillance, and managed representation while limiting deeper transformations of power relations in labour issues, even though these relations are central to the structural production of forced-labour risk.

Agency under the UFLPA Era

This article argues that the UFLPA constitutes a key instrument through which the U.S. sanctions China within the broader context of Sino-US trade conflict and economic coercion. More fundamentally, the UFLPA has reconfigured the United States' model of international economic governance grounded in human rights and forced labour concerns. Governance has shifted from passive interception at the border towards a due-diligence regime that is capable of travelling along

global supply chains: compliance requirements are displaced upstream and ultimately materialise in exporting countries through documentation, traceability systems, and evidence designed to render goods "cleared for entry".

The core institutional foundation of this system lies in the UFLPA's rebuttable presumption, as stated in the introduction section.[42] This framework effectively reverses the burden of proof, where the state no longer bears the primary responsibility to establish the existence of forced labour, while firms are instead required to generate extensive affirmative evidence of "clean" supply chains.[43] The regime is able to "travel" precisely because its scope extends to downstream products incorporating inputs linked to Xinjiang or listed entities, including goods manufactured in or trans-shipped through third countries.[44]

At the same time, as an expanded sanctions instrument, the UFLPA delegates significant discretion over designation and enforcement to agencies such as the Forced Labor Enforcement Task Force and CBP, thereby providing the U.S. with substantial flexibility to recalibrate its strategic priorities. Public enforcement data indicate a marked shift in recent years in the sectors targeted, from apparel, textiles, and plastic products towards metals and electronic goods. By mid-2025, the Trump administration explicitly signalled that enforcement would prioritise eight strategic industries, further emphasising the strategic importance of electronics and metals.[45] This reorientation of enforcement focus has generated heightened compliance pressures for countries such as Vietnam and Malaysia, requiring continuous upgrading and reconfiguration of their value-chain governance systems.

Beyond these structural features of the UFLPA, Vietnam and Malaysia face a further dilemma arising from the expanded operation of Section 307. Such mode of governance cannot be directly addressed on a state-to-state level. On the one hand, because the law is framed around China as its notional target, its effects on third-party countries are indirect, leaving Vietnam and Malaysia no justified grounds for counter-sanctions or direct contestation. On the other hand, these countries' structural positioning within global value chains predisposes them to pursue hedging strategies amid great-power rivalry, rendering overt responses to a single piece of U.S. legislation misaligned with their broader strategic interests.

As a result, conventional indicators of policy agency, such as formal labour law reform or intensified state enforcement, are ill-suited to capturing how Vietnam and Malaysia act in the UFLPA era. Analyses by research institutions and law firms instead suggest that agency increasingly manifests through informal industrial adjustment, negotiation, and coordination. More concretely, this takes the form of how states and industries reposition themselves within the evidentiary architecture of the UFLPA, which is by constructing compliance infrastructure, standardising traceability and remediation procedures, and strategically allocating regulatory resources towards export nodes most likely to trigger interception or exclusion.[46]

Market-Access Coercion Becomes More Institutionalised, Yet with Greater Uncertainty

Prior to the UFLPA, external pressure most often took the form of reputational accountability or sporadic import measures. Under the UFLPA, constraint has become more systematised. The

rebuttable presumption extends a logic of default denial to all covered goods unless sufficient evidence is provided to overturn the presumption.[47] The UFLPA Strategy explicitly acknowledges obstacles in due diligence, traceability, and evidence collection, noting that such obstacles may prevent importers from qualifying for exceptions and may expose goods to detention or exclusion.[48] For exporting countries, market-access conditions thus shift from an expectation to improve labour conditions to a requirement to render labour conditions provable and acceptable to customs authorities. Coercion no longer operates as an episodic shock, but as an institutionalised and continuous pressure. At the same time, limitations in institutional design generate new forms of uncertainty for importing and exporting firms alike. International law firms have observed that the UFLPA provides neither sufficiently clear compliance guidance nor transparent standards and procedures, leaving firms facing substantial uncertainty, ranging from the inability to anticipate review outcomes to difficulties in recalibrating compliance systems in response to enforcement practices.[49] While firms are afforded opportunities to adjust supply-chain structures, enhance traceability, and produce exculpatory evidence, decisive authority ultimately remains concentrated in U.S. enforcement bodies. As a result, firms continue to occupy a largely reactive position, with their room for manoeuvre structurally constrained.

Capacity Building and Technocratic Governance Become Tightly Coupled with Enforcement

The UFLPA Strategy places strong emphasis on tools, technologies, and outreach-based training, including the issuance of guidance, the organisation of training programmes covering both domestic and overseas stakeholders, and the enhancement of supply-chain traceability capacities.[50] This does not imply that capacity building substitutes for coercion; rather, it is embedded within enforcement itself. Compliance capacity becomes a necessary condition for firms and regulatory actors to operate within the evidentiary regime. RAND similarly underscores the necessity of multi-stakeholder participation and coordination in governing forced labour risks, while also highlighting the practical difficulties of relying on verification tools such as audits in contexts characterised by limited information or high levels of contestation.[51] For Vietnam and Malaysia, this dynamic reopens space for agency. States are not merely reactive but can selectively adopt governance tools that reduce detention risk while signalling "clearance readiness" within the UFLPA's evidentiary framework.

Treaty- and Trade-Based Governance Intensifies Extraterritorial Extension

The UFLPA does not operate in isolation. U.S. policy documents situate forced-labour governance within a broader trade strategy, reinforcing enforcement through trade instruments, cross-departmental coordination, and cooperation with external partners.[52] The U.S. Government Trade Strategy to Combat Forced Labor articulates a "whole-of-government" framework linking trade policy with customs enforcement, as well as collaboration with partner governments and the private sector.[53] These expectations are transmitted not only through corporate contracts and buyer requirements, but also through intergovernmental interaction and trade-governance channels, prompting exporting countries to converge, at least partially, around due-diligence and transparency frameworks.

Comparison: Where Vietnam and Malaysia Can Still Exercise Agency

Under the UFLPA, the agency demonstrated by Vietnam and Malaysia in earlier periods is being transformed. The domains in which agency is most likely to persist include the reconfiguration of their positions within global value chains, the upgrading of standard-setting and evidence production, and government-led institutional coordination. A 2025 update reports that CBP inspected more than 16,000 shipments with a total value exceeding $3.6 billion, generating a clear distribution across release, exclusion, and detention outcomes.[54] The same update notes that the UFLPA Entity List has expanded to 144 entities across multiple sectors.[55] These statistical signals indicate that agency is being challenged by the more active and discursive enforcement of the UFLPA.

First, value-chain restructuring and management are primary options. Export-oriented manufacturing constitutes the backbone of both Vietnam's and Malaysia's economies, and the U.S. remains one of their principal export markets. Under these conditions, the risk of shipment interception under the UFLPA translates directly into economic cost. Shortly after the onset of the Sino-US trade war, China relocated parts of its value chains to Southeast Asia in order to mitigate the impact of U.S. sanctions. As trade conflict has further intensified, Southeast Asian countries have in turn been compelled to create some distance from upstream Chinese suppliers in order to safeguard their own positions in international supply chains. This study also observes that Vietnamese apparel companies have actively sought alternative markets, such as Japan, South Korea, India, and the Middle East, to reduce dependence on the U.S. market. As relatively neutral or moderate actors within the Sino-US bipolar structure, these countries and regions have become increasingly attractive to Southeast Asian exporters.

Despite such volatility and reconfiguration, Vietnam's and Malaysia's economic dependence on both China and the U.S. remains substantial, rendering large-scale decoupling unrealistic. Accordingly, this article argues that alongside value-chain diversification and restructuring, both countries are likely to pursue domestic industrial upgrading and renewed adaptation to the escalated trade tensions, for example, by developing potential sectors outside those prioritised under the UFLPA's enforcement focus.

Second, external pressure has driven the upgrading of domestic standard-setting and evidence production. The UFLPA Strategy requires importers to respond "fully and substantively" to CBP information requests, noting that documentation in English may expedite review.[56] It also specifies core elements of due-diligence systems, including stakeholder engagement, risk assessment, codes of conduct, training and communication, monitoring, remediation, independent review, and reporting, thereby effectively defining the contours of what counts as "credible evidence".[57] As rapidly growing emerging markets, Vietnam and Malaysia have long developed corporate regulation and compliance in response to demand, yet gaps remain relative to advanced economies. Under external pressure and with the involvement of international commercial actors, the diffusion and penetration of European and U.S. legal-regulatory standards have, to some extent, accelerated the maturation of domestic compliance systems, strengthened firms' visibility over upstream and downstream supply chains, and facilitated alignment with international benchmarks. At the policy level, both countries may move towards constructing documentary chains covering production, export, and import stages, gradually forming self-certification or counter-investigation narratives that could, over time, crystallise into traceability and compliance credentials acceptable to the U.S. and other advanced-economies.

Third, government-led institutional coordination remains a critical form of agency. The governance regime represented by the UFLPA does not exist in isolation; rather, it forms part of a broader architecture of global trade and human-rights regulation led by advanced economies. Correspondingly, Vietnam and Malaysia have shown tendencies to embed UFLPA-related requirements within existing policy directives, using this moment to refine their trade and human-rights governance frameworks. Malaysia's National Action Plan on Forced Labour (NAPFL) 2021–2025 explicitly foregrounds national coordination and multi-stakeholder implementation, articulates a vision of "zero forced labour" by 2030, and organises action across multiple pillars.[58] Although the NAPFL predates the formal implementation of the UFLPA, its governance architecture and policy language enable Malaysia to translate external demands into domestic administrative programmes, thereby expressing agency through institutional scaffolding rather than through narrowly legalistic reform. At the same time, analyses by ISEAS caution that the structural characteristics of Malaysia's labour and migrant governance regime complicate implementation, indicating that agency remains constrained by deeper political-economic arrangements.[59]

A similar pattern is observable in Vietnam, where responses to the UFLPA likewise reflect a state-centred coordination pathway, albeit one more clearly embedded within existing national development and external trade governance frameworks. In recent years, Vietnam has not pursued legislative reform explicitly framed as a response to the UFLPA. Instead, it has integrated anti-forced labour objectives into broader agendas of labour compliance and industrial upgrading through revisions to the Labour Code (2019), the National Action Plan on Human Rights, and labour and sustainability commitments under the EU-Vietnam Free Trade Agreement (EVFTA).[60] In practice, the Ministry of Industry and Trade, the Ministry of Labour, Invalids and Social Affairs (MOLISA), and the customs system have intensified administrative scrutiny over employment records, subcontracting chains, and recruitment intermediaries in export-oriented sectors—particularly garments, footwear, furniture, and selected electronics assembly.[61] These measures aim not only to mitigate potential US enforcement risks but also to preserve Vietnam's international image as a "reliable manufacturing base".[62] Nevertheless, as multiple regional studies observe, this governance approach, anchored in administrative coordination and developmentalist logic, tends to frame forced labour primarily as a trade and industrial-policy issue rather than as a human-rights concern. As a result, implementation continues to be constrained by local government incentives, recruitment-intermediary structures, and patterns of dependence on foreign capital.

Boundaries: Structural Conditions That Constrain Agency

The UFLPA simultaneously limits the boundaries of agency available to small and medium-sized states. Under Section 307 and the contemporary UFLPA regime, the U.S. continues to hold the initiative, while other countries lack alternative trading partners capable of fully substituting for China. For Vietnam and Malaysia, the condition under which they could largely escape the effects of the UFLPA would be the attainment of advantageous positions in supply-chains and sectoral irreplaceability, conditions that remain exclusive to only a small number of advanced economies.

A primary constraint on agency comes from the law's demanding requirements for traceability and evidence production. The UFLPA Strategy explicitly acknowledges that obstacles to traceability and evidentiary collection may result in the failure of exemption applications.[63] Feldman's analysis of the rebuttable presumption further highlights that the reversal of the burden of proof, combined with the absence of a *de minimis* exception, renders "proof" the central bottleneck of market access, while pathways for removal from the Entity List remain highly opaque and costly.[64] RAND's findings reinforce this diagnosis, indicating that where governance relies on evidence under conditions of limited information, verification bottlenecks emerge, audits struggle to penetrate multi-tier supply chains, data remain incomplete, and trust relations remain fragile.[65]

These constraints shape the form that consequential compliance strategies take. Firms tend to prioritise production stages that are more readily "provable", a dynamic that may drive market concentration towards suppliers capable of generating documentation and traceability records more easily. In an idealised scenario, "agency" would thus take the form of codifiable technocratic capacity. In practice, however, this is constrained by the governance capacities of the Vietnamese and Malaysian governments, requiring trade authorities capable of building data systems, managing documentation, and coordinating across firms and government departments.

The political nature of the UFLPA further subjects exporting countries to risks. Update reports describe the continuous development of new technologies and methods to identify entities, alongside rolling updates to the Entity List published through the Federal Register and the expansion of evidence-based designation procedures.[66] As list expansion and revision become institutionalized, with additions, removals, and technical corrections all processed via the Federal Register, exporting countries' compliance governance must continually adjust in response.[67]

Market complexity and governmental defects in Vietnam and Malaysia further limit the scope for agency. Even where the UFLPA generates higher standards, action plans, and incentives, supply-chain and human-rights governance in both countries continues to rely heavily on intermediaries such as international law firms and consulting firms. This reliance makes it difficult for states to independently construct and manage a fully integrated, modern compliance system. Instability in documentation flows and the fragmentation of industries characterised by large numbers of actors further complicate the maintenance of complete and timely traceability systems. Where supply chains fail to generate continuous records, or where intermediary systems obscure financial flows, the evidentiary threshold imposed by the UFLPA becomes harder to cross, and policy space correspondingly contracts.

What emerges, therefore, is a mutually reinforcing relationship between a country's position within global supply chains and the internal complexity and fragmentation of its economy. While countries may seek to upgrade compliance governance, their capacity to do so is constrained by firm structure, industrial organisation, and the intermediation of transnational governance pressures.[68] Under the UFLPA, this pressure is particularly "hard": customs clearance decisions directly translate documentary failure into market exclusion. The boundary of agency thus lies not merely in political will, but in whether domestic governance systems are capable of rendering labour processes traceable, auditable, and convertible into evidence acceptable for market access.

Conclusion: Treaty-Backed Travelling Due Diligence Governance

In sum, by comparing Vietnam's and Malaysia's responses in the UFLPA era, this article demonstrates how forced-labour governance has evolved from law enforcement at the border into a travelling due-diligence regime backed by treaty and trade governance. By definition, the core concept advanced in this article, treaty-backed travelling due diligence governance, refers to a system in which compliance expectations circulate transnationally along supply chains and are ultimately enforced through evidentiary standards applied by the importing countries' customs authorities. The notion of "treaty- and trade-based backing" underscores that this is not merely a form of external pressure; rather, it is consolidated through cross-departmental trade strategies and state procedures that normalise and stabilise the transnational transmission of due-diligence expectations.[69]

In recent years, legal and regulatory instruments from advanced economies have increasingly transcended conventional sovereign boundaries, penetrating international commercial activities. With the same logic, although the UFLPA is not recognised as international law, it has *de facto* come to function as part of it, and has been shaping the behaviour of non-American government branches, companies and individuals. Notably, while the UFLPA is formally directed at China, the complexity and interconnectivity of global supply chains enable it to generate significant spillover effects for small and medium-sized economies, including not only Vietnam and Malaysia but also Japan and South Korea. During the process, it simultaneously propels transformations in the countries compliance systems and governance capacities. In this sense, treaty-backed travelling due diligence governance represents a form of extraterritorial impact produced by the legal regimes of advanced economies under economic globalisation, and reflects structural inequalities embedded within the trend.

Yet this article argues that small and medium-sized export-oriented economies are not merely passive recipients of such extraterritorial laws. Under structural constraints, they exercise limited agency through selective institutional embedding, policy coordination, and the construction of evidentiary infrastructures. Vietnam and Malaysia illustrate how external pressure and sanctions can be transformed into governance arrangements shaped jointly by external and internal forces. This finding contributes to a more nuanced understanding of power allocation and institutional change in global supply chains and labour governance, under the geoeconomic rivalry between China and the U.S. At the same time, such agency remains circumscribed. Even where states succeed in building compliance infrastructures capable of producing customs-grade evidence, and in translating external pressure into domestically executable programmes through cross-departmental and trade-governance channels, they remain positioned asymmetrically within the UFLPA's institutional design and constrained by domestic industrial structures and labour-market configurations.

By advancing treaty-backed travelling due diligence governance as an analytical framework, this article also calls for closer attention to its normative implications, which help explain why improvements in compliance capacity do not necessarily translate into substantive improvements in labour conditions. UFLPA-style governance may improve the production of customs-grade evidence without necessarily producing equivalent improvements in workers' lived conditions. Its normative significance therefore lies in the gap between provable compliance and substantive labour protection. In practice, UFLPA-style governance tends to prioritise investment by firms and states in

documentation, traceability, and risk-transfer mechanisms rather than addressing the structural roots of forced labour or power asymmetries within local supply chains and labour relations. Put differently, under UFLPA pressure, small and medium-sized export-oriented states are more likely to reinforce technocratic and bureaucratised governance as an intermediate response to formal compliance demands. These demands are filtered through political and administrative layers, and therefore may not reach the foundational labour-rights issues or the geoeconomic structures intertwined with them.

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Beyond Nickel: Can the Jakarta Model Travel?

Conditions for Successful Mineral Downstreaming in the Global South

Antonios Panourgias[1], *Wenxi Jiang (Fumiki Kyo)*[23]

Abstract: Indonesia's ban on unprocessed nickel ore exports is often cited as the first successful case among commodity-dependent economies in the Global South to upgrade its position within global value chains. Yet, it remains uncertain how replicable the "Jakarta Model" is. This paper evaluates under which conditions Global South countries can successfully use export controls and downstreaming to exert strategic agency in critical minerals value chains. A multimethod design is employed, combining process tracing with: (1) an event study of nickel price reactions to Indonesia's export ban announcements; (2) a quasi-experimental analysis of FDI flows in nickel processing, comparing Indonesia to a counterfactual "Synthetic Indonesia;" and (3) a trade composition analysis tracing the shift from ore exports to value-added products, along with changes in key import partners. The findings suggest that Indonesia's success in exercising strategic agency and forcing foreign investments hinged on market power, policy credibility, infrastructure readiness, and capital depth. A Downstreaming Readiness Index is introduced and applied to the Philippines, Zimbabwe, Namibia, and the DRC, revealing that none of these countries meets all the conditions necessary for geoeconomic agency. As such, this paper extends IPE debates on resource nationalism, global value chains, and geoeconomics while providing a transferable framework to assess the opportunities and constraints facing Global South actors in the critical mineral era.

Introduction: Can the Global South Move Markets?

After the 2008 global financial crisis, the neoliberal consensus on industrial policy started to erode, as countries increasingly sought to enhance their competitiveness and capture more domestic value. With the 2015 Paris Agreement further underscoring the relevance of critical raw materials in the energy and digital transitions,[1] a growing demand emerged from industrialised economies for the minerals used in low-carbon technologies, such as electric vehicle (EV) batteries and wind turbines, turning them into strategic assets for industrial upgrading in commodity-dependent economies.[2] Indonesia's nickel downstreaming strategy is often cited as the first success among these economies in upgrading its position within global value chains (GVCs). Nickel is a critical mineral indispensable to low-carbon technologies, primarily used in the production of stainless steel and lithium-ion batteries for EVs.[3] Endowed with the world's largest reserve of nickel ore, Indonesia first introduced the export control of unprocessed nickel ore in 2014 to strengthen its domestic processing capacities.[4] As the EV battery

[1] Department of Electrical and Computer Engineering, University of Patras

[2] London School of Economics.

[3] LLM use declaration: ChatGPT (web-based version, OpenAI) and Claude (web-based version, Anthropic) were used for grammar, spelling, and language clarity checks during editing and proofreading. No AI-generated content was directly incorporated into the manuscript. Cursoe (desktop version, Anysphere Inc) was used to refine and debug Python code for the quantitative analysis. All analytical logic and methodological decisions were authored and verified by the authors of the paper.

industry expanded, it imposed a complete ban in 2020, repurposing the export control as a tool of development.[5] As a result, the export value of Indonesia's nickel derivative products increased nearly tenfold, from USD 4 billion in 2017 to an estimated USD 38-40 billion in 2024.[6,7] Over the same period, Indonesia's nickel production increased dramatically (Figure 1), with its mined and refined output accounting for 64% and 43% of global nickel production, respectively, in 2024.[8,9]

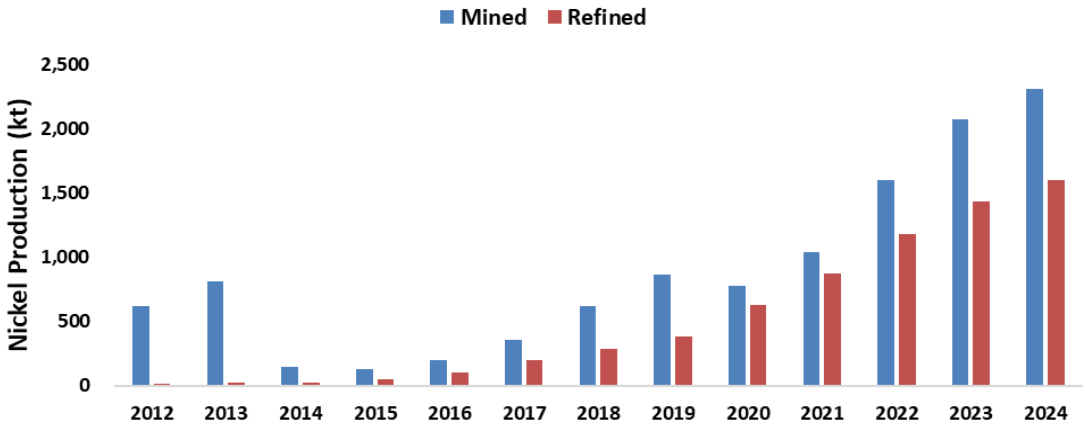

Figure 1. Indonesia's mined and refined nickel production (Source: WBMS)

Indonesia's nickel strategy has yielded geoeconomic gains; however, it has also faced strong contestation emanating from importing countries. The export ban announcements increased global nickel prices for a sustained period,[10] triggering World Trade Organisation (WTO) disputes brought by both the European Union (EU) and the United States (US).[11] Nevertheless, Indonesia's approach has emerged as a model – often called the "Jakarta Model" – for other resource-rich countries which have considered or emulated it, including the Philippines, Zimbabwe, Namibia, and the Democratic Republic of the Congo (DRC).[12] Given these attempts at emulating Indonesia's industrial policy, it remains unclear why the country continues to be such an exceptional case. There are dozens of Global South countries that are endowed with comparable mineral resources and have long sought to move beyond simply exporting raw materials, yet the vast majority have failed to translate their resource wealth into industrial upgrading. Therefore, this paper asks under which conditions resource-rich low- and middle-income countries can deliberately move up GVCs and enhance their strategic agency.

Our core claim is that while such agency is possible, it can only be achieved under a set of structural conditions; namely, substantial market power in the relevant mineral, credible policy commitment, adequate infrastructure, and sufficient capital depth. The paper proceeds as follows. After reviewing the literature on industrial policy and resource nationalism, we outline our empirical strategy in Section 2. The results are presented in Section 3. We end this paper by introducing a Downstreaming Readiness Index, applying it to the four cases: the Philippines, Zimbabwe, Namibia, and the DRC. The conclusion discusses broader implications for geoeconomic agency in the Global South.

From Resource Nationalism to Geoeconomic Agency

Resource Nationalism and Industrial Upgrading

The growing strategic importance of critical minerals has rekindled resource nationalism, whereby states increasingly use export controls, local-content requirements, and nationalisations to capture greater rents from commodity exports and to boost their economic development. For decades, resource-rich emerging market and developing economies (EMDEs) remained concentrated at the bottom of the value chain, exporting raw ore or low-value intermediates that were processed into higher-value products abroad, especially in China.[13] This commodity dependence often made these countries more vulnerable to sudden reductions or reversals in capital inflows (so-called "sudden stop"), leading to economic crises.[14] Nevertheless, moving up the value chain is not straightforward, as each higher stage in the value chain requires additional capital investment, more advanced technology, and more complex regulations. The export ban on unprocessed minerals aims to address this challenge by conditioning access to raw materials on domestic processing. As such, it creates a trade-off for countries importing raw minerals to process them: either absorbing higher costs by seeking alternative suppliers or investing in smelting and refining capacity in exporting countries.[15] Product space theory provides an explanation as to why such industrial upgrading is difficult, which highlights that diversification is path dependent. While countries tend to expand into "proximate" products that are close to their existing capabilities, moving into more distant and higher-complexity products is difficult without intentional capacity building.[16] For resource-rich EMDEs, this signifies that moving from raw ore to more complex, processed intermediates requires distinct capabilities and deliberate policy intervention rather than simply restricting exports.[17]

Geoeconomic Global South

Across International Political Economy (IPE), there is increasing literature on how states "weaponize interdependence" to leverage global networks and exercise geoeconomic agency through sanctions, export controls, investment screening, and other economic instruments.[18] Yet, most literature focuses on the Global North, especially the US and the EU, which possess asymmetric financial, technological, and trade networks for denying access and exercising economic coercion against rival states.[19,20] While the rise of China, such as the Belt and Road Initiative (BRI), has received substantial attention in the geoeconomics literature, the Global South is often framed as an object of geoeconomic strategies rather than an originator.[21] This is especially true for critical minerals, where developed countries extract minerals in the Global South with more relaxed regulations and gain most of the profits by dominating the value chain, including mineral processing and advanced technology manufacturing.[22]

The swift transition from hydrocarbons to critical minerals has started to challenge this narrative, as mineral-producing states increasingly exercise strategic control over natural resource industries to boost domestic industrialisation. Over 20% of trade in certain critical minerals necessary for the green transition was subject to at least one export restriction between 2020 and 2023.[23] Resource-rich countries pursue twin goals in moving up global supply chains: domestic development and potentially gaining agency vis-à-vis importers. They might be attempting to escape a paradox, whereby their resources should give them geoeconomic power vis-à-vis importers, but their position in GVCs makes

them dependent on the processing capabilities of importing countries, and thus vulnerable to weaponized interdependence from the latter. For example, although Bolivia possesses one-fourth of the world's lithium resources, it has not been able to translate its 2008 nationalisation into bargaining power and has rather become entrenched in a dependency relationship with China.[24,25]

While the literature reveals the resurgence of resource nationalism and the potential geoeconomic use of critical minerals, there is a lack of systematic explanation as to why outcomes diverge sharply. Although many resource-rich EMDEs have introduced export controls and domestic processing requirements, few have successfully leveraged these policies to achieve industrial upgrading. Existing studies have focused on the political drivers of resource nationalism and the governance risks it poses to investors, while often overlooking the structural conditions that determine whether export controls spur downstream capacity or simply disrupt trade. Moreover, Indonesia-focused research has examined some specific factors of its success, but the findings are rarely systematised within a transferable framework, and thus the question as to why Indonesia, but not other countries, has achieved success is still undertheorized. This paper fills this gap by elucidating the causal mechanisms for Indonesia's industrial upgrading and systematising these findings into a Downstreaming Readiness Index, identifying the conditions necessary for geoeconomic agency to be sustainable and replicable.

Research Design & Methods

Case Selection

This paper uses Indonesia as a "most likely" case for theory-building in mineral downstreaming because it offers clear and impactful policy measures, expansion of downstream capacity, and high relevance as a significant mineral supplier on the global scale. To understand if the mechanisms operate outside of Indonesia, this paper analyses four resource-rich EMDEs that have either adopted or seriously considered Indonesia-style downstreaming, namely the Philippines (nickel), Zimbabwe and Namibia (lithium), and the DRC (cobalt). Although these cases are selected as the most relevant comparators, sharing the similar objective of leveraging upstream market power for industrial upgrading, they differ in terms of four conditions – market power, policy credibility, infrastructure readiness, and capital depth – established based on the experience in Indonesia. In other words, these cases offer excellent variation to examine whether the Jakarta Model is replicable.

Process Tracing and Quantitative Analysis

To identify the causal mechanisms behind Indonesia's geoeconomic agency, this paper combines theory-guided process tracing with three quantitative methods: event study, augmented synthetic control, and trade composition analysis. Process tracing is a within-case method that examines causal links by identifying intervention mechanisms and the sequence of stages through which they operate.[26] This method is well-suited to our research question, as this paper aims to examine how and under what conditions Indonesia's export ban led to industrial upgrading. The empirical analysis in Section 3 is organised according to the causal conditions, with each subsection containing both process tracing and quantitative substantiation.

The process tracing reconstructs the causal pathway from the 2009 Mining Law through the 2014 and 2020 export bans to outcomes such as investment relocation, domestic processing capacity, and trade restructuring. By analysing policy documents, industry reports, financial press coverage, investment and trade data, and secondary literature, this paper traces how the interaction of four conditions contributed to Indonesia's success. The quantitative analyses serve as empirical support for the process tracing by showing how each mechanism worked and later serve as the basis for the Downstreaming Readiness Index.

Event Study

Indonesia's nickel export ban announcements in 2014 and 2019 seemingly affected global nickel prices. Previous research has quantified the effects of these announcements, using narrative identification of the policy episodes combined with autoregressive forecasting of pre- and post-event price returns.[27] Additional work has gauged the effect of the second ban announcement through a single-asset event study supported by market models.[28] To assess the effects of Indonesia's nickel export bans on global nickel prices, this paper employs a single-asset event study methodology for both policy events, following best practices outlined by MacKinlay (1997) and by Brown and Warner (1985).[29,30] This analysis uses London Metal Exchange (LME) nickel futures prices around two key announcement dates: the first ban on January 10, 2014,[31] and the reimposition on August 28, 2019,[32] where abnormal price movements around these events are identified.

The methodology compares the observed nickel prices after each event with their expected value. Expected returns are estimated using the multi-factor asset pricing model,[33] where nickel daily returns are regressed against returns on the five base metals (copper, aluminium, zinc, lead, and tin) from the LME base-metals complex as well as the ICE US Dollar Index, controlling for commodity and currency movements:

$$R_t^{Ni} = \alpha + \sum_{j=1}^{5} \beta_j R_{j,t}^{metal} + \beta_6 R_t^{USD} + \varepsilon_t$$

where R_t^{Ni} denotes expected nickel returns, $R_{j,t}^{metal}$ the returns of control metals, and R_t^{USD} the USD index value. Abnormal returns, which are the deviations of observed prices from expected prices, are then computed during several event windows for each announcement date.

The β parameters are estimated using ordinary least squares (OLS) through an estimation window of [-250, -30] trading days prior to each event, which is long enough to allow for stable estimates without information leakage near the announcement date. Abnormal returns are then accumulated to form cumulative abnormal returns (CARs) using five event windows: [-10, -1] for leakage, [0, 1] and [0, 3] for immediate reaction, [0, 10] for short-term impact, and [0, 30] for persistence. For each window (τ_1,τ_2), CARs are computed as:

$$CAR(\tau_1, \tau_2) = \sum_{t=\tau_1}^{\tau_2} AR_t$$

As it is difficult to ensure robustness when very limited events are available,[34,35] inference is done using permutation tests. CARs are computed based on 1,000 randomly selected placebo event dates in the sample, with each set of placebo dates omitting a 100-trading-day window around the event date. Non-parametric *p*-values are generated from the fraction of placebo CARs that exceed the observed CARs, ensuring robust statistical inference despite the small number of events.

Augmented Synthetic Control Method

Export bans are often credited for increasing investor interest and attracting foreign direct investment (FDI) into Indonesia, mostly for nickel processing.[36] However, the small number of policy cases makes causal inference difficult, and simple correlations between resource nationalist policies and FDI would fail to account for regional trends and global macroeconomic shocks. Therefore, this study employs a quasi-experimental analysis based on the augmented synthetic control method (ASCM).

The analysis tests the differential impact of the 2020 export ban on downstream FDI in Indonesia relative to a counterfactual "Synthetic Indonesia," which is built using 21 comparable countries. We restrict comparison cases to EMDEs with credible exposure to industrial policy in critical minerals and the potential to attract downstream-oriented FDI, excluding Global North countries as poor counterfactuals for Indonesia. This donor pool includes major mineral producers across Latin America, Africa, and Asia-Pacific to represent regional and commodity diversity: Argentina, Bolivia, Brazil, Chile, DRC, Ghana, India, Kazakhstan, Madagascar, Malaysia, Mexico, Mongolia, New Caledonia, Peru, Philippines, South Africa, Thailand, Tanzania, Vietnam, Zambia, and Zimbabwe. Only EMDEs are selected to mitigate bias from policy regimes and capital depth in advanced economies. These countries are selected because they appear in the same project level list in Orbis Crossborder Investment (Orbis) and meet our inclusion criteria for downstream-oriented FDI outcomes over the pre-treatment period.

The period analysed includes 2013-2025, where 2013-2019 represents the pre-treatment period, while 2020-2025 denotes the post-treatment period. The 2020 export ban is selected as the treatment event because the pre-treatment period available for the 2014 ban is too short to construct a reliable counterfactual. A conventional difference-in-differences approach cannot be applied in this case due to the lack of parallel trends among different mineral producers. However, ASCM mitigates this assumption through the construction of a weighted donor pool with a bias correction term, which reduces pre-treatment error, ensuring robust inference even when the donor trends are different from those of the treated unit.[37,38]

The project-level data for downstream-oriented FDI is sourced from Orbis to construct a destination-year panel, which is classified into: (A) core processing (e.g. smelting, refining intermediates), (B) downstream components (e.g. stainless and battery materials such as precursors and cathodes), and (C) battery ecosystem (e.g. battery cells). Our main outcome captures A+B, whereas our secondary outcome, adding ecosystem investment, captures A+B+C. As project FDI is lumpy and sparse in EMDEs, outcomes are aggregated into two-year bins and transformed into $\log(1 + x)$ for the main specifications. Annual data can be subject to excessive volatility due to the announcement of individual projects, potentially causing significant fluctuations in year-on-year FDI inflows, while three-year

aggregates would obscure the exact timing of the onset of treatment in 2020. The two-year window, therefore, smooths idiosyncratic fluctuations and retains the distinction between pre- and post-2020, which is necessary for identifying the treatment effect.

The donor weights (w_j) are determined by minimising the distance between Indonesia's predictor variables and the donors' predictor variables during the pre-treatment period, after which the counterfactual "Synthetic Indonesia" is constructed:

$$\hat{Y}_{1t}^{\text{ASCM}} = \sum_{j=2}^{J+1} \widehat{w}_j Y_{jt} + \sum_{j=2}^{J+1} \hat{\gamma}_j Y_{jt}$$

where $\widehat{w}_j$ denote donor weights and $\hat{\gamma}_j$ the bias-correction coefficients. The treatment effect is computed as the post-treatment gap between observed and counterfactual outcomes:

$$\hat{a}_t = Y_{1t} - \hat{Y}_{1t}^{\text{ASCM}}$$

As the treatment group comprises only one unit, the statistical inference involves placebo tests where treatment is iteratively reassigned to each donor country, with the *p*-value being the share of donor gaps that surpass Indonesia's observed gap.

Trade Composition and Import Partner Shift Analysis

To evaluate the extent to which Indonesia's export mix evolved in terms of value chain stages and trading partners, the UN Comtrade data on exports and imports between 2009 and 2024 is used. Previous research suggests that these export bans increased the domestic value-added ratio (DVAR).[39] This paper thus analyses the share of upstream, midstream, and downstream products within the export basket of nickel from Indonesia, along with the effect on its major trading partners, such as China and Japan. Table 1 highlights the nickel-related commodities considered in the analysis.

Table 1: Nickel commodities analysed for the trade composition and partner shift analysis

Category	Commodity (UN Comtrade commodity code)
Upstream	Nickel ores and concentrates (260400)
Midstream	Ferronickel (720260)
	Nickel mattes (750110)
	Nickel oxide sinters and other intermediate products of nickel metallurgy (750120)
	Nickel, unwrought (7502)
	Nickel waste and scrap (7503)
	Nickel powders and flakes (7504)
Downstream	Nickel bars, rods, profiles and wire (7505)
	Nickel plates, sheets, strip and foil (7506)
	Nickel tubes, pipes, and fittings (7507)
	Other articles of nickel (wire cloth, grills, finished goods) (7508)

Analysis: How Indonesia Forced Foreign Investment

Indonesia's Nickel Value Chain

The nickel value chain is multi-stage and fragmented, originating from two types of nickel ore: sulphide and laterite. Sulphide ores are the main source of high-purity Class I nickel required for EV batteries, whereas Indonesia's deposits are mostly laterite ores. These laterite ores have mostly been processed via pyrometallurgy, or rotary kiln-electric furnace (RKEF) smelting, to produce Class II nickel, such as ferronickel (FeNi) and nickel pig iron (NPI), which is used for stainless steel production. Laterite ores can also be processed via hydrometallurgy, or the high-pressure acid leaching (HPAL) process, to produce mixed hydroxide precipitate (MHP), which is an intermediate product converted into nickel sulphate for EV battery cathodes.[40,41]

In Indonesia, the initial objective of the export ban was to promote domestic production of FeNi and NPI for stainless steel.[42] Although the government also sought to leverage nickel to develop an EV battery value chain, it faced a "hollow middle" (i.e. competitiveness exists in raw materials and final manufacturing but is lacking in intermediates) until around 2021, reflecting its limited capacity to produce nickel sulphate without HPAL facilities.[43,44] As FeNi and NPI can be refined into high-grade nickel matte as an alternative feedstock for nickel sulphate, Indonesia subsequently encouraged such refining to link stainless steel production to emerging EV battery value chains (Figure 2).[45]

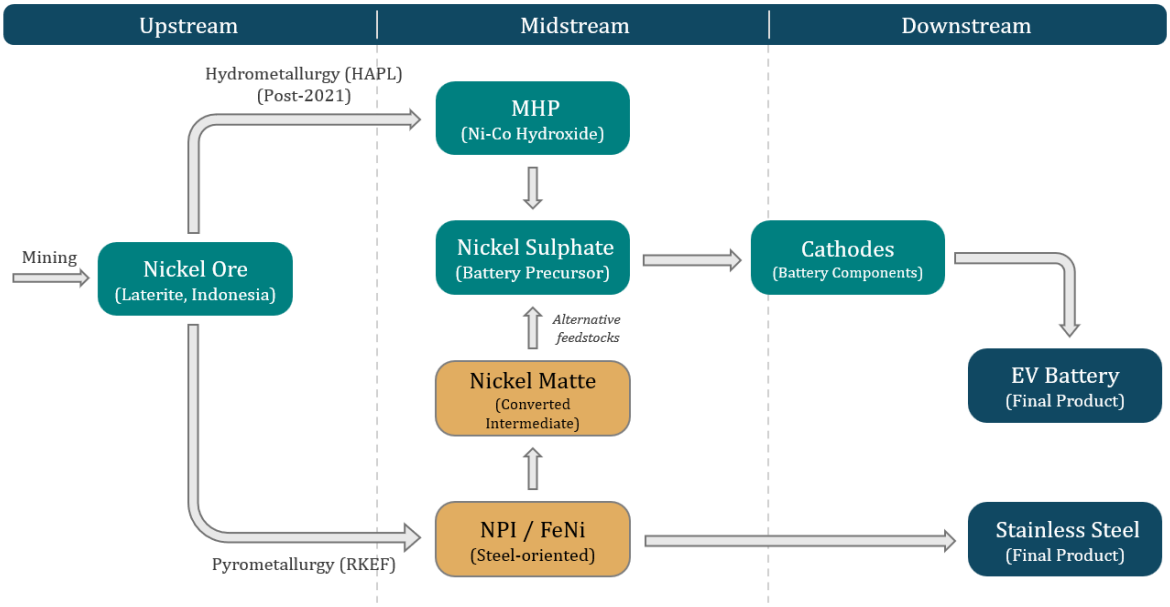

Figure 2. Simple Indonesia's nickel value chain. Source: Authors' illustration based on Khalil and Broughel (2025), and Schröder and Iwasaki (2023)

Market Power and Credible Supply Shocks

The first step in assessing the source of Indonesia's agency lies in its share of global nickel supply. Being home to the largest reserves and accounting for 64% of the world's mined supply by 2024,[46] Indonesia held a dominant market power – even framed as the "OPEC of nickel"[47] – such that its importers could not simply circumvent its export decisions by substituting alternative suppliers.[48] This, in essence, is the enabling condition underpinning the success of the Jakarta model. Facing the threat of credible supply restrictions by such an influential producer, buyers either had to incur far higher

costs by looking for alternative suppliers or relocate their processing facilities to Indonesia. As most of the alternative suppliers lacked comparable laterite reserves, substitution was not a viable option.[49]

This is confirmed by the results of the event study, which show that global markets interpreted Indonesia's policy announcements as a credible supply shock, with global nickel prices increasing following its nickel ore export bans in 2014 and 2019. For the first export ban announcement in January 2014, LME 3-month nickel futures gave a CAR of 4.16% for the immediate window [0,1], 6.00% for the window [0,3], and 8.94% over the short-run window [0,10], all of which are statistically significant (see Table 2). For the announcement in August 2019, abnormal returns were as high as 16.06% in window [0,3] and 10.23% in window [0,10], with even greater significance. For both episodes, there is no significant pre-announcement activity for the leakage window [-10,-1], suggesting that the market reaction is not based on anticipation but is rather a response to the news about the policy change. In addition, the persistence window [0,30] also demonstrates statistically insignificant CAR values, suggesting rapid integration of information into market prices, with broader commodity market movements offsetting the announcement effect over the full month. As all the event windows precede the COVID-19 pandemic, market disruptions due to the pandemic are excluded as a potential confounder. Figure 3 shows LME 3-month nickel futures prices around the export bans, and Figure 4 shows the corresponding CARs.

Table 2: CARs and statistical significance for LME 3-month nickel futures prices

	2014 Ban		**2019 Ban**	
Event Window	**CAR**	***p*-value**	**CAR**	***p*-value**
Leakage [-10,-1]	5.22%	0.204	2.40%	0.588
Immediate [0,1]	4.16%	0.060 (*)	2.31%	0.236
Immediate [0,3]	6.00%	0.040 (**)	16.06%	0.002 (***)
Short Run [0,10]	8.94%	0.058 (*)	10.23%	0.034 (**)
Persistence [0,30]	8.46%	0.232	9.65%	0.192

Note: *** p-value < .01, ** p-value < .05, * p-value < .1

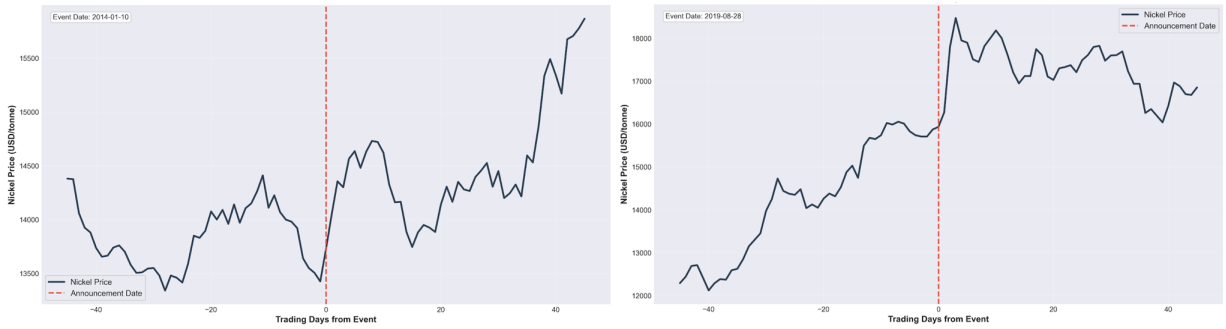

Figure 3: LME 3-month nickel futures prices around the 2014 (left) and 2019 (right) export ban announcements

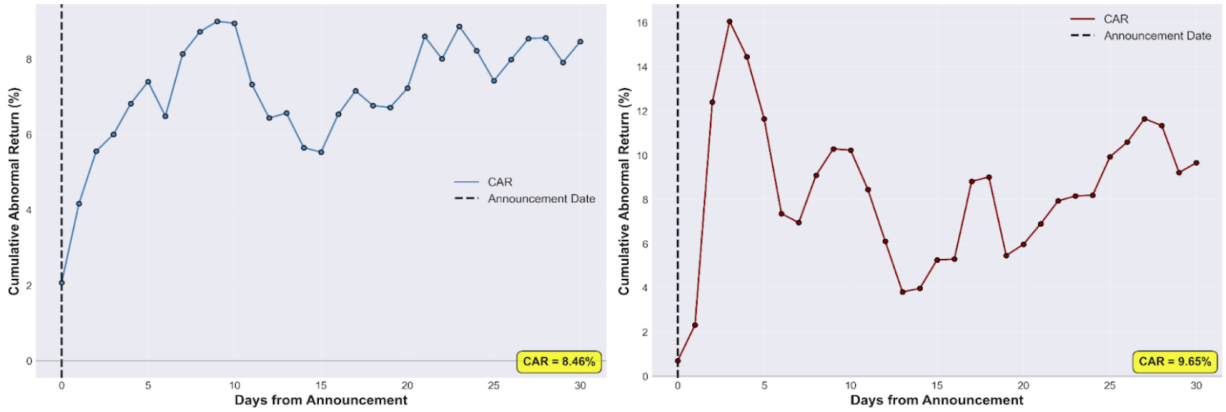

Figure 4. CARs over the full [0,30] window

These price reactions are indicators that market power translated into geoeconomic leverage. Markets repriced their perceptions of supply risk on the back of credible announcements made by Indonesia and the lack of an alternative to the nickel ore in question. That is why the Chinese processing industry had no other choice than to invest in Indonesia's processing facilities, as the ore was present but not in sufficient quantities or grade.[50] Hence, investment in Indonesia's processing capacities is the logical step to address the issue of supply limitations, not despite the export ban, but precisely due to it.

Policy Credibility Through Iteration

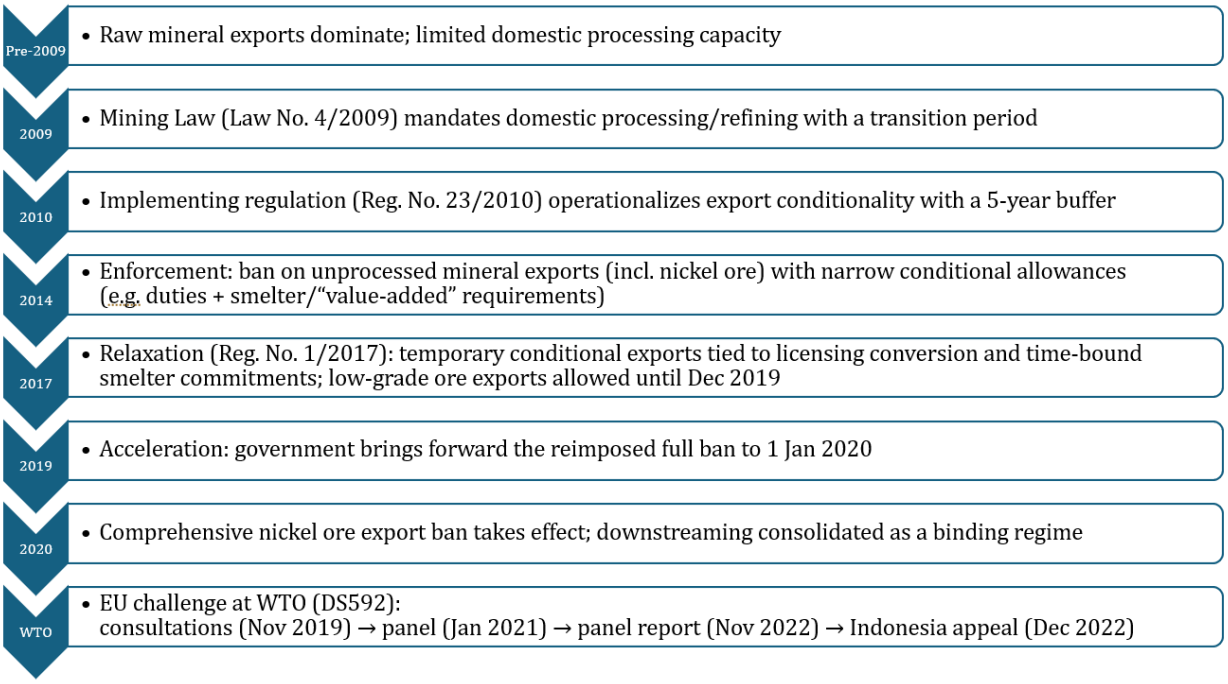

Figure 5: Indonesia's downstreaming policy timeline (Authors' illustration based on Guberman et al. (2024), Hopewell (2024), and AfDB (2025))

However, market power itself would not have generated investor confidence if Indonesia's policies were perceived as being reversible. Investors who were committed to investing billions of dollars in long-lived infrastructure like smelting and refining plants needed assurances that the ban on exports would last for their ten-to-fifteen-year return on investment period. Credibility in this case did not start

ex ante; rather, it built up over time through a series of policy decisions over more than a decade (see Figure 5).

