# Global Geopolitical Update:

## *Gathering Storms and Bright spots*

October 2025

# Geopolitical recession

- The global leadership deficit is growing critically dangerous, with no one willing and able to drive a global agenda and maintain international order.
- This is amid a deepening geopolitical recession, when core international institutions no longer reflect the underlying balance of global power.

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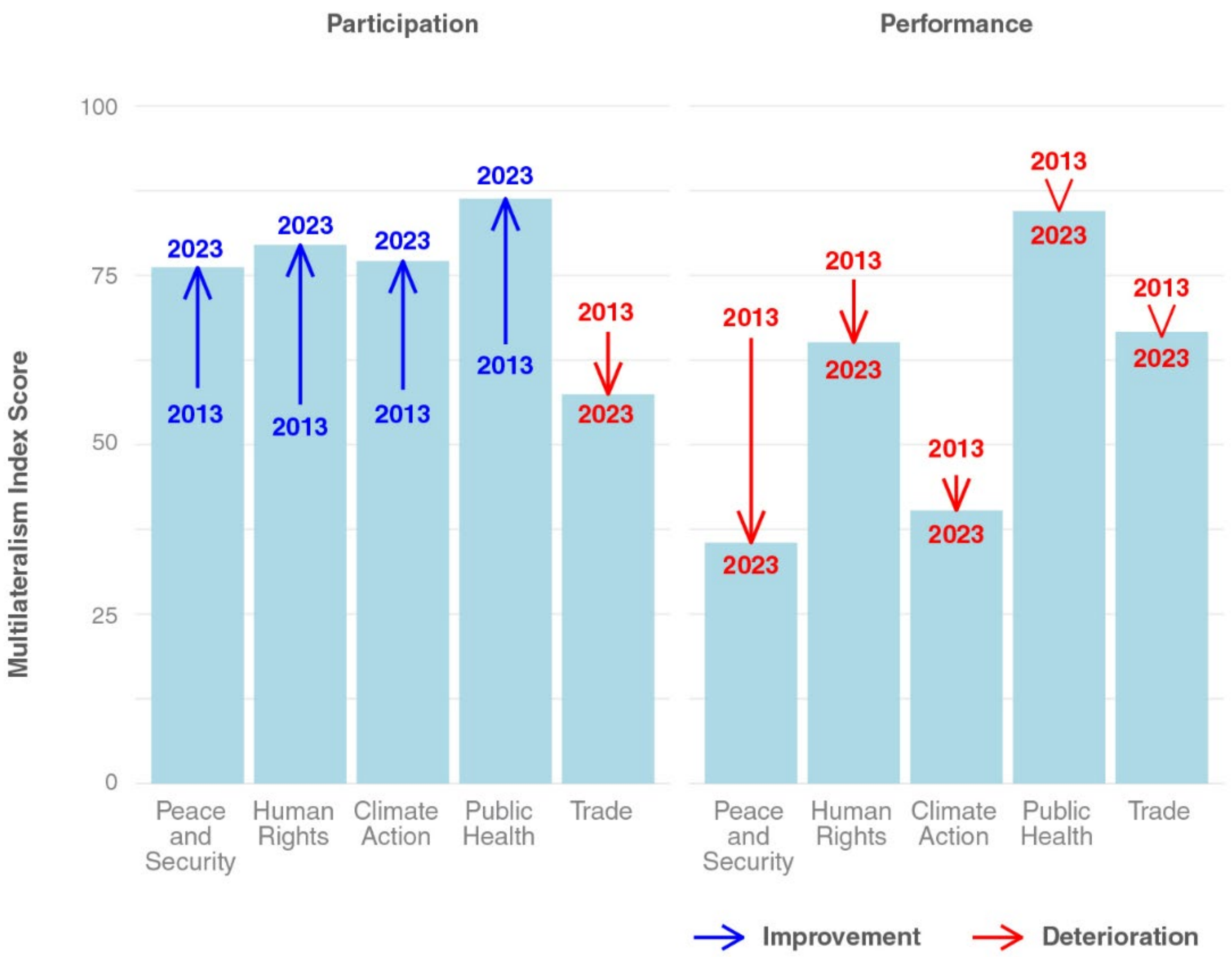
## Multilateralism performance in crisis: Multilateralism Index 2024








