

Geopolitics and Global Leadership

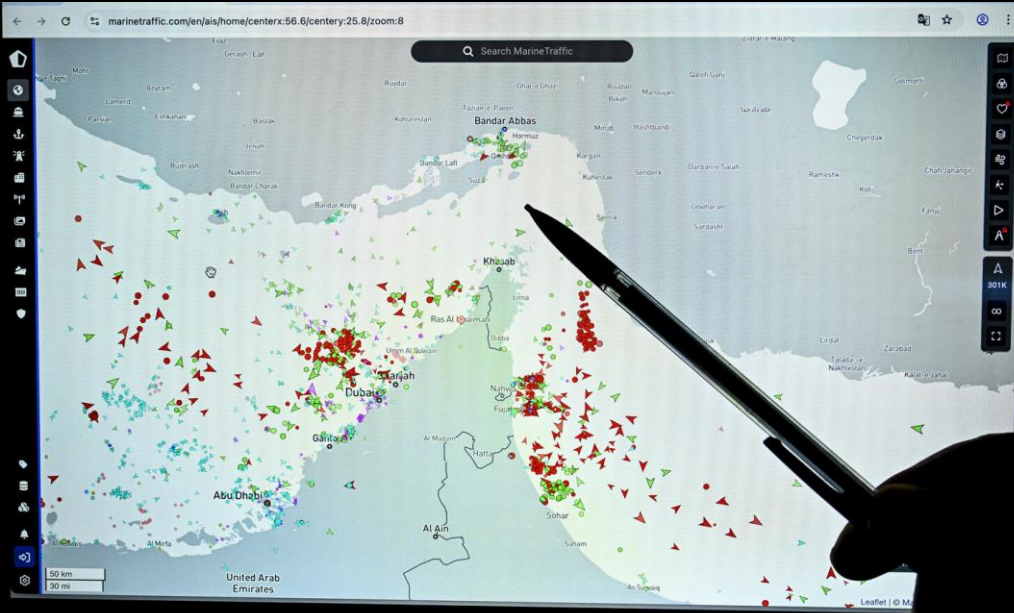
David Bach

President and Nestlé Professor of Strategy and Political Economy

CRF / April 27, 2026

IMD / Real learning
Real impact







Weaponized interdependence

- economic interdependence has generally been seen as conducive of peace and stability
- however, the networks and supply chains underpinning the modern global economy are often asymmetrical
- they have critical hubs that can serve as chokepoints



US targets Chinese chip proposed export restrictions and others

By Toby Sterling

April 3, 2026 1:44 PM GMT+2 · Updated April 3, 2026



A red pedestrian crossing traffic light outside ASML offices on the day of world... Veldhoven, Netherlands, March 24, 2026. REUTERS/Nicolas Economou Purc

Iran's parliament approves plan to impose tolls on Strait of Hormuz, ban US and Israeli ships

The plan prohibits passage for countries participating in unilateral sanctions against Iran



By The Week News Desk | Updated: March 31, 2026 07:46 IST



The Strait of Hormuz, one of the world's most crucial maritime chokepoints, has become a central point of contention in the ongoing conflict

For latest news and analyses on Middle East, visit: [Yello! Middle East](#)

In a bid to assert greater control over the Strait of Hormuz amid the escalating conflict in the Middle East, Iran's Parliament Security Committee approved a new management plan on Monday.

Power weaponized interdependence

1:17 PM Sat Nov 19 businessinsider.com 21%

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China and Russia are working on homegrown alternatives to the SWIFT payment system. Here's what they would mean for the US dollar.

Huileng Tan Apr 29, 2022, 5:17 AM



World · Analysis

Iran's closure of the Strait of Hormuz sparks 'tremendous interest' in alternative routes

About 20% of the world's oil is currently shipped through the strait

Russian President Vladimir Putin

 [Mark Gollom](#) · CBC News · Posted: Apr 18, 2026 4:00 AM EDT | Last Updated: April 18

- Son bor...
- India was reportedly considering a Russian proposal to use the SPFS for payments in rubles.

MARKETS BUSINESS INVESTING TECH POLITICS CNBC TV INVESTING CLUB PRO

EVOLVE

The new U.S. plan to rival China and end cornering of market in rare

AM EDT

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ffective.



“You cannot live within the lie of mutual benefit through integration, when integration becomes the source of your subordination.”



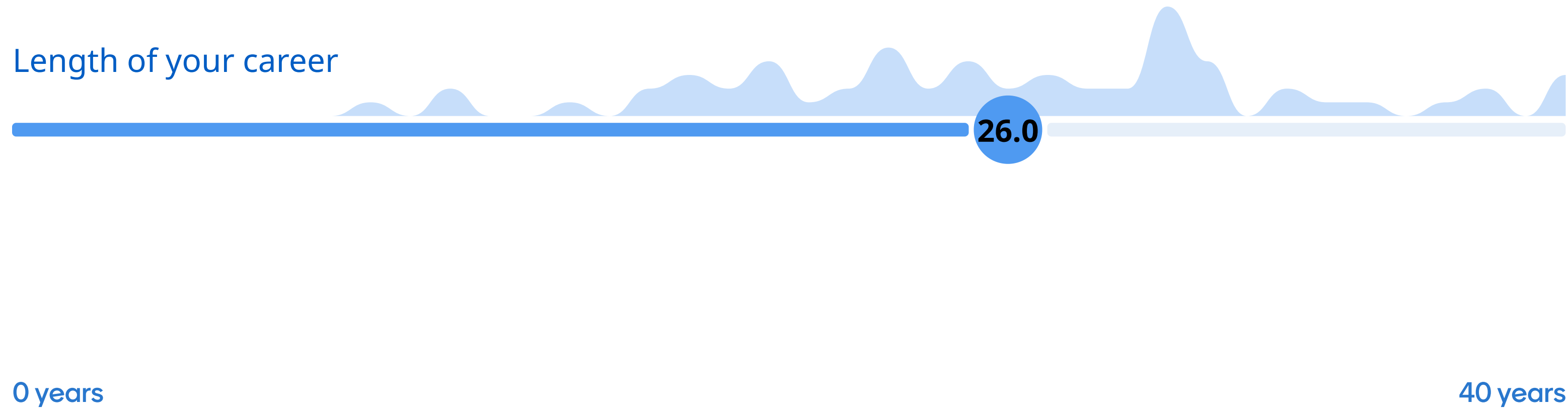
Reciprocal Tariffs

Country	Tariffs Charged to the U.S.A. Including Current Legislation and Trade Statutes	U.S.A. Discounted Reciprocal Tariffs
China	67%	20%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
Japan	46%	24%
India	52%	26%
South Korea	50%	25%
Thailand	72%	36%
Switzerland	61%	31%
Indonesia	64%	32%
Malaysia	47%	24%
Cambodia	97%	49%
United Kingdom	10%	10%
South Africa	60%	30%
Brazil	10%	10%
Bangladesh	74%	37%
Singapore	10%	10%
	33%	17%
	34%	17%
	10%	10%
	10%	10%
	58%	29%
	10%	10%
	88%	44%
	10%	10%



For how many years have you been working?