Indonesia's downstreaming agenda was formalised through the 2009 Mineral and Coal Mining Law (Law No. 4/2009), which prohibited the export of raw minerals unless they were processed domestically and mandated all mining firms to develop domestic smelters for purifying extracted ores.[51] Regulation No. 23/2010 made this refining requirement compulsory, with a five-year transition period for firms to procure and install smelting equipment.[52] When the export ban of nickel ore was enforced in early 2014, however, Indonesia immediately faced a constraint, where domestic nickel processing capacity was still underdeveloped, and both domestic and foreign firms were long concerned about the lack of sufficient infrastructure and large upfront capital requirements.[53,54] As a result, nickel output in Indonesia fell drastically, export revenues decreased, and pressure came from mining companies that experienced losses.

Indonesia then temporarily relaxed the export ban through Regulation No. 1/2017, which allowed qualifying firms to resume the limited export of nickel concentrates only if firms paid export duties and committed to building smelters by January 2022, when the export ban of nickel ore would be reinstated.[55,56,57] While this is often perceived as a policy reversal, in fact, this recalibration highlights Indonesia's intent to preserve policy credibility. By making export access conditional on building smelting facilities, the firms got short-term relief in return for investment commitments, while the government remained committed to its long-term policy objective. The downstreaming strategy was also backed by cross-party elite consensus across the Yudhoyono (2004-2014) and Joko Widodo, or "Jokowi," (2014-2024) administrations.[58] This political continuity, along with Jokowi's Golden Indonesia 2045 Vision to build the EV battery ecosystem, signalled Indonesia's long-term commitment to investors.[59] The announcement in August 2019 that a complete ban would be brought forward to January 2020, coupled with Law No. 3/2020 that reinforced the government's commitment to investment incentives, marked the completion of this process of ensuring credibility.[60]

The comparison of price reactions between 2014 and 2019 gives an objective measure of credibility that has built up over the years. For the 2014 shock, the abnormal returns accumulated gradually from 4.16% in [0,1] to 8.94% in [0,10], and eventually stabilised at 8.46% in [0,30] (see Figure 3). For the 2019 shock, the abnormal returns increased more quickly, from 2.31% in [0,1] to 16.06% in [0,3], which partly mean-reverted to 10.23% in [0,10] and then 9.65% in [0,30] (see Figure 4). This quicker and sharper reaction in 2019, along with partial mean reversion, aligns with the market environment in which lessons were learned from the 2014 experience, associated with an immediate pricing of Indonesia's commitments. In contrast, the slow buildup in 2014 can be attributed to uncertainty surrounding the ban enforcement.

Infrastructure and Capital Depth via Anchor Investors

Even in the presence of both market power and credible policy, the export ban would not have translated into industrial upgrading, unless firms were capable of constructing processing facilities inside the country. This leads to the third and fourth conditions that distinguish the Indonesian experience from any other: infrastructure readiness and capital depth. The infrastructure was developed

not by the Indonesian State, but rather by Chinese anchor investors within large integrated industrial parks, which were designed to induce FDI and facilitate export-oriented industrialisation.[61]

The Indonesia Morowali Industrial Park (IMIP) in Central Sulawesi shows an example of how the process works. After the 2014 export ban, Tsingshan Group, which is the largest stainless-steel producer worldwide, became a leading investor and concentrated its investments in the IMIP via joint ventures, which attracted a cluster of Indonesian and foreign firms with a total investment of USD 8 billion in the park. Although this park was initially barren, the IMIP built all the supporting infrastructure at scale, including 1.9 GW of electricity-generating capacity, a port, and transport infrastructure, reducing logistics costs as the IMIP is located near Indonesia's major nickel mining area. The IMIP also housed multiple smelters and HPAL facilities, which enabled the transition towards value-added processing.[62]

The Indonesian government provided some investment incentives along with this infrastructure build-out by the private sector. Presidential Regulation No. 55/2019 elevated the development of the EV industry as a national priority, aiming to link upstream nickel to an integrated EV battery value chain.[63] Under the Golden Indonesia 2045 Vision, the EV battery ecosystem is vital for Indonesia to become one of the five largest economies by 2045, where it targets to produce an annual battery capacity of 140 GWh by 2030.[64,65] The 2020 Omnibus Law (Law No.11/202) further reduced bureaucracy and positioned EV battery production as "strategic" to boost investment in nickel processing facilities.[66,67] Therefore, this policy package consolidated the downstreaming strategy into a more credible one to anchor industrial upgrading, whereby infrastructure investments would be assured a stable regulatory framework.

The IMIP case demonstrates that the export ban ensured a stable supply of unprocessed nickel, while the industrial park lowered the infrastructure and coordination costs for investors. Smelting needs energy, which in turn needs generation capacity, which again needs fuel supply chains. Smelting also needs permits, ports, and transports. All of this would be prohibitively expensive if not for Tsingshan as the anchor investor, having both technical capabilities and resources to undertake all the investments at once. Thus, infrastructure readiness and capital depth signify not preexisting infrastructure built by the state, but rather anchor capital that could build infrastructure as part of its investment.

The augmented synthetic control analysis estimates the causal effect of Indonesia's export ban on investment relocation. By comparing Indonesia's downstream-oriented FDI to a "Synthetic Indonesia" built based on the comparable 21 resource-rich EMDEs that did not implement export bans, the trajectory starts moving upwards after 2020 dramatically (Figure 6). With respect to the narrower definition of downstream investment (core processing and downstream components), the estimated effect over 2020-2022 is 4.56 log points (placebo *p*-value 0.091), which equates to around 95 times compared to the counterfactual (see Table 3). When we consider a broader definition of downstream investments (EV battery ecosystem), the effect is 3.92 log points over 2020-2022 (*p*-value 0.046) and continues to be positive until 2024. The placebo analysis further reveals that Indonesia's deviation starts precisely from 2020, when the intervention took place, and that deviations in donor-treated placebos are relatively small and non-systematic (Figure 7). A potential concern is that Indonesia's divergence after 2020 coincides with the COVID-19 pandemic. However, the impact of the pandemic

is absorbed by the synthetic counterfactual as all donor countries faced a similar shock, the placebo test reveals no equivalent divergence among donors between 2020 and 2022, and the divergence persists until 2024 even after the pandemic-induced demand shock had subsided, suggesting that it is the export ban and not common shocks that led to this effect.

Table 3: Estimated average treatment effects (ATT) and statistical significance

		Case 1 (A+B)		Case 2 (A+B+C)	
Outcome	Period	Effect (log $m)	Placebo *p*-value	Effect (log $m)	Placebo *p*-value
Capex	2020-2022	4.56	0.091 (*)	3.92	0.046 (**)
Capex	2020-2024	3.07	0.136	3.14	0.091 (*)

Note: ** *p*-value < .05, * *p*-value < .1

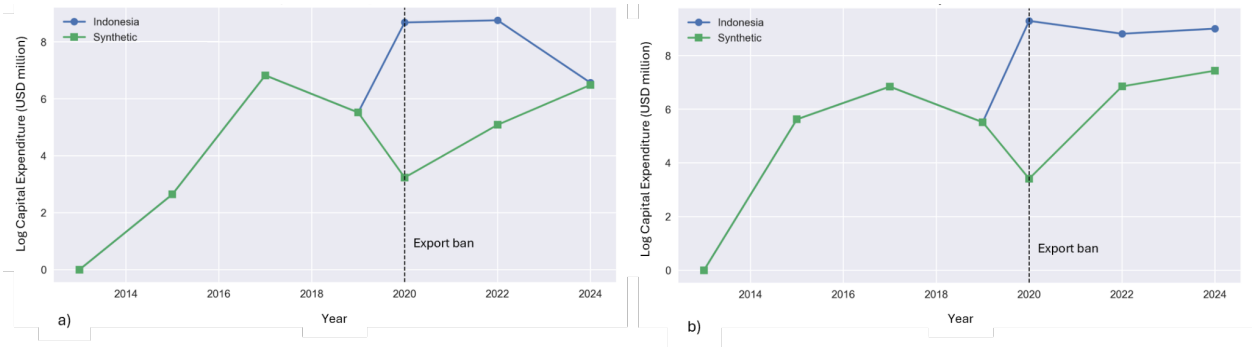

Figure 6: Downstream-oriented FDI in Indonesia and Synthetic Indonesia (ASCM). (a) core processing plus downstream components (A+B); (b) A+B plus the battery ecosystem (A+B+C)

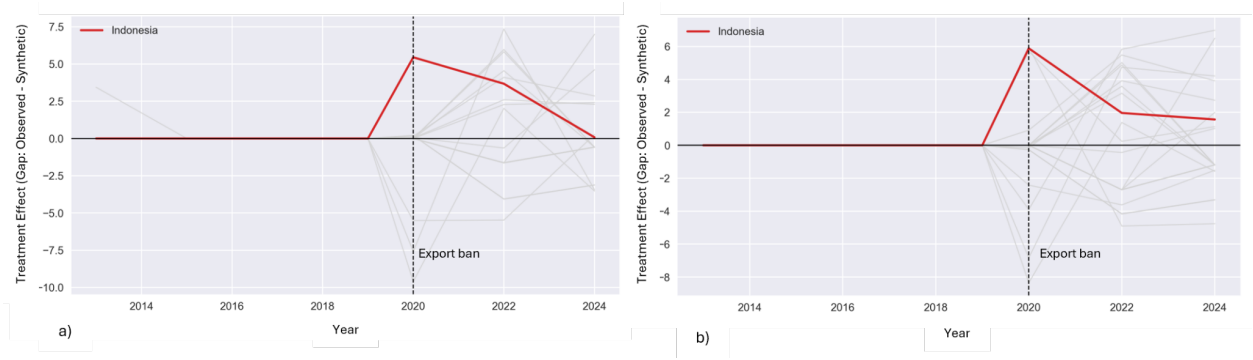

Figure 7: Placebo analysis of treatment effect: Indonesia (red) vs. donor pool (grey). (a) core processing plus downstream components (A+B); (b) A+B plus the battery ecosystem (A+B+C)

The findings from the ASCM demonstrate that the export ban not only disrupted trade flows but also redirected investments. Capital that would have otherwise flowed to processing capacities in China, Japan, or other destinations was instead diverted towards Indonesia, facilitated by industrial parks which were themselves constructed by the diverted capital, thus making the export ban a source of geoeconomic agency.

Trade Reconfiguration as Confirmation

The analysis above demonstrates that market power creates credible price changes, accumulated credibility attracts investments, anchoring infrastructure transforms investments into capabilities, and

deep capitalization generates infrastructure. Our trade composition and partner shift analysis further confirms this, revealing a structural change in Indonesia's trade patterns.

The composition of Indonesia's nickel exports changed significantly following the export bans (Figure 10a). Before 2014, nickel exports were predominantly upstream products comprising nickel ore and concentrates. By 2020, however, upstream products had largely been phased out of the export basket and replaced by midstream and downstream products, such as FeNi, NPI, and matte. This indicates that by limiting raw nickel exports, more value-added stages like smelting are conducted locally. Therefore, there is a shift in the composition of the export basket from raw towards intermediate goods. Although the reconfiguration after 2020 coincides in part with supply chain disruptions caused by the COVID-19 pandemic, the underlying shift started well before, with upstream exports declining steadily between 2014 and 2019, suggesting that the pandemic accelerated rather than triggered this structural shift. Further, the total value of Indonesia's nickel exports rose from below USD 5 billion prior to 2014 to over USD 40 billion in 2024 (Figure 10b), which coincides with the phase-out of upstream products and the scale-up of downstream processing capabilities. Therefore, Indonesia's export bans have facilitated its entry into the higher-value segments closest to its industrial development process, which has been further expanded as capital investment increased.

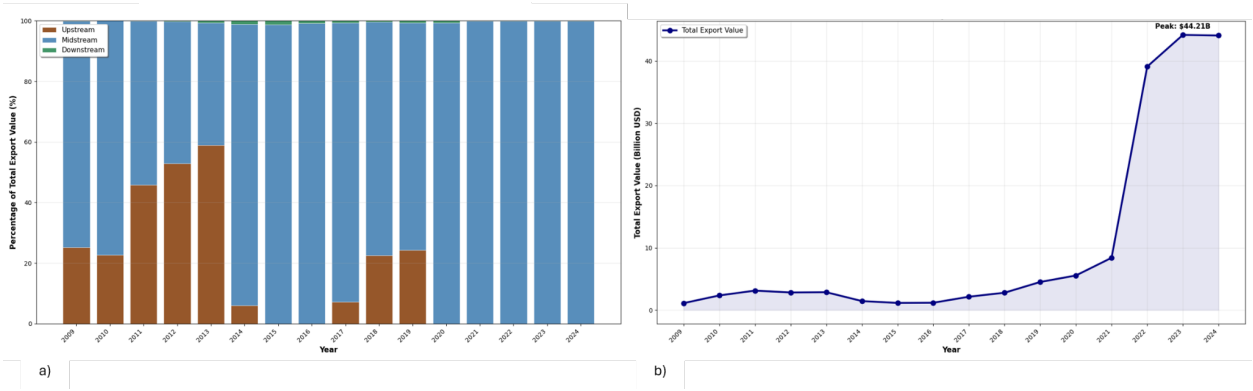

Figure 10: (a) Indonesia nickel export by category (share of total export value): upstream, midstream and downstream; (b) Indonesia's total annual export product values

The partner composition highlights not only the success but also the limitations of this reconfiguration. Indonesia's nickel exports to China increased drastically, which accounts for about 90% of the export value (Figure 11), showcasing the key role of Chinese companies as both investors and offtakers. On the other hand, while traditional partners like Japan discontinued their imports from Indonesia since 2014, choosing to import raw nickel ore from the Philippines and New Caledonia instead (Figure 12), Chinese companies began importing intermediates instead of raw ores. In 2022, the volume of imported matte increased almost sixteen times, reaching the value of USD 2.48 billion against just USD 151 million in 2021 (Figure 13).

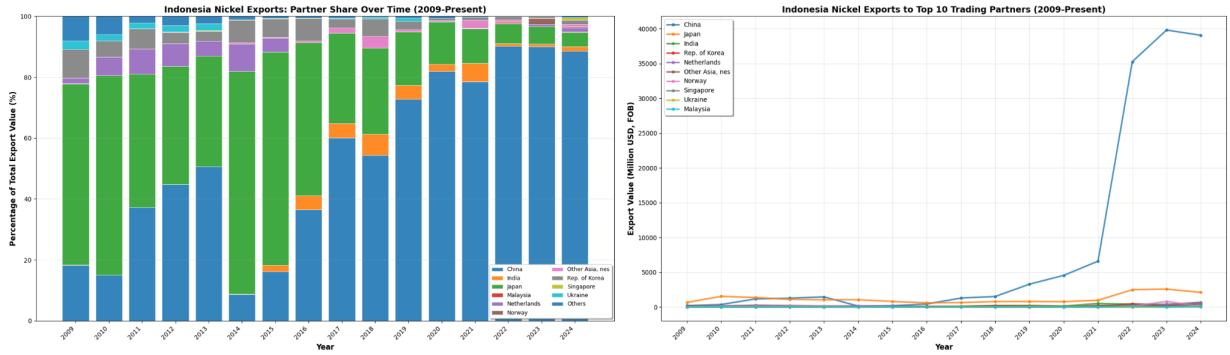

Figure 11: (a) Indonesia's nickel export partners (share of total export value); (b) total annual export value by partner

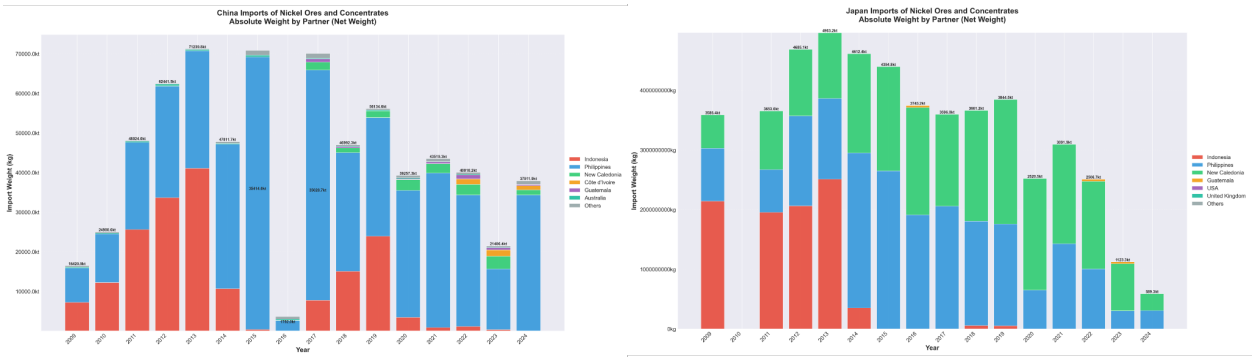

Figure 12: Nickel ore import partners (weight) in (a) China and (b) Japan

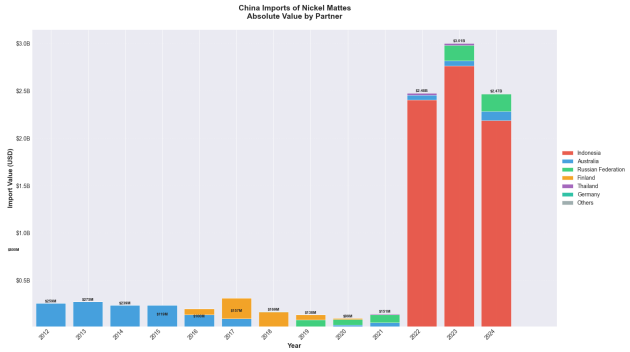

Figure 13: China's nickel matte import partners (value)

Thus, the trade analysis demonstrates that the conversion stages within the nickel supply chain have been relocated to Indonesia, with corresponding adjustments in trade partnerships. This serves as the confirmation that Indonesia's geoeconomic agency emerged as a result of the interaction of the four conditions, where market power provided the leverage, credibility sustained it over time, and anchor capital created the infrastructure to turn the policy into structural change within the value chain.

Discussion: Can the Jakarta Model Travel?

The Jakarta model is shaping mineral policymaking in other countries: (i) the Philippines approved (and later reversed) a bill to ban raw nickel exports from 2030;[68,69] (ii) Zimbabwe banned the export of raw lithium ore in 2022, with its Vice President citing Indonesia's strategy as "inspiring and educative;"[70,71] (iii) Namibia has prohibited the export of unprocessed lithium and other critical minerals;[72,73] and (iv) the DRC, which produced over 70% of the world's cobalt in 2024, is moving

from export bans to quotas to enhance local refining.[74] Yet, there is still limited clarity over the extent to which this form of resource nationalism can amount to geoeconomic agency. Therefore, this paper introduces the Downstreaming Readiness Index (DRI) as a cross-country transferability score, measuring whether mineral-rich EMDEs meet the minimum conditions to turn export controls into durable upgrading and bargaining leverage.

Operationalising the Downstreaming Readiness Index

From the process tracing and quantitative analysis, four enabling conditions are identified that enabled Indonesia's geoeconomic agency: market power, policy credibility, infrastructure readiness, and capital depth. Although there exist many adjacent indices, most focus on risk or governance rather than industrial capability, such as Verisk Maplecroft's Resource Nationalism Index.[75] While some Indonesia-focused studies also construct downstreaming intensity measures within a single country, they do not provide a systematic multi-country framework.[76] The DRI addresses this gap by aggregating these four enabling dimensions.

Market power assesses the influence a country has on the global market based on its share of the supply of a critical mineral. This index is built upon four components: (i) global production share; (ii) global reserves share (USGS Mineral Commodity Summary 2025);[77] (iii) market concentration (Herfindahl-Hirschman Index (HHI) for the top three producers); and (iv) substitutability of the mineral. *Market concentration* is calculated as follows:

$$\text{HHI} = \sum_{i=1}^{3} (\text{Market share of producer}_i)^2$$

Substitutability indicates the degree to which a mineral can be replaced in its primary end uses, which is scored on a scale of 1 (high substitutability) to 3 (low substitutability), based on IEA demand forecasts and the availability of alternative battery chemistries.[78] The final index is calculated as:

$$\text{Market power} = \frac{(\text{Production Share} + \text{Reserves Share})}{2} \times \frac{(\text{HHI} + \text{Substitutability})}{2}$$

Policy credibility captures policy attractiveness from industry as well as the regulatory and political environment that conditions mining investment, which is proxied using the Fraser Institute Policy Perception Index (PPI), rescaled to 0-1.[79] This quantifies enforcement of existing regulations and uncertainty concerning the administration, among others.

Infrastructure readiness captures a country's capacity to host large-scale mining projects, such as smelters and processing plants. The index is built upon the average of four components, each rescaled to 0-1: (i) industrial electricity costs (USD/kWh);[80] (ii) electricity grid quality (based on World Bank Enterprise Surveys and World Bank World Development Indicators);[81,82] (iii) transport infrastructure quality (World Bank Logistics Performance Index);[83] and (iv) permitting speed (World Bank Doing Business).[84]

Electricity grid quality is calculated as the average of four reliability indicators, including the share of firms experiencing outages, outages per month, sales losses from outages, and electric power transmission and distribution losses.

Capital and offtake depth quantifies the pre-existing investment environment based on four components scored 0-1, calculated as their unweighted average: (i) greenfield projects; (ii) anchor investor presence; (iii) original equipment manufacturer (OEM) offtake depth; and (iv) export credit support.

Greenfield projects measure whether a country can attract and complete large-scale mining projects, scored as min(n/5, 1), where n is the number of projects with investment over USD 100 million in the past decade that are announced, under construction, or operational.[85] *Anchor investor presence* reflects whether a country has at least one internationally recognized firm that has knowledge and experience and can lessen the financial risk as well as provide leverage through commercial banks and export credit agencies (ECAs).[86] *OEM offtake depth* (0-3; normalized to 0-1) indicates the extent of risk mitigation for downstream processing through secured purchase agreements from end-users, with higher scores reflecting direct participation by global automotive OEMs or Tier-1 battery majors rather than spot market sales.[87,88,89] *Export credit support* (0/1) measures whether downstreaming projects benefit from state-level financial guarantees or ECAs, which are critical for attracting capital to high-risk jurisdictions.[90,91]

Downstreaming Readiness Index Scores and Discussion

Tables 5-9 present the component scores for each of the four DRI dimensions in each country.

Table 5. Market power: production and reserves shares

Country	Prod. Share (0-1)	Res. Share (0-1)	Mineral	HHI (0-1)	Substit. (1-3)
Indonesia	0.5900	0.4200	Nickel	0.36	2.00
Philippines	0.0900	0.0400	Nickel	0.36	2.00
Zimbabwe	0.0900	0.0200	Lithium	0.21	3.00
Namibia	0.0100	0.0005	Lithium	0.21	3.00
DRC	0.7600	0.5500	Cobalt	0.59	1.00

Table 6: Market power composite

	Indonesia	Philippines	Zimbabwe	Namibia	DRC
Market Power	0.83	0.42	0.42	0.28	0.67

Table 7: Policy credibility score

Component	Indonesia	Philippines	Zimbabwe	Namibia	DRC
PPI	59.75	74.91	18.61	78.96	12.97
Policy credibility	0.60	0.75	0.19	0.79	0.13

Table 8: Infrastructure readiness components

Component	Indonesia	Philippines	Zimbabwe	Namibia	DRC
Industrial electricity cost	0.65	0.10	0.19	0.52	0.43
Grid quality	0.93	0.81	0.58	0.66	0.48
Transport infrastructure	0.57	0.39	0.26	0.30	0.41
Permitting speed	0.54	0.59	0.44	0.59	0.43
Infrastructure readiness	**0.67**	**0.47**	**0.37**	**0.52**	**0.44**

Table 9: Capital and offtake depth

Component	Indonesia	Philippines	Zimbabwe	Namibia	DRC
Greenfield projects	1.00	0.00	1.00	0.00	1.00
Anchor investor presence	1.00	1.00	1.00	1.00	1.00
OEM offtake depth	1.00	0.33	0.67	0.33	1.00
Export credit support	1.00	1.00	1.00	1.00	1.00
Capital and offtake depth	**1.00**	**0.58**	**0.92**	**0.58**	**1.00**

Table 10 presents the composite DRI scores. Indonesia scores the highest overall (0.78), primarily driven by strong market power (0.83) and capital depth (1.00).

Table 10: Composite DRI

Component	Indonesia	Philippines	Zimbabwe	Namibia	DRC
Market Power	0.83	0.42	0.42	0.28	0.67
Policy credibility	0.60	0.75	0.19	0.79	0.13
Infrastructure readiness	0.67	0.47	0.37	0.52	0.44
Capital and offtake depth	1.00	0.58	0.92	0.58	1.00
DRI	**0.78**	**0.55**	**0.48**	**0.54**	**0.56**

The Philippines scores relatively high on policy credibility (0.75) and mid-level on infrastructure (0.47), but lower on market power (0.42) and capital depth (0.58). Relocation incentives are weaker if the hard export bans are implemented, as the Philippines lacks the supply dominance that made it difficult to circumvent Indonesia's export ban. The Philippines can potentially use targeted incentives and negotiated processing commitments to leverage its role as a substitute nickel ore supplier in the region.

For Zimbabwe, while capital depth is high (0.92), it is held back by low policy credibility (0.19) and weaker infrastructure (0.37). This means that investment interest exists, but weak credibility raises the cost of capital-intensive processing in the long term, and inadequate infrastructure can lead to enclave industrialization.[92] Thus, downstreaming in Zimbabwe could lead to better outcomes with a more stable regulatory environment and better logistics.

For Namibia, policy credibility is the highest among all the comparators (0.79), with mid-level infrastructure (0.52) and capital depth (0.58), but market power is very low (0.28). Without supply dominance, the export ban will not likely force investment relocation. Namibia could benefit from niche midstream activities rather than aggressive export restrictions.

In the case of the DRC, market power (0.67) and capital depth (1.00) are very high, but policy credibility (0.13) is extremely low with moderate infrastructure (0.44). With its market dominance, the DRC may theoretically have considerable bargaining power, yet low credibility makes aggressive restrictions risky, as investors factor in political risk into their calculations of financing costs and contracts.

Overall, the DRI scores showcase that there is no comparator country that replicate all the four conditions that Indonesia possesses. While each country has one or two strengths, each also faces significant constraints in other dimensions. This suggests that the Jakarta model is not a mere formula to be followed, but rather some minimum conditions that countries must satisfy when adopting similar strategies. Thus, simply replicating the same policy instrument would not guarantee the same success. Instead, countries could benefit more by addressing their weakest dimensions or seeking other negotiated approaches such as minerals-for-infrastructure arrangements.[93]

Finally, despite Indonesia's success with these enabling conditions, there also exist significant limits to the durability of this success. While the park-based model facilitated rapid scaling, it also created "nationalist enclaves," which are geographically concentrated regions that are heavily dependent on Chinese capital.[94] In other words, gains are distributed unevenly among a small number of firms, leaving surrounding communities underserved.[95] This leads to the following three constraints. First, Indonesia's downstreaming strategy may represent a *refined dependency*, with majority of its smelters and offtake markets being owned by Chinese firms, which are further adversely affected by the shift towards lithium-iron-phosphate batteries that do not use nickel.[96,97] Second, Indonesia could face *external legal pressure*, as seen in the 2022 WTO panel ruling against Indonesia.[98] Scenario modelling indicates that full compliance could erode 60-70% of its export ban's impact.[99] Third, the expansion of Indonesia's nickel industry is accompanied by *environmental and market-cycle risks*. Hidden costs are projected to exceed USD 2.75 billion, mainly from coal-fired nickel smelting,[100,101] while structural oversupply has also undermined returns, as demonstrated by BASF and Eramet cancelling a USD 2.6 billion nickel-cobalt refining project.[102] Therefore, durable upgrading cannot be achieved unless these constraints are addressed, and it is evident that the four conditions are necessary but not sufficient to long-term success.

Conclusion

This paper explored when and how Global South countries can exercise geoeconomic agency thanks to their reserves of critical minerals rather than being passive suppliers of unrefined products. Our multi-method empirical design triangulated evidence of strategic agency: (i) an event study in which market priced the 2014 and 2019/2020 ban episodes as credible supply shocks; (ii) an augmented synthetic control analysis in which increased downstream-oriented FDI flowed into Indonesia after 2020 relative to a counterfactual; and (iii) a trade analysis exhibiting a significant shift towards processed intermediates in Indonesia's export basket, where major downstream countries re-sourced raw materials elsewhere and imported more nickel intermediates from Indonesia. This demonstrates how Indonesia successfully exercised geoeconomic agency and re-sited significant conversion stages of the nickel value chain into the country.

Furthermore, we have introduced the Downstreaming Readiness Index (DRI), which reframes policy diffusion as a question of feasibility, where downstreaming is a capacity-dependent strategy with four enabling conditions: market power, policy credibility, infrastructure readiness, and capital depth. This paper applied the DRI to four Global South countries, which face different constraints for adopting export controls. While some exhibit credibility without leverage, others possess leverage without credibility, or others have capital interest but lack the infrastructure required for reliable processing. This heterogeneity implies that the outcomes of downstreaming are likely to differ systematically, and export controls could create other risks such as refined dependency and enclave industrialization.

This paper also highlighted constraints in discussing agency. Downstreaming can produce new bargaining asymmetries and lock resource-rich countries in concentrated dependence. Besides, global oversupply paired with weak demand can depress prices and undermine investment projects. Hence, a Geoeconomic Global South is an unevenly distributed strategic capacity that depends not only on resources, but also on institutions, infrastructure, and the ability to manage the costs and legitimacy of industrial upgrading. Indonesia demonstrates that geoeconomic agency is possible in critical minerals, but can only travel under a narrow set of conditions and remains inseparable from the political, distributional, and environmental conditions on which upgrading is pursued.

Appendix A: Downstreaming Readiness Index - Detailed Methodology

This appendix sets out the full methodological details of the Downstreaming Readiness Index (DRI), including data sources, scoring rubrics, normalization steps, and country-level evidence for each component. The DRI is calculated as the simple average of four sub-indices, each rescaled to 0-1: market power, policy credibility, infrastructure readiness, and capital depth. Higher values indicate greater readiness.

A.1. Market Power

Market power integrates four components: global production share, global reserves share, market concentration, and substitutability.

A.1.1. Production and Reserves Shares

Production and reserves shares for each country's relevant mineral are sourced from the US Geological Survey Mineral Commodity Summaries 2025.[103] Although Namibia's economically defined reserves are small, measured resource base is larger.

A.1.2. Market Concentration (HHI)

Market concentration is derived from the HHI for the top three global producers of each mineral.

A.1.3. Substitutability

Substitutability is scored 1 (high substitutability) to 3 (low substitutability). Nickel is scored 2/3 (moderate) as its role in EV batteries is increasingly substituted by LFP batteries, while the IEA still projects its demand would double by 2040. Cobalt is scored 1/3 (high) as it is highly substitutable and its demand is projected to soften by 2040. Lithium is scored 3/3 (low) as it is one of the main inputs for lithium-ion batteries, where the IEA forecast its demand would grow sharply through 2040.[104]

A.2. Policy Credibility

Policy credibility is proxied by the Fraser Institute Policy Perception Index (PPI). The PPI aggregates survey responses on uncertainty regarding the administration, interpretation, and enforcement of regulations; environmental regulations; regulatory duplication; taxation; disputed land claims; infrastructure; socioeconomic agreements; and political stability. The PPI in 2024 is based on responses from mining companies that reported USD 6 billion in exploration spending, which provides a strong signal at an industry level.[105]

A.3. Infrastructure Readiness

Infrastructure readiness is calculated as the average of four components: industrial electricity costs, grid quality, transport infrastructure, and permitting speed. Each component is rescaled to 0-1, where higher values reflect stronger capacity to host large-scale mining projects, such as smelters and processing plants.

A.3.1. Industrial Electricity Costs

Mineral processing facilities, such as nickel smelters, are energy intensive.[106] For reference, one ton of FeNi requires approximately 5,500-8,000 kWh of electricity to be produced.[107] Therefore, industrial electricity costs are a significant determinant of operational viability. For Indonesia and the Philippines, costs are sourced from GlobalPetrolPrices.com business electricity prices.[108,109] For Zimbabwe, Namibia, and the DRC, costs are sourced from the Mining Industry Survey Report by the Zimbabwe Mining Suppliers Association (ZIMSA).[110] Piecewise normalization is used with a floor of 0.03 USD/kWh, a ceiling of 0.18 USD/kWh, and a pivot of 0.08 USD/kWh.

Table A.3.1: Industrial electricity costs

Country	Cost (USD/kWh)	Score	Source
Indonesia	0.065	0.65	GlobalPetrolPrices.com (business)
Philippines	0.160	0.10	GlobalPetrolPrices.com (business)
Zimbabwe	0.142	0.19	ZIMSA (2024)
Namibia	0.078	0.52	ZIMSA (2024)
DRC	0.095	0.43	ZIMSA (2024)

A.3.2. Grid Quality

Even when electricity prices are competitive, grid reliability is important to ensure continuous operation of a heavy industrial load consumer. To quantify grid quality, four reliability indicators are used: (i) share of firms experiencing electrical outages; (ii) average outages per month; (iii) sales losses due to electrical outages (all from World Bank Enterprise Surveys);[111] and (iv) electric power transmission and distribution losses (World Bank World Development Indicators).[112] Each indicator is normalized using piecewise normalization based on the global minimum, maximum, and average, which is then averaged to calculate the grid quality score.

Table A.3.2: Grid quality

Indicator	Indonesia	Philippines	Zimbabwe	Namibia	DRC	Min	Max	Avg
Firms experiencing outages (% of firms)	12.7 (2023)	43.9 (2023)	76.5 (2016)	53.7 (2024)	77.0 (2024)	0.1	100	44.8
Average outages per month	0.2 (2023)	0.8 (2023)	4.5 (2016)	1.2 (2024)	11.0 (2024)	0	41.9	3.3
Sales losses from outages (%, median)	0 (2023)	0 (2023)	0 (2016)	0 (2024)	2.0 (2024)	0	15	0.6
Transmission & distribution losses (% of output)	6.45 (2023)	9.59 (2023)	22.48 (2016)	39.22 (2022)	9.04 (2022)	0.28	84.8	29.5
Grid quality score	**0.93**	**0.81**	**0.58**	**0.66**	**0.48**			

A.3.3. Transport Infrastructure

Transport infrastructure quality is based on the World Bank Logistics Performance Index (LPI) infrastructure score, which assesses the quality of trade- and transport-related infrastructure including ports, railroads, roads, and information technology systems.[113] The LPI infrastructure score 1-5 is rescaled to 0-1 through piecewise normalization.

Table A.3.3: Transport infrastructure

Indicator	Indonesia	Philippines	Zimbabwe	Namibia	DRC
LPI Infrastructure Score	2.83	2.26	1.87	2.00	2.30
Transport Infrastructure	**0.57**	**0.39**	**0.26**	**0.30**	**0.41**

A.3.4. Permitting Speed

State capacity to authorize large construction projects within predictable timelines is vital for enabling downstreaming. Thus, permitting speed is proxied using the "Dealing with Construction Permits" score by World Bank Doing Business (2020).[114] While this was later discontinued due to concerns over data irregularities, the archived series still provides a transparent snapshot for our analysis. The score 0-100 is rescaled to 0-1.

Table A.3.4: Permitting speed

Indicator	Indonesia	Philippines	Zimbabwe	Namibia	DRC
Dealing with construction permits score	66.8	70.0	60.0	70.0	59.5
Permitting speed	**0.54**	**0.59**	**0.44**	**0.59**	**0.43**

A.4. Capital and Offtake Depth

Capital and offtake depth is based on four 0-1 components: greenfield projects, anchor investor presence, OEM offtake depth, and export credit support.

A.4.1. Greenfield Projects

Although Indonesia only operated two nickel smelters before 2014, this number increased to forty-three by 2023.[115] Similarly, there are at least five qualifying projects in Zimbabwe and the DRC each, but no projects are identified that meet the threshold in the Philippines and Namibia.[116,117]

A.4.2. Anchor Investor Presence

Indonesia's anchor investors are mainly from China, such as Tsingshan Holding Group, the world's leading stainless steel producer.[118] In the Philippines, Japanese investors such as Sumitomo Metal Mining are more present.[119] Zimbabwe hosts projects that are funded by the Chinese giant, Zhejiang Huayou Cobalt.[120] On the other hand, Namibia and the DRC host major anchor investors based outside of Asia, like SQM from Chile in Namibia and Glencore from Switzerland in the DRC.[121,122]

A.4.3. OEM Offtake Depth

Countries are scored 0-3 based on offtake integration, which is then normalized to 0-1.

Table A.4.3: OEM offtake depth

Country	Raw Score (0-3)	Normalized (0-1)	Justification
Indonesia	3	1.00	Ford-Vale-Huayou EV battery deal[123]
Philippines	1	0.33	Sumitomo refinery linkage[124]
Zimbabwe	2	0.67	Huayou battery-major integration[125]
Namibia	1	0.33	JOGMEC upstream cooperation[126]
DRC	3	1.00	Direct Tesla cobalt commitment[127]

A.4.4. Export Credit and State Backing

This indicator incorporates whether projects benefit from state-level financial guarantees or ECA support, which is a significant factor in attracting capital to high-risk jurisdictions. All five countries have in some way secured export credit or state-backed financing, which reflects the strategic importance of these countries' mineral resources.[128,129,130,131,132]

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Hydropower, Resilience, and Infrastructural Diplomacy in the Nile Basin: Rethinking Strategic Agency in a Fragmenting Order

Olileanya Amuche Ezugwu[1], *Charles Temple Apokhume*[2], *Felix C. Chidozie*[3,4]

Abstract: In an era of fractured multilateralism and resurgent resource nationalism, the Grand Ethiopian Renaissance Dam (GERD) stands as one of the most contested yet emblematic projects of the Global South's strategic agency. This study analyses how Ethiopia's pursuit of hydropower sovereignty reconfigures regional power relations and tests the limits of cooperative geoeconomics within the Nile Basin. Anchored in a mixed qualitative design, the research draws on field interviews conducted across Ethiopia, Sudan, and Egypt, complemented by policy documents and regional reports. The analysis reveals that the GERD represents more than an infrastructural endeavour; it embodies a shift in the balance of agency, where a lower-riparian power historically 'marginalised' in hydro-diplomacy leverages development finance and renewable energy transitions to redefine its geopolitical posture. While Ethiopian respondents framed the dam as an instrument of economic modernity and collective resilience, downstream perceptions shift between pragmatic adaptation and existential threat. Yet, across the Basin, a cautious recognition emerged that regional interdependence through electricity trade and cooperative dam management could convert hydro-political contestation into shared economic opportunities. The paper argues that the GERD illuminates a new mode of Global South agency: infrastructural diplomacy, where development megaprojects serve simultaneously as tools of domestic transformation and as a form of negotiation capital in fragmented global governance. Ultimately, the findings suggest that the future of Africa's geoeconomic sovereignty will depend not merely on resource control but on the institutionalisation of cooperative mechanisms that transform asymmetrical power into collective sustainability.

Keywords: *Geoeconomics, Global South, hydro-politics, infrastructural diplomacy, sustainable development.*

The contemporary international system is increasingly characterised by fragmentation rather than convergence. The erosion of liberal multilateralism, the diffusion of economic and political power toward multipolar configurations, and the resurgence of resource nationalism have collectively reconfigured how states pursue security and influence.[1] [2] In this unsettled order, the Global South is no longer merely a passive arena of great-power competition but an emerging site of strategic politicisation, where infrastructure, energy, and development finance are repurposed as instruments of geopolitical agency.[3] This transformation is visible in the politics of transboundary rivers, where material scarcity intersects with historical hierarchies, colonial legal legacies, and contemporary struggles over sovereignty.

[1] Department of Political Science and International Relations, Covenant University, Nigeria. olileanya.ezugwupgs@stu.cu.edu.ng
[2] Institute of International Trade and Development, University of Port-Harcourt, Nigeria. apokhumetemple@gmail.com
[3] Department of Political Science and International Relations, Covenant University, Nigeria felix.chidozie@covenantuniversity.edu.ng
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The Grand Ethiopian Renaissance Dam (GERD) is situated within this fragmenting global order. While conventionally framed as a water dispute, the dam is better understood as part of a broader reordering of the global political economy, where control over infrastructure and energy has become central to statecraft. Scholars of geoeconomics have observed that states increasingly deploy economic assets as strategic tools through investment, market access, and infrastructural leverage, thereby avoiding the use of coercive military power.[4] Simultaneously, Africa's position in global governance has shifted from structural marginality to selective agency, as states pursue autonomy through regionalism, development corridors, and infrastructure-led diplomacy.[5] [6] The GERD emerges as a hydropower project and critical node within this evolving landscape of geoeconomic power.

This study is grounded in a central research question: how can a single hydropower dam alter power relations in one of the world's oldest and most politically sensitive transboundary river systems? The Nile Basin has long been governed by asymmetrical arrangements institutionalised through colonial-era treaties, most notably the 1929 and 1959 Nile Waters Agreements, which entrenched Egypt's hydro-hegemony, alongside Sudan, while marginalising upstream states.[7] [8] Traditional hydro-politics theory explains basin dynamics largely through geographical positioning and military or diplomatic strength. However, the GERD challenges these frameworks. Ethiopia, historically excluded from formal Nile governance architectures, has mobilised domestic finance, national narratives of renaissance, and South-South partnerships to construct a project that materially alters both the river's physical flow and the symbolic architecture of power.

This paper argues that the GERD is more than a hydro-development intervention; it is also a geoeconomic instrument through which Ethiopia, and by extension, Africa, asserts strategic autonomy within an unequal global system. In this framing, the dam represents a form of infrastructural statecraft: hydropower generation becomes a mechanism for economic independence, regional bargaining, and political legitimacy. This interpretation builds on geoeconomic theory, which conceptualises infrastructure as a tool of influence,[9] and on African political economy scholarship that emphasises how development projects are increasingly deployed as platforms for diplomatic leverage and sovereignty claims.[10] [11] Beyond treating GERD as an isolated technical undertaking, this study situates it within a wider pattern of Global South agency. Specifically, this paper focuses on efforts to convert developmental assets into geopolitical capital, and also as catalysts for peace and cooperation.

In this study, strategic agency refers to the capacity of states to use infrastructural, economic, and political resources to reshape bargaining relations and pursue developmental and geopolitical objectives within asymmetrical regional systems. While existing scholarship has examined the GERD primarily through legal, hydrological, and security lenses, far less attention has been paid to how the project functions as a geoeconomic instrument through which Ethiopia actively reshapes regional power relations. By reframing the GERD as a site of geoeconomic politics, not only a technical water dispute, this paper offers a critical intervention in debates on hydro-politics, infrastructural diplomacy, and Global South agency. It suggests that the politics of contemporary development megaprojects are not peripheral to global order, but central to how power is produced, contested, and redistributed.

Geoeconomics as Contemporary Statecraft

The concept of geoeconomics has emerged as a central framework for understanding how power is exercised in an international system. States are formulating geoeconomic strategies through political instruments, infrastructural leverage, and control over critical networks of production and circulation. Blackwill and Harris[12] define geoeconomics as "the use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results". Their argument reflects a broader scholarly consensus that roads, ports, pipelines, digital infrastructure, and energy grids have become the primary terrains on which contemporary geopolitical competition is conducted.

This shift is structural; as Farrell and Newman demonstrate,[13] global economic interdependence itself has become a weaponisable architecture of power, allowing states to exercise influence without conventional force by exploiting their centrality within financial and production networks. The strategic manipulation of market access, sanctions regimes, and infrastructural chokepoints reflects the emergence of what they term "weaponised interdependence." In this configuration, control over nodes and hubs matters more than territorial occupation, and infrastructure becomes a material expression of geopolitical hierarchies.

However, much of the early geoeconomic literature remains implicitly anchored in the strategic experiences of established Western and East Asian powers. The dominant analytical assumption is that geoeconomic instruments flow from core states outward, with peripheral regions functioning as arenas of contestation. While analytically sophisticated, this bias overlooks how non-Western states are increasingly utilising infrastructure and development finance as autonomous strategic tools. Scholarly critiques have highlighted how this Euro-Atlantic framing reproduces older dependency assumptions under the language of "connectivity" and "integration".[14] [15]

Reframed more critically, geoeconomics should be understood not only as an instrument of dominant powers but as a field of contestation in which emerging and historically marginalised states strategically repurpose development projects to rewrite asymmetrical power relations.[16] This is particularly evident in the arena of large-scale infrastructure, where decisions about financing, ownership, and technological control are also decisions about sovereignty and autonomy. Infrastructure is not politically neutral; it embodies long-term strategic commitments that reorder domestic political economies and reshape regional power geometries.[17]

The increasing centrality of energy infrastructure exemplifies this transformation. Energy is not only a commodity but the material foundation of industrial capacity, military readiness, and political legitimacy. Control over energy generation and transmission, therefore, becomes a core vector of state power. As Bridge argues,[18] energy infrastructures are now key sites where geopolitical and geoeconomic logics converge, linking domestic development directly to regional and global power struggles. In this sense, dams, power grids, and transmission corridors are not simply development tools but embedded elements of strategic statecraft.

If geoeconomics is treated only as the practice of major powers, the analytical significance of large-scale southern infrastructure is reduced to reactions and dependencies. Yet when infrastructure is

understood as a site of strategic production, projects like the GERD can be approached as deliberate technologies of sovereignty. As Deyi, Dou, Zhu, and Cheng agree,[19] they allow states to reposition themselves within global markets, reduce vulnerability to external financial conditionality, and assert control over development trajectories that were historically organised by colonial and post-colonial hierarchies. This study adopts a relational understanding of geoeconomics, in which economic strategies are shaped through interactions among states and institutions, not just unilaterally imposed by dominant actors. In this sense, infrastructure operates as a strategic tool through which states negotiate autonomy, legitimacy, and interdependence.

African Agency in Global Governance

Conventional international relations scholarship has long framed Africa as structurally constrained within global governance, portraying African states primarily as sites of extraction, intervention, or donor dependency. This analytic tradition, rooted in dependency theory and modernisation frameworks, produced a persistent narrative of African passivity in international politics.[20] [21] [22] More recent scholarship has decisively challenged this framing by demonstrating how African states exercise strategic agency through diplomatic manoeuvring in international negotiations,[23] coalition-building within regional and multilateral institutions, and institutional entrepreneurship.[24] [25] Alden and Schoeman[26] argue that African actors are increasingly functioning as "rule shapers rather than rule takers," selectively engaging with global governance regimes to expand their bargaining space and policy autonomy.

This shift is closely tied to transformations in the global political economy. The diffusion of power away from a unipolar Western core has created new diplomatic openings for African states to leverage South-South cooperation, emerging donors, and competitive multilateralism. As Acharya argued,[27] the erosion of Western dominance has not led to anarchy alone, but rather to a more pluralistic order in which regional actors can negotiate norms and institutional arrangements with greater leverage than in previous eras. African agency is therefore increasingly exercised not through formal parity with major powers, but through strategic positioning within fragmented institutional architectures.

Empirical work on African political economy reinforces this interpretation. Taylor[28] demonstrates that Africa's engagement with rising powers such as China, India, and Gulf states has enabled forms of "diversified dependency," in which external relations are strategically managed. This does not imply full autonomy; rather, it signals a constrained but real capacity to manipulate competitive external interests. Strategic agency, in this sense, is exercised through the choice of partners, the sequencing of reforms, and the tactical deployment of development priorities to extract concessions.

Within global governance, this agency increasingly materialises through infrastructure and development projects that function simultaneously as domestic economic tools and international bargaining chips. African states have learned to convert development imperatives into diplomatic capital, framing infrastructure, energy transition, and regional connectivity as global public goods while safeguarding sovereign control.[29] This practice represents an evolution in how African power is exercised: less through military or ideological alignment, and more through the strategic governance of development itself.

This conceptualisation provides the analytical bridge to the GERD case. Ethiopia's dam-building strategy is not an anomaly, but an intensified expression of this broader pattern of African strategic agency. In such instances, material development is deliberately mobilised to renegotiate hierarchical power relations within global and regional governance systems.

