

THE EFFECTS OF DEGLOBALIZATION IN THE FORMATION OF A NEW REGIONALIZED WORLD FROM A MILITARY PERSPECTIVE

Colonel Associate Professor George BUCĂȚA, PhD

Lieutenant Colonel Professor Paul TUDORACHE, PhD

“Nicolae Bălcescu” Land Forces Academy, Sibiu, Romania

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This article examines the impact of deglobalization on the emergence of a new regionalized world order, with a focus on its military implications. The conflict in Ukraine is highlighted as a pivotal event that underscores the contemporary challenges facing globalization. This conflict accelerates political decisions aimed at navigating a period marked by the erosion of the global order, particularly through dual circulation policies that seek to insulate national economies while leveraging global opportunities. The article discusses how the 2008 financial crisis and subsequent Great Recession weakened globalization both economically and ethically, eroding the credibility of the global financial system. The anticipated resurgence of globalization in the late 2010s failed to materialize, and the 2020s have instead been characterized by disruptions that reveal deep-seated issues within the global system. The article contends that these disruptions are not merely external shocks but symptoms of inherent flaws in globalization, contributing to the formation of a new, more regionalized world order with significant military consequences.

Keywords: deglobalization effect; military deglobalization; regionalized world; military management; global opportunities;

INTRODUCTION

The COVID-19 pandemic had a significant impact on the concept of a *world without boundaries*. In the spring of 2020, numerous nations were compelled to shut down their borders and halt international air travel. Consequently, a large number of expats, who symbolize the phenomenon of globalization, repatriated to their countries of origin. Moreover, the implementation of steps to prevent the spread of contagion resulted in interruptions and deceleration in supply chains, prompting corporations and governments to reevaluate the dangers linked to their worldwide integration. The second distressing incident occurred in February 2022 when Russia invaded Ukraine, further dispelling any last notions of globalization's stability. The implementation of economic penalties on billionaires closely associated with Putin and the removal of Russia from global financial networks, along with the escalating friction between the Western nations and China, serve as additional indications of the demise of globalization as it now stands and as we were acquainted with.

Instead of global integration, it appears that the world is becoming more divided along national and continental lines, with distinct spheres of influence emerging. One such sphere is dominated by China, while another is under the supremacy of the United States of America. This situation is reminiscent of a renewed Cold War. In March 2022, Larry Fink, the director of the financial corporation BlackRock, proclaimed that the conflict in Ukraine signified the culmination of the globalization era that has prevailed for the past three decades. Following the deceleration of global economic integration in the 2000s, we are currently observing a period of genuine deglobalization. This phase of global upheaval is expected to result in a decrease in global interconnectedness, particularly in the medium term. Logistics are being streamlined, firms are implementing re-localization and regionalization strategies for their economic operations, and governments are increasingly interfering in the economic sector, mostly to safeguard it from global disruptions. However, this transformation is not solely attributed to economic developments; rather, it is also influenced by certain political actions. Across several nations, economic policy choices are shifting from a strategy of haphazard worldwide integration to a model of deliberate and regulated integration.

An exemplary illustration may be seen in China, where their 14th five-year plan (2021-25) has prioritized the dual circulation approach, aiming to increase investments in the domestic sector. The objective is to ensure domestic production capability in specific vital industries (such as food, energy, and technology), while allocating greater resources to research and development and infrastructure to maintain competitiveness in the international market. Bidenomics, Joe Biden's economic policy proposal for the White House, was designed with this mindset. The president initiated a plan known as Made in America, with the objective of directing \$400 billion annually in US government contracts towards products and services provided by US firms. Within his electoral pledge, he expressed the notion that *"when utilizing taxpayer funds, it is imperative to procure American goods and bolster American employment"*. In addition, Biden carefully adhered to Donald Trump's commitment to repatriate manufacturing jobs to the United States of America, pledging to impose penalties on corporations who relocate such employment abroad. Biden's industrial strategy in the strategic electric car industry operates on a same principle, offering substantial tax benefits to incentivize the purchase of domestically built electric vehicles.

The project is a component of a more comprehensive strategy aimed at achieving the objective of *"digital sovereignty"*. This project contradicts the liberalist principle of purchasing products where they are cheapest, but it is justified by prioritizing safety above comfort. Nevertheless, there is widespread scepticism over the presence of the requisite drive for action on the European continent to fully implement a dual circulation strategy. The conflict in Ukraine has compelled Europe to enhance its military and economic alliance with the United States of America, albeit at the expense of compromising certain aspects of its digital sovereignty strategy. It includes reaching a consensus with the USA on transatlantic data flows, which some perceive as a concession to American digital capitalism.

The trend demonstrates that while the integration into the global market was first viewed as a means of achieving economic success throughout the 1990s, it is now also recognized as a potential source of risks. Consequently, there is a growing need to reinstate the regulatory and protective measures implemented by the government. What is required is a more discerning, discriminating, and proactive response to globalization itself. Currently, it appears that China, and to a lesser extent the United States of America, are inclined to adopt this strategy. However, European countries, partly due to their institutional challenges, are still indecisive between the desire to revert to globalization and the recognition of the need to embark on a new course.

The military and security dimensions of this shift toward deglobalization are equally significant. As global interconnectedness diminishes, nations are increasingly prioritizing self-sufficiency and regional alliances, reshaping their defence strategies to address emerging threats in a more fragmented world. The decoupling of global economies has led to the formation of regional blocs with distinct military alliances, similar to the geopolitical alignments seen during the Cold War. The rise of China and the reassertion of Russian influence have intensified military competition, particularly in regions such as the Indo-Pacific and Eastern Europe, where strategic interests are increasingly being defined by regional rather than global considerations.