Length of your career

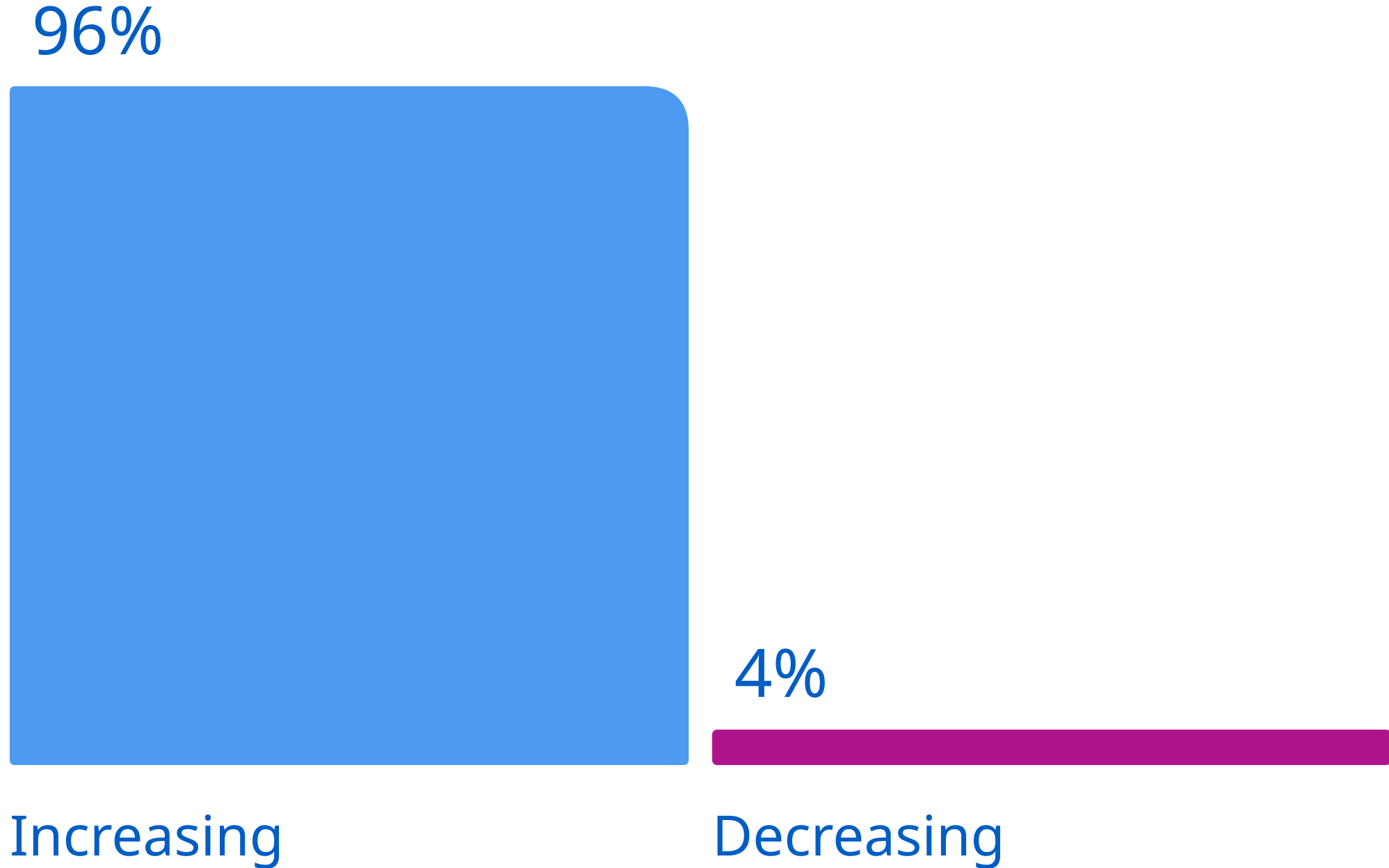


0 years

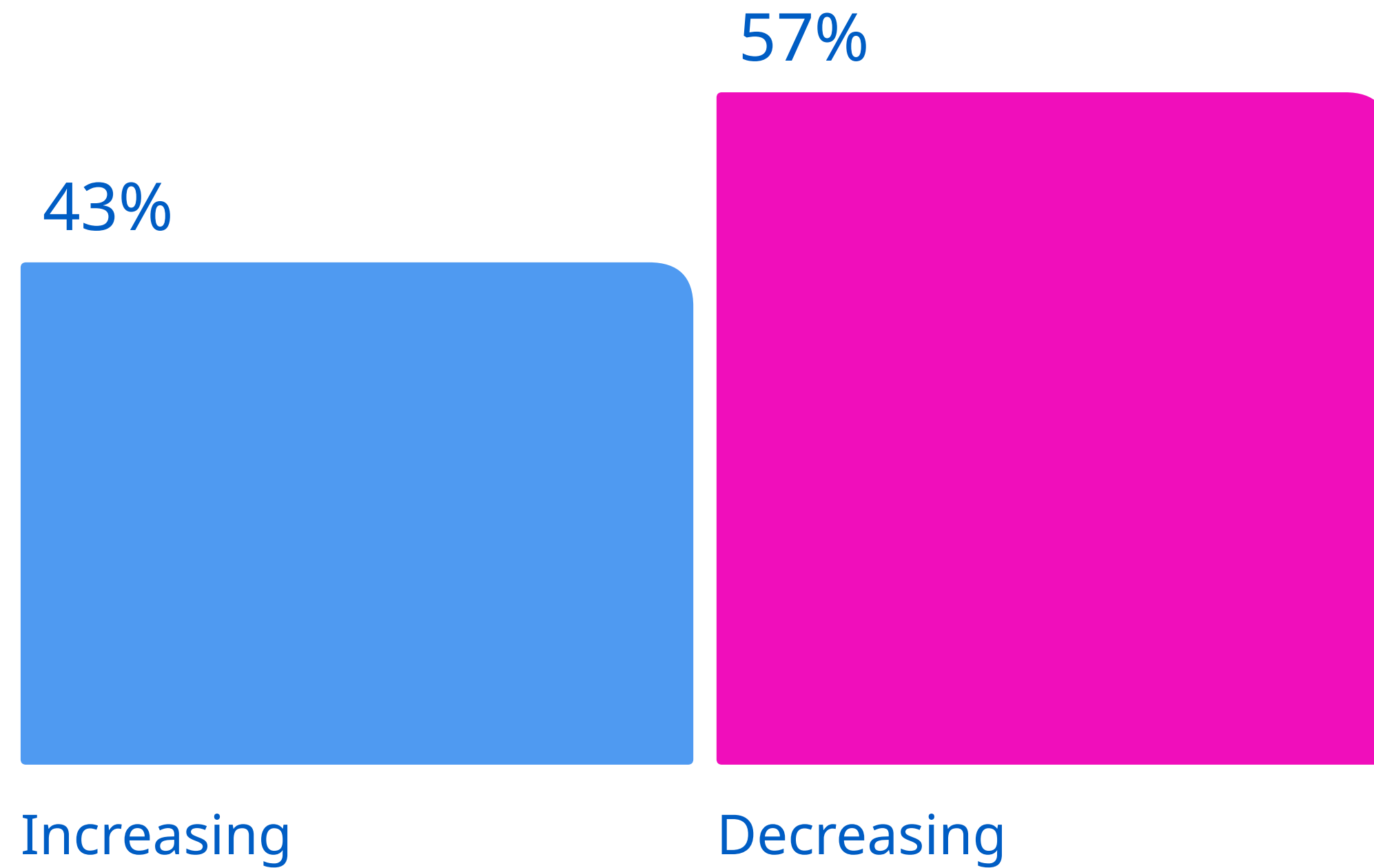
40 years



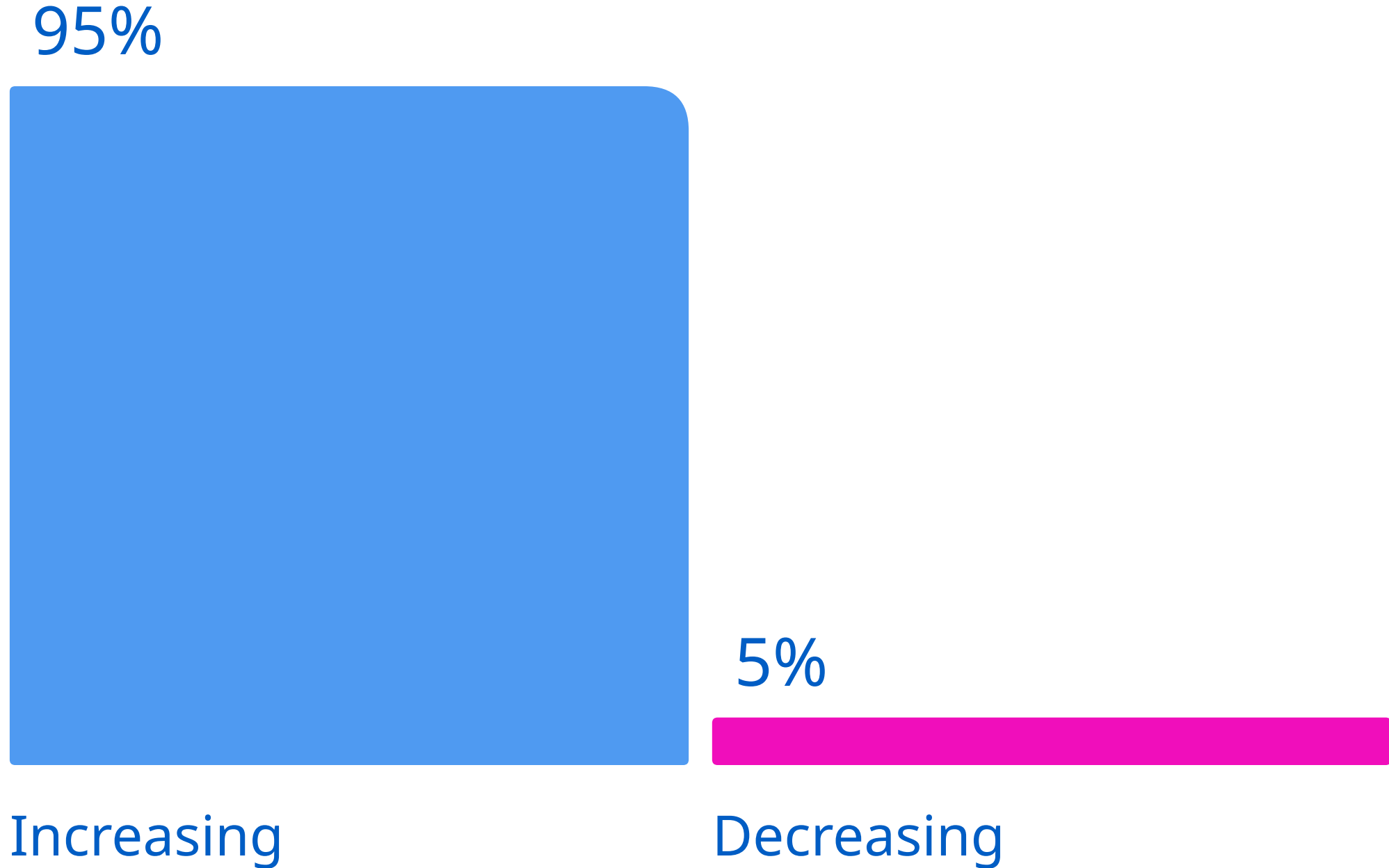
For most of your career: Globalization



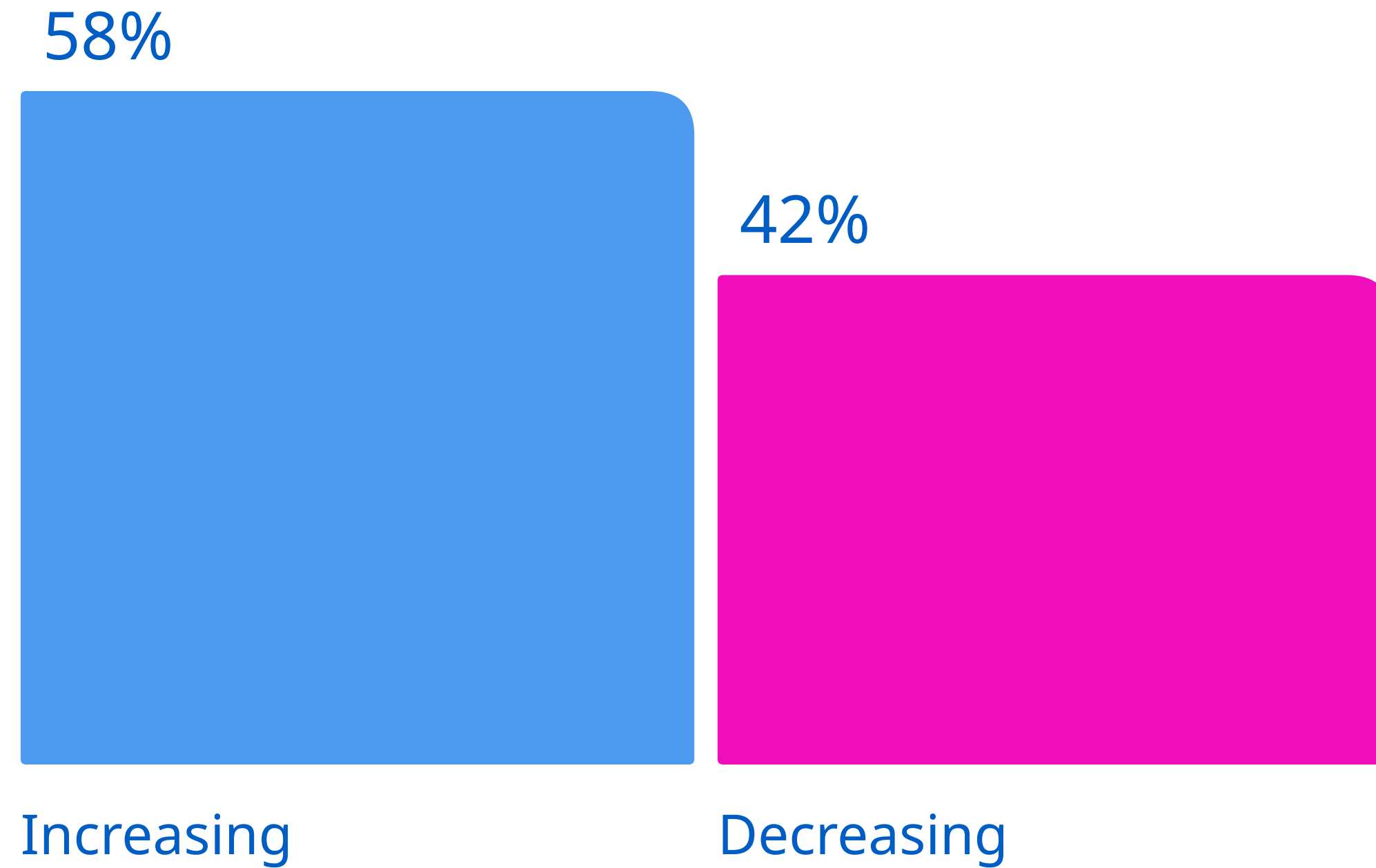
In recent years: Globalization



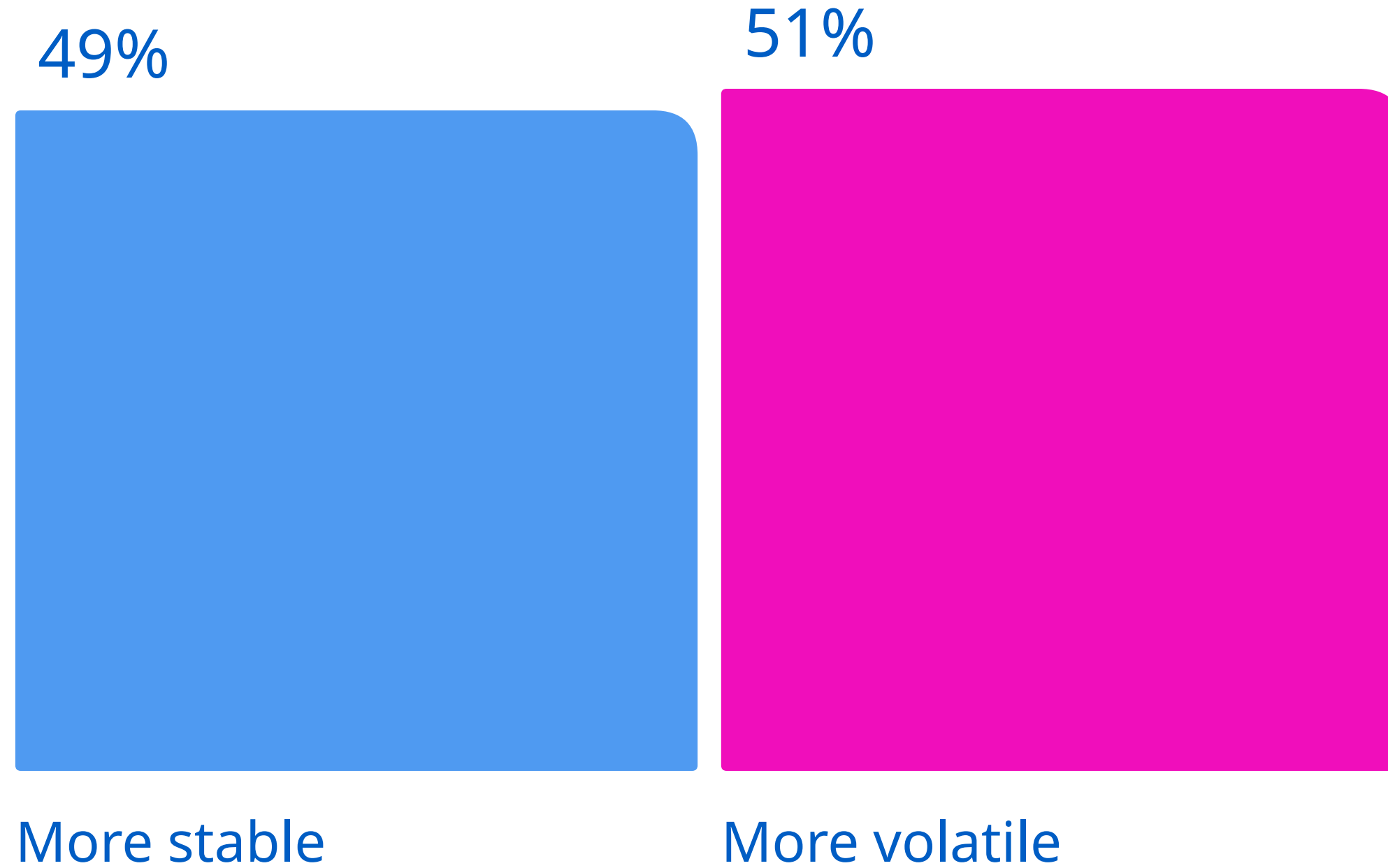
For most of your career: Trade