Ethiopia's Hydropower Strategy as Geoeconomic Statecraft

Ethiopia's hydropower strategy represents a deliberate shift from aid-dependent development to infrastructure-driven sovereignty. The Ethiopian state does not treat energy scarcity as a technical deficit; instead, it has reframed electricity generation as a foundational pillar of national autonomy, political legitimacy, and regional leverage. This approach aligns with Chen and Evers' conception of geoeconomics as the strategic use of economic instruments to achieve geopolitical objectives, where infrastructure becomes a tool of power and development.[30]

Hydropower development, particularly through the GERD, exemplifies a logic of resource nationalism embedded within global green transitions. In an era where green development and sustainability projects are promoted, the construction of the GERD for energy production stands out. By positioning itself as a renewable energy hub, Ethiopia converts environmental discourse into diplomatic capital, in which the dam is both an internationally recognised green development and a structure for regional energy trade. This reflects what Huang and Nduneseokwu describe as "strategic African agency," whereby African states increasingly operate as agenda-setters instead of passive recipients within global governance structures.[31]

The geoeconomic significance of Ethiopia's hydropower strategy lies in its capacity to transform material capacity into bargaining power. Control over large-scale energy infrastructure enables Ethiopia to shape the terms of regional cooperation, particularly through electricity-export diplomacy and grid interdependence. Power interconnections with Sudan, Djibouti, and Kenya serve as technical linkages and also as political commitments embedded in market logic. Such strategies exemplify what Kaplan terms "infrastructure leverage," where physical assets become sources of long-term diplomatic influence through dependency relationships.[32]

At the same time, this strategy exposes the contradictions of geoeconomic statecraft in the Global South. While hydropower strengthens Ethiopia's negotiating position, it also intensifies downstream insecurity, revealing how sovereignty-enhancing projects can generate new forms of regional vulnerability. Ethiopia's hydropower statecraft operates within a precarious balance between autonomy and interdependence, revealing the mutually constitutive relationship between national development and regional instability.

While hydropower expansion enhances Ethiopia's strategic leverage, it also raises questions about environmental governance, domestic inclusion, and the securitisation of development. The GERD is a geopolitical message that African states can mobilise domestic resources, alternative financing, and infrastructure nationalism to renegotiate their position in an unequal international system.

Theoretical Framing: Geoeconomics and Resilience

Recent debates in International Relations and political economy increasingly show that infrastructure, energy, and regional connectivity can no longer be treated as purely developmental concerns. They are now deeply tied to questions of power, strategic influence, and geopolitical positioning. Within this shift, the concept of geoeconomics has become particularly important for understanding how states use economic and infrastructural instruments to pursue political objectives. Blackwill and Harris[33] define geoeconomics as "the use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results". Their argument challenges the traditional separation between economics and geopolitics by showing that trade, finance, energy, and infrastructure increasingly function as instruments of market statecraft. Scholars of African regionalism have also argued that strategic agency is not exclusive to dominant global actors. Power[34] contends that African states increasingly pursue influence through non-military regional bargaining, institutional negotiation, and economic diplomacy. Likewise, Söderbaum[35] argues that African regionalism should be understood beyond economic integration, as a political strategy through which states seek legitimacy, development, and external leverage within an unequal global order.

These arguments are particularly relevant to the politics surrounding the GERD, as Ethiopia historically remained central to the Nile's hydrology but marginal within its governance structure.[36] The GERD attempts to alter this historical imbalance through energy infrastructure, as the project is not only about electricity generation, but also about repositioning Ethiopia within the regional political economy of the Nile Basin. Through hydropower production, electricity exports, and regional grid interconnection, Ethiopia seeks to convert upstream geography into strategic leverage. In this sense, the dam fits within broader geoeconomic logics in which infrastructure becomes a mechanism for expanding bargaining power, developmental autonomy, and regional influence.

At the same time, geoeconomic explanations alone do not fully capture the contradictions surrounding the dam, and this is where the concept of resilience becomes analytically important. Critical resilience scholarship moves beyond the conventional understanding of resilience as simple recovery from crisis. Chandler[37] argues that resilience is better understood as the management of vulnerability and uncertainty within complex political systems where risks cannot be fully eliminated. Within energy politics, Apergi et al.[38] similarly show that attempts to strengthen energy security often redistribute risks and create new forms of dependence, tension, and geopolitical exposure.

Applying this perspective to the GERD reveals a more complicated regional reality than either celebratory or conflict-centred accounts usually suggest. For Ethiopia, the project represents an effort to reduce structural energy insecurity, expand industrialisation, strengthen export capacity, and enhance long-term developmental resilience. Yet the same infrastructure simultaneously generates fear in Sudan and Egypt over water availability, ecological vulnerability, and future dependence on upstream hydrological management. Although the GERD may strengthen Ethiopia's geopolitical influence within Africa, especially through regional energy markets, it may also complicate cooperation between Ethiopia and Egypt despite their recent BRICS+ alignment. Regional instability, particularly in Sudan, further demonstrates that infrastructure alone cannot resolve historically embedded political distrust.

This study approaches the GERD through the lenses of geoeconomics and resilience. Geoeconomics helps explain how hydropower infrastructure can function as a strategic instrument for regional influence and developmental autonomy. Resilience, however, foregrounds the uncertainties, contradictions, and vulnerabilities embedded within such projects, especially in contested transboundary systems. Taken together, these perspectives allow the paper to move beyond binary interpretations of the GERD as either a developmental breakthrough or a source of regional instability. Instead, the dam is understood as a resilience-oriented geoeconomic project whose political effects remain simultaneously transformative, contested, and uncertain within a fragmenting regional order.

Methodology

This study adopts a qualitative research design to examine how the GERD operates as an instrument of geoeconomic statecraft and strategic agency within the Nile Basin. Given the paper's focus on power, sovereignty, and meaning-making in a politically sensitive and asymmetrical transboundary context, a qualitative approach is particularly suited to capturing how different actors interpret development, risk, and cooperation beyond formal policy positions.

The empirical analysis draws on eighteen semi-structured key informant interviews conducted between August and October 2025 across Ethiopia, Sudan, Egypt, and other regions. Interviewees were selected through purposive and snowball sampling to include government officials, water and energy sector experts, academics from universities and research institutes, and representatives of international organisations engaged in transboundary water governance. This elite-focused sampling prioritised analytical depth over numerical breadth, allowing the study to examine strategic reasoning, institutional logics, and positional perspectives that shape Nile Basin politics.

To complement elite interviews, focus group discussions were conducted with civil society actors and community representatives in affected upstream and downstream contexts. These discussions provided insight into collective perceptions of legitimacy, environmental risk, and anticipated socio-economic impacts that are often absent from official and expert narratives. Where political sensitivity or access constraints limited in-person engagement, interviews were conducted remotely. All participants provided informed consent, and data were anonymised to ensure confidentiality.

Interview guides were semi-structured and organised around core themes including energy sovereignty, national development priorities, regional power relations, environmental sustainability, and prospects for cooperation. The study also undertook a documentary review of policy documents, regional agreements, African Union and Nile Basin Initiative reports, and relevant secondary literature to contextualise interview findings and trace how sovereignty and cooperation are formally articulated. Data analysis followed a thematic interpretive approach, combining inductive coding with engagement with the paper's geoeconomic framework. Triangulation across interviews, focus groups, and documentary sources enabled the identification of convergences and tensions between upstream and downstream perspectives, elite and community narratives, and policy discourse and lived experience. While the qualitative design does not aim at statistical generalisation, it provides analytically robust insights into how infrastructure-mediated power and agency are constructed and contested in a fragmented regional order.

Findings and Discussion

This section presents and interprets empirical findings derived from 18 key informant interviews (KIIs) conducted across Ethiopia, Sudan, Egypt, and other regions, institutions, and organisations. These were triangulated with documentary evidence from official policies, regional agreements, and secondary literature. The analysis is structured around three interconnected themes: (1) Energy Sovereignty as Strategic Agency, (2) Hydro-politics and the Reordering of Regional Power, and (3) Towards Cooperative Geoeconomics. The discussion goes beyond descriptive accounts to examine how the GERD functions as a geoeconomic instrument within a fragmenting global order, highlighting novel insights into African strategic agency.

Energy Sovereignty as Strategic Agency

Across interviews conducted in Ethiopia, the GERD was consistently framed as an assertion of energy sovereignty and a corrective to Ethiopia's historically constrained position within the regional and global political economy. Respondents rarely described the dam as a conventional hydropower project; rather, it was articulated as a strategic intervention designed to recalibrate Ethiopia's developmental trajectory and political autonomy. Sovereignty, in this context, is not narrowly understood as territorial control but as the capacity to govern energy production, development pathways, and external dependence.

Four interviewed policymakers and experts emphasised that the GERD is central to Ethiopia's effort to reduce reliance on imported energy, donor-driven infrastructure finance, and externally imposed development conditionalities. One Ethiopian journalist remarked that "from Ethiopia's point of view, the dam is something that really unites Ethiopians. I have never seen a voice against it" (KII, Addis Ababa, 2025). While this claim signals broad domestic legitimacy, it also illustrates the consolidation of a state-centred narrative that frames hydropower as a unifying national project, potentially marginalising criticism surrounding environmental risk, displacement, or regional diplomacy. These findings highlight how infrastructural megaprojects can function as instruments of symbolic nation-building, reinforcing state authority while narrowing the space for contestation.

The strategic framing of energy sovereignty extended beyond Ethiopia's domestic context to its regional positioning. Respondents linked the GERD to Ethiopia's capacity to redefine its role within the Nile Basin, shifting from a historically marginalised upstream state to a pivotal regional energy actor. A respondent from the Intergovernmental Authority on Development (IGAD) noted that while the dam generates fear in Egypt, Sudanese actors increasingly view it pragmatically, particularly as a potential source of electricity to meet growing demand. This perception underscores a crucial empirical insight: hydropower simultaneously alters material flows and regional interdependence, introducing electricity trade as a parallel logic to zero-sum water allocation. With an installed capacity of 5,150 MW, the GERD is Africa's largest hydroelectric project and is expected to generate approximately 15,700-16,153 GWh annually once fully operational. This scale matters geopolitically because it enables Ethiopia to convert upstream hydrology into a tradable asset. Ethiopia has already concluded electricity trade arrangements with Djibouti, Kenya, and Sudan, and has pursued wider connection plans with Tanzania and other East African states. In this emerging configuration, Ethiopia's

historically marginalised upstream position becomes a source of geoeconomic leverage, as downstream and neighbouring states acquire material incentives through cheap energy trade.

Interviewees repeatedly emphasised anticipated benefits such as industrialisation, expanded electrification, and employment generation. As the IGAD staff member observed, "for Ethiopia, the Renaissance Dam generates power not just to sell electricity but also to improve living standards and industrial development, which has economic implications beyond just hydro-related issues." Similarly, a former technology development specialist at the Ethiopian Ministry of Water and Energy argued that the GERD would attract manufacturing investment by reducing electricity costs and improving access, noting that national electrification levels remain among the lowest in Africa. These claims demonstrate how energy sovereignty is framed not merely as control over infrastructure, but as productive capacity, linking hydropower to broader ambitions of economic transformation.

However, the findings also complicate celebratory accounts of infrastructure-led sovereignty. While respondents framed hydropower as a pathway to autonomy, this autonomy remains contingent on regional stability, grid interconnection, and political cooperation, factors beyond Ethiopia's full control. Several Ethiopian interviewees noted that despite the dam's inauguration, electricity transmission infrastructure remains incomplete in many surrounding communities, and the promised developmental dividends have not yet reached the estimated 60% who still lack reliable access to electricity. Moreover, escalating regional instability, particularly in Sudan, alongside Egypt's continued opposition, is likely to delay institutional outcomes such as the establishment of a Nile Basin Commission, undermining the cooperative governance mechanisms necessary for long-term sustainability.

Importantly, the findings show that Ethiopian actors do not treat the GERD as a technocratic energy project, but as a vehicle for redefining Ethiopia's place in the regional order. A former Technology Development Specialist at the Ethiopian Ministry of Water and Energy argued that "The GERD is also expected to drive industrial growth… multinational companies engaged in manufacturing are likely to benefit from cheaper electricity" (KII, 2025). Hydro-power sovereignty is both developmental and geopolitical: by scaling energy production, Ethiopia anticipates domestic transformation and also a stronger bargaining position vis-à-vis downstream states. Interview evidence indicates that the GERD functions as a strategic instrument through which sovereignty is performed, institutionalised, and projected outward, illustrating how Global South agency in a fragmented order increasingly operates through infrastructural development.

These findings resonate with Blackwill and Harris's conceptualisation of geoeconomics as the strategic use of economic instruments to achieve geopolitical objectives.[39] Yet the GERD case advances this literature by illustrating how geoeconomic statecraft in Africa is pursued not through sanctions or market coercion, but through developmental infrastructure embedded in renewable energy transitions. Unlike traditional hydro-hegemony frameworks that foreground conflict and domination, the data suggest that Ethiopia's strategy reflects a hybrid form of agency: one that simultaneously seeks domestic legitimacy, regional influence, and international recognition within a fractured global order. Energy sovereignty, as articulated by Ethiopian actors, functions as a form of strategic agency adapted to conditions of global fragmentation. Global South states increasingly leverage infrastructure not only

to meet developmental needs but to renegotiate their position within unequal regional and global systems. The findings, therefore, complicate linear assumptions that infrastructure necessarily produces shared resilience. While the GERD strengthens Ethiopia's energy and developmental ambitions, downstream actors frequently interpreted the same project as a source of ecological uncertainty, political asymmetry, and long-term vulnerability.

Hydro-politics and the Reordering of Regional Power

The construction of the GERD has precipitated a profound reconfiguration of hydro-political relations within the Nile Basin. This is achieved by altering material water flows and reshaping how power, risk, and cooperation are perceived and negotiated across riparian states. Interview data reveal that the dam has destabilised long-standing upstream-downstream hierarchies, producing differentiated responses that reflect each state's historical position, institutional capacity, and strategic vulnerability. Sudanese respondents largely articulated a pragmatic and conditional orientation toward the GERD, recognising both its potential benefits and associated risks. Unlike Egyptian narratives that framed the dam primarily as an existential threat, Sudanese perspectives were more ambivalent, emphasising opportunities for regulated water flows, flood control, and access to affordable electricity alongside concerns over dam safety and coordination. One respondent noted that while the project has tested diplomatic relations, it has also "created an unprecedented space for technical and political negotiations," cautioning that mismanagement could escalate tensions between Ethiopia and Egypt. This reveals a critical empirical insight: for Sudan, the GERD is less a zero-sum contest over water sovereignty than a bargaining platform, where risk mitigation and benefit-sharing coexist uneasily.

This perspective demonstrates strategic recalibration. Sudanese actors appear to navigate between competing upstream and downstream interests, leveraging their intermediate position to extract technical and economic gains while avoiding full alignment with either Ethiopia or Egypt. This challenges conventional hydro-hegemony models that portray downstream states as uniformly resistant to upstream infrastructure and suggests instead a more fluid landscape of situational cooperation shaped by energy demand, infrastructure complementarities, and political pragmatism.

In contrast, Egyptian respondents consistently articulated deep-seated anxieties regarding water security, reflecting both material vulnerability and historically entrenched expectations of control over Nile flows. Interviewees repeatedly emphasised the risks posed by uncoordinated filling and operation, particularly for agriculture, urban water supply, and already-strained public infrastructure. One former senior official from the Egyptian Ministry of Water Resources and Irrigation underscored that about 25% of Egyptians did not have access to high-quality drinking water, or any drinking water at all. This situation preceded construction of the Ethiopian dam, highlighting how visible reductions in river levels symbolised a broader fear of systemic scarcity. These accounts illuminate that hydro-political concerns in Egypt encompass future projections and the amplification of pre-existing structural vulnerabilities.

Yet, even within this discourse of existential threat, the data reveal important fractures. Several Egyptian respondents acknowledged that unilateral opposition has diminishing returns and that institutionalised cooperation remains the only viable pathway to long-term stability. As one participant

noted, the Nile must ultimately be understood as "something that connects, something that should be managed in harmony." This shift does not signal acceptance of Ethiopia's actions, but rather an emerging recognition that power asymmetries codified under earlier legal and diplomatic regimes are no longer tenable in the face of infrastructural realities.

Taken together, these findings demonstrate that the GERD has reordered regional power not through coercion but through structural leverage embedded in infrastructure. Ethiopia's control over hydropower generation has repositioned it from a historically peripheral upstream actor to a central node in regional negotiations, capable of shaping both diplomatic agendas and future energy markets. This supports Cascão and Nicol's argument that upstream infrastructure transforms bargaining dynamics, but the empirical evidence extends this literature by showing that such reordering is neither linear nor deterministic.[40]

Rather, power in the Nile Basin emerges as contingent, relational, and negotiated, mediated by stakeholder perceptions, historical grievances, and institutional trust deficits. In a fragmented regional order marked by weak enforcement mechanisms and competing development priorities, the findings show that the GERD has simultaneously destabilised old hierarchies and exposed the fragility of new ones. The dam thus functions not simply as a source of conflict or cooperation, but as a catalyst that renders the political economy of the Nile more visible, contested, and fluid.

Crucially, these findings reveal that hydro-politics and geoeconomics in the Global South cannot be understood solely through binary frameworks of upstream domination versus downstream resistance. Instead, the GERD case illustrates how infrastructure reshapes power, creating overlapping spaces of contestation and coordination that reflect the complexities of governance in a fragmented global and regional order.

Towards Cooperative Geoeconomics

Despite persistent tensions over water allocation and sovereignty, the interview data reveal the gradual emergence of cooperative geoeconomic logics within the Nile Basin, centred not on water redistribution but on shared infrastructure and energy interdependence. Across interviews in Ethiopia, Sudan, and Egypt, respondents repeatedly identified electricity trade, grid interconnection, and coordinated dam management as practical mechanisms through which hydro-political contestation could be reconfigured into economic cooperation. These findings suggest that cooperation is not premised on resolving deep-seated legal or historical disputes, but on reframing the object of negotiation itself, from water volumes to energy flows and developmental gains.

Ethiopian respondents consistently described regional electricity exports as both a domestic development strategy and a diplomatic tool. Interviewees highlighted ongoing and planned power transmission links to Sudan, Djibouti, Kenya, and other East African states, presenting the GERD as an infrastructural anchor for regional energy markets. As one respondent from Addis Ababa University noted, while the dam was built primarily to serve Ethiopian developmental needs, its impacts extend beyond national borders, creating opportunities for shared benefit. The data reveals how Ethiopia's

geoeconomic strategy operates through selective inclusion, offering material incentives that encourage cooperation without relinquishing sovereign control over the infrastructure itself.

However, the data also underscore the conditional nature of this emerging cooperation. A senior Ethiopian energy expert observed that while the dam remains a flashpoint in regional relations, even limited institutional coordination, through joint management frameworks, electricity markets, or climate adaptation initiatives, could transform the GERD into a catalyst for stability. This conditionality is crucial: cooperation is envisioned not as a normative commitment to collective governance, but as a strategic calculation shaped by mutual dependence and risk mitigation.

Sudanese participants echoed this pragmatic orientation, emphasising the tangible benefits of coordinated operation, including flood regulation, energy access, and reduced reliance on fossil fuels. A regional coordinator at the Global Water Partnership highlighted how the dam could function as a source of trade and agricultural stability, reinforcing the idea that energy interdependence introduces positive-sum dynamics into a historically zero-sum hydro-political system. Importantly, Sudanese narratives positioned cooperation as a means of enhancing national resilience, illustrating how geoeconomic interdependence can coexist with strong sovereignty claims without sacrificing autonomy.

Egyptian respondents remained more cautious, consistently stressing the need for transparency, monitoring, and binding operational guarantees. Yet even within this scepticism, the data reveal an emerging recognition that electricity trade represents a concrete pathway to shared benefit. This marks a subtle but significant shift from opposition rooted exclusively in water security toward a more differentiated assessment of risk and opportunity. Cooperative geoeconomics is perceived as a mechanism for risk management, contingent on credible institutional safeguards, but not a resolution to Egypt's structural vulnerabilities. This ambivalence is significant because opposition to the GERD is not purely rejectionist; rather, Egyptian respondents simultaneously recognised the inevitability of regional interdependence while remaining deeply sceptical of asymmetrical upstream control.

Triangulated with existing literature, these findings extend geoeconomic theory beyond its traditional focus on coercive instruments such as sanctions or trade restrictions.[41] Instead, interview evidence positions the GERD as a form of geoeconomic practice grounded in infrastructural inducement, in which development assets are leveraged to create interdependence without formal supranational governance. This aligns with African regionalism scholarship that conceptualises cooperation as flexible, interest-driven, and institutionally thin,[42, 43] yet the empirical evidence advances this literature by showing how large-scale infrastructure operationalises such cooperation in practice.

Crucially, cooperative geoeconomics in the Nile Basin remains fragile and uneven. The findings suggest that the GERD does not dissolve asymmetries of power; rather, it redistributes them across new domains. Electricity markets, grid control, and operational coordination become new sites of negotiation and potential contestation. These findings challenge optimistic narratives of infrastructure-led integration and highlight the political work required to sustain interdependence in a fragmented regional order.

Interview evidence indicates that the GERD exemplifies a novel mode of Global South agency, where sovereignty and cooperation are not oppositional but strategically intertwined. Through what this study conceptualises as infrastructural diplomacy, Ethiopia leverages hydropower development to assert autonomy while simultaneously offering pathways for regional engagement. African states navigate fragmented global governance not by retreating into isolation or relying on external guarantors, but by converting developmental infrastructure into diplomatic capital. This contribution reframes transboundary hydro-politics as a site where geoeconomic strategy, regional ordering, and post-liberal forms of cooperation intersect.

Conceptual Contribution: Infrastructural Diplomacy in a Fragmenting Order

Infrastructural diplomacy has emerged in critical political economy and international relations scholarship as an analytical lens for understanding how large-scale material systems operate as instruments of power, governance, and negotiation beyond formal diplomatic channels. Infrastructure is not a passive outcome of political decision-making, as is often thought; this paper instead conceptualises infrastructure as constitutive of political order, structuring relations of dependence, shaping strategic horizons, and redistributing agency across scales.[44] [45] The core assumption underpinning infrastructural diplomacy is that material connectivity itself has diplomatic effects: infrastructure embeds political bargains into physical systems whose operation generates enduring patterns of cooperation, constraint, and leverage.

The findings from this study refine infrastructural diplomacy in three important respects. First, they show that infrastructural diplomacy in the Global South is a strategy of agency under conditions of fragmented global governance, where states cannot rely on robust multilateral enforcement or neutral arbitration. Infrastructure becomes a means of stabilising strategic claims by embedding them in long-term material arrangements. Second, the data show that infrastructural diplomacy operates through strategic ambiguity: the same project can assert sovereignty, produce leverage, and invite cooperation without resolving underlying political disputes. This ambiguity is not a failure of diplomacy but a constitutive feature of how infrastructure governs over time. Third, infrastructural diplomacy is relational and contingent, shaped by perceptions of risk, historical memory, and institutional trust.

Within this literature, infrastructure is understood to function as a modality of statecraft that operates through inducement and interdependence, not coercion. Cowen[46] demonstrates how logistical and infrastructural systems reorganise sovereignty by privileging corridors, nodes, and flows over territorial control, while Easterling[47] shows how infrastructure spaces act as quasi-governance mechanisms that reshape authority outside conventional institutional frameworks. In regional studies, particularly in the Global South, scholars have observed how energy pools, transport corridors, and connectivity projects increasingly serve as platforms for regional ordering in contexts where formal multilateralism is weak or contested.[48] [49]

This study advances the concept of infrastructural diplomacy by situating it within the hydro-politics of the Nile Basin and by analytically integrating it with geoeconomic and hydro-political debates. Existing hydro-hegemony frameworks have been instrumental in revealing how power asymmetries shape transboundary water relations, particularly through control over flows, narratives, and

institutional agendas.[50] Yet, the GERD case demonstrates that contemporary infrastructural power does not operate solely through domination or denial. Instead, infrastructure reconstitutes the terrain of politics itself by shifting the locus of bargaining from water allocation to energy production, grid interconnection, and regional development trajectories. In this context, power is exercised less through exclusion than through selective incorporation into material systems, which generate dependence and opportunity simultaneously.

By grounding infrastructural diplomacy in the empirical dynamics of the GERD, this paper extends the concept beyond abstract discussions of connectivity and development. It shows how infrastructure functions as a form of geoeconomic statecraft through which Global South states actively negotiate asymmetry, rework regional orders, and convert developmental assets into power. In doing so, the paper contributes to broader debates on sovereignty, regionalism, and power in international relations by demonstrating that, in a fragmenting order, diplomacy is increasingly exercised through the politics of material systems, in this case, shared resources.

Conclusion

The contest surrounding the Grand Ethiopian Renaissance Dam reveals more than a dispute over water allocation; it exposes a deeper reconfiguration of power, agency, and governance in a fragmenting global order. This study has shown that the GERD operates as a geoeconomic instrument through which Ethiopia seeks to reassert sovereignty, recalibrate regional hierarchies, and negotiate its position within an increasingly multipolar and institutionally weakened international system. In doing so, the dam unsettles long-standing assumptions embedded in Nile hydro-politics, particularly the notion that structural power in transboundary river basins remains firmly anchored in downstream dominance and legal precedent.

The findings complicate prevailing hydro-hegemony frameworks by demonstrating that material control over water flows alone no longer exhausts the sources of influence in contemporary river basin politics. Instead, Ethiopia's strategic leverage derives from its ability to convert hydropower infrastructure into multiple forms of capital: domestic legitimacy, regional energy indispensability, and bargaining power in diplomatic arenas where enforcement mechanisms are thin and norms are contested. This shift reflects a broader transformation in Global South statecraft, where large-scale development projects increasingly substitute for formal multilateral guarantees, allowing states to exercise agency under conditions of institutional fragmentation.

The reordering of power produced by the GERD remains profoundly contingent, mediated by historical grievances, uneven institutional capacities, and deeply asymmetrical perceptions of risk. While Ethiopian narratives emphasise renaissance, autonomy, and developmental justice, Egyptian anxieties foreground vulnerability and existential insecurity, revealing how infrastructural power can simultaneously enable integration and entrench mistrust. Sudan's pragmatic ambivalence further underscores that regional alignment is not predetermined but negotiated, shifting with perceived material gains and governance assurances. In this sense, the GERD exemplifies how infrastructural agency in a fragmented order generates new political possibilities while reproducing new forms of uncertainty.

Crucially, the paper advances the concept of infrastructural diplomacy to capture this duality. Infrastructural diplomacy operates through ambiguity; it allows states to assert sovereignty while leaving cooperation open-ended, to generate leverage without foreclosing integration. Yet the findings also caution against reading infrastructural diplomacy as inherently stabilising or transformative. The GERD demonstrates that infrastructure can generate new forms of dependence and geopolitical vulnerability even as it expands developmental capacity and regional influence. In transboundary systems marked by historical distrust and uneven power relations, resilience remains politically uneven: the same infrastructure that strengthens sovereignty claims for one state may deepen insecurity for another. The future of regional cooperation in the Nile Basin, therefore, depends on energy integration and economic interdependence, as well as the ability of regional institutions to manage uncertainty, asymmetrical risks, and competing political imaginaries surrounding the river.

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Geoeconomics and Digital Autonomy: Argentina between Economic Vulnerability and Data Governance Dependence

Macarena González Kelly[1,2]

Abstract: In an international scenario marked by fragmentation and technological competition between major powers, big data has become one of the most strategic geoeconomic resources of the twenty-first century. Its accumulation, processing, and control not only determine economic advantages but also shape new forms of international power. According to Blackwill and Harris (2016), geoeconomics describes the strategic use of economic instruments to produce geopolitical advantages. As a result, access to large volumes of data allows states to influence trade flows, establish regulatory standards, condition financing agreements, and intervene in the national security of other countries. This article examines how financial dependence shapes data governance in the Global South through a case study of Argentina under the Milei administration. It argues that recent regulatory changes facilitating cross-border data flows toward the United States, formalised in the 2025 Framework for a United States–Argentina Agreement on Reciprocal Trade and Investment, cannot be fully explained by ideological alignment alone. Drawing on qualitative analysis of regulatory documents, financial data, and the sequencing of policy decisions, the article demonstrates that in the Argentinian economic situation, financial dependence structured the range of feasible policy options, making regulatory alignment with the United States the least costly alternative under conditions of acute economic vulnerability. The timing and content of the agreement, particularly the recognition of the United States as an adequate jurisdiction for personal data transfers, suggest that regulatory concessions were shaped by the need to secure external financing and maintain creditor confidence. The hypothesis is that the combination of economic vulnerability, internal deregulation, and geopolitical alignment with the US is eroding Argentina's regulatory autonomy. The dynamics observed in various countries of the Global South suggest that greater financial dependence tends to lead to stronger alignment with technological powers, which in turn reduces regulatory autonomy in data-related matters and leads to setbacks in digital rights.

In a fragmenting international order marked by intensifying geopolitical rivalry among major powers, data has consolidated as one of the most strategic geoeconomic resources of the twenty-first century. Its accumulation, processing, and control determine economic advantages and shape new forms of international power. In the digital era, where data underpins innovation, trade, surveillance, and security cooperation, regulatory decisions surrounding data governance have become a central component of state sovereignty. Access to and control over data flows allow states to shape their domestic development trajectories and project normative power beyond their borders. This dynamic is

[1] University of Buenos Aires, macagkelly@gmail.com

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particularly visible in the comparison between the US, the EU, and China, where regulatory models and technological ecosystems have become central axes of the struggle for global leadership.

This article seeks to analyse how these global dynamics, in combination with historical relations of dependency, high levels of external indebtedness, and recurrent economic crises, are reconfiguring data governance in Argentina, a country with one of the most advanced regulatory frameworks for data protection in the region. Faced with a deep economic crisis and an urgent need for external financing, Argentina currently operates under conditions of heightened financial vulnerability. At the same time, the Milei administration has pursued a clear geopolitical realignment toward the US, raising fundamental questions about the convergence between external economic pressures and domestic regulatory decisions in the digital domain. In this context, the central research question guiding the study is: how is data governance being reconfigured in Argentina amid growing financial dependence and geopolitical alignment with the US, and what are the implications of this process for digital autonomy in Latin America?

The central hypothesis holds that the combination of economic vulnerability, internal deregulation, and geopolitical alignment with the US is eroding Argentina's regulatory autonomy in data governance. More specifically, it is argued that the conditions associated with external financing and the geopolitical pressures derived from this alignment restrict the capacity of the Argentine state to make sovereign decisions regarding digital infrastructure, personal data protection, and strategic technological partnerships. This dynamic does not constitute an isolated phenomenon but rather forms part of a broader pattern observable across the Global South, where increased financial dependence tends to translate into greater technological subordination and setbacks in the protection of rights.

From a methodological point, the study adopts a qualitative approach based on the analysis of regulatory documents, international financing agreements, and official statements, complemented by macro-level indicators on digital infrastructure, external debt, foreign investment, and data governance, which provide an empirical backdrop for assessing how financial vulnerability conditions governance decisions. Through the triangulation of these sources, the article reconstructs the causal sequences linking financial dependence, geopolitical positioning, and the erosion of regulatory autonomy in the digital sphere.

By situating the Argentine case within the broader debate on geoeconomics, this article contributes to contemporary discussions on structural power, dependency, and strategic agency in the emerging digital order. It argues that, in a context in which data functions as a central geoeconomic asset, struggles over data governance are fundamental to understanding new forms of subordination and the current limits of state autonomy in international political economy.

Theoretical Framework

From the perspective of political economy, it has been emphasised that markets do not constitute autonomous or neutral spheres; their functioning is conditioned by power relations that shape the positioning and behaviour of the actors involved. Strange distinguishes between two types of power

exercised within political economy: relational power and structural power. The first refers to the direct capacity of one actor to induce another to do something it would not otherwise do. The latter, by contrast, refers to the capacity to shape and determine the structures of the global political economy within which other states, their political institutions, their firms, and their societies must operate.[1] In contemporary disputes, those who possess structural power are able to alter the range of options available to others without exerting direct pressure or imposing explicit decisions, but rather through the imposition of higher costs and risks, rendering some alternatives less accessible and others relatively more viable.[2] This perspective explains how global economic dynamics are configured and how states' margins of action are constrained under conditions of structural asymmetry, as is the case in Latin America.

The external financial dependence to which a large share of countries in the region are subject can thus be understood not primarily as a mechanism of direct policy imposition, but as a form of structural power that redefines the political and regulatory options available to indebted states. Debt-related economic pressure operates by altering the costs and risks associated with different courses of action, making certain decisions more feasible than others in line with the economic and political interests of the powers to which these states are financially linked.

The concept of geoeconomics allows this analysis to be further developed by providing a theoretical framework to understand how states build and exercise political power through economic instruments. Blackwill and Harris define geoeconomics as "the use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results; and the effects of other nations' economic actions on a country's geopolitical goals".[3] Unlike geopolitics, this concept offers an analytical lens that captures how international power is constructed and exercised through economic constraints rather than exclusively through territorial or military means, thus consolidating geoeconomics as a central instrument of foreign policy.[4] Increasingly, states deploy strategies of power through capital, financing, and other economic tools to pursue strategic objectives that were previously associated with military coercion or territorial control.

In the context of the contemporary digital economy, data has consolidated as a strategic economic resource whose control and regulation shape market access, technological development, the construction of dominant narratives, security, and positioning within the international system. According to this statement, "Datafication"[5] refers to the trend that transforms multiple aspects of social life into data, which are subsequently converted into information and, ultimately, into a new form of value. Data flows have also become indispensable to the functioning of the global digital economy, facilitating international trade and the expansion of digital services that transcend national borders, while simultaneously challenging traditional conceptions of state sovereignty historically associated with territoriality and exclusive jurisdiction. Beyond competition-related concerns, the governance of data flows operates as a mechanism through which states project power and secure strategic advantages in a context of growing digital interdependence. For all these reasons, geoeconomics is particularly relevant for analysing new forms of dependence emerging around data ownership and acquisition, where control over digital infrastructures, information flows, and regulatory frameworks functions both as a mechanism of power for dominant actors and as a structural constraint on state autonomy for countries with lower levels of economic independence. Data

sovereignty – understood as the extension of state sovereignty into the digital domain – acquires particular relevance in this context because it encompasses both an internal dimension, related to state authority over data generated and stored within national territory, and an external dimension, linked to the capacity to exert influence over data stored or processed abroad when such data is deemed relevant to national interests.[6] This notion is reflected in the growing body of national legislation, regulatory frameworks, and international agreements aimed at defining and enforcing the boundaries of data jurisdiction.

Methodology and Case Selection

With the objective of examining how data and the rules governing their circulation have become strategic resources in a context of global power transition, the research relies on a qualitative, document-based research design to examine the case of Argentina's data governance in the context of financial dependence and geopolitical realignment. The case selection responds to the combination of high external financial vulnerability, a relatively advanced regulatory framework on personal data protection, and a structurally unequal relationship with the United States, a central actor in both the global financial system and the digital ecosystem.

A comparative analysis of regulatory legislation and institutional reforms related to data and digital rights protection allows for an assessment of how Argentina's regulatory capacity is being reshaped under the Milei administration, and how decisions regarding digital infrastructure and data protection may be conditioned by external financing arrangements. The study also includes an analysis of financial agreements with the United States in order to reconstruct the structural conditions under which regulatory decisions are made and to identify the mechanisms through which economic vulnerability may shape public policies and generate new forms of dependence.

To complement the qualitative document analysis, the research integrates macro-level indicators on digital infrastructure, external debt, foreign investment, and data governance, which provide an empirical backdrop for assessing how financial vulnerability conditions governance decisions. By triangulating the available evidence, the study seeks to demonstrate how financial dependence, regulatory decisions, and geopolitical alignment shape state capacity in the digital domain.

From a Global South perspective, this approach makes visible the structural conditions under which strategic agency is exercised, highlighting how regulatory decisions on data governance are embedded in broader relations of economic vulnerability and asymmetric power. In this sense, the Argentine case allows for insights that extend beyond the national level and contribute to understanding similar dynamics affecting other peripheral economies in the contemporary geoeconomic landscape.

Data, Economic Power, and International Competition

The consolidation of structural transformations in the international system associated with the rise of new powers that challenge the United States' hegemony established after the end of the Cold War places the international system in a context of crisis of the liberal order.[7] Nowadays, data governance is the site where international hierarchy is reproduced through control over the infrastructures, legal

regimes, and standards that enable cross-border data access and processing, resulting in a key element of state sovereignty and national security. A country's geoeconomic position depends largely on the success of the strategies adopted for the digital transformation of its economy, which are based on the availability and control of data.[8]

Globalisation and economic transnationalization have reshaped traditional forms of domination, shifting part of the power away from nation-states toward large transnational corporations and global financial networks. This transformation has reformulated center–periphery relations, displacing direct territorial control exercised through political and/or military doctrines toward control over global value chains, financial flows, strategic technologies, and trade agreements. As early as 1976, Graciarena noted in an Economic Commission for Latin America and the Caribbean (ECLAC) report that many Latin American countries exhibited an "associated development model," characterized by dependent linkages with central capitalist countries and their large transnational corporations, where power was structured as a coalition primarily formed by civil and military technobureaucracies controlling the state apparatus in association with large national and foreign enterprises.[9] In a context defined by digital transformations, core countries continue to occupy privileged positions in the global economy, while Global South countries face renewed forms of dependency.

Six years ago, the COVID-19 pandemic clearly demonstrated the centrality of data for crisis management, from health surveillance and vaccine distribution to the control of misinformation. In 2022, the war in Ukraine highlighted the strategic role of data and information in contemporary conflicts, underscoring the interdependence between digital infrastructure, security, and state power.[10] Today, as one of the most valuable and contested resources in the global political economy, data governance frameworks, infrastructures, and standards have ceased to be marginal technical or regulatory issues and have become central axes of geopolitical competition and international power rivalry.[11]

While part of the globalisation literature initially argued that increased economic exchange would lead to the fragmentation and decentralisation of power, recent developments in international relations suggest that these economic interactions instead generate new structural conditions of power. Complex interdependence in information and data flows enables certain actors to occupy central positions within global networks, producing persistent power asymmetries across key domains such as economic exchange, surveillance, national security, and the production of hegemonic narratives.[12]

In the case of many Latin American countries, financial and commercial dependence tends to condition fiscal choices, economic policy, and geopolitical alignment. Recent negotiations and trade agreements suggest that digital governance has emerged as one of the domains in which structural financial power is exercised. The conditions established by dominant actors such as the United States or China, and accepted by less developed countries in order to avoid domestic economic crises, can generate a reconfiguration of legal frameworks and of the broader policy environment in which digital governance decisions are made, with direct consequences for population rights related to privacy, access to information, and data protection. Digital regulation becomes indirectly subordinated to financial stabilisation objectives and economic necessity, opening opportunities for central countries

to exert influence by shaping rules, norms, and policy orientations rather than through direct regulatory imposition.

These dynamics illustrate how financial dependence can function as a channel through which geopolitical hierarchies are reproduced in emerging regulatory fields. Ultimately, periods of acute financial vulnerability tend to coincide with accelerated regulatory convergence in the digital sphere, particularly toward standards favoured by dominant financial and technological powers. The asymmetric outcomes of these processes, often benefiting the commercial and strategic interests of core countries, suggest that such regulatory shifts cannot be fully explained by neutral efficiency considerations alone, but rather as an expression of the operation of structural power.

Data Governance and Competing Regulatory Models

The tension between the transnational nature of cyberspace and the territorial logic of sovereignty constitutes one of the fundamental legal and political dilemmas of the digital era. States face the challenge of harnessing the benefits of globalisation while seeking to protect national interests, guarantee citizens' privacy, and ensure the integrity of critical information infrastructures.[13] The evolution of data sovereignty and the development of regulatory frameworks adapted to ongoing changes in the digital sphere are directly linked to these challenges. Another important aspect is that while data sources are diverse, the most valuable continues to be that associated with private data generated by individual internet users.[14] In this sense, a country's population size and level of connectivity can be conceived as a form of "structural resource" in the digital economy, whose value increases when data can be processed and transferred beyond national borders. Access to data from foreign populations exponentially expands the capacity for economic value generation, algorithmic control, and informational power by states and companies that dominate digital infrastructures.

The United States holds an extremely dominant position in the field of cross-border data flows and, in order to maintain national data sovereignty, has expanded its jurisdictional reach. Following the Microsoft Corp. v. United States case, in March 2018 the United States enacted the Clarifying Lawful Overseas Use of Data Act (CLOUD Act), redefining the boundaries of US data. Internally, the CLOUD Act confirmed for the first time that government authorities' access to data held by companies is not limited by the physical location of data storage. Based on the principle of personal jurisdiction, any data involving US citizens—whether stored domestically or abroad—falls under US legal jurisdiction and is protected by privacy rights, while limiting the capacity of other states to unilaterally access such data. Externally, while the United States ostensibly promotes the free flow of data across borders, it effectively consolidates its data dominance by imposing long-arm jurisdiction on a global scale.[15]

The European Union's General Data Protection Regulation (GDPR), which entered into force in 2018, established a unified pan-European legal framework for cross-border data flows within the European Union and progressively extended the influence of European data sovereignty norms worldwide. This framework includes the principle of "adequacy determinations," which prohibits data transfers to countries outside the European Union unless they demonstrate an equivalent level of data protection, as well as requirements for "appropriate safeguards".[16] China, meanwhile, has adopted a robust data localisation regime and enacted the Data Security Law to reinforce state control over critical data and

mitigate perceived security risks associated with cross-border data transfers[17]. Taken together, these divergent models reflect broader geopolitical and ideological differences regarding the governance of digital spaces. Rather than establishing a unified and interoperable cyberspace, they generate competing regulatory spheres, each with its own rules, standards, and enforcement mechanisms.

For Global South countries, the challenge is particularly acute. These states are major consumers of digital technologies developed and controlled by foreign actors, raising concerns about digital dependency, loss of regulatory autonomy, and the risks of foreign surveillance or economic exploitation. At the same time, participation in the global digital economy often compels them to adopt policies that facilitate cross-border data flows and attract foreign investment, which do not necessarily safeguard national interests or citizens' rights. According to a 2023 Ernst and Young (EY)[18] report on Latin America, Argentina (under Law 25,326 on Personal Data Protection) and French Guiana (as a French territory) were the only jurisdictions fully compliant with European standards. Illustrating the growing importance of such regulations, several data protection laws were approved across the region in 2025, including in Brazil, Colombia, Ecuador, and Chile, closely aligned with European norms.

The United Nations has emphasised that the control, processing, and effective use of digital data have become essential conditions of future economic, political, and military power, deepening the divide between countries with advanced capabilities, such as the United States, China, and the European Union, and those with limited resources to transform data into knowledge, innovation, and economic value. This dynamic exposes many Global South countries to the risk of reproducing new forms of dependency and subordination within the digital economy.[19]

In the new digital world, the geoeconomic position of countries depends on the success of the strategies adopted for the digital transformation of their economies, which are grounded in the availability of data. Multilateral regional institutions such as Mercosur — a multinational South American trade bloc with economic, political, and regulatory coordination functions — could function as platforms for regulatory coordination and collective bargaining in the field of data governance, providing greater negotiating capacity in front of extra-regional actors with strong geoeconomic power. However, political fragmentation, economic asymmetries among member states, and the absence of a coherent regional digital strategy have thus far limited its capacity for action.

Argentina's Data Protection Framework in a Comparative Perspective

In the field of data governance, Argentina stands out as one of the countries with the most consolidated personal data protection frameworks in Latin America. Law No. 25,326 on the Protection of Personal Data (LPDP), enacted in 2000, establishes a comprehensive regime that explicitly recognises the rights of data subjects and sets clear obligations for data controllers. The law provides comprehensive protection for personal data contained in files, records, databases, or other technical means of data processing, whether public or private.[20] Its main provisions include the requirement of informed consent, the obligation to inform data subjects about the purposes of data processing, the registration of databases with the competent authority, guarantees of confidentiality and data security, and the recognition of rights of access, rectification, updating, and deletion of personal data.

The LPDP also incorporates principles that are central to the European Union's General Data Protection Regulation (GDPR), such as lawfulness, fairness, and transparency in data processing, as well as the existence of an independent authority responsible for overseeing compliance with the law. This normative alignment, together with the ratification of Convention 108+—the only legally binding multilateral instrument aimed at protecting individuals' privacy against potential abuses in the processing of personal data—allowed Argentina to be early recognised by the European Union as a country providing an "adequate" level of personal data protection. This recognition enabled international data transfers and commercial flows without the need for additional safeguards, in contrast to most countries in the region. It is worth noting that since the adoption of the first European data protection directive in 1995 and, subsequently, with the entry into force of the GDPR in 2018, the European Union has consolidated itself as the main global reference in this field due to its emphasis on protecting the right to information of its population.

In Latin America, only a very limited number of countries have fully met these standards. This early positioning granted Argentina a semi-normative role in data governance within the region. Although lacking the capacity to impose standards at the global level, the country acted as a regional reference in the adoption of regulatory frameworks inspired by the European rights-based approach, indirectly influencing legislative debates and regulatory reforms across Latin America. In this sense, data governance in Argentina was embedded in a regulatory tradition oriented toward the protection of fundamental rights and the limitation of international data transfers to jurisdictions that did not offer equivalent levels of protection.

Contrasts with the United States Regulatory Model

This rights-based regulatory tradition contrasts sharply with the regulatory approach adopted by the United States. Unlike Argentina and the European Union, the United States does not have a comprehensive federal personal data protection law. Its system is characterised by fragmented, sector-based regulation across different states, with broad exemptions linked to national security considerations. At the same time, the United States occupies a dominant position in digital trade and cross-border data flows, supported by the economic weight of its digital economy and the global centrality of its technological platforms.

The previously mentioned CLOUD Act (2018) establishes that the authority of US government agencies to access data held by US-based companies is not limited by the physical location of servers, consolidating a principle of personal jurisdiction with extraterritorial effects. In practice, this approach combines personal jurisdiction with long-arm jurisdiction mechanisms, reinforcing U.S. control over data stored globally.

From a geoeconomic perspective, this strategy is reinforced by the scale of the US digital economy. Output consisting mainly of e-commerce, digital services, and digital infrastructure reached USD 4.3 trillion (9% of the value of all goods and services produced in the United States) in 2022, representing an increase of 42% since 2017. As of 2022, e-commerce was the largest digital activity by output, while cloud services were the fastest-growing segment.[21]

Although the total value of digital trade flows is difficult to estimate due to the lack of explicit measurement in official international trade statistics, indicators of digitally deliverable services provide insight into its evolution. US exports of services that can be delivered digitally, which includes telecommunications, business, and information services, reached USD 656 billion in 2023, accounting for 64% of total US services exports and representing a 31% increase since 2018, outpacing the 19% growth in total US services exports over the same period.[22]

In the case of Argentina, insertion into the global digital economy reveals a structurally asymmetric pattern. While the country has experienced rapid growth in digital consumption and e-commerce, this expansion has not translated into a corresponding capacity to generate value-added digital exports or to shape regulatory standards. Argentina exhibits a high participation of ICT goods imports and a modest performance in net ICT services exports, while digitally delivered services account for only around 0.8% of GDP.[23] This configuration positions Argentina primarily as an importer and consumer within the digital economy, revealing a high dependence on external providers and foreign platforms for digital services. This asymmetric insertion limits Argentina's capacity to negotiate regulatory conditions and increases its exposure to external legal regimes governing data processing and storage. In this context, any agreement that facilitates the cross-border transfer of personal data from Argentina to the United States without requiring safeguards equivalent to European standards places the regulatory framework established by Law No. 25,326 under tension, putting at stake a fundamental right of the citizenry. The following comparative table shows the key indicators to understand the differences between countries.

China's Growing Presence and Multipolar Competition in Digital Governance

China's growing presence in Argentina and Latin America also constitutes a central dimension of the contemporary geoeconomic dispute surrounding digital infrastructure and data governance. Over the last two decades, the Asian country has expanded its role in the region through trade and large-scale investments that form part of broader initiatives, such as the Belt and Road Initiative (BRI) and China's "Going Out" strategy.

In the Argentine case, since the early 2000s, and particularly during the Kirchner administrations (2003–2015; 2019–2023), China has consolidated itself as Argentina's second-largest trading partner after Brazil. Financial cooperation deepened through mechanisms such as currency swap agreements between the People's Bank of China and the Central Bank of the Argentine Republic, which helped sustain international reserves and macroeconomic stabilisation during periods of severe financial stress.