**Source: Multilateralism Index 2024 - International Peace Institute**

# Conflict and military expenditure continue to rise

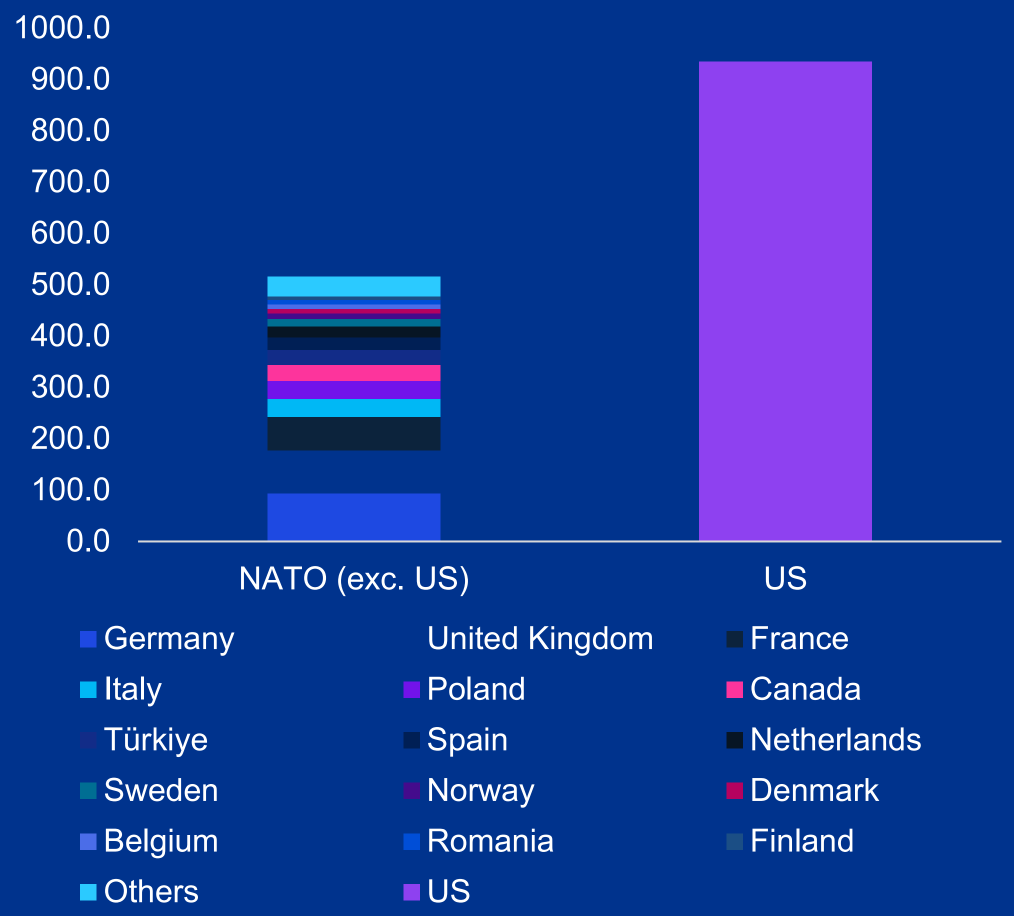
**61 conflicts**
In 2024 up from 51 in 2023