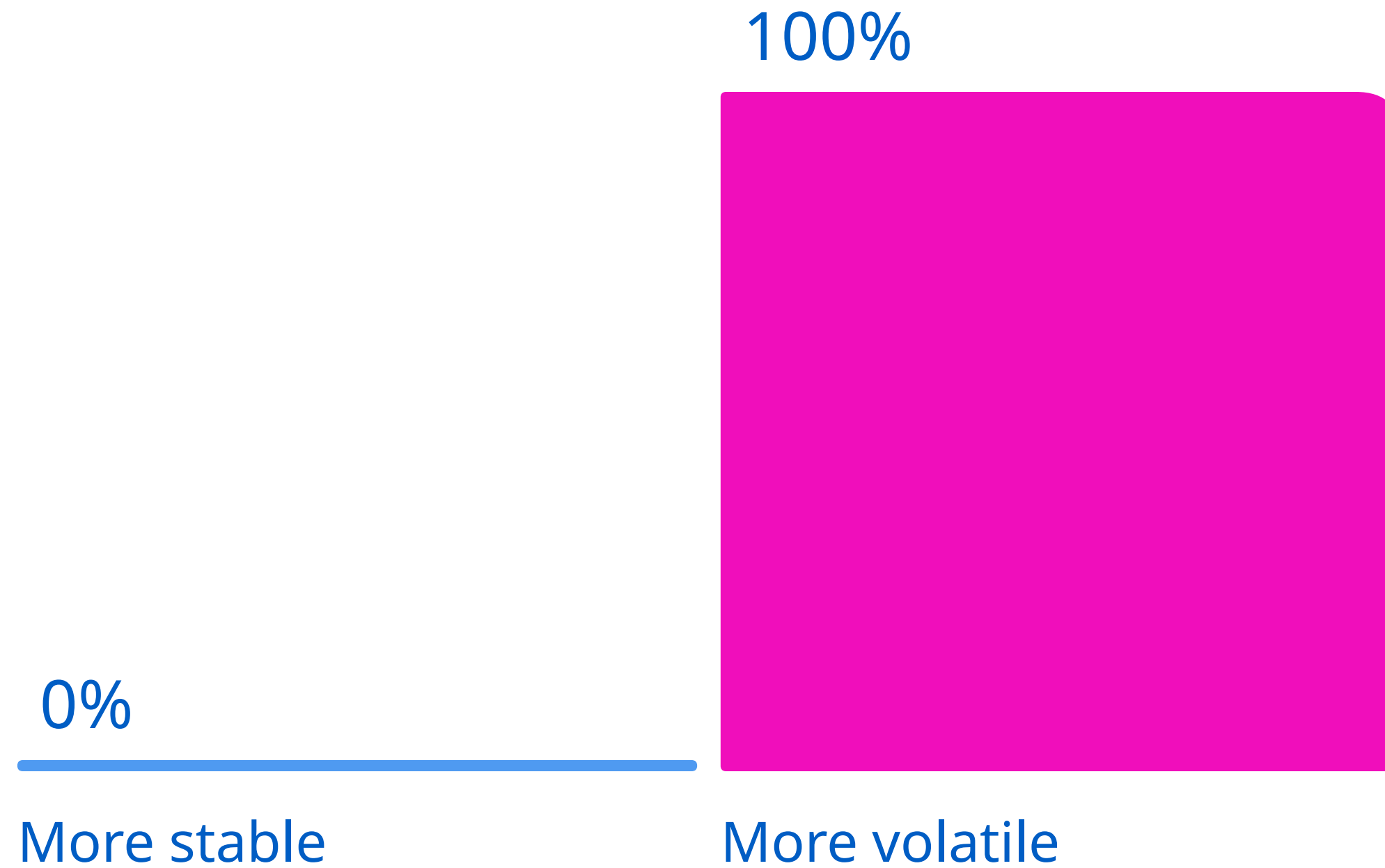
In recent years: Trade



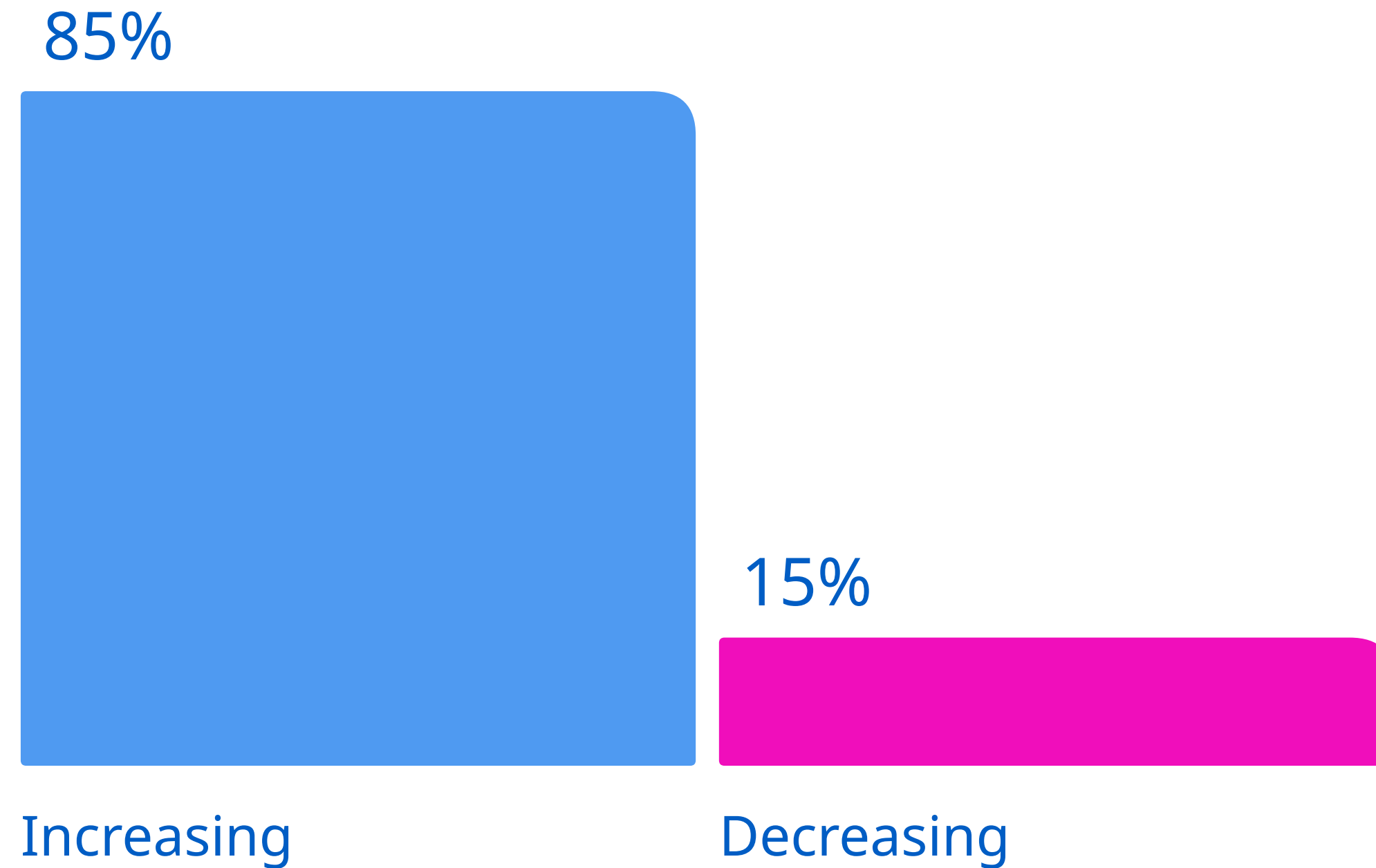
For most of your career: Macroeconomic environment



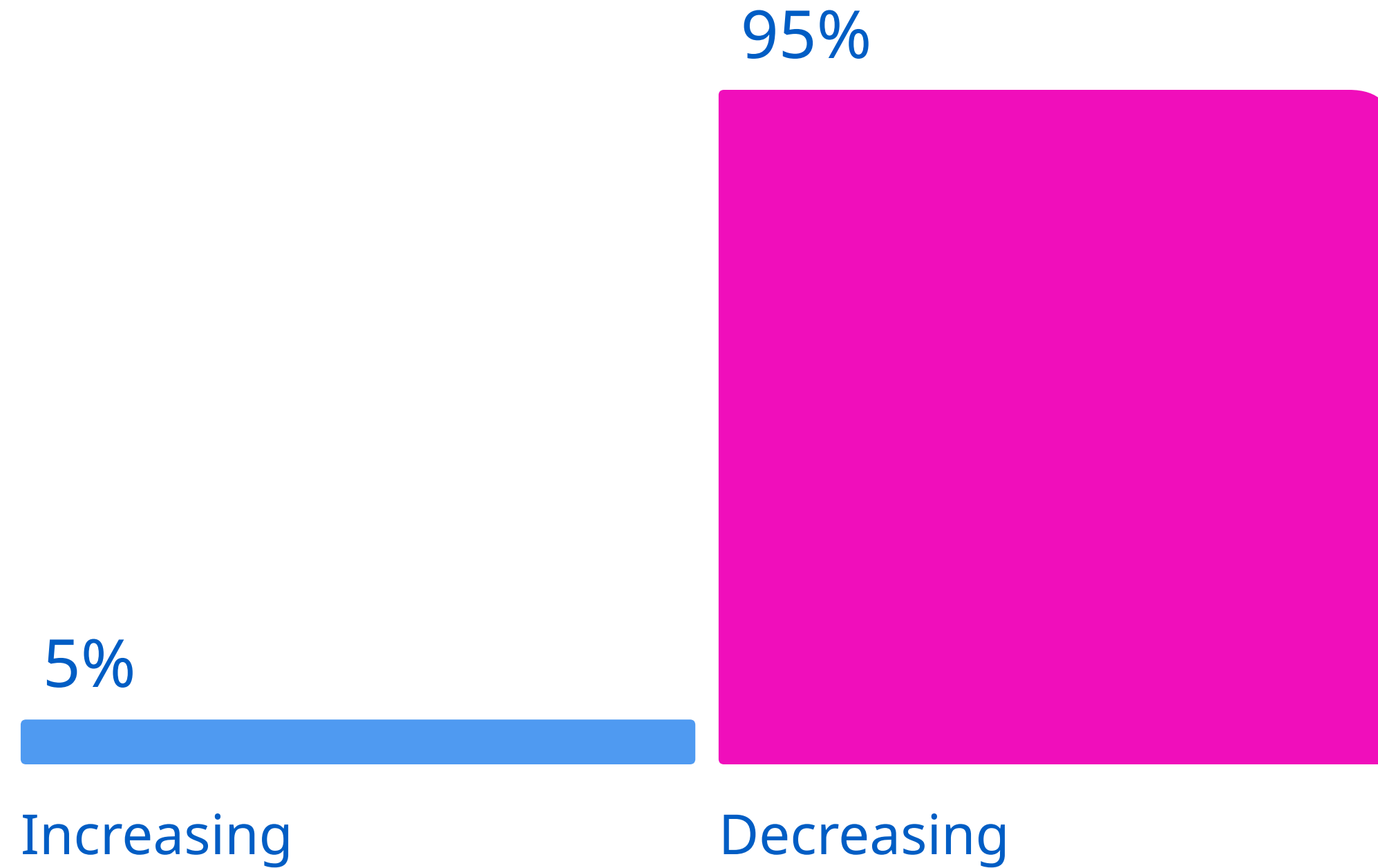
In recent years: Macroeconomic environment



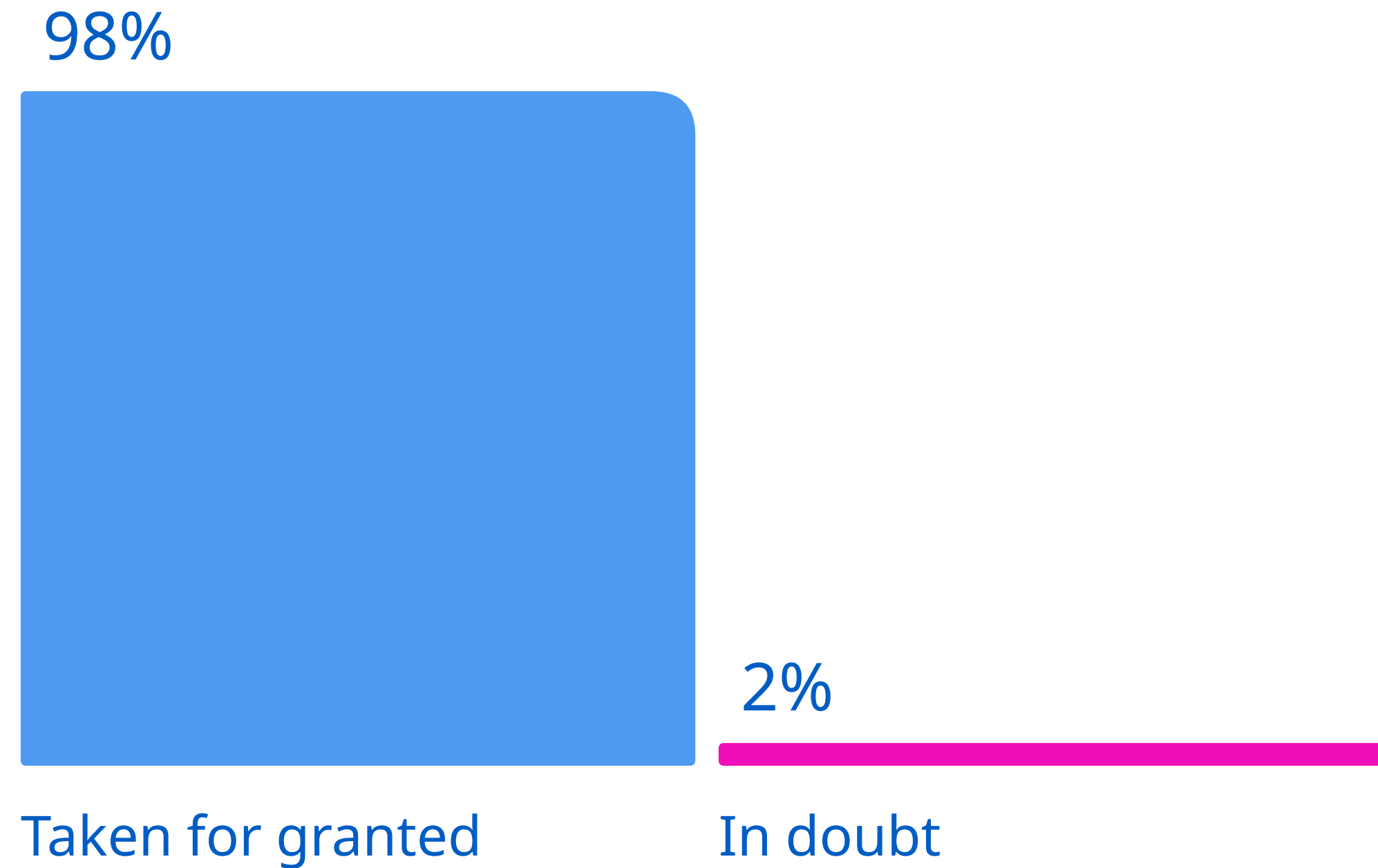
For most of your career: Democracy around the world