In this new regionalized world order, military expenditures are expected to rise as countries seek to bolster their defence capabilities in response to the perceived erosion of global security structures. This trend is already evident in the significant increases in defence budgets across NATO countries following the invasion of Ukraine, as well as in the strengthening of regional security agreements like AUKUS (Australia, the United Kingdom, and the United States) in response to China's growing assertiveness.

Furthermore, the shift toward re-localization and the protection of critical industries are also driven by national security concerns. Countries are reassessing their reliance on global supply chains, particularly for essential goods such as semiconductors, pharmaceuticals, and military technologies. The reconfiguration of these supply chains is not just an economic strategy but a critical component of national security, ensuring that key industries remain resilient in the face of global disruptions or geopolitical conflicts.

THE EFFECTS OF DEGLOBALIZATION. NEW REGIONAL POWERS RISING?

The interdependencies formed during the era of extensive globalization have transformed into potent tools: they encompass commercial transactions, the race to construct infrastructure in developing nations, the digital realm with its vast potential to disseminate false information and disinformation, and even migratory movements.

In his 2010 publication titled *"Interdependence Is Truly Intricate"*, Erik Gartzke, a political scientist at the University of San Diego California, presented a thesis that appears self-evident but challenges numerous widely accepted notions about global affairs that have arisen during the era of globalization. Gartzke argues that economic interdependence between countries both promotes peaceful relations and serves as a persistent cause of conflict. The strong connections that bind trade

nations together, fostering their reliance on one another, diminish the occurrence of militarized violence, while simultaneously amplifying clashes of any other kind.

It is not completely contrary to intuition. Nevertheless, within the years of widespread enthusiasm and optimism around globalization and the potential benefits of technology interconnectedness for global unity, this issue was largely overlooked. Politicians, businessmen, and technological experts publicly expressed their belief that the increasing interconnectedness of countries, economies, and cultures could significantly minimize conflicts. This interconnection has not only led to a reduction in wars, but has also aligned the interests of nations in a manner that allows for diplomatic resolution or occasional commercial concessions to resolve any differences. Since 11 September 2001, it has been evident that it is not true. Recently, there have been some unforeseen clashes that have further highlighted this fact. The increased reliance between the European Union and Russia has not alleviated the issues they face. Neither the regions between Central America and North America. Furthermore, there is no relationship between the United States of America and China. The presence of a worldwide discourse on the Internet has not enhanced reciprocal comprehension across nations; instead, it appears that the contrary has occurred.

A similar process of global fragmentation is also taking place within countries. The conflict between diverse groups stemmed from the presence of conflicting interests. However, it is now well recognized that our affiliation with certain organizations plays a significant role in shaping our sense of self and instilling a sense of honour. Unfortunately, it sometimes results in unjustly prejudicing individuals who are affiliated with different groups. Furthermore, we are aware that our discontentment is no longer contingent upon comparison with our neighbours or friends, but it is rather “universal” in nature. We always acknowledge that there are always individuals in the world who are, or seem to be, more privileged than us on Instagram. Simultaneously, platforms regulated by algorithms are compelling us to relinquish our ability to make decisions. Governments and corporations are progressively employing algorithms and big data to determine various aspects of our life, including our children’s examinations, credit access, job interviews, and healthcare provision. How can the proliferation of anger and conflict be prevented, both within different communities and inside them? (Countering the Cost-of-Living Crisis, WEF, 2022).

The conflict in Ukraine is expected to expedite the path of global transformation. This procedure was already in progress before the epidemic. Discussions had emerged

over novel concepts and notions, such as deglobalization or the waning influence of global value chains. Amidst the pandemic, there has been a surge in the popularity of ideas such as reducing the length of value chains, focusing on local manufacturing, increasing supplier diversity, and retaining larger stock levels. Additionally, there has been a shift towards adopting just-in-case supply methods instead of relying only on just-in-time approaches. Over the course of time, and so forth. The conflict in Ukraine is exerting a significant immediate influence on global economic interactions. The war mostly impacts the enterprises operating in Ukraine and Russia. It has caused interruptions in the flow of goods and services. The impact on the availability of agricultural items and other resources from Ukraine and Russia is of significant evidence. It would intensify inflationary pressures and perhaps result in demonstrations and social unrest in underdeveloped nations. Disruptions in food markets have a strong association with societal instability.

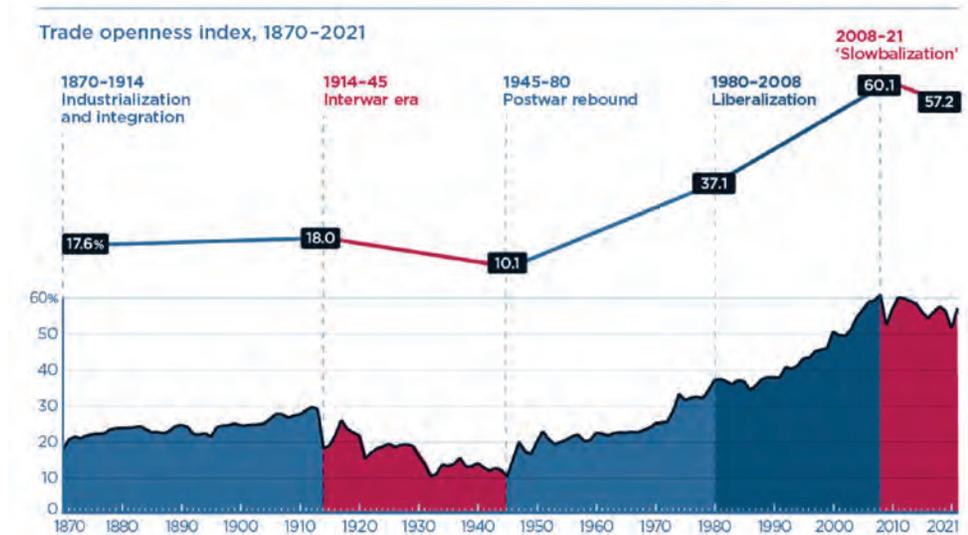


Figure 1: Globalization is in retreat for the first time since the Second World War (Peterson Institute of International Economics, 2022)

