

Navigating the Multi-Polar World: Predicting Global Economic Fractures and Border Realignments in the Next Decade

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Abstract

The post-1991 architecture of a unipolar, dollar-centred, and rules-based international order is undergoing a structural transition toward multipolarity. This paper synthesises quantitative and qualitative evidence from the International Monetary Fund (IMF), the Stockholm International Peace Research Institute (SIPRI), the Uppsala Conflict Data Program (UCDP), and contemporary international relations scholarship to examine three interlocking dimensions of this transition: the geoeconomic fragmentation of trade and investment, the gradual de-dollarisation of the international monetary system, and the resurgence of territorial contestation and border realignment. General-equilibrium simulations reviewed here suggest that a full bifurcation of the world economy into rival blocs could reduce long-run global output by between roughly 0.3 and 8.5 percent depending on the severity of the scenario modelled^[1-6], with low-income and emerging economies bearing a disproportionate share of the adjustment cost^[5]. Currency-composition data show the US dollar's share of allocated global foreign-exchange reserves falling from roughly 71 percent in 1999 to 56.9 percent by the third quarter of 2025, its lowest level since 1994^[16,20], even as the expansion of BRICS+ signals an institutional attempt to construct parallel financial infrastructure^[24,25]. Simultaneously, the Uppsala Conflict Data Program records the highest number of active state-based armed conflicts since data collection began in 1946, alongside record global military expenditure of US\$2.72 trillion in 2024^[27,32,33], much of it concentrated in contested borderlands stretching from Eastern Europe to the Arctic and the South China Sea. The paper integrates realist, liberal-institutionalist, and structural/world-systems perspectives to interpret these trends and proposes a ten-year forecast structured around three plausible scenarios: managed multipolarity, hardened bipolarity, and fragmented disorder. It concludes that policymakers face a narrowing window in which to construct minilateral and issue-specific institutions capable of preserving the residual benefits of economic interdependence while accommodating the redistribution of power that multipolarity implies.

Keywords

Multipolarity; geoeconomic fragmentation; de-dollarisation; BRICS+; border realignment; international political economy; global governance; semiconductor decoupling; territorial disputes; SIPRI; IMF; UCDP.

1. Introduction

For roughly three decades after the collapse of the Soviet Union, the dominant organising assumption of international political economy was that the world was converging, however unevenly, toward a single liberal economic order anchored by the United States, denominated in dollars, and policed by multilateral institutions such as the World Trade Organization (WTO) and the International Monetary Fund. That assumption no longer commands consensus. A succession of shocks — the 2008 global financial crisis, the United Kingdom's withdrawal from the European Union, the United States-China trade war beginning in 2018, the COVID-19 pandemic, and Russia's full-scale invasion of Ukraine in 2022 — has exposed the fragility of globalised supply chains and reserve dependency, and has accelerated a shift that scholars increasingly describe as *geoeconomic fragmentation*^[6]. This paper treats multipolarity not as a distant hypothetical but as an empirically observable process already underway across three domains: trade and investment, monetary and reserve architecture, and territorial and military contestation.

The stakes of this transition are substantial. IMF staff simulations reviewed in Section 5 estimate that a hardening of the world economy into rival US- and China-centred blocs could permanently reduce global output by amounts ranging from a few tenths of a percentage point in mild scenarios to as much as 7-8.5 percent of GDP under severe technological and trade decoupling^[1,3,5]. At the same time, the monetary foundation of the post-war order — dollar centrality in trade invoicing, reserve holding, and cross-border lending — is eroding gradually rather than collapsing outright, a pattern some analysts term *de-dollarisation by a thousand cuts*^[18]. Territorially, the Uppsala Conflict Data Program recorded 61 active state-based armed conflicts in 2024, the highest figure since records began in 1946, with interstate conflict at its highest level since 1987^[27,28], a trend that coincides with intensifying disputes over maritime boundaries in the Arctic, the South and East China Seas, and along the eastern flank of the North Atlantic Treaty Organization (NATO).

This paper asks three interrelated research questions. First, what does the empirical record show about the pace and severity of economic fragmentation along trade, investment, and technological lines? Second, how is monetary power being redistributed, and what evidence exists for a genuine erosion of dollar centrality as opposed to rhetorical de-dollarisation? Third, where are borders and territorial claims being actively renegotiated or contested, and what does this imply about the durability of the post-1945 norm of territorial integrity? In answering these questions, the paper draws on primary data from the IMF's Currency Composition of Official Foreign Exchange Reserves (COFER) survey, SIPRI's military expenditure database, UCDP's armed conflict dataset, and a range of peer-reviewed and institutional working papers, triangulated with the theoretical literature on polarity, hegemonic transition, and economic statecraft.

Three terms used throughout this paper warrant precise definition at the outset. *Multipolarity* is used here in the conventional structural-realist sense: a distribution of material capabilities (economic, military, and technological) among three or more great powers such that no single state can reliably dominate the system unilaterally^[34]. *Geoeconomic fragmentation* follows the IMF's usage: a policy-

driven reversal or reconfiguration of cross-border trade, investment, technology, and financial flows along geopolitical rather than purely economic lines^[3]. *Border realignment* is used broadly to encompass both formal territorial revision (annexation, secession) and the intensification of unresolved territorial and maritime claims short of formal revision, including contested continental-shelf submissions and militarised grey-zone activity around disputed islands and boundaries. The paper's temporal scope is bounded at one end by the 2008 global financial crisis, widely treated in the literature as the inflection point after which confidence in Western-led economic governance began to erode meaningfully, and extends through late 2025, the most recent period for which COFER, SIPRI, and UCDP data were available at the time of writing.

The remainder of the paper is organised as follows. Section 2 reviews the theoretical and empirical literature on polarity, fragmentation, currency power, and territorial conflict. Section 3 sets out the analytical framework used to interpret the evidence. Section 4 describes the methodology. Sections 5 through 8 present the substantive empirical analysis across economic, monetary, territorial, and case-study dimensions, incorporating original tables and figures constructed from primary institutional data. Section 9 discusses competing interpretive perspectives, Section 10 offers a scenario-based ten-year forecast, Section 11 draws out policy implications, Section 12 acknowledges the study's limitations, and Section 13 concludes.

2. Literature Review

2.1 From Unipolarity to Multipolarity: The Theoretical Debate

The question of how many great powers structure the international system, and with what consequences, has been central to international relations theory since the Cold War. Structural realists have long argued that bipolar systems are more stable than multipolar ones because fewer great powers reduce miscalculation, whereas multipolarity increases the number of possible conflict dyads and the risk of shifting, unreliable alliances^[34]. Writing at the height of unipolarity, Ikenberry argued that the durability of American hegemony rested less on raw power than on the institutional bargains through which the United States bound itself to a rules-based order, thereby making its dominance more palatable to secondary powers^[35]. This liberal-institutionalist reading implied that as long as those institutions retained legitimacy, unipolarity could persist even as relative power diffused.

That optimism came under sustained challenge in the 2000s. Zakaria's account of a *post-American world* emphasised not American decline in absolute terms but the *rise of the rest* — the rapid convergence of emerging economies' share of global output, led by China and India^[36]. Acharya extended this argument into the security and normative domain, contending that the end of the American-led order would not produce a single successor hegemon but rather a *multiplex world* of overlapping regional orders, institutions, and civilisational narratives^[37]. Allison's widely cited application of the Thucydides Trap framework to the United States-China relationship argued that historically, twelve of sixteen cases in the past five hundred years in which a rising power challenged a ruling power ended in war, underscoring the structural risk embedded in hegemonic transition even where neither side desires conflict^[38]. Friedberg's earlier analysis of the Asian balance of power likewise

anticipated that economic interdependence between the United States and China would not by itself prevent strategic rivalry, given the two states' divergent political systems and regional ambitions^[39].