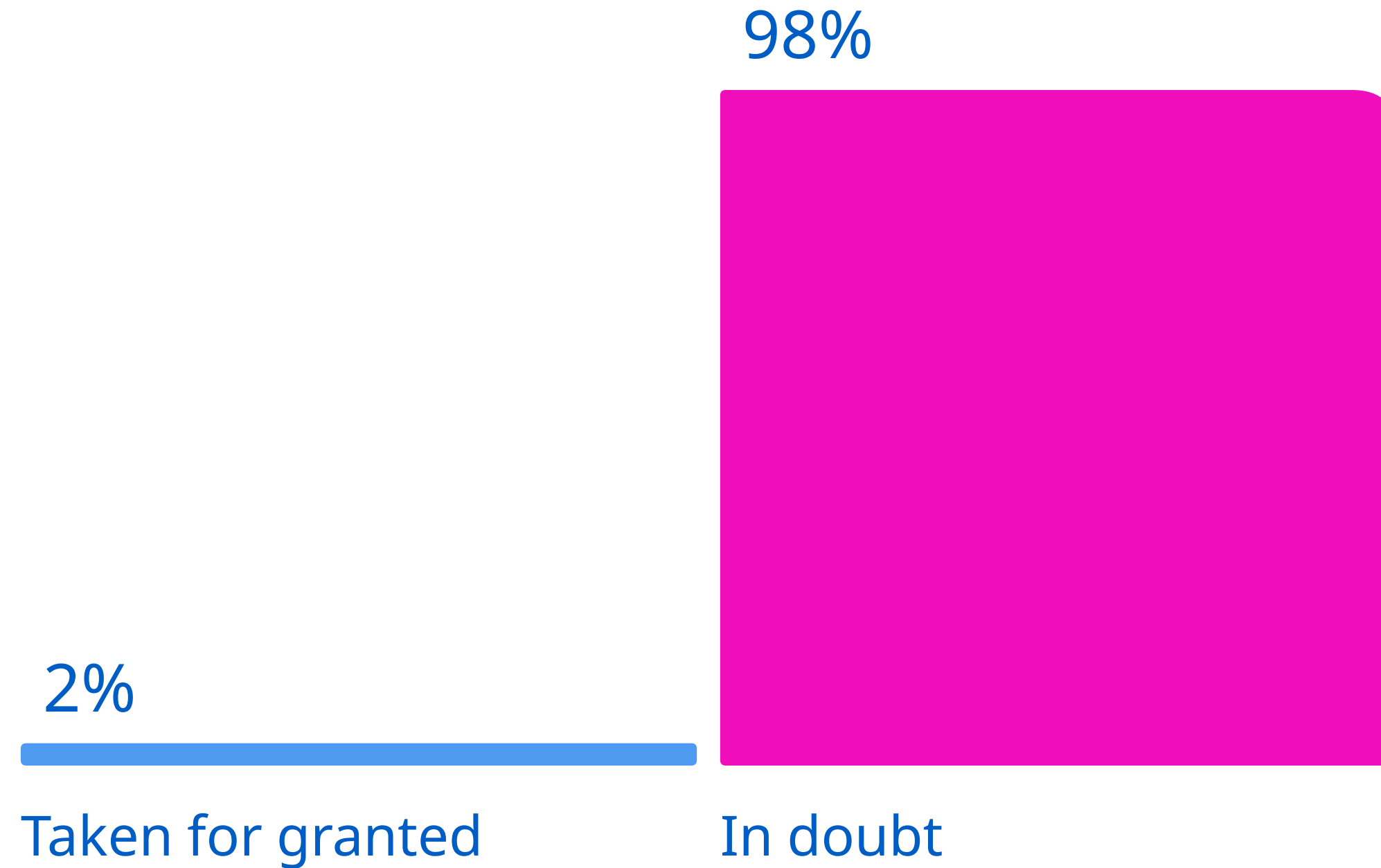
In recent years: Democracy around the world



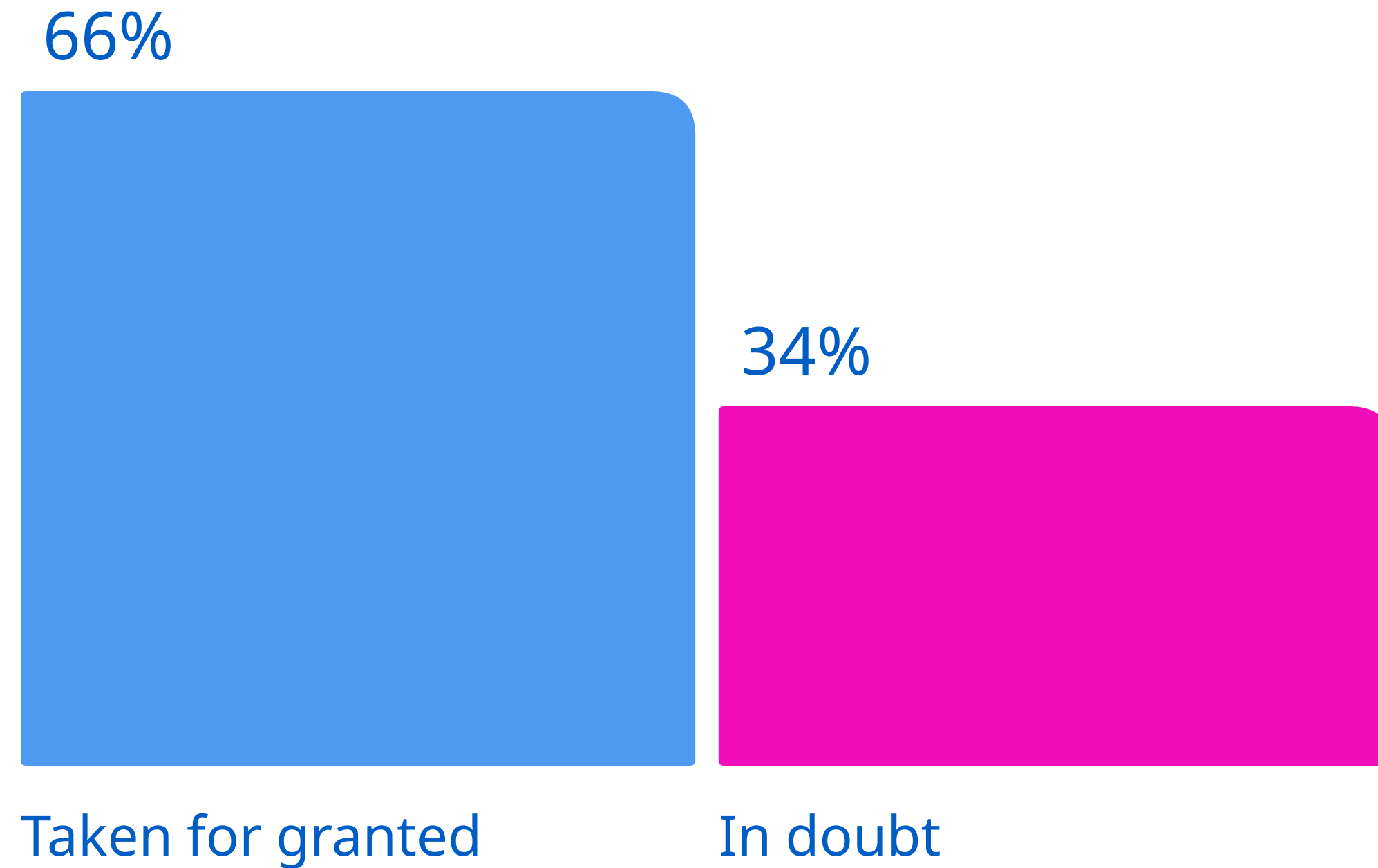
For most of your career: US defense guarantee for allies in Europe and Asia



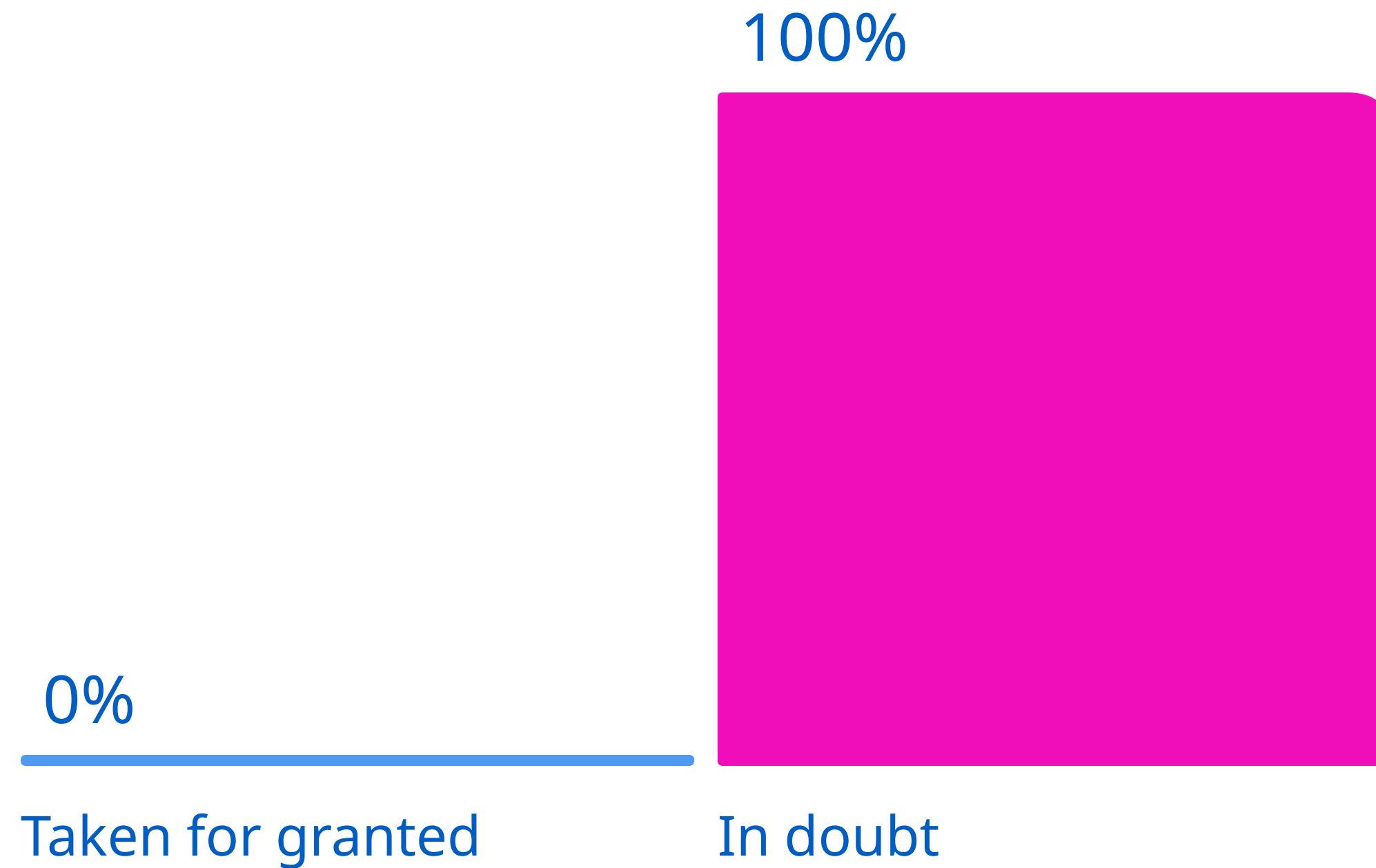
In recent years: US defense guarantee for allies in Europe and Asia



For most of your career: Western technology leadership



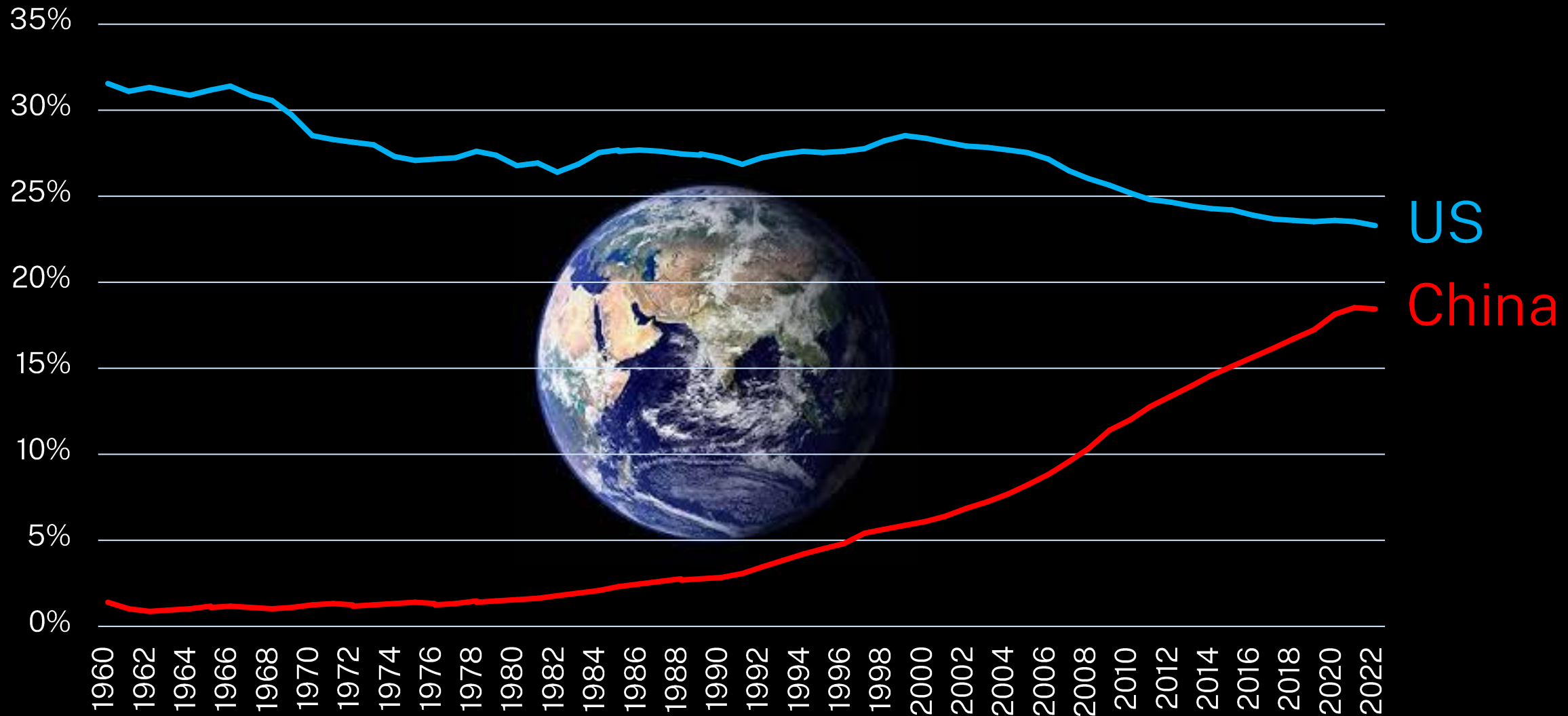
In recent years: Western technology leadership