However, the primary purpose of this essay is not to examine the immediate effects of war, which are very unclear and depend mostly on the duration and extent of the military battle. One immediate outcome is that geopolitical risk will significantly increase in importance, particularly for governments and enterprises. The previously unimaginable scenario of a war in Europe has already materialized due to Russia’s aggressive invasion of Ukraine. Trust, a crucial determinant

in the conduct of economic actors, will be compromised, hence adversely affecting investments and the overall performance of economic agents. The battle will solidify the formation of two major alliances: a democratic-Western alliance and an authoritarian alliance centred around the Moscow-Beijing axis. China's failure to denounce the invasion of Ukraine might be interpreted as tacit endorsement of the action. Furthermore, it extensively endorses Russia's propaganda and misinformation activities.

The conflict will amplify the alterations in the previously indicated global value chains: reducing their length, promoting regionalization, and fostering the diversification of suppliers, among other effects. Furthermore, there will be significant alterations in the sectorial composition of economies, with increased investments in defence, renewable energy, cyber security, transportation, and logistics. However, warfare may also exert a significant impact on the geographical aspects of global economic ties. In the future, democratic nations may give higher importance to their relationships with countries that share similar values, adhere to conventions, and uphold commitments.

The emerging conflicts involve additional participants such as paramilitary factions, self-defence militias, foreign mercenaries, criminal organizations, and terrorist organizations. These players deviate from traditional guerrilla groups from the 1970s and lack distinct ideological or political affiliations. Most violent groups lack a distinct ethical or political philosophy and do not advocate for Human Rights or Democracy. Generally speaking, these groups employ violence as a means of survival or to acquire positions of power and riches. Irregular soldiers are enlisted through street recruitment, targeting urban gangs and jails. They undergo training in covert camps and are provided with weaponry, generally sourced from the state. Essentially, irregular soldiers are formed to execute acts of ethnic cleansing or massacres that the state is hesitant to perform openly, allowing it to formally disclaim responsibility for such atrocities. The war has been transformed into a franchise that is delegated to private corporations in order to evade the moral accountability linked to professional military men. Essentially, the new wars may be described as the creation of a war model that enables the state to evade the obligations imposed on it by international accords, such as the Geneva Conventions, and a model of a ruthless combatant or warrior.

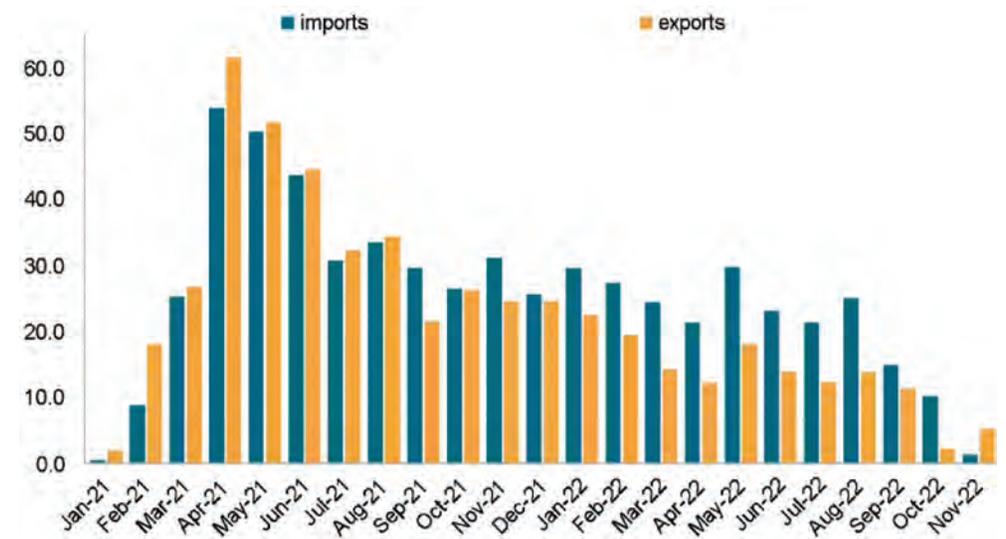


Figure 2: Average year-on-year growth rates for top 10 economies of exports and imports, a sign of deglobalization (SAP Global Market Intelligence, 2023)

The geopolitical landscape has grown increasingly unstable due to escalating hostilities between states, resulting in heightened geopolitical risks that pose a danger to global trade. Both the United States of America and China have implemented trade restrictions and tariffs on each other's goods. Although there is a stated intention to engage in further discussions and strive for a more extensive trade agreement, several tariffs are nevertheless enforced by both parties. Despite the USA and China reaching an agreement to cooperate on global matters such as climate change and trade, the bilateral relationship between the two countries remains intricate. The future development of that connection will have significant implications for the trend towards deglobalization. The presence of unresolved trade concerns generates an atmosphere of uncertainty and instability, which is unfavourable for global markets.

The incursion of Russia into Ukraine in 2022 caused significant upheaval in the economic stability of Eastern Europe, resulting in disruptions to the region's commerce, economy, and energy distribution. Consequently, there has been a renewed emphasis on ensuring energy security and a possible shift away from globalization as nations turn their attention home to prioritize internal resilience above international trade. The geopolitical dynamics of the oil market have grown increasingly controversial, as government actions in Beijing, Brussels, Moscow, Riyadh, and Washington, DC, exert influence over oil prices and the movement

of oil. Both the United States and the European Union have implemented stringent sanctions against Russia's energy sector. Meanwhile, the relaxation of COVID-19 limits in China will significantly influence the future rise in oil consumption. The sanctions placed on Russia by the European Union, United States, and their allies have significant ramifications for the worldwide energy industry.

The G-7 nations have implemented economic sanctions on Russia, while the European Union has implemented price limitations on Russian natural gas. Consequently, there is now a constrained energy market in the short term. Consequently, petrol prices in Europe have risen, and it is anticipated that they will stay at a high level during the winter of 2023-2024, before subsequently decreasing. In addition, it is forecasted that global oil prices would increase to \$110 per barrel over the period of 2023-2024, and thereafter decrease to an average of \$85 per barrel in 2025. The invasion of Ukraine by Russia has compelled non-European nations to address global threats such as the spread of nuclear weapons, cyber-attacks, the ability of infrastructure to withstand disruptions, and the viability of security alliances in the future (Xing, Bernal-Meza, 2022).

The future will be characterized by a series of common obstacles – climate vulnerability, facilitating the shift to renewable energy, transformative technology and safeguarding against cyber threats, social disparities, and global health crises. However, the ongoing expansion of international commerce has prompted concerns among nations and corporations, particularly over the vulnerabilities associated with dependency. The concept of globalization, which involves the interconnection of nations and companies through macroeconomic factors, trade regulations, and global supply chains, is currently being reevaluated owing to concerns related to policy, security, and economic matters. Consequently, several governments, businesses, and civil actors are contemplating the benefits of adopting a more self-contained approach to trade and commerce, as countries strive to establish their position in a swiftly evolving environment. This move, sometimes referred to as “deglobalization”, poses an emerging geopolitical danger for firms.

The 2008 global financial crisis played a major role in fuelling the deglobalization movement. As a reaction to the worldwide economic instability, several governments shifted their policies and communication towards protectionism, implementing restrictions on the unrestricted movement of trade and investment between countries. In recent times, the worldwide pandemic and Russia's invasion of Ukraine have contributed to the rise of protectionist measures. After the invasion, the International Food Policy Research Institute reported that 24 nations enforced export restrictions on essential food items including wheat, sugar, and oils.

The combination of sudden disruptions in the supply chain and increasing protectionist measures has generated concerns about potential shortages. As a result, governments are contemplating various strategies, including reshoring (bringing their supply chains back to their own country), near shoring (establishing supply chains with neighbouring countries), and friend shoring (relying on trusted allies for their supply chains). In response to current geopolitical changes, governments are actively implementing industrial strategies. The US CHIPS and Science Act, enacted in 2022, and the European Chips Act, endorsed in April, were both prompted by the worldwide semiconductor shortage. Their objective is to guarantee sufficient production of domestically manufactured chips in the US and the EU, even if it means incurring higher costs compared to imported alternatives (Ozili, 2022).

The presence of complex social issues has played a role in the discussion around globalization and its impacts. The advent of interrelated hazards at the national level has compelled enterprises to reassess their operations in a post-pandemic age. The hazards encompass climatic risk, economic and inflationary factors, international security concerns, COVID-19 recovery endeavours, trade flows, and credit accessibility. Although the discussion on deglobalization is expected to continue, S&P Global Market Intelligence's extensive trade data suggests that global commerce will likely resume a long-term pattern of growth in the coming years. Currently, deglobalization is primarily a matter of rhetoric rather than an actual economic movement. Nevertheless, the dangers associated with deglobalization are genuine and significant.

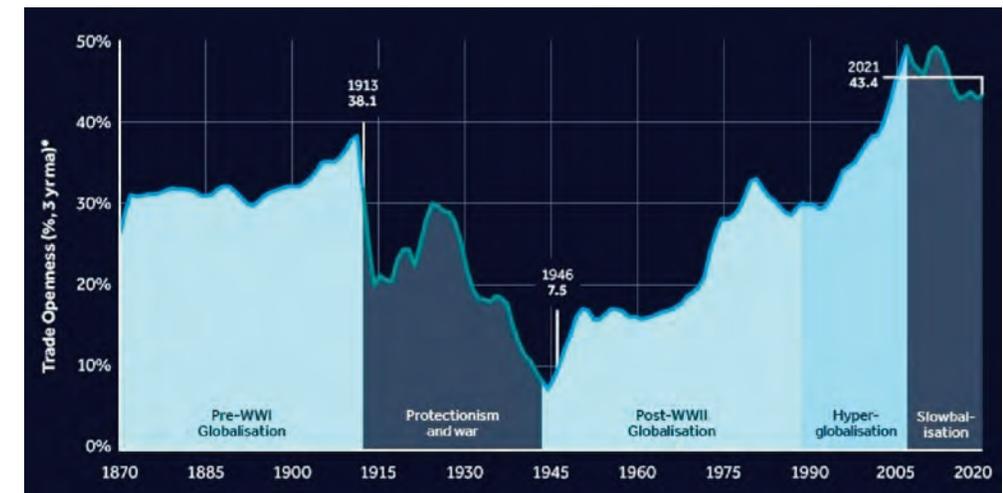


Figure 3: Globalization through recent history (World Economic Forum, 2023)

On the occasion of the prolonged Yugoslav conflicts and the events on 11 September 2001, an important group of international analysts began to take an interest in the various forms that wars take in conditions of intense globalization. In order to understand the particularities of this type of phenomenon in the post-Cold War world, most of these analysts have undertaken a comparative exercise with previous forms of war, and the dissimilarities that current wars register with respect to past ones. They infer the points of convergence that arise between these modalities of conflict and globalization.

