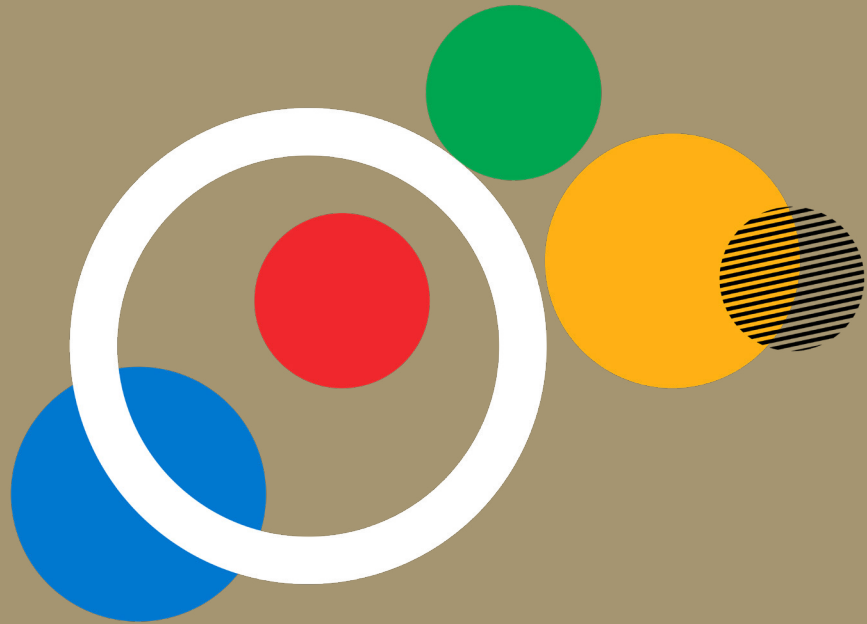


SPECIAL REPORT

Scenarios of Evolving Global Order

Paul Samson
S. Yash Kalash
Nikolina Zivkovic
Tracey Forrest
Bessma Momani



Global Economic Scenarios explores the potential architectures of global order, drawing from data-driven insights captured through global projections and trends analysis.

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Acronyms and Abbreviations

AI	artificial intelligence
ASEAN	Association of Southeast Asian Nations
AUKUS	Australia, United Kingdom and United States
EAPA	European-African Partnership Agreement
GES	Global Economic Scenarios
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
NAF	North America First
NATA	North Atlantic Trade Alliance
NATO	North Atlantic Treaty Organization
OECD	Organisation for Economic Co-operation and Development
PATC	Pan-Asian Trade Consortium
PDP	Pacific Defence Pact
Quad	Quadrilateral Security Dialogue
RCEP	Regional Comprehensive Economic Partnership
RCP	Representative Concentration Pathways
SSP	Shared Socioeconomic Pathways
USMCA	United-States-Mexico-Canada Agreement
WTO	World Trade Organization

Introduction

The rise and fall of great powers is a recurring pattern throughout history, demonstrating the inherently transitory nature of global order. Dominant regimes are subject to both gradual and abrupt shifts, influenced by a myriad of factors. At present, demographic, economic, environmental, technological, political, military and social factors of change are pervasive on a global scale.

Most advanced economies and numerous emerging markets are confronting acute demographic challenges due to declining birth rates. Global debt has reached unprecedented levels and new paths for growth are elusive. Climate change impacts are present and growing, and many ecosystems are at risk. Rapidly developing technologies such as artificial intelligence (AI) are a wild card — they are ushering in both tremendous promise and significant peril. Democracies and authoritarian regimes are in conflict, including several regional conflicts, and proxy wars are dividing the largest powers. Many socio-economic inequalities persist or are worsening, driving high levels of social tension and unrest in many countries. There is mounting pressure from migration activity driven by political, economic, social and environmental challenges around the world. The multilateral system that was designed to sustain a stable global order is moribund.

The global order is under strain, propelled by the complex interplay of these trends and impacts. Converging factors are redefining the contours of the international system, necessitating significant adaptation by states. While the forces for change are evident, the trajectory of the new order remains highly uncertain.

The complexities and uncertainties inherent in the contemporary global landscape preclude definitive predictions. Yet policy makers must prepare for this unknown future. This CIGI special report seeks to fill a gap between the analysis of current trends and mapping of potential futures by outlining five possible scenarios for an evolving global order. These five scenarios represent a spectrum from the most modest plausible change (reform of the current system) to the most radical (transformation of the whole system due to a global shock).¹ However, the scenarios are not proposed as either pessimistic- or optimistic-leaning — they are both. There is potential for pockets of economic

gains or improvements to inequality, for example, with any digression of global order, in any form.

“ It should be emphasized that the five scenarios are not mutually exclusive and can evolve simultaneously given compounding conditions.

All of the scenarios explored assume the current and evolving global dynamics are multipolar (rather than other forms such as bipolar, hegemonic or concerted). It is, of course, possible that global order does not continue to evolve in a multipolar way — for example, that one group of states forms a security and economic coalition in a way that dominates all the rest or that the world devolves into a bipolar world utterly dominated by American and Chinese spheres of control. The world is currently operating with multipolar dynamics on most issues, and this is likely to continue into the future.

It should be emphasized that the five scenarios are not mutually exclusive and can evolve simultaneously given compounding conditions. It is hoped that the report’s analysis will stimulate critical thinking and discussion and will help equip policy makers with the foresight necessary to navigate an uncertain future.

Key Trends and Projections

This report follows on from CIGI’s Global Economic Scenarios (GES) work,² which uses a global data set to analyze demographic, economic, technological and other key trends and to develop projections and trends to 2040.³ The key findings of the GES work can be summarized in the following points:

- **Demographic trends loom large across the globe and will have profound impacts in the future.** In most countries, rapidly aging populations are creating economic, labour and social stress points that will play out for decades. Declining birth rates are historically unprecedented, with significant but unknown consequences for migration, economic growth and social cohesion.
- **The United States, China and the European Union are likely to remain the largest economies in 2040, while India is projected to overtake Japan.** Based on most current

1 Scenario exercises do not provide predictions. This report does not posit that any scenario is more probable than another. The reader is left to make their own judgments, but the authors do postulate that each one of the five scenarios presented here is possible under certain conditions.

2 See www.cigionline.org/programs/global-economic-scenarios/.

3 See www.cigionline.org/static/documents/Global_Scenarios_Model_-_Phase_1_final.pdf.

projections, the United States will remain the largest economy to 2040 and beyond. While China has arguably risen to become a superpower, the US position of global strength has not deteriorated in most relative terms and this is likely to remain well into the future, notwithstanding a black swan event. Persistent debt is creating very real fiscal constraints for all major economies, with likely implications for social benefits, defence forces and other major expenditures. Developing economies would need major institutional and labour reforms and access to technology to match the productivity of advanced economies and are increasingly desperate for a new global order that provides a more level playing field.

- **Technology will be at the heart of prosperity, security and social well-being.** Technological change is extremely rapid — often exponential — in today’s digital and data-driven world of intangibles. Most emerging technologies have significant dual-use potential for both military and non-military use and are a double-edged sword that can provide significant socio-economic benefit through increased productivity or undermine livelihoods and social norms. The countries that successfully harness emerging technologies will rise relative to their peers in terms of the economy, national security, climate adaptation and social cohesion.
- **Future projections are susceptible to a number of plausible shocks.** Pivotal events such as another pandemic, accelerated climate change impacts, a global financial crisis or leaps in technology will continue to shock the global system, presenting risks and opportunities, with potentially revolutionary impacts.

The conclusions in the GES analysis of the trends and projections are that the geopolitical order is in transition and a new order is emerging. While the neo-liberal economic order no longer frames the entire global system, many institutions and norms remain in place and there is no clear or compelling alternative able to create a new dominant global regime. The current system is in transition.