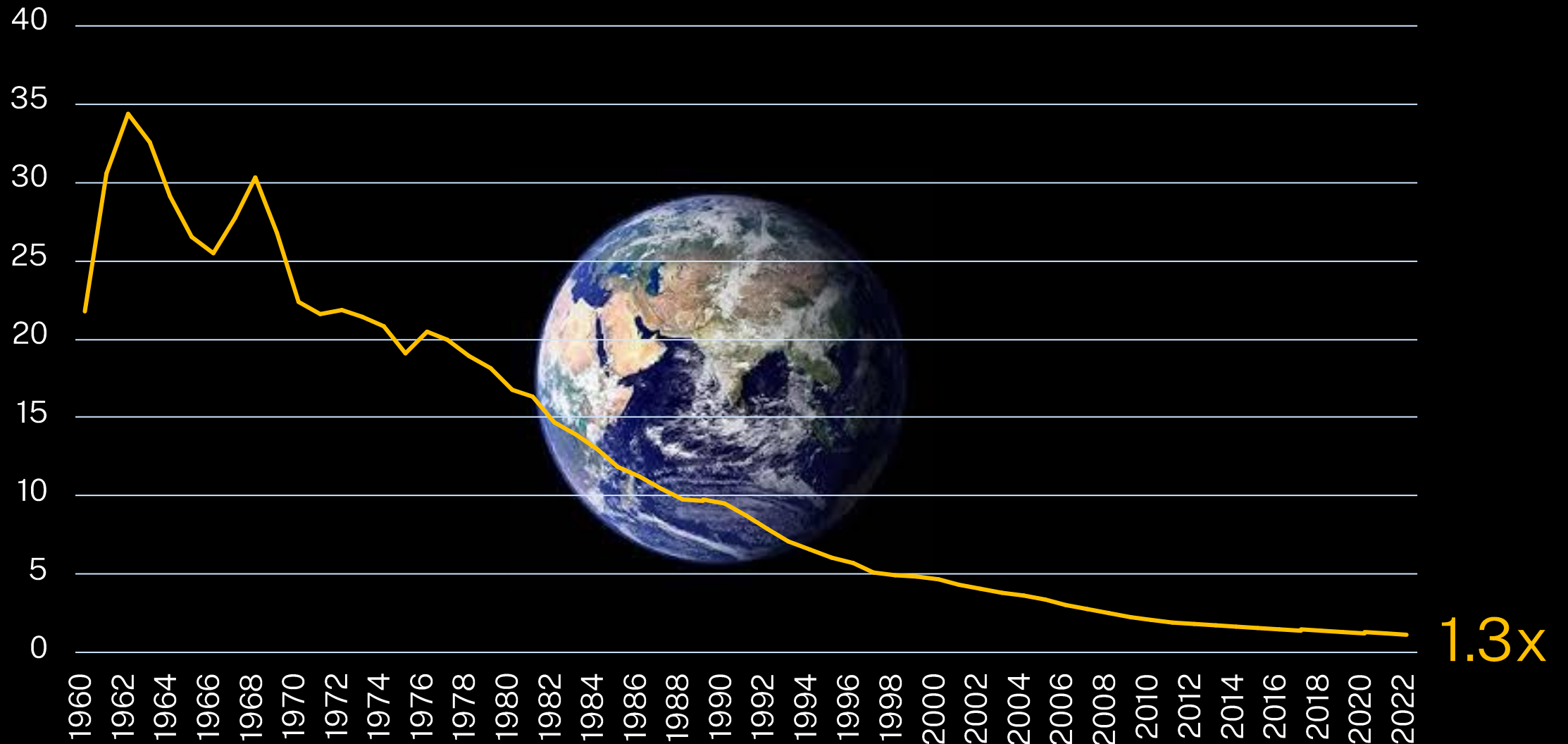
Hard to believe:
Much of what has
changed in the world
is not due to Trump

Share of Global GDP, 1960-2023



Source: World Bank (constant 2015 USD)

Ratio of US to China GDP, 1960-2023



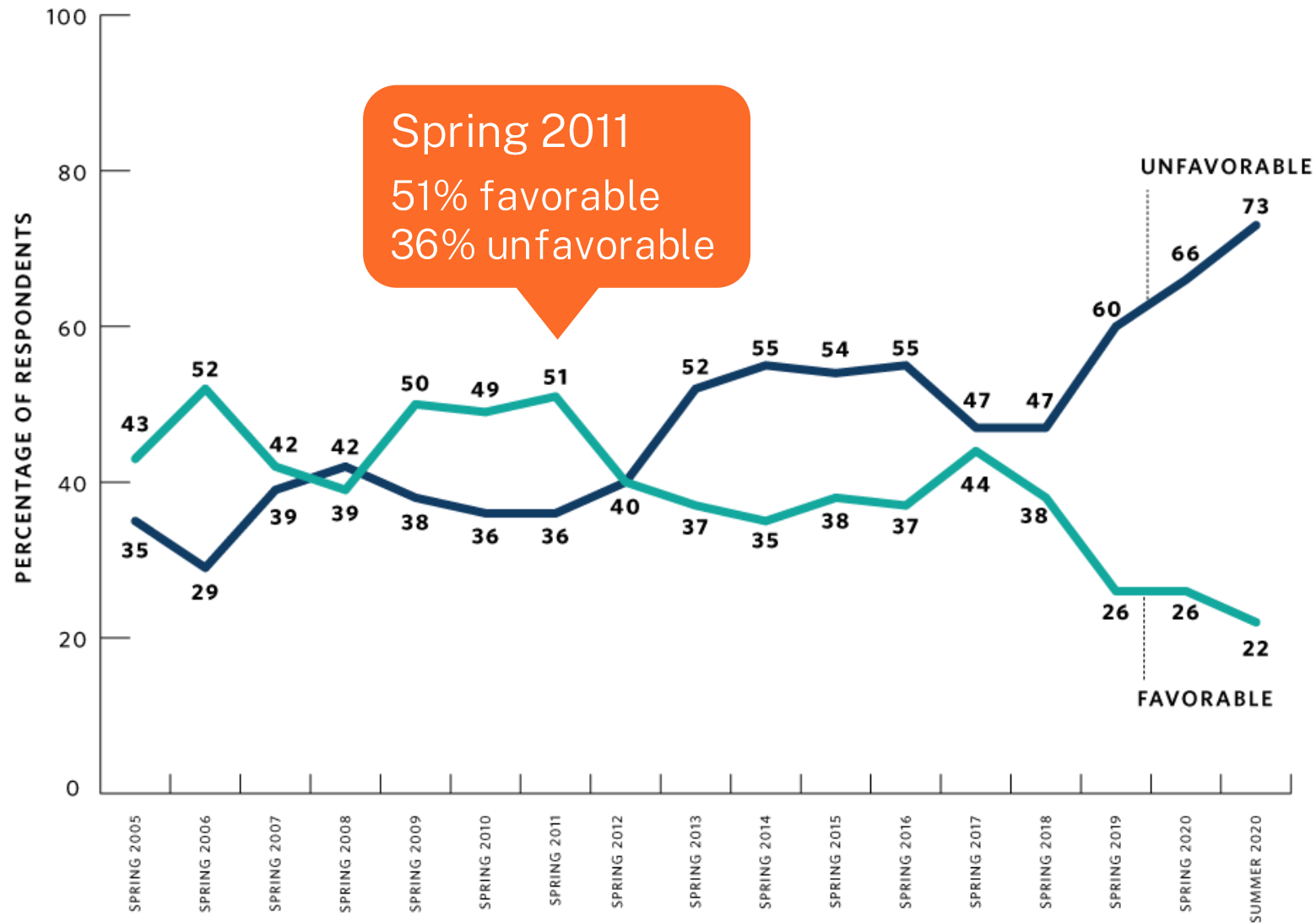
Source: World Bank (constant 2015 USD)

US policy toward China: Engagement

Give a rising China a stake in the (US-designed) international order



U.S. Public's Declining Views Toward China



SOURCE: Source: "Americans Fault China for Its Role in the Spread of COVID-19," Pew Research Center, July 30, 2020, <https://www.pewresearch.org/global/2020/07/30/americans-fault-china-for-its-role-in-the-spread-of-covid-19/>