At the same time, investments from Chinese companies exceeded USD 18.2 billion between 2000 and 2022, with nearly USD 4.8 billion invested between 2020 and 2022 alone. Although these transactions still remain below those originating from American and European companies, Chinese firms have managed to position themselves as key investors in strategic sectors where companies from other origins are practically absent, such as agribusiness, renewable energy, telecommunications, and digital technologies.[24]

Table 1. Comparative Overview of Digital Economy and Regulatory Power		
Dimension	**United States**	**Argentina**
Economic weight of the digital economy	The digital economy accounted for USD 4.3 trillion (9% of GDP) in 2022, growing 42% since 2017. Digital trade and data-driven services constitute a central component of US exports.	The volume of digital economy reached around USD 20 billion in 2024[25] (converted at an approximate average exchange rate of ARS 1,100 per USD in 2024), and e-commerce contributes approximately 4% of GDP.[26] Local stores account for 92% of sales.
Digital trade and exports	The US digital economy consists mainly of e-commerce, digital services (telecommunication, internet, and cloud services), and infrastructure (software and hardware).[27] In 2023, US exports of digitally-enabled services accounted for 64% of all U.S. services exports.[28]	Predominantly an importer of digital services and data-based technologies (ICT Goods Imports consist in 7.1% of merchandise trade).[29] In 2025, exports of digitally delivered services represent 0.8% of GDP.[30] and are concentrated in segments with low to medium value added.
Role of cross-border data flows	Considered essential for digital trade, trade policy seeks to prevent foreign regulations that restrict these flows.	Cross-border data transfers are subject to safeguards equivalent to European standards, restricting transfers to jurisdictions deemed to provide adequate levels of protection.
Data protection regulatory framework	No comprehensive federal data protection law (CCPA; TDPSA; OCDPA, etc.). Regulation is fragmented and sector-based, with broad national security exemptions.	Law 25.326 recognizes data subject rights and restricts international transfers to countries providing adequate protection. Approval of Convention 108+ on November 10, 2022 and sanction Law 27.699[31] on the Protection of Persons with respect to the automated processing of personal data.
Capacity to shape international norms	The US actively shapes multilateral and bilateral rules on digital trade and data flows, leveraging its market size and technological dominance to limit regulatory constraints on its firms.	Argentina undertakes unilateral commitments in digital trade and data governance, with limited capacity to shape international norms or export its regulatory preferences.

Source: Author's own elaboration based on Congressional Research Service, May 2025, Digital Cooperation Organization 2025 report, US and Argentine legislation.

An emblematic case of this expansion is the installation of a Chinese space station in the province of Neuquén inaugurated in 2017, which generated concerns related to sovereignty, transparency, and possible military use due to its links with the China Satellite Launch and Tracking Control General (CLTC), an entity associated with the People's Liberation Army.

Chinese expansion in telecommunications and digital infrastructure constitutes another central aspect of this dispute. Chinese companies Huawei and ZTE emerged as leading global providers of 5G infrastructure, benefiting from strong state support, low-cost financing, and broad technological

capabilities. Their presence in Latin America generates geopolitical concern, particularly following the approval of China's National Intelligence Law in 2017[32], which obliges Chinese companies and citizens to cooperate with state intelligence activities when required, implying risks related to cybersecurity and surveillance.[33]

In a context of growing multipolarity and hegemonic dispute between the United States and China, the control of strategic infrastructures for the future, technological supply chains, telecommunications, and digital standards transformed Latin America into a strategic space of geopolitical competition. Although both China and the United States have used financial and technological instruments to expand their influence in the Global South, both powers have done so through different strategies. While China strengthened its presence mainly through financing, investments, and technological infrastructure, the United States focused on promoting regulatory convergence around its preferred standards – particularly regarding cross-border data flows and the reduction of regulatory barriers for digital services – thereby strengthening its influence and limiting Chinese technological expansion in sectors considered strategic in a context of growing systemic competition. The renewed involvement of the United States with Argentina, including the negotiation of agreements on digital trade and data governance, can be interpreted not only as a bilateral economic initiative, but also as part of a broader strategy aimed at preserving its influence in a region where China's presence has grown substantially.

Agreement on Reciprocal Trade and Investment between Argentina and the United States

The signing of the *Joint Statement on Framework for a United States-Argentina Agreement on Reciprocal Trade and Investment* constitutes a turning point in terms of the erosion of regulatory autonomy over data governance and digital rights as a consequence of financial dependence. According to the official text released by the US Embassy:

"Argentina has committed to facilitating digital trade with the United States by recognising the United States as an adequate jurisdiction under Argentine law for the cross-border transfer of data, including personal data; and by refraining from discrimination against US digital services or digital products. Argentina also intends to recognise as valid under its law electronic signatures that are valid under US law."[34]

One of the most controversial aspects of the agreement is the explicit recognition of the United States as an adequate jurisdiction for the transfer of personal data, a move that stands in tension with Law No. 25,326, which conditions international data transfers on the receiving country offering a level of protection equivalent to that of Argentina. The introduction of an automatic adequacy recognition, without a known technical assessment or additional safeguards, has been identified by various specialists as a potential source of conflict with the existing legal framework.[35] The recognition of the United States as an adequate jurisdiction is particularly problematic given that it lacks a comprehensive federal data protection law comparable to the Argentine model, allows state access to personal information under broad national security exceptions, and would further limit the Argentine state's capacity to apply stricter controls over the processing of personal data when handled by US-based companies. These aspects of the agreement suggest that it would not strengthen citizens' rights over their personal data but could instead weaken them, especially if potential disputes arising from data

misuse were to be litigated in United States courts, with the high costs this would entail for data subjects required to initiate legal action.

At the geopolitical level, explicit adequacy recognition would facilitate the adoption of software and artificial intelligence technologies whose data processing takes place on US territory, granting the United States a position of advantage over other competing countries, such as China.[36] The unilateral acceptance of conditions that facilitate the operations of US technology firms, without requiring equivalent regulatory guarantees, would consolidate a peripheral insertion of Argentina into the global digital economy, characterised by unilateral openness, regulatory weakening, and technological dependence in strategic sectors. Faced with an inability to negotiate on equal terms and under the pressures generated by debt maturities, the agreement illustrates how economic conditionality is producing deeper subordination, particularly in a domain in which Argentina had historically demonstrated a high level of agency.

Financial Dependence and Geopolitical Realignment under the Milei Administration

The case of Argentina demonstrates how financial dependence can function as a channel through which forms of domination are reproduced in the realm of digital governance and data sovereignty. Argentina's international position in the recent period has been strongly shaped by its persistent dependence on external financing. Far from being a cyclical phenomenon, external debt has for years operated as a structural condition that constrains the state's room for manoeuvre and shapes its strategies of international insertion, a dynamic that has deepened in the context of a severe economic crisis.

Argentina's external indebtedness is not a recent or administration-specific phenomenon. Following a sustained decline after the 2001 crisis[37], external debt resumed an upward trend from 2013 onward. While the Kirchner administrations had temporarily severed ties with the International Monetary Fund (IMF) in 2006 by fully repaying outstanding obligations, this period of autonomy proved to be temporary. The closure of voluntary credit markets in 2018, combined with persistent capital outflows and balance-of-payments pressures, precipitated a severe financial crisis and Argentina's return to the IMF through a Stand-By Agreement. This agreement consolidated a creditor structure characterised by large-scale refinancing needs and medium-term conditionalities that continue to shape Argentina's external economic strategy.

This financial legacy is central to understanding Argentina's recent regulatory realignment in the digital domain. The Milei administration inherited an external position marked by acute refinancing needs, limited access to private credit markets, and an external debt structure in which the United States plays a central role, both directly and through its influence over key international financial institutions. In this context, the United States, with a central role in the Argentinian credit structure, emerged as an actor capable of providing political support, financial intermediation, and access to international financial institutions.

Under conditions of restricted access to private credit, recurrent balance-of-payments pressures, and acute refinancing needs, international financial actors consolidate their role as central nodes of

structural power, capable of influencing policy orientations beyond the strictly economic sphere. This condition has been historically reinforced by the central role of International Financial Institutions (IFIs). As of September 30, 2021, the total stock of loans granted by IFIs amounted to USD 68.06 billion, representing approximately 21 percent of gross public debt and 16 percent of GDP. The International Monetary Fund accounted for 63 percent of this total, followed by the Inter-American Development Bank (19 percent), the World Bank (11 percent), and CAF (5 percent). Between 2005 and 2020, gross disbursements from IFIs exceeded USD 83.5 billion, with a strong concentration in the IMF Stand-By Arrangement signed in 2018. The magnitude and centrality of these flows consolidated Argentina's structural position of financial dependence.[38]

In the current period, data from the Central Bank of Argentina (BCRA) indicate that private external debt has become an increasingly critical source of vulnerability. As of March 31, 2025, private external debt totalled USD 103.3 billion, characterised by a high share of short-term, trade-related, and financially sensitive liabilities. The geographic and sectoral concentration of this debt, particularly in relation to the United States and data-intensive sectors such as energy, telecommunications, and technology-linked services, further reinforces Argentina's exposure.

In terms of composition, debt associated with imports of goods remains the largest category, amounting to USD 39.1 billion, followed by financial loans (USD 26.9 billion) and debt securities held by non-residents (USD 13.8 billion). Debt linked to services (USD 13.8 billion) and exports of goods (USD 6.9 billion) complete a structure characterised by a significant share of short-term and trade-related commitments.[39] This configuration is particularly relevant given its maturity profile: commercial external debt and a substantial portion of financial liabilities mature within short time horizons, generating recurrent refinancing needs and heightened sensitivity to external financing conditions.

The geographic and sectoral concentration of this debt further reinforces Argentina's vulnerability. The United States emerges as the main source of both commercial and financial external liabilities, accounting for approximately 22 percent of total exposure in earlier periods and maintaining a central position in recent years.[40] Moreover, a significant share of private external debt is concentrated in data-intensive and digital-related sectors, including energy, telecommunications, and technology-linked services. Under these conditions of acute financial urgency, the need to preserve creditor confidence and secure access to refinancing increases the likelihood that negotiations with external actors extend beyond financial matters into broader regulatory and strategic domains.

Ideological affinity between presidents may facilitate political signalling and accelerate diplomatic convergence but it is not the main cause of regulatory concessions. If deregulation were purely driven by ideological preference, one would expect a consistent reduction of state intervention across the digital domain. However, the Milei administration has simultaneously expanded or maintained state involvement in areas such as cybersecurity and intelligence, suggesting that regulatory change is selective rather than systematic. Measures such as the creation of a National Cybersecurity Centre and the modification of the legal framework governing access to public information suggest that digital policy is not treated as a purely market-driven domain, but rather as a strategic field involving security and state control considerations. Considering the national relevance of these topics, the specific

decision to facilitate cross-border data transfers and recognise the United States as an adequate jurisdiction cannot be fully derived from a general pro-market orientation. Although the decision to align primarily with the United States rather than pursuing alternative partnerships could be attributed to the ideological affinities between Milei and Trump, the country's financial trajectory reveals that these constraints are embedded in a pre-existing structure of external financial dependence that predates the current administration and significantly limits its margin of manoeuvre, including high-sensitivity domains such as data governance.

In line with the agreement analysed between the United States and Argentina, the recent cases of Ecuador and El Salvador allow for the identification of a convergent regional logic in the areas of digital trade and economic regulation. In both countries, during 2025, Reciprocal Trade Agreements were signed with the United States to negotiate the additional tariff surcharge imposed by the North American country in exchange for the relaxation of tariff barriers and regulatory frameworks related to digital services. These agreements reveal a broader tendency toward the use of economic interdependence for coercive purposes. As in the case of Argentina, these arrangements constitute a turning point in the limited regulatory capacity over data governance and digital rights as a consequence of financial dependence.

In the case of Ecuador, the agreement included explicit commitments to facilitate digital trade, including pledges not to impose taxes on digital services that discriminate against US companies and to support the adoption of a permanent moratorium on customs duties on electronic transmissions within the framework of the World Trade Organisation.[41] The Ecuadorian government announced this agreement as part of a strategy to eliminate the 15% tariff surcharge imposed by the United States on Ecuadorian exports in August 2025. In exchange for the reduction of these restrictions, Ecuador agreed to reduce or eliminate tariffs in sectors strategic to the United States, including technological goods, machinery, health-related products, and motor vehicles, among others.

Similarly, El Salvador assumed comparable commitments aimed at preventing barriers to services and digital trade with the United States, refraining from imposing discriminatory digital services taxes, and supporting a permanent multilateral moratorium on customs duties on electronic transmissions.[42] Under the pressure to sustain trade flows and mitigate tariff increases imposed by the United States, regulatory frameworks are consolidated that favour the expansion of US technology companies while constraining the regulatory capacity of Latin American states in strategic areas.

When analysed not as isolated agreements but as part of a broader pattern, these recent experiences reinforce the hypothesis of a geoeconomic strategy aimed at reconfiguring Latin America as a priority sphere of influence, with direct implications for the economic, digital, and regulatory sovereignty of the countries involved.

Ideological Alignment and Structural Constraint

Argentina and the United States' governments share a pro-market orientation, a preference for deregulation, and a broader geopolitical alignment that prioritises closer economic and political ties. From this perspective, the easing of data governance restrictions and the facilitation of digital trade could be interpreted as a natural extension of a liberal policy agenda rather than as the result of external constraints. However, while ideological alignment may account for the general direction of policy preferences, it does not fully explain the timing, scope, and specific content of the regulatory concessions adopted.

The causal mechanism linking financial dependence to regulatory change operates through short-term liquidity constraints that increase the cost of non-alignment. Under acute refinancing pressure, access to external financial support becomes contingent on maintaining cooperative relations with key creditors, thereby narrowing the set of politically feasible regulatory options.

In 2025, Argentina faced significant external debt obligations, including approximately USD 4.4 billion in payments to the International Monetary Fund, with a major instalment due on November 1st. In the weeks leading up to the November deadline, the government intensified negotiations with U.S. authorities, including discussions over financial support mechanisms and refinancing options, in a context marked by high country risk levels, reaching over 1,103 basis points in late October, which would constrain access to international credit markets. Under these conditions, failure to meet external commitments or maintain creditor confidence would have entailed substantial macroeconomic risks, including exchange rate instability, inflationary acceleration, and further financial isolation. By November 4, Argentina's Treasury reportedly held only around USD 148 million in deposits at the Central Bank, far below the approximately USD 796 million required for the upcoming interest payment, which was ultimately executed on November 7 without official information about the origin of the money. Even though it is possible to deduce that the payment was covered through a combination of mechanisms that included the activation of a currency swap arrangement with the U.S. Treasury, estimated at up to USD 20 billion, and the acquisition of Special Drawing Rights (SDRs) used to service IMF commitments. Public data from the IMF indicate that by the end of October, Argentina had increased its SDR holdings by approximately 640 million, mirroring a corresponding reduction in U.S. holdings, which analysts interpreted as evidence of short-term financial assistance. Only a few days later, on November 13, the Joint Statement on a Framework for a United States–Argentina Agreement on Reciprocal Trade and Investment was signed. The temporal sequencing of events is revealing, considering that regulatory concessions in the digital domain were not adopted gradually or as part of a broader ideological reform package, but instead coincided with a period of acute financial stress, characterised by imminent debt payments, insufficient reserves, and reliance on short-term external support. The agreement with the United States was signed immediately after these financial pressures peaked, suggesting that regulatory alignment was closely linked to the need to secure financial stability.

Moreover, not all forms of deregulation are cost-neutral. In the domain of data governance, the recognition of the United States as an adequate jurisdiction for cross-border data transfers introduces tensions with Argentina's existing legal framework, may weaken previously established data protection standards and also cause conflicts within national parties. That suggests that the adoption of such measures, despite their potential legal, institutional, and sovereignty-related costs, was not

merely the preferred outcome of an ideological agenda that could have been implemented gradually over the previous two years, but was shaped by the need to secure external support and avoid more severe economic disruptions.

This dynamic does not imply direct coercion, but rather reflects the operation of structural power, where financial dependence shapes the range of feasible policy alternatives, and this is also consistent with the logic identified in the literature on external constraint in Argentina, where periods of financial stress tend to compress the range of viable policy options, forcing governments to prioritise short-term stabilisation over long-term regulatory autonomy.[43]

The absence of explicit imposition does not imply the absence of influence; in that case, power operates through the differential costs associated with available options. In contexts of acute financial stress, the inability to meet external obligations carries extremely high economic costs, making certain forms of policy alignment comparatively more viable than others. As a result, decisions are formally taken by the state, but within a field of action structured by external constraints and expectations. A policy outcome that appears voluntary on the surface may, in practice, reflect deeper structural constraints. In this sense, the absence of explicit conditionality does not imply the absence of constraint, but rather reflects a shift toward more diffuse and structural forms of power in contemporary geoeconomic relations.

Conclusion: Data Governance, Dependency, and Structural Power in the Global South

Data governance has become a central topic of geoeconomic and political dispute in the contemporary international order. Control over data flows, digital infrastructures, and regulatory frameworks today constitutes a key dimension of structural power, as it shapes states' capacities for action, economic hierarchies, and forms of cultural and symbolic domination.

In the digital era, the concept of the Global South has not lost relevance. On the contrary, as various authors point out, relations between the United States and much of the world in the field of digital technologies reproduce a centre–periphery logic. Large US and Chinese technology platforms expand their global presence through the systematic extraction of data from local users, which are processed, monetized, and transformed into economic, political, and cultural power outside the territories where those data are generated. This dynamic reinforces economic and symbolic dependencies and consolidates an international division of digital labour in which peripheral countries function primarily as data providers and consumers of technology, thereby limiting their margins of agency.

The Argentine case illustrates how these dynamics operate not only through market mechanisms, but also through financial dependence and regulatory realignment. Based on a qualitative analysis of regulatory frameworks, international financing arrangements, and structural features of the national economy, this article has shown how external financial constraints can extend into the regulatory domain, shaping decisions in areas that directly affect sovereignty and citizens' rights. In particular, the agreement on digital trade between Argentina and the United States, adopted in a context of acute financial vulnerability, significant external debt obligations, and reliance on external financial support,

suggests that regulatory concessions in the digital sphere are embedded in broader dynamics of economic dependence.

Even though ideological alignment between the Milei and Trump administrations may help explain the general orientation toward deregulation and closer bilateral ties, it is insufficient to account for the timing and specificity of the regulatory changes observed. The concentration of regulatory concessions in the digital domain coincides with a critical juncture marked by refinancing pressures, negotiations for external support, and the activation of financial mechanisms that were essential to meeting short-term obligations. This temporal alignment provides empirical support for understanding regulatory change not as a purely discretionary choice, but as a response shaped by structural constraints.

From a broader perspective, this case illustrates how the data economy can reinforce contemporary forms of asymmetrical dependence and unequal control over technological infrastructures and knowledge production. These dynamics reproduce patterns of concentration and unequal control over digital infrastructures, data flows, and technological standards, limiting possibilities for democratic agency and informational autonomy in the Global South. The concentration of algorithmic control and digital infrastructures in the hands of a highly concentrated group of large technology firms deepens these asymmetries. As Fonfría and Duch-Brown argue, in light of the geopolitical and geoeconomic challenges associated with the strategic role of data, the development of comprehensive national strategies that clearly define the legal status of data and the conditions governing their circulation becomes essential.[44]

While participation in the global digital economy requires facilitating cross-border data flows in order to avoid exclusion from value chains, investment, and innovation processes, the absence of effective controls exposes states and their citizens to the erosion of fundamental rights. In line with Furtado's propositions, in today's world, the central challenge for peripheral countries does not simply consist of choosing between one centre of power or another, but rather in expanding the bases of state representation and strengthening the mechanisms through which society acquires an effective presence in decision-making bodies and state institutions responsible for regulating international insertion and the concentration of economic power.[45]

Finally, strengthening regional cooperation mechanisms in the field of data protection emerges as a possible strategy to expand the Global South's strategic agency. Without such efforts, the emerging world order, whether under Western hegemony or new forms of leadership, risks deepening structural inequalities and consolidating exclusionary development models incompatible with autonomous forms of development.

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Simandou 2040:
A Case Study in Infrastructural Geoeconomics

Alberto Visentin[1,2]

On 17 January 2026, General Mamady Doumbouya was sworn in as Guinea's head of state, five years after taking control in a coup d'état. Since 2021, he had been facing a challenge to appease popular discontent over the state's handling of mineral resources. His predecessor, President Alpha Condé, had attempted to develop the infrastructure necessary to exploit bauxite, alumina, gold, and iron-ore resources by requiring foreign mining companies to invest in billion-dollar projects. Yet, despite strong foreign appetite for Guinean resources, these projects failed to alleviate poverty, fuelling popular discontent and contributing to the military coup. Against this backdrop, General Mamady Doumbouya sought to solidify his legitimacy by leveraging geoeconomic competition between foreign powers over Guinea's substantial iron-ore resources. Specifically, he targeted the Simandou 2040 project to regain economic sovereignty and create economic benefits for the broader population. As such, the project is a laboratory for African countries' agency in the face of great powers' geoeconomic competition.

Simandou 2040 is the largest mineral extraction project in history.[1] With its estimated cost of 23 billion dollars, it is expected to reshape the domestic political economy of a country that is new to large-scale iron-ore exports and disrupt global iron-ore supply dynamics. Guinea exported negligible iron ore volumes prior to Simandou's ramp-up, but, according to CRU estimates, it will climb to the third-largest iron ore exporter (after Australia and Brazil) in just five years, in a market that today is worth 171 billion dollars[2]. Given Guinea's limited fiscal resources, the project has been highly dependent on foreign investment and on the strategic objectives of external states and firms, both of which are seeking influence over iron-ore supply. Guinea's domestic development strategy unfolds against the backdrop of a new geoeconomic order, in which industrialized economies increasingly compete to secure raw materials supplies. The project requires delicate coordination among many stakeholders, President Doumbouya included.

This essay analyses whether the Guinean government successfully leverages foreign investor competition to ensure that the development of the country's iron-ore industry advances its own development objectives and economic sovereignty. The essay explores how the state manages infrastructure negotiations with foreign investors supporting Simandou 2040, particularly for the railway and port that connect the mine to the sea and are both vital components for the success of the project. Through this case study, the essay also analyses the landscape that low- and middle-income countries must navigate to balance the new wave of geoeconomic tensions centring African countries and other economies across the Global South.

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The main argument developed in the following sections is that geoeconomic competition becomes a source of agency for resource-rich states only under specific conditions. Within the framework of Simandou 2040, the decisive issue is governance of the corridor that links extraction to export. Guinea's room for manoeuvre depends on its capacity to govern the railway and port system: where such rule-setting capacity is credible, external competition can be channelled into bargaining leverage and developmental gains; where it is not, the same competition risks consolidating into new forms of dependence. The remainder of this essay is structured as follows: section II describes the project and the main actors involved; section III gives a theoretical framework to navigate the proposed case and suggests a policy path for Guinea based on regional experiences; section IV concludes.

Simandou 2040

The history of the Simandou project begins with Rio Tinto. The Anglo-Australian company obtained in 1997 the right to explore the Southeastern Guinea's Simandou mountain range, a difficult terrain in a remote, forested area. From the total control of extraction to today's 25% participation in the project, many allegations of corruption and legal disputes have changed the influences over this resource hub. First Lansana Conté gave half of the mine to BSG Resources, an Israeli company run by Beny Steinmetz, who was later sentenced to five years' imprisonment for bribery of Guinean officials by a Swiss court [3]. Before legal actions were taken, BSG had already sold the shares to Brazilian mining company Vale. After a period of stagnation, Winning Consortium Simandou (WCS), a Chinese and Singaporean company, accelerated construction for the railway expected to connect the mine to the coast. With the entry of Chinese-linked partners, the project's final structure consisted of four blocks split between two consortia. In the South, Blocks 3 and 4 are held through the SimFer joint venture: Simfer S.A. (the licence holder) is owned 15% by the Government of Guinea and 85% by Simfer Jersey Limited, itself a joint venture between Rio Tinto (53%) and Chalco Iron Ore Holdings (47%). The latter is a Chinalco-led vehicle composed of other Chinese SOEs.

In the north, Blocks 1 and 2 are held by Winning Consortium Simandou (WCS), with the Government of Guinea holding a 15% interest in the mining vehicle and WCS holding 85%; WCS is led by Winning International Group and Weiqiao Aluminium (China Hongqiao) together with Baowu Resources. The rail-and-port system is structured separately from the mines: once commissioned, the co-developed infrastructure and rolling stock are transferred to Compagnie du TransGuinéen (CTG), the operating company in which SimFer and WCS each hold 42.5% and the Guinean state holds 15%[4].

As it stands, the project is a complex mix of diverse interests and international pressures, all aimed at obtaining the largest share of benefits from this mine. It is worth briefly examining these interests. First of all, Rio Tinto. Already the biggest iron ore extracting company, Simandou's mine would expand Rio Tinto's share of seaborne iron ore and strengthen its market position, especially with the recent discussions over a possible merger with Glencore[5].

Chinese interests are represented by Chinalco and the Winning Consortium, which seek to increase trade security of raw materials, especially for steelmaking. A healthy relationship with the Guinean government could grant them access both to bauxite and iron ore, the main ingredients in steel

production. These dynamics could also tip the balance in favour of Chinese manufacturing companies, which have been forced to act as price-takers on the iron ore market [6].

Finally, Guinea seeks to avoid the fate of other resource-endowed countries that have discovered substantial, lucrative reserves, only to fall for the (in)famous resource curse. A projected global price decline associated with oversupply on the international market could prevent Guinea and the private companies from recovering capital costs. Corruption and political distress are other common risks that always lurk behind such projects. The government thus plans to avoid the "Dutch disease" by creating a sovereign wealth fund headed by a foreign national, with a major share of the revenues to be directed towards education. This is closely followed by infrastructure and energy investments, all long-term, growth-spurring fields. Another step is to convince investors to build iron ore refineries in Guinea, thereby localising important phases of the value chain and moving closer to becoming an industrial, steel producing country [7].

The local population may also be influential. Although the president and the project both currently enjoy high levels of public support, the situation may change. In particular, support may weaken once the construction boom ends and demobilisation begins, with an expected difference between required workers for the construction phase and operational jobs in the order of 35 to 45 thousand people [8]. If the project fails to retain local workers, or, worse, if foreign workers replace the locals, there could be dire political costs. The construction stage is vulnerable to protests, work stoppages, and corridor blockades.

Simandou 2040 thus holds the promise of substantial economic and social benefits for Guinean populations while being a rich ground for (geo)political and economic tensions. As such, this essay speaks to academic debates focusing on the agency of the Global South government in a geoeconomic age. Guinea's iron-ore mines demonstrate how a low- and middle-income country seeks to develop by leveraging natural resources. For these countries, a vital element in retaining economic and geopolitical agency is the successful governance of the chokepoints through which resources enter global markets. This demands a careful management of foreign participation in extractive and connective infrastructure, ensuring that no single actor becomes non-substitutable.

The path to the sea: governing the corridor, not just owning the ore

When faced with the issue of allocating infrastructure contracts, the Guinean government opted for a hedging approach. American-owned locomotives, built in India, rattled onto Chinese rail tracks. French signals direct the iron ore towards the sea. When China attempted to bundle some Chinese locomotives together with the shipment of rails, the Guinean government promptly sent them back[9].

This arrangement predated the current regime. Simandou was already politically and institutionally divided before Doumbouya: the southern blocks (3 and 4) were already governed through the Simfer framework, while the northern blocks (1 and 2) followed their separate trajectory; and earlier Guinean pressures had insisted that the railway and port should serve a national-development logic rather than a simple export shortcut. What changed after 2021 was not the existence of a diversification approach, but the state's ability to turn it into leverage. In March 2022 the junta suspended works, explicitly

demanding clarification on how Guinea's interests would be preserved[10]; days later the presidency tied the new framework agreement to a precise timetable backed by penalties up to withdrawal of mining licences[11]; and in July 2022 the parties were folded into La Compagnie du TransGuinéen (CTG), the joint infrastructure vehicle that centralized the co-development of the rail and port and granted the Guinean state a 15 percent stake.

This episode exemplifies the delicate balance around claiming authority over infrastructure and the supply corridor. While the Simandou project is often described primarily in terms of resource extraction, its political economy is particularly revealing when examined through the lens of infrastructure-mediated integration into global markets. Railways, ports, logistics systems, and standards regimes do more than facilitate trade; they are key sources of bargaining power. They condition the distribution of rents, effectively acting as one of the battlefields of geoeconomic influence: in Simandou's case, about 650 km of railways connect the SimFer mine (the furthest out of the two, held by the government, Rio Tinto and Chinalco) to the Morébaya port, also specifically built for iron shipments.

This insight is rooted in a long-standing tradition of political economy scholarship. Albert O. Hirschman's classic analysis of trade dependence already emphasised that power derives not from absolute volumes of trade, but from asymmetric control over points of exchange and exit options [12]. Work on complex interdependence has shown that vulnerability is not evenly distributed across economies, but rather concentrated at specific nodes where flows can be disrupted or redirected [13]. Contemporary geoeconomics relies on these studies, and demonstrates how control over network hubs and chokepoints has become a central instrument of state power, especially in the works of Farrell and Newman [14] and Drezner, Farrell, and Newman [15]. Although their theory was developed mainly through financial and informational networks, the same logic can be extended to material infrastructures, where ports, railways, and logistics corridors function as geoeconomic chokepoints by concentrating control over movement, pricing, tariffs, standards and timing.

Recent scholarship has refined these concepts by focusing explicitly on regional infrastructure hubs and corridors as sites of political contestation. Jana Hönke [16] in particular argues that African ports and transport corridors function as experimental governance spaces in which states, firms, and external actors negotiate authority, often producing fragmented forms of sovereignty. These corridors operate simultaneously as sources of state power and as constraints on it: they offer leverage over global flows, but they can also lock countries into enclave-like forms of dependency.

This literature shifts attention from resource ownership to the governance of resource mobilization. When states retain the capacity to regulate access and prevent exclusive control, chokepoints can be transformed into instruments of strategic agency. At the same time, corridors can easily become the target of de facto privatizations or fall under external control, thus tending to reproduce dependency even under conditions of competition. A practical illustration is Nigeria's Lekki Deep Sea Port, where a 45-year Build, Own, Operate and Transfer (BOOT) concession left control with a foreign consortium led by China Harbour Engineering Company and Tolaram, holding 75 percent of the equity, while a US$629 million China Development Bank loan helped finance the project. Formally national, the

asset's governance was nonetheless substantially externalized, showing how strategic infrastructure can reproduce dependence even without formal alienation of sovereignty [17].

From this perspective, strategies such as "hedging" or "diversification" acquire a more practical meaning. Effective hedging depends on domestic rule-setting capacity, meaning the ability to impose constraints on investors and manage distributional conflicts at home. Without such capacity, partner competition risks degenerating into what appears as choice but functions as constraint, with states navigating between alternatives they do not fully control [18].

Applied to Simandou 2040, this framework explains why the governance of rail, port, and logistics systems is central to Guinea's geoeconomic trajectory, and why having a strong and credible government is of vital importance. The project's significance lies in its contribution to global iron ore supply, but domestic gains will depend on Guinea's ability to manage the corridor, discipline external actors, stabilize revenues, and generate spillovers.

Alongside Guinea's formal participation in the project, a key issue is its ability to keep the corridor rule-based and contestable over time. This requires more than an initial bargaining success or a diversified set of foreign partners: it requires a very practical capacity to prevent technical lock-in, regulate access and pricing, and preserve enough domestic legitimacy that the railway and port do not become either a foreign-controlled enclave or a focal point of social disruption. The remainder of this section examines the corridor design features that would allow Guinea to preserve autonomy over the project, using insights from other experiences in the region.

Defining "control" in practice: rules, interoperability, and exit options

In geoeconomic terms, control over a corridor rarely comes from equity stakes alone. It comes from the capacity to set and enforce rules that govern access (who can use the rail/port and under what conditions), standards and interoperability (whether the system can switch suppliers, integrate components, and avoid technical lock-ins), pricing and allocation (tariffs, scheduling priority, capacity allocation), and dispute settlement (where conflicts are adjudicated). If the government lacks control over these channels, it may lose control over the infrastructures; losing control over the infrastructures can cause a series of both short- and long-term difficulties [19].

To begin with, external influences can be hard to manage and result in enclave-like systems. The Djibouti–Ethiopia standard gauge railway, financed and built largely by Chinese state-owned enterprises, is an example of this. Studies of its operation show that the line improved connectivity, but also entrenched external operational control through management contracts, technology standards, financing and operational dependencies that constrained renegotiation of tariffs and independence [20].

A different but complementary illustration is the Berbera port in Somaliland, where DP World obtained a 30-year concession in 2016 and initially took a 65 percent stake; after Ethiopia joined in 2018, DP World retained 51 percent, while Somaliland held 30 percent and Ethiopia 19 percent, within a project framed as a broader US$442 million port-and-corridor investment [21]. The case is analytically useful not only because it placed a strategic gateway under long-term foreign influence and technical

dependency, but because it linked infrastructure geoeconomics to disputes over Somaliland's legitimacy: port governance became inseparable from wider diplomatic struggles over recognition and territorial authority [22].

Managing domestic stakeholders can also prove challenging. Guinea itself has already had difficulties in balancing this equilibrium during the bauxite boom: in the Boké region, grievances over land, dust, compensation, jobs, electricity, and water repeatedly escalated into disruptions of mining logistics, showing how quickly corridor infrastructure becomes the most effective target when the distribution of costs and benefits is perceived as unjust. Episodes of discontent have included roadblocks and attacks on mining-related assets: protesters have also blocked rail lines and attacked logistics assets to prevent ore transport to the port.[23]

Finally, an instructive contrast: the Maputo Development Corridor shows how a state can use public–private partnerships to retain strategic oversight. South Africa and Mozambique jointly structured concession agreements with transparent tariff regimes and dispute-resolution mechanisms set in domestic law. Research on the corridor highlights that this institutional design allowed both governments to attract investment while maintaining regulatory control and ensuring local economic spillovers.[24]

These West African and Sub-Saharan cases support the thesis that extraction is politicised and externally leveraged through corridors. Corridors most clearly reveal the costs; such as land loss, employment volatility, and dependency; and benefits; including jobs, public goods, and fiscal revenue; of natural resource extraction projects. Whenever the judgment turns negative, corridors are disrupted because it is the fastest route to leverage. When governance is weak, external and internal actors can capture the corridor via technical and operational measures and protests. When institutions are strong, the corridor can become a platform for negotiated development.

Solutions for Simandou: Corridor Governance and Strategic Autonomy

Guinea should aim to maintain infrastructure agency by asking: what types of rules and institutional designs reduce lock-in and the risk of the corridor becoming a geopolitical or domestic hostage?

a) Technical contestability

The practical goal is interoperability and supplier substitutability. Concretely, this means procurement that avoids single-vendor systems for critical components, contractual requirements for open standards, maintenance and data access provisions that prevent operational dependency, and periodic retendering for specific segments (signalling upgrades, rolling stock servicing) to keep credible outside options. The logic is already visible in Guinea's approach: diversification functions as an insurance policy against concentrated dependencies.

b) Economic contestability

A corridor becomes captive when access and pricing are privately internalized. A rule-based corridor therefore needs enforceable provisions on who has access rights, how tariffs are set and revised,

capacity allocation rules and transparency. Even if Simandou's rail is initially "purpose-built," credible third-party use rules (or at a minimum, credible state step-in rights, such as with CTG, and tariff review mechanisms) reduce the risk that the corridor becomes a private state-within-a-state. The Guinean government is actively trying to avoid this risk. Using the words of Djiba Diakite, chairman of the Simandou 2040 Strategic Committee: "The infrastructure is not only for mining. The railway is also expected to open corridors for agriculture, other resource sectors such as transport and trade, […] which widens the effect beyond ore alone" [25].

c) Social contestability

West African experience suggests that chokepoint governance fails when the corridor lacks social legitimacy. Here control depends on the political capacity to manage expectations around the project, distributional effects and especially employment transitions. Two design features matter in practice: a credible benefit channel to corridor-adjacent communities and a labour transition strategy that anticipates the post-construction employment drop. Recent reporting on Simandou's demobilisation underscores this risk: large-scale layoffs after the construction peak can increase the probability that resentment attaches to the corridor as the most visible (and attackable) symbol of extraction [26].

Returning to Doumbouya's role, corridor governance requires credible enforcement capacity, and this is only possible in today's Guinea through a strong and credible government. The Simandou 2040 case illustrates the central importance of governing the infrastructure that connects resources to markets. The analysis has shown that preserving control over these assets demands political authority and the capacity to withstand external pressures. At the same time, rivalry among external actors creates opportunities for Guinea to preserve bargaining leverage and avoid dependence on any single partner. In this light, Simandou is a test of whether geoeconomic rivalry can be managed through infrastructure governance. The decisive question is whether Guinea can attract powerful external partners while keeping the corridor open to substitution, subject to public rules, and politically governable beyond the construction boom. If these conditions hold, the railway and port may become instruments of national integration and structural development rather than mere tools for ore exports. If they do not, the same infrastructures risk consolidating into a new architecture of dependence.

Conclusion

This essay has argued that intensifying geoeconomic competition does not automatically increase or reduce the agency of Global South states, but reshapes it in ways that depend on how states govern the infrastructural chokepoints linking domestic resources to global markets. While great-power rivalry may widen the set of potential partners, it also heightens the risks of technical lock-in and infrastructural dependency. Agency, in this context, is the capacity to translate external competition into enforceable domestic rules governing access, expectations, tariffs, spillovers and use.

The case of Simandou 2040 is a well-fitted example of this conditional logic. Beyond its sheer scale or its impact on global iron ore markets, Simandou's significance lies in the governance of the corridor that connects extraction to export. Whether the project evolves into a platform for national integration

or consolidates an extraction economy will depend less on the number of external actors involved and more on the durability and credibility of rule-based corridor governance.

As great powers increasingly pursue industrial resilience through trade policy and supply-chain reconfiguration, the politics of chokepoints is likely to become a critical feature of the global economy. For many Global South states, the stakes will not lie in securing access to resources alone, but in governing the corridors through which those resources are integrated into global systems. The future of geoeconomic agency, therefore, could be shaped less by grand alignments than by the daily politics of access and enforcement along the railway of globalisation.

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Development Aid as Migration Control:

The EU Emergency Trust Fund for Africa and the Constraints on African Agency

Ginevra Cecchi[1,2]

For decades the EU has recorded a steady but contained flow of migrants to the continent, a number small enough not to attract the sustained public or political attention. However, in the mid-2010s things changed. Due to the conflicts in the EU's neighbourhood, Syria, Libya, Iraq, South Sudan, and many others, the influx of migrants and asylum seekers increased drastically. Due to tightening land border controls, these migration flows crossed the Western Mediterranean Route, which links Morocco and Spain, and the Central Mediterranean Route, which connects Libya or Egypt to Italy and Malta. The latter saw a 376 percent increase in sea crossings between 2013 and 2014[1], most of which were done in extremely perilous conditions, causing just over 3,000 drownings (over the approximately 4,000 reported worldwide) between January and September 2014, earning the Mediterranean the title of deadliest sea in the world[2]. Within months, the EU was struggling under the extreme migratory pressure. Single member states could not handle the crisis alone, as each experienced different impacts. Italy and Greece received new arrivals, Croatia and Hungary acted as transit countries, and wealthier countries such as Germany and Sweden became the preferred final destination for many refugees[3].

Migration securitisation also increased, a trend Bello describes as a socially constructed reality which frames migration as a threat[4]. The securitisation logic increasingly justified the use of development aid to address perceived security threats in the country's neighbourhood. This inevitably increased the attention on unstable emigration countries and blurred the line between development aims and migration control[5].

In this context, there was a need for a collective and immediate response. This response materialised in the creation of the European Union Emergency Trust Fund for Africa (EUTF), launched during the Valletta Summit on Migration in November 2015. The summit brought together European and African leaders to discuss the future of human mobility. The main goals were to "address the root causes of instability, forced displacement and irregular migration and to contribute to better migration management"[6]. With a budget of €5bn, projects funded by the EUTF are implemented across 26 countries in three critical regions: the Sahel and Lake Chad, the Horn of Africa, and North Africa. The activities focus on four main objectives: increase economic and employment opportunities, improve migration management in countries of origin, transit and destination, strengthen community resilience and improve governance and conflict prevention[7].

This essay uses the EUTF as a case study to examine how development aid is operationalised through the "root causes" approach to advance EU geoeconomic and security objectives in Africa and how this framework structurally eliminates African agency. It then examines how African actors attempt to

[1] Sciences Po Paris

[2] LLM use declaration: ChatGPT (web-based version, OpenAI) was used selectively for minor sentence-level rephrasing during the editing stage; no AI-generated content was directly incorporated into the manuscript.

adapt to this framework within its political and institutional constraints, without achieving meaningful results. Although there are more recent funds which declare to have the same objectives and may reproduce similar power asymmetries, such as the Neighbourhood, Development and International Cooperation Instrument (NDICI), this essay analyses the EUTF as it was the first of its kind, in size and ambition. Moreover, the EUTF is particularly suitable for analysis because no new projects have been approved since December 2021 and all ongoing initiatives will terminate on 31 December 2025, creating a timely opportunity for final assessment.[8]

The research methodology is primarily qualitative. The EUTF and partners' reports will be examined and compared with one another and to available data. The project case study will be evaluated based on available information on its outcomes provided by the implementing organisation and EUTF reports. Existing studies and impact evaluations will also be used to confirm findings and deepen the discussion.

The essay will proceed as follows. Part I will first address the "root causes" approach, its flawed logic and how it is used by the EU as a legitimising framework for the redirection of aid towards migration control. Next, the focus will shift on how the EUTF is institutionally designed, governed, and implemented. This section lays the ground for part II, where the essay dives deeper into the impacts of the functioning and rationale of the Fund on African agency. The analysis shows that African actors are passive recipients, with what appears as 'agency' limited to forms of alignment that do not translate into autonomous decision-making. It will become clear that although normally recipients do acquire some level of bargaining power in regular aid negotiations, this is not possible within the EUTF framework. Finally, the evidence presented will be supported by a case study focusing on the migration hub of the Agadez region in Niger and the impacts of EU (and EUTF) presence on local realities and agency.

Development Aid, Migration Control and Strategic Interests

The "Root Causes" Approach

The Action Plan produced at the Valletta Summit clearly states that the EUTF was created as a tool to tackle the root causes of irregular migration and displacement in Africa[9]. A clear and comprehensive discussion of the "root causes" of irregular migration was carried out at a meeting of the Rabat Process in 2018. The Rabat Process is a regional migration dialogue established in 2006, involving 57 countries in addition to the EU and the Economic Community of West African States (ECOWAS). The process has the aim of ensuring communication and consultation between all countries along the routes of migration from Northern, Central and Western Africa to Europe[10]. The report produced during this session offers a fundamental distinction between drivers and root causes of migration. The drivers are those mechanisms that produce "outcomes" in terms of migration, such as social networks that enable mobility towards a foreign country or region. Root causes have been defined by the European Commissioner for International Cooperation and Development as the structural causes of migration: negative political, economic, and social circumstances. These must not be confused with acute causes, which refer to forms of violence endangering lives in the origin country[11]. Examples of root causes

include poverty, unemployment, and fragile job markets, especially regarding youth, political instability, and lack of rights protection[12].

The EUTF is based on the use of development aid to address the root causes of illegal migration, with the hope that this would consequently cause a decrease in irregular migrant flows[13]. Even though this chain of events seems logical, it is extremely debated. It is essential to understand the flaws and nuances of this discourse, as it represents the basis of the political and international legitimacy of the fund and all its projects. The first, and fundamental point to consider, is whether aid does have an impact on development, or more broadly, whether it is successful in its intended objectives. Literature on the effectiveness of aid is in fact mostly inconclusive on the subject, showing successes in some cases, and egregious failings in others. The difficulties in estimating causal relations between aid and economic growth or any other relevant indicator leave the relationship unclear at best[14]. For the purpose of this analysis, we proceed on the premise that the EUTF-funded aid will achieve the expected developmental goals.

The migration-development nexus policy makers rely on, is described in a series of scholarly articles on the matter. The seminal theory on this relationship is provided by Zelinsky's mobility transition theory. He argues that migration flows vary along with economic and social development, meaning that in early stages of development there is little migration, in the growth phase there is a spike in outward flows, and in mature economies there is a decrease in emigration and a possible reversed flow coming into the country. Essentially as countries develop, migration tends to rise before it falls. The same mechanism, referred to as the "migration hump" was later theorised by Taylor and Martin in 1996[15]. Based on these theories it is clear that an increase in development causes a decrease in migration only in specific circumstances.

Research by Clemens et al. adds to the theory. The authors point out that aid is insufficient, and the distribution timeline has been too short to observe changes in emigration patterns. They state that funds would need to account for at least 10 percent of recipient GDP for a sustained amount of time to reap significant results. This is rarely the case. Furthermore, aid, assuming it impacts growth, will have a positive effect on migration flows for low-income countries, increasing opportunities and aspirations for individuals. As the country grows and becomes middle-high income, emigration would decrease in the long run[16]. This plays on the classic drivers of migration, aspiration and capability. The first is intended as the individual's goals and hopes for better opportunities, and the latter as the availability of the tools to be able to migrate, such as money and information[17].

Youth unemployment is also often considered a "root cause", as on average it is young, working age individuals who rely on emigration to access better job markets[18]. While this logic is sound, in practice research has found that the aid-employment relationship follows similar patterns to that of aid-GDP. In fact, when unemployment is very high, a marginal improvement of the job market, a change that could be brought by an aid funded project, would not decrease emigration. Only reaching a very high employment rate does slow emigration[19].

The literature reviewed above suggests that the relationship between aid, development, and migration is more complex than implied by the EUTF's underlying assumptions. Rather than reducing migration,

development assistance may initially increase mobility by expanding both aspirations and capabilities. The "root causes" framework therefore appears less as an empirically grounded explanation of migration and more as a legitimising discourse for the redirection of development aid towards migration control. By framing migration management as development policy, the EU can pursue migration-control objectives while maintaining the image of a development-oriented actor. Patterns of aid allocation within the EUTF further reinforce this interpretation, as funding is disproportionately directed towards countries of origin and transit that are most relevant to European migration concerns. Such allocation patterns may reflect strategic donor preferences aimed at influencing migration flows, although lobbying by migrant communities may also play a role.[20] Other factors presented in the next sections will further elucidate this hypothesis.

The EUTF and its Rationale

This instrumentalisation of the 'root causes' discourse becomes clearer when examining how the EUTF is institutionally designed, governed, and implemented.

The EUTF was established in 2015 and funded almost entirely by the European Development Fund. Approximately €5 billion were pledged and disbursed to finance 248 programmes, distributed across the three target regions: Sahel & Lake Chad, North Africa, and Horn of Africa. The total projects are split across the regions as follows: 114, 40 and 94 respectively. Furthermore, the programmes are split into four thematic areas, each representing a clear objective: greater economic and employment opportunities, improved governance and conflict prevention, improved migration management and strengthening resilience of communities. The projects appear to be evenly distributed across these themes, which represent the "root causes" tackled by the fund[21].

Projects aimed at improving employment and economic opportunities typically involve technical and vocational education and training (TVET). They also entail investment in local businesses, mostly targeting returnees, refugees, IDPs, and local communities. Migration management mostly entails providing assistance along key migration routes, return and reintegration processes. Additionally, governments are supported in the reduction of human trafficking and smuggling[22] most notably through the EU-IOM Joint Initiative[23]. While framed as protection-oriented, these interventions primarily operate along key migration corridors, reinforcing containment and return capacities. "Governance and conflict prevention" is operationalised through peace-building initiatives, programmes promoting social cohesion through local civil society organisations. Private property and basic rights are protected in unstable areas at risk of violence due to armed groups. Local police and authorities are trained to protect citizens and improve access to justice. "Resilience of communities" initiatives focus on providing basic services to communities. Importance is also given to food security and natural resource management[24]. Notably, these development-oriented components remain largely targeted at migration-affected populations, reinforcing the migration-policy lens.

Projects are identified, devised and implemented following an internal procedure. The fund is steered by the Strategic Board and the Operational Committee[25]. The first provides the global strategy of the fund, adjusting the EUTF's geographical and thematic scope and if needed amending the guiding

document of the fund. The Operational Committee, on the other hand, handles the review, approval, supervision and implementation of projects. The two main organs are chaired by the European Commission (EC) and composed of representatives of the European External Action Service (EEAS) and donors as full members, and representatives of the African countries involved and regional organisations as observers. The EU identifies projects based on a "bottom-up approach" that involves member countries and their development agencies, NGOs, local Civil Society Organisations (CSOs), International Organisations and local stakeholders. However, it is not hard to spot unequal power distribution, starting right from the core of the EUTF[26].