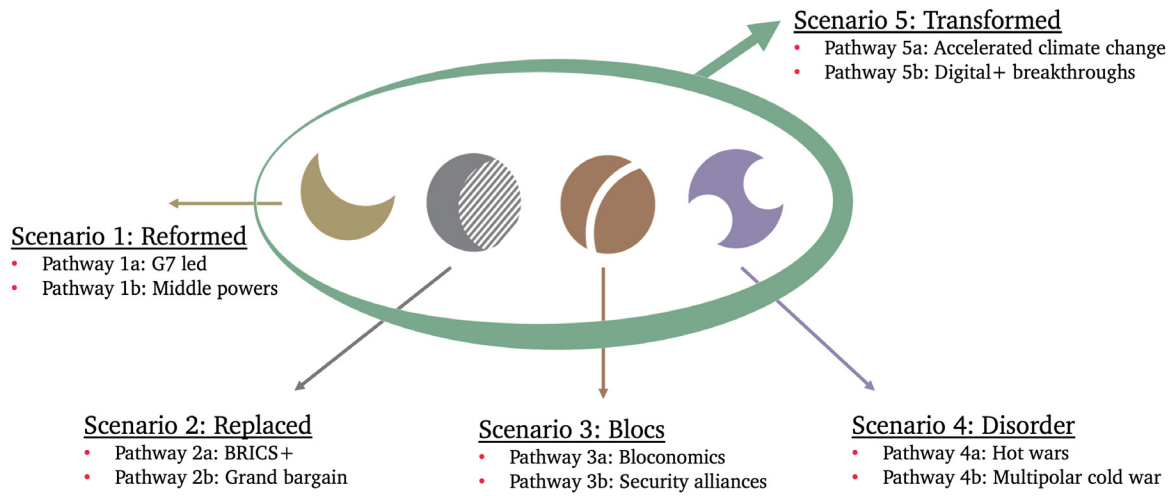
This special report takes up where GES research left off and looks at scenarios of evolving global order. Vastly different scenarios of emerging order are, of course, possible. Each of these five scenarios has different “pathways,” which illustrate how much variability each core scenario can have (see Figure 1).⁴

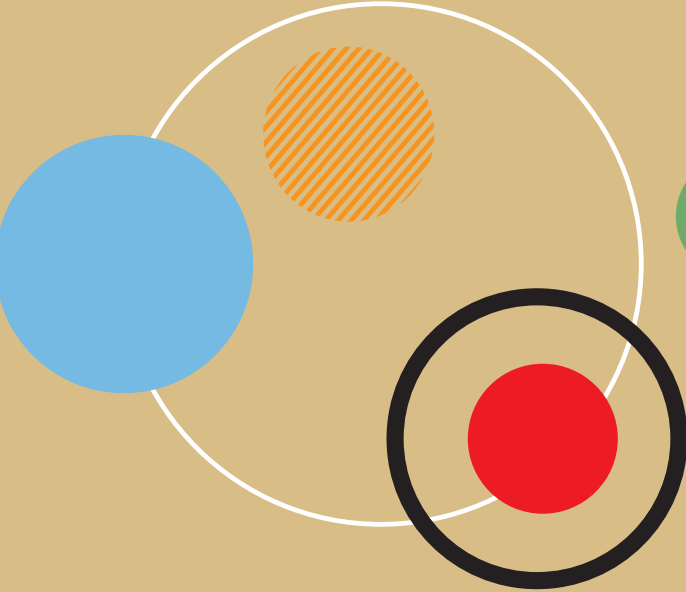
Several assumptions about the current multipolar world were set in the analysis. These are critical to how the scenarios and their dynamics were selected. The key overarching assumptions are:

- The current international system is not working; international institutions, including the United Nations and Bretton Woods institutions, are unable to address most contemporary challenges.
- Responses to contemporary global challenges are siloed, nationally and institutionally.
- The United States’ global leadership is waning due to reduced capacity and internal focus.
- The relative economic power of liberal democracies is diminishing.
- Emerging powers — including, but not limited to, China and India — are increasingly asserting their influence and driving change.
- Finding new pathways of international cooperation on security issues may be more elusive, meaning attention may focus on cooperation on economic issues.
- Deglobalization, and regional integration as an alternative to multilateralism, continues to accelerate by many, but not all, measures.
- Momentum for nationalist and isolationist policies continues to build in many countries.

⁴ The authors welcome suggestions of other core scenarios and will continue to explore various “pathways.”

Figure 1: Five Core Scenarios for Evolving Global Order (and Pathways)





Scenario 1: Reform of the Existing Global System

The current global order is framed by many different elements, including the United Nations, international financial institutions, security alliances, trade agreements, standards bodies and countless technical arrangements, such as those managing international aviation. While there is regular discussion about the need for reforms among governments and within institutions, few, if any, changes of substance have been achieved.

Key Assumptions under Scenario 1

- **Stable geopolitical environment:** Major power relations, including United States-China-India, do not significantly worsen.
- **Limited scope of reform:** Changes to the international security architecture, including the UN Security Council, remain stuck.
- **Self-interest as a driver:** The countries most vulnerable to system collapse lead reform efforts.

- **Incentives needed:** Substantial incentives are required to garner broad, worldwide support for reforms.
- **Crisis as a catalyst:** A major event (for example, a global financial crisis) may be necessary to trigger decisive action.

Substantial reform of the global system would necessitate a fundamental overhaul of the existing international architecture while retaining its core structure. Superficial modifications of the system would be unlikely to garner sufficient support, particularly from developing economies. Reform momentum is most likely to originate from states that benefit significantly from the current system.

While both the United States and China derive substantial benefits from the open international economic system centred on trade, they possess the capacity to maintain many economic advantages through bilateral and regional arrangements, independent of the rules framed in multilateral agreements. India, with favourable demographics and a rapidly emerging economy, also exhibits a fair degree of autonomy in shaping its economic trajectory. Conversely, small and medium-sized economies are more reliant on multilateral or plurilateral cooperation to secure a stable and predictable system to support their interests.

Two potential reform pathways that could reconstitute the existing international system are explored: 1a is a reform agenda led by the United States and the G7 nations; and 1b is a middle-power-led global reform initiative. Both scenarios are contingent upon a significant catalyst and widespread support. These scenarios envisage an evolution of the current system rather than a complete overhaul. While the outcomes of these reforms are broadly similar, the key ingredient of leadership driving the process differs between the two pathways explored here.

Pathway 1a: Reform Agenda Led by the United States and the G7 Nations

Under this pathway, the non-superpower G7 members (Canada, France, Germany, Italy, Japan and the United Kingdom) develop a shared conviction that fundamental reforms to the international system are essential to safeguard their interests. As nuclear powers and members of the UN Security Council, France and the United Kingdom would be unlikely to support security-related reforms, necessitating a focus on economic institutions.

The United States, at least initially, is likely not convinced that a serious reform agenda is necessary to ensure its interests. A unified G6 exerts a concerted effort to influence the United States, encouraging its interest in leadership on reforming key international economic institutions.

It is clear that, ultimately, the US stance would likely be shaped by domestic political considerations rather than by external pressures. Either an isolationist or domestic-focused administration could hinder or halt reform efforts.

If the G7, led by the United States, did agree to a strong proposal for reforms, it would need a unified and concrete strategy to implement this vision. Building a broad coalition of like-minded countries would be essential. While the European Union and countries such as Australia and New Zealand would be likely supporters, the real test would be for the G7+ to credibly present a plan that would appeal to enough developing economies to create a critical mass of buy-in. Since it would likely be impossible to convince China to support the reforms, South American countries would be a needed ally. India would likely be the lynchpin — it would need to support (or at least not oppose) any potential set of reforms. If a critical mass of potential support were reached, implementation would follow through existing institutional governance structures.

Pathway 1b: Middle Power-Led Global Reform Initiative

A second pathway posits a reformed global order in which the United States demonstrates a reluctance to be part of substantive reform efforts. In response, a substantial coalition of middle-power states, united by a shared commitment to an open, rules-based international order and an existential fear of its demise, could emerge as the driving force for change. This coalition could potentially encompass the non-US G7 members and a broader group of Organisation for Economic Co-operation and Development (OECD) and non-OECD developing economies. Given the complexities inherent in achieving consensus on security-related reforms, the coalition's focus would likely narrow and converge on reforming economic institutions.