“一带一路”国际合作高峰论坛

BELT AND ROAD FORUM FOR INTERNATIONAL COOPERATION

2017年5月14-15日 中国·北京

14-15 MAY 2017 BEIJING, CHINA





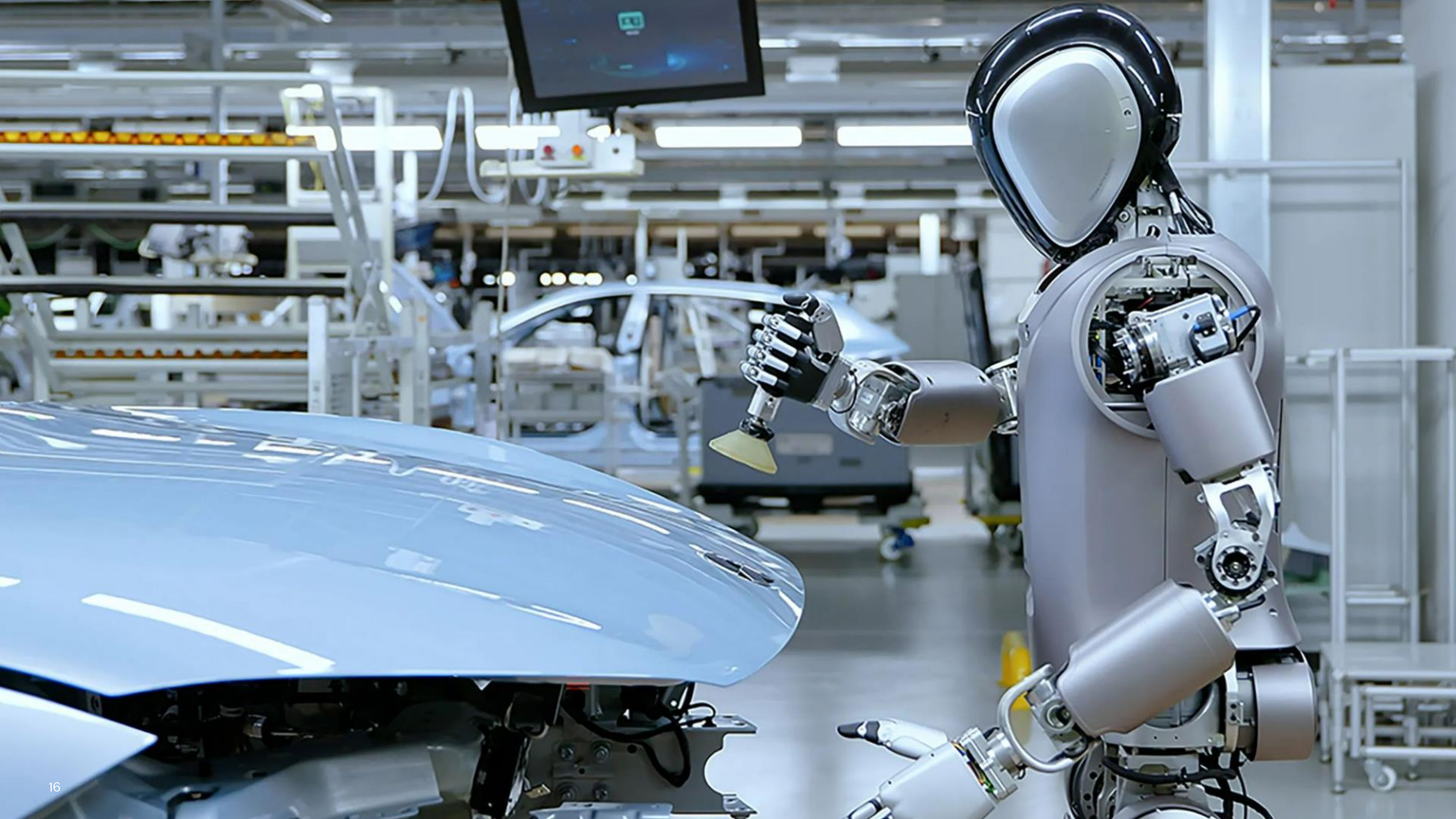
MADE IN
CHINA

中国制造



2025



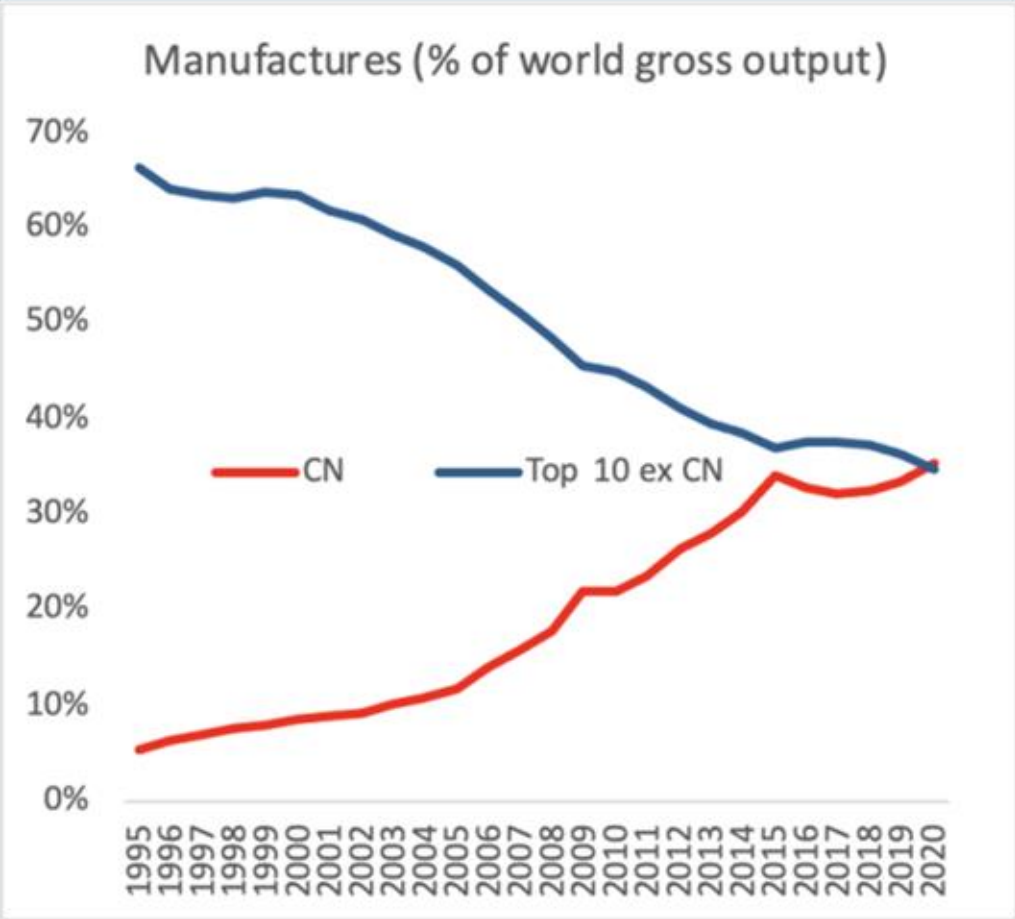
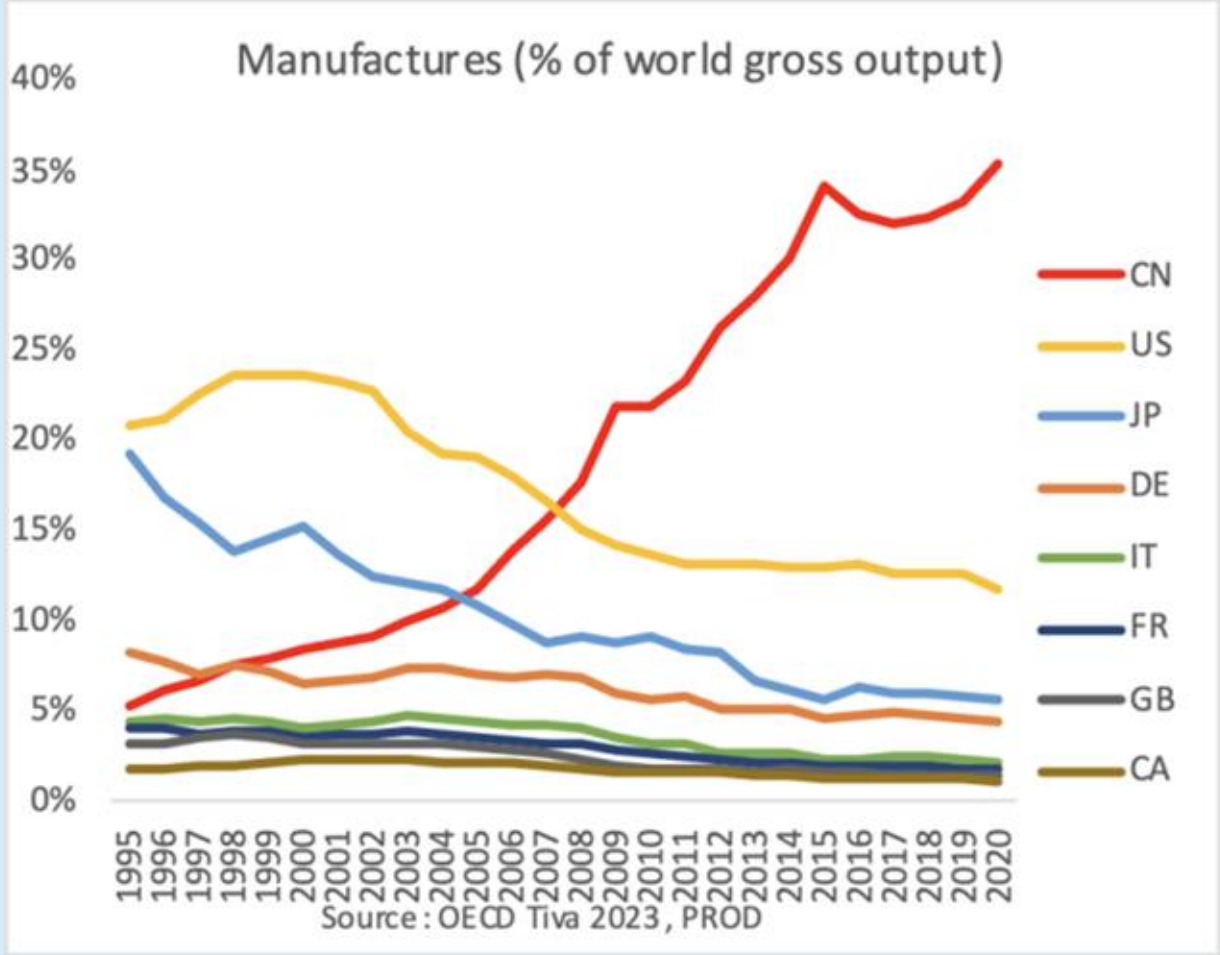




World share of gross production

G7 shares declined sharply (gross production)

China's share rose sharply (gross production)

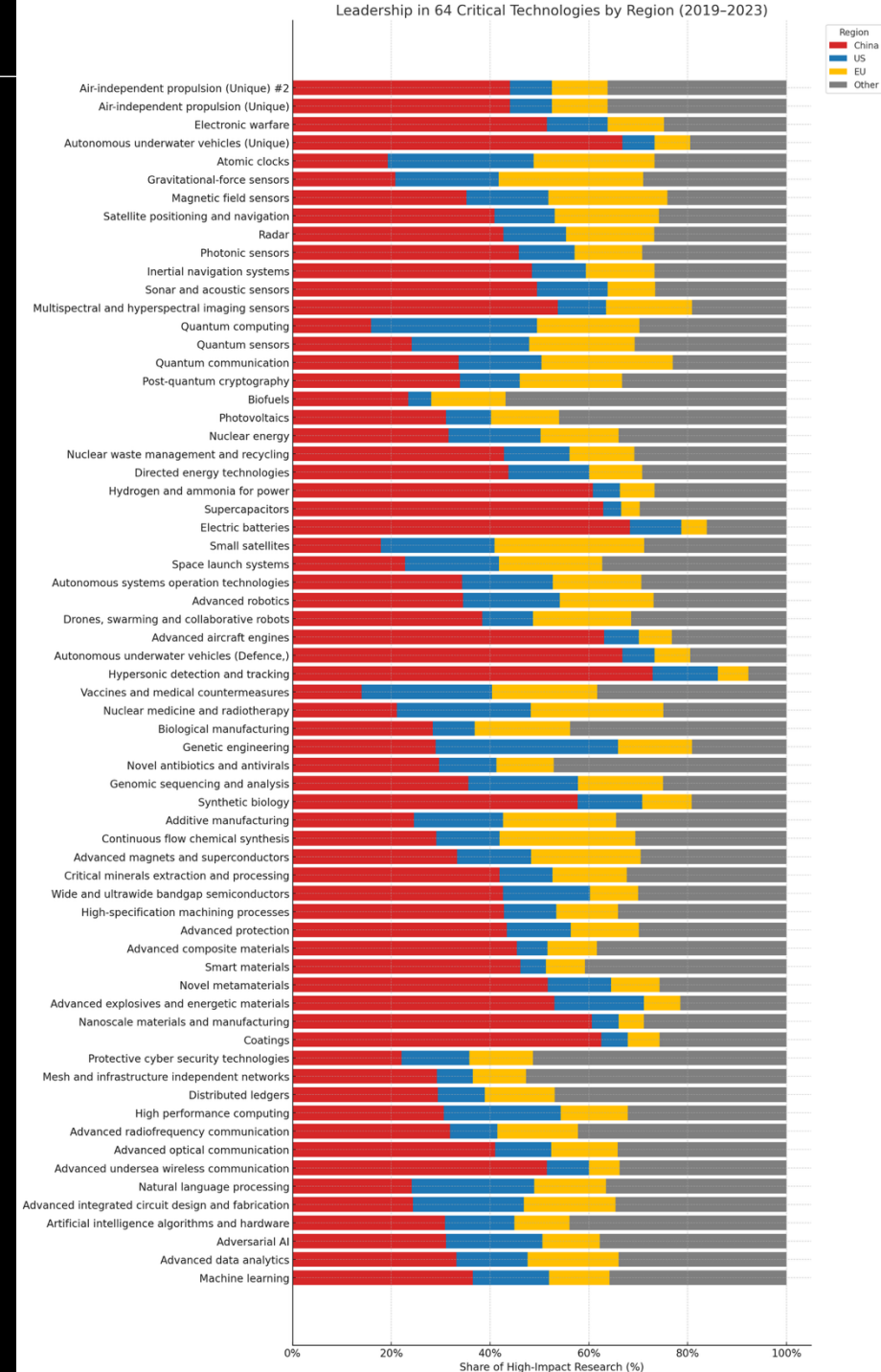


Source: Richard Baldwin, IMD

China laps the US in science

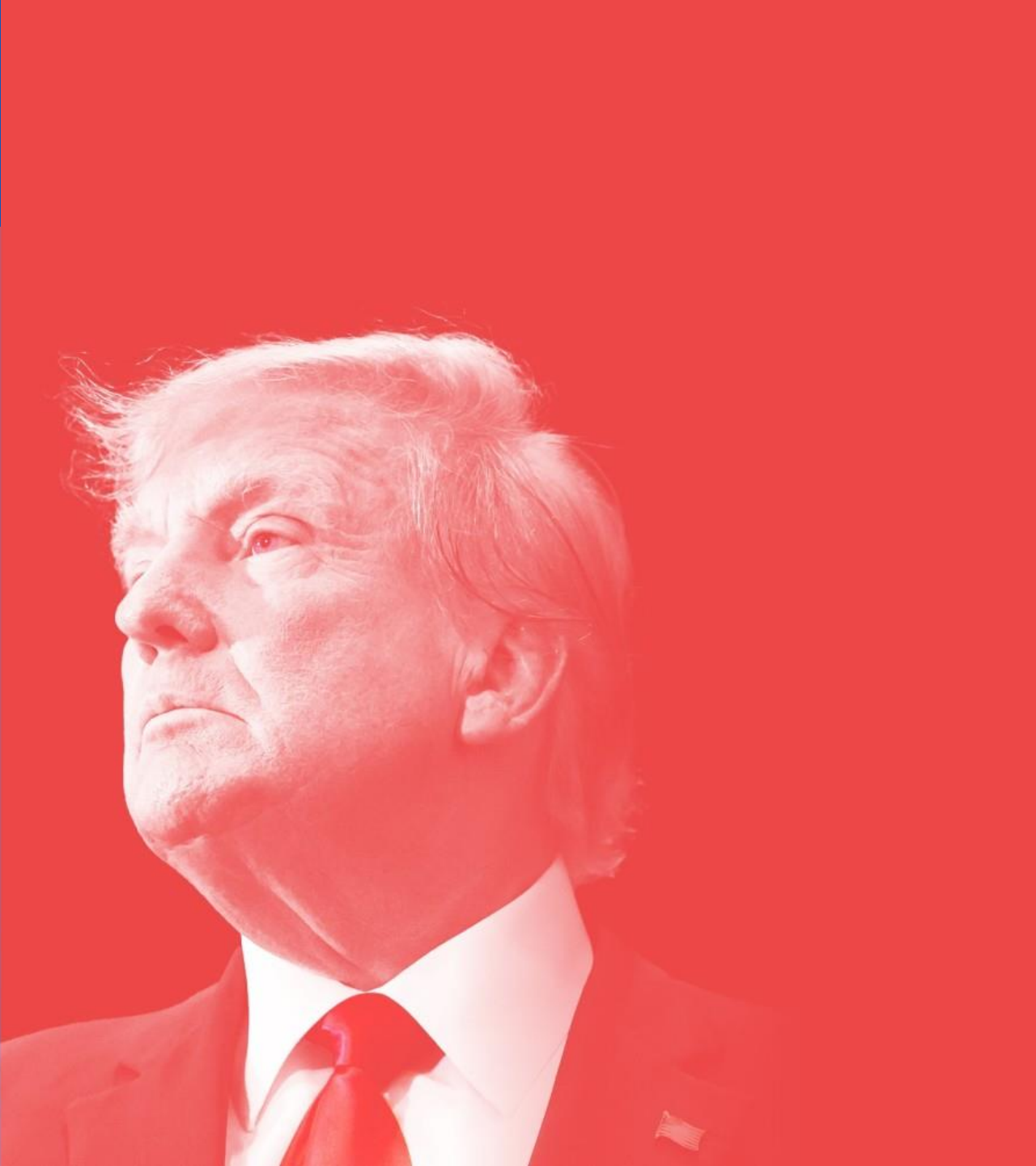
Share of top 10% cited research papers across 64 technologies

	2003-2007
United States	60
China	3



America's global leadership has eroded.
The US is no longer able, or willing, to
provide global public goods such as
open markets, security, and stability.