**122 million people displaced**
because of conflict as of June 2025

**11.6%**
of global GDP was the cost of conflict in 2024 or US$19.97 trillion

**US$2.7 trillion**
world military expenditure, increased by 9.4% in real terms y-o-y in 2024

**NATO vs. US military expenditure, 2024**

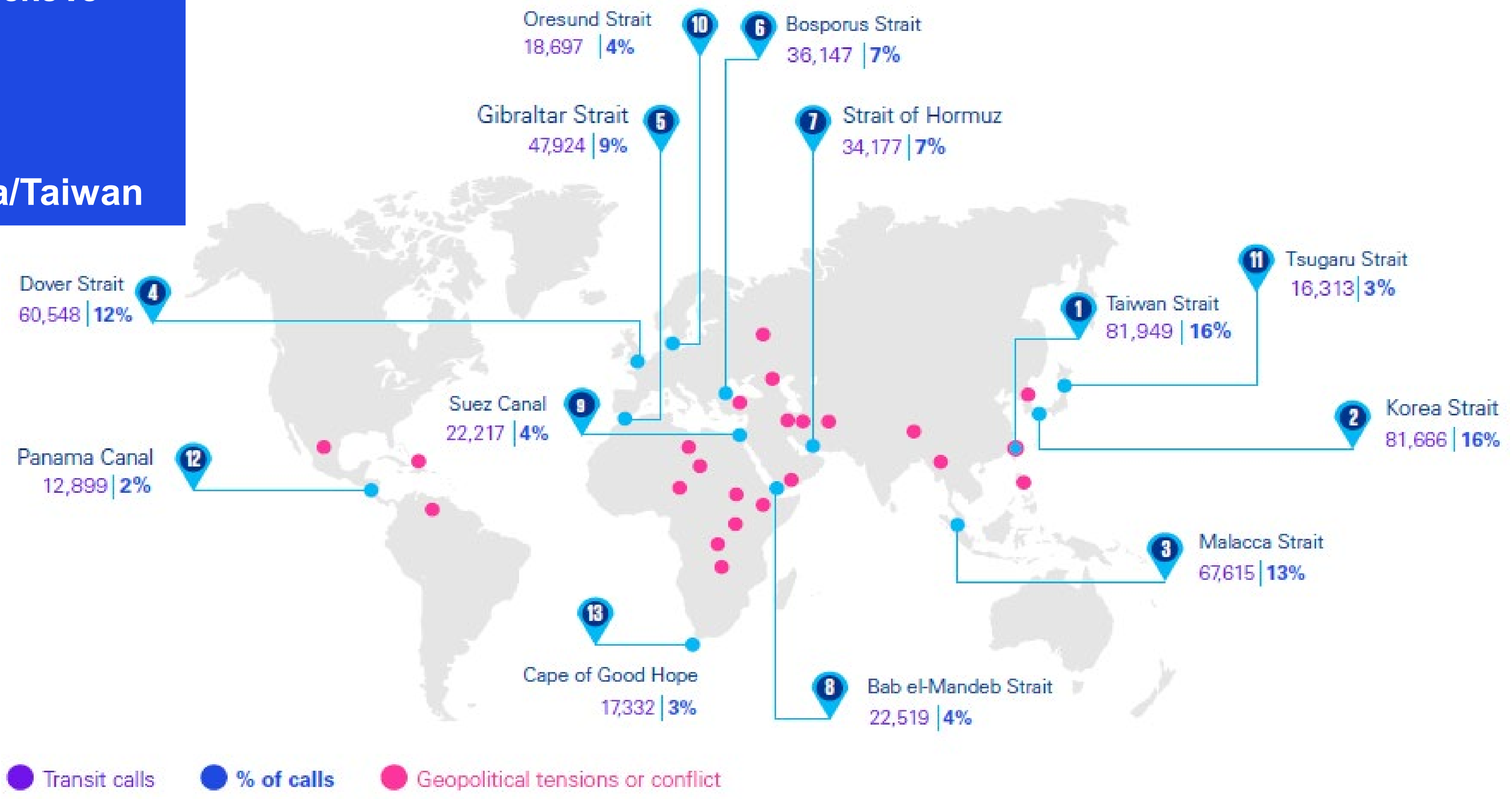



Source: Institute for Economics & Peace; UNHCR, SIPRI; NATO

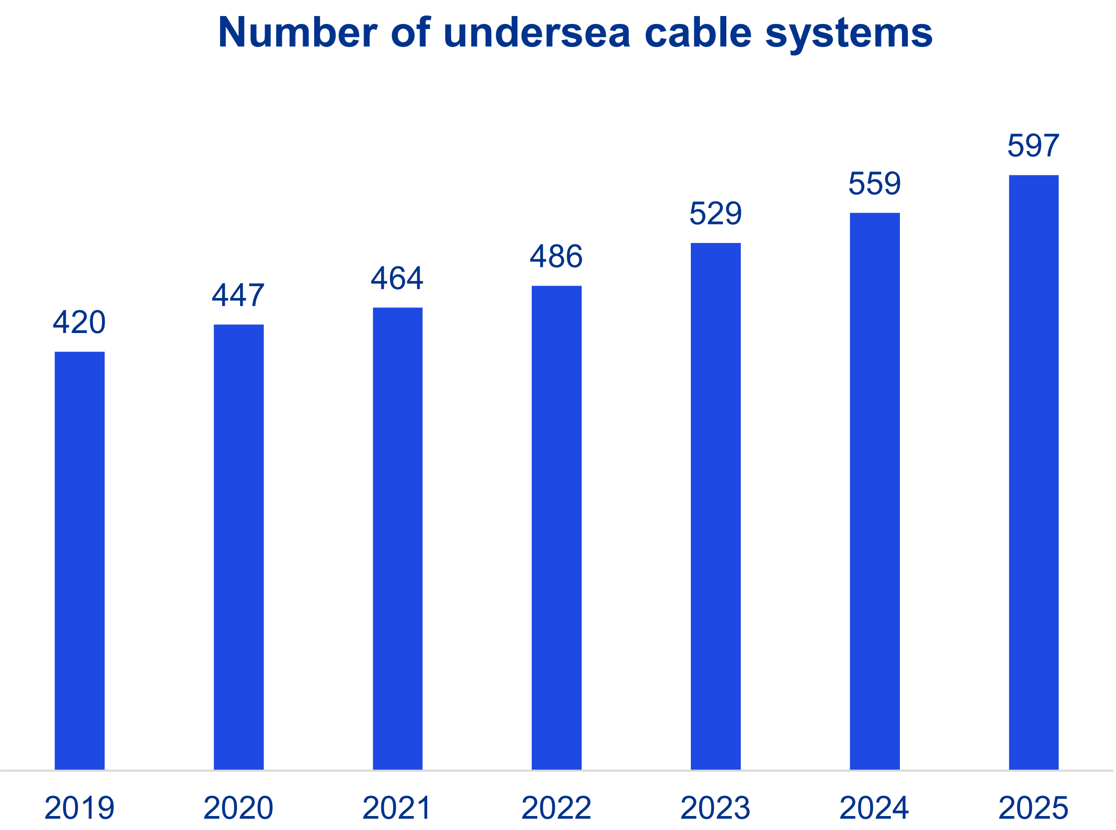
# Multiple threats to supply chains, assets and Infrastructure