Kissinger's historical-diplomatic account of *world order* offered a somewhat different diagnosis: that no single civilisation's conception of legitimate order — Westphalian sovereignty, Islamic universalism, the Chinese tributary model, or American exceptionalism — has ever achieved genuine global consensus, and that the contemporary erosion of Western-designed institutions represents a return to a more historically normal condition of contested, plural order rather than an aberration^[40]. This paper adopts a position closer to Acharya and Kissinger: multipolarity is best understood not as a simple redistribution of a fixed quantity of power among states, but as the layered coexistence of overlapping regional and functional orders with different rules, currencies, and security guarantees.

2.2 Geoeconomic Fragmentation in the Empirical Literature

A rapidly growing empirical literature, concentrated heavily at the IMF, has sought to quantify the costs of economic fragmentation. Aiyar and colleagues, writing for the IMF's Strategy, Policy, and Review department, modelled a scenario in which countries are sorted into blocs according to their voting behaviour on the United Nations General Assembly resolution condemning Russia's invasion of Ukraine, finding baseline output losses of approximately 1.2 percent of world GDP, rising substantially under more severe technological-decoupling assumptions^[3]. Attinasi and colleagues, focusing specifically on European Union exposure, found that a split into US- and China-centred blocs with a substantial non-aligned bloc remaining open to both sides would reduce long-term global output by approximately 2 percent, with losses concentrated in the China-centred bloc owing to the withdrawal of foreign direct investment^[1]. Using a gravity-model approach, a separate IMF study found that increased *geopolitical distance*, proxied by divergence in United Nations voting patterns between the United States and China, was associated with a 15 percent reduction in cross-border portfolio flows and bank claims between distant country pairs^[2].

Bolhuis, Chen, and Kett distinguished between a milder *strategic decoupling* scenario — in which only Russia, China, the United States, and the European Union restrict trade with one another while continuing to trade with the rest of the world — and a more severe scenario of full bloc bifurcation. The former was estimated to produce permanent global GDP losses of around 0.3 percent, comparable to the annual output of Norway, while the latter was estimated to impose losses exceeding 4 percent on low-income countries specifically, deepening debt-crisis and food-security risks^[5]. Cerdeiro and colleagues, modelling three compounding layers of fragmentation — trade restriction, sectoral misallocation, and reduced cross-border knowledge diffusion — produced the most severe estimate reviewed here, with welfare costs of up to 8.5 percent of GDP when all three channels operate simultaneously^[6]. Complementary work using detailed sectoral data found that fragmentation costs fall disproportionately on trade-dependent emerging markets: real per-capita income losses for the median emerging Asian economy were estimated at roughly 80 percent higher than for the median advanced economy, and for the median African economy roughly 120 percent higher^[4]. Gopinath, in a 2024 address, reported early empirical confirmation of these models in trade-flow data: quarterly trade

growth between countries assessed as leaning toward the United States and those leaning toward China fell by nearly five percentage points relative to its 2017-2022 trend, while intra-bloc trade growth declined by only two percentage points over the same period^[8].

2.3 Currency Power and the Politics of Reserve Diversification

A second literature examines the international monetary system as a distinct arena of multipolar contestation. IMF economists Arslanalp, Eichengreen, and Simpson-Bell have tracked a long-run decline in the dollar's share of allocated global reserves from approximately 71 percent in 1999, at the launch of the euro, to below 59 percent by the early 2020s, a decline of twelve percentage points that has not been matched by a corresponding rise in the shares of the other traditional reserve currencies — the euro, yen, and pound^[16,20]. Instead, the residual has flowed disproportionately into a long tail of *non-traditional* reserve currencies, including the Australian and Canadian dollars, the Swiss franc, and the South Korean won, which collectively reached approximately 5.6 percent of global reserves by late 2025^[21]. IMF COFER data show the dollar's share falling further to 56.9 percent in the third quarter of 2025, its lowest level since 1994^[20], even as nominal dollar-denominated holdings by foreign central banks continued to rise in absolute terms, indicating that the shift is a matter of relative diversification rather than outright abandonment of the dollar^[20].

The political-economy literature interprets this trend through the lens of *weaponised interdependence*: Farrell and Newman argue that states occupying central nodes in global financial and informational networks, particularly the United States through the dollar-clearing system and the SWIFT messaging network, can convert network centrality into coercive leverage over adversaries, and that this weaponisation in turn incentivises targeted and potentially targeted-adjacent states to build parallel, sanctions-resistant infrastructure^[41]. The expansion of BRICS — from five members to eleven full or associate members following the accession of Egypt, Ethiopia, Iran, Indonesia, and the United Arab Emirates between 2024 and early 2025 — has been read by several analysts as precisely this kind of hedging behaviour, motivated less by ideological anti-Americanism than by a shared interest among oil exporters, sanctioned states, and large emerging economies in reducing exposure to dollar-based financial coercion^[23,24]. Subramanian's earlier analysis of relative American economic decline had anticipated that a multipolar currency order was a plausible long-run outcome of China's rising trade and financial weight, even absent full convertibility of the renminbi^[42].

2.4 Territoriality, Borders, and Conflict Recurrence

The final strand of literature concerns the apparent resurgence of interstate territorial contestation after a long post-Cold War lull. UCDP's 2025 report on organised violence documents that the number of state-based armed conflicts rose from 59 in 2023 to 61 in 2024, the highest figure since data collection began in 1946, and that interstate conflict — as opposed to purely internal civil conflict — reached its highest level since 1987^[27,28]. The authors note that conflicts in which external states actively support armed groups on foreign soil, so-called internationalised intrastate conflicts, have become markedly more common over the past decade, a pattern consistent with proxy-style great-power competition rather than a simple return of classical interstate war^[28]. Parallel to this, SIPRI's 2025 report on military

expenditure trends recorded global defence spending of US\$2.718 trillion in 2024, a 9.4 percent real increase over 2023 and the sharpest single-year rise since 1988, with the increase driven disproportionately by Europe (up 17 percent, to US\$693 billion including Russia) and the Middle East (up 15 percent, to US\$243 billion)^[32,33].

Territorial flashpoints reviewed in the specialist literature include the Arctic, where the melting of sea ice has reopened long-dormant questions about the delimitation of the extended continental shelf; Russia, Canada, and Denmark have all submitted overlapping claims over the Lomonosov Ridge to the UN Commission on the Limits of the Continental Shelf, while China has since 2018 described itself as a *near-Arctic state* and has promoted a so-called Polar Silk Road along Russia's Northeast Passage^[29,30,31]. Analysts at the U.S. Coast Guard have explicitly compared the trajectory of Arctic territorial assertion to the pattern of island-building and expansive maritime claims previously observed in the South China Sea^[29], suggesting a diffusion of contestation repertoires across regions rather than isolated, regionally specific disputes.

2.5 Regional Architecture and the Politics of Industrial Policy

A final and increasingly influential strand of literature examines the proliferation of overlapping regional economic architectures as both a symptom and a driver of fragmentation. Rodrik's earlier diagnosis of a *globalization paradox* argued that deep economic integration, national sovereignty, and democratic politics could not simultaneously be maximised, and that when domestic political pressures intensify, states will typically sacrifice the depth of global integration rather than sovereignty or democratic accountability^[48]. This diagnosis anticipated, well before the events discussed in Section 5, the political logic underlying the CHIPS Act, the European Union's own Chips Act and Critical Raw Materials Act, and comparable industrial-policy responses across middle powers seeking to re-internalise supply-chain risk rather than continue relying on deep, geographically dispersed global value chains.

The proliferation of such measures has itself become a subject of empirical scrutiny. Screening of inbound foreign direct investment on national-security grounds has expanded sharply across advanced economies: the European Commission's 2023 annual report on the screening of foreign direct investment found that 55 percent of formally notified investment applications that year were subject to substantive review, with roughly 9 percent approved only subject to conditions or mitigating measures^[1]. Trade-pattern data compiled by the same study show that EU direct exports are increasingly concentrated among politically aligned partners: more than half of EU direct exports go to fellow member states, and a further quarter (equivalent to roughly 3 percent of EU GDP) goes to non-EU states that supported the 2022 UN resolution condemning Russia's invasion of Ukraine, while direct exports to states that opposed, abstained on, or were absent from that vote remain comparatively modest as a share of GDP^[1]. This pattern of export concentration along geopolitical rather than purely economic lines is treated in this paper as independent corroborating evidence for the bloc-formation dynamic modelled in the fragmentation literature reviewed above, since it reflects revealed trade behaviour rather than a modelling assumption.

3. Theoretical Framework

This paper does not adjudicate between realist, liberal, and structural traditions but instead treats them as complementary lenses appropriate to different empirical domains. Structural realism, with its emphasis on the distribution of material capabilities, is best suited to explaining the military and territorial dimensions analysed in Sections 7 and 8: the recurrence of border disputes in the Arctic, the South China Sea, and Eastern Europe is read here as a predictable consequence of a more even distribution of capabilities among great powers, which raises the perceived costs of enforcing any single power's preferred territorial status quo^[34]. Liberal institutionalism, and specifically Ikenberry's account of institutional binding, helps explain the *stickiness* of existing economic architecture — the fact that dollar dominance and WTO-centred trade rules persist despite two decades of relative American economic decline is treated here as evidence of the durability of institutional lock-in rather than of continued unipolarity^[35].

The weaponised-interdependence framework of Farrell and Newman is used as the primary lens for Section 6's analysis of monetary multipolarity: it predicts that centrality in a network generates coercive leverage, that the exercise of that leverage (through sanctions, SWIFT exclusion, or extraterritorial financial regulation) is rational for the central power in the short run, but that repeated exercise erodes the network's attractiveness to peripheral actors over time, incentivising exit or parallel infrastructure-building^[41]. Finally, Acharya's *multiplex world* concept is used as an organising metaphor for the paper's overall interpretation of contemporary multipolarity: rather than a single new pole of power replacing American primacy, the evidence assembled in this paper is most consistent with the emergence of several overlapping, regionally anchored orders — a dollar-and-alliance order centred on the United States, a manufacturing-and-infrastructure order centred on China, and a series of contested or non-aligned spaces (India, the Gulf states, much of Southeast Asia and Africa) that engage selectively with both^[37].

4. Methodology

This paper adopts a mixed-methods design combining secondary quantitative analysis of institutional datasets with qualitative synthesis of the theoretical and policy literature. Three primary datasets anchor the empirical sections. First, the IMF's Currency Composition of Official Foreign Exchange Reserves (COFER) survey, covering quarterly reserve-currency allocations reported voluntarily by 149 monetary authorities, is used to construct the time series presented in Section 6^[16,17,19,20]. Second, SIPRI's Military Expenditure Database and its annual *Trends in World Military Expenditure* report are used to establish the scale and regional distribution of defence spending in Section 7^[32,33]. Third, the Uppsala Conflict Data Program's armed conflict dataset, which defines an armed conflict as a contested incompatibility over government or territory involving at least one state and causing a minimum of 25 battle-related deaths in a calendar year, is used to establish conflict-frequency trends^[26,27,28].

For the economic-fragmentation estimates synthesised in Section 5, the paper does not run original general-equilibrium simulations but instead compares and contextualises the headline estimates published by the IMF and affiliated researchers between 2021 and 2024, all of which rely on computable

general equilibrium or gravity-model methodologies applied to differing bloc-formation assumptions^[1-6]. Because these studies differ in scope, time horizon, and the severity of the fragmentation scenario modelled, their results are presented comparatively in Table 1 and Figure 1 rather than pooled into a single point estimate. This approach follows the IMF's own practice of presenting a range of scenario-dependent estimates rather than a single consensus figure^[6]. The qualitative case studies in Section 8 were selected purposively to represent the three regions in which economic fragmentation, monetary de-dollarisation, and territorial contestation most visibly intersect: North-East Asia and the Taiwan Strait, Eastern Europe, and the Arctic. Limitations of this design, including the absence of primary interview or survey data and the reliance on secondary institutional sources, are discussed in Section 12.

5. Economic Fracture Lines: Trade, Investment, and Technology

5.1 Trade-Bloc Formation and Modelled GDP Losses

The clearest quantitative signal of geoeconomic fragmentation comes from a cluster of IMF-affiliated computable general equilibrium studies published between 2021 and 2024. Although methodologies and assumptions differ, every study surveyed here finds a positive and economically meaningful cost to fragmentation, and the range of estimates — summarised in Table 1 and visualised in Figure 1 — spans nearly an order of magnitude, from 0.3 percent to 8.5 percent of long-run global GDP, depending principally on (a) how many countries are assumed to remain genuinely non-aligned and able to trade with both blocs, and (b) whether the scenario models only tariff-equivalent trade barriers or also incorporates technological decoupling and reduced cross-border knowledge diffusion^[1,3,5,6].

Table 1. Selected Estimates of Long-Run Global GDP Loss Under Geoeconomic Fragmentation Scenarios

Study	Fragmentation scenario modelled	Estimated long-run global GDP loss
Attinasi et al., IMF (2023)	World splits into US- and China-centred blocs; large non-aligned bloc continues trading with both	≈2.0%
Aiyar et al., IMF SDN (2023)	Bloc assignment by UN vote on the 2022 Ukraine resolution; trade and high-tech/energy barriers	≈1.2% (baseline)
Bolhuis, Chen & Kett, IMF (2023)	"Strategic decoupling": only US, EU, China, Russia restrict trade with each other	≈0.3% (global); >4% for low-income countries
Cerdeiro et al. (2021)	Three-layer fragmentation: trade + sectoral misallocation + reduced knowledge diffusion	up to 8.5%
IMF gravity-model estimate (2023-24)	Severe trade fragmentation with limited economic adjustment capacity	up to 7.0%

Study	Fragmentation scenario modelled	Estimated long-run global GDP loss
Goes & Bekkers (2022)	Global economy split into Eastern/Western blocs by UN voting; full technological decoupling	0.4%-12% (country range)

Figure 1. Modelled Long-Run Global GDP Losses Under Alternative Geoeconomic Fragmentation Scenarios

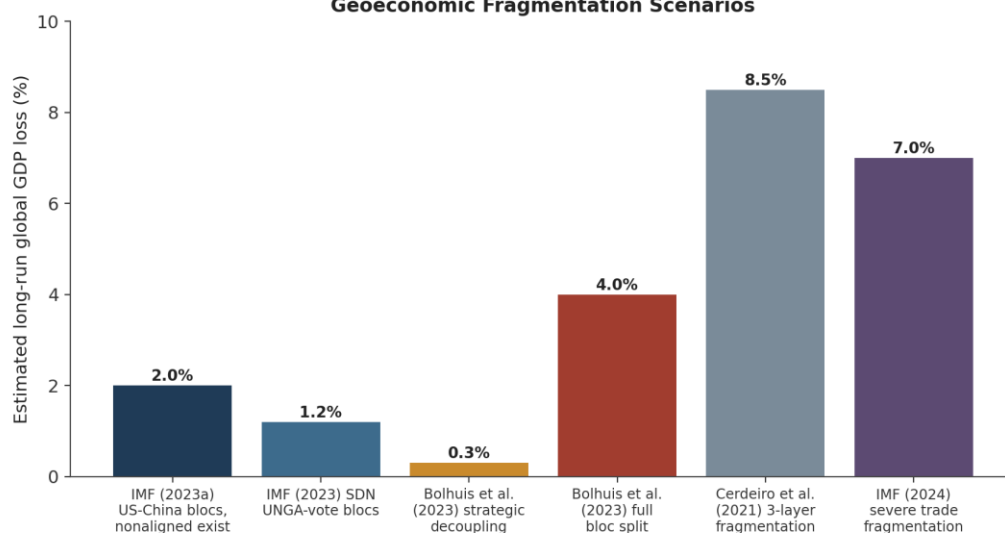


Figure 1. Modelled long-run global GDP losses across six IMF-affiliated studies, illustrating the sensitivity of fragmentation costs to scenario severity. Source: author's compilation from references [1], [3], [5], [6].

Two patterns recur across this literature and merit emphasis. The first is that losses are consistently asymmetric: the bloc losing access to the largest pool of foreign direct investment and technology transfer — typically modelled as the China-centred bloc — suffers disproportionately larger output losses than the bloc retaining closer ties to advanced-economy capital and technology^[1]. The second is that non-aligned, or *connector*, economies that succeed in maintaining trade and investment relationships with both blocs are consistently modelled as either insulated from, or modest net beneficiaries of, fragmentation, as trade and investment are redirected toward them^[8,9]. This creates a structural incentive for large emerging economies such as India, Indonesia, Brazil, Vietnam, and the Gulf states to resist explicit bloc alignment for as long as possible, a strategy sometimes termed *multi-alignment* or *hedging* in the diplomatic literature.

Early trade-flow data lend some empirical support to these simulations. Gopinath reported that average quarterly trade growth between countries assessed as leaning toward the United States and those leaning toward China was almost five percentage points lower between the second quarter of 2022 and the third quarter of 2023 than the equivalent growth rate between 2017 and early 2022, while trade growth within blocs fell by only two percentage points over the same period — a gap consistent with the early stages

of a bifurcation dynamic rather than a uniform global slowdown^[8]. The same address reported that cross-bloc foreign direct investment and portfolio flows declined by roughly 20 percent and 12 percent respectively more than intra-bloc flows in the period following Russia's invasion of Ukraine^[8].

5.2 Technological Decoupling and the Semiconductor Corridor

Nowhere is deliberate, policy-driven fragmentation more visible than in semiconductors. The United States' CHIPS and Science Act of August 2022 authorised US\$52.7 billion in direct federal subsidies, of which US\$39 billion was earmarked for domestic manufacturing incentives and US\$13.2 billion for research, explicitly conditioned on recipients refraining from expanding advanced semiconductor manufacturing in "countries of concern," including China^[43,45]. This industrial-policy component was paired with successive rounds of export controls, beginning in October 2022 and tightened again in October 2023 and December 2024, restricting the sale to China of advanced logic chips, high-bandwidth memory, and the extreme ultraviolet lithography equipment required to manufacture them^[44,46]. The stated rationale, articulated by then National Security Advisor Jake Sullivan, marked an explicit shift from a decades-long policy of maintaining a merely *relative* US technological lead over rivals to a policy of maintaining *as large a lead as possible*, language that several analysts have interpreted as an acknowledgment that permanent, managed technological bifurcation — rather than eventual re-convergence — is now the explicit US policy objective^[44,46].

This reorientation has been paired with parallel *friend-shoring* initiatives, including a March 2023 agreement between the United States and Canada to strengthen a North American semiconductor packaging corridor and comparable arrangements with Japan and the Netherlands, the world's dominant suppliers of advanced lithography equipment, to align their own export-control regimes with those of Washington^[47]. China's policy response has centred on a *military-civil fusion* strategy that compels domestic semiconductor firms, universities, and research institutions to integrate their technical capabilities with the People's Liberation Army's defence-industrial base, alongside heavy state investment in indigenous lithography and fabrication capacity intended to substitute for restricted foreign inputs^[44]. Analysts broadly agree that these export controls will, at best, delay rather than permanently prevent Chinese acquisition of advanced-node semiconductor capability, while imposing substantial near-term costs on both the restricted Chinese firms and on US and allied semiconductor-equipment manufacturers that lose access to what was previously their largest single national market^[45].

6. Monetary Multipolarity and De-Dollarisation

The international monetary system offers the longest continuous quantitative record of any dimension of multipolarity examined in this paper, owing to the IMF's COFER survey, which has tracked the currency composition of official reserves since 1999. As Figure 2 illustrates, the dollar's share of allocated global reserves has declined from approximately 71 percent at the euro's launch to 59.0 percent by the fourth quarter of 2020^[18], to 59.2 percent in the third quarter of 2023^[22], to 58.24 percent in the second quarter of 2024, 57.39 percent in the third quarter, and 57.80 percent in the fourth quarter of that year^[17,19], before falling further still to 56.9 percent by the third quarter of 2025, the lowest level recorded since 1994^[20].

Table 2. US Dollar Share of Allocated Global Foreign Exchange Reserves, Selected Periods (IMF COFER)

Period	US dollar share of allocated reserves	Notable context
1999 (euro launch)	≈71.0%	Pre-euro baseline
2020 Q4	59.0%	25-year low at the time
2023 Q3	59.2%	Yen share rising to 5.5%
2024 Q2	58.24%	
2024 Q3	57.39%	Euro share rises to 20.02%
2024 Q4	57.80%	Rise driven by FX valuation, not new buying
2025 Q3	56.9%	Lowest share since 1994

Figure 2. Decline in the US Dollar Share of Global Official Foreign Exchange Reserves, 1999-2025 (IMF COFER)

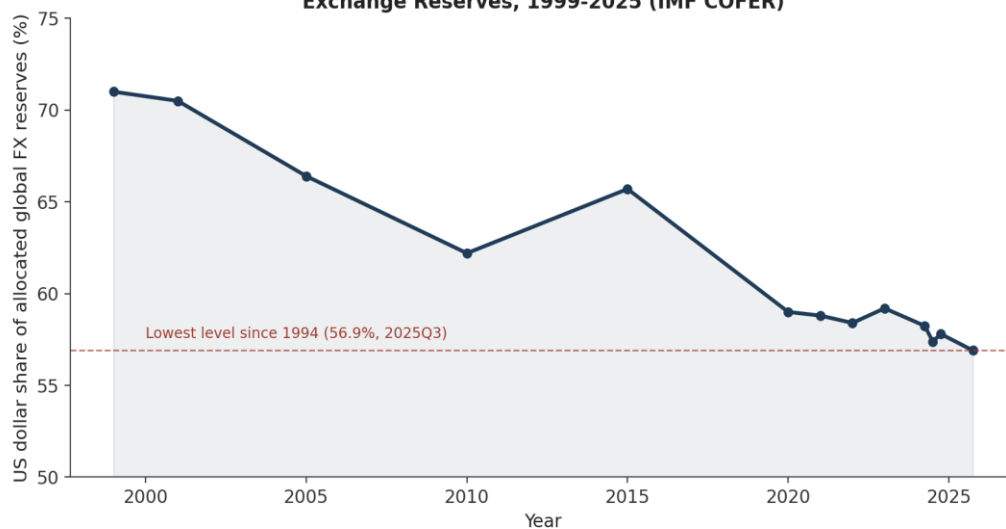


Figure 2. Decline in the US dollar share of global official foreign exchange reserves, 1999-2025. Source: author's construction from IMF COFER data [16-20, 22].

Three features of this decline deserve emphasis because they complicate a simple *decline-of-the-dollar* narrative. First, the shift is driven substantially by exchange-rate valuation effects rather than by active central-bank selling: nominal dollar-denominated holdings by foreign central banks, including US Treasury securities, agency debt, and mortgage-backed securities, actually rose slightly to approximately US\$7.41 trillion by the end of September 2025, even as the dollar's *share* of total reserves

fell, because reserves held in other currencies and in gold appreciated in dollar terms over the same period^[20]. Second, the primary beneficiaries of dollar diversification have not been the traditional rival reserve currencies. The euro's share has fluctuated around 19-20 percent for two decades without establishing a clear upward trend, the renminbi's share remains marginal at approximately 2.2 percent of allocated reserves despite China's status as the world's largest trading nation, and it is instead a long tail of non-traditional currencies — the Australian and Canadian dollars, the Swiss franc, the South Korean won, and gold — that has absorbed most of the shift away from the dollar^[9,16,21]. Third, the pace of decline is genuinely gradual: over roughly a quarter-century the dollar's share has fallen by approximately fourteen percentage points, an average of well under one percentage point per year, suggesting an evolutionary reallocation rather than a discrete regime shift.

Institutionally, the most consequential development is the expansion of BRICS into what several analysts now term BRICS+. Beginning with five members — Brazil, Russia, India, China, and South Africa — the bloc admitted Egypt, Ethiopia, Iran, and the United Arab Emirates as full members from January 2024, with Indonesia acceding on 7 January 2025 (Argentina, having initially accepted an invitation, withdrew following the election of President Javier Milei, and Saudi Arabia has not formally confirmed full membership)^[23,24,25]. The resulting eleven-member grouping accounts for approximately 37 percent of global GDP at purchasing-power parity and 45 percent of the world's population^[25], and includes six of the world's nine largest oil-producing states, materially increasing the bloc's potential leverage over the currency denomination of energy trade^[24]. Concretely, India's rupee-based trade settlement mechanism has been extended to more than thirty partner countries, China and Brazil have agreed to settle bilateral trade in yuan and reais respectively, Russia and Iran have expanded currency-swap and barter arrangements following Russia's exclusion from major dollar-clearing systems, and the United Arab Emirates settled at least one crude-oil transaction with India in dirhams^[23]. Emerging-market non-dollar bond issuance reached approximately US\$190 billion in early 2025, and China's Cross-Border Interbank Payment System (CIPS), a potential alternative to SWIFT messaging, has continued to expand its participant network^[23].

Table 5. BRICS+ Membership Timeline and Selected De-Dollarisation Initiatives

Date	Development
2001-2010	BRIC coined by Goldman Sachs economist Jim O'Neill (2001); South Africa admitted, forming BRICS (2010)
Aug 2023	Six states (Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, UAE) invited to join from Jan 2024
Jan 2024	Egypt, Ethiopia, Iran, and UAE formally join; Argentina withdraws after Milei's election; Saudi Arabia yet to confirm
2024	China-Brazil agreement to settle bilateral trade in yuan and reais; India's rupee mechanism extended to 30+ countries

Date	Development
Jan 2025	Indonesia formally accedes, becoming the 11th BRICS+ member
Early 2025	Emerging markets issue ≈US\$190bn in non-dollar bonds; CIPS payment network continues expansion
Jul 2025	BRICS Summit in Brasília addresses financial cooperation, AI governance, and multilateral security architecture

Nonetheless, the balance of the reviewed evidence counsels caution against overstating the speed of this transition. BRICS' own Economic Partnership Strategy for 2021-2025 targets only 30-35 percent of intra-bloc transactions being settled in national currencies, a threshold that, even if met, would leave the majority of even intra-bloc trade denominated in dollars^[24], and repeated proposals for a common BRICS reserve currency, championed publicly by Brazilian President Luiz Inácio Lula da Silva and Russian economist Sergey Glazyev, have not progressed beyond the conceptual stage^[23,25]. The most plausible near-term trajectory, consistent with the weaponised-interdependence framework outlined in Section 3, is neither continued unchallenged dollar hegemony nor rapid displacement, but a slow, multi-decade diffusion of reserve holdings and trade settlement into a wider, more genuinely plural set of currencies and payment rails — a trajectory that nonetheless carries first-order implications for US financing costs, sanctions efficacy, and the geopolitical bargaining power historically conferred by dollar centrality^[9,41].

7. Border Realignments and Territorial Flashpoints

7.1 The Conflict Data

If the monetary data show a gradual erosion of a single order, the conflict data show a more abrupt deterioration. UCDP recorded 56 active state-based armed conflicts in 2020, a figure that held roughly steady at 56 in 2022 before rising to 59 in 2023 and 61 in 2024 — a historic high since the dataset's inception in 1946^[26,27,28]. Of the 61 conflicts recorded in 2024, eleven reached the higher threshold of *war*, defined as causing at least 1,000 battle-related deaths within a calendar year, the highest number of wars recorded since 2016^[27]. Since 2010, UCDP researchers note, the number of state-based conflicts has almost doubled and total conflict-related deaths have increased roughly fivefold, notwithstanding temporary annual declines, while interstate conflict specifically reached its highest level since 1987 in 2024^[27,28]. This is compounded by a marked rise in *internationalised* intrastate conflicts, in which external states provide arms, financing, or direct military support to armed groups fighting within another state's borders — a pattern the lead UCDP researcher explicitly characterised as contributing to elevated and more complex conflict dynamics^[28].

Table 3. State-Based Armed Conflicts Worldwide, Selected Years (UCDP)

Year	Active state-based conflicts	Conflicts reaching "war" threshold ($\geq 1,000$ deaths/yr)
2020	56	n/a in source excerpt
2022	56	n/a in source excerpt
2023	59	n/a in source excerpt
2024	61 (historic high since 1946)	11 (highest since 2016)

Figure 4. State-Based Armed Conflicts Worldwide, 2020-2024 (Uppsala Conflict Data Program)

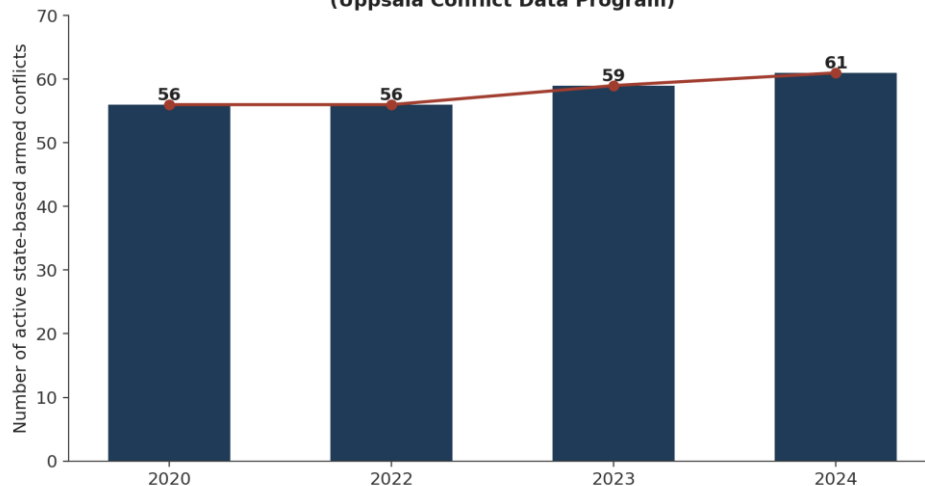


Figure 3. State-based armed conflicts worldwide, 2020-2024. Source: Uppsala Conflict Data Program [26,27].

This conflict resurgence has been accompanied by the sharpest sustained rise in global military expenditure since the end of the Cold War. SIPRI recorded total global military spending of US\$2.718 trillion in 2024, a real increase of 9.4 percent over 2023 and the steepest single-year rise since 1988, equivalent to 2.5 percent of global GDP and a per-capita burden of US\$334, the highest since 1990^[32,33]. Over one hundred states increased their defence budgets in 2024, and the top fifteen spenders accounted for 80 percent of the global total^[32]. As Table 4 and Figure 4 show, the United States, China, and Russia retained the top three positions, while Germany's 28 percent real increase pushed it into fourth place and India fell to fifth^[32,33]. Israel and Russia recorded the largest proportional increases among major spenders, at 65 percent and 38 percent respectively, both directly attributable to active conflict — the war in Gaza and Lebanon in Israel's case, and the war in Ukraine in Russia's^[32]. Notably, Ukraine's own military spending, at US\$64.7 billion, represented 34 percent of its GDP in 2024, the highest defence burden of any state in the world^[33].

Table 4. Top Ten Military Spenders, 2024 (SIPRI)

Rank	Country	2024 spending (US\$ billion)	Share of GDP
1	United States	997	3.4%
2	China	314	1.7%
3	Russia	149	7.1%
4	Germany	88.5	1.9%
5	India	86.1	2.3%
6	United Kingdom	81.8	2.3%
7	Saudi Arabia	80.3	7.3%
8	Ukraine	64.7	34.0%
9	France	64.7	2.1%
10	Japan	55.3	n/a in source excerpt

Figure 3. Top Ten Military Spenders, 2024

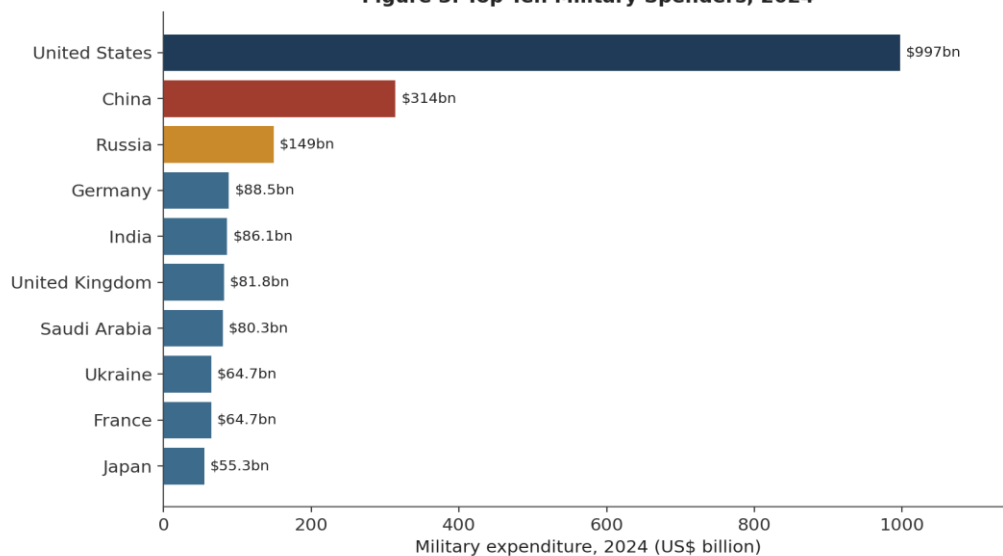


Figure 4. Top ten military spenders, 2024, in current US dollars. Source: SIPRI Trends in World Military Expenditure, 2024 [32,33].

7.2 Regional Flashpoint Analysis

Beyond the aggregate data, three regional theatres illustrate qualitatively distinct modes of border realignment. In the Arctic, retreating sea ice has converted a largely dormant legal question — the outer limit of the extended continental shelf under the UN Convention on the Law of the Sea (UNCLOS) — into an active strategic contest. Russia, Canada, and Denmark (via Greenland) have all submitted overlapping claims over the Lomonosov Ridge to the UN Commission on the Limits of the Continental Shelf^[30,31], a region estimated by the US Geological Survey to hold as much as 13 percent of the world's undiscovered oil and 30 percent of its untapped natural gas reserves, together with significant rare-earth and fishery resources^[31]. Russia has expanded its Arctic military infrastructure and nuclear-powered icebreaker fleet, NATO has increased the frequency and scale of Arctic exercises, and China, while not an Arctic littoral state, has since 2018 designated itself a *near-Arctic state* and promoted a Northeast Passage-based *Polar Silk Road* that could shorten shipping distances between East Asia and Europe by nearly 8,000 kilometres relative to the Suez Canal route^[30,31]. A senior US Coast Guard official has explicitly warned that Arctic dynamics increasingly resemble those previously observed in the South and East China Seas, suggesting a diffusion of assertive-claim tactics across theatres^[29].

In maritime Asia, longstanding disputes over the South China Sea's Spratly and Paracel Islands, and the East China Sea's Senkaku/Diaoyu Islands, remain unresolved despite a 2016 international arbitral ruling that rejected the legal basis of China's expansive *nine-dash line* claim, a ruling China has declined to recognise^[58]. These disputes intersect directly with the technological and monetary dimensions analysed in Sections 5 and 6, since roughly a third of global maritime trade transits the South China Sea and any escalation would compound existing supply-chain fragmentation pressures. In Eastern Europe, Russia's 2014 annexation of Crimea and the full-scale 2022 invasion of Ukraine represent the most consequential unilateral border revision in Europe since 1945, directly triggering the surge in European defence spending documented in Table 4 and reinforcing the bloc-formation dynamics — measured by UN voting alignment — used as the organising variable in several of the fragmentation studies reviewed in Section 5^[1,3].

8. Comparative Case Studies

8.1 United States-China Strategic Rivalry

The United States-China relationship remains the structural centre of gravity for all three dimensions examined in this paper. Economically, the semiconductor export-control regime discussed in Section 5.2 represents the most deliberate and consequential act of state-driven technological fragmentation currently underway^[43-46]. Monetarily, China's promotion of renminbi trade settlement and the CIPS payment network represents a direct, if currently marginal, challenge to dollar centrality, even as the renminbi's own reserve share remains below 2.2 percent of global allocated reserves, reflecting continued capital-account restrictions and limited international confidence in Chinese financial-market transparency^[9,16]. Territorially, the unresolved status of Taiwan remains the single flashpoint most frequently identified in the literature as capable of triggering a direct great-power military confrontation, a risk Allison's Thucydides Trap framework treats as structurally analogous to historical instances of

hegemonic transition war, even though the same framework notes that war was avoided in four of the sixteen historical cases examined, indicating that structural rivalry does not make conflict inevitable^[38].

8.2 Russia, Ukraine, and the European Security Order

Russia's invasion of Ukraine functions in this paper's analysis as both a direct case of border realignment and as the empirical anchor for several of the bloc-formation methodologies used in the fragmentation literature, which frequently use UN General Assembly voting on Ukraine-related resolutions as a proxy for geopolitical alignment^[1,3]. The war has simultaneously accelerated European de-dependence on Russian energy, driven the seventeen percent real increase in European defence spending documented in Section 7.1^[33], and provided the clearest real-world test of weaponised financial interdependence to date, through the freezing of Russian central-bank reserves and exclusion of major Russian banks from SWIFT — actions that appear, per the COFER data reviewed in Section 6, to have reinforced rather than reversed the gradual diversification of reserves away from dollar- and euro-denominated assets by states wary of similar exposure^[9,41].

8.3 BRICS+ and the Global South

The BRICS+ expansion detailed in Section 6 illustrates a distinct pattern: rather than confrontation, the grouping's core states have pursued incremental institution-building — the New Development Bank, expanded local-currency settlement, and the BRICS Pay initiative — designed to reduce vulnerability to dollar-based financial coercion without directly challenging the United States militarily^[23,25]. This strategy is consistent with the hedging behaviour predicted by the connector-economy dynamic discussed in Section 5.1: several BRICS+ members, notably India and the United Arab Emirates, simultaneously maintain close security and economic ties with the United States while deepening BRICS+ economic cooperation, an approach only sustainable so long as outright bloc bifurcation does not force a binary choice^[8,24].

8.4 The Arctic and Maritime Asia

The Arctic case, detailed in Section 7.2, illustrates how climate change is operating as an independent accelerant of territorial contestation, converting previously inaccessible seabed and shipping-lane resources into contestable assets even among states, such as the US, Canada, Denmark, and Norway, that are otherwise closely allied^[30,31]. Maritime Asia illustrates a longer-running and more institutionally entrenched dispute, in which legal adjudication (the 2016 arbitral ruling) has proven insufficient to resolve underlying territorial claims absent a change in the relative power balance or a negotiated political settlement, underscoring the realist observation that international law's effect on great-power territorial behaviour is heavily conditioned by underlying capability distributions^[34,58].

8.5 Africa and Latin America as Contested Connector Regions

Africa and Latin America receive comparatively less attention in the fragmentation literature than North-East Asia or Eastern Europe, yet both regions illustrate the connector-economy dynamic discussed in Section 5.1 in an unusually pure form. Both BRICS+ accessions from Africa (Egypt and Ethiopia) and continued Chinese Belt and Road Initiative lending across the continent sit alongside

continued Western development financing and, in several cases, growing US and European security cooperation, producing a pattern of simultaneous, non-exclusive engagement with multiple poles rather than binary alignment^[23,24]. Brazil's advocacy for BRICS+ local-currency settlement, discussed in Section 6, exemplifies a similar strategy: Brazil has pursued yuan-denominated trade settlement with China, its largest trading partner, while remaining a member of the Organisation for Economic Co-operation and Development's key partner group and maintaining substantial trade with the United States and European Union^[23,25]. For both regions, the empirical literature reviewed in Section 5 implies that the connector strategy carries real but asymmetric risk: gains from playing multiple poles against one another accrue disproportionately to states with sufficiently large or strategically important economies (commodity exporters, large domestic markets) to be worth courting by both sides, while smaller, less strategically significant economies in both regions are more likely to fall into the disproportionately exposed low-income category identified in the fragmentation-cost literature^[4,5].

9. Discussion: Competing Interpretive Perspectives

The evidence assembled in Sections 5 through 8 admits more than one coherent interpretation, and intellectual honesty requires setting these out explicitly rather than collapsing them into a single narrative. A **realist reading** treats the observed fragmentation, de-dollarisation, and conflict resurgence as the natural and largely predictable consequence of a more even distribution of material capabilities among great powers: as China's relative economic and military weight has grown, the argument runs, both Beijing's willingness to contest the existing order and Washington's willingness to weaponise the tools of that order (sanctions, export controls, financial exclusion) have risen in tandem, producing fragmentation as an equilibrium outcome rather than a policy mistake by either side^[34,38]. On this reading, the trends documented here are likely to continue and probably to intensify, since neither side has an incentive to unilaterally disarm its economic-statecraft toolkit while the other retains it.

A **liberal-institutionalist reading** emphasises instead the resilience of existing institutions and the costs of full fragmentation as a disincentive to escalation: the fact that even the most severe fragmentation scenarios modelled by the IMF top out around 8.5 percent of global GDP^[6], and that the dollar's decline has proceeded at under one percentage point of reserve share per year for a quarter-century^[16,20], suggests a system that is eroding rather than collapsing, and one in which the WTO, IMF, and other multilateral bodies retain sufficient legitimacy and functional utility to constrain the pace of bifurcation. On this reading, current tensions may plateau once both the United States and China internalise the mutual costs of further escalation, particularly given the demonstrated willingness of non-aligned connector economies to benefit from, and thereby dampen, further polarisation^[8,35].

A **structural/world-systems reading**, by contrast, situates the entire process within a longer historical pattern of hegemonic cycles, in which a dominant power's relative economic decline (visible here in the gradual dollar-reserve erosion) precedes and causes, rather than follows from, geopolitical contestation, and in which the disproportionate costs of fragmentation borne by low-income and emerging economies^[4,5] reflect not an accident of modelling assumptions but a structural feature of a world economy still organised around core-periphery capital and technology flows. This reading is the most

pessimistic of the three regarding the near-term prospects for the Global South, since it implies that peripheral and semi-peripheral states will bear fragmentation costs regardless of which bloc, if either, they align with.

This paper does not adjudicate definitively among these three readings, since the available data are consistent with all three over the ten-to-fifteen-year horizon examined. It notes, however, that the empirical patterns most robust across the datasets reviewed — gradual rather than abrupt monetary transition, asymmetric fragmentation costs weighted against low-income economies, and conflict concentration in a specific, identifiable set of contested borderlands rather than a generalised breakdown of the interstate order — are most parsimoniously explained by a synthesis: realist competition over specific strategic assets (semiconductors, energy corridors, contested maritime and Arctic territory) operating within, and constrained by, a liberal-institutional architecture that is eroding unevenly rather than collapsing, with structurally disadvantaged economies absorbing a disproportionate share of the transition costs regardless of the eventual outcome.

For researchers and policymakers seeking early warning of which of the three readings is gaining descriptive accuracy, this paper suggests four indicators worth monitoring on a rolling basis: (i) the quarterly trajectory of the dollar's COFER reserve share, where a marked acceleration beyond the historical rate of decline of under one percentage point per year would favour the structural reading over the liberal-institutionalist one^[16,20]; (ii) the ratio of intra-bloc to cross-bloc trade growth reported by the IMF, where continued widening of the gap documented by Gopinath would corroborate the realist bloc-formation thesis^[8]; (iii) the annual UCDP count of interstate, as opposed to purely intrastate, conflicts, since a continued rise in interstate conflict specifically, rather than internal civil conflict, would be the most direct evidence of eroding respect for the post-1945 territorial-integrity norm^[27,28]; and (iv) the pace of BRICS+ institutional deepening, particularly progress toward the 30-35 percent local-currency settlement target and any concrete movement on a common reserve instrument, as opposed to continued reliance on bilateral currency-swap arrangements^[24].

10. A Ten-Year Forecast: Three Scenarios to 2035

Building on the theoretical framework and the discussion above, this section sketches three internally consistent scenarios for the evolution of the multipolar transition over the coming decade. These scenarios are not offered as probabilistic forecasts but as structured extrapolations of the trend lines documented in Sections 5-7, intended to bound the plausible range of outcomes for policymakers.

Scenario A: Managed Multipolarity (moderate probability)

In this scenario, the gradual trends documented in the COFER data continue at a broadly similar pace, with the dollar's reserve share settling somewhere in the low-to-mid 50s by 2035 without any single currency achieving comparable centrality^[16,20]. BRICS+ and G7-aligned economies continue to coexist within overlapping, functionally differentiated institutions rather than fully separate blocs, and non-aligned connector economies such as India, Indonesia, Vietnam, and the Gulf states successfully preserve access to both spheres, consistent with the trade-flow evidence in Section 5.1^[8]. Under this scenario, cumulative GDP losses from fragmentation remain closer to the lower end of the range

reviewed in Table 1, and territorial disputes, while persistent, are managed through a mixture of deterrence and negotiated status-quo arrangements rather than large-scale war, consistent with the four historical cases in Allison's dataset in which hegemonic transition did not produce war^[38].

Scenario B: Hardened Bipolarity (moderate-to-high probability)

In this scenario, technological decoupling in semiconductors and related strategic sectors deepens and spreads to additional industries (critical minerals, biotechnology, quantum computing), with both Washington and Beijing actively pressuring third countries to align supply chains and, increasingly, payment infrastructure with one pole or the other. This scenario most closely matches the higher-loss estimates in Table 1 (4-8.5 percent of global GDP)^[5,6] and implies a faster narrowing of the non-aligned connector space than Scenario A, with corresponding increases in military expenditure of the kind already visible in the 2024 SIPRI data^[32,33]. Under this scenario, the Taiwan Strait, the South China Sea, and the Arctic each carry an elevated probability of serious military incident, though not necessarily full-scale war, over the coming decade.

Scenario C: Fragmented Disorder (lower but non-trivial probability)

In this most severe scenario, the erosion of multilateral institutions accelerates beyond the gradual pattern observed to date, regional powers outside the US-China axis (in the Gulf, South Asia, and parts of Africa) increasingly resolve disputes through unilateral action rather than institutional mediation, and the UCDP conflict count continues its post-2020 upward trajectory rather than plateauing^[27,28]. This scenario is consistent with the world-systems reading discussed in Section 9 and would likely see fragmentation costs approach or exceed the upper bound of the estimates reviewed in Section 5, concentrated overwhelmingly among low-income and conflict-affected states^[4,5]. While this paper assesses this scenario as less probable than Scenarios A or B over a ten-year horizon, the acceleration in conflict counts and military spending documented in Section 7 indicates that the tail risk of this outcome is non-trivial and rising rather than falling.

11. Policy Implications

Several policy implications follow from the analysis above. First, for economies positioned as potential connectors between blocs — a category that, on the evidence reviewed in Section 5.1, includes India, Indonesia, Vietnam, Brazil, and the Gulf states — the empirical literature suggests that resisting binary bloc alignment for as long as possible is likely to remain the economically optimal strategy, since connector economies are consistently modelled as insulated from, or modest beneficiaries of, fragmentation^[1,8]. Second, for advanced economies dependent on semiconductor and critical-mineral supply chains, the CHIPS Act experience suggests that industrial-policy interventions can achieve partial reshoring but at substantial fiscal cost and with limited ability to fully prevent a determined rival's indigenous capability development, implying that a purely defensive technological containment strategy is unlikely to succeed without complementary diplomatic and economic engagement^[44,45].

Third, the gradual and valuation-driven nature of dollar-reserve decline documented in Section 6 suggests that the United States retains a longer adjustment window than more alarmist commentary implies, but that this window is not indefinite, particularly given the accelerating institutional efforts by

BRICS+ to build alternative settlement infrastructure^[20,23]. Policymakers in Washington and allied capitals face a trade-off between the short-term coercive utility of financial sanctions and their longer-term corrosive effect on the network centrality that makes such sanctions effective in the first place, precisely the dynamic identified in the weaponised-interdependence literature^[41]. Fourth, the disproportionate exposure of low-income and emerging economies to fragmentation costs documented in Section 5^[4,5] implies that multilateral development institutions, including the IMF and World Bank, have a strong functional as well as normative interest in preserving connector-economy access to both blocs' markets and in expanding contingency financing facilities for states most exposed to fragmentation-driven terms-of-trade and financing shocks.

Finally, the territorial data reviewed in Section 7 point toward a specific and actionable policy priority: Arctic governance. Unlike the South China Sea or the Taiwan Strait, where positions are largely entrenched, the Arctic's legal and territorial architecture remains genuinely unsettled, and its escalation, if any, may still be more tractable through UNCLOS-based adjudication and expanded Arctic Council coordination than through military deterrence alone^[30,31], making early, sustained diplomatic investment in Arctic governance a comparatively high-leverage opportunity to prevent one plausible flashpoint from converging with the higher-risk theatres analysed in Section 8.

More broadly, the evidence reviewed in this paper suggests that the Bretton Woods-era institutional architecture — designed for a unipolar or bipolar distribution of power and now straining to accommodate genuine multipolarity — faces a legitimacy test that outcomes-based reform is better placed to pass than purely rhetorical inclusion. The IMF quota and voting-share reforms implemented over the past decade have moved gradually toward reflecting emerging economies' actual share of global output, but the pace of that adjustment has lagged the pace of the underlying economic shift documented in Sections 5 and 6, a mismatch that plausibly reinforces, rather than discourages, the parallel institution-building described in Section 6^[23,25]. A more ambitious reform agenda — encompassing accelerated quota realignment, expanded Special Drawing Rights allocation mechanisms responsive to crisis conditions in low-income economies, and a more predictable, rules-based framework governing the use of financial sanctions — would not eliminate great-power competition, but could plausibly narrow the gap between Scenario A and Scenario B outlined in Section 10 by preserving the functional utility of shared institutions even as the underlying distribution of power continues to shift.

12. Limitations of the Study

This paper is subject to several important limitations. First, it relies exclusively on secondary institutional data and published scenario modelling rather than original general-equilibrium simulation, meaning that the ranges reported in Table 1 reflect the assumptions embedded in each source study rather than a single, internally consistent counterfactual; the studies reviewed also differ in their base years and time horizons, limiting strict comparability^[1,3,5,6]. Second, several of the underlying datasets are subject to reporting and coverage caveats acknowledged by their own custodians: COFER participation is voluntary and covers 149 of the world's monetary authorities, with the currency

composition of a residual set of reserves unreported^[17], while UCDP's conflict-count methodology, though the global standard, necessarily involves judgment calls in coding contested or ambiguous incidents as meeting the 25-battle-death threshold^[26].

Third, the paper's three-scenario forecast in Section 10 is a structured qualitative extrapolation rather than a probabilistic model, and should be read as bounding a plausible range of outcomes rather than predicting a specific trajectory; genuine forecasting over a ten-year horizon in a domain this sensitive to discrete political decisions (elections, individual leadership choices, unanticipated crises) carries irreducible uncertainty that no methodology fully resolves. Fourth, the case-study selection in Section 8, while purposive and defensible, is not exhaustive; other regions with significant multipolar dynamics, including Latin America, Sub-Saharan Africa, and Central Asia, receive comparatively limited treatment here and merit dedicated future research. Finally, as with any paper addressing an actively unfolding process, some of the data reported here (particularly the 2025 COFER and BRICS membership figures) may be superseded by subsequent developments before or shortly after publication.

13. Conclusion

This paper has argued that the transition from unipolarity to multipolarity is not a speculative future scenario but an empirically documented process already visible across three interlocking dimensions: the fragmentation of trade, investment, and technology flows, estimated to carry long-run global output costs of between roughly 0.3 and 8.5 percent of GDP depending on severity^[1-6]; the gradual, valuation-influenced but historically significant eleven-to-fourteen-percentage-point decline in the US dollar's share of global reserves since 1999^[16,20], accompanied by the institutional expansion of BRICS+ into an eleven-member grouping representing over a third of global GDP at purchasing-power parity^[25]; and a resurgence of territorial and military contestation, evidenced by the highest UCDP-recorded conflict count since 1946 and the sharpest annual rise in global military spending since 1988^[27,32].

None of these trends, taken individually, points unambiguously toward the most severe fragmentation or conflict scenarios modelled in the literature; each is more consistent with a gradual, uneven, and still-reversible reallocation of economic and strategic weight than with an abrupt systemic collapse. Taken together, however, they describe a genuine structural transition whose cumulative direction is unmistakable and whose pace, this paper has argued, is most plausibly explained by the interaction of realist great-power competition, liberal-institutional resilience, and structurally uneven costs borne disproportionately by the Global South. The ten-year forecast developed in Section 10 suggests that the difference between a *managed multipolarity* outcome and a *fragmented disorder* outcome will be determined less by any single dramatic event than by the accumulation of policy choices — on semiconductor export controls, sanctions design, Arctic governance, and multilateral financing for exposed low-income economies — made over the next several years. The empirical record assembled here suggests that window for shaping that accumulation toward the more benign outcome, while still open, is narrowing.

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