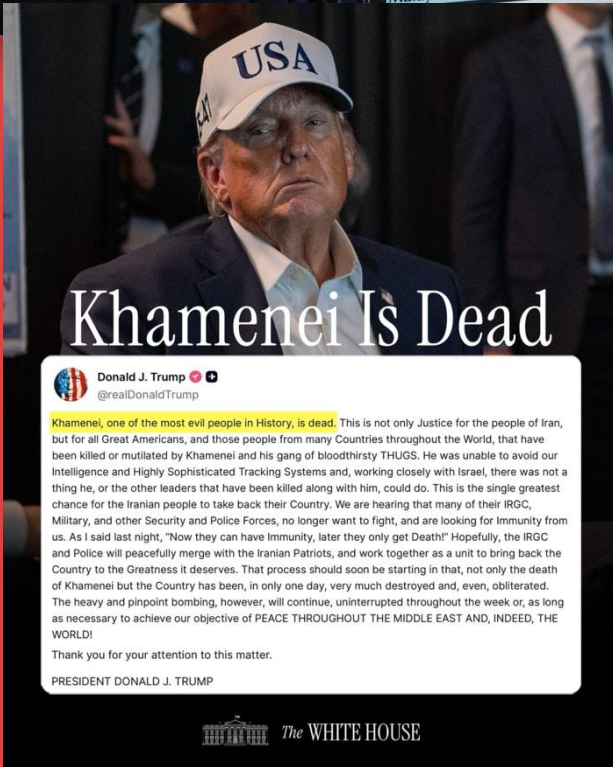




Alliances + Industrial Policy



Protectionism+ Unilateralism



The Trump OS

- **Personality**, not policy
- **Deals**, not alliances
- **Power**, not principles
- **Interests**, not institutions
- **Transactions**, not trust
- **Zero-sum**, not positive-sum





A world governed by force where
“the strong do what they can and
the weak suffer what they must”



The embrace of “values-based realism,”
enabling middle powers to build a more
cooperative, resilient world

Globalization is **not** over

But neoliberalism is



in the past

going forward

“efficiency and scale”

“security and resilience”

Globalization is **not** over

But neoliberalism is



- Businesses and investors will continue to pursue opportunities around the world
- However, they will have to contend with the primacy of states, the implications of great power rivalry, weak institutions, shifting rules, and lots of uncertainty
- In this world, **agility**, **reliability**, and **resilience** will be more important than efficiency or scale

China is benefiting


Back in
2023:

WORLD

German foreign minister calls for 'de-risking' relations with China

Baerbock says European countries should reduce one-sided dependencies over security concerns

Ayhan Simsek | 05.04.2023 - Update : 05.04.2023



World

Morning Briefing: March 14, 2026

UN urges safe passage of humanitarian cargo through Strait of Hormuz

US allows temporary purchase of Russian oil stranded at sea to stabilize energy markets

UN experts denounce military aggression against Iran, Lebanon

BERLIN

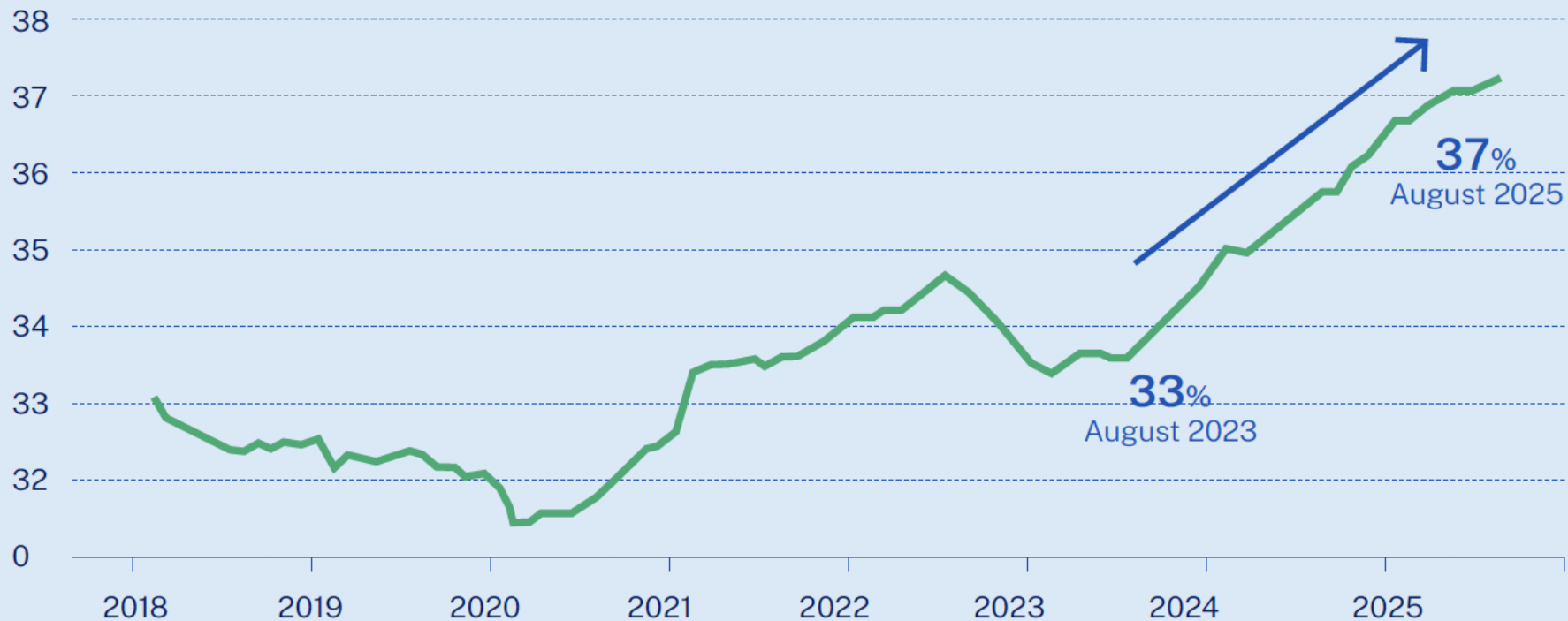
European countries must "reduce one-sided dependencies" on China due to security concerns, Germany's foreign minister said on Wednesday.

China is benefiting

China's share of global container export volume keeps going up

China global exports share⁽¹⁾

0% of total global export



Source: Maersk

China is benefiting

Canada PM hails strategic partnership with China to adapt to 'new global realities'

Mark Carney holds talks with Xi Jinping on rare Beijing trip as Canada seeks to diversify trade links away from US

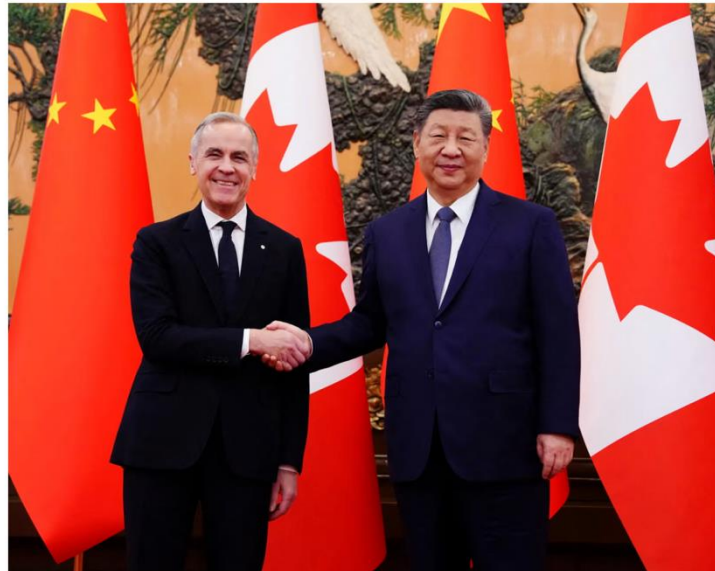
● [Business live - latest updates](#)

Amy Hawkins and agencies

Fri 16 Jan 2026 10.37 CET

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Mark Carney (left) with Xi Jinping. The Canadian leader has sought to turn the page on testy relations with Beijing. Photograph: Sean Kilpatrick/Reuters

Canada's prime minister, Mark Carney, has hailed a "new strategic partnership" with China as he held talks in Beijing with President **Xi Jinping**, the first visit by a Canadian leader in eight years.

President Xi says India, China 'friends, partners' in Republic Day message

On India's Republic Day, President Xi Jinping says Beijing and New Delhi are 'good neighbours, friends and partners'.



The path to rebuilding bilateral ties was put into action in October 2024, when President Xi Jinping met PM Narendra Modi in Kazan, Russia, during a BRICS summit [File: China Daily via Reuters]

By News Agencies

26 Jan 2026

Bond yields since the start of the Iran war

Middle East war [+ Add to myFT](#)

Chinese government bonds emerge as lone war haven

Yields on China's debt are down marginally since the start of the conflict while those of other major economies have risen



© Costfoto/NurPhoto/Getty Images

William Sandlund, Asia markets correspondent

Published APR 12 2026

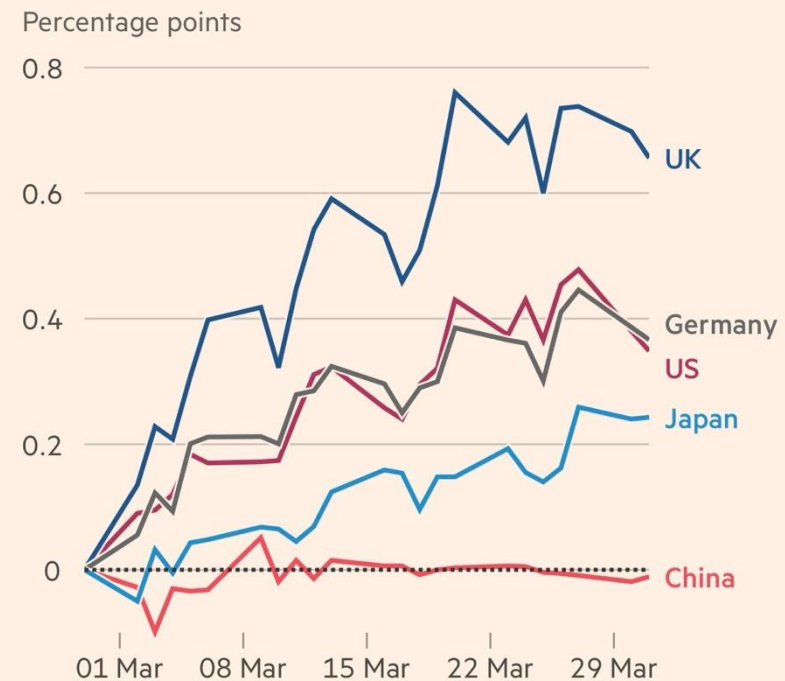


FINANCIAL TIMES

Source: LSEG

Middle East war pushes up borrowing costs, except in China

Change in 10-year yields since Feb 27



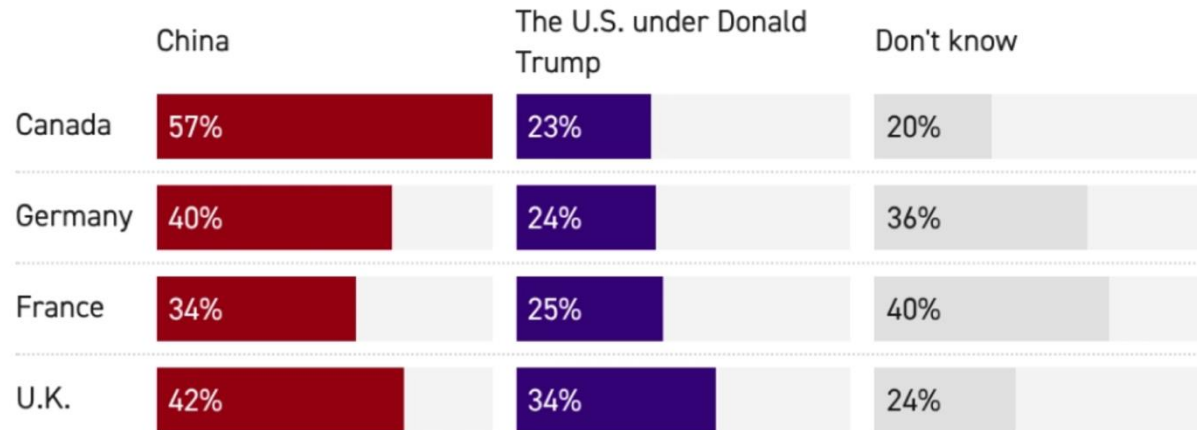
Big opportunity for China

- Commitment to rules-based trade
- Global manufacturing dominance
- Global leadership on the energy transition and clean tech
- Credible challenge to the US in AI
- Filling the void in Africa and beyond



Big opportunity for China

Share of respondents, split by country, who say it's either better to depend on China or on the U.S. under Donald Trump

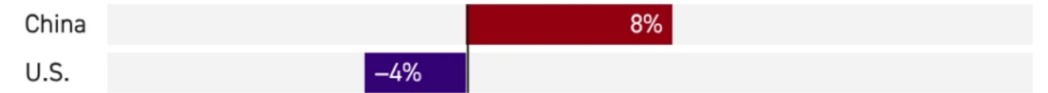


Net support among respondents, split by country, who say their country should get closer to (positive) or more distant from (negative) the U.S. and China

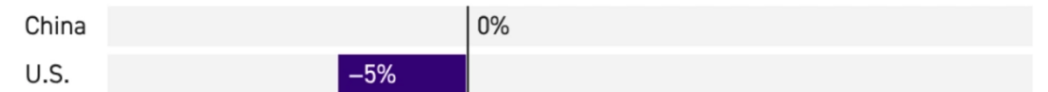
Canada



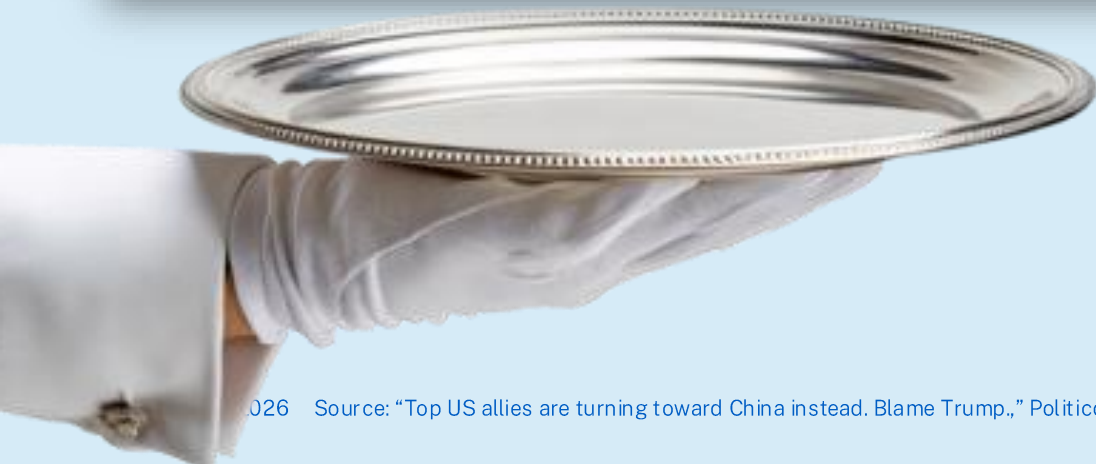
Germany



France

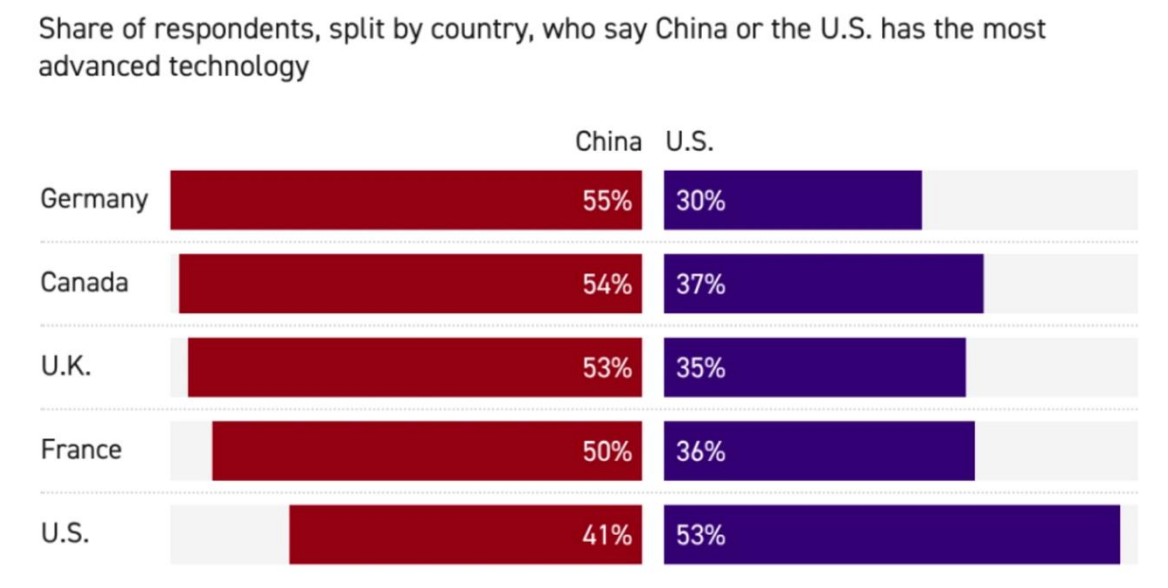


U.K.