## KEY CONFLICTS/TENSIONS TO WATCH:

- Russia/Ukraine
- Israel/US - Iran
- South China Sea/Taiwan



# Submarine cable infrastructure




Note: Includes publicly-known communications systems; Excludes undersea lines exclusively dedicated to power transmission, research networks, and private government use

Source: TeleGeography.

- Most international financial transactions run over cables. That would be **about 95%+ of all data transfer. The daily value likely exceed US$10 trillion.**
- On average, two to four breaks occur somewhere in the world every week; an estimated **100 to 150 cables are severed each year**.
- Undersea cable disruption is also being integrated into military strategies, a case of gray-zone warfare.

# Sizeable increase in trade protectionism

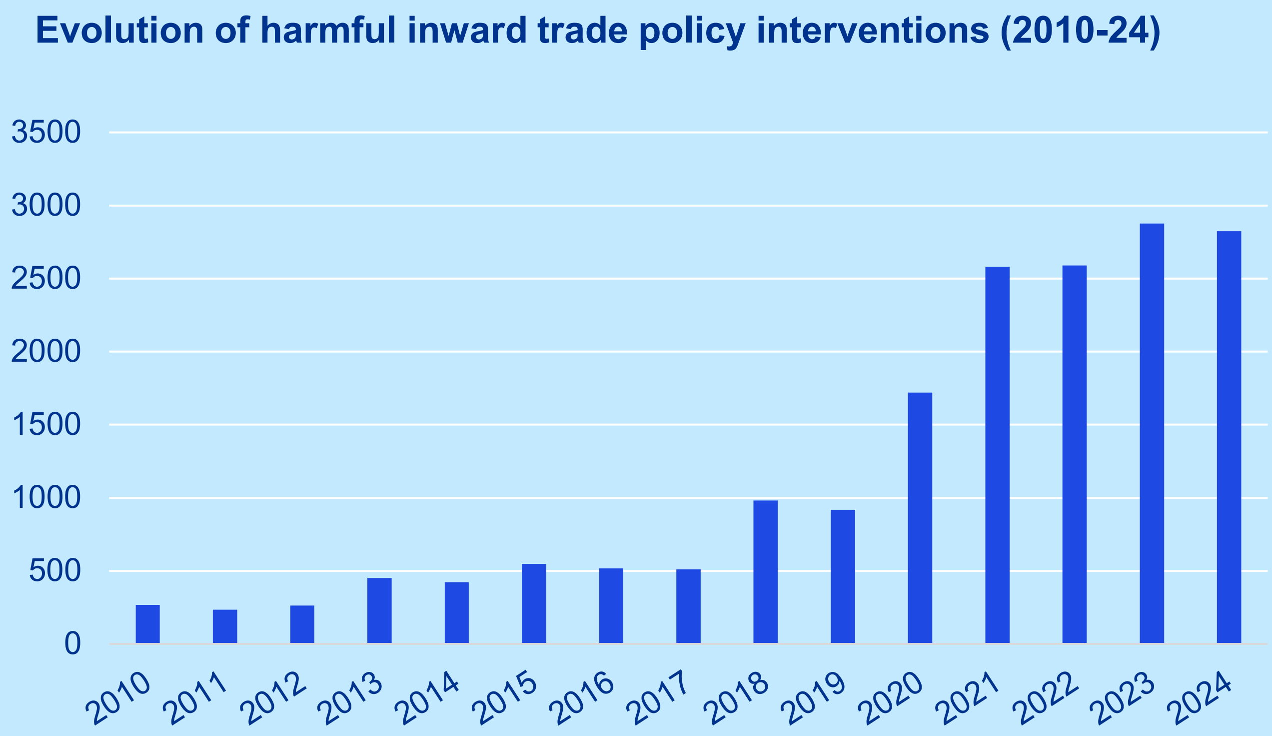
**Fragmented geopolitical order means sizeable increase in trade protectionism**

According to the Global Trade Alert, there were

## Almost 3,000 “harmful” inward trade interventions implemented in 2023-24*

**a significant increase from just 500 a decade earlier.**

*According to the Global Trade Alert