It is in the very governance of the Fund that the asymmetries become notable. African diplomats have shown frustration at the lack of importance given to African interests, such as opening paths for legal and safe migration, ensuring resilience and a strong labour market, and exploiting remittances as a source of growth. At the same time, EU priorities are reducing migrant flows to member states and establishing migration cooperation agreements with origin and transit countries. Due to the uneven structure of the board, local and regional representatives do not have a voice in the decision-making process, leaving the beneficiary communities subject to the Operational Committee's deliberations. Furthermore, although the EUTF emphasises the importance of local ownership, it does not necessarily follow through. In fact, while main donor European Development Fund has a formal co-management requirement, the EUTF does not. EU officials justify this fault by stating that it guarantees the flexibility and speed required, as it is, technically, an "emergency" fund. Furthermore, the skewing of aid allocation towards countries with high emigration rates and relevance to the EU's migration agenda demonstrates the bias guiding the committee's decisions. This may undermine the effectiveness and core rationale of aid, as it inherently redirects funds away from the poorest, who generally do not have the means to migrate. Additionally, other fundamentals of aid giving are disregarded, such as alignment, budget support, and transparency[27]. This is reflected in the major role often assigned to EU member state agencies which have been found to use EUTF funds as an alternative source of funding for their own projects[28]. This behaviour threatens the abovementioned principles by promoting standalone projects, which have no links to the beneficiary's national agenda and are approved through opaque mechanisms[29]. Although many aspects of the EUTF's functioning remain questionable, it did bring a significant innovation compared to previous tools. In fact, its status as an "emergency" tool accelerated communications between the EC and the Delegations, offered a greater opportunity to experiment on project area and issues, and avoided the need for the Parliament to supervise on EUTF spending[30].

It is not only through power asymmetries within governance that the EU's interests are prioritised; conditionality also plays a relevant role. In 2020, the "Pact on Migration and Asylum" confirmed border externalisation as the main European migration policy. The agreement proposed origin and transit countries to offer development aid and other incentives with the expectation of cooperation on readmissions and border control. Furthermore, "negative incentives" were developed by the EU to encourage migration cooperation. An example is using visa access to the EU as leverage to ensure collaboration on migration[31].

In conclusion, the EUTF is a complex tool of EU migration policy, which sacrifices local ownership and participation in favour of flexibility and speed of implementation. The Fund represents a shift to

development aid used as leverage and a strategic geoeconomic tool, with asymmetry as a fundamental structural feature.

The Illusion of African Agency within the EUTF

Marginalisation by Design: African Actors in the EUTF Framework

By now it has become clear that the EUTF operates on the grounds of asymmetrical power and absent agency of its African partners. The following section examines how African actors have sought and failed to assert agency within this framework, and consequent illusions of participation that have emerged.

Although the governance structure of the EUTF is clearly asymmetrical, the summits and regional processes held before the establishment of the Fund sought to portray the EUTF as a partnership between European and African countries. The summit used to launch the EUTF was attended by both European and African heads of state and government. However, this "partnership of equals" discourse has not translated to the EUTF's governance.

African voices are heard only at the earliest proposal and discussion stages. Experiences vary across countries, as the involvement of local actors is highly dependent on the EU agency operating in the area. For example, Egypt has reported unhappiness with its level of involvement at this stage, while countries such as Ethiopia have reported satisfaction. Regardless, African actors' contributions are being diluted in the development and implementation processes, while EU interests and actors have taken the lead[32].

Research suggests that aid recipients have bargaining power vis-à-vis their donors. Usually, leverage is represented by the presence of alternative modes of financing, or geoeconomic and political relevance of the state for the donor[33] .When recipient governments recognise their favourable position, they may exercise agency to advocate their national interests in negotiations. This mechanism has been successful for some countries, which leveraged their position as transit or origin states to obtain significant funds from the EU. A notable example is the EU-Turkey 2016 Deal, where Turkey used its position as a transit state for Syrian refugees to receive billions of euros in aid, among other concessions[34]. The Turkish experience proves that migration can in fact be used as a bargaining chip in aid negotiations, therefore increasing recipient agency throughout the process. However, this cannot be applied in the context of the EUTF for two main reasons. First, the EUTF gives no room for African leaders to join negotiations at the stages where it really matters, making it impossible to exploit their leverage. Secondly, even if they were able to do so, the fact that most projects are elaborated under EU control and often implemented by EU member state agencies, implies that African authorities would have no significant capacity to independently carry out projects devised based on their own interests and objectives.

Moreover, when considering interests, it is important to point out that the amount put on the table by the EUTF represents a mere fraction of the total remittances that flow to the region each year[35]. This implies that migration may be more beneficial to origin countries than any migration-limiting EU

policy. However, while in typical donor-recipient relations, where local ownership is enforced, low compliance may be a way to exercise agency, this is not possible within the EU framework. In fact, the lack of recorded non-compliance or resistance should not be interpreted as evidence of partnership. Instead, it reflects the governance structure which manages all aspects of the aid-giving process, from planning, to disbursement and most of the time up until implementation. At the same time, African actors do not have the opportunity to exploit alternative opportunities. This limits their capacity to exert pressure "from below".

What emerges from this discussion is that the absence of explicit resistance or selective compliance by African actors does not represent evidence of equal partnership but rather the result of the very structure and operationalisation of the Fund limiting these responses and relegating local actors to the sidelines.

Niger: A Case Study

Thus far this essay has adopted a macro-level approach, describing overall trends and mechanisms of agency and rationales within the EUTF framework. At this moment, an illustrative case study is needed to elucidate and show concrete evidence of the claims supported thus far. The case of Agadez, Niger will be used to achieve this. The Agadez region covers more than half of the Nigerien territory and is known for being a crossroads of multiple migration routes. Especially after the closure of the northern Malian route, flows have been funnelled through the region, mostly composed of migrants from the ECOWAS region travelling towards Europe. As of September 2016, a few months before the project was due to start, the IOM reported approximately 6,500 migrants per week passing through Agadez, with destinations Libya and Algeria. In an already highly urbanised region, the significant migrant flows strained the job market, which could not absorb excess demand. The local economy adapted to the ongoing situation which resulted in its almost complete reliance on migration-related activities, especially in the municipalities of Agadez, Bilma, Arlit, Dirkou, and Djado[36].

In response, the Nigerien government adopted Law No. 2015-36 criminalising migrant smuggling (repealed in 2023). This provision had disastrous effects on the region, causing unemployment and dissolving the very fabric of the local economy. This led to social unrest especially among young people, who felt betrayed by the government and were at risk of joining local armed groups[37].

The entry into force of this law has been generally viewed as an expression of the EU's will to control flows from the Agadez hub. This led to its reference as the "Valletta Law". The law has been widely recognised as emblematic of EU migration externalisation strategies. This is reinforced by the fact that, especially in Agadez, cross-border trade including human trafficking was not recognised as a relevant security issue, therefore supporting the claim that the law carried out EU interests[38]. Law No. 2015-36 illustrates how the Nigerien government, like others in similar contexts, aligned with EU priorities under external pressure. This reveals how such alignment reflects constrained responses to incentives rather than the exercise of meaningful agency[39].

It is in this context that the EUTF-funded, €8 million, "*Rapid Economic Impact Action Plan in Agadez (PAIERA)*" aimed to offer economic alternatives to migrant smuggling to provide a source of legal and sustainable growth for the region[40]. The context of the programme suggests a compensatory rather than purely developmental aim vis-à-vis the negative socio-economic effects caused by the enforcement of EU-pressured migration legislation.

The project is implemented by the High Authority for Peace (HACP). The HACP is an institution attached to the Office of the President of the Republic of Niger established in 2011 as an evolution of previous bodies, to carry out peacebuilding and conflict prevention activities in the country[41]. *Karkara*, a Nigerien NGO, and the *Comitato Internazionale per lo Sviluppo dei Popoli (CISP)*, an international NGO, were assigned to the project to support the HACP with their experience[42].

In the implementation of the PAIERA project, local actors are more involved than in similar EUTF projects. The involvement of national authorities in implementation can be interpreted in light of broader findings showing that donors tend to delegate operational responsibilities to partner governments that have already demonstrated alignment with donor priorities, particularly in politically sensitive areas such as migration governance[43].This illustrates how African agency exists within the EUTF framework only as alignment with EU interests rather than autonomous decision making. Essentially, the adoption of the 2015 migration law, and the consequent role played in the implementation of the PAIERA project can be examples of "agency" which does not translate to autonomy but is merely a consequence of external pressures. Research proves that reliance on external international pressure in policy making, especially in migration policy, is a common feature in West African politics[44].

Nonetheless, the ownership granted to the Nigerien government and NGO is superficial. As illustrated in this essay, national actors lacked significant roles in policy negotiations or discussions before the final implementation stage. Local actors had limited space to exercise agency and adapt the project to regional priorities.

To assess whether PAIERA successfully translated its objectives into sustainable outcomes, we must examine the limited available information. The EUTF 2024 report depicts the project as a "Success Story", earning this title by providing jobs and community infrastructure in the area. In fact, 3850 temporary jobs and 1795 sustainable jobs were created. Although this seems like a satisfactory result, it is important to understand exactly what these figures represent. First, the jobs created were mostly temporary, meaning that the beneficiaries would see improvements in their livelihoods only in the short-term[45]. This strategy is in line with the EUTF's tendency to prefer short-term projects and activities that deliver quicker results[46]. Furthermore, the 1,795 "sustainable jobs" created are defined as cash-for-work opportunities, which refer to temporary public project jobs to rebuild infrastructure. These are inherently unstable in the long term[47].

Moreover, independent research shows that the project has been reported as largely ineffective. For example, access to grants was allowed to people who had not been in the "migrant business." Moreover, funding to establish new businesses was only disbursed through goods and services, which often amounted to lower total value than promised[48]. The mixed and unclear outcomes of the project

reinforce the broader argument advanced in this paper: when recipient agency is not ensured, development projects struggle to respond to local realities.

Conclusion

This essay has analysed how EU geoeconomic and security interests are advanced through the European Trust Fund for Africa (EUTF), and how this framework effectively eliminates meaningful agency for African partners. It has shown how the 'root causes' discourse legitimises the use of development aid for migration control, while the EU-led governance of the EUTF embeds structural asymmetries that preclude autonomous decision-making by recipient countries. Section II has shown that the EUTF creates a framework in which agency is effectively absent, particularly in the most consequential decision-making stages.

This essay has demonstrated that what may appear as African agency is in fact limited to forms of alignment with EU priorities, shaped by external incentives and pressures rather than autonomous policy choice. The Agadez case study demonstrates that even when local ownership formally exists, it is surface-level and performative, excluding the possibility of a functional adaptation of projects to local realities. In this context, the absence of open contestation or non-compliance does not indicate the existence of an equal partnership but rather reflects a governance structure that limits the possibility of resistance.

Taken together, these findings suggest that the high political salience of migration control for the EU, combined with the ad hoc and flexible nature of instruments such as the EUTF, creates a policy framework in which no meaningful agency is left to recipient countries. The EUTF should therefore be understood not as an exceptional instrument, but as indicative of a broader shift in EU external action. As investments in low- and middle-income countries become increasingly strategic, despite a more competitive development finance landscape with a growing number of donors, EU instruments tend to become more, rather than less, dismissive of partner countries' interests. In this sense, the EUTF provides a useful lens through which to anticipate the functioning of future frameworks under the Multiannual Financial Framework (Global Europe), and the continued marginalisation of partner countries' interests within them.

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Africa's Stablecoin Paradox?

Osaremen Iluobe[1,2]

"The creation of stablecoins, especially the dollar stablecoins, is being used to undermine African currencies."

Lesetja Kganyago, Governor of the South African Reserve Bank[1]

"There is a digital revolution underway. Many are bypassing banks to make payments. They've turned to stablecoins and digital currencies."

Bola Ahmed Tinubu, President of Nigeria[2]

Introduction

Dollar-denominated stablecoins are becoming an increasingly important part of everyday economic life for many people across Africa. In countries such as Nigeria, South Africa, Ghana, and Kenya, individuals and firms are using tokens pegged one-to-one to the US dollar to save, pay suppliers, and move money across borders at an increasing rate.[3] IMF estimates based on public blockchain ledgers put global stablecoin flows at two trillion dollars in 2024 and show that stablecoin use relative to GDP was highest in Africa and the Middle East.[4] The small share of flows within the region relative to those entering and leaving it suggests that stablecoins primarily serve cross-border finance rather than domestic payment.[5] A further BIS study of bilateral cryptocurrency flows across 184 countries estimates that volumes peaked near $2.6 trillion with stablecoins accounting for close to half of the total.[6] Overall, stablecoins also account for roughly 43 per cent of all cryptocurrency transaction volume in Sub-Saharan Africa.[7] Therefore, given the scale of this use and the potential for further adoption, the politics of stablecoins warrants scholarly investigation in its own right.

As is defined within this essay, monetary sovereignty refers to a state's legally recognised authority over its monetary and financial system.[8] Historically, this authority has been rooted in the power of the state to issue and control its own currency and therefore carries strong territorial and spatial implications. Over the nineteenth and twentieth centuries, modern states developed exclusive national currencies in part because money issued under state authority helps fund the state, transmit monetary policy, and bind citizens together through a common unit of account.[9] But monetary sovereignty is only as effective as the trust placed in the fiscal and monetary institutions that underpin it. Seemingly aware of the potential threat that digital assets such as stablecoins pose to their monetary and broader political authority, some African governments have responded by introducing regulations aimed at curbing their adoption.[10]

[1] University of Pennsylvania, oiluobe@sas.upenn.edu

[2] I used Claude (Anthropic PBC) for syntax, language and grammar checks. The author takes full responsibility for the content of the publication

In theory, stablecoins replicate the power of the dollar without interacting with the underlying asset, which is tokenised and transmitted across borders on blockchain rails. The reserves backing the leading stablecoins tend to sit in US banks and short-term Treasury securities.[11] As such, because stablecoins operate on blockchain infrastructure, regulating and tracking their flows remains difficult for both governments and researchers. Although most African countries impose some form of restriction, these measures do not appear to have slowed the broader trend towards greater adoption.[12]

The features that make the tokens attractive to their users, namely, portability, dollar denomination, and independence from domestic banks, can at scale weaken the institutional arrangements that sustain domestic economic life while reproducing the hierarchy of the international monetary system. I call the resulting formation digital dollar diffusion. Brunnermeier, James, and Landau argued that digital networks would give rise to currency areas defined by usership of a platform rather than by borders.[13] Dollar stablecoins are building the first such area to matter for Africa, but it's hardly the first time in which the monetary affairs of the continent have been organised around external areas before. For instance, the Sterling Area routed African reserves, trade settlement, and exchange control through London whereas the CFA franc zones anchored fourteen countries to the franc and then to the euro under a French Treasury guarantee.[14] The era of digital dollar diffusion extends this lineage in a form that differs less in function than in formality. Whereas prior anchors rested on treaties, guarantor institutions, and periodic renegotiation, digital dollar diffusion rests on private issuers, American law, and millions of unilateral private choices. In consequence, African states hold comparatively less formal standing and control, of which this essay analyses.

None of this presumes that digital dollarisation in Africa has matured. Barry Eichengreen judges stablecoin uptake outside the United States "less than impressive" so far, and he may be right about the level.[15] However, the argument here concerns both the direction and terms of the stablecoin question for Africa. Given that the United States has legislated to promote private dollar tokens as instruments of monetary statecraft,[16] I argue that the conditions for the takeoff of stablecoins are ripe, and such is indicated by the fact that even issuers of hard currency now worry publicly about the pull of dollar-denominated tokens.[17]

The remainder of this article proceeds as follows. The next section reconstructs the two external monetary anchors around which African currencies have historically been organised, the Sterling Area and the CFA franc zones, and identifies the institutional features they shared. The third section examines the consequences of dollar stablecoin diffusion for varying African monetary systems. The final section concludes.

Africa's External Anchors: The Sterling Area and the CFA Franc

As stated, Africa's monetary systems have long functioned in reference to external benchmarks. Post-colonial currencies were established within international systems of convertibility that placed sterling, the franc, and later the dollar at the centre of trade and finance.[18] Hence, reconstructing how

the two great anchors worked matters for the argument, not least because the properties they shared are precisely the properties that are lacking in the age of digital dollar diffusion.

The Sterling Area

In British Africa, the important decisions about money were taken in London. The West African Currency Board which was established in 1912 for Nigeria, the Gold Coast, Sierra Leone, and the Gambia, issued local pounds at par with sterling and backed them fully with sterling securities.[19] The East African Currency Board, established in 1919, followed much the same model. Separate colonial currencies also appealed to the British Treasury partly because they allowed it to avoid sharing the interest earned on the securities held in London. Lagos had sought a share of this income, only to have its request refused by the Treasury.[20]

The Second World War turned this monetary arrangement into a formal bloc. Exchange controls introduced in 1939 brought the colonies into the Sterling Area whose members surrendered dollar earnings to a common pool managed by the Treasury and drew on it according to British allocations.[21] Export surpluses accumulated as sterling balances in London and the colonies' ability to use these earnings depended on continued access to those balances and Britain's willingness to honour them. This dependence exposed African sterling holdings to decisions taken by the British government. Indeed, the devaluations of 1949 and 1967 showed how those decisions could reduce the dollar value of African reserves..[22]

Yet, it should be mentioned that the Sterling Area was an institutional order that could be negotiated. After the 1967 devaluation, Britain guaranteed the dollar value of most official sterling balances under the 1968 Basel arrangements, following negotiations between governments.[23] Monetary decolonisation likewise proceeded through institutions. For example, Ghana established its central bank in 1957 and Nigeria followed in 1958. In the latter case, it did so against the advice of the Bank of England but with support from a World Bank mission.[24] As such, by the time the Sterling Area came to a formal end, it had already been eroded by decades of attempted diversification by its members against sustained British resistance. Only once British sanctions lost credibility, and Britain itself opted to guarantee sterling's value rather than continue blocking exit, did that erosion accelerate into the decoupling completed by the 1972 float.[25]

The CFA Franc Zones

Compared to the Sterling Area, the franc zone made the exchange of monetary autonomy for an external guarantee more explicit. The CFA franc was created in December 1945 and now serves fourteen countries through two monetary unions led by the BCEAO in West Africa and the BEAC in Central Africa — whilst the broader franc zone also includes the Comoros. The French Treasury guaranteed unlimited conversion of member currencies into French francs and later euros at a fixed rate. In exchange, the unions kept part of their pooled foreign exchange reserves with the Treasury and French officials held seats on the boards of the African central banks.[26] France's backing therefore helped give these currencies credibility while giving it a direct role in how they were

managed. However, African governments also had a formal place within the system and could negotiate over its terms. For instance, the January 1994 devaluation halved the CFA franc's external value overnight and reflected both economic difficulties and pressure from France and the IMF. Yet the change was agreed at a summit of African heads of state in Dakar and carried out through institutions in which those governments were represented.[27]

Membership still reflected a degree of sovereign choice as Mali left in 1962 and returned in 1984 while Mauritania and Madagascar left in 1973. Participation also extended beyond historically Francophone Africa when the former Spanish colony of Equatorial Guinea joined in 1985 and the former Portuguese colony of Guinea-Bissau followed in 1997.[28] Although exit carried costs, these (re)entries and departures show that governments retained some ability to determine their participation in the system. Yet, I do not take it as given that the CFA franc zones have historically undermined monetary sovereignty or continue to do so, particularly when considering how the spread of stablecoins might constrain the same authority. Nonetheless, the contrast in how monetary sovereignty may be constrained remains worth taking seriously. Under the CFA franc system, these constraints operate through a multilateral institutional arrangement whereas stablecoins may impose them through the individual and firm-level choices that drive their adoption.

Top-Down Orders

Despite their asymmetries, the Sterling Area and the franc zones were organised from above through institutions that gave African governments a formal place within the system. Both rested on agreements with identifiable guarantors bearing legal obligations towards African holders through the British government for sterling balances and the French Treasury for CFA convertibility. African governments also had representation through board seats and intergovernmental bodies even if their influence was limited. The Basel guarantees of 1968, the Dakar devaluation summit of 1994 and the reforms announced in 2019 show that the terms of participation could be renegotiated while the departures discussed above demonstrate that governments could also leave.

Digital dollar diffusion gives African governments few comparable opportunities to shape the terms of their participation. Its issuers are private firms and its governing framework is rooted in American law which incorporates reserve requirements and sanctions screening into the conditions for issuing dollar stablecoins.[29] As such, African states have comparatively little formal standing within an emerging monetary order that is becoming increasingly important to their economies. Such arises from the fact that digital dollar diffusion emerges through the choices of individuals and firms without creating a comparable institutional forum through which African governments can negotiate its terms.

Digital Dollar Diffusion

Network Money and Dollar Dominance

The dollar's dominance rests partly on the way its use in one area of economic life encourages its use in others.[30] Firms invoice trade in dollars because banks provide dollar financing and banks do so

because savers demand safe assets denominated in dollars.[31] Stablecoins extend this pattern into everyday digital payments as merchants accept them and remittance providers incorporate them into their services while savers use them to hold dollars. These choices reinforce one another and allow financial activity to increasingly organise around a common dollar-denominated means of settlement.[32] Indeed, Tether's USDT accounts for 57 percent of stablecoin volume in Africa and the Middle East while Circle's USDC has a stronger position in Europe and North America.[33] Dollar stablecoin adoption is therefore particularly pronounced where financial systems are shallow and unmet demand for dollars is high.[34]

Despite growing criticism and the increasing influence of the crypto lobby in US politics, the domestic legislative agenda is reinforcing the global dollar stablecoin dynamic and could deepen it further.[35] The GENIUS Act of 2025 established a federal regulatory framework for payment stablecoins, including reserve requirements and compliance obligations. In doing so, it further legitimised privately issued dollar stablecoins as a digital form of dollar-based money. This does two things. First, it implicitly tilts the emergence of digital dollar diffusion towards a bottom-up model. Second, by prohibiting the Federal Reserve from issuing a retail central bank digital currency (CBDC), it further entrenches the role of privately issued dollar tokens.[36]

Practical Considerations

What are the practical consequences of digital dollar diffusion? Much will depend on how widely stablecoins are adopted in each country and on how African governments respond to their growing use. One important consequence is fiscal as revenue from money creation supports a meaningful share of government spending in many developing countries.[37] This is particularly relevant across much of Sub-Saharan Africa where seigniorage remains an important source of public finance.[38] As dollar stablecoins account for a growing share of transactions and savings, some of this income can shift towards foreign issuers earning interest on the US Treasury securities held as reserves.[39] For governments already operating with narrow fiscal margins and limited access to capital markets, even a gradual loss of this revenue could place further pressure on public finances.

The second consequence concerns monetary policy because transactions denominated in dollars and settled outside domestic banking systems can reduce the role of the national currency. As deposits move outside these systems, central banks may find it harder to influence economic activity although the extent of this effect remains uncertain and will vary between countries.[40] Such a change may occur without widespread currency substitution if the parts of the economy most sensitive to monetary policy are among the first to adopt stablecoins. Cross-border commerce is particularly relevant here because it is one of the areas in which stablecoins offer the clearest practical advantages.

However, it should be noted that the consequences of digital dollar diffusion will vary across African countries according to the monetary arrangements already in place. For instance, in the CFA franc

zones dollar stablecoins could potentially introduce a second external reference into systems already anchored to the euro. Member states have historically traded monetary autonomy for exchange-rate stability but dollar stablecoins complicate this bargain by raising questions about seigniorage, and the political economy of the monetary unions. Euro-denominated stablecoins, such as Circle's EURC, raise a different question given that they retain the euro reference while shifting monetary activity towards private issuers. Nonetheless, whilst their share of global stablecoin circulation is growing, they remain far less widely used than their dollar counterparts.[41]

For countries with autonomous currencies, the effects of the increasing popularity of stablecoins on their economies will likely be more acute and the ramifications could range from local commerce to cross-border payments. Whilst such effects will engender social benefits, they present a challenge for governments which has been the subject of this essay.[42] The challenge for governments therefore includes managing the consequences of adoption given the uncertain success of efforts to restrict it.[43] State-backed digital alternatives have so far struggled to fill this gap.

Nigeria launched the eNaira in 2021 as Africa's first central bank digital currency but adoption remained marginal a year later at around one percent of active bank accounts.[44] The naira-denominated cNGN followed although neither initiative has matched the credibility or convenience of dollar stablecoins.[45] The concern about competing with dollar stablecoins also extends beyond Africa as the European Central Bank has warned that their use could weaken its monetary policy.[46] Therefore, it would appear that state-backed digital currencies are unlikely to succeed simply because governments issue them, and in any case, they must first earn the trust and convenience that competing private tokens already offer.[47]

Conclusion

Dollar stablecoins are gaining ground across the African continent. Their importance may grow further as they move beyond their traditional role in cryptocurrency markets. Often described as the "killer app" of cryptocurrency, stablecoins may gain further ground as other use cases, particularly trading and decentralised finance, lose momentum.[48] The growing supply of stablecoins, alongside the declining share held within crypto-native applications,[49] suggests that payments, remittances, and store-of-value demand are becoming increasingly important drivers of adoption. If this shift continues, stablecoins may become less a feature of the cryptocurrency economy than an increasingly important part of the international monetary and political system. Thus, for Africa, the question is not whether dollar stablecoins will spread as such, but how much of this new monetary space African states will be able to shape.

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Wealth without Agency

The critical mineral race and the limits of strategic agency in the Global South: the case of the Democratic Republic of Congo

Hasarel Gallage[1]

Contemporary geoeconomics is largely defined by the competition between the US-led West and China, which manifests through these regions' attempts to defend and increase their centrality in global production and communication networks, notably in the digital realm.[1] In this context, Western powers face a structural limit to their technological dominance: their reliance on foreign critical minerals, the production and transformation of which is overwhelmingly dominated by China. Critical minerals – such as lithium, cobalt, nickel, and rare earth elements (REE) – are geographically dispersed around the world, with many of the known reserves located in Global South (GS) countries. These minerals are vital to advanced technologies needed for industrialized countries' twin digital and green transitions (semiconductors, electric vehicle batteries, or solar panels) and advanced military applications.[2] This criticality is further heightened by the absence of viable substitutes, the concentration of minerals in a few geographies, and the vulnerability of supply chains to external shocks like geopolitical tensions and environmental regulations.

China currently dominates the global critical mineral industry, creating a massive chokepoint for the West's pursuit of critical-mineral supply chain resilience. China is the largest global producer of at least 15 critical minerals and the global leader in mineral processing, refining over 90% of the world's rare earth output and most other critical minerals like cobalt.[3] In recent years, it has proven willing to weaponize this dominance over raw minerals supply chains, in particular during its 2010 maritime dispute with Japan and the more recent tariff tensions with the US.[4] Against this backdrop, Western industrialized powers have increasingly seen diversifying their critical-mineral supply toward GS countries as a way to improve their economic resilience and strategic autonomy vis-à-vis China. In parallel, this growing demand has often been viewed as an opportunity for the GS countries that hold vast resources of critical minerals to make economic gains and support their domestic development priorities (*see Table 1 in the Appendix*).[5] As such, tapping into the mineral wealth of the GS is often endorsed in policy debates as a win-win alternative, through which industrial powers get access to critical minerals and mitigate their vulnerability to Chinese coercion while the GS states gain strategic agency.[6] In this essay, strategic agency refers to the capacity of resource-endowed developing states to leverage their mineral wealth to negotiate favourable terms in their partnerships with foreign players and to exercise greater autonomy in navigating great-power politics.

[1] LLM use declaration: Google AI (web-based version, Google) was used to retrieve targeted information and locate sources, such as policy documents and news items. All sources identified were independently verified by the author and directly cited. Claude Sonnet 4.6 (web-based version, Anthropic) was used to support self-review of the manuscript to identify structural and copyediting issues and to assess whether reviewer comments had been adequately addressed in the revised draft. The content and argument were generated independently by the author . No AI-generated content was incorporated into the manuscript.

It is often thought that, by leveraging their mineral endowments, developing states of the GS can boost their structural power and gain greater room to negotiate or to 'play the game,' instead of becoming the playing field of great power competition. [7] However, the premise that possessing natural resources brings economic development and strategic agency to resource-endowed countries is worth probing. The classical framings of 'paradox of plenty' or the 'resource curse' describe the inability of resource-rich states to translate their endowments into meaningful economic development. The resource curse literature has long argued that weak institutions, rent-seeking by economic and political elites, corruption, and conflict increase the likelihood that a resource-rich country remains weakly developed.[8] More recent scholarly work has highlighted the limitations of this traditional framing, noting that external factors in particular geopolitics explain variation in resource-rich countries' ability to evade the resource curse.[9]

Building on this expanded conceptual framing, this essay explores the limitations imposed by great powers' geoeconomic competition on the ability of resource-rich countries to convert their mineral wealth into strategic agency. It demonstrates how domestic challenges, such as the scarcity of capital and the lack of infrastructure, as well as global geoeconomic competition interact to limit resource-rich GS countries' ability to achieve greater strategic agency. It argues that industrialized countries have few incentives to support resource-rich countries' refining and transformation capabilities because of the economic gains associated with localizing these capabilities on their own soil, pre-existing resource-backed loan obligations to China, and the substitutability of supply. Consequently, great power competition over access to critical minerals has not been associated with the meaningful industrial partnerships and investment needed for resource-rich countries to move up global value chains, greatly limiting their ability to achieve economic and strategic gains. The present essay illustrates this argument through the case of the Democratic Republic of Congo (DRC), home to the largest and highest-grade cobalt and copper in the world.[10]

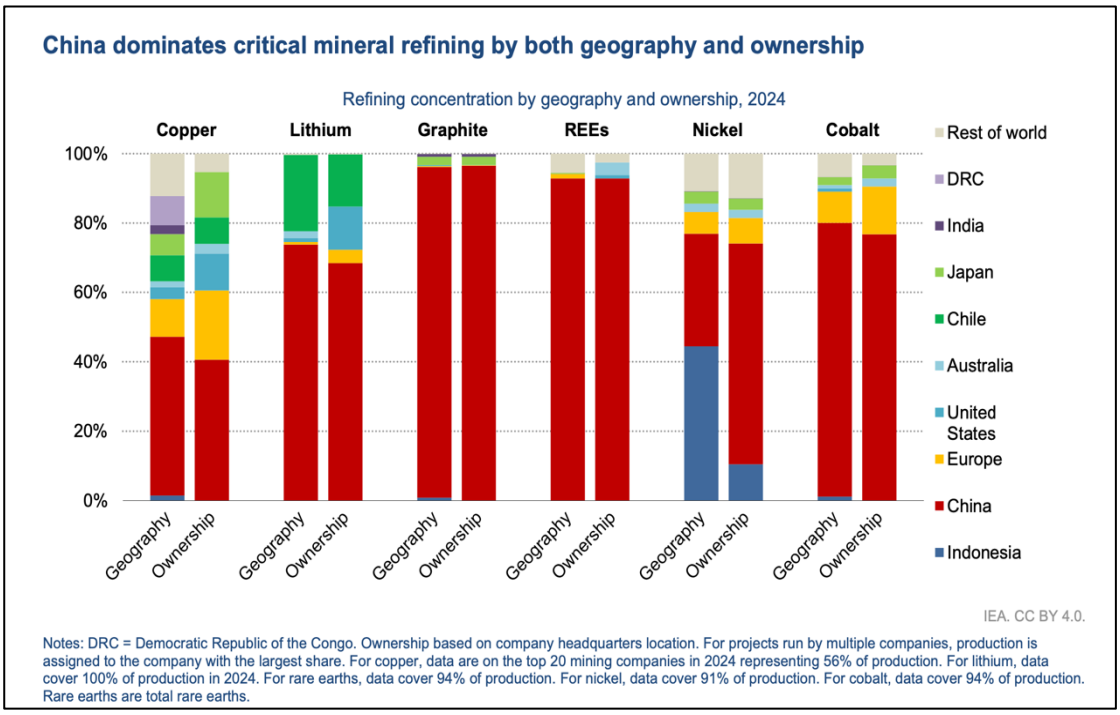
Domestic structural deficits

The exploration, mining, and processing of critical minerals require advanced technology, long lead times, and substantial capital investment. Once a potential mine is discovered, its exploration and production can last up to an average of 16 to 18 years.[11] Most of this time covers the initial stages, including the feasibility studies and the acquisition of mining permits. Subsequently, the construction of mineral processing infrastructure can take up to five additional years.[12] Consequently, a commercial mine could operate for years without making any profit, a risk for profit-driven investors.[13]

A key reason why China dominates the global mineral industry is that it can circumvent these fundamental challenges. China's mineral boom started as early as the 1990s, long before critical minerals became a geoeconomic chokepoint.[14] Beyond this early start, China's subsidy-backed state-owned enterprise (SOE) model has allowed it to sustain high-capital investments in both mining and processing.[15] As Beijing's 'Go Global' mandate provided the political will, and its current account surplus financially enabled it, Chinese SOEs aggressively expanded their global footprint in the mining sector.[16] This expansion utilised two strategic lending models: the resource-backed loan model (RBL), whereby debt is serviced through direct resource exports like minerals and oil, and the resource-for-infrastructure (RFI) model, which barters domestic infrastructure projects for a long-term supply of

resources to China. As a result, China today is both deeply embedded in a global network of mines and has more domestic processing facilities than its own mines can feed. This prompts China to import unprocessed minerals from elsewhere (*see Figure 1*).[17] These features have enabled Beijing to invest in mines beyond China by tolerating the inherent risks in the mining industry while outperforming its risk-averse Western rivals.[18]

Figure 1: China's dominance in critical mineral refining capacities



Source: Global Critical Mineral Outlook 2025.

By contrast, the DRC, which sits on an estimated 24 trillion USD worth of mineral reserves, has been unable to tap into this potential. Interestingly, this valuation is only approximate, as only 20% of the country's landmass has been geologically mapped to date. This suggests that vast mines have been unexplored.[19] Severe political and economic limitations, including the lack of capital, infrastructure, energy, and institutional capacity, have collectively prevented the DRC from developing a profitable domestic mining industry.

The DRC lacks the capital to finance its mineral industry due to systemic domestic fiscal failures. A weak tax system generates revenue amounting to about 12.5% of the GDP, which is insufficient to accumulate the reserves necessary for highly capital-intensive mining projects.[20] Its rampant poverty, with 70% of the population living below the national poverty line, further undermines sufficient inland revenue collection.[21] DRC's overall economic deficiencies also mean it has a low borrowing capacity and poor credit ratings, with high-risk profiles that have resulted in international lending restrictions. For instance, S&P Global classifies the DRC at B-, a high-risk Non-Investment Grade rating, while the IMF categorises DRC's debt carrying capacity as 'weak.'[22] In addition, the DRC government imposed a domestic law in 2023 that legally restricted public institutions from borrowing externally without approval.[23] This severely affects the country's ability to borrow foreign capital to invest in domestic mining projects. Even though DRC has its state-owned mining enterprise Gécamines, this

glaring lack of capital forces it to be a minority partner in joint ventures with foreign companies, rather than an independent producer with a majority profit share.

Similarly, the DRC lacks the functional and interconnected road and railway network needed to transport mined ore to ports. This dramatically increases the transport costs involved, which, in turn, reduces the profitability of exporting minerals. Although infrastructure development projects such as the Lobito Corridor are partially operational, they remain several years away from completion, with the Corridor itself not expected to be complete before 2029.[24] Energy remains another significant structural bottleneck. Globally, mining amounts to approximately 15% of electricity consumption. As the world's third-largest population without access to electricity, with only 20% of its population forecasted to have access by 2030, DRC cannot offer the stable and affordable electricity supply that industrial mining demands.[25] Not only does this deficit undermine cost-efficient production, but it also limits the DRC's ability to develop a high-value-added processing capacity.

While the lack of capital compels the DRC to rely on foreign investments, its infrastructure and energy deficits further erode its bargaining power, enabling foreign investors to secure highly asymmetrical arrangements such as resource-for-infrastructure (RFI) deals. This dynamic was evident in the Sicomines agreement. In 2008, a consortium of Chinese SOEs led by the China Railway Engineering Corporation (CREC) and financed by the Export-Import Bank of China (CEXIM) invested 3 billion USD in copper and cobalt mine development and another 3 billion USD in related infrastructure in the DRC.[26] In this partnership, Chinese companies hold a 68% stake and DRC's mining SOE Gécamines holds 32%, while the profits earned from the mining project are legally obligated to be paid to CEXIM to settle the loans that financed the infrastructure projects. Overall, Chinese entities now have equity in 15 out of 19 cobalt mines in the DRC, while Chinese facilities refine 60-90% of global cobalt, most of which traces its origins back to the DRC.[27] The DRC's capacity deficits also affect commercial acquisitions, as evident during China Molybdenum's (CMOC) acquisition of Tenke Fungurume mine from the US miner Freeport-McMoRan in 2016. Though Gécamines fiercely opposed the transfer of a strategic asset to a Chinese entity and had the legal right of first refusal to block the Chinese acquisition of the mine, its severe capital deficit prevented Gécamines from outbidding CMOC, underscoring how the DRC's capital deficit exposes its mineral wealth to foreign control.[28]

Similarly, while Western actors like the US have signed agreements pledging to invest in the Congolese mineral industry, they appear mostly driven by their intentions to defend their supply chain security and bypass Chinese dominance, rather than by a will to develop the DRC's processing capacities. For example, the US-DRC Strategic Partnership Agreement signed in December 2025 includes a designated list of strategic assets called the Strategic Asset Reserve (SAR), offering US companies preferential first-look rights over the projects included in the SAR.[29] The agreement is also characterised as a minerals-for-security arrangement, whereby the US secures stable access to critical minerals like cobalt, copper, and germanium in exchange for security cooperation with the DRC to combat rebel fighting in East DRC.[30] Such an agreement reveals that the American engagement with the DRC's mineral wealth is designed to secure its mineral access, rather than to develop Congolese industrial capacities, thereby reinforcing the structural asymmetries that constrain the DRC's strategic agency.

The processing chokepoint

Beyond the DRC's structural deficits in the extraction stage, the more fundamental chokepoint lies in mid- and downstream processing, a domain in which the agency of GS countries is most severely curtailed. The mined ore does not hold significant commercial value, unlike processed and refined minerals or end products such as permanent magnets. Although most GS states possess critical minerals, since they occur in unrefined forms, the mined ore must be processed to make their extraction commercially viable. However, due to the absence of mineral processing capacities, the extracting states must export most of their ores to be refined in China, which dominates global mineral refining.

China has built a massive processing industry and has come to dominate critical mineral refining, as measured by both geography and ownership.[31] Despite being a major producer, China's domestic mining output is insufficient to feed its processing facilities. Consequently, it must import vast quantities of unprocessed minerals from the rest of the world to sustain its massive mineral refining industry.[32] With the majority of mineral processing occurring domestically, China has seamlessly integrated the mineral value chain. This enables it to direct processed minerals toward high-value-added manufacturing, such as permanent magnets and EV batteries. This structural advantage is reflected, for instance, in China's control of a staggering 94% of global permanent magnet manufacturing.

By contrast, the mineral industry in the DRC is confined to midstream processing. Since the value addition of mineral value chains in the DRC is minimal, most profits are typically made after the minerals leave the country. For example, cobalt is exported as cobalt hydroxide, an intermediate product with a purity of 20% to 40%. Cobalt is rarely mined alone and instead produced as a by-product of copper and nickel mining, making cobalt extraction an advanced and complex process. Since the cobalt hydroxide that DRC exports is yet to undergo advanced chemical refining, it is sold at a discounted price, often around 50%-60% of the metal price.[33] Refiners in China further purify the cobalt hydroxide into a sulphate form, claiming the remaining margin as the mineral reaches its full market price. Subsequently, China integrates refined cobalt into battery cathodes, such as those used in EVs, which have an even higher market value. Although the DRC is attempting to improve its mineral processing and battery manufacturing capabilities, it cannot match China's already established and advanced expertise.

Recognizing the disparity in value addition, the DRC has actively taken steps to capture a greater share of the profits generated in cobalt value chains. In February 2025, it imposed an export ban on cobalt, bringing the global cobalt market from a surplus to a deficit and forcing the refineries to pay the price of fully refined cobalt for semi-refined hydroxide, effectively eliminating their profit margins.[34] Later replaced with a quota system by October, the ban caused cobalt imports in China to dwindle, forcing refiners to draw from their internal stocks to meet the demand and giving significant leverage to the DRC in renegotiating the terms of its agreements with Chinese companies. The new quota system caps DRC's 2026 and 2027 annual cobalt exports at 96,000 tonnes, approximately half of its exports in 2024, keeping the market tight, the prices stable, and DRC's profit gap narrow.[35] However, the imposition of export quotas also carries adverse long-term risks, such as a potential decline in the demand for Congolese cobalt. For instance, export restrictions have already redirected the attention of

mining and processing companies toward alternative markets, notably Indonesia, the world's second-largest producer, where cobalt production has rapidly accelerated.

In a similar initiative to capture a larger share of profits, DRC and Zambia signed a memorandum of understanding (MoU) in 2022 to build a special economic zone focusing on downstream processing and manufacturing battery precursors locally. However, acute deficits in electricity and infrastructure have stalled the progress of implementation. The DRC's high-risk profile, characterized by institutional weaknesses and armed conflicts involving M23 rebels, has put the project's feasibility into further question. This highlights how domestic structural deficits continue to affect the country's ambitions for domestic value-added processing. The DRC has signed similar partnerships with Western actors aimed at developing its mineral industry, especially domestic value addition. For example, the 2023 EU-DRC partnership on sustainable raw materials covers five areas of cooperation that include value chain integration, funding for infrastructure, and sustainable production. But the agreement only mentions research and development and knowledge sharing on mineral refining and processing, without further elaboration on what it entails.[36]

Although many such partnerships are being established, their effectiveness, especially in developing domestic processing capacities, faces an immediate structural barrier on the ground, as China retains a majority stake in most of the operational mines in DRC. Through RFI deals, China is contractually allowed to secure the bulk of DRC's mineral output for its own downstream processing for the foreseeable future. For example, the Sicomines agreement funds infrastructure projects in DRC until 2040, and since the DRC pays for these projects entirely via mineral extraction, Sicomines is contractually required to mine and export minerals to China until the loan is fully settled. Further, even under the new quota system, the payback to Sicomines takes precedence when allocating quotas, as it is legally designated as a sovereign, state-backed priority. This means DRC cannot reallocate mineral exports elsewhere without causing a default on its Sicomines infrastructure loan of approximately 7 billion USD.[37] This creates a stalemate where, despite DRC's imposition of export quotas and the West's investments to build DRC's processing capacities, a majority share of DRC's mineral exports remains legally reserved for Chinese processing. This shows how contractual obligations linked to foreign powers' desire to secure their supply of raw minerals – in this case China – continue to overshadow DRC's pursuit of resource sovereignty and strategic agency.

Level of criticality and the risk of substitution

Although the umbrella term 'critical minerals' is widely used in geoeconomic contexts, there is no universally agreed-upon list of critical minerals. Rather, different states and regional blocs maintain distinct lists tailored to their strategic priorities. The US Geological Survey (USGS) of 2025, for instance, identifies 60 minerals as critical, whereas the EU's Critical Raw Materials Act of 2024 identifies only 17. But not all minerals on these lists are equally "critical". For example, lithium, copper, and cobalt are currently in higher demand due to their geographic exclusivity and indispensability to green energy and EV technology, with the World Bank predicting the global demand for these minerals to grow by 500% by 2050.[38]

A mineral's criticality fluctuates over time, depending on the geographic dispersion of mines, technological innovation, and the overall global demand and price.[39] Consequently, when geographic exclusivity leads to limited supply and price hikes, it incentivises downstream manufacturers to seek substitutes. This dynamic is starkly evident in the EV battery domain. When the DRC imposed an export ban on cobalt, later followed by a restricted export quota system, it drove the demand for cobalt-free EV battery alternatives such as LFP (Lithium-iron-phosphate) over typical NMC (manganese-nickel-cobalt) batteries. Given their cost-efficiency, longer lifespan, and safety, the demand for LFP batteries is on the rise. LFP batteries are currently used in 80.9% of the Chinese EV battery market, while market analyses forecast that their global market share will rise from 48% in 2024 to 65% by 2029.[40] The rapidly increasing demand for LFP batteries illustrates the limits of resource leverage and how the mineral market adapts to prioritise commercial efficiency and supply security, often bypassing a state's ambition for strategic agency or the geoeconomic frictions that created the bottleneck.[41]

Conclusion

The global shift towards technological advancement and decarbonization has triggered an unprecedented surge in demand for critical minerals, theoretically positioning resource-rich countries of the Global South in an advantageous bargaining position. Against optimistic accounts, this essay has argued that domestic structural deficits and external geoeconomic constraints reinforce each other in curtailing mineral-rich countries' ability to achieve greater agency in the international system. Despite the increase in demand driven by geoeconomic competition, mineral-rich Global South countries lack the necessary capital and infrastructure to develop viable domestic processing capabilities. Simultaneously, industrialized powers have weak incentives to support mineral-rich countries moving up global value chains by improving their domestic downstream processing capabilities. Resource-rich Global South countries' lack of infrastructure, weak governance, and entanglement in resource-backed Chinese loans do not make sustained foreign investments in domestic transformation capabilities by Western industrialized powers a viable option, either economically or strategically. In particular, the risk of seeing Western-funded production capabilities feed Chinese markets deters any efforts to provide substantial capital. Consequently, most foreign mining investments in the GS fall short of establishing advanced capabilities, focusing instead on mineral extraction, midstream processing, and export infrastructure. This demonstrates how geoeconomic competition between industrialized powers risks entrenching mineral-rich countries' resource curse.

Appendix

Table 1: Notable mines in the Global South states and their strategic importance

Country	Key critical minerals	Notable mines / projects	Strategic importance
Africa			
DRC	Cobalt, Copper	Tenke Fungurume, Kisanfu, Kamoto, Mutanda	Produces over 70% of global cobalt, World's 2nd largest copper producer.
Zambia	Cobalt, Copper	Kansanshi, Sentinel, Konkola	Historically Africa's top copper producer. Currently shares African Copper Belt with the DRC
Zimbabwe	Lithium, Platinum	Bikita, Arcadia, Sandawana	Largest lithium reserves in Africa
Angola	Copper, rare earth	Longonjo (REE), Tetelo (Copper)	Longonjo is one of the world's only ready-to-drill neodymium-praseodymium (NdPr) projects.
Namibia	Uranium, Lithium	Rossing (Uranium), Karibib (Lithium)	Third largest uranium producer globally.
Guinea	Bauxite (Aluminium)	Sangaredi, Boffa	Holds world's largest bauxite reserves
Morocco	Phosphate, Cobalt	Khouribga (Phosphate), Bou-Azzer (Cobalt)	Produces 75% of global phosphate. Bou-Azzer is one of the world's only primary cobalt mines.
South Africa	Manganese, Platinum, Chromium	Kalahari Manganese Field, Mogalakwena (Nickel/PGMs)	World's largest manganese producer. Produces 70% of global platinum.
South America			
Chile	Lithium, Copper	Salar de Atacama (Lithium), Escondida (Copper)	Forms the Lithium Triangle with Argentina and Bolivia. World's largest copper producer.
Argentina	Lithium	Salar del Hombre Muerto, Cauchari-Olaroz	Part of the Lithium Triangle. Rapidly expanding lithium capacity.
Brazil	Niobium, Rare Earths, Iron Ore	Araxa (Niobium), Serra Verde (REE)	Holds near-monopoly on niobium (90%). Emerging rare earth player.
Peru	copper, zinc, silver, arsenic	Las Bambas, Antamina, Cerro Verde	World's third largest copper producer, largest arsenic producer. Heavily reliant on mineral exports for GDP, similar to the DRC.
Bolivia	Lithium	Salar de Uyuni, Coipasa	Part of the Lithium Triangle. Holds substantial lithium reserves globally but contributes marginally to global production due to technical and political hurdles.
Asia			
Philippines	Nickel, copper	Rio Tuba, Taganito	A top global nickel ore supplier.
Vietnam	Rare Earths	Dong Pao (proposed expansion)	Holds the world's second-largest REE reserves after China.
Indonesia	Nickel	Grange, Weda Bay, Morowali	World's largest nickel producer (59% of global production.
Kazakhstan	Uranium	Stepnogorsk (Processing), Zhana Kazakhstan (REE)	World's top uranium producer; emerging as a key non-Chinese rare earth alternative in Central Asia.
Malaysia	Rare Earths	Lynas LAMP (Pahang)	Operates the largest heavy rare earth separation facility outside China. A vital processing node for Western supply chains.
Myanmar	Rare Earths, Tin	Kachin State Mines	Third largest REE producer globally. A massive global supplier of heavy rare earths to China. Mineral industry affected by ongoing conflict.

India	Rare Earths, Lithium, Beryllium	IREL Beach Sand (Odisha/Kerala)	Holds the world's third largest rare earth reserves. Launched the National Critical Mineral Mission in 2025 to move into magnet manufacturing.