From such an argumentative perspective, these scholars emphasize that from the emergence of the modern state in Europe until the end of the 20th century, wars played a central role in the life of nations. They repeatedly refer to Michael Mann's monumental work, *The Sources of Social Power*, to demonstrate that until well into the 20th century, more than half of the state's resources were allocated to military functions, with military performance being one of the main stimuli to increase state finances and develop the national space. In this important role that corresponded to military power, different elements influenced, such as the ambitions of the rulers, internal considerations as well as the very dynamics assumed by the international system, since *"individual states, to guarantee their own security, had to prepare for war, a process that was enough to generate insecurity in the other states and led them to respond in kind. In short, states armed and militarized themselves in part to increase their own security and, in doing so, increased the insecurity of other states, which in turn resorted to weaponization"* (Lo, Marcelin, Bassène, Sène, 2022).

During this process of consolidation and strengthening of states, several types of wars were witnessed: the first, predominant in the 17th and 18th centuries, were spatially limited, although sometimes of very long duration, and responded to the need to establish power by the absolutist states; then a new stage appeared that covered almost the entire 19th century, which was characterized by the fact that wars assumed a national and revolutionary format and were fundamentally centred around the problem of the creation of nation-states; next, we entered an era of total wars at the beginning of the 20th century (First and Second World Wars), with a high ideological, nationalist and political content, and finally, the world had to face the *"imaginary"* Cold War, based on nuclear deterrence, crystallized around certain political and ideological references that gave it support and coherence. All these types of war, even though they obeyed different war modalities, given that they were singular in terms of their objectives, dissimilar in the types of armed forces they used, in military technique and in the war economy, shared certain common

features: they were forms of violence organized by states or by political groups conceived for political reasons; those who resorted to war intended to exercise control over certain territorial spaces, establishing a more or less spontaneous distinction between the internal and the external, the public and the private; they reproduced a roughly clear differentiation between war, on the one hand, and other types of conflict and violence, on the other hand; the state acted as an *"organizing"* agent of the war, the armed forces, even when they were civil wars, were organized hierarchically and the war economy was structured from a state and *"national"* point of view (Shelest, 2015).

The onset of the pandemic resulted in the shutdown of the worldwide economy and alterations in overall consumer preferences, which were the prominent topics until the Russian invasion of Ukraine in February 2022. The constraints, resulting from the combined impact of shifts in spending patterns and reduced activity in the business sector, precipitated a worldwide economic crisis and led to a sharp increase in inflation. Over that period, there was a lack of toy deliveries over Christmas, which prompted governments to quickly recognize more significant weaknesses that posed a threat to the strategic independence of their nations. The disintegration of the value chains of microchips and other vital industrial materials caused significant concern.

Several months later, the Russian incursion into Ukraine once again impacted the oil industry, particularly in terms of its significant geopolitical implications. The few diplomatic relations that persisted between the European Union and Russia have been completely broken, and we are currently witnessing yet another conflict in Europe, which is causing great distress. The German response to the rise in military expenditure and the delivery of weapons to Ukraine, if grudgingly, signifies a complete reversal in its foreign policy and indicates a broader inclination towards military buildup and alignment of international objectives within the so-called *"Western world"*. The energy diversification plans for 2025 and the ongoing activities, such as the importation of liquefied gas and the reassessment of the Maghreb, are indicative of strategic deglobalization. Therefore, we foresee a fragmented kind of globalization that is limited to geopolitical blocs, ensuring the security of their respective supply chains. It appears that we are gradually moving towards that future.

Some individuals contend that deglobalization is a consequence of these disturbances. Undoubtedly, the epidemic has caused a decline in international trade, and it is anticipated that more disruptions will occur as a result of the Russian

invasion and the accompanying sanctions. However, strategic deglobalization extends beyond these factors. This process predates the epidemic and originates from the liberal international order's inability to retain its dominant position, both internally and externally, and effectively communicate its worldview to the global community. Following the experiences in Iraq and Afghanistan, the previously held belief in the inherent positivity of the system is now seen as simplistic and is rapidly being replaced by an acknowledgment of the constraints of liberal democracies and the unpredictable nature of International Relations (Rodrik, 2021).

First and foremost, the liberal international order has experienced internal attacks. While political liberalism still exists, it faces growing scrutiny from illiberal forces that are spreading worldwide. These movements prioritize material concerns and the widening wealth disparities within nations, which are linked to the decline of middle-class aspirations. Simultaneously, the system is also being questioned from external sources. The dominance of the United States of America, albeit present in many domains, is being supplanted by a more diverse and multipolar global order. Nevertheless, the capability of multilateral organizations, such as the United Nations (UN), the World Trade Organization (WTO), or the International Monetary Fund (IMF), to influence the worldwide agenda has been diminishing, along with their ability to make decisive decisions. The tepid denunciation of the Russian incursion at the General Assembly serves as compelling evidence of it (Bharti, 2022).

The significant transformations in recent years challenge the certainties that we previously held, which were based on limited possibilities. It places the researcher in a position of both accountability and unpredictability. Models, which are fundamental frameworks for interpreting data, are utilized until they become obsolete and necessitate replacement. This essay contends that strategic deglobalization is currently the prevailing phenomenon in the international system, and its effects on the geoeconomic and geostrategic domains are already evident. The responses to the epidemic and the Russian incursion serve as both catalysts and integral components of this phenomenon. From this standpoint, partial deglobalization appears to be the most likely outcome of the transition towards a multipolar system.

The Ukrainian war-induced fuel and food shortages are worsening the already elevated post-pandemic inflation, which had already reached its worst levels in decades throughout much of the world, therefore impacting the global economy. It would be an exaggeration to claim that the causes are fully understood, as academic

macroeconomists are still perplexed by the ultralow inflation of the 2010s. But the primary factors are evident. Initially, governments and central banks were sluggish in reversing the extraordinary macroeconomic boost implemented during a period of calm. Undoubtedly, the initial stimulus measures provided significant support during the early phase of the epidemic. However, in many instances, these measures remained in place for an extended period and became excessive following the surprisingly rapid recovery in advanced countries and certain emerging markets. In the United States of America, specifically, the confluence of a \$900 billion fiscal stimulus at the end of 2020, coupled with a subsequent \$1.7 trillion package in March 2021, proved to be excessive and untimely.

Supply chain interruptions have significantly contributed to inflation, while a portion of the supply pressure can be attributed to the abrupt increase in demand. In sophisticated countries, notably the United States of America and the euro area, over 50% experienced inflation rates above 5% even prior to the outbreak of hostilities. Consequently, the conflict exacerbated an already challenging position. Before the conflict, the combined wheat exports of Russia and Ukraine were 25% of the world total. Additionally, Russia had a significant role as a supplier of fossil fuels, particularly to Europe. The increase in pricing is being caused by disruptions to the supply of certain goods (Brancaccio, De Cristofaro, 2022).

MILITARY IMPLICATIONS OF DEGLOBALIZATION IN A FRAGMENTED WORLD

The ongoing process of deglobalization is profoundly changing the global order, with significant implications for military strategy, regional security and the formation of new alliances. As the world retreats from the extensive interconnectedness that characterized the late 20th and early 21st centuries, nations are increasingly focusing on regional stability, self-sufficiency and the recalibration of military alliances. This shift is particularly evident in regions bordering active conflict zones and among major military powers seeking to assert their influence in a more fragmented world.

The most immediate and tangible military effects of deglobalization can be observed in countries bordering conflict zones such as Ukraine. The Russian invasion of Ukraine in 2022 not only destabilized Eastern Europe, but also triggered a significant reassessment of military positions across the continent. For countries such as Poland, Romania and the Baltic states, the threat of further Russian aggression has led to an urgent need to strengthen their defence capabilities. These countries have increased their military spending, modernized their armed

forces and sought closer security ties with NATO and the European Union. The presence of NATO forces in Eastern Europe has been significantly strengthened through new deployments and the establishment of permanent bases to prevent further Russian advances.

In addition to traditional military measures, these countries are also investing in asymmetric warfare capabilities, such as cyber defence and information warfare, to counter the multi-layered nature of modern conflicts. The war in Ukraine has shown how important cyber operations, both offensive and defensive, are in modern warfare. Neighbouring states have taken note and realized that the battlefield is no longer limited to physical territory, but also extends to the digital realm. This realization has led to a broader reassessment of what constitutes national security, with the protection of critical infrastructure and countering disinformation campaigns becoming increasingly important.

The impact of the conflict in Ukraine is increasingly being felt in other regions, particularly in the Indo-Pacific region, where the strategic calculus of major powers such as the United States of America, China and India is being redefined. Rising tensions between China and its neighbours such as Japan and Australia have accelerated the formation of new military alliances and the strengthening of existing ones. The AUKUS pact, which includes Australia, the United Kingdom and the United States, is a direct response to China's growing assertiveness in the South China Sea and the wider Indo-Pacific region. This alliance, which includes plans for Australia to acquire nuclear-powered submarines, represents a significant shift in the regional balance of power and underlines the importance of military partnerships in an era of deglobalization. Secretary of Defense Lloyd J. Austin III Statement on Two-Year Anniversary of AUKUS mentioned that: *"I am incredibly proud of the tireless work of this department and our U.K. and Australian counterparts, and I am confident in the bright future of our historic partnership. Working together over these past two years, we have accelerated efforts toward our common goals faster than anyone would have thought possible"*.

The United States of America has recognized the changing dynamics of global power and is also seeking to deepen its military relationship with India, a major player in the Indo-Pacific region. The US-India defence relationship has grown significantly in recent years, reflected in increased joint exercises, arms sales and intelligence sharing. This partnership is part of a broader strategy aimed at counterbalancing China's influence in the region and securing critical sea lanes essential to global trade. As deglobalization progresses, such regional

alliances are likely to become more important as localized security arrangements are needed in a world where global institutions are losing their effectiveness. The latest data from the Stockholm International Peace Research Institute (SIPRI) on global military spending shows that for the first time in 2021, the world spent more than 2 trillion US dollars on the military. It set a new record after seven consecutive years of increases (*figure 4*).

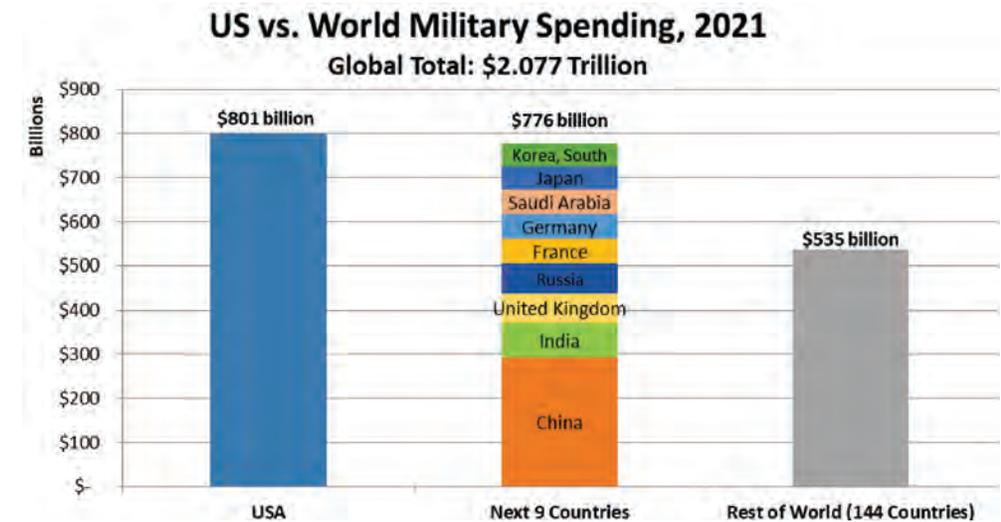


Figure 4: Situation of global military spending
(<https://www.nationalpriorities.org/blog/2022/06/22/us-still-spends-more-military-next-nine-countries-combined/>)

At the same time, deglobalization is leading to the emergence of new, less formalized alliances driven by common interests and mutual concerns rather than traditional treaty obligations. These coalitions often emerge in response to specific threats or regional instability and may include a mix of state and non-state actors. In the Middle East, for example, the shifting loyalties and complex interplay of regional powers have led to ad hoc military collaborations, such as the Saudi Arabia-led coalition in Yemen. These alliances tend to be fluid and opportunistic, reflecting the fragmented nature of the current global order.

The decline of globalization also has significant implications for the arms trade and military technology. As countries become more inward-looking and prioritize national security over global cooperation, there is a growing trend toward the indigenization of defence industries. Nations are increasingly seeking to reduce their dependence on foreign arms suppliers by developing their own military

technologies. This shift is particularly evident in countries like India and Turkey, which have embarked on ambitious programs to build domestic defence capabilities. The emphasis on self-sufficiency in defence production not only reduces vulnerability to external pressures but also strengthens national security by ensuring that critical military supplies are not subject to international sanctions or supply chain disruptions.

The strategic decoupling between the West and countries such as China and Russia represents one of the most significant shifts in the global military landscape in recent decades. This decoupling is not only a geopolitical or economic phenomenon, but also a decisive factor in the development of military technology and capabilities. As the West, particularly the United States of America and its allies, increasingly impose export controls, sanctions and other restrictions on the transfer of advanced technologies to China and Russia, these countries are forced to accelerate their efforts to develop indigenous alternatives. This process is leading to a bifurcation of global military technology standards with profound and potentially destabilizing implications.

The technological divide is evident in several key areas, including missile defence systems, cyber capabilities, artificial intelligence (AI) and advanced weapons platforms. For example, while the West continues to invest heavily in network-centric warfare systems that rely on seamless communication and data sharing between different platforms, China and Russia are developing their own systems that may not be compatible with Western technologies. This divergence is leading to the emergence of parallel military technology ecosystems, each with their own standards, protocols and operational doctrines.

In the area of missile defence, for example, the USA and its allies have focused on systems such as the Aegis Ballistic Missile Defense System and the Terminal High Altitude Area Defense (THAAD). Meanwhile, Russia has developed its S-400 and S-500 systems, which are being sold to various countries, including India and Turkey. China is also continuing to develop its own missile defence capabilities with systems such as the HQ-9. The presence of these disparate systems complicates efforts at military cooperation and interoperability, especially between nations that may be allied with both Western and non-Western powers.

The lack of interoperability between these disparate systems poses a major challenge to coalition warfare, where the ability of different nations' militaries to work together seamlessly is critical. In a conflict involving both Western and non-Western allies, the technological incompatibilities could lead to operational

inefficiencies, communication breakdowns and reduced combat power. For example, if a NATO member is operating alongside a non-NATO ally that has Russian or Chinese systems, the two forces may have difficulty coordinating their actions, sharing intelligence or integrating their missile defence capabilities, which could jeopardize the success of joint operations.

Furthermore, this bifurcation could lead to a fragmentation of global military alliances, as countries may be forced to choose between aligning with Western or non-Western military technologies. Nations that have traditionally taken a neutral stance or sought balanced relations with both blocs may find it increasingly difficult to do so, leading to a more polarized international system. This polarization could in turn exacerbate tensions and increase the likelihood of regional conflicts as countries align themselves with one or the other technological standard, which could lead to proxy wars or arms races in different parts of the world.

The technological divide is also driving innovation in asymmetric capabilities. As China and Russia seek to counterbalance the West's traditional military superiority, they are focusing on areas where they can gain an advantage, such as hypersonic weapons, anti-satellite systems (ASAT) and cyber warfare. Hypersonic weapons, which can travel at speeds in excess of Mach 5 and manoeuvre to avoid detection and interception, are of key importance to both China and Russia. These weapons could render existing missile defence systems obsolete and shift the balance of power in their favour.

In the space domain, both countries are developing ASAT capabilities to attack the satellites that form the backbone of Western military communications, navigation and surveillance systems. The ability to jam or destroy these satellites could cripple the West's ability to conduct military operations, especially those that rely on precision-guided munitions and real-time reconnaissance. Meanwhile, in cyberspace, China and Russia are investing heavily in offensive cyber capabilities to penetrate and disrupt Western networks, further complicating their adversaries' defence strategies.

The long-term strategic implications of this technological bifurcation are profound. As the West, China, and Russia continue to diverge in their military technologies and doctrines, the risk of miscalculations and misunderstandings in a conflict scenario increases. Each side's reliance on its own systems, coupled with a potential lack of transparency or mutual understanding of capabilities, could lead to escalation in a crisis situation. For instance, the deployment of new, untested technologies in a tense geopolitical environment could be misinterpreted

as an aggressive move, prompting a disproportionate response and potentially leading to a broader conflict.

We can expect that bifurcation of military technology standards could hamper global efforts to control the proliferation of advanced weapons. As China and Russia export their systems to countries outside the Western sphere, the spread of incompatible technologies could complicate arms control agreements and non-proliferation efforts. Multiple and competing technological standards could also make it more difficult to establish global rules and regulations governing the use of emerging technologies such as artificial intelligence and autonomous weapon systems.

CONCLUSIONS

The military implications of deglobalization are profound and multifaceted. As the world becomes more regionalized and less interconnected, nations are reassessing their security strategies, forming new alliances, and investing in self-sufficiency. The fragmentation of the global order is leading to a more unpredictable and potentially volatile international environment, where regional powers play a more prominent role, and traditional alliances are supplemented by more fluid and issue-based coalitions. In this new era, military power is increasingly defined by the ability to adapt to a rapidly changing geopolitical landscape, where the old certainties of globalization no longer apply. The bifurcation of military technology standards has far-reaching implications for coalition warfare, global security, and the future of international alliances. As the world moves further into this era of technological divergence, the risks of conflict and instability are likely to increase, making it more important than ever for nations to find ways to manage their differences and cooperate on critical security issues.

The risks associated with deglobalization have significantly increased since the invasion of Ukraine. Following the onset of the pandemic, there was significant discourse surrounding the enhancement of supply chains' resilience and reducing dependence on imports for critical public health supplies like vaccines, antibiotics, and essential components like semiconductors that underpin the digital economy. The abandonment of Asia's *zero-COVID* policy is leading to a rise in supply disruptions, offering a preview of the potential effects of transitory deglobalization. Undoubtedly, Russia is poised to experience prolonged isolation. However, the true impact on globalization will occur if trade between developed nations and China also declines, which regrettably remains a possibility in certain situations.

The geopolitical stability is unlikely to benefit from a significant reconfiguration of the global economy. Political economists have contended, following Montesquieu, that nations engaged in commerce are less prone to engage in warfare. A contemporary refinement of this notion is that even indirect trade facilitated by shared partners and networks contributes to this effect.

Crucially, these approximate estimations are contingent upon several assumptions, such as the extent to which nations may readily replace imported commodities with domestic alternatives or engage in trade with alternative partners. Furthermore, if trade deglobalization results in increased markups by local monopolistic suppliers and reduced *“creative destruction”* in the economy, the associated costs might be considerably elevated. Globalization can have dynamic impacts that are not included by present models, in addition to beneficial benefits on a country's institutional development. Moreover, similar to how there might be significant losers from globalization, despite the substantial gains of the winners, the consequences of deglobalization are expected to disproportionately impact certain industries, hence magnifying the overall impacts.

The process of globalization has begun to stabilize since its peak before the global financial crisis. However, although it is probable that the Russia-Ukraine war would cause a shift in the Russian economy away from the Western countries, we are cautious about forecasting wider tendencies of deglobalization arising from this conflict. Specifically, claims regarding the potential loss of the dollar's role as a reserve currency or the emergence of a significant *“Eurasian”* global trade axis appear to be overstated.

It is premature to discuss substantial deglobalization at this point. Instead, there has been a stabilization of the proportion of global commerce in relation to GDP and some indicators of financial globalization. This current situation does not closely resemble other eras of deglobalization, such as the interwar years. Russia is undoubtedly seeing a significant shift in its economic and financial connections. Nevertheless, the limited scale of its economy means that it will have minimal direct influence on wider globalization patterns. Furthermore, the formation of a prospective *“Eurasian”* trading bloc is unlikely to fragment global commerce.

In 2020, the combined bilateral commerce among China, Russia, and India was a mere US\$200 billion, which falls short of the total imports of nations such as Thailand or Turkey. Even if that were to increase double or thrice, it would still be a small fraction of global commerce. Furthermore, China's commerce is predominantly focused on the United States of America and its allies. The worldwide currency status

of the dollar is unlikely to face any significant challenges. Economies contemplating a transition from the dollar face a dearth of viable alternatives, since the dollar's supremacy is firmly established due to the extensive US financial markets and its predominant role in global trade invoicing. China's Yuan has limited worldwide currency usage and has seen no significant growth according to some indicators. The potential conversion of certain oil trade flows into alternate currencies does not constitute a significant threat to the stability of the dollar. The oil trade accounts for just 10% of the total value of commerce conducted in US dollars worldwide. Even if a small amount of Saudi Arabia's crude oil shipments to China were to be priced in a different currency, it would not significantly impact the overall demand for US dollars on a global scale.

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