A critical variable in this scenario would be the stance of major powers, including the United States and China. Maintaining the status quo of existing international economic institutions may be preferred to uncertain change, particularly as reflected in the governance structures of the International Monetary Fund (IMF), the World Bank Group and the World Trade Organization (WTO). To overcome the vested interests, a coalition of

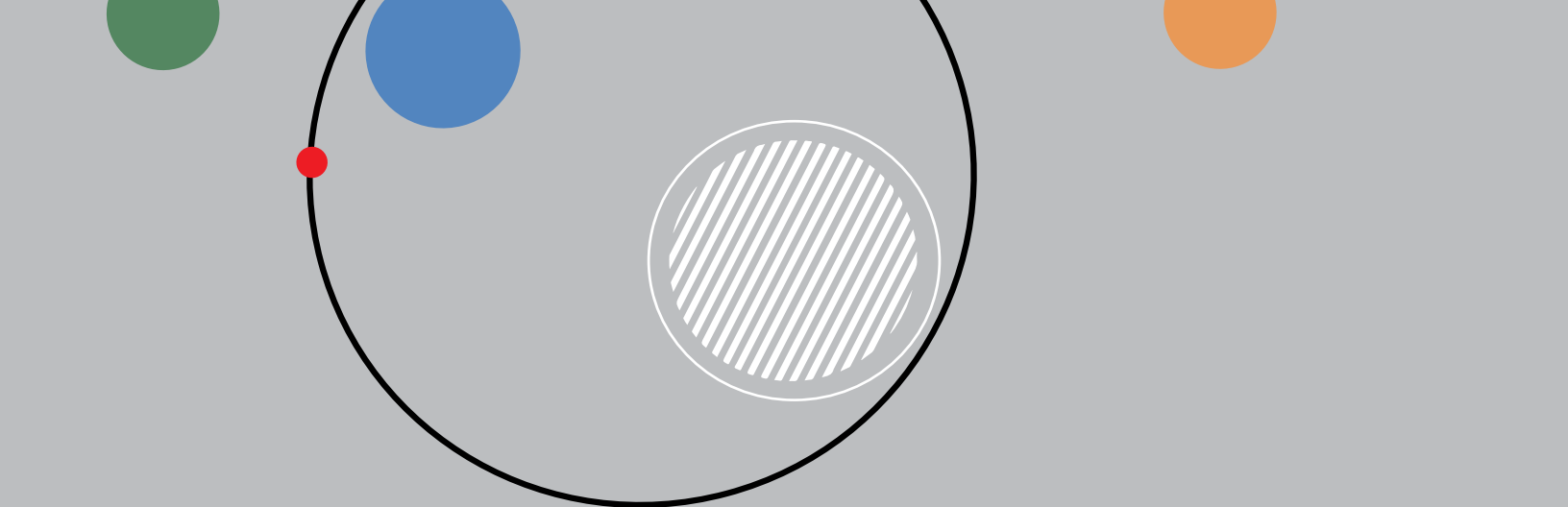
middle powers would also require substantial support from developing economies. The package would need to be a comprehensive enough reform agenda, addressing issues such as voting power disparities within the IMF and discriminatory trade practices within the WTO, and perhaps also updating the mandates of specialized agencies such as the International Telecommunication Union and the World Intellectual Property Organization, as well as for organizations responsible for climate change, digital governance and migration.

“ **Maintaining the status quo of existing international economic institutions may be preferred to uncertain change, particularly as reflected in the governance structures of the IMF, the World Bank Group and the WTO.**

The diverse decision-making structures of international institutions would pose significant challenges to the implementation of reform. Consensus-based models, as exemplified by the WTO, may present a particular hurdle. The IMF and World Bank's weighted voting systems may offer alternative pathways for change. A key challenge would be finding more adaptive and flexible governance mechanisms, which could leverage technology to enhance decision-making processes.

Key Takeaways

- Scenarios that deliver a new package of reforms for existing institutions require clear leadership, and a crisis may be needed to prompt action.
- Under any reform scenario, changes would likely focus on economic institutions as there is no apparent path to include security reforms.
- Geopolitical tensions, especially a more inward focus in many countries, including the United States, would make it incredibly challenging to build consensus around changes to existing institutions.
- An approach having sufficient change appeal and building a critical mass of country votes would likely need to include reforms to both the WTO and the IMF.



Scenario 2: Replacement of the Existing Global System

The potential scenario of “replacement” of the existing system examines two pathways: 2a, the replacement of the current global order with a new framework, driven by the rising influence of the BRICS+ nations and their desire to reshape the international system to match their vision; and 2b, the emergence of a “global grand bargain,” where a broad grouping of states pragmatically restructures the existing order on top of the current architecture. The implications of these scenarios for the global order and the policy imperatives for states navigating this transformative period are examined.

Key Assumptions under Scenario 2

- **Desire for change:** There is a growing number of emerging and advanced economies that seek a fundamental overhaul of international institutions, norms, agreements and alliances as imperative.
- **Economic growth in emerging economies:** Growth rates continue to outpace advanced countries, which remain mired in political dysfunction.

Pathway 2a: BRICS+ Lead

The BRICS+ nations constitute a growing coalition of emerging economies that are increasingly challenging remaining structures of the neoliberal global order. Collectively representing a demographic weight that significantly exceeds that of the G7, and leading much

of the world’s new economic growth, these nations not surprisingly perceive existing international institutions as anachronistic and insufficiently reflective of contemporary global realities.

In this pathway, the entrenched international order, characterized by decades-old norms and agreements, would potentially be superseded by novel governance frameworks. These new structures could encompass innovative international treaties addressing critical contemporary challenges such as climate change and digital economy regulation, aligned with the priorities and interests of the BRICS+ nations.

Furthermore, the formation of new alliances and coalitions among these emerging powers, coupled with reduced dependence on industrialized nations, could reshape the global power equilibrium, create alternative trading arrangements and influence international decision-making processes. To enhance efficiency and transparency, the proposed system could leverage emerging technologies and decentralized governance models for global decision making.

“ **The formation of new alliances and coalitions among these emerging powers, coupled with reduced dependence on industrialized nations, could reshape the global power equilibrium.** ”

To effectively navigate this transformative period, the BRICS+ would likely need to adopt a strategic and adaptive approach. These nations could begin by forming deeper strategic alignments, unifying their positions on key global issues such as trade, technology governance, climate action and security. The BRICS+ group would need to further expand its membership to include other economies such as Indonesia, Nigeria and Türkiye. If it managed to include Mexico, an expanded BRICS+ would greatly enhance its collective bargaining power.

To counterbalance the influence of advanced economies within existing global institutions, the BRICS+ nations would initiate a concerted effort to challenge the legitimacy and effectiveness of organizations such as the UN Security Council, the IMF and the World Bank Group. They would argue that these institutions are no longer representative of the global economic and political landscape and have a structural bias toward the interests of advanced economies. Instead, they would propose alternative governance frameworks prioritizing principles of multipolarity, sovereignty and non-interference. Recognizing the limitations of reforming existing institutions, the BRICS+ would seek to establish new, alternative structures.

Addressing the development needs of developing economies would become paramount. The BRICS+ forms a strategic alliance for global trade, development financing and access to resources, particularly in key areas such as energy, critical minerals and food security. To this end, new institutions would be built with a focus on modernizing trade rules, integrating the digital economy and providing financial assistance for global sustainable development. Changes to the current global reserve currency order and technology platforms would be crucial for establishing a new global economic order. Consequently, the BRICS+ nations would likely develop alternative technology ecosystems, including digital currencies, payment systems and a new reserve currency or a basket of currencies to reduce dependence on the US dollar and vulnerability to financial sanctions.

Acknowledging that disputes and conflicts are an unavoidable aspect of the global landscape, the BRICS+ would need to pursue a sophisticated and ambitious diplomatic agenda aimed at establishing a new global security architecture, designed to upend the existing power dynamics, and foster equitable representation and inclusive decision making in international security matters. Furthermore, they might pursue enhanced military cooperation among BRICS+ nations, a challenging and intricate process that requires navigating diverse national interests and security protocols to bolster collective security.

Recognizing the shifting global power dynamics, a number of middle powers in Europe, Australia and the Americas might seek to establish formal relationships with this new order to position themselves and secure their future roles. Over time, widespread ratification of a new charter would offer an alternative to the existing global system, compelling the United States and others to engage with the new paradigm. This transition could ultimately be solidified through a series

of international conferences and treaties wherein a critical mass of states commits to the new framework.

Pathway 2b: A Global Grand Bargain

Cascading global challenges such as interstate conflicts, global pandemics and financial crises, coupled with their attendant geopolitical and economic implications, could precipitate a clear recognition of the necessity for a comprehensive, global grand bargain among the most powerful states. The prevailing international governance architecture, particularly the UN Security Council, has proven increasingly inadequate in addressing these complex issues. The veto power vested in its permanent members has exacerbated polarization and impeded effective decision making, fostering growing discontent among the broader UN membership. This collective frustration drives a fundamental reassessment of the global governance paradigm.