Source: Created by the author using data retrieved from USGS 2025, Global Critical Mineral Outlook 2025, and Visual Capitalist 2025.

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Feminising Development in the Global South:

The Gendered Impact of Private Capital Flows on Economic Justice

Zainab Ali[1]

In an age of globalisation marked by technological advancement and expanding markets, the movement of capital has become increasingly abstract and fluid.[1] This abstraction renders capital flows difficult to regulate and their socio-economic effects difficult to trace, with particularly destabilising consequences for economies in the Global South. Women and men are affected asymmetrically by volatile capital movements during processes of economic development; in many contexts, marginalised groups become risk absorbers within these systems.[2] This essay argues that the shift from net official flows to unregulated private capital inflows has restructured debt and trade regimes in ways that feminise development and responsibility, producing gendered disparities in welfare outcomes and economic returns in the Global South.[3]

This essay first situates the transition from official to private capital flows within broader neoliberal financial restructuring. It then traces how sovereign indebtedness and export-oriented development became mutually reinforcing, linking debt servicing to the expansion and deregulation of special economic zones (SEZs). The analysis subsequently examines how these trade and debt regimes reshape labour markets through the feminisation of export work and, more profoundly, through the transfer of economic risk and social reproduction obligations onto women via fiscal contraction and household indebtedness. The essay concludes by considering policy reforms aimed at mitigating these gendered structural injustices.

This essay draws on the feminist agenda for economic justice, rooted in feminist political economy, as a critical lens through which global debt and trade regimes can be analysed, foregrounding how structural adjustment, market liberalisation, and capital mobility reshape both production and social reproduction in gendered ways.[4] Rather than treating women's increased labour force participation as inherently emancipatory, this framework interrogates how neoliberal restructuring redistributes economic risk and intensifies unpaid care responsibilities. While some women experienced gains in income or bargaining power, feminist analysis cautions that incorporation into global markets often occurs under conditions of precarity, where labour market inclusion coexists with intensified vulnerability and the externalisation of social costs.[5] This framework therefore guides the analysis that follows, evaluating capital mobility not merely in terms of growth or efficiency, but in terms of how it allocates risk, responsibility, and economic return across gendered lines.

To understand how these dynamics emerged, it is necessary to trace the historical shift in the composition and governance of capital flows. The post-war evolution of capital flows reflects shifting development paradigms and North-South financial relations. In the decades following World War II, bilateral and multilateral assistance and net official development assistance (ODA) dominated capital transfers from the Global North to the Global South. By the 1970s, however, external debt flows accounted for nearly a quarter of investment resources in developing economies.[6] The recycling of petrodollars and negative real interest rates fuelled extensive bank lending to newly industrialised countries, increasing exposure to financial volatility and culminating in the 1980s debt crisis.[7] In response, many debtor states adopted structural adjustment programmes and fiscal

[1] LLM use declaration: Claude Sonnet 4.6 (web-based version, Anthropic) was u sed selectively during the final revision stage for sentence-level restructuring and grammatical refinement. Individual sentences were submitted manually for rewording assistance. All arguments, analysis, and content are entirely the author's own; no AI-generated ideas or text were incorporated into the manuscript.

austerity measures as conditions for continued access to international finance.[8] Mounting debt pressures increased governments' reliance on foreign direct investment as a source of foreign exchange, incentivising the deregulation and expansion of export processing zones (EPZs) to attract and retain mobile capital. In this way, debt dependency and export-oriented restructuring became mutually reinforcing pillars of the neoliberal development model: sovereign indebtedness intensified the need for foreign exchange, while deregulated export regimes supplied it through the intensified exploitation of feminised labour. The resurgence of private capital flows in the 1990s further displaced net official flows[9] consolidating a development model reliant on volatile cross-border finance and debt.

This debt dependency did not remain abstract, it was inscribed onto the bodies and labour of women through the restructuring of global trade regimes. In export processing zones (EPZs) and special economic zones (SEZs), international firms relocate production from the Global North to regulatory environments with weaker labour protections. International firms' ability to threaten exit allows firms to pressure host governments to suppress wages and relax labour standards, shifting production risks onto workers and suppliers while preserving profit margins.[10] Within this model, women are disproportionately recruited into export-oriented industries, as gendered assumptions about docility and dexterity justify lower wages.[11] This process, often described as the feminisation of development, enhances export competitiveness and foreign exchange earnings while concentrating women in low value-added segments of production and positioning them as economic shock absorbers.[12] Under these conditions, women frequently face excessive overtime, limited leave entitlements, weak retirement provisions, and inadequate occupational safety protections.[13] Many are also excluded from social insurance programmes due to the informal or temporary nature of their employment.[14] Female workers face discrimination, blacklisting, and unfair dismissal, limiting their ability to organise effectively and reinforcing their dependence on firm-defined employment terms.[15] They are frequently treated as disposable labour and are vulnerable to sexual harassment.[16] Proponents of export-led growth interpret women's increased labour force participation as evidence of empowerment and modernisation. However, such interpretations risk conflating labour market inclusion with substantive economic autonomy, particularly where working conditions remain precarious and social protection is weak, often resulting in exploitation that outweighs gains in bargaining power or material security. In this way, trade regimes structured around mobile capital and export competitiveness directly produce gendered disparities in economic returns.

The gendered burdens of export labour do not end at the factory gate. These labour vulnerabilities are compounded by the fiscal contraction that follows external borrowing, frequently requiring governments to reduce public expenditure in healthcare, education, food subsidies, and transportation in order to comply with loan conditions. As social provision contracts, households increasingly rely on private borrowing to secure basic necessities, and private debt becomes a 'coercion mechanism' that compels individuals, particularly women, to accept precarious employment under unfavourable conditions.[17] When household shocks occur, women who bear primary caregiving responsibilities are compelled to undertake paid labour 'no matter how poor the remuneration and disagreeable the activity' in order to sustain household income and often forgo their own consumption to ensure their families are fed.[18] This dynamic reflects the feminisation of responsibility: the systematic transfer of economic risk and social reproduction obligations onto women under conditions of financial austerity.

The feminisation of responsibility takes concrete, historically documented forms that illustrate the human cost of these structural pressures. Tauli-Korpuz notes that during the Asian financial crisis, the South Korean government promoted the nationwide mantra 'Get Your Husband Energised,' urging women to absorb the social and psychological consequences of bankruptcy, unemployment, and debt accumulation by providing moral and emotional support.[19] These expectations extend beyond the household: when public provision is retrenched, women are frequently drawn into communal kitchens, resource pooling, and community-based financial

initiatives such as micro-financing.[20] Such dynamics erode women's economic autonomy, limit opportunities for education and formal employment, and contribute to their continued concentration in informal or precarious sectors. The result is a self-reinforcing cycle of economic injustice in which women contribute equal or greater labour yet receive diminished economic returns.

Recognising these interlocking mechanisms of exploitation, it is worth noting that multilateral actors have acknowledged the instability of the current financial architecture and proposed reforms aimed at greater regulatory oversight and transparency;[21] yet, such reforms remain insufficient unless grounded in a gender-sensitive framework that recognises how debt, austerity, and capital mobility restructure labour markets and social reproduction. Policy responses must therefore include strengthened capital account management, the selective regulation of short-term capital inflows, and careful evaluation of foreign direct investment based on long-term developmental benefits rather than immediate foreign exchange gains.[22] Greater policy autonomy would enable states to mitigate volatility and avoid excessive dependence on mobile capital. At the international level, expanded concessional financing and debt relief mechanisms would reduce the coercive pressures that push costs onto households and intensify gendered inequalities.

Such reforms are necessary steps toward aligning development policy with the feminist agenda of economic justice. However, they cannot fully eliminate structural discrimination within global financial systems, nor can capital controls or debt relief alone transform deeply entrenched gender hierarchies. Failing to address the financial architecture that externalises risk onto women's labour will leave efforts toward gender equality structurally constrained. Capital flows must therefore be governed not solely by the imperatives of profit and competitiveness, but by commitments to social protection, labour security, and gender equity within a reconfigured global financial architecture.

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GENERAL SECTION

GENERAL SECTION

Frankenstein Technology: Implications for the Geopolitics of Export Control

Veronica Vella[1]*, Brendan Walker-Munro*[2]

Abstract: Military technologies have always been critical tools in shaping how nation-States interact. Given this, the enactment of export controls has played a fundamental role in the development of geopolitical blocs around the world. Recently, experts have observed a rise in "Frankenstein" weapons, i.e., military technologies reassembled from export-controlled subcomponents, which are available from multiple foreign suppliers. This paper argues that the core contributor to the increase in the creation of Frankenstein weapons has been nation-States favouring unilateralism over multilateralism in enacting their export control laws. This nationalistic approach by numerous (but especially Western) nation-States has created regulatory gaps, in which private players can more readily subvert the policy reasoning for global export control. We identify that Frankenstein weapons are an emerging norm in the current geopolitical context, and we analyse the predominant causes for that emergence, suggesting a need for drastic reframing of export control policy worldwide.

Keywords: *export control; non-proliferation; multilateralism; unilateralism; geopolitics; research security; military technology*

> *"Sin that pays its way can travel freely, and without a passport; whereas Virtue, if a pauper, is stopped at all frontiers"* (Melville 1851, p. 68)

Towards the end of 2022, following its illegal invasion and occupation of Ukraine, Russia began deploying vast numbers of Iranian Shahed-136 loitering munitions (also known as "suicide drones") to attack Ukrainian military sites and defence establishments (Epstein 2022). Analysis of these munitions revealed a troubling fact: 40 out of 52 components in the Shahed-136 were made by Western companies (Bertrand 2023). What was disturbing for investigators was the apparent ease by which the Iranian government was evading United States (US) export controls, frequently referred to as the most draconian regulatory regime of its kind in the world (Walker-Munro 2024). This was not the first time that the alarm bell had sounded on technology evading export controls, particularly those imposed by the US and the European Union (EU). In August 2022, a report by RUSI determined that massive amounts of Russian military technology remained dependent on and were being enabled by Western componentry despite the clear presence of sanctions designed to prevent such exports from occurring (Byrne et al. 2022). In fact, the RUSI report found that:

> …at least 450 different kinds of unique foreign-made components across these 27 systems, the majority of which were manufactured by US companies with a longstanding reputation for designing and building sophisticated microelectronics for the US military. Of these, at least 80 different kinds of components were subject to export controls by the US… (Byrne et al. 2022, p. 5).

[1] Faculty of Law, Political Science and Criminology at University of Liège, https://orcid.org/0009-0000-0054-4719
[2] Faculty of Business, Law & the Arts at Southern Cross University, https://orcid.org/0000-0001-5484-1145

Investigators later found a myriad of Western-sourced componentry in the S8000 Banderol missile, which Russia deployed to strike targets deep in Ukrainian territory (Casimiro 2025; Figure 1). Likewise in Iran, a report (2023, p. 10) identified that Iranian drone programs had "advanced despite export controls and sanctions" and "is relatively mature and well-diversified. Through a combination of domestic production and imports, the [drone technology] program has advanced despite export controls and sanctions".

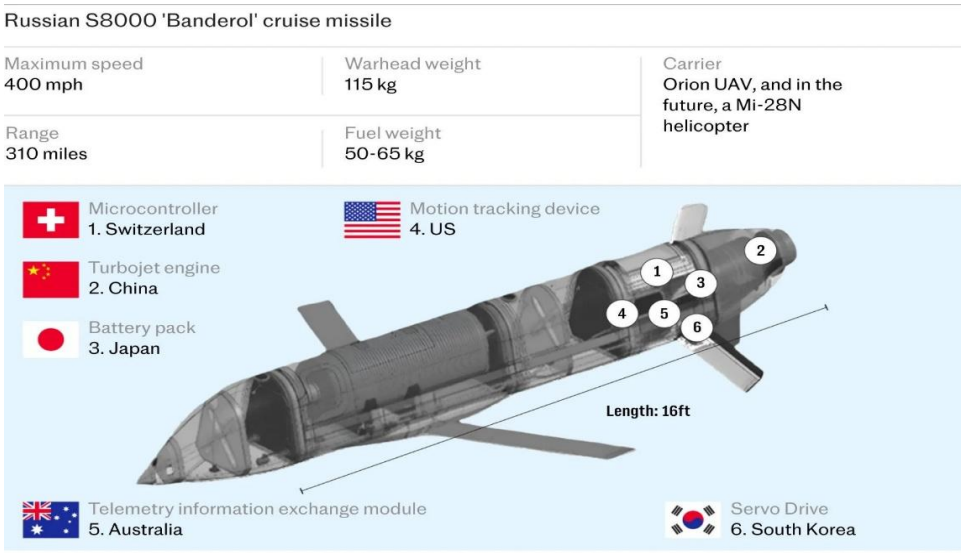

Figure 1. The Russian S8000 Banderol missile, showing summarised components sourced from other countries in violation of export controls (Cleave, 2025).

These incidents highlight the emergence of a new norm some have come to dub "Frankenstein technology", because it involves the incorporation of disparate sources of foreign-owned componentry into military systems in a manner either intended to circumvent export controls, or that results in a practical avoidance of such controls (Syngaivska 2024; Defense Express 2024; Conflict Armament Research 2024; McDonnell 2025; Tillett 2025). Of course, export control avoidance is hardly new – the law has always grappled with contemporary uses of technology (Marchant et al. 2011; Eichler 2019; Kanetake 2021; Ford 2022; O'Shea 2023; Voetelink 2023; Angelo 2025), and nation-States have a military and financial incentive to avoid export controls (Bilousova et al. 2024). However, it is the scale, speed and modularity of contemporary systems that make the phenomenon considerably harder to govern, in addition to the ever-increasing role of a largely uncooperative private industry in defence innovation (Herzog and Kunertova, 2024).

However, the key contribution to the emergence of Frankenstein military technology ("Frankentech")[3] has been the global move away from multilateral export control regimes and towards unilateralism and plurilateralism, which opens gaps for interpretive dissonance and regulatory arbitrage because proscriptive lists of technologies no longer capture the full range of concerning, impermissible, or unwanted use cases. Disparate nation-State approaches to regulating emerging, critical and disruptive

[3] We define Frankentech herein as "any militarily-relevant system that is composed of discrete sub-technologies, items or fields of knowledge". Those sub-technologies, items or fields of knowledge are either a.) not themselves subject to export controls; or b.) they are, but those controls are applied in ad hoc, inconsistent and/or incoherent ways. As a result, these discrete sub-components may be "reassembled" by a State or non-State Actor to recreate restricted systems, and/or create novel means or methods of warfare from such reassembly. We do exclude from this definition technologies created willingly by the parties to the transactions and in compliance with export controls, i.e., the "hybridized" tank produced by Rheinmetall for service in the Ukrainian theatre (Luyken 2024).

technologies (ECDTs)[4] – i.e., fields like gene editing and synthetic biology, hypersonics, artificial intelligence, quantum computing, and autonomous sensing and navigation – exacerbates this interpretive dissonance by creating more urgent, regular and cyclical challenges to traditional forms of export control enforcement (Brockmann 2019; Dekker & Okano-Heijmans 2020; O'Shea 2023; Nguyen 2024; World Economic Forum 2026). Further, private industry and academia are playing increasingly larger parts in the development of military technologies yet appear less stringent about understanding and complying with either the policy rationales or the empirical reasoning for export controls (O'Shea, 2023; Vaynman and Volpe, 2023; Herzog and Kunertova 2024; Bilousova et al. 2024). In those environments, unilateralism and plurilateralism fuels ambiguity over dual-use and intangibles, the modularity of componentry, and the proper role of the private sector in driving innovation, which in turn results in more regular and more disruptive impacts on export control.
This paper examines the move from multilateralism towards unilateralism as a key functional dependency in Frankentech emergence, using Winston's (2018) theory on norm creation as a conceptual lens. As a proposition, any global norm has both constitutive and constraint functions, establishing classes of behaviour that are globally either acceptable or unacceptable between and within nation-States (Winston 2018, p. 640); it is Winston's (2018, p. 641) hypothesis that norms reflect the statement "given this [problem], my [values] dictate this [behavior]". Because export controls limit nation-States from developing problematic or dangerous military technologies, yet those same nation-States cleave to values invoking military and economic strength and independence, they must adopt behaviours that circumvent those controls. Thus, we argue Frankentech is an emerging (and, we say, novel) global norm of export control avoidance, and one that challenges ordinary mechanisms of nation-State governance (Marchant, 2011; Eichler 2019; Kanetake 2021; Ford 2022; O'Shea 2023; Voetelink 2023; Angelo 2025).

We also suggest some changes to export control regulation which seek to tackle the root cause of this norm emergence – i.e., the push towards unilateral export control measures. What is required is more attention to both supply-side and demand-side regulation. By focusing on supply-side export controls, i.e., both academia and private industry taking a stronger lead in enacting their own guardrails, incentives to avoid or circumvent export controls are either removed or made less relevant (Vaynman and Volpe, 2023). Then, a focus on demand-side export controls could help better define the scope of relevant technologies, integrate deemed exports and research security into control frameworks, and build adaptive governance that addresses the pacing problem (Herzog and Kunertova 2024; OECD 2024).

A push towards export control nationalism: Cold War to now

COCOM and the emergence of multilateralism

A key principle of export control laws has always been that "certain kinds of knowledge posed a danger to the very existence of the [State] if shared too freely" (Daniels and Krige 2022, pp. 5-6). Thus in 1949, the first major international effort to coordinate export controls was established with the Coordinating Committee for Multilateral Export Controls (COCOM). This mechanism united seven

[4] We paraphrase the OECD (2024, p. 9) definition of ECDTs to include a military end-use, such that these technologies are "characterised by rapid development, evolution, novelty and uncertainty in trajectory and impact on the development of conventional (including nuclear) military capabilities".

Western countries – the US, UK, France, Italy, Belgium, Luxembourg and the Netherlands – to restrict exports of military-sensitive goods and technologies to the Eastern Bloc (especially nuclear weapons). COCOM operated through establishing a set of agreed lists of "strategic items", requiring unanimity among its members before exporting those strategic items was allowed (Aeppel 1985; Henshaw 1993). COCOM was the first example of export control multilateralism, i.e., the involvement of numerous parties in an open regime of transnational regulation (Congressional Research Service, 2023). Over the following decades, a broader international framework developed, combining legally binding treaties – such as the Non-Proliferation Treaty (NPT 1970), Biological Weapons Convention (BWC 1975), Chemical Weapons Convention (CWC 1992), and UN Security Council Resolution 1540 (2004) – with politically binding multilateral export control regimes (MECRs) like the Nuclear Suppliers Group (NSG), Australia Group (AG), Missile Technology Control Regime (MTCR), and the Wassenaar Arrangement (Wassenaar). These meetings resulting from the MECRs began to act as a transnational clearinghouse for discussions concerning the emergence of critical technologies that might threaten existing regulations.

Criticisms of MECRs vary but have been consistently made since at least the early 1970s (Beck 2000; Jaffer 2002; Jones 2006; Karapinar 2011; Beck and Jones 2019). One challenge is the practical impossibility of reaching a consensus on listing certain technologies, especially for countries or States that have a monopoly or strategic advantage in said technology (Qureshi 2023). MECRs are also incredibly slow for a digitised, global economy – getting a new technology added to the Wassenaar list can take up to three years (Gehrke and Ringhof 2023, 14; Junusova and Reinsch 2024). Further, degrading geopolitics plays a far more important role than it has in the past. As a founding member of Wassenaar, Russia has successfully vetoed every attempted modification to the dual-use technology list since it unlawfully invaded Ukraine in 2022 (Benson 2024).

"National security": A shift towards unilateralism

Over time, these challenges have weighed heavily on the rules-based global order, and nation-States have increasingly turned to unilateral[5] control measures that also address nationalist priorities. Since the fall of the Berlin Wall and the dissolution of the Soviet Union, nation-States have grown objectively less concerned with WMDs – the *du jour* security threat of the Cold War – and more concerned with protecting their technological edge over geopolitical competitors. Policy shifts in nation-State rhetoric and enactments claim less about being motivated by "global" security (instead protecting domestic, municipal, or sovereign capabilities); alternately, they invoke concepts of "national", "economic" or "industrial" security (Qureshi 2023; Woods 2023; Department of Commerce 2025). Several global examples may be made:

- US export controls were originally enacted to limit conventional and nuclear weapons technology from falling into the hands of the Soviets (Daniels and Krige 2022). However, since 2019 they have become a primary foreign policy instrument to restrict technology transfers to autocratic nations, especially the People's Republic of China (Dekker and Okano-Heijmans 2020; Velliet 2025).

[5] In this context, unilateralism denotes state action undertaken outside established multilateral frameworks, characterised by the absence of coordination with other parties and the lack of a requirement for their consent, often reflecting domestic political priorities.

- The European Union originally enacted a harmonised regulation of export controls across its polity (Kanetake 2021); however, the Netherlands, Spain, Lithuania and Finland have all since passed their own national legislation with distinct differences (European Commission 2024, pp. 7-8).
- UK export controls were originally aligned well with the EU, but since Brexit have increasingly prioritised nationalist technology agendas and goals (Rogowsky 2026).

These "unilateral pushes" (Dekker and Okano-Heijmans 2020, p. 54) complicate the operation of MECRs in several ways. Firstly, they create uncomfortable proximity between notions of economic prosperity and national security (Congressional Research Service 2023). Secondly (unlike in MECRs), States do not need to consult or discuss regulatory impacts when they enact or change unilateralist export control systems. There is a resulting global lack of transparency and consultation on *what* is being included by *which* State, and for *what* reasons. For example, although the EU Dual-Use Regulation encourages Member States to coordinate their national control lists (European Commission 2021, articles 9 and 10), they have shown a clear reluctance to do so (European Commission 2024, pp. 8-9). Thirdly, MECRs have globally created perceptions of double standards, turning many nation-States to unilateralism to avoid being disadvantaged, which in turn incentivizes other States to adopt unilateral measures (Zhou 2025). A fragmented patchwork of unilateral measures mean that the same piece of military technology can be regulated in different ways whether one looks nationally, trans-nationally or internationally. Therefore, MECRs struggle for relevance, being asked to do more work on problems they were never designed to tackle (Ford 2022).

A middle road? The role of plurilateralism

Plurilateralism is used in specialized contexts to describe cooperation within smaller groups, smaller than MECRs but with more than two participants (Congressional Research Service 2023). We thus include here the term "minilateralism", which usually features between three and five nations "that aim to coordinate their strategic agendas and facilitate functional cooperation in particular issue areas" (Koga 2022, p. 28). Plurilateral and minilateral regimes are more closed in nature, comprising participants whose national security and economic interests are closely aligned, like the Quad security partnership (India, US, Japan, and Australia) and the partnership on semiconductors between US, Japan and the Netherlands (Benson and Mouradian 2023; ESU 2024; Nguyen 2025). Pluralist export controls include coordination of EU foreign investment screening as well as "anti-coercion measures" (Petersmann 2022); joint efforts to restrict the export of advanced semiconductor manufacturing equipment to China (Congressional Research Service 2023); AUKUS (Benson and Mouradian 2023; Nguyen 2025); and, most recently, the creation of lists of favoured "partner countries" with harmonized controls (Kanetake 2021; Covington 2024).

Plurilateral responses might seem advantageous on their face. Joyner (2004) suggests that export control laws could be structurally aligned to afford remedies under the World Trade Organisation (WTO). Similarly, Wolf and Weinstein (2022, p. 25) describe opportunities for plurilateral agreements to act as "COCOM's Daughter", requiring "[a] new regime of like-minded techno-democracies…to address traditional non-proliferation issues". The recent US AI Action Plan explicitly called for "promoting plurilateral controls" to avoid exclusive reliance on multilateral treaties (White House 2025).

However, plurilateralism works only as a "sideshow" to multilateral arrangements. Both Joyner, and Wolf and Weinstein's models still require consensus, as well as supporting legal infrastructure to support compliance – Joyner's in particular requires adherence to WTO membership, something China has resolutely demonstrated it will not do (Hillman 2023). In a later paper, Wolf (2023, p. 15) himself was quite blunt in saying "I do not think most people… realize how far behind the (well-intentioned and dedicated) allies are to the U.S. system with respect to authorities to impose new controls, resources to conduct policy analyses, and investigative and enforcement capabilities". From the EU perspective, involvement in plurilateral regimes is also likely to be difficult. Where they choose to enact such regimes with non-Union partners, there exist "difficulties of amending national Constitutions, process- rather than rights- based constitutional traditions, power politics and neo-liberal 'business capture' of economic legislation" (Petersmann 2022, p. 20). These various difficulties would make harmonising EU and non-EU export controls through plurilateral mechanisms laborious to achieve.

MECRs fuelling the emergence of Frankentech

This complex architecture forms the foundation of today's international non-proliferation and export control regime, harmonising controls on nuclear, chemical, biological, dual-use technologies,[6] and conventional weapons. Historically, export control regimes focused on preventing non-proliferation of WMDs or diversion of conventional weapons from legitimate sales (Brockmann 2019). Since the early 2000s, export controls have increasingly expanded to include foreign policy concerns related to terrorism, human rights, national and economic security (Cupitt 2021; Qureshi 2023). For example, the EU included terrorism (Colussi 2024) and human rights (Kanetake 2021) as a basis for catch-all clauses in its 2021 Recast Regulation.

The problem

As outlined above, export controls rely on a diverse web of regulation which can operate transnationally but are enacted domestically. In the absence of adherence to the guiding hand of a MECR, nation-States that enact measures unilaterally form openings in global regulation exploitable by private sector actors. These actors are often incentivised to move and operate in domains where restrictions are at their lowest (Brown 2023). Even when coordination or harmonisation measures exist, they are often voluntary in nature: the EU's harmonisation clause has had little effect on "commercially available technologies outside those controlled through the multilateral regimes" (European Commission 2024, p. 6).

Further, MECRs are established and run by large, industrialised, Western democracies in which private sector actors have significant freedom and resources, meaning they can use these freedoms to prioritise their own interests, even if it compromises the security of other nation-States (Hanson 2017, p 187). Comparisons of MECRs to "cartels" – i.e., acting as a collaborative commercial effort to restrict

[6] We use the definition of "dual-use" technology in the European Commission (2021) Regulations: "items, including software and technology, which can be used for both civil and military purposes, and includes items which can be used for the design, development, production or use of nuclear, chemical or biological weapons or their means of delivery, including all items which can be used for both non-explosive uses and assisting in any way in the manufacture of nuclear weapons or other nuclear explosive devices".

competitors' access to specific goods and technologies – have a long history (Victor 1991; Beck and Jones 2019; Michel, Caponetti and Vella 2021). Those criticisms seem valid given that MECRs are increasingly being leveraged to pass restrictions on developing countries (United Nations 2024; Brockmann, Bromley and Maletta 2024), and enlargement of MECR membership usually results in *decreased* sharing of information amongst MECR members because of concerns about interference with economic competitiveness (Brockmann 2019).

In that environment, ECDTs add a further complicating layer. Firstly, ECDTs are incredibly attractive financially for private sector actors, not just in military or defence applications (OECD 2024). Given this, nation-States are themselves incentivised to disagree on the possible implications for national security of ECDTs (Dekker and Okano-Heijmans 2020). For example, encryption (Eichler 2019), cybersurveillance (van Daalen et al. 2021) and weaponised computer programs (Perlroth 2023) are currently proscribed by EU export controls, whilst the US and Israel remain completely silent on such regulation. Even the best multilateral proposals may – through vague or permissive language – permit or encourage disagreements. A recent UN General Assembly resolution called on Member States to "take concrete measures to promote international cooperation on materials, equipment and technology for peaceful purposes, in particular not to maintain any restrictions incompatible with the obligations undertaken" (United Nations, 2024). The terminology in that Resolution makes clear that because peaceful purposes are permitted, "defensive" applications of ECDTs should not be regulated by export control.

Secondly, controls intended to serve as "pre-emptively ring-fencing" technological capabilities (i.e., preventing advances from falling into the wrong hands by controlling the equipment and know-how, as well as the items themselves) can inadvertently hamstring legitimate researchers and laboratories (Nguyen 2025). Quantum technology serves as a useful example of the division between nation-States, where the very definition of precisely what quantum technology is covers a very vast field containing dozens of sub-fields and thousands upon thousands of applications. The fundamental characteristic of quantum technology – i.e., the manipulation of the smallest components of the physical universe – is such that traditional "dual-use" distinctions become completely meaningless. In other words, *every* application of quantum technology could also have a military application, even if States disagree on the nature of that application (Walker-Munro 2025).

The value

"Value" in the context of international norms refers to "the enjoyment or attainment of something 'good' or the avoidance of something 'bad'" (Winston 2018, p. 640). In the context of export controls, the question must be asked about the moral character that controls seek to achieve or avoid, which can be observed in formal texts of MECRs and treaties. For example, the founding documents of Wassenaar make clear that it was "established in order to contribute to regional and international security and stability" (the *good*) whilst also ensuring that "transfers of these items do not contribute to the development or enhancement of military capabilities which undermine these goals, and are not diverted to support such capabilities" (the *bad*). In both cases, the treaty text acknowledges that arms sales and exchanges *will* occur, but seeks to limit those sales and exchanges to the State level and those occurring in good faith.

MECRs also leverage values by appealing to global safety or security. The prohibition of particular kinds of information on proscribed forms of technology or know-how is because they are seen as immoral. For example, the Guidelines of the Nuclear Suppliers Group (NSG) obligates the adoption of "fundamental principles for safeguards and export controls" to ensure nuclear weapons cannot be developed by States that do not already have them.[7] The MTCR (2025) likewise claims it will "limit the risks of proliferation of weapons of mass destruction (i.e. nuclear, chemical and biological weapons)" (the *good*) whilst being "also intended to limit the risk of controlled items and their technology falling into the hands of terrorist groups and individuals" (the *bad*).

However, value-driven regulation can also incentivize private industry actors – and therefore their hosting States – to maintain the protection of their sovereignty, self-determination and national interests, even where those actions might run contrary to the "values" themselves. For example, Winston (2018, p. 641) cites landmines as an example of an international norm which evolved out of a desire to avoid the long legacy of land wars; however, there are nations that continue to use landmines even despite that norm. Conversely, because of the lobbying of US private industry to win the "chip war" with China (Qureshi 2023) and which resulted in prioritising domestic manufacture over global exports, ubiquitous semiconductors in toasters and microwaves are now treated with the same export restrictions as tanks and missiles.

The turn to unilateralism thus reinforces State (i.e., private industry) values over those of the global collective. Goals of national legislation are usually considered "moral" by the State enacting them if they contribute to the achievement of a "desirable" future (Depledge, Santos and Hobson 2025) under which the State's interests are met and respected. The US ITAR (Daniels and Krige 2022), EU's Dual-Use Regulation (European Commission 2021) and Commonwealth export control frameworks in the UK, Canada, Australia and New Zealand (Ghori 2023) make these value propositions explicit. Thus, the State aims to attain a "desirable" future by linking policy to solutions offered by the State's development of science and technology (Hendriks, Karhunmaa and Delvenne 2025). States can thus alter their adherence to the obligations imposed on them by claiming differing moral grounds which align to their own self-interests. This can occur either by unilateral mechanisms imposing less stringent obligations required by MECRs or plurilateral agreements, or by remaining silent about areas in which regulation is resisted.

Export control frameworks (both internationally and domestically), therefore, involve a careful balance of competing values. Usually these are national, economic or personnel security on the one hand, and protection of the freedoms of State sovereignty and free trade on the other. The most common result of this value balance is typified in "dual-use" technologies, which are restricted even if the receiving State lacks the actual infrastructure or know-how needed to weaponize such technology (Kanetake, 2021; Daniels and Krige, 2022). Recipients of military technology are also usually routinely subject to obligations which prohibit them re-exporting armaments to third countries (O'Shea 2023), measures

[7] Interestingly, Annex A to the Guidelines explicitly addresses the possibility of Frankentech, saying "[t]he object of these controls should not be defeated by the transfer of component parts. Each government will take such actions as it can to achieve this aim and will continue to seek a workable definition for component parts, which could be used by all suppliers" (IAEA, 2019).

which have long been considered a violation of sovereignty and self-determination (Voetelink 2023; Shu Shang 2024).

At the same time, export controls can have unintended consequences. Export controls can push nation-States to develop their own sovereign capabilities and supply chains, and move beyond traditional black-market transactions, which are consequentially easy to track (Salisbury, 2025). COCOM banned the sale of typewriters to the Soviet Union from 1949-1971, because they were considered a technology necessary for the Soviet Union to function during the Cold War (even though they had a host of civilian applications, which would have been unduly and unfairly impacted: Kotsioris, 2016). For example, China's response to prohibitions of semiconductor exports from the US was "increased investment in wafer manufacturing and the push to encourage domestic substitution across the entire semiconductor supply chain" (Ding, 2025, p. 127). Rather than preventing China's deployment of chips in advanced military technologies, US export controls may have the opposite effect, leading to a "one world, two systems" environment where both US and Chinese semiconductors compete in the open market (Ding, 2025, p. 141).

The behaviour

Corrective behaviours by States occur because "the problem inhibits the full enjoyment of a value", where a corresponding behaviour addresses the problem (Winston 2018). Where a nation-State wants to obtain a given technology but cannot do so because of export controls ("problem"), the nation-State's need for military superiority, economic security and financial competition ("values") will therefore drive it to pursue a range of behaviours to circumvent that problem ("behaviour"). Export control regimes – enacted transnationally but enforced domestically – that preclude a State's access to a given technology will force corrective behaviours to protect State sovereignty, freedom of knowledge collection and generation, and uphold their national interests (Wolf 2023).

Of course, States have always sought to circumvent export controls through various means, notably the use of third-party nations or the importation of intangibles (i.e., "brain drain": Kanematsu et al., 2024), which have been a challenge to export controls since they were enacted (Diebold, 1967; Hodkinson, 1988; Krige, 2015; Scott et al. 2020). For example, Soviet intelligence obtained machine tools – clearly restricted under COCOM – in the 1980s from member countries like Japan and Norway (Ottinger 2025), and China obtained restricted space technologies in 1998 by "purchasing" scientists from Loral Space and Communication (O'Shea 2023). More recently, in response to US restrictions on semiconductors, Chinese scientists flew hard drives containing AI models to nearby Malaysia before exporting the produced data back to China (Huang and Lin, 2025). It is unsurprising that this is why many export control frameworks rely on "deemed export" provisions, i.e., the provision of access to a technology to a foreign national is "deemed" to be an export to every country where that foreign national has held residency or citizenship, even if such export does not actually occur (Lundy and Clark, 2023).

What is now clear is that the global push towards unilateralism in export control (and the fragmented and disjointed regulatory framework that such a push has created) has birthed Frankentech as a new norm, because unilateralism permits avoidance behaviour to become industrialised in scope and scale.

Both Russia and China have ramped up purchases of household appliances (i.e., washing machines, cameras, refrigerators, microwaves, and online networking devices) for the "omnibus" or "common" components they contain (Dekker and Okano-Heijmans, 2020; Whalen, 2022; Vaynman and Volpe, 2023; Vakulina, 2024; Conflict Armament Research, 2025). As reports note, although these civilian-grade chips are less durable under high temperatures compared to military-grade ones, they can be adapted by adding heat sinks and insulation seals (Feldstein and Brauer, 2024).

Extensive investigations have also provided detailed information about the use of uncontrolled and commercially available components in missiles and uncrewed aerial vehicles (Conflict Armament Research, 2025). Although Ukraine has benefited significantly from US and EU weapons shipments, it nonetheless had to supplement its surveillance and strike capabilities using commercial drones (Molloy, 2024), and both Iranian and North Korean advances in drone and missile technology have continued despite both export controls and UN Security Council sanctions (Feldstein and Brauer, 2024; Al-Ghusbi and Rousseau, 2025). Nations like Singapore, Vietnam, Cambodia, and China, as well as regions like Hong Kong have also been actively targeted by Iranian and North Korean technology acquisition programs (Conflict Armament Research, 2025). Simply harmonising export controls of intermediaries and third-party countries is unlikely to have any effect, given that they still rely on underfunded national capacity for compliance measurement and acts of enforcement and often actively resist Western-led interventions (Cuomo, 2024; Feldstein and Brauer, 2024).

The future of export control: a return to first principles?

Historically speaking, export controls have posed problems to States wanting to obtain cutting-edge or restricted technologies, but occurred in environments where the global rules-based order largely cooperated with each other on how best to keep the international community secure. The sharp divides between the Allies and Axis nations of World War II might have lasted well into the 1990s (McDonagh 2025, p. 366), but those same nations were able to cooperate in the establishment of binding MECRs such as Wassenaar, the MTCR, the NSG and Australia Group. Now, nationalist imperatives have seen countries prioritise acting in their own interests, even as international collaboration on technology is itself now a global norm (Shih, Zhao and Schwerger, 2025). Yet the emerging forms of avoidant behaviour incorporated in Frankentech are not a transnational border problem, but a betrayal of institutional compliance and access control affecting labs, universities, start-ups and large firms in equal measure. What we argue is needed is a greater scrutiny on both supply- and demand-side regulation that embraces the sharing and understanding of plurilateralism, but does not tie the hands of nation-States to consensus as a condition of enforcement (Vaynman and Volpe, 2023; Herzog and Kunertova 2024; OECD 2024).

Enforcement challenges: an old problem renewed

Even though export controls remain a significant tool of foreign policy, a major vulnerability continues to lie in their legal enforcement (Bilousova, 2024). Often described as the "Achilles heel" of multilateral coordination, enforcement challenges have persisted since the Cold War where COCOM faced "overt non-compliance, differences between individual member nations, the overall secretive regime, and the financial bottom line of tech exporters" (Ottinger, 2025). However, enforcement challenges remain extremely live, especially for the EU Member States, where, despite numerous

efforts to harmonize export controls across the polity (European Commission 2021; European Commission 2024; Colussi 2024), both Commission-level and national statements from countries such as Spain, the Netherlands, Finland, France, Germany, and Italy continue to reinforce a notion that "national controls remain a Member State competence" (Pandiyan and Schild, 2025, pp. 19; Bauer and Bromley, 2019).

Enforcement challenges can manifest across several dimensions. Because very few countries actively enforce re-export controls, this can undermine the collective transnational efforts of MECRs, as one state's prohibition can be easily circumvented if the same item is legally available from other countries not applying similar controls (Benson and Mouradian, 2023; O'Shea, 2023). Re-export controls are usually only enforced at each country's discretion, and often with varying rigor, meaning that a breach of re-export in one country is not the same as a breach in another (Angelo 2025). Second, enforcement becomes technically complex when dealing with intangible transfers, i.e., software or know-how, because it is logistically impossible to stop a scientist or engineer from absconding with what resides in their head.[8] In the Cold War, a defecting scientist might have taken a suitcase full of research notes and prototypes. Now, they only need a USB drive or even just a connection to the Internet to share research information (Daniels and Krige, 2022). Thirdly, ECDTs can enable access and proliferation pathways that simply did not exist prior to the development of the requisite technology. For example, cloud computing services are not universally export-controlled even though they could ostensibly be used to circumvent the US' semiconductor restrictions remotely (Mak, 2025), and intelligence services rue the imminence of "Q-Day", the day that quantum computing renders all existing forms of encryption useless (Montague 2023).

What is required to deal with enforcement challenges in Frankentech is therefore a focus on both supply- and demand-side regulation, with an increased level of involvement by private sector actors such as companies and universities. Private sector actors are predominantly the ones making values-based decisions about *who* they work with, on *what* projects or topics, and whether those projects or topics involve or touch upon export-controlled items: as a result, they are not incentivised "to come to firm resolutions of difficult questions" (O'Shea, 2023). Offering "safe harbour" from prosecution or fines may go some way to encouraging definitive answers in permit applications (Gustafsson et al. 2025), as can specifically tailored freedoms like the "fundamental research exemption" well-known to many universities and academics (Alter 2025). Banks and financial institutions could be enrolled to police suspicious arms control transactions in the same way as they are for terrorism and money laundering (Hilgenstock et al. 2025).

The private sector also has a bigger role to play in demand-side regulation. Industry partners may actually be best placed to conduct the monitoring and enforcement roles usually reserved for the government. For example, a key enforcement challenge in semiconductors – the tracking and verification of who is holding what chips – could easily be rectified by industry adopting a serial number standard and then participating in a centralised registry (Ottinger, 2025). Such supply-side regulation would also reduce the burden on detecting and preventing every circumvention attempt at the border (which remains highly resource-intensive), where many countries face technological

[8] Though States have tried: the United States, China and the United Kingdom all attempt to regulate the exchange of intangibles through not only export controls but also visa screening and foreign student regulation (Stewart 2023).

limitations like outdated infrastructure and inadequate communication channels (World Customs Organization, 2023, p. 21). That said, because of the complexity and opacity of global supply chains, suppliers may not always have visibility of who they are providing export-controlled technologies to (Bilousova, 2024). In those cases, governments can better assist private industry by encouraging supply chain visibility on other grounds – such as countering human trafficking or slavery. Laws targeting "know your supplier" processes have been suggested to assist in providing the same transparency needed to properly enforce export controls (Rühmkorf, 2023).

A broader strategic policy for technology?

In that kind of environment, governments of nation-States can more clearly articulate not just which technologies – including the relevant sub-field and sub-sub-fields – are subject to export controls, but more importantly *why* such restrictions are necessary. For instance, governments need to integrate discrete policy rationales that express the "morality" of export control rule, i.e., via linkage to human rights, countering terrorism or military technologies, or constraining illicit use of ECDTs. We echo Ottinger's (2025) words and suggest that "export controls represent just one element of a comprehensive technology strategy – one that must be balanced against both economic interdependence and the reality that innovation often flourishes in response to constraints". By articulating these inherent value propositions in export controls, governments can better incentivize private sector actors to be more willing to comply with restrictions or prohibitions (Zarate 2013). Similarly, well-intentioned policy that is misapplied because of the volatility of domestic politics can still achieve a globally relevant effect, because the private sector actors understand and action the rationale for the policy's existence (Aggarwal and Reddie 2025).

Thus, export controls need to be formulated in a way that is more *embracing* and *reflective* of industry and academia, rather than simply being something they are subjected to. This in turn requires national science and technology policy to be strategically formulated, better integrating notions like deemed exports and research security into control frameworks (Stewart, 2023; Angelo, 2025). In one study, Bilousova et al. (2024, p. 26) suggested that existing MECRs should be better aligned, enforcement properly resourced, and the private sector co-opted as meaningful actors in export controls. Alternately, some have recommended a fifth MECR which would aim to align the export control regimes of Western techno-democracies like the US, UK and Canada that would work to "identify together the commodities, software, technologies, end uses, and end users that warrant control"(Wolf and Weinstein 2022).

The implications for enforcement under either existing or new MECRs remain significant considerations, especially with respect to ECDTs. Nation-States will need to actively consider at what point export controls might become counterproductive, and actually hinder their *own* development of those same technologies. For example, Australian Foreign Minister Penny Wong (2025) recently gave a speech in which she indicated that the country's focus was on developing "a relationship that allows us to cooperate and engage with China, while prosecuting our national interests and building security and prosperity in our region". Aptly, she explicitly described the role of multilateralism as being of critical importance in the Indo-Pacific "because international rules and norms deter conflict, enable free trade, and underpin our security and prosperity" (Wong, 2025). Moves by the US to lead the

Multilateral Action on Sensitive Technologies – otherwise known as the "coalition of caution" (Ford, 2018; Ford, 2020) – appear to be steps in the right direction.

Another option could be to heighten the surveillance of controlled technologies as they move through international supply chains. Studies have already demonstrated that the "anonymous" production of certain components like semiconductors and optical sensors have led to nation-States being able to subvert or divert legitimate trade to fuel their weapons or military research (Dekker and Okano-Heijmans, 2020; Vaynman and Volpe, 2023; Conflict Armament Research, 2025). This could be combatted by nation-States taking steps domestically to better track what it has produced, and where those supplies have gone. Grunewald and Aird (2023, p. 59-61) for example suggest that the export, import and re-export of semiconductors should be tracked at each stage on a global "AI chip registry". This would enable governments and businesses to know the location of semiconductor holdings at any given time, as well as the ability to spot concerning trends, spikes or slumps. Fist, Helm and Schneider (2023) alternately suggest that manufacturing nation-States (like Japan, China, Taiwan, and the US) should randomly audit manufacturers as a way of incentivizing knowledge of the whereabouts of their products. However, there is no doubt that industry would lament the additional regulation and government interventions. Further, both a global register and auditing programs might remain vulnerable to falsified or missing data. Despite those likely limitations, such schemes may have significant merit. Regulators will know where exports are concentrated and have more relevant information for both traditional enforcement and forecasting of future areas of risk.

Beyond traditional controls: Addressing the omnibus/common technology loophole

Finally, export controls need to recognize the growing dilemma presented by omnibus or common technologies. In that space, focus on "dual use" as a discriminator is no longer fit-for-purpose. Technologies that have no military use may still have military *value*, because the components in them can be reassembled into Frankentech. Further, although MECRs might have a future in the export control regime, some elements of a new approach will be necessary so States can share information with each other whilst respecting their sovereignty and economic competitiveness (Dekker and Okano-Heijmans, 2020).

To prove that argument, one need look no further than the originating process for all export control – COCOM. That framework was established under the most premium conditions of success. In 1949, the international stage had only two superpowers. that possessed divergent ideologies and market practices, and were operating in a market of recovery from global war. They were then joined by every other nation-State who obligingly fell into place philosophically, politically, strategically and diplomatically. Despite all of those successful pre-conditions, COCOM *still* struggled to achieve its policy objectives, and today's geopolitics are a far cry from the two-superpower dynamic of 1949. Not only are advanced technological sub-components found in everyday common household objects like "smart" watches, fridges and clocks, but technological advantage is no longer in the hands of a single actor. Global trade networks are simultaneously more expansive but more brittle, adaptable yet prone to structural shocks. Export controls will not be the silver bullet in a future economy driven by investment in ECDTs and where military, intelligence and security technologies are completely indistinguishable from civilian technologies.

Taken together, the foreign direct investment screening framework provides a useful illustration of how such a regime might function, exemplified by the Committee on Foreign Investment in the United States (CFIUS). Like export control regimes, CFIUS balances "promoting an open investment environment and protecting our nation's security" (Tarbert, 2020). Its expanded jurisdiction allows it to review transactions involving access to critical technologies, infrastructure, or sensitive personal data, alongside enhanced notification requirements for "covered transactions" (Tarbert, 2020). Although formally origin-agnostic, CFIUS may consider whether a transaction involves a "country of special concern" pursuing strategic acquisition of critical technologies affecting U.S. national security (Tarbert, 2020: 1509). It thus operates as a values-led regulatory mechanism, recognizing the interdependence of U.S. security and that of its closest allies (Tarbert, 2020: 1519). An export control regime of this kind should apply a similar national security-oriented, values-based metric to ECDTs and other forms of technology. It should be informed by the surveillance of market conditions and trends in the field, as well as the actions of allies and counterparts. Such a regime is far more likely to be able to complement the existing regime of MECRs without unnecessarily duplicating the efforts of those bodies. Furthermore, these bodies or committees could have a powerful signalling effect that discourage private sector actors from "gaming" export control systems (O'Shea, 2023).

Concluding thoughts

Frankentech is a novel challenge to the global export control regime. As a problem of international regulatory law, it serves merely to surface longstanding structural, ideological and resourcing problems that have realistically existed since at least the 1940s. However, as we have argued, Frankentech is also a new norm in geopolitics. Frankentech does not require us to throw out existing export controls – that would likely lead to a massively destabilized global economy and the loss of progress of nearly 80 years of progress towards non-proliferation. Instead, we need to recognize that MECRs and their corollary infrastructure are being used in ways they were never meant to, and so domestic structures need to be reconfigured to supplement and support transnational export control and agency rather than undermining it. Cold War era MECRs still have their place, but cannot hope to apply their glacial, consensus-based, "two-superpower" controls to the contemporary fragmented, volatile and unpredictable geopolitical landscape. This, in turn, requires building a "coalition of the cautious" (Ford, 2018), whilst its members are competing in the race towards technological supremacy.

One scholar has suggested that the words of Abraham Lincoln are an appropriate summation of geopolitical policy on export control: "if we desire to secure peace, one of the most powerful instruments of our rising prosperity [is to ensure] that we are at all times ready for War" (Tarbert, 2020, p. 1524). In other words, the circumvention of export controls is achieved far too easily by nation-States with the willingness to do so. Export control in the era of fragmented and shifting alliances and fierce geopolitical contest does not require that we aim for a world where military technology is perfectly regulated – that goal simply moves too fast for the law to pin it down with any accuracy. Instead, regimes will need to confront the movements of human capital (and, thus, the export of intangibles) as well as the categories of technologies which, in the State's proprietary or economic interests, it wishes to maintain its advantages. In turn, that requires recognition of Frankentech as a new norm in global export control, and the immediate and rapid tailoring of solutions to counter it. Increasingly, export control will need to recognize that the secrets of the newest technology can be

found even in the unlikeliest of places – even if that place is a humble household toaster.