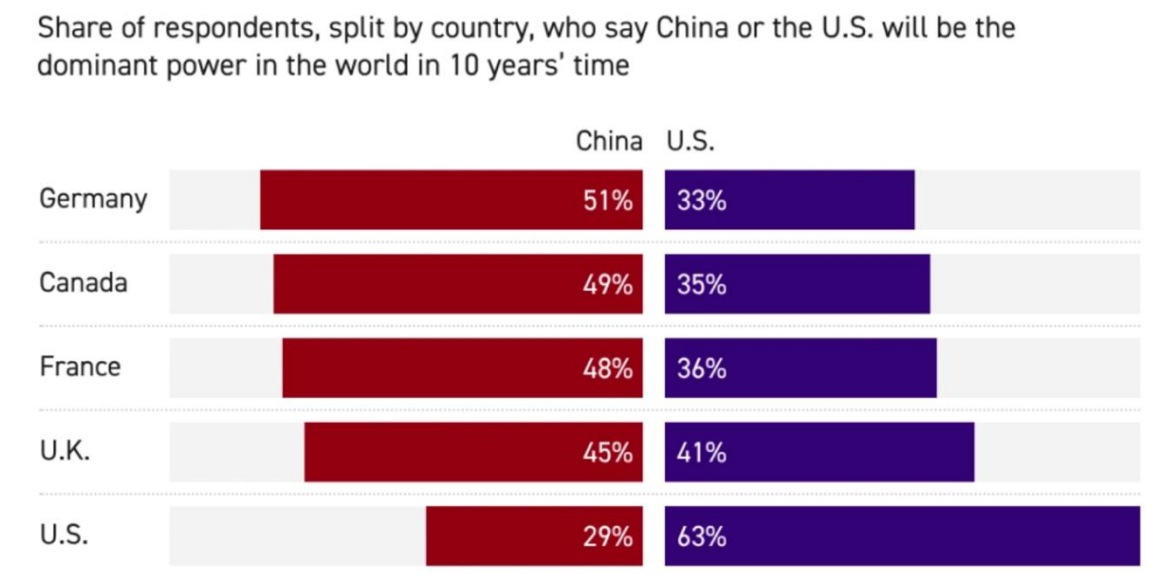


China increasingly seen as leading

Who has the most advanced technology?



Who will be the dominant power in 10 years?





In an era of weaponized interdependence, business is the battlefield

ANTHEM'S BID FOR CIGNA BLOCKED

13:22:47 New York 18:22:47 London 02:22:47 Hong Kong 05:22:47 Sydney

31° Hi 31 Lo 20 1° Hi 2 Lo 1 12° Hi 12 Lo 12 24° Hi 24 Lo 12

11:42:52 Launchpad - Single 27' Moni

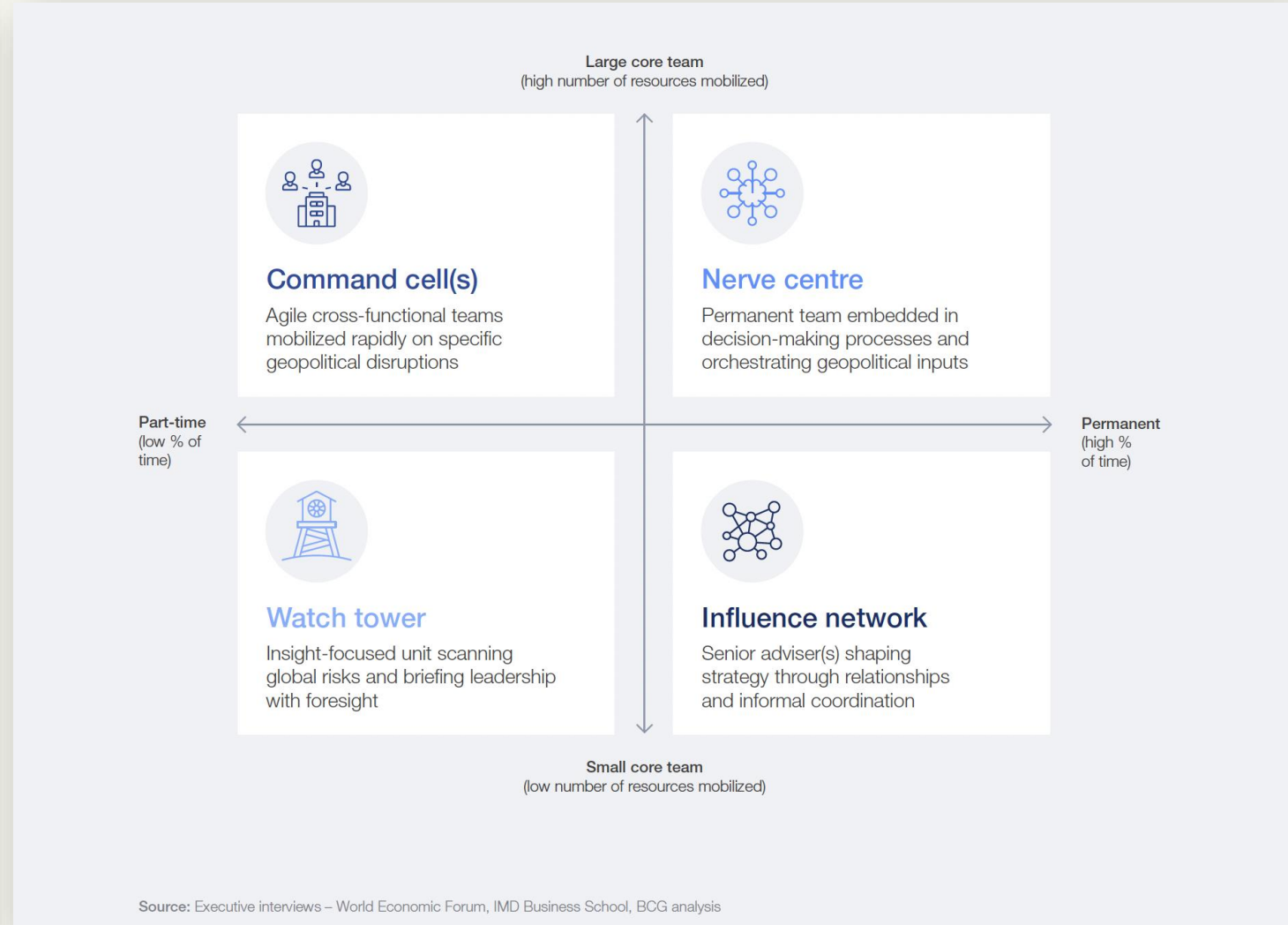
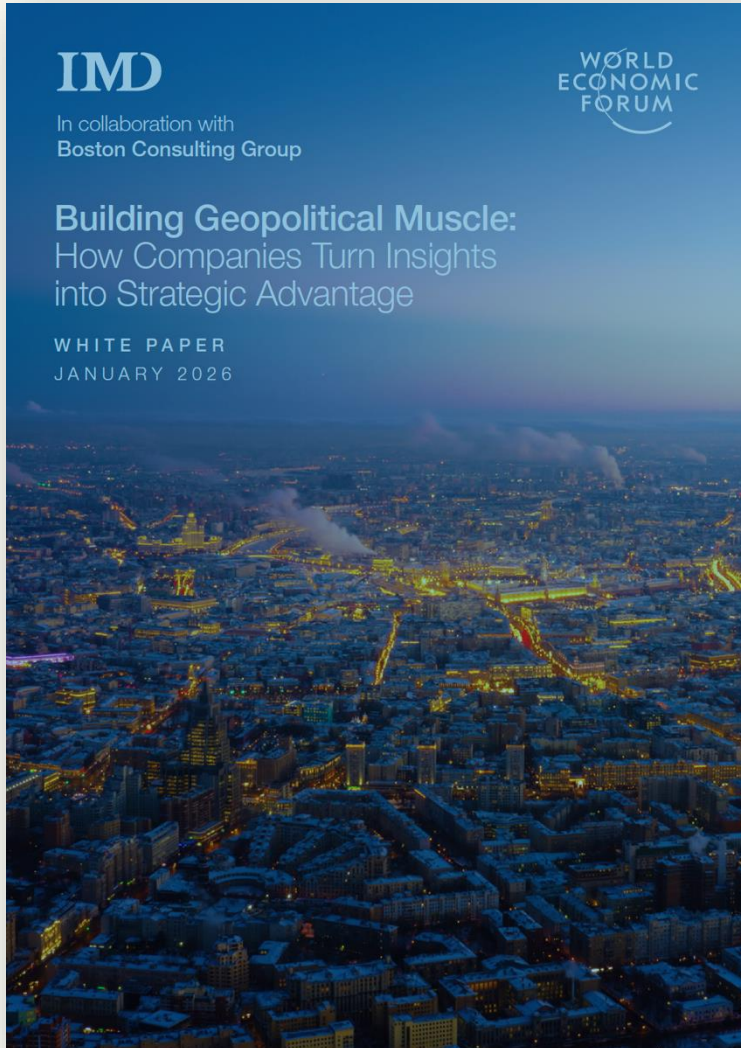


- Old world order is gone
- World will remain volatile
- Geopolitical rivalry will intensify
- Europe needs to provide for its own security
- Government budgets will be under pressure



- Outperform in the new one
- A premium for reliability
- Agility and political acumen will be critical
- Plenty of opportunities in a security-focused economy
- Monetary instability and higher cost of capital

Practice-focused, actionable research



Practice-focused, actionable research



Practice-focused, actionable research



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» Artificial Intelligence

How national security within global ecosystems offers a model for the commercial AI world

by Faisal Hoque, Paul Scade, Pranay Sanklecha

Published January 20, 2026 in [Artificial Intelligence](#) • 11 min read



For multinationals, especially in strategically sensitive sectors such as energy, finance, and technology, traditional defense policies offer inspiration as they develop robust AI strategies.

Pedagogical resources

New cases, new challenges, new contexts



Frameworks for Future Readiness

Perform and Transform in times of uncertainty



Explore what future-readiness really means

Learn from practical examples what separates future-ready companies from the rest.



Understand the unique dynamics at play

Examine how you, your team, and your organization each contribute to building a future-ready enterprise.



Overcome critical challenges

Gain practical tools and strategies to address the most pressing barriers to readiness and position your organization to compete.

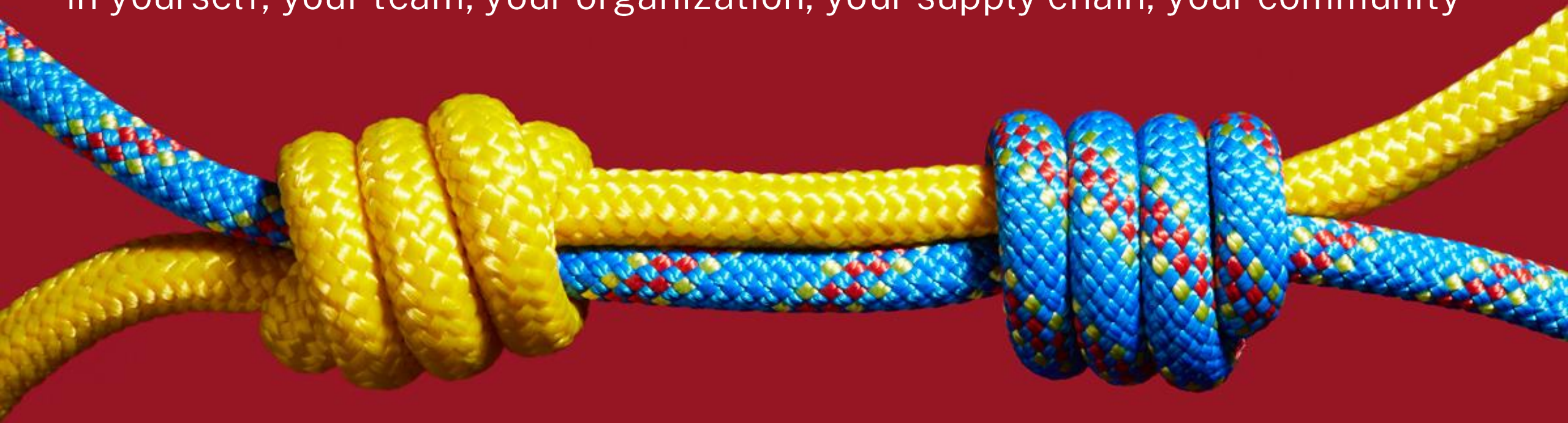


Build your future-readiness roadmap

Walk away with a clear, practical framework to diagnose where you stand today, prioritize what matters most, and scale capabilities for growth.

Strengthening resilience

In yourself, your team, your organization, your supply chain, your community



Thank you very much

david.bach@imd.org



IMD / Real learning
Real impact