If the United States becomes strongly isolationist or withdraws from existing alliances and arrangements, it could focus almost exclusively on domestic issues. G20 countries such as Canada, Japan, Singapore, Australia, South Korea and parts of Europe could potentially become open to working within alternative frameworks created by the BRICS+ in recognition that the existing world order is inadequate — it is not equipped to address current cooperation imperatives such as climate change, digital governance and economic inequality.

A coalition of like-minded states — both established and emerging — could form to spearhead a restructuring process. This coalition could include key players from the G7, BRICS+ and other regional groupings such as the Association of Southeast Asian Nations (ASEAN), the African Union and the Gulf Cooperation Council. The coalition could pursue a strategic agenda focused on brokering a pragmatic new deal between the major global power centres to establish a novel forum that is more efficient, inclusive and resilient to global challenges. This agenda could be built around some key pillars: economic governance, security frameworks, technology and innovation, climate action and social equity. The grand bargain would need to engage with a broader set of stakeholders, including advanced and emerging economies.

The coalition would undertake a comprehensive reconstituting of key global governance frameworks, prioritizing the modernization of new treaties, the promotion of new norms and the enhanced participation of developing economies in decision-

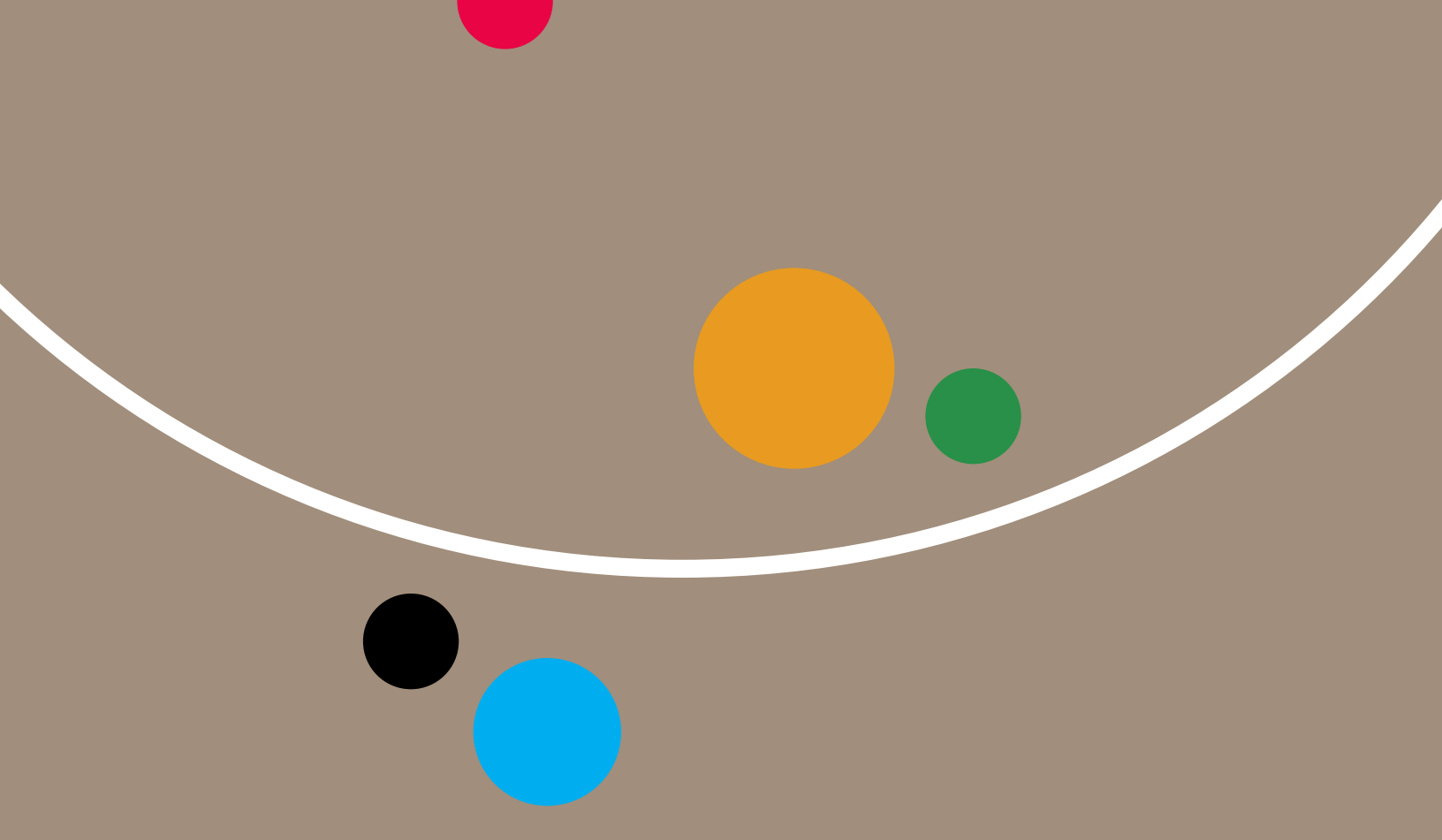
making processes. A principal component of this restructuring agenda would likely need to include the dissolution of the UN Security Council via a revolt from a broad group of countries in the UN General Assembly. This strategic move could garner widespread international support, paving the way for the development of a new global security architecture that reflects twenty-first-century power dynamics and representation for emerging powers.

To ensure the effective implementation of these reforms and agreements, new mechanisms would need to be established, including monitoring bodies, dispute resolution procedures and capacity-building initiatives to help support developing countries in the transition.

Key Takeaways

- The existing international order is poised for change. International governance frameworks will need to be redrawn to address contemporary challenges.
- Emerging economies and middle and regional powers could play a greater role in global decision making.
- Multipolarity, sovereignty and non-interference are key principles behind a new global order.
- Trade and development financing would be crucial to kick-start the new system.
- Technology and innovation may provide new ways to organize and govern a new global order.





Scenario 3: The Emergence of a Bloc-Based Global System

Another core scenario that may unfold is the emergence of a bloc-based global system. This scenario envisions the world segmented into various blocs or coalitions based on shared interests in key domains such as economics and security. Factors such as demographic shifts, environmental challenges, economic changes, security dilemmas and technological advancements may contribute to a further fracturing of the international system, and create a rationale for more distinct blocs, each with its own set of alliances and priorities. Recognizing these challenges, this section delves into two pathways: 3a, bloconomics; and 3b, mutual security alliances.

Key Assumptions under Scenario 3

- **Economic rivalries and trade conflicts:** A continuing wave of rising economic rivalries and competition, and trade conflicts between the United States and China shift, supply chains that could encourage the rise of new economic blocs.
- **Divergent security interests:** Interests among major powers become more divergent, bolstering security alliances such as the Quadrilateral Security Dialogue (Quad) and the China-Russia friendship alliance. Existing alliances do not sufficiently address the diverse security concerns of emerging powers across many different regions, prompting the creation of new coalitions led by regional and middle powers (see Table 1).
- **Multipolar structure:** At a minimum, the three countries of the United States, China and India — while not excluding agreements on some issues — operate in largely independent spheres.

Table 1: Comparative Analysis — Existing Trade and Security Arrangements and Potential New Ones

Existing Institutions/ Treaties	Potential Institutions/Treaties	Justification and Reasoning
United States-Mexico-Canada Agreement (USMCA)	North Atlantic Trade Alliance (NATA)	In this scenario, the USMCA has been replaced by NATA, which incorporates not only North American countries but also includes European partners to create a more robust and protective economic bloc that ensures fair trade practices and economic security.
	North America First (NAF)	The USMCA is replaced by NAF following tough demands by the United States, telling Canada and Mexico to “take it or leave it.” The NAF becomes close to an economic union and further integrates trade in services and data, supply chains and labour. High external tariffs and strict barriers to investment create a type of “fortress North America.”
Regional Comprehensive Economic Partnership (RCEP)	Pan-Asian Trade Consortium (PATC)	In this scenario, the RCEP has evolved into the PATC, which includes a broader range of Asian economies and focuses on comprehensive economic integration, including technology transfer, labour mobility and environmental sustainability.
European Union	European-African Partnership Agreement (EAPA)	The European Union extends its reach to form the EAPA, fostering stronger economic ties with North and Sub-Saharan African nations to address mutual economic challenges, including migration, resource management and sustainable development.
North Atlantic Treaty Organization (NATO)	Pacific Defence Pact (PDP)	NATO’s Eurocentric focus necessitates a similar alliance in the Asia-Pacific region to counterbalance China’s growing influence and ensure regional security and stability.
Australia, United Kingdom, United States (AUKUS)	AUKUS+	To bolster its strategic influence, AUKUS expands to include other nations with shared security interests in the Indo-Pacific region. Potential new members might include Japan, South Korea and New Zealand. The scope of AUKUS could broaden to encompass cyber defence, space security, defence for use of AI and quantum technologies.
Quad	Comprehensive Partnership for a Free and Open Indo-Pacific	The Quad could expand to include other like-minded regional powers within the ASEAN grouping. Recognizing the interlinkage between economic stability and security, the Quad could integrate economic policies with security strategies. This includes securing critical supply chains, protecting maritime economic zones and defending critical infrastructure in the Indo-Pacific region.

Pathway 3a: Bloconomics — A New Paradigm for Global Economic Governance

The emergence of a world characterized by economically motivated blocs would represent a substantial departure from the prevailing global economic order.

This pathway is marked by a complex interplay of cooperative and competitive dynamics, with regional integration, trade alliances and economic protectionism shaping the contours of the evolving landscape.

Within this new paradigm, economic blocs would assume the role of primary actors in global economic activity. Regional trade agreements would deepen, thereby fostering intensified intra-bloc trade and investment flows. For example, the USMCA could evolve into a highly integrated “Fortress North America” bloc or expand into a more comprehensive economic partnership, potentially incorporating like-minded European nations to form a NATA. Such an enlarged bloc would exert substantial economic influence, characterized by significant purchasing power and investment attraction potential, thereby enabling it to counterbalance other emerging economic blocs.

Similarly, the RCEP in Asia may expand its scope to become a form of Pan-Asian Trade Consortium, giving rise to a larger and more influential economic bloc. India may consider joining this consortium to access broader markets and integrate into regional supply chains. Furthermore, including ASEAN observer states such as Bangladesh, Sri Lanka and Timor-Leste could consolidate the creation of a significant economic bloc.

Beyond the established economic blocs, novel alliances centred around specific resources could emerge. For instance, a resource-rich bloc might coalesce, uniting nations endowed with abundant natural resources to secure advantageous market access and pricing. For example, the escalating prominence of lithium as a critical component in electric vehicle production has underscored its significance in the global transition to a low-carbon economy. Argentina, Australia, Bolivia, Chile and China and Brazil hold the majority of global lithium reserves (Brunelli, Lee and Moerenhout 2023). Brazil’s production has also been rising in recent years (Pistilli 2024). This creates the potential for these nations to monopolize extraction and control the world price.

Pathway 3b: Mutual Security Alliances

A network of mutual defence alliances, designed to deter potential adversaries and provide collective security, could lie at the heart of a new blocs scenario. NATO serves as a paradigmatic example of such an alliance. However, the advent of novel global challenges, including global terrorism, cyberwarfare, autonomous weapons and climate change, may necessitate the formation of additional security blocs to address these complex threats.

In response to the rising influence and military power of China, NATO’s traditional Eurocentric focus may need to shift to incorporate regional allies such as Japan, South Korea and the Philippines into a form of a formal PDP, fostering a more comprehensive collective defence strategy without stoking confrontation in the region. Meanwhile, the European Union may further integrate and establish a full military alliance to ensure its security in the face of a potentially belligerent Russia, particularly in the context of a strategic US pivot toward the Indo-Pacific region.

“ **The advent of novel global challenges, including global terrorism, cyberwarfare, autonomous weapons and climate change, may necessitate the formation of additional security blocs to address these complex threats.** ”

Furthermore, the European Union may seek to establish a comprehensive form of EAPA to address pressing challenges such as irregular migration; the proliferation of religious extremism in the Sahel region and the Horn of Africa, caused by the destabilizing effects of demographic shifts and economic inequality; and regional conflicts witnessed on the African continent. This strategic partnership would seek to mitigate these interconnected threats and foster regional stability.

The Asia-Pacific region, which is experiencing escalating geopolitical tensions, could also see the formation of new security alliances. The Quad, comprising India, Japan, Australia and the United States, may evolve into a more formalized security alliance, focusing on intelligence sharing, technology transfer and reciprocal access to military bases. This alliance could potentially expand to include like-minded Southeast Asian nations, such as Singapore and Vietnam, further solidifying

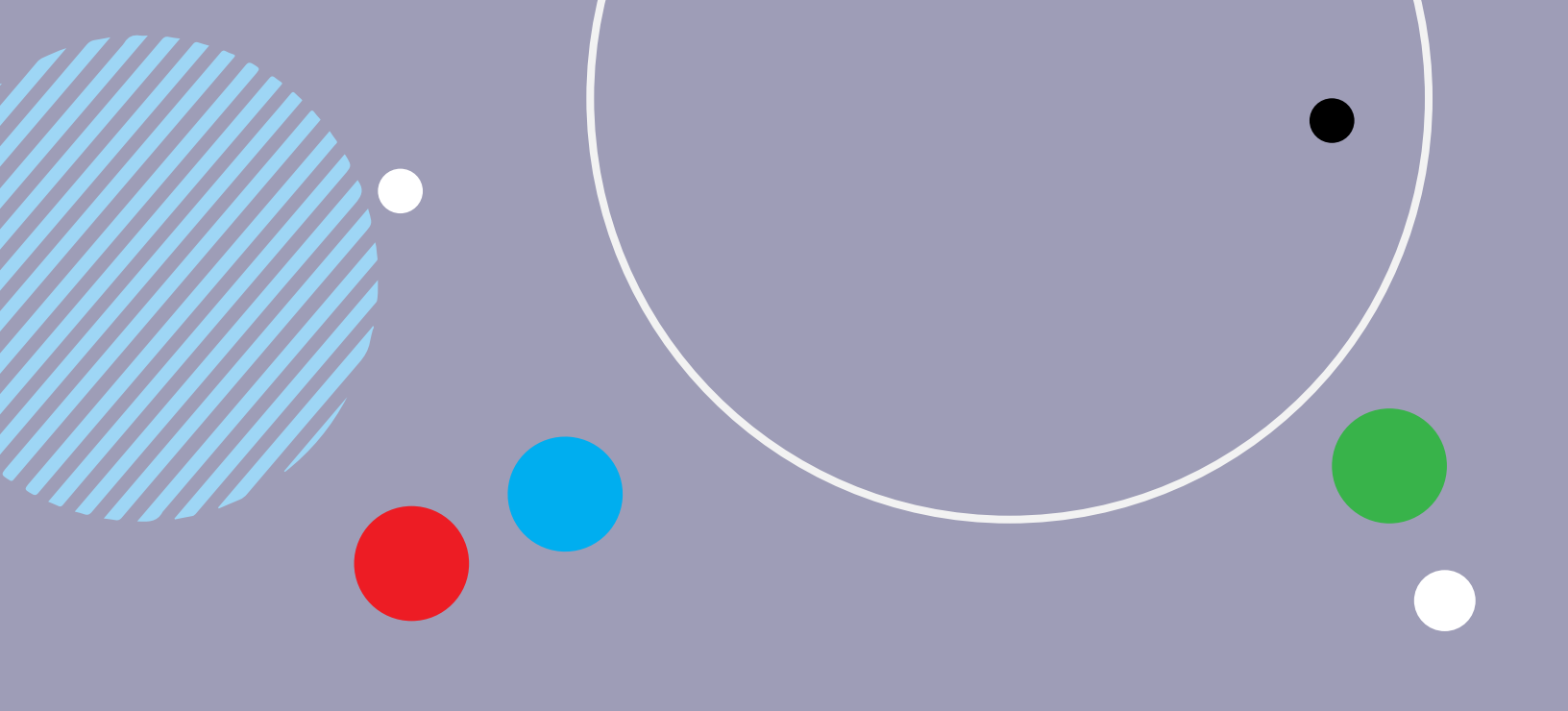
regional cooperation. Conversely, China may strengthen its strategic partnership with Russia and enhance its support for North Korea's capability development to counterbalance its regional security challenges.

In the Middle East, a region historically marked by instability and conflict, security blocs may emerge in response to religious extremism perpetrated by non-state actors, such as Hamas and Hezbollah, backed by an increasingly truculent Iran. The Abraham Accords member nations (Israel, the United Arab Emirates, Bahrain, Sudan and Morocco) may expand their membership to include other regional powers such as Saudi Arabia, Jordan and Egypt to further isolate Iran and its allies in the region.