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A representative United Nations Security Council: is Input Legitimacy Sufficient?

Miguel Castaneda[1,2]

Abstract: This article aims to complement an existing body of literature on the lack of legitimacy in the United Nations Security Council (UNSC). It firstly builds a strong theoretical foundation that supports current reform proposals focused on enhancing participation in the Council. Using the African Union's (AU) proposition as a case study, the 'representative approach' is then evaluated as a legitimation strategy for the UNSC. Both the effectiveness and the viability of the AU's proposal are assessed through cross-comparisons with competing coalitions and critical analysis grounded on a rich body of literature on legitimation. The main conclusion is that, whilst, in theory, proposals like the AU's would be effective to legitimise the inputs of the Council, they are unlikely to succeed and are therefore not feasible strategies. This finding reveals that the legitimacy of the UNSC may be constrained by its founding social contract and suggests that legitimation strategies may have to shift beyond structural approaches to reform. To that end, this article ends by foregrounding the procedural approach as a viable and possibly effective way of legitimising the Council, thereby opening a window of opportunity in the discussion of UNSC reform.

The United Nations Security Council (UNSC) is the largest international peacekeeping organisation, occupying a central role in discussions of global security. Large n-studies across a range of contexts continuously show that, since its foundation in 1945, the Council has reduced civilian and military deaths (Carnegie & Mikulaschek, 2020, 825), prevented the spread of violence (Beardsley, 2011, 1060), facilitated peace processes (Kathman & Benson, 2019, 1622-1623) and helped to maintain post-conflict peace (Sambanis, 2008, 30). Moreover, case-study research also highlights the Council's unique role and ability to orchestrate international responses to global security threats, such as those seen in the Korean War (1950-1953) and the first Gulf War (1990-1991), and use its diplomatic leverage to de-escalate violence, such as its work in Apartheid South Africa (1977), Mozambique (1992), and Namibia (1989) (Fassbender, 2011, 42).

Partially due to its centrality and authority in the international system, the Council has always been subject to public scrutiny. Yet, the 21st century is marking an era of unprecedented criticism of the UNSC, both from policymakers and academics. Considering its performance in the last twenty-five years, this criticism may be warranted. Geopolitical rivalries, leading to legislative deadlocks, have rendered the Council unable to take decisive action in some of the most significant humanitarian disasters, such as those in Syria, Sudan, Myanmar, and Libya (Rashkow, 2022, 431). These conflicts alone have led to a cumulative death toll of around 900,000, with over 17 million displaced (Echochu, 2024, 1707-8). Moreover, the Council's inability to control great powers has seen unauthorised and

[1] University of Oxford, miguel.castaneda@sant.ox.ac.uk

[2] ChatGPT (version GPT-5.5, OpenAI) was used solely to check typographical errors. No AI-generated content was directly incorporated into the manuscript.

illegal wars in Afghanistan, Iraq, and Crimea, as well as failures to address the ongoing disasters in Ukraine and Palestine.

Beyond its outputs, the decision-making structure of the UNSC is also increasingly scrutinised, with many arguing that the last expansion of the Council in 1963 (which increased non-permanent members from 6 to 10) does not sufficiently reflect current power distributions on the world stage or represent the members of the UN. The status of the P5, and their contentious veto privileges, is also questioned and criticised as an outdated power that contradicts the equality of states doctrine of the UN Charter and often causes unacceptable legislative deadlocks (Patrick, 2023, 2). As a result, a rising number of coalitions, formed in the 21st century, campaign for structural reforms to increase representation. The main ones being the G4, the AU, Uniting for Consensus (UFC), the L.69 Group, and, most recently, the French Position.

Most concerningly, students of International Organisations (IOs) argue that growing dissatisfaction and reform coalitions serve as empirical evidence of a legitimacy crisis at the UNSC. Legitimacy, defined as the belief that an institution's authority is appropriately exercised, is particularly important for IOs (Tallberg & Zurn, 2019, 586). Because they cannot rely on coercive methods in the same way national and sub-national institutions can, legitimacy is their primary means of attaining compliance with the rules and norms IOs attempt to establish. Thus, the Council's legitimacy problem is often cited as existential. If the Council is to remain a relevant authority figure in international security, it must adequately address its legitimacy problem and seek methods of legitimation.

In order to better understand the root of the legitimacy problem at the Council, this article focuses on its most often cited and scrutinised aspect, its lack of representation. It asks the questions, are existing reform proposals, focused on enhancing representation, viable and effective legitimation strategies? And what do they tell us about the nature and future of the UNSC's legitimacy crisis?

The first section of this article will engage with a large body of literature on IOs, providing a constructivist theoretical framework through which the concept of legitimacy and UNSC reform can be understood. Then, the analysis section takes a case-study approach to the African Union's (AU) reform proposal, employing process-tracing and textual analysis methods to assess its effectiveness and viability. This section concludes that while, in theory, the AU's proposal could be an effective legitimation strategy, it is not politically viable and unlikely to succeed. However, its rejection provides great insights on the nature of the UNSC's legitimacy problem; the UNSC is constrained by its founding social contract and legitimation strategies may therefore have to shift beyond structural approaches to reform. To this end, the final section introduces the procedural approach to reform, using the case study of Resolution 76/262 to justify its potential as a viable and possibly effective legitimation strategy.

Literature Review

This article is based on two fundamental assertions: governing bodies cannot effectively operate without legitimacy, and representation can be a key variable to explain an institution's legitimacy, or

lack thereof. To support these claims, this section firstly conceptualises the concept of legitimacy in order to understand its dynamics in relation to IOs. It then foregrounds the relationship between representation and legitimacy, applying it specifically to the case of the UNSC. Finally, having supported these assertions, a framework for legitimation of the UNSC is constructed, which identifies the AU's reform proposal as the most compatible.

On Legitimacy and IOs

IOs tend to operate within a normative model of legitimacy, which refers to whether their process and outcomes are perceived as normatively desirable by the international community (Barnett & Finnemore, 2004, 156-157). For example, the World Bank seeks to eradicate poverty, the UNSC attempts to maintain peace, and the UN Human Rights Council (UNHRC) advocates for the protection of the most vulnerable individuals. These goals are deemed to be morally desirable, and thus, authority is granted to these institutions to achieve their mandates.

The other genre of legitimacy, social legitimacy, is distinct, but interrelated with normative legitimacy. It refers to the general acceptance from the people that an institution holds authority (Weiler, 2012, 826-827). For example, Nazi Germany did not hold normative legitimacy, but it enjoyed a great degree of social legitimacy. Thus, the distinction falls between idealism and realism (Weiler, 2012, 827). An institution should hold authority because it has morally desired aims (normative legitimacy), or an institution does hold authority because it has convinced or coerced people to accept so (social legitimacy).

IOs cannot, in general, coerce sovereign nation states into accepting their authority in the same way national governments can coerce their population, so they predominantly operate within a normative model of legitimacy. For those seeking legitimation, this is a significant finding, as it suggests that the UNSC should not concern itself with direct methods of social legitimation which may be ineffective and contradict its normative foundations (Weiler, 2012, 827). Thus, the UNSC should predominantly focus on whether its processes, outcomes, and mandates remain within a morally accepted framework in the international community. Beyond the normative-social distinction, legitimacy can be further analysed into a typology.

Output legitimacy is the extent in which an institutions' policies achieve its aims (Boedeltje & Cornips, 2004, 6). For the UNSC, this is whether it can consistently avoid conflicts between and within states. Input legitimacy is based on how equitable the institutions' decision-making processes are perceived to be (Boedeltje & Cornips, 2004, 4). Due to its technocratic decision-making, input legitimacy is limited in the UNSC and increasingly contested. The third type of legitimacy, throughput legitimacy, is the more nuanced of the three. It refers to how efficient, accountable, and transparent the institution's processes are deemed to be (Schmidt, 2013, 2). Whilst this is a concept that is largely dismissed within the UNSC, other IOs, like the European Union (EU), have been scrutinised over their inefficient processes (Schmidt, 2013,18).

This article, which focuses on whether enhancing representation is a sufficient legitimation strategy for the UNSC, therefore targets input and throughput legitimacy. In the UNSC, input legitimation strategies require Charter reform to increase the number of decision makers and can therefore be referred to as structural approaches to reform. In contrast, throughput legitimation strategies do not always require Charter reform, as they may amend and modernise processes which fall beyond its scope. Thus, these strategies may be referred to as procedural, or non-amendment, approaches.

Legitimacy and Representation

There are several theoretical arguments that foreground the significance of representation to the perceived legitimacy of IOs, including the UNSC. This section reviews the three most significant ones: the argument of consent, the argument of equity, and the argument of perceptions. These serve to foreground the theoretical significance of representation as a major explanatory variable of IOs' legitimacy, or lack thereof.

In their design, IOs are formed by consenting member states which decide to enter cooperative organisations in hopes of achieving mutually desirable outcomes (Doyle, 1986, 1167). The idea of consent in international governance dates back to thinkers like Immanuel Kant, who argued that "politics and morality can only be in agreement within a federal union" made up of republican states (Kant, 1970, 129). Jean-Jacques Rousseau's

'Social Contract Theory' (Rousseau, 1997, 50) and John Locke's *'Theory of Private Property'* (Locke, 2014, 116), advanced the idea of consent, explicitly stating that a government's legitimacy is subject to whether it enjoys consent from those it aims to rule over.

The rise in reform coalitions and increasing dissatisfaction with the UNSC may therefore be reflective of the UN Member States no longer consenting to its social contract, which was initially agreed upon at the San Francisco Conference of 1945 (Ikenberry, 2019, 77-78).

Thus, a breakdown of the social contract signifies and explains the legitimacy deficit of the UNSC. In terms of legitimation, increasing representation may be a critical way of achieving "greater unanimity of principle" and restoring the UN's social contract (Kant, 1903, 156). This perspective therefore highlights structural changes, aiming for input legitimation, as effective avenues for regaining consent by modernising the Charter, and thus legitimising the council (Ikenberry, 2019, 78). Procedural reforms may also be appropriate legitimation strategies but, because they do not tend to focus on the structure of the institution, they are unlikely to have the same effects on restoring the social contract relative to input strategies.

The second argument states that, in the 21st century, liberal IOs are becoming increasingly illegitimate because they continue to be perceived as lacking in equity. Critical scholarship analyses the IOs that co-constitute the liberal international order as institutions that reflect and further the interests of hegemonic states (Wallerstein, 2016, 23-24). Evidence for this argument is found both in their

asymmetric design and their uneven performance, which tend to systematically over-benefit those that designed them. For example, research into International Financial Institutions (IFIs) has shown how powerful states consciously curated funding rules and voting processes in order to create IFIs that would overrepresent their interests (Erin & Serdaru, 2020, 687). The UNSC, while presenting itself as a fair arbiter of international law, has also been subject to this asymmetric design process. For example, the very creation of the P5 has been demonstrated to lead to 'selective attention', a process whereby the Council's agenda systematically reflects the interests of the permanent members (Lundgren & Klamberg, 2023, 976-977). The UNSC's lack of representation is therefore a matter of equity and the increase in reform coalitions serve as empirical signals of how consequential this problem has become for UN Member States.

In terms of legitimation, the argument of equity goes beyond stating that participation should be increased, but that this must be done in a targeted way that benefits those members and regions which have historically been excluded (Mukherjee, 2023, 28-29). For example, regions like South America, Africa, and The Middle East are unrepresented in the permanent membership and, considering a significant majority of the Council's work targets these regions, their meaningful participation in the decision-making process may be a necessary condition for legitimation (Yinanç. 2023, 55). This perspective therefore highlights coalitions such as the AU or the Arab League as particularly significant for legitimation. In terms of reform approach, structural changes may be more effective legitimation strategies than procedural ones, as they are more likely to adequately address inequitable representation by enhancing the size of the UNSC or changing asymmetric powers that are entrenched in the Charter. The third argument, the argument of perception, falls within constructivist ontology and analyses how IOs can legitimise and delegitimise themselves through their unique ability to create international norms (Barnett & Finnemore, 2004, 16). The very development of the UNSC exemplifies this argument. In its creation, the UNSC enjoyed normative legitimacy by establishing the idea that as a new institution, which had learned from the failures of its forebearers, it could mitigate global anarchy to prevent the Great Wars that had dominated the first half of the 20th century. The Council's mission expanded in the 90s, adopting a broader definition of security and a new focus on interstate violence. Its efforts, overseeing democratic transitions in Namibia (1990) and Cambodia (1993) showed some signs of success, signalling that the Council was apt for this expansion. As a result, this created international perceptions that its enhanced authority was legitimate (Hurd, 2019, 718).

This process is referred to as substantive legitimation, where IOs can increase their normatively accepted goals in order to legitimise an increase of authority. However, substantive legitimation is fragile and contingent on the IO showing signs that their new mission is being attained and, most significantly, that these signs are perceived by those actors with the power to legitimise and delegitimise the institution (Barnett & Finnemore, 2004, 166).

Regardless of the operational successes of the Council, this approach highlights that the public perception of its structure and performance has been increasingly negative, which is leading to delegitimation (Barnett & Finnemore, 2004, 15). As these perceptions continue, Member States may revoke all legitimacy from the institution, and exist or disengage from it, or revoke some legitimacy and suggest reforms. This process explains both the rise in reform coalitions as well as recent events which have seen key member states slash their funding to the UN system and dismiss the role of the

Council in international security. Overall, the legitimacy crisis can be summarised from this approach using Walter et al.'s words: a "serious public relations problem" (2021, 1705).

In terms of reform strategy, the argument of perception calls upon both structural and procedural approaches. Enhancing representation by changing the structure of the UNSC could likely lead to an increased sentiment that Member States can meaningfully participate, thus legitimising the Council's inputs. Secondly, modernising the procedures by increasing transparency, accountability and efficiency mechanisms may serve to improve perceptions, and thus legitimise the Council's throughputs (Weiss & Hathaway, 2024, 4-5). Thus, this perspective highlights that the most effective legitimation strategies are those which will change perceptions, thereby targeting the UNSC's 'PR' problem.

Applying the legitimation framework: the AU

The arguments reviewed all reinforce, to different extents and through different means, that a lack of representation is a fundamental source of the legitimacy crisis. Expanding it should theoretically serve to legitimise the Council to some degree. However, it is still unclear who should benefit from reform. Against the backdrop of the reviewed literature, it would make little sense to expand representation to regions which already have significant presence in the P5. For example, a hypothetical inclusion of Germany or Canada would have little effect in changing the perceptions of those that see the Council as lacking in equity and overrepresenting the West. It is also unclear how far representative reform should go for them to be effective. If the UNSC were to increase a non-permanent seat, even if it were to be dedicated to an unrepresented region, the change may be perceived as too shallow and therefore fail to address fundamental inequities that rise from privileges like the veto. Thus, ideally, representative reforms should focus on areas which have traditionally been underrepresented in the Council, and they should seek to include these members meaningfully, which practically necessitates structural changes (Mbara et al., 2021 62).

Out of the current reform coalitions, the one that best meets these criteria is the AU, as it offers a meaningful proposal to address the problem of underrepresentation. Thus, while other coalitions are addressed, the AU's proposal serves as the case study to assess whether enhancing representation is a viable and effective legitimation strategy. Beyond meeting the criteria, the AU also enjoys distinct qualities which make it more likely to be both viable and effective relative to other existing coalitions. Firstly, the AU is the largest coalition, composed of all 54 African states. This means that it already accounts for 42% of the votes required to pass Charter reform. Secondly, its position regarding UNSC reform is the clearest, as outlined by the 2005 Ezulwini Consensus. The AU demands an expansion of five non-permanent and two permanent seats, including veto powers (African Union, 2005, 9). This position has been ratified twice, in the C-10 and the Sirte Declaration (Mbete, 2023, 11). Thus, unlike other coalitions, the AU's proposal is clearly detailed and consistent, which strengthens its viability.
In terms of its effectiveness, the AU's proposal is firmly aligned with the theoretical framework. Firstly, when the UNSC was founded African countries were either colonies or relatively weak on the world stage (African Union, 2005, 9). However, this is no longer the case. With all of Africa now decolonised, and many African states growing at some of the fastest rates globally, scholars argue that the 21st century will be marked by Africa's development (Mbara et al., 2021, 59). Thus, representing

Africa in the permanent membership of the Council would serve to acknowledge these fundamental changes in the world stage, which may help to revive the social contract between the UN and its Member States. Secondly, much of the insecurity in the world, and the work of the UNSC, is based in Africa. In 2018, over 70% of resolutions specifically concerned African peace and security (Mbara et al., 2021, 59). Therefore, African representation is also a matter of equity, as they should be able to contribute to decisions that will directly affect them. These factors make the AU's proposal a theoretically effective strategy for representative reform and legitimation.

Analysis

This section directly answers the first research question; are current reform proposals, focused on enhancing representation, sufficient avenues to legitimise the UNSC? After a brief history of reform within the UNSC, this section assesses the potential effectiveness of the AU's demands through critical comparison with rivalling proposals based on the established theoretical framework. Then, its viability is assessed through a textual analysis of reform meetings, which reveal the political dynamics and complexities involved in reforming the UNSC. This section concludes that while the AU's proposal is the most effective to meaningfully enhance representation, it is not viable, making it an insufficient solution to legitimise the UNSC. However, in respect to the second research question, its rejection is revealing of the paradox behind the legitimacy crisis and the invisibility of reform. This being that the very Charter which fuels the crisis stands in the way of structural reforms. These conclusions are critical for understanding the nature of the legitimacy crisis and demand that future research into UNSC reform investigates more viable approaches that sidestep the Charter.

History of UNSC Reform

In the 21st century, the GA has organised various committees and forums to discuss the issue of UNSC reform (Mbara et al., 2021, 56). Established in 2003, the Open-Ended Working Group (OEWG) was a forum where the issue of representation regarding the UNSC was discussed. Due to a lack of structure at the OEWG meetings, in 2008, the Intergovernmental Negotiations (IGNs) were created (Hathaway et al., 2025, 7). These panels structured conversations around five key areas: membership expansion, veto powers, representation, UNSC working methods, and the role of the GA. Whilst the INGs have not reached any solutions on the issue of representation, they have provided researchers with an abundance of primary data.

Moreover, in 2004, the UN's High-Level Panel on Threats, Challenges and Change, established the criteria of desirable prerequisites for member states wishing to be included in an expanded Council (UN, 2004, 2). Whilst the criteria are not compulsory, it has been the clearest attempt made by the UN to provide guidelines for states that seek permanent seats in the UNSC. The Panel recommends that new members should be considered on the basis of, "who contribute most to the United Nations financially, militarily, and diplomatically", and those countries, "more representative of the broader membership, especially of the developing world" (UN, 2004, 14). These guidelines have formalised conversations, framing them around the UNSC's key issues and serving as a framework for reform groups to assess the viability and effectiveness of various proposals.

Issues with efficacy of representative reform

Various counter arguments highlight that increasing representation may not be an effective legitimation strategy, as it could threaten the performance of the UNSC. Firstly, some argue that the permanent seats of the Council were decided on a meritocratic basis and that expanding the Council to represent various parts of the world may be a risky legitimation strategy (Hoopes & Brinkley, 1997, 221). They argue that the structure of the Council is not arbitrary or unreasonable. The victorious Allied Forces earnt their position as the P5. These five states remain amongst the strongest global actors, thus, their place is still justified as they have the means to enhance the institution's power.

In terms of the AU, some have claimed that no contemporary African state can boast of being a great power in IR (Hoopes & Brinkley, 1997, 221). They would therefore suggest that there is limited value in expanding permanent membership to developing countries, and that any expansion should be made with power-maximising principles. This argument extends beyond academia and has been voiced as a concern in the GA. Yamazaki Kazuyuki, Japan's representative to the UN, set out this argument in the 2024 IGNs. He stated that the effectiveness of the UNSC could be harmed if countries that did not "significantly [contribute] to international peace and security" were to be represented (Kazuyuki, 2024, 1). This took direct issue with the effectiveness of the AU's proposal. Enhancing representation should not come before the Council's goal of keeping security which, some argue, is best done by great powers.

Secondly, some highlight the dangers of radically increasing representation as a legitimation strategy. It has been argued that the UNSC was never designed to be a representative forum, but one that would complete its mandate of keeping security (Hoopes & Brinkley, 1997, 221).

Drastic reforms should therefore be met with caution. Once the 'floodgate' of reform is open, it will be hard to close, and this may damage the effectiveness of the Council. This argument is referred to as the '*effectiveness-legitimacy dilemma*', emphasising that, by seeking to enhance input legitimacy, the efficiency and effectiveness of an institution may be hindered (Buchanan & Keohane, 2011, 436). Therefore, some fear that radical attempts to increase the input legitimacy of the UNSC may have a negative effect on its outputs, as many of the Council's successes were due to expedient decision-making (Hoopes & Brinkley, 1997, 221). Thus, they conclude that representative reforms should be met with scrutiny and caution. This argument has been echoed in UN meetings, with Germany's representative arguing in the 2023 IGNs that reforms "should not come at the cost of effectiveness and efficiency" (Leendertse, 2023, 3). For the AU, this counterargument is particularly problematic. Because they have the strictest demands for representative reforms, they are faced with the effectiveness-legitimacy dilemma the most.

However, an important distinction to make is that these two arguments do not challenge the nature of representative reforms, but the degree and ways in which they should be implemented. Thus, before investigating how representative reforms should be effectively applied, an important aspect of the discussion is establishing the best proposal to increase input legitimacy. Methodologically, asserting

the most effective strategy to increase input legitimacy should come first. Once this is established, separate studies should address matters of application.

Increasing input legitimacy goes beyond simply increasing the size of the Council (Mukherjee, 2023, 28-29). The unequal power dynamics in the Council also have to be addressed to ensure fair participation. Without enhancing representation meaningfully, input legitimacy will not significantly increase (Buchanan & Keohane, 2011, 407). Current reform proposals, like the UFC's, face this issue by only advocating for an enlargement of 10 non-permanent seats. Although the UFC demands one of the largest membership expansions, this would not be an effective route to increase input legitimacy. This is because, solely focusing on non-permanent membership would make increases in representation less meaningful (Chen et al., 2022, 3-5). Aside from the veto, the P5 hold agenda-setting powers, control over draft resolutions, added influence in budgetary decisions and peacekeeping operations, and enjoy chairmanship of key subsidiary bodies (Gifkins, 2021, 7-9). Therefore, adding new non-permanent seats would only 'scratch the surface' of the problem, which is the asymmetric power that the P5 holds. Thus, by completely dismissing this critical factor, the UFC's proposal would not significantly enhance the input legitimacy of the UNSC.

The same argument extends to proposals that do not demand veto privileges. For example, while the G4 demand an expansion of 6 semi-permanent and 5 non-permanent seats, they do not call for veto powers. They attempt to create a 'middle class' in the Council that enjoys some of the privileges of the P5 (Mbara et al., 2021, 62). However, this approach is limited as a strategy to increase input legitimacy. The issue of the veto is perceived by the international community as a matter of "common justice" (African Union, 2005, 9-10). The UN Charter outlines that all of its members are equal, and the issue of the veto directly contradicts this. Thus, this is a core reason underpinning the legitimacy crisis, which is disregarded in the G4's strategy (Mbete, 2023, 11). This was argued by Sierra Leone's representative who stated that "meaningful participation" can only be guaranteed if new members have "equal decision-making powers including the veto" (Turay, 2023, 7). Thus, the G4's proposal would also be an ineffective avenue to increase input legitimacy.

This leads to the AU's proposal. Whilst the AU demand for a smaller expansion of the Council compared to the UFC and G4, it is a far more effective proposal for input legitimation (Gelot & Söderbaum, 2024, 823). This is simply because they address the fundamental cause of the input legitimacy crisis: the asymmetric dispersion of power established by the veto and other privileges of the P5. Thus, amongst current reform proposals, the AU's would be an effective route to increase input legitimacy in the UNSC.

Issues with viability

Having established that the AU's representative approach would, in theory, effectively legitimise the inputs of the Council, this leads one to assess the viability of their proposals. Thus, in this subsection, three arguments are presented that highlight the practical complexities of representative reforms in reference to the AU: tensions within the AU, competing coalitions, and amending the UN Charter. Ultimately, reforming the Charter is identified as the biggest barrier to structural reform. Moreover, this issue is generalisable to all reform coalitions and, whilst it is predominantly analysed in relation

to the AU's proposal, it serves to directly answer the first part of the research question; are the leading reform proposals, focused on enhancing representation, sufficient to legitimise the Council?

Tensions within the AU

Firstly, fragmentations within the AU may be limiting the consistency and intensity of their advocacy (Mbara et al., 2021, 62). Even though the AU remains the most united group, the inaction surrounding reforms of the UNSC has caused some fragmentations. Shortly after the Ezulwini Consensus, the AU received criticism for its unrealistic demands. The situation was described by a German representative as the AU, "demanding more than it would appear that the UN members or the UN system is capable of giving" (Sudan Tribune, 2005, 3). Former Nigerian President, Oluseung Obasanjo, called on the AU to compromise in hopes of breaking the deadlocks in the GA. However, at the emergency AU summit in 2005, the proposal to drop calls for the veto failed, with 90% of the group voting against it (Mbara et al., 2021, 62). This situation caused tensions within the continent. For example, Egypt grew fearful, believing that Nigeria and South Africa would be prepared to take a diluted deal that excluded them (Mbara et al., 2021, 62).

Within the IGNs, this situation raised the question of which AU country would be granted permanent seats. The Ezulwini Consensus suggests that it would be up to the AU to decide. However, ongoing tensions in the AU have affected the clarity of their proposal, as they have not been able to state who would be part of a UNSC expansion (Mbara et al., 2021, 62). The top contenders for the two permanent seats are Egypt, South Africa, Kenya and Nigeria. However, in the hope of preserving the 'common African position', the AU has not named specific candidates. Inevitably, this has harmed the strength of their proposal in the discussion of reform. UN journalists have posed a difficult question to supporters of the AU: "well, which African Country?", referring to the lack of clarity in the proposal and the underlying geopolitical tensions (Rachman, 2024, 7). Thus, fragmentations within the AU are affecting the clarity of their demands and the viability of their proposal.

Rivalling coalitions

Another key barrier to the AU's proposal is rivalling coalitions (Rashkow, 2022, 434). There is intense competition for who should benefit from possible UNSC expansion, with many groups offering very compelling arguments. Potentially, the AU's biggest challenger is the

G4, a group consisting of Brazil, India, Germany, and Japan. For some, the G4 may even have an edge over the AU because they dropped their demands for the veto, thus showing flexibility. This incremental approach to representative reform has been favoured by those UN members concerned with the consequences of drastically expanding the council (Rashkow, 2022, 435). Moreover, the inclusion of India and Brazil allows the G4 to argue that their proposal would include the Global South (Mbara et al., 2021, 65). Lastly, and most critically, the G4 covers the meritocratic criteria for reform. As of 2021, Japan contributed 12.5% of the UN's budget and Germany over 8%, which are the highest numbers after the US. Not only is this in line with those that argue that UNSC's expansion should be based on merits, but it also coincides with the criteria set out by the UN (Cox, 2005, 115-116).

Therefore, the G4 coalition is seen by some as the ideal median that overshadows the AU's position (Rashkow, 2022, 435).

The G4's approach has served as a model for other coalitions to follow, such as the UFC Group (Cox, 2005, 115). Formed by Italy, Spain, South Korea, Argentina, Mexico, Turkey, and Canada, their approach to reform offers even more flexibility. The UFC Group requests that the Council only expand non-permanent seats. They argue that any addition of permanent seats could cause further deadlocks in the Council. In response to the AU's demands, Italy's Representative argued on behalf of the UFC that enhancing permanent seats would make it, "rather difficult, to say the least, for the elected members to contribute effectively to the work of the council, or even have their weight felt" (Massari, 2023, 3). Thus, this has served to echo the effectiveness-legitimacy dilemma, thereby harming the viability of the AU's proposal. While the AU has been able to maintain itself at the forefront of the race for reform, these dynamics with rivalling coalitions have undoubtedly stalled its mission within the IGN and GA sessions (Cox, 2005, 115-116). Ultimately, two decades of complex debates between coalitions have fundamentally served to delay tangible action.

Changing the UN Charter

Enhancing the size of the Council, or changing the nature of the veto, requires amendments to the UN Charter, which has only happened once in 1963 (Hathaway et al., 2025, 7). The difficulty is primarily due to the high standard required by the UN Charter to make amendments. As stated in Article 108, to even convene a meeting in the GA for a review of the Charter, a ⅔ majority vote is required (UN Charter, 1945, Article 108, para. 1). This has never happened in the history of the UN. Then, as stated in Article 109, Charter reform relating to the UNSC requires a ⅔ majority, with all of the P5 voting in favour (UN Charter, 1945, Article 109, para. 1). Whilst the AU already makes up 42% of votes required to pass Charter reform, acquiring the rest has proved a complex task due to the number of competing coalitions (Rashkow, 2022, 438). This is the biggest barrier to structural reform in the UNSC and, whilst this is analysed in relation to the AU's proposal, the technical and political complexities of changing the UN Charter are issues that can be generalised across all reform coalitions.

Article 9 requires all of the P5 to vote in favour of reform proposals. In terms of the feasibility of the AU's proposal, uniting the P5 under one proposal would be near impossible in the current geopolitical climate (Hathaway et al., 2025, 12-13). Events like Russia's invasion of Ukraine have divided the P5, making unanimous decisions unlikely. Within the Council, France, the UK, and the US have frequently condemned Russia's use of their veto power to prevent ceasefires (UN News, 2022, 3). The UK's representative argued in a 2023 IGN meeting that, "Russia's full-scale invasion of Ukraine just over a year ago has not only violated the key principles of the UN Charter, but has also disrupted the way the Council operates" (Woodward, 2023, 1). In reference to possible cooperation with Russia, the French representative noted, "the Russian Federation is alone" (Riviere, 2022, 9). From Russia's perspective, their frustration with the UN and Western powers has grown. Russia's representative argued that the institution's media outlets are at a new, "height of propaganda" and that the responsibility of the war in Ukraine, "lies at your feet", referring to Western members of the P5 (Nebenzia, 2022, 12). This situation has left the Council deadlocked, with the issue of reform taking a backseat (Anand, 2022, 1).

Therefore, against the backdrop of ongoing geopolitical tensions, structural reform proposals, including the AU's, are unlikely to enjoy unanimous support from the P5.

Tensions between the P5 have further increased in the Council since Russia's invasion of Ukraine, suggesting that the situation is unlikely to improve in the near future (Aylward et al., 2025, 4). For example, China's frustration with the US's support of Taiwan is growing, warning the US not to, "go further down the wrong and dangerous path" (Yi, 2022, 1). Repeated uses of the veto by the US on motions for a ceasefire in Palestine has further frustrated Russia. They point out a hypocrisy from the US, stating they refuse to listen to their "spurious excuses" in the Council (Nebenzia, 2024, 2). Considering the P5 ultimately holds the key that unlocks the door to structural reform, it is unlikely that they will reach agreements regarding UNSC reform in the near future.

Moreover, the issue of the veto has been politicised, making the AU's demands infeasible (Ade-Ibijola, 2020, 139). Although the P5 claims to support the AU, this remains superficial, as they are fundamentally against expanding the veto privilege (Winther, 2022, 3). For example, China has arguably been amongst the most vocal advocates for African representation. However, in reference to supporting the AU, the Chinese representative argued that expanding the veto was not in line with, "enhancing efficiency and optimising [the UNSC's] structure" (Jun, 2023, 3). This attitude is not limited to China. With the exception of France, the P5 are fundamentally against an expansion of the veto (Hathaway et al., 2025, 55). Thus, unanimous support for meaningful proposals, like the AU's, is improbable, as most of the P5 are hesitant to dilute their own veto powers.

Western members of the P5 have also politicised the conversation of African representation, making unanimous support for the AU unlikely (Ade-Ibijola, 2020, 139). China's growing relationship with Africa, through investments like the Belt and Road Initiative, have raised concerns in the West (Vines & Wallace, 2023, 4). Thus, some argue that the Western powers in the P5 would be hesitant to include a potential ally of China as a permanent member of the Council (Fung and Lam, 8-9). These examples show the complex political dynamics between the P5 when it comes to supporting reform proposals. Ultimately, the discussion of UNSC expansion has become politicised, and the P5 have used it as a forum to express geopolitical competition, which makes unanimous support of one proposal not viable.

Findings and contributions: the limitation of representative reform

Overall, the analysis of the AU's proposal does not provide optimism for the future of meaningful representative reforms. As argued, the AU's proposal is the only current one that would effectively improve input legitimacy in the Council. Rivalling coalitions like the G4 do have some merit, but, without demanding access to the veto, meaningful participation would be limited (Mbete, 2023, 11). Such proposals would therefore not see significant increases in input legitimacy. Thus, in a discussion of effective input legitimation strategies, the AU's proposal should be credited as the strongest.

The lack of optimism comes from the infeasibility of the AU's proposal. The difficulty in changing the UN Charter, as outlined in Article 109, makes the viability of all structural reform proposals, including the AU's, very unlikely. Amongst the arguments assessed, the most critical ones are those analysing the current geopolitical tensions between the P5 (Hathaway et al., 2025, 12-13). Having

politicised the conversation of UNSC reform, it is very unlikely that the P5 will agree on one reform proposal. Therefore, while the AU's proposal would be an effective method of enhancing input legitimacy, it is realistically unattainable. In reference to the research question, current representative reform proposals are an insufficient avenue to legitimise the UNSC.

The significance of these findings extends beyond a rejection of the AU's proposal and the representative approach to reform. Their failure raises a broader question: what do they reveal about the nature of legitimacy in IOs such as the UNSC? This article has focused on testing whether enhancing representation can restore the social contract and modernise decision-making structures, which is often cited by IOs and legitimacy scholars to be critical for legitimation (Ikenberry, 2019, 78). However, these scholarly perspectives often operate with a degree of theoretical idealism, paying insufficient attention to the institutional and political constraints to reforms within specific IOs. In the UN system these were found to be the UN charter, which requires the P5's consent to modernise itself. Due to geopolitical rivalries among the P5 and an existing incentive to block reforms, the political complexities in the UN system are found to be detrimental to ideal legitimation strategies.

Thus, IOs with highly entrenched constitutions, such as the UN, suffer from these systematic and endogenous constraints to structural reforms. In terms of the legitimacy crisis, this means that the founding social contact of the UNSC is not only a source of the legitimacy deficit, but also the principal constraint to structural reforms and input legitimation strategies like the AU's. This fundamental deadlock should therefore serve as signs to both academics and practitioners that alternative approaches to legitimising the UNSC warrant investigation.

Alternatives: The Procedural Approach

These findings do not aim to discredit the initiatives of coalitions like the AU but, they suggest that new strategies of legitimation should be researched. As the former Chairman of the AU argued, "we need to act beyond the classical stand to move our project forward" (Faki, 2023, 2).

A constructivist-based approach to legitimacy provides numerous avenues for reforms by highlighting the significance of procedural approaches as viable legitimation strategies (Barnett & Finnemore, 2004, 168). Particularly for short-term legitimation, these types of reforms can be more easily attainable, as they may not require structural or constitutional amendments. As evidenced by Article 27(2) of the UN Charter, "decisions on the Security Council's procedural matters shall be made by an affirmative vote of nine members" (UN Charter, 1945, Article 27, para. 2). This threshold is far more attainable than the one required for representative reforms. Moreover, because the procedural approach can improve the efficiency, transparency, and representativeness of institutions' processes, constructivists argue that it could be an effective legitimation avenue (Barnett & Finnemore, 2004, 168). This section explores the merits of the procedural approach by reviewing the effects that recent reforms had on the throughput legitimation of the UNSC. Then, the procedural approach is applied to an outdated process of the UN, thereby highlighting its feasibility and potential as a tool for legitimation.

Resolution 76/262

Examples of procedural reforms in the UNSC show that this approach is a far more viable avenue to modernisation (UNA-UK, 2022, 3-4). In 2022, the GA passed Resolution 76/262 regarding the working methods of the Security Council. This resolution demands that after any use of the veto in the Council, a meeting within ten days will be convened in the GA to debate its purpose (UNGA, 2022, 1-2). The resolution was 'passed by consensus' during a formal meeting on the use of the veto. This meant that it was passed without a vote, due to an absence of any UN member state requesting a formal voting process or raising concerns about the proposal. Overall, this resolution was presented, debated, and passed in a matter of weeks (Olabuenaga, 2023, 285). Already, Resolution 76/262 shows that the procedural approach can be far more viable than the traditional representative approach.

The debates over Resolution 76/262 covered the central arguments that are stated in the Analysis section, such as the power asymmetries caused by the veto. As the Italian representative argued, it is an "outdated power" which violates the principle of equality of states (Massari, 2023, 9). This view was expanded by India's delegate. He argued, "either all nations are treated equally in the context of voting rights or else the new permanent members must also be given the veto" (Mathur, 2023, 25). At first glance, Resolution 76/262 may not have addressed these concerns and the fundamental problems with the veto.

However, while not changing the nature of the veto, the resolution progressed in the right direction by providing an avenue for UN member states to participate and hold the P5 accountable. This has proven to be effective at increasing the throughput legitimacy of the UNSC. In theory, increasing accountability after the veto is used may discourage the P5 from abusing their power (Hathaway et al., 2025, 44). Whilst it is difficult to assess whether the veto is now used more cautiously since Resolution 76/262 was passed, what is certain is that there are more transparent conversations in the GA. This is significant as, because the GA is the most representative body in the UN, increasing its discursive role will enhance member states' participation. Thus, because there are more means to participate and hold the P5 accountable, the perceived throughput legitimacy of the UNSC is increased (Hathaway et al., 2025, 48). This is evidenced by Oliver Maes, Luxemburg's UN representative, who argued that the resolution marked a "crucial step" in increasing the "accountability and transparency" of the Council (Maes, 2022, 12). The representative of Liechtenstein reinforced this sentiment by stressing that Resolution 76/262 means that, "the veto is no longer the end of the conversation" (Wenaweser, 2024, 2). This shows that member states' representatives are appreciative of the increased avenues for participation. Thus, Resolution 76/262 can be granted a degree of effectiveness as a throughput legitimation strategy.

Resolution 76/262 has not changed the fundamental nature of the veto. However, it has delivered successes towards modernising the procedures of the UNSC by enhancing the accountability of the P5. Moreover, considering the decades of stagnation seen with the representative approach to reform, this resolution represents a pragmatic step towards modernisation which has increased throughput legitimacy. As argued by Romania's UN representative, the resolution "broke the ice on long-needed

reform discussions" (Feruță, 2023, 11). Thus, evidenced by Resolution 76/262, the procedural approach can deliver expedient action, which can enhance the throughput legitimacy of the UNSC.

Looking ahead: Uniting for Peace Resolution 377A (V)

The procedural approach opens a 'window of opportunity' to increase throughput legitimacy in the UNSC (Weiss & Hathaway, 2024, 4-5). Beyond creating new procedural amendments, as seen with Resolution 76/262, auditing existing ones is another viable way of increasing the efficiency and accountability of processes in the UN (Anich, 2023, 57). For example, the Uniting for Peace Resolution 377A (V) (UFP), passed in 1950, could be modernised to enhance the throughput legitimacy of the Council. The resolution grants the GA authority to consider matters of security if the Council is deadlocked or failing to fulfil its fundamental duties. Originally, UFP was passed due to the US's interest in taking multilateral action during the Korean War (Anich, 2023, 45). Because China continually vetoed UNSC proposals, the US felt it necessary to form a resolution to break deadlocks. However, in the absence of a P5 member supporting the enactment of this resolution, its efficacy is currently limited and has only been implemented once in the 21st century (Anich, 2023, 44). This is because it requires a UN member to trigger it and, without the support of the P5, doing so could have politically problematic consequences (Scharf, 2023, 244). For example, in 2004, humanitarian disasters in Darfur, a Western province of Sudan, were largely ignored in the UNSC. China repeatedly blocked economic sanctions on Sudan, due to its vested interest in their oil industry (Olimat, 2014, 122). Due to China's influence in the continent, African countries were sceptical of involving themselves in the conflict. Therefore, within the Council, the AU was fearful of the potential consequences of triggering the UFP Resolution (Fung & Lam, 2022, 23). This shows that, even though it takes one member to trigger the resolution, political influences from the P5 have made this difficult. Therefore, the UFP resolution could increase participation, accountability, and efficiency; however, its current working methods are limited due to the political influences that the P5 can exert.

By taking inspiration from Resolution 76/262, procedural amendments can be made to the UFP Resolution to modernise it (Hathaway et al., 2025, 50-52). For example, UFP could be triggered instantly when the P5 vetoes key security decisions. These decisions are defined under Chapter VII of the UN Charter as, the powers to act of the UNSC, including, imposing economic sanctions, mandating ceasefires, and authorising military interventions (UN, 1945, Article 41, para. 1). In such high-stakes uses of the veto, an emergency meeting in the GA could be automatically triggered to discuss whether the Council is failing to uphold its mandate and vote on whether UFP should be passed. This procedural amendment would sidestep the difficulties of requiring individual members to trigger the resolution (Hathaway et al., 2025, 50). Moreover, this change would not require Charter reform and could be passed readily in the GA like Resolution 76/262.

As a result, there would be two direct improvements to the UN's processes which would help legitimise the UNSC. Firstly, it would improve the effectiveness of the UN system (Hathaway et al., 2025, 48). By highlighting possible deadlocks in the Council instantly, the GA can pass UFP, if deemed necessary, and fulfil its duties of maintaining security. This would have been critical during the Syrian revolution, in 2011, where the Council was deadlocked after more than 16 vetoes (Scharf, 2023, 237). Secondly, this amendment would improve the efficiency of the UN system. During the Six Day War

(1967) and the Gulf War (1990), UFP Resolution took weeks to be activated and passed. Thus, immediately triggering the resolution would save time, which was a critical factor in these two events (Allen & Yuen, 2024, 9-10). As a result, this change would enhance the throughput legitimacy of the UNSC. By increasing the role of the GA, and the speed in which it can act, there is an added layer of accountability for the P5 (Hathaway et al., 2025, 48). Moreover, whilst this may not directly address the concerns of reform groups like the AU, it would increase participation of UN members in security related matters (Hathaway et al., 2025, 48). As seen with Resolution 76/262, continuing conversations in the GA after a veto, has worked effectively to increase the perceived legitimacy of the UN.

Evaluation

It is important to highlight the limitations of the procedural approach, as it should not be the only tool to legitimise the UNSC. Firstly, it is unlikely to lead to significant structural changes, as these will often require Charter reform. So, amending the veto or enhancing the size of the Council will not be possible with the procedural approach. Thus, the procedural approach is a short-term tool which is useful for legitimising the Council but will not fix the fundamental problems (Hathaway et al., 2025, 66). Secondly, the procedural approach should be used with caution. Reforms like increasing the accountability of the P5 are important, however, this should not come at the expense of isolating them from the wider UN system (Quincy Institute, 2024, 10). Therefore, it is imperative that UN member states work alongside the P5 to ensure mutual consensus is reached, thereby avoiding fragmentations that could damage the efficacy of the UN. Currently, France and Mexico have been doing this, which is yielding promising conversations (Hathaway et al., 2025, 12). The French/Mexico Position openly questions the nature and necessity of the veto and discusses potential avenues for reform. This is the ideal context where this approach should be applied, as it will avoid severe disputes with P5 and be more successful when coupled with their support.

Overall, the procedural approach offers optimism in the conversation of UNSC reform. It has offered a viable way to reintroduce the GA, an institution that has been largely sidelined in issues of security. As seen with Resolution 76/262, this has enhanced throughput legitimacy in the Council, by increasing accountability and avenues for participation. Further areas of investigation should also focus on Article 27(3), which stipulates that members in the Council should abstain from voting if they are party to the conflict in question (Hathaway et al., 2025, 56). Evidenced by Russia and the US, this article has not been respected in the 21st century. The potentiality of the procedural approach may be vast and warrants further investigation.

Conclusions

Overall, current reform proposals, aimed at increasing representation, are insufficient to legitimise the UNSC. While approaches like the AU's may appear theoretically effective, their insufficiency for legitimising the Council comes from the fact that they are not feasible. Ultimately, there is a dilemma in this strategy: to make representative reforms sufficiently strong to increase input legitimacy, permanent seats with the veto are required. However, various institutional and political factors prevent this approach from succeeding. Institutionally, the UN Charter, as stated in Article 109, poses a high barrier for structural reform, demanding unanimity from the P5. Politically, the P5 are geopolitically

divided, reluctant to dilute their veto power, and sceptical of what an expanded Council would mean for their permanent status. This means unanimous support for initiatives like the AU's is unlikely. However, this rejection is revealing of the nature and dynamics of the UNSC's legitimacy; the UNSC is constrained by its founding social contract and legitimation strategies may therefore have to shift beyond structural approaches to reform.

In terms of the future of reform, the procedural approach is argued to be a possible lifeline for the Council's legitimacy crisis. As seen with Resolution 76/262, the approach proved to be both viable and expedient, even showing some signs that it could enhance throughput legitimacy. Having said this, further research should address the effectiveness of this approach as, at face value, it does not directly address the fundamental problems of the UNSC. The Charter is critically outdated and institutionally entrenched and, for the UN to remain a relevant actor in the area of international security, these issues will have to be addressed. Ultimately, IOs need to have a balance between establishing normative principles that are constitutionally protected and having a degree of flexibility to adapt to changing world orders. The UN, like many other IOs, is yet to find this 'golden mean'.

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BOOK REVIEWS

Oliver Stuenkel. *The BRICS and the Future of Global Order*. Lanham, MD: Lexington Books, 2015. 213 pp.

A Review by Aarushi Shekhar, University of Oxford

Contemporary global politics finds itself mired in complex political contestations and economic convulsions. Multilateralism, once heralded as the organising liberal principle of the post-Cold War order, is now facing a trust deficit in both representational legitimacy and institutional effectiveness. Over the years, rising and middle powers have sought to reconsider and recalibrate existing institutional structures in advocating for a global order that moves beyond Western hegemony to embrace the rising status of the Global South.

Against this broader debate over reform and representation, Brazilian scholar Oliver Stuenkel offers a detailed and empirically rich account of BRICS as a coalition of emerging powers. Stuenkel aims to provide what he deems to be the "first definitive reference history" and a critical historical biography for BRICS.[3] Grounded in the grouping of five countries (Brazil, Russia, India, China and South Africa), the book explores how these countries seek to expand their voice within existing institutions of global governance such as United Nations, International Monetary Fund and World Bank, while exploring parallel avenues of financial autonomy through BRICS-led initiatives such as New Development Bank and Contingency Reserve Arrangement.

In *The BRICS and the Future of Global Order*, Stuenkel begins from a sceptical commonplace, whether the acronym is simply in pursuit of a common program even as it struggles to coalesce around ideological coherence. Citing Martin Wolf's argument that the grouping seems to have little in common beyond anti-Western sentiment, Stuenkel embraces this heterogeneity rather than denying it. The core puzzle of his work thus analyses how materially rising yet politically and economically diverse BRICS nations converge meaningfully to project collective relevance in global politics.[4]

The central narrative, therefore, hinges on whether the BRICS countries are reformist or revisionist in character. In this aspect, Stuenkel is deliberately cautious, arguing that they seek to "make the boat wider, not rock it over."[5] He highlights the status-quoist nature of BRICS which focuses more on the equality within Western liberal institutions rather than seeking to overthrow and create a counter hegemonic alliance.[6] This can be theoretically interpreted as a strategy of reformist hedging: BRICS nations thus attempt to widen representation and diversify power within global governance structures rather than impose a revisionist challenge upon the existing order.

While Stuenkel traces the rise of BRICS to positive projections by leading investment banking firm Goldman Sachs and British economist Jim O'Neill, it wasn't until the financial crisis of 2008 that BRICS was able to push its institutional legitimacy as an emerging counterpart to Western economic architecture.[7] The book states how "short periods of reduced legitimacy in global governance can

[3] Oliver Stuenkel, *The BRICS and the Future of Global Order* (Lanham, MD: Lexington Books, 2015), 11.
[4] Ibid, 10.
[5] Ibid, 156.
[6] Ibid, 166.
[7] Ibid, 1.

quickly lead to the rise of alternative institutions."[8] In essence, Stuenkel aptly argues how BRICS nations transformed the watershed of the financial crisis into an opportunity converting their relative resilience into bargaining leverage as agenda shapers in the world order.