The formation of security blocs would have far-reaching implications for the global order. While it could enhance regional security through resource pooling and capability sharing, it could also risk exacerbating geopolitical tensions, fuelling arms races and increasing military spending. The development of new security arrangements would require many considerations.

Key Takeaways

- There are multiple pathways where the world may splinter into distinct blocs based on shared economic and/or security interests.
- Economic rivalries and trade conflicts may lead to:
 - strain on economic relations between the United States and China leading to further decoupling;
 - shifting supply chains to countries such as India, Indonesia and Bangladesh; and
 - countries forming regional trade agreements and economic alliances to safeguard economies.
- There are divergent security interests:
 - a shift in the global geopolitical epicentre from Europe and the Middle East toward the Indo-Pacific;
 - deeper institutionalization and expansion of security arrangements in the Indo-Pacific;
 - socio-economic and political upheaval in Africa and migration becoming major security concerns for Europe; and
 - formalized rapprochement between Israel and Saudi Arabia could become essential for containing non-state-actor-led security threats in the Middle East region.



Scenario 4: A Case of Disorder

Under this scenario, disorder in the world emerges fuelled by the collapse of cooperative mechanisms within nations and at the international level. Challenges fester and accelerate, and opportunities remain unaddressed as the international system no longer provides a buffer or response to crises. Many nations resort to protecting their own interests and impose restrictions on others.

Geopolitical tensions simmer or escalate, marked by continuing or expanded conflicts in Ukraine, the Middle East and the South China Sea (and potentially elsewhere). US-China trade wars feed trade isolationism, add to global supply chain woes and weaken economic growth prospects. Inequality continues to widen within many countries; in developing economies, the standard of living does not significantly increase compared to that of industrialized economies. Labour disruptions grow as advances in technology, particularly AI and automation, displace both repetitive professional workers and unskilled workers, and debt continues to soar at both national and household levels. There is also the rise of illiberal democratic governments. A loss of faith in multilateral institutions to mitigate conflict or remedy national grievances means countries disregard international institutions and rules, which leads to defaulting on debt repayments and to international rules being ignored.

This confluence of destabilizing factors drives the scenario of global disorder. The basic “disorder” scenario is divided into two pathways: 4a, hot wars; and 4b, a multipolar cold war.

Key Assumptions under Scenario 4

- **Geopolitical instability:** Current conflicts and regional hot wars fester or spread and multiply.
- **Economic decline:**
 - The global economy continues to stagnate under debt burden and protectionism, and trade wars expand.
 - Socio-economic conditions decline in terms of labour market conditions, with rising inequality.
- **Technology disruption:** This creates social tensions within countries and divides countries into haves and have-nots. A technological arms race ensues between the major economies.

Pathway 4a: Hot Wars — Proliferation and Escalation

Geopolitical tensions in Ukraine/Russia, Israel and the Middle East, the South China Sea, and potentially elsewhere spread in tandem and intensify. Emboldened by the West's increased isolationism and divisions in Europe, Russia sets its sights on consolidating its already occupied territories in Moldova and Georgia. US isolationism undermines NATO, and populist nationalists in France, Hungary and Italy all impede a unified NATO response to Russia's advances. Without adequate supply of weapons to Ukraine, Russian President Vladimir Putin advances to take over Ukraine and moves to occupy Moldova and Georgia.

Meanwhile, Israel's war on Gaza and continued assassinations and bombings in Iran and Lebanon elicit a response from the Axis of Resistance. Militants in Yemen, Iran, Syria, Lebanon and Iraq join forces to respond to Israel with a consolidated conventional war. The United States responds by supporting Israel and fighting with it in the Middle East.

In the South China Sea, China continues its intimidation of shipping lanes to assert its maritime dominance in the strategic waterway. With US Congress reluctant to support Ukraine and other threatened Eastern European allies, and the United States now bogged down in the Middle East, China makes a bold move in shutting the Philippines' access to the South China Sea and reasserts the reunification with Taiwan. On the latter, it sends troops into Taiwan to assert its control and effectively takes over Taipei.

The confluence of these "hot wars" elevates the risk of regional conflict escalation, exemplified by the potential for a North Korean attack on South Korea. Moreover, the spectre of a full-scale global conflict looms large. While the threat of nuclear annihilation may serve as a deterrent to the indiscriminate use of nuclear weapons, its effectiveness in preventing such catastrophic scenarios remains uncertain.

Pathway 4b: Multipolar Cold War

While regional and proxy conflicts persist, they have not escalated to the point of dominating all international relations or directly involving the large nuclear powers. However, these persistent conflicts, coupled with ongoing economic and technological tensions, have led to a general erosion of cooperation. For example, China's trend toward an economic slowdown materializes

into a recession spurred on by high state-level debt, demographic decline, overproduction of manufactured goods being blocked in Western states, deflation, and further decoupling away from the West and the United States. This becomes an enormous drag on global economic growth, leading to a global recession. As China is a key consumer of the world's oil supply, this has knock-on effects on many Arab Gulf countries and the recession spreads further. China's economic recession is compounded by deep structural challenges, including the middle-income trap and a declining population, which lead to lower economic growth rates and eventually send the global economy into a tailspin. The risk of fragmentation into competing geoeconomic blocs, as under scenario 3, becomes realized as countries raise their trade barriers, restrict foreign direct investment and increase subsidies to their respective domestic industries.

Hot wars in the Black Sea, the Suez Canal and the South China Sea, which are all key transportation chokepoints for international food and goods trade, lead to a steep rise in prices of goods such as wheat and fertilizers, disrupt global supply chains and further feed the political calls for isolationism. Inflation of prices takes a drastic turn for the worse, particularly in Africa, which is highly dependent on wheat and fertilizers transiting through the Black Sea, fomenting more populist nationalist sentiments, and both poverty and inequality increase dramatically.

Socio-economic instability persists in the West, characterized by rising housing costs that are increasingly unaffordable for young people, declining real incomes amid rampant inflation, stagnant investment and low productivity due to a failure of businesses to expand and capitalize on latent opportunities, and persistent labour protests driven by socio-economic frustrations. Labour and anti-war protests in the West are perceived as disruptive to business operations, leading to increased reliance on automation and AI in production to reduce dependence on labour, which further exacerbates unemployment.

In response to these socio-economic breakdowns, many countries are doubling down on more inward-looking economic policies with a protectionist tone. This move toward decoupling, friend-shoring or deglobalization brings risks of a global depression. The rise of populist leaders further fuels a radical political discourse, amplified by social media and supported through malicious acts of disinformation, that favours nationalist economic policies and restrictions on immigration. Immigrants in Western polities are targeted by right-wing thugs and rampant social disorder takes over in many countries. This discourse also criticizes globalization

and interdependencies, creating significant tailwinds for confidence in the global economy. Stock markets are negatively affected by rising unemployment, labour strikes and reduced global trade, spiralling numerous market crashes that further reduce people's savings and contribute to the global depression.

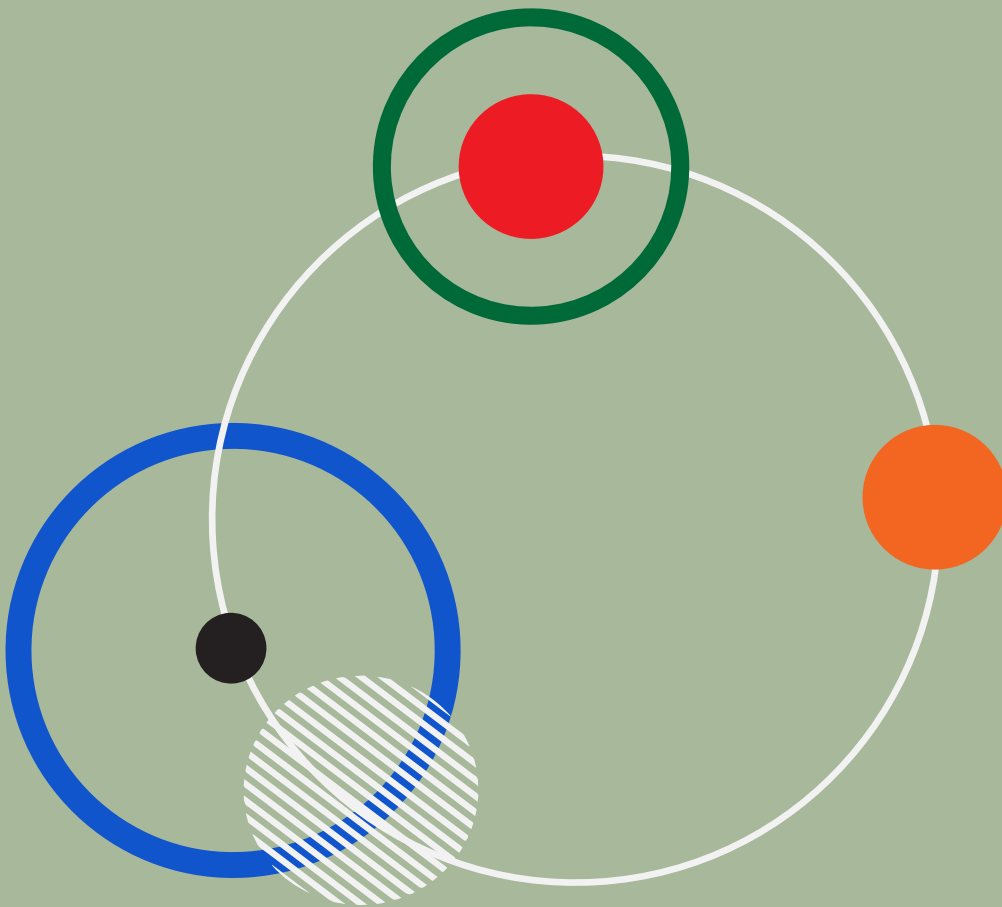
Trade, finance and technology standards become areas of increasing contestation, complicating efforts to coordinate global responses to the current low growth and productivity challenges. Unlike the coordinated response of the G20 during the 2008 financial crisis, geoeconomic fragmentation suggests a lack of political will to address these issues collectively, exacerbating the global economic depression and reducing business and investor confidence in a recovery. With no one in charge, governments adopt a familiar “beggar thy neighbour” policy of the Great Depression, where closed borders lead to economic malaise.

“ This move toward decoupling, friend-shoring or deglobalization brings risks of a global depression.

The digital transformation of work and the wide application of emerging and disruptive technology continue to displace many workers. Both disinformation and cyberattacks are amplified, further diminishing trust in institutions and business as usual. China, and potentially others, choose to offload their large stockpile of US dollar savings. China is emboldened to do so as the expanded BRICS collectively move away from supporting the US dollar in international trade and instead support a variety of cryptocurrencies. The BRICS+ create a digital currency to compete with the dollar. The Arab Gulf countries similarly abandon the US dollar in invoicing of oil sales, further eroding confidence in the greenback. International cooperation has all but broken down, and the rules-based international order is in name only as countries follow their national interests and fail to seek public goods from cooperation. A global economic depression is all but certain, and there are no political leaders willing to intervene to bring back confidence and international institutions are feckless.

Key Takeaways

- Rising tensions in Ukraine, the Middle East and the South China Sea heighten the risk of regional wars, fuelled by isolationism and weakening international cooperation.
- There is global economic stagnation:
 - rising protectionism, regional conflicts, trade wars and technological competition stall global economic growth; and
 - supply chain disruptions and growing global inequality further deepen economic divides, leading to long-term instability.
- Advances in AI and automation displace workers, increasing inequality and fuelling social unrest. Coupled with inflation and housing market challenges, these disruptions signal growing socio-economic instability.
- International trust erodes:
 - the decline of trust in multilateral institutions leads toward economic isolationism, trade barriers and fragmented economic blocs; and
 - the weakening of global institutions and the rise of illiberal governments contribute to growing global “disorder.”



Scenario 5: Transformed Global Order

Another scenario of global order relates to the *transformation* of that order. There are many possibilities and unknowns, but the focus here will be on two examples: 5a, accelerated climate change; and 5b, digital+ breakthroughs. The planet is already experiencing significant impacts from climate change and is in the midst of a data and digital revolution. Both examples lend themselves well to building sub-scenarios of plausible transformation. Either of these could create an international imperative, eliciting a transformation of the global order where governance efforts and cooperation, currently inadequate to manage either factor at such a scale, are forced to adapt when faced with urgent, high-stake impacts. Through either force, socio-economic inequalities grow, as those with access to transformative technologies thrive, while others in vulnerable ecological regions struggle to cope with displacement, resource scarcity and access to technology.

Key Assumptions under Scenario 5

- **Accelerated climate change:** The world follows one of the estimates established through Intergovernmental Panel on Climate Change (IPCC) modelling, which projects continued high greenhouse gas emissions and significant impacts on the economy, food production and many ecosystems.
- A “**digital+ breakthrough**”: Significant technological advancements, including in AI and computing and combined applications, foster great power competition and there is no agreed international governance.
- **Rapid increase in either technological capabilities or climate change:** Competition for scarce resources and technology is one of the impacts.

Pathway 5a: Accelerated Climate Change

In this pathway, climate change accelerates rapidly as high emissions continue unabated, resulting in significant deviations beyond the targets of the Paris Agreement.

As current IPCC projections suggest, it is highly likely that global warming will overshoot the 1.5°C target by 2040. One projection developed by the IPCC has high emissions leading to global warming of up to 4°C by 2100, and almost 2°C by 2040. The IPCC *Sixth Assessment Report* describes an accelerated scenario of climate change⁵ showing the outcome of medium-to-high emissions pathways still considered “likely” given current trajectories (IPCC 2023). Under this scenario, the average global surface temperature change could reach almost 2°C by 2040.

At this increase in temperature, the world would face irreversible large-scale changes to the natural world including breaching critical tipping points, raising the probability of the disruption of oceanic currents, the abrupt thawing of permafrost or rapid collapse of major ice sheets. Extreme weather events such as severe heat waves, intense rainfall and prolonged drought could become the new norm in many regions.

Far-reaching and dire impacts could affect almost every environmental, health and development indicator imaginable, including water availability; agriculture production; animal health and livestock productivity; fisheries yields and aquaculture production; infectious diseases; harm from wildfires and flooding; damages to infrastructure and key economic sectors; and disruption of terrestrial, freshwater and ocean ecosystems.

With accelerated climate change, recent estimates suggest macroeconomic damages are six times greater than previously projected (Bilal and Känzig 2024) and may be the most severe in the Middle East, Africa and other parts of the developing world, greatly widening a North-South divide (Waidelich et al. 2024). Extreme weather and climate change lead to food insecurity across much of the globe, with the greatest impact felt in Sub-Saharan Africa, South Asia and Southeast Asia. Climate change-induced drought exacerbates water insecurity, leading to escalating regional rivalries vying for control over water flows. The changing climate fuels competition between major powers over newly exposed seaways in the Arctic and land masses due to ice melting.

Technology plays a central role in defining geopolitical strategy in response to the climate crisis. Developed economies capture growing climate technology market share and inequalities and conflict are further exacerbated.

Climate-driven disruptions to supply chains, including commodities and energy technologies, contribute to increased geopolitical tensions and environmental degradation. Dependencies in global supply chains become vulnerabilities, impacting trade stability as national security interests become top priority. Supply chains become nationalized at the expense of broader-based development.

“ Far-reaching and dire impacts could affect almost every environmental, health and development indicator imaginable.

The agendas of international development institutions are overwhelmed, rendering them extremely limited toward broader development goals and fuelling strong consensus around their ineffectiveness. An increase in humanitarian or refugee crises from climate events pulls resources away from other development efforts.

The high-emissions climate path drives one-third of global population in vulnerable ecological regions to migrate (IPCC 2021). This migration strains receiving countries, exacerbating social, economic and fiscal challenges, and contributing to regional instability. These movements compound existing demographic shifts where, for example, the young population of Sub-Saharan Africa will be further economically incentivized to move to aging developed economies with available jobs.

Widespread concerns about competitiveness and security driven by increased conflicts (border and regional) lead to heightened security and military action. Nations compete for access to energy resources and strategic military positioning in newly exposed regions such as the Arctic. Investments needed to sustain or rebuild military bases exposed to sea-level rise add pressure to defence budgets.

Nations must contend with new health challenges posed by climate-related food-borne, water-borne and vector-borne diseases. Mental health and well-being experience significant declines. The interdependency of human and ecosystem vulnerability becomes a defining feature in climate adaptation and rises to the top of the agenda for urgent global cooperation.

⁵ The IPCC uses Shared Socioeconomic Pathways (SSP) and Representative Concentration Pathways (RCP) to create a scenario of SSP3-7.0/RCP 7.0. See IPCC (2023).

Pathway 5b: Digital+ Breakthroughs

The transformation of global order through digital+ breakthroughs could play out in a number of ways. One could drive a step-change in human potential and economic growth, but fragment global supply chains and trade through multiple digital ecosystems, each with distinct technological and governance frameworks, competing for influence. This pathway could foster rapid technological innovation by non-state actors (for example, large technology companies) and also intensify geopolitical tensions.

In the coming years, there is potential for:

- major advances in quantum information, AI and theoretical computer science and mathematics leading to transformative capability and new modes of scientific discovery;⁶
- high-performance materials, design and manufacturing processes for information processing and memory unlocking unprecedented computational efficiency; and
- the convergence of advanced AI and new computing paradigms, with other frontier technologies, such as biotechnology and robotics, yielding groundbreaking impacts across a wide spectrum of application domains.

Countries could be increasingly challenged by the inherent dual-use nature of technological developments that amplify a range of risks and rewards. On the one hand, nations could extend their capabilities to harness an ever-expanding base of knowledge, enhanced productivity through the hyper-evolution of technology, new modes of learning and experiencing the world, new tools to combat climate change, and revolutionary health care. On the other hand, the implementation of such groundbreaking technology could expose the world to new mass disinformation, security vulnerabilities, widening global inequality, increased mental health problems and issues stemming from the potential loss of control.

The breakthrough development of technology plays a critical role in meeting the planet's grand challenges. As the ratio of workers to retirees shifts and the size of the labour force dwindles, advanced AI and computing could serve to bolster the economies of those nations

most affected by workforce demographic challenges. Achieving climate change mitigation and adaptation goals is within reach through aggressive adoption of breakthrough digital technologies. Accelerated scientific discovery yields a host of benefits to humanity, notably in health care. Countries trade off security and safety with a greater embrace of technological improvements.

Rapid technological advancement also transforms military technology and, ultimately, modern warfare. Technologically advanced regions increasingly adopt military capabilities that deliver automated decisions and sophisticated quantum- and AI-driven cybersecurity measures to defend against growing cyberthreats. However, the integration of breakthrough digital capabilities into national security introduces new vulnerabilities, from exposure to legal ambiguity in the governance of autonomous weapons to data sovereignty and foreign interference. Geopolitical tensions, especially between the United States and China (Gazis and Yilek 2023), escalate as countries nationalize their supply chains and perceive the breakthrough technologies of others as potential threats to security and control.

As digital technologies grow indispensable to critical infrastructure (Simon 2017) and across the industrial base, cybersecurity emerges as a primary concern for national security. Data governance becomes a cornerstone of national security, with regions focused on frameworks to protect and control their data assets. The divergence in data governance approaches across regions creates barriers to international cooperation and complicates efforts to address global security threats. This digital fragmentation reinforces the divergence of AI ecosystems, in which three significant leaders emerge. The United States promotes innovation through free-market principles with firm-led development deeply underpinning the foundation of the digital economy. The China-led ecosystem is state-controlled, integrating AI into the economy for state surveillance, with a focus on social stability and optimizing economic growth. Europe's approach emphasizes ethical AI governance, balancing innovation with stringent regulations focused on privacy, transparency and ensuring AI benefits for all of society. In the absence of global norms, these ecosystems are unlikely to converge. Techno-nationalism arises as global actors strategically leverage the network effects of technology to transform global order (Rajan 2018).

Furthermore, global trade is reshaped by the dominance of intangibles, requiring updated trade agreements and standards. Technology-driven trade prevails with dependent economies centred around a distinct digital ecosystem. This architecture of global trade is characterized by digital borders (DeNardis and

⁶ See <https://radar.gesda.global/trends/quantum-revolution-advanced-ai>.

Shull 2022) and varying degrees of technological interoperability, leading to inefficiencies in global trade. As nations align to specific digital ecosystems, trade becomes increasingly regionalized, with significant barriers to cross-border technological exchange.

The continuation of siloed responses to managing advanced technology further undermines the effectiveness of existing international institutions that were not designed to lead in an era of exponential innovation. The lack of a coherent global governance framework allows global technology firms to emerge as key non-state actors (Policy Horizons Canada 2023), exerting significant influence over international relations and global governance. These firms, particularly those that dominate AI and digital platforms, shape technological standards, data governance and trade policies. Their unaccountable influence exacerbates ethical concerns, data privacy and equitable distribution at the global scale.

The race to develop and deploy advanced AI and compute technologies fuels innovation but also increases the risks associated with their dual use, such as AI weaponization and the potential for AI and technology leadership concentration to deepen global inequalities. As such technology becomes increasingly ubiquitous, its influence on global power dynamics continues to grow.

The absence of global governance of digital technologies, a limited number of regional AI frameworks and self-governing global technology firms, exacerbate the biases embedded in AI systems and reinforce existing inequalities that impose certain values on other societies. Without a central global governance framework, these breakthrough technologies are not interoperable, leading to inefficiencies across different regions. As a result, digital borders emerge.

The widening digital divide increases economic disparities, with regions lacking access to advanced AI and computing becoming increasingly marginalized. Households in developed countries see changes in daily life improving their overall welfare. For the developing world, breakthrough digital technologies offer both opportunities and challenges. On the one hand, they help address issues related to productivity, health care and education by providing scalable, cost-effective solutions. On the other hand, they face significant challenges in this environment as they struggle to converge to developed countries' economic fundamentals in a fragmented digital landscape. These economies must choose to align with one of the dominant digital ecosystems, leapfrogging traditional development criteria, and often relying on external

support and technology transfers to remain competitive while inadvertently adopting undesired attributes.

Key Takeaways

- Transformation scenarios have huge potential to drive change, possibly through a revolutionary shock that modifies the underlying dynamics of the international system.
- There are already significant impacts from accelerated climate change and digital+ breakthroughs, and it is plausible that they will provide a shock to the international system that forces its transformation:
 - The more severe climate change projections will have huge impacts, including on food production and water availability, and may create zero-sum dynamics between countries that fundamentally change the international system.
 - Digital+ breakthroughs could have profound and unforeseen consequences (for example, large impacts from more advanced AI on jobs, or the use of autonomous weaponry or the development of AI science laboratories or the deployment of fully capable quantum computers).
- Other transformation scenarios could be explored beyond those outlined here, including the risk of new global pandemics.

Conclusions

Building from CIGI and other analytical work on global trends, this report identifies five core scenarios. For each of these scenarios, potential future pathways are explored. The authors' view is that these five scenarios broadly represent core directions that global order may evolve toward in the coming months and years. They acknowledge that there are numerous potential pathways that the five scenarios could take — by choosing only two for each, many possibilities remain for further exploration.

Two of the five scenarios frame a global order that largely extends from the current one. First, a “reform” scenario, achieved by several possible means, would effectively be a basic continuation of the current international system. Second, a “disorder” scenario — in the absence of action to change the system — could develop largely from inaction and the overall deterioration of the system devolving into a failed system of conflict or war.

Two other scenarios see potential pathways that are critically dependent on state leadership and action to drive and facilitate the establishment of a new regime. First, a “replaced” scenario requires a new vision for a global order that is championed by a group of like-minded states that successfully build a broader, critical mass of support, and the outcome is something that replaces the status quo. Second, a “blocs” scenario also

assumes leadership from some states in defining and putting in place a new international regime, although in this case, one that is designed to have functioning, but separate, groupings of countries that are more focused on cooperation among themselves than across the whole international system. Political agency will always matter in terms of how states position themselves when faced with these issues and will be a key determinant in how global order develops.

Finally, the “transformed” scenario would lead the global order to an entirely fresh destination as a result of one or more critical shocks to the international system. There is an infinitely long list of potential shocks that could trigger a global transformation, with the channels explored here — climate change and technology — already having large impacts, with the potential for more. A global transformation might equally be prompted by a new global pandemic or financial crisis, social revolution or something entirely unknown.

Developing scenarios provides a basis for forward-looking analysis to build policies that are adaptable and effective under a variety of potential future conditions in a multipolar world. This special report can help policy makers anticipate risks and opportunities and develop more resilient strategies that better factor in uncertainty and complexity.

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