A two-plank rationale thus motivated the BRICS grouping as it sought to diversify its partnerships while resisting attempts by the United States (US) to maintain a unipolar privileged position in the global order. The formation of New Development Bank and Contingency Reserve Arrangement forms the basis of this duality as these institutions sought to diversify development finance while simultaneously reducing dependence on Western conditionality. However, Stuenkel does not portray these initiatives as revisionist replacement to the Bretton Woods institutions[9], but as alternative paradigms expanding the overall bargaining capacity of BRICS within the existing order.

Summitry became a symbol of recognition, and an empirical demonstration of increasing informal cooperation amongst BRICS nations. Stuenkel on the other hand highlights how the group displayed "continued degree of informality and low degree of institutionalization", stating that the looseness within BRICS was not a weakness but instead a survival strategy of these politically divergent countries to evade diplomatic costs of binding commitments.[10] This was particularly important given the stark regime differences of democracy versus authoritarianism amongst the member states. Here, even as Stuenkel acknowledges the democratic peace debates, he states how functional cooperation has persisted amongst BRICS nations overriding concerns of ideological alignment.[11] Thin cooperation rather than thick cooperation thus pervades the general pattern of coherence within BRICS nations.

Sovereignty politics is another important element of Stuenkel's arguments. The reformist rhetoric towards multilateralism by BRICS is reflected in the scepticism towards 'Responsibility to Protect' as a Western endeavour, particularly in the context of intervention in Libya.[12] The stress test is the occurrence of the 2014 Crimean crisis; it is here that BRICS can be seen resorting to careful hedging, refusing Western attempts at coercive diplomacy against Russia, yet avoiding outright support for Russia's actions.[13] A critical question emerges: is this a proof of BRICS united stance against Western hegemony, or simply a calibration aimed at independent self-interest? Strategic flexibility by the BRICS nations is mainly interpreted through the lens of self-interested state actors, not necessarily involving cooperation around a cohesive normative stance. As Stuenkel notes, Brazil, for instance, is sceptical of sanctions as a form of punishment, yet even more sceptical of the USA as a norm setter for determining international standards. The Crimean case and its response by BRICS reflected a stance of realist convenience rather than liberal coherence.

Stuenkel welcomed South Africa's inclusion as a gateway to African representation and in strengthening solidarity towards the grouping's joint decision-making. On the other hand, continued enlargement of the grouping has also created internal inconsistencies; members such as Egypt and

[8] Ibid, 9.
[9] Ibid, 118.
[10] Ibid, 159.
[11] Ibid, 60, 89.
[12] Ibid, 141-142.
[13] Ibid, 154.

Ethiopia remain locked in conflict over the Nile, while Iran's political and economic instability has produced fractured and uneasy responses within BRICS.

The present era of sanctions and tariff regimes has rendered any reformist fiscal autonomy measures by BRICS to be perceived as revisionist attempts at de-dollarization. India's central bank proposal for digital currencies to ease cross-border BRICS payments has drawn hostility from Washington, with the current American President threatening hundred percent tariffs on any member state advancing an alternative currency architecture.

Whether BRICS members can reconcile growing defence posturing with its tradition of functional cooperation over non-traditional security issues remains the grouping's most pressing unresolved question. The recent Will for Peace 2026 naval drills in South African waters amplify antagonistic narratives towards US, combined with China's swift rise and Russia's protracted war in Ukraine. On the other hand, one questions whether BRICS can continue to sustain informal cooperation over non-traditional security issues as Stuenkel observed, covering trade, health, education, and technology. In that respect, it remains to be seen whether the fate of BRICS would become like that of the Quadrilateral Security Dialogue in the Indo-Pacific, bound together by functional cooperation over non-traditional security yet divergent in traditional military posturing.

The critique of Stuenkel's work is evident. From a theoretical perspective, there is an absence of deeper questions of how the 'liberal order' itself is constructed over time and space. The analysis might have benefited from explorations around constructivist creation of BRICS as a normative institution rooted in post-colonial and non-Western politics of the Global South. From a structural perspective, the book understates power asymmetries within BRICS, particularly in relation to China's arguable emergence as a revisionist power challenging unipolar American hegemony. The book considers responses of BRICS nations against Western hegemony, yet overlooks hedging strategies by smaller states of Asia, Africa, South America and Pacific Island States against the emerging powers of BRICS.

Nevertheless, Stuenkel's book succeeds as it refuses to be slotted into simplistic binaries, neither celebrating BRICS as a coherent counter-hegemonic front nor dismissing it as a passing fad. The book's core contribution remains faithful in providing an empirically rich narrative of a group of nations moving beyond mere recipients of the Western order towards active participants defining a multipolar new world order.

Harry Cross. *Undoing a Revolution: Sudan and the Politics of Debt.* Hurst & Company: International African Institute, 2025. 216 pp.

A Review by James Morton

This important book challenges the way the West undid Sudan's 2019 revolution by imposing IMF economic adjustment policies on the civilian-led Transitional Government. The heart of the book is its analysis of what happened after Omar Al Bashir was overthrown in 2019 and replaced by a Transitional Government representing a precarious compromise between military and paramilitary forces and disparate civil society groups. It sets out how the West expected Sudan to accept western policies in the Middle East in return for economic support; support which was conditional on the IMF's stringent package of fiscal adjustment policies. The book argues that this undid Sudan's popular revolution and buried its progressive hopes. The International Community must find a better way to support popular revolutions, a way that escapes the orthodoxy of fiscal adjustment and debt repayment.

Starting from his own field research on Sudanese banking and finance, Cross' sources range from the colonial record to the latest literature, published and unpublished, in Arabic and French as well as English. Occasional quotes from Sudanese friends and contacts gives a feel of day-to-day life in Sudan.

In 1958 Nasser commented that the US was using aid and soft loans to replace British imperialism. This was to echo over next 30 years as the Sudan became more dependent on international financial support, always conditional on Sudanese support for western policies. That the Government never met the financial conditions imposed after each round of debt adjustment did not matter. Sudan was the only Arab nation to support Egypt's recognition of Israel, so Western governments continued to provide aid "on a 'drip feed' of liquidity that purchased political influence and loyalty in Khartoum."

The Islamist coup of 1989 ended this deal and "western aid fell off a cliff and Sudan's external accounts collapsed." Economic sanctions were imposed and grew ever stronger. The US designation of Sudan as a State Sponsor of Terrorism put it off limits for international companies and cut it off from international financial networks.

After splitting with National Islamic Front Al Bashir sought a reconciliation, handing Carlos the Jackal over to the French and expelling Osama bin Laden. But any chance of international rehabilitation disappeared with the destruction of the World Trade Centre and the start of the Global War on Terror. Sudan had to find other ways to support its economy. And it did it, demonstrating "innovation and resourcefulness as it reoriented the economy under a state of siege." It drew in investment from the Arab Gulf states and most importantly China. It by-passed financial sanctions through banking networks in the Gulf. With Chinese investment it was finally able to realise its oil resources.

Islamic finance played a key part in the rise of the National Islamic Front. This was not just patronage for NIF supporters. From 1989 onwards credit to small businesses and low-income households resulted in an "economic democratisation (which) consolidated a new business class who identified

with the regime and who operated within national supply chains capable of resisting economic sanctions." In doing this the National Congress Party built a genuine constituency for Islamic rule.

The Forces for Freedom and Change, the civil society grouping which dominated the transition after Al Bashir's fall, had little contact with this constituency and no wish to represent it. Islamist groups were excluded from the transition process and elections were held back for three years for fear that the voters might give the wrong, Islamist answer. The most influential civilian voices in the transition, many of them anglophone and some in the diaspora, were more attuned to western ideas of root and branch regime change. In a re-run of the de-Baathification error which threw Iraq into chaos they sought to eliminate Islamists from every level of government and the military. In this light the Sudan Armed Forces' participation in the 2021 coup was at least partly defensive, as was Islamist support for that coup.

Srinivasan has argued that western dominance of Sudan's peace processes has created a political class focussed on international actors and out of touch with their national constituencies; what he describes as the 'extroversion and withering of civil politics.'[14] Cross argues the point more forcefully. With elections delayed and diaspora technicians in key positions this offered "a rare opportunity for Sudan's Anglophone elite with links in the West and with international institutions to reform the country in their image, with the influence of both the military and the religious, regional and sectarian constituencies of the provinces temporarily checked."

However, it was the West's economic demands which played the biggest part in undoing Sudan's revolution: public expenditure cut by 24%, an 85% devaluation and fuel prices increased by 400%. Sudan defaulted on its debts in 1984 but those dating as far back as the 1970s remained on its balance sheet, still gathering interest and charges. Because of sanctions, it could not benefit from the Highly Indebted Poor Countries (HIPC) initiative to settle its debts with the IMF and World Bank and write down its other debts. To qualify for HIPC, the IMF's conditions had to be met. On top of this Sudan had to get the US to remove its designation as a State Sponsor of Terrorism by recognising Israel and paying $335 million compensation for its alleged involvement in attacks on US embassies. That was around a third of Sudan's foreign exchange reserves.

One can disagree with several points in the book. Most significant is the way Cross seeks to "resist explanations that point to the 'corruption' or 'mismanagement' of Sudanese politicians, as such explanations typically lack precision and overlook structural factors leading to large debt overhangs." This is too easy. There is ample evidence that corruption and mismanagement, without inverted commas, are deep rooted in Sudanese governance and politics.[15]

However, the book must be judged on its three central arguments. That up until 1989 Sudan's relations with the West were essentially transactional, trading political acquiescence for credit. That the regime which came to power in 1989 was economically resilient and "represented a large constituency

[14] Srinivasan, S (2021), *When Peace Kills Politics, International Intervention and the Unending Wars in the Sudans* (London: Hurst & Co)
[15] De Waal, A (2015), *The Real Politics of the Horn of Africa: Money, War and the Business of Power* (Cambridge: Polity Press)

concerned with the prosperity, sovereignty and religious integrity of their country." And finally, that the West undid the popular revolution of 2019 by imposing an immediate return to the pre-1989 way of doing business.

There are few who would disagree with the first point. IMF and World Bank policies were heavily criticised by Sudanese economists and others who argued that the cut-and-paste models of the Washington Consensus took no account of the realities of Sudan's economy.[16] The criticisms were ignored. So long as the Sudanese Government kept to its pro-West line lending continued in the face of repeated economic failures.[17]

The second point is much more contentious. The post-1989 Salvation Regime has been described in the most damning terms: 'a "reign of terror," …. , " the product of a wide "range of deceits," … a vehicle for the "violent suppression of other religious systems" and political voices, etc.[18] In 1999 the regime took a more pragmatic turn, engaging with international mediators to end the war in S. Sudan. However, it remained "economically diminished, unable to normalise Western ties and wracked by conflicts in its peripheries": a regime dominated by the security forces, with both reformists and Islamists marginalised.[19]

That the Salvation Regime outlasted its predecessors by decades might indicate it was rather better than that. This reviewer left Darfur just after the 1989 coup. By 2010 standards of living had changed beyond recognition. Nyala had enough private cars and tuk-tuk three wheelers to form small traffic jams. 20 years earlier there was only a handful of vehicles of any kind. Where not even townspeople had telephones, country women now had mobile phones. That said Cross' analysis does not go very deep. He describes how economic advances from 1999 onwards were based on Sudan's new oil revenues, but his focus is not so much on the economy as it is on finance, in particular the various ways Sudan worked around sanctions. This is not enough to assess what the Salvation regime may have contributed in the way of sustainable, well-distributed economic development. But that would need a separate book.

In 2021 Afrobarometer carried out a national survey of Sudanese attitudes at a time when the Transitional Government was trying to make a reality of The Declaration of Freedom and Change by creating a government led by "*qualified people based on merits of competency and good reputation, representing various Sudanese groups and receiving the consensus of the majority.*" Taken at this more optimistic moment, the survey tells something of the society the Salvation Regime had created.[20]

96% Muslim and 99% speaking Arabic, Sudan is a homogenous nation. 80% of the adult population have at least primary education. Over 20% are graduates, nearly matching the UK's 22%. Just as many women as men have degrees. Large majorities have radio and television. Perhaps most telling,

[16] Morton, JF (2024), *Double Dutch Disease: Emigration as a Human Resource Curse on Sudan* (Oxford: St Antonys International Review, 19.1 p 134 ff)
[17] Morton, JF (1994), *The Poverty of Nations: The Aid Dilemma at the Heart of Africa: Ch 5* (London: IB Tauris)
[18] Sharkey, H. J. (2010), *The First Islamist Republic: Development and Disintegration of Islamism in the Sudan (Review)*. (Northeast African Studies, 11 (1), 153-155)
[19] International Crisis Group (2016), *Crisis Group Africa Briefing No 119* (Nairobi/Brussels)
[20] www.afrobarometer.org/publication/summary-results-afrobarometer-round-8-survey-sudan-2021

78% of Sudanese are on their mobile phone every day. All these statistics would have been unthinkable in 1989. This is not a population held in ignorance by the rent-extracting elite of Khartoum.

The survey reveals a country in distress. Three quarters see Sudan as 'going in the wrong direction'. Nine out of ten say that their economic situation has got worse. Education, health, crime and corruption are listed but the economy outweighs all of them together as "the most important problem that the government should address." Only small minorities see politics and ethnic tensions as important.

Most telling, the Sudanese see no contradiction between Islam and democracy. Nearly sixty percent say that Sudan should be "governed primarily by religious law." In other words, there is broad popular support for the idea that Shari'a law should be part of the Sudanese constitution. This certainly sounds like the constituency Cross describes as "concerned with the prosperity, sovereignty and religious integrity of their country."

As the sub-tile 'The Politics of Debt' indicates, Cross' focus is on his third argument: that it was the West's imposition of its standard economic prescription which undid the 2019 revolution. There is no doubting that the economic conditions imposed were premature, if not wholly inappropriate. This does not necessarily mean that they were the principal cause of the revolution's collapse. There were other powerful factors at work. The revolution's insistence on de-Islamisation and the West's encouragement of that insistence had ensured there would be support for a counter-revolution. A Core Sudanese Working Group described how things went off track before the dust of Al Bashir's fall had settled. Instead of organising their bases for early elections, the political parties *'worked to invest the postponement of the elections in "cleansing the state" from the "National Congress" supporters and other former regime and Islamist forces.'* This would endanger any transition from revolution to democratic transformation and a broad national consensus. *"Intuitively, the national agreement should include the groups that were in power, if these groups accept and abide by the democratic principles of the revolution."*[21]

Western political involvement the Sudanese transition was as misguided as the economic. Rather than support an inclusive transition in an even-handed way, the USA and others tacitly supported the exclusion of Islamist groups. Saudi Arabia, Egypt and the United Arab Emirates, regional powers with their own anti-Islamist agendas were encouraged to take part. Instead of helping the Transitional Government to build a national consensus in Khartoum, international mediators concentrated on a Juba Peace Process in which particularist claims from all over Sudan were agreed without consideration of the national interest.[22] Armed groups party to that final agreement are still blocking international mediation efforts in February 2026, underlining the futility of the Juba exercise.[23]

None of this detracts from the book's central point. That the West, particularly the US, repeatedly moved the goalposts to ensure that the National Congress Party government could never escape

[21] Ending the April 15th War and Sustaining Peace in Sudan (2023), unpublished paper cited in Morton JF (2024), *We Need to Talk About Islam - And the Western Blight on Sudanese Politics* (Shaw Sheet magazine, Issue 364 - Available at SSRN: https://ssrn.com/abstract=4760052)
[22] Morton – idem
[23] https://thesudantimes.com/sudan/rift-grows-inside-sudans-democratic-bloc-over-quintet-talks/

sanctions. And when it finally got the regime change it wanted it moved the goalposts again and set the Transitional Government up to fail by attempting to force the Sudan to settle 50 years of financial accounts before it could draw breath. The case Cross makes for a new approach seems proven beyond any reasonable doubt. Such an approach would include unconditional short-term assistance for any new government installed with popular support and a form of sovereign bankruptcy which would allow highly indebted countries to escape the cycle of adjustment and insolvency tied to political compliance.

King Dollar: The Past and Future of the World's Dominant Currency by Paul Blustein. Yale University Press, 2025. 320 pages.

A Review by Michael Wakin, University of Oxford

In 1971, following the Nixon administration's decision to summarily close the gold convertibility window and dismantle the Bretton Wood's system of global fixed exchange rates, Charles Kindleberger, the influential economic historian, pronounced: "The dollar is finished as international money." Decades later, as the financial crisis originating in the U.S. housing market nearly toppled the global economy, former German finance minister Peer Steinbrück proclaimed in 2008: "The United States will lose its superpower status in the world financial system." After the United States unleashed its unprecedented financial warfare campaign against Russia following its invasion of Ukraine in 2022, a *Foreign Affairs* article predicted such sanctions would "deprive the United States of the very power that makes sanctions so devastating." As reconstructed in Paul Blustein's *King Dollar: The Past and Future of the World's Dominant Currency*, the chorus singing the inevitable demise of the dollar as the international currency of choice has proven unfounded. Bluestein concludes that the United States remains the undisputed financial hegemon of the world.

King Dollar argues that the dollar is here to stay as the primary form of global money – i.e., as the leading global reserve currency for central banks, medium of exchange for cross border trade, and unit of account for invoicing. Dollar supremacy is sustained, first, by structural features of the U.S. economy – most notably its sophisticated, deep, and liquid financial markets – and, second, by a dearth of alternative currencies that can legitimately rival the dollar on the international stage. Blustein contends that it is only the U.S. itself that has the capacity to dethrone the dollar, either through recklessness or zealous unilateralism in wielding the tremendous power that dollar supremacy confers. Blustein posits that as long as the dollar maintains its pre-eminence in international trade and finance, the U.S. has an obligation to wield its financial heft with responsibility. For policymakers, this admonition translates into an acknowledgement that extreme dollar weaponization will further incentive foreign governments to circumvent the dollar system. They must also consider that U.S. financial sanctions can prove destructive for the livelihoods of vulnerable populations in targeted countries, damage diplomatic relations, and engender reciprocal financial consequences. Furthermore, dollar dominance endows the U.S. with the singular capacity to stabilize the global economy amidst crisis as demonstrated by the Federal Reserve's extensive campaign to pump dollar liquidity to central banks around the world during both 2008 Global Financial Crisis and the 2020 COVID-19 pandemic. Shading *King Dollar* is an underlying belief that "the United States has historically been the closest thing to a benevolent hegemon that the world has," informing Blustein's conclusion that, given the lack of current alternatives, the sustainment of dollar hegemony is ultimately desirable. (231)

King Dollar's strength lies in its ability to fit decades of political economy history into a readable, coherent narrative that challenges revisionist or apocryphal thinking around dollar dominance. Blustein, who has worked as an economic journalist for the *Washington Post* and *Wall Street Journal*,

brings accessible prose to oft tedious topics, such as the intricacies of rolling out central bank digital currencies (CBDCs) to global trade imbalances of the early 2000s. Chapters 2 and 3 offer a brisk jog through U.S. monetary history spanning the late 18th century to the collapse of the Bretton Woods system in 1971, followed by a chronicling of the hurdles and triumphs of dollar dominance in the period that followed. Chapter 4 documents the threats and ultimate failures of four alternative currencies – the Euro, Yen, Special Drawing Rights (SDRs), and Renminbi. Chapter 5 and 6 detail a history of sanctions as a form of economic statecraft and the role of the dollar in financial sanctions, with a particular focus on the post-September 11 environment which witnessed the rise of the U.S. Department of the Treasury as the primary instrument of the country's financial weaponization. Chapter 7 and 8 dive into the threat, or lack thereof, posed by digital assets – cryptocurrencies, stablecoins, Facebook's Libra, and CBDCs – to dollar dominance, most notably assessing the potential internationalization of the e-CNY, China's central bank digital currency. Chapters 9 and 10 spotlight two recent events that capture both the ubiquity and resilience of the global dollar: the COVID-induced market collapse in 2020 which again required the Federal Reserve to step in as the international lender of last resort (ILOLR) and the unparalleled financial sanctions against Russia in 2022. In particular, the freezing of central bank reserves, which failed to generate initial catastrophic effects on Russia's economy as predicted by many.

A noteworthy theme that runs throughout *King Dollar* is the question of whether continued dollar dominance is actually beneficial to the United States. Not everyone agrees it is. Michael Pettis and Matthew Klein in *Trade Wars are Class Wars* make the case that the dollar's global status is not an "exorbitant privilege" but an "exorbitant burden." In short, given the leading role of dollar, the United States is the end point for much of the world's excess capital and manufacturing goods, which, the authors contend, contributed to the bursting of the housing bubble in 2008 and the hollowing out of the country's industrial and manufacturing base. Relatedly, former Fed chairman Ben Bernanke has argued that the dollar dominance's economic benefits for Americans are negligible when observing that the United States' borrowing costs are no lower than other wealthy industrialized economies. While acknowledging these arguments, Blustein emphasizes the scope of the benefits to the United States carries beyond the economic realm and extends to the country's national security apparatus through the long arm of financial sanctions. Perhaps the better question is not whether dollar dominance is overall beneficial to the United States, but rather for whom do such benefits confer to.
Another consideration brought to the fore by Blustein are the consequences of dollar dominance for the rest of the world. In addition to the continued reality that banks from around the globe must inevitably route their dollar transactions through New York and thus placing them under the jurisdiction of the U.S. government, the implications of dollar hegemony can be acute and at times devastating. Particularly poignant for low-and-middle-income countries, shifts in Fed interest rate policy, which in turn affects the value of the dollar vis-à-vis other currencies, can lead to wide fluctuations in prices for critical imports, which are often priced in dollars, as well as result in surges of servicing costs for sovereign debt borrowed in dollars. More abstractly, as the global financial crises of 2008 and 2020 demonstrated, the Fed serves the function as the final backstop for the world economy. Many countries are thus left with the tenuous prospect that they will likely be reliant on international bailouts amidst the next global crisis from a central bank with no legal mandate to operate beyond U.S. borders.

Finally, while Blustein consciously circumscribes his analysis narrowly, *King Dollar* risks obscuring the realized and unrealized contributions of Global South countries to past and present global monetary orders. One is reminded of Eric Helleiner's *Forgotten Foundations of Bretton Woods* which uncovers the important, yet often overlooked history of voices from the Global South in shaping the Bretton Woods negotiations. Delegations from Latin America in particular played a prominent role in strengthening the World Bank's development mandate and pushing the IMF towards more generous relief for commodity exporting countries. Similarly, Stefan Eich's *The Currency of Politics* stresses the deeply political nature of international monetary regimes. One such example was the rise of the New International Economic Order (NIEO) following the collapse of the Bretton Woods system, which consisted of a set of principles advocated by recently decolonized and developing nations that sought to create a more equitable international economic order. Adherents to the NIEO were acutely aware of the disproportionate power that dollar dominance conferred to the United States and "called for a wholesale, democratic reform of the international monetary constitution" (Eich, p. 192). Ultimately, while *King Dollar* convincingly catalogues the durability of dollar dominance and its likelihood of remaining atop the global monetary hierarchy, the account reveals a more fundamental question that extends beyond Blustein's scope: who benefits from this arrangement, and at what costs for the rest of the world to bear?

Alexandra O. Zeitz, *The Financial Statecraft of Borrowers: African Governments and External Finance*, Cambridge University Press, 2024.

A Review by Yacine Ouahioune, University of Oxford

Has the diversification of low- and middle-income countries' portfolios of external finance improved their bargaining power vis-à-vis Western donors? In her book *The Financial Statecraft of Borrowers: African Governments and External Finance*, Alexandra O. Zeitz leverages impressively comprehensive empirics to answer this key question in the study of donor-recipient relations[1]. Starting in the late 2000s, traditional aid donors – the members of the OECD Development Assistance Committee (DAC) – have seen their oligopoly in the provision of aid to low- and middle-income countries (LMICs) contested by "new" donors and financial markets' increasing willingness to lend to LMICs. Consequently, the bargaining power of recipient governments in negotiations over the terms of aid agreements (amounts, sectoral allocation, policy and political conditions) should have increased. So would predict economic theory, at least.

Alexandra O. Zeitz confirms this intuition brilliantly using mixed-methods leveraging large-N evidence and lively case studies of donor-recipient relations in Ethiopia, Kenya, and Ghana. She finds, however, that the success of recipient countries in leveraging the diversification of their portfolios of external finance is conditioned by their political and strategic relevance to donors, as well as the latter's trust in the recipient government to uphold aid agreements. From these empirical results, Zeitz coins the concept of *debt-based financial statecraft* – the "power of the weak" to leverage their asymmetric relations of dependencies in negotiating preferential terms with donors. The twist on Baldwin's concept of *economic statecraft*[2] is exciting; however, the paradox of power-in-weakness is never fully resolved. The present review argues that this is in part due to Zeitz's modesty in foregrounding the theoretical reach of her work. The intricacies of donor-recipient relations that Zeitz uncovers implicitly point toward a deeper, paradigmatic shift in the functioning of the development finance arena. Rather than the functioning of the global market for development finance, Zeitz describes the transformation of an arena previously best envisaged as a space of Maussian *gifts*[3] into a transactional market-place. Given the timeline of the interviews – conducted between 2013 and 2017 – *The Financial Statecraft of Borrowers* is in that respect impressively prescient, as it points toward evolutions that traditional donors only begin to admit.

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The Financial Statecraft of Borrowers rests on unusually ambitious empirical foundations. A large-N analysis leveraging the World Bank's Debtor and OECD DAC Creditor Reporting databases identifies

[1] For one of the first observations of the profound transformations of the development finance landscape, see Woods, N. (2008). Whose Aid? Whose Influence? China, Emerging Donors and the Silent Revolution in Development Assistance. International Affairs, 84, 1205-1221. https://doi.org/10.1111/j.1468-2346.2008.00765.x

[2] Baldwin, David A.. Economic Statecraft. Princeton: Princeton University Press, 1985.

[3] Mauss, Marcel. The Gift: The Form and Reason for Exchange in Archaic Societies. Translated by W.D. Halls. New York: Norton, 1990.

macro-level effects of LMICs' diversifying portfolio of external finance between 2000 and 2018. The diversification of LMICs' external finance portfolios is shown to be associated with better conditions from DAC donors: more aid, more finance earmarked for hard infrastructure, and less governance conditions on World Bank loans. Crucially – and this result is underexploited – the increasing reliance of donors on Chinese development finance appears to imply a statistically significant reaction from the 2010s onward, while the same donors are found to react to private development finance since the 1990s. Even more strikingly, the relationship between diversification toward Chinese development finance and recipients' bargaining power is non-linear: after a certain point, the diversification of development finance is associated with decreasing amounts of traditional development finance. This suggests that traditional donors' reaction is mainly triggered by the diversification of recipient's finance portfolios – or the potential thereof – rather than the dominance of Chinese finance itself.

The mechanisms at play are explored through no less than 170 interviews with donors, recipient country officials, and other key informants in Accra, Nairobi, Addis Ababa, New York, and Washington DC. Alexandra O. Zeitz asks whether the patterns identified in the large-N analysis indeed result from the improved bargaining power of recipients, or just spillovers whereby one donor's investments incentivize other donors to do the same. Interestingly, the possibility that the priorities of donors themselves vary across time is left unexplored – a heuristic choice that *The Financial Statecraft of Borrowers* partially compensates thanks to the richness of its case studies. Ethiopia, Kenya, and Ghana have all diversified their portfolios of external finance between the late 2000s and the 2010, with slight variations in timing but more importantly widely different successes in bargaining with traditional donors.

The core insight of Zeitz's case studies is that traditional donors' continued trust in recipient governments conditions the latter's ability to wield debt-based financial statecraft. She demonstrates that the government of Ethiopia managed to maintain a significant level of trust among donors, thanks to their apparent commitment to reforms, development state (Gambling on Development). As such, donors modified their criticism of the regime's clampdown on opposition freedoms, in part because "new" donors – in particular Chinese ones – do not impose such conditions. However, after 2016 the growing indebtedness of Ethiopia weakened the governments' bargaining power, as concessional development finance becomes a necessity again. The case of Kenya is interesting because it is ambiguous. Zeitz shows that the diversification of the country's external finance portfolio was followed by a taming of traditional donors' criticisms on human and political rights, but less so on financial management, in part precisely because donors feared that other donors' finance would allow mismanagement. In Ghana, the portfolio of external finance diversified starting in 2007, however the standing of local authorities in the eyes of donors started declining in 2012 as donors worried about the mismanagement of newly discovered oil reserves and increasing foreign finance from "new" donors.

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Despite *The Financial Statecraft of Borrowers*' focus on the perspective of recipients, its biggest contribution might be in unpacking the motivations of traditional donors in extending development finance. Paradoxically, Zeitz maintains throughout her book the qualification of recipients as "weak"

while consistently showing that they are not – or at least that they have become strong. Recipient countries are explicitly assumed to represent the demand side of the global market-place for development finance. Rightfully: this metaphorical characterization was powerful in understanding donor-recipient dynamics when traditional donors could still be considered to form an oligopoly, and when private financial markets were out of reach for LMICs. The supposed weakness of recipients derives from this characterization: they *need* the ODA of traditional donors to finance their domestic development agendas. Following this perspective, it is unclear what exactly they offer donors in return. As such, rather than a market-place, the development finance arena is conceptualized as a place of Maussian *gifts* from donors to "deserving" recipients. This review argues that, without naming it, Alexandra O. Zeitz depicts the transformation of the development finance arena from a place of *gifts* to a market-place.

The role of trust she identifies is particularly telling. Zeitz demonstrates that the positive effects of diversifying external finance portfolios are conditioned on the trust put in recipients by donors and their political and strategic relevance. This points toward what the resources of recipient countries are to donors: they offer policy leverage, security, and reputational gains. In a world in which donors compete to demonstrate the superiority of their economic and political governance models, recipient countries are as strong as they are in control of their domestic politics and economic policies. This is how the case of Ethiopia makes sense, in particular. The most striking quote of the whole book is found on page 174, where a donor official claims that she "ha[s] never been in a country before where donors are so afraid of the government". This observation does not make sense if Ethiopia is weak. Rather, it supposes that the country is strong, and that traditional donors are in a position of demand. Ethiopia is a country that has become a symbolic battleground between donors because of the success of its development state. Similarly, Alexandra O. Zeitz shows in the case of Kenya and Ghana that they maintain their strong appeal to donors insofar that they remain well-managed. Delivering policies and political choice aligned with the preferences of donors is a sine qua non condition of aid being committed. Where states are mis-managed and aid agreements not honoured, donors do not receive anything in exchange for their aid; or worse, the latter can prove to incur reputational costs.

Further evidence of the paradigmatic shift at play in the development finance arena is the asymmetry between donors' reaction to private finance and Chinese finance. In the large-N analysis, traditional donors are repeatedly shown to have always been reactive to private finance, while a striking shift is donors starting to significantly react to Chinese finance in the 2010s. Put in context, this suggests that their increasing reactivity might have been linked to the launch of China's Belt and Road Initiative, and more largely to the designation of China as a systemic rival by a number of traditional donors. On the contrary, the results adjudicate the hypothesis that private finance crowds-in traditional donors less conclusively.

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By comprehensively unpacking the determinants of LMICs' bargaining power vis-à-vis traditional donors, *The Financial Statecraft of Borrowers* touches upon fundamental transformations at play in the global economic order's periphery. She paints a picture in which liberal democracies compete in the market-place for development finance to accumulate (geo)political dividends relative to "new"

donors, especially China. Zeitz's analysis of the role of donors' trust in recipient governments and her identification of asymmetric effects on donors' behaviour between Chinese and private development finance arguably point toward a single phenomenon: recipients are in a position of (monopolistic) suppliers of symbolic and geopolitical dividends to donors. The implicit price donors are willing to pay to disburse aid – the concessions they make – are only as big as they can be assured of getting dividends. Countries that have accumulated too much nontraditional finance, on the contrary, struggle to deliver political dividends to traditional donors, hence the latter's weak willingness to pay (in concessions).

As such, the book paradoxically shines most in its unanticipated contributions. The heterogeneous importance of recipients for donors points toward the unequal quality of the dividends they offer. A recipient country that seems to have been won over by Chinese development finance appears to be less appealing to donors, all things equal. What Zeitz observed is a moment where recipients were able to raise their price, because the entry of new donors changes the stakes of the market for development finance. In doing so, she depicts a market-place in which recipients must ensure their portfolios of external finance remain diversified, as their power resides in the potential they have to offer dividends to any donor. This intuition sheds an unusual light on recent developments in traditional donors' international development policies. If the political dividends recipient countries can offer traditional donors diminish when their portfolios of external finance become too diversified, should one interpret budget cuts in traditional donors' development budgets as a sign that their willingness to pay has decreased?

Helen Lackner. *Yemen in Crisis: Devastating Conflict, Fragile Hope*. London: Saqi Books. 978-0863561931.

A Review by Arjun Reddy, University of Oxford

Yemen is a nation that is often forgotten. It is one of the modern world's most devastating and prolonged humanitarian crises, with 80 per cent of people in the nation relying on humanitarian aid, prior to the pandemic.[1] Despite this, little attention has been paid to this nation which has been mired in conflict marked by Saudi-US-Israeli bombings and attempts at separatism by the South backed by foreign powers such as the UAE. Few in the anglophone world know Yemen better than Helen Lackner, making her work foundational for understanding the nation and its crisis.

Lackner has been studying Yemen for over five decades and lived in the various state formations over the years: People's Democratic Republic of Yemen (PDRY), Yemen Arab Republic (YAR) and the Republic of Yemen (ROY). As Lackner takes us through the history, she outlines the major events, states and non-state actors involved in the road to the conflict that is ongoing to this day. A wealth of sources is drawn upon, both primary and secondary. Her time in the nation livens the book with personal accounts.

The book looks at the historic roots of secessionism. Lackner goes into the history of Yemen, looking at both the YAR and PDRY. Her work focuses more on the latter, as the scholarship covering Yemen has often been more focused on the YAR than the PDRY, this is a welcome addition into the field of writing on Yemen. Her notes on the development of the two nations are particularly insightful. Her argument on the disparity between the North and the South pre-unification is useful for understanding the recent advancements attempted by the separatist UAE-backed Southern Transitional Council (STC) in January 2026. She argues that Southern feelings of discrimination in the initial years of unification were not without foundation. The conditions in the South did deteriorate after unification, but it is merely that the Southerners were "simply being reduced to the same status as the majority of the population of Yemen." (p. 213). Thus, using this framework it becomes easier to trace the roots of STC. The latter is not the only group that pushes for southern secession – and not all southerners are secessionists – but southern secessionism as Lackner rightly argues has only managed to maintain its international presence through the body of the STC because of the UAE's "political, diplomatic, financial and military support." (pp. 31-32).

One of the most contentious points of the book is the discussion around the Houthis or Ansar Allah movement. Lackner argues that the movement's appeal was not purely its religious character but due to the economic conditions. She clarifies initially that despite being a Zaydi movement, they are not exclusively Zaydi. In charting their rise to popularity, she focuses less on the religious aspects, rather concentrating more on the material conditions of life – often absent from Western commentary. At the height of discontent in Yemen, with rising fuel prices due to pressure from international financial institutions, people flooded Sana'a to demonstrate, not only against the price rises, but also "in support of the Huthis who also claimed to oppose corruption and promote good governance." (p. 194). She

goes on to quote the UN Special Envoy Jamal Benomar, who said "Ansar Allah is acting as though it were a replacement of the state." (p. 195). This is a prescient point which a lot of popular commentary has ignored. Ansar Allah now rules over 70 to 80 per cent of the population; while internationally it is the Saudi backed government that is still recognised as the representative of the Yemeni people.

Western commentary has also flattened the roots of the Ansar Allah movement and turned it into a mere proxy of the Iranian state, rather than a movement with its own logic and agency. Lackner intervenes and argues against this tendency. While not completely dismissing Iranian support, she places it in context. She lays out evidence of the regime under Ali Abdullah Saleh exaggerating claims that Ansar Allah was an Iranian proxy to increase military aid from the Saudis and the Americans, even shutting down an Iranian hospital in Sana'a claiming it was used to help the movement. She writes of the initial scepticism of the US of towards claims, and how this scepticism dropped when it suited the Saudis to justify their intervention in Yemen. Lackner remains sceptical of the extent of Iranian control and aid over Ansar Allah as she points out that the US claims that Iranian weapons and personnel were found in Yemen have not been backed up by any evidence.

This work is particularly important as it historicises Yemen. While Lackner has written a history of South Yemen in the 1980s, this work traces the contemporary issues to the past. This proves valuable for understanding the present. While Lackner wrote before the genocide in Gaza intensified and Ansar Allah shut off the Red Sea in solidarity with the Palestinian people, her work is critical to understand this moment. It is not that Ansar Allah was acting as a proxy of Iran which was the dominant view in Western commentary.

Nowhere is this clearer than when reading Yemeni history through the lens of Palestinian solidarity. The Yemeni people have long stood in solidarity with the people of Palestine. In 1971, the PDRY allowed the Popular Front for the Liberation of Palestine (PFLP) to attack Iranian oil tankers making their way to Israel. The PFLP commandos made their escape to the YAR. While the YAR initially arrested these commandos not knowing what they were doing, they eventually released them into the PDRY. This was on the cusp of the first Yemenite War in 1972.[2] At a time of tension between the two states, one thing that had them on the same side was their solidarity with the Palestinian people.

Yemen in Crisis is an indispensable work for anyone seeking to understand a conflict that the world has too often looked away from. Lackner's decades of engagement with Yemen gives her an authority that few scholars can match. She historicises the present by tracing the roots of secession in the South, analysing the material basis of Ansar Allah's rise and challenging the limits of the Iranian proxy thesis, offering a corrective to flattened narratives that have dominated Western commentary. Despite being written before the intensification of Israel's genocide of Gaza and Ansar Allah's closure of the Red Sea, Lackner's historical framework has become ever more important. From students to specialists, this book is essential reading.

[1] Zainab Syyeda Rahmat et. al, "Food Insecurity during COVID-19 in Yemen.' *The American Journal of Tropical Medicine and Hygiene* 106, no. 6 (2022): 1589, https://doi.org/10.4269/ajtmh.22-0059.
[2] John Albert Noel Brehony, 'Coral Sea Incident,' in *FCO 8/1703: Attacks from South Yemen Territories on Shipping in Red Sea*, 4.

Laurie Parsons. *Carbon Colonialism: How Rich Countries Export Climate Breakdown.* Manchester, UK: Manchester University Press, 2023. 248 pp.

A Review by Ankitha Reddy

Laurie Parsons' *Carbon Colonialism: How Rich Countries Export Climate Breakdown* offers a compelling account of how the environmental cost of wealth generation is paid in places far from where that wealth is accumulated, and toward those with the least capacity to resist or recover. Drawing on extensive fieldwork in Cambodia and a broader critique of development economics, Parsons provides a powerful entry point to understand the enduring colonial structures that continue to shape climate vulnerability in the contemporary global economy.

Parsons begins by dismantling the comforting "One World" façade that "our responsibility is equal, our vulnerability is equal, and crucially, our capacity to act is also equal" (p. 87). They define vulnerability as a function of wealth and its absence. One can't remove money from the geography of disaster, a notion they establish by juxtaposing the Netherlands' and Bangladesh's dam protections, or lack thereof, against floods. As Parsons notes, one can either stop contributing to environmental destruction or accumulate the resources to mitigate its impacts. The Global North's apparent environmental progress, therefore, hinges on industries being shunted to the margins of what they term the global factory. This externalisation is sustained by a second, crucial dimension of carbon colonialism: control over knowledge as "...nothing should be visibly contradictory to their *[companies']* claims… 'Visibly' being the operative word" (p. 62). Hence, long supply chains go further than obscuring emissions such that responsibility dissolves across borders, producing what they describe as "standardised invisibility" (p. 65).

Throughout the book, Parsons grounds these abstractions in lived experience with a particularly arresting chronicle of brick kilns in Cambodia in 2017. They chronicle workers, including children, wheezing through black smoke, hauling bags of bricks destined for distant cities. It produced a moment of cognitive dissonance, both within the author and the readers: the mundane brick, stripped of context, versus the violence of its production. As Parsons makes clear, "it is not about the brick itself, nor even the emissions it generates, but about how environmental laws apply only to fragments of supply chains in a globalised, warming world where this kind of narrow focus no longer makes sense" (p. 91).

The historical core of the book traces how this fragmented accounting materialised through the founding of the global factory. Parsons challenges the assumption embraced in the Global North that industrialisation follows a linear, benevolent path along the Environmental Kuznets curve, which hypothesises that economic growth initially deteriorates the environment before eventually improving it. While economies of scale may reduce costs in manufacturing, extraction, around which most colonial economies were organised to fuel imperial growth, behaves differently. Even after formal decolonisation, these structures proved remarkably durable, locking newly independent states into extractive roles and middle-income traps that development theories struggle to explain. Parsons is particularly incisive in their critique of orthodox models such as theories of convergence and the dual-sector model, which assume an endless supply of labour ready to be absorbed by industry. Although the book occasionally risks treating these frameworks as more hegemonic than they are in contemporary development scholarship, it convincingly shows how their underlying assumptions continue to shape understandings of industrialisation. Within such accounts, nowhere, they note, is there room for smallholder agriculture and industry to coexist sustainably. Instead, as Parsons puts it, "family and farm are absorbed into the market" (p. 39), rendered capital-dependent through attrition.

This absorption becomes a self-reinforcing trap of climate precarity, as Parsons traces how declining agricultural returns, driven by climate instability, force farmers into fertiliser dependence and debt. They then explicate how these converge to push farmers into industrial labour; labour that further destroys the local environment beyond repair, foreclosing any possibility of return to the subsistence they were forced to abandon. Though this story is a classic case of climate change in the Global South, it would rarely be recorded as such because the loss of their land was as much about debt and mechanisation as climate change. In doing so, the book is at its strongest, demonstrating that climate vulnerability is produced through social and economic relations. Yet while Parsons frequently references poverty, labour exploitation, indebtedness, and migration, these largely remain empirical illustrations supporting the broader argument about unequal North-South relations. The meso-level differences shaped by class position, socioeconomic status, and gender are not consistently theorised and incorporated into the central analytical framework to the same degree as geopolitical inequality. As a result, the book offers a convincing critique of uneven vulnerability between regions while providing a less developed analysis of how climate precarity is distributed within them. This under-exploration, however, does not diminish one of Parsons' most important interventions: that the gap between how people experience climate change and how models describe it has long allowed lived perceptions to be dismissed as junk data. "The result," they argue, "is a schism between the disembodied objectivity of the climate itself and the physical, embodied, tangible subjectivity of the suffering it engenders" (p. 117).

Though they develop this argument through rice farmers in Cambodia, bound to the region's brick kilns, the enduring strength of Parsons' framework is that it applies just as forcefully to the extractive economies underpinning AI. Technology has long been heralded as a force capable of transcending borders and bringing about the "death of geography" (p. 208). Yet, the rise of artificial intelligence, and specifically LLMs, has paradoxically created a new, more deleterious form of geographical asymmetry.

The demand for AI hardware relies on critical minerals largely sourced from regions already structured by colonial and postcolonial extraction.[1] Over 70% of the world's cobalt is extracted in the Democratic Republic of the Congo, placing it at the forefront of the green and digital transitions alike.[2] However, large-scale mineral extraction relies on the same conditions of climate-induced instability, debt dependence, and lack of viable employment options that Parsons identifies in Cambodia. As they observe, mineral supplies are geologically determined yet socially mediated, such that geopolitical instability and weak local governance entrench this unequal dependence.

Semiconductor fabrication and chip manufacturing further exacerbate these epistemic and material asymmetries, but the operational phase introduces a critical inflection point that complicates Parsons' framework. While "earlier empires enacted similar ecological disruptions in the service of the colonisers" (p. 63), LLM inference is bound by 200-500 millisecond latency requirements, 99.9% uptime, and by extension, network proximity, preventing data centres from being offshored wholesale in the way that other polluting industries historically were. As a result, the Global North is forced to internalise a greater share of these environmental burdens within its own borders. This is already evident in towns such as The Dalles, Oregon, where Google's facilities reportedly used over 25% of the town's municipal water supply for cooling servers.[3] What emerges here is a displacement of expropriation onto domestic regions that are considered acceptable sites of sacrifice. Interestingly, the carbon intensity of LLM inference can vary by roughly five to tenfold depending on the local energy mix, even within the same company or country.[4] Google's Iowa data centre, for instance, achieved a sixfold reduction in CO_2e per kilowatt-hour by leveraging nighttime wind energy.[5] That such variation exists demonstrates that the environmental burden of large-scale computation is highly malleable in principle. Research consistently shows that the combined effect of energy-efficient cloud datacentres, sparsely activated model architectures, and specialised hardware could reduce carbon footprints by two to three orders

of magnitude.[6] Yet under a neoliberal regime that privileges throughput, these efficiency gains are simply redeployed to justify further scaling.

However, this re-internalisation only holds for a small cog in the global factory; beyond data centres, the LLM supply chain remains deeply colonial in structure, returning to the same in the de-manufacturing line. E-waste processing, concentrated in places such as Agbogbloshie and parts of Southeast Asia, constitutes the toxic afterlife of AI hardware. A World Health Organization report found that a child who eats a single egg from the Agbogbloshie area may absorb up to 220 times the European Food Safety Authority's daily limit for chlorinated dioxins, highly toxic compounds released during the burning process.[7] Even those who do not labour in these industries bear their costs through proximity to contaminated food, air, and soil, illustrating Parsons' broader argument that carbon colonialism operates not only through employment but through the inescapability of environmental harm once it is spatially displaced.

As Parsons makes clear, the issue is not that governments lack information, but that they accept, indeed authorise, these absences as legitimate. "Technical frameworks," they write, "are therefore not only a way of explaining the world, but also of controlling it" (p. 149). This emphasis on knowledge control also reveals another limitation of Parsons' framework when applied to the contemporary LLM landscape, as even where political will exists, control is undermined by how notoriously difficult the impacts are to trace. The physical realities of infrastructure are treated as commercially sensitive, while the models themselves function as black boxes. This even extends to labour, with much of the AI economy relying on forms of ghost work, such as data annotation and content moderation in Kenya, India, and the Philippines, that fall outside conventional environmental accounting altogether. In essence, we do not fully understand how these systems operate, materially or socially, let alone how to govern their cascading effects.

If this book leaves us with a sense of impasse, it also clarifies where meaningful redress must begin. While the final chapter's organisation around six myths that sustain carbon colonialism feels somewhat detached from the sustained empirical analysis that characterises the rest of the book, it effectively distils the political implications of Parsons' broader argument. They reject the re-centring of responsibility on individual behaviour, insisting instead that meaningful action lies in "redirect*[ing]* the energies of the people you encounter towards politics and legislation" (p. 74). This resonates even more strongly in the context of the material infrastructure of today's immaterial technologies, where meaningful consumer choice barely exists. Carbon Colonialism ultimately argues that environmental harm is a calculated condition of how power, wealth, and knowledge are organised, and that responsibility lies within those structures. In this light, its enduring contribution is to shift the horizon of action back to law and collective political struggle.

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[1] Hine, Amelia, Chris Gibson, and Robyn Mayes. 'Critical Minerals: Rethinking Extractivism?' *Australian Geographer* 54 (05 2023): 1–18. https://doi.org/10.1080/00049182.2023.2210733.
[2] Gulley, Andrew. 'One Hundred Years of Cobalt Production in the Democratic Republic of the Congo'. *Resources Policy* 79 (12 2022): 103007. https://doi.org/10.1016/j.resourpol.2022.103007.
[3] Rogoway, Mike. 2022. "Google's Water Use Is Soaring in the Dalles, Records Show, with Two More Data Centers to Come." Oregonlive. December 17, 2022. https://www.oregonlive.com/silicon-forest/2022/12/googles-water-use-is-soaring-in-the-dalles-records-show-with-two-more-data-centers-to-come.html.
[4] Patterson, David, Joseph Gonzalez, Quoc Le, Chen Liang, Lluis-Miquel Munguia, Daniel Rothchild, David So, Maud Texier, and Jeff Dean. 'Carbon Emissions and Large Neural Network Training'. *arXiv [Cs.LG]*, 2021. arXiv. http://arxiv.org/abs/2104.10350.
[5] Patterson et al., 'Carbon Emissions and Large Neural Network Training'.
[6] Patterson et al., 'Carbon Emissions and Large Neural Network Training'.
[7] Ceridwen Johnson, "Soaring E-Waste Affects the Health of Millions of Children, WHO Warns," World Health Organization (World Health Organization, June 15, 2021), https://www.who.int/news/item/15-06-2021-soaring-e-waste-affects-the-health-of-millions-of-children-who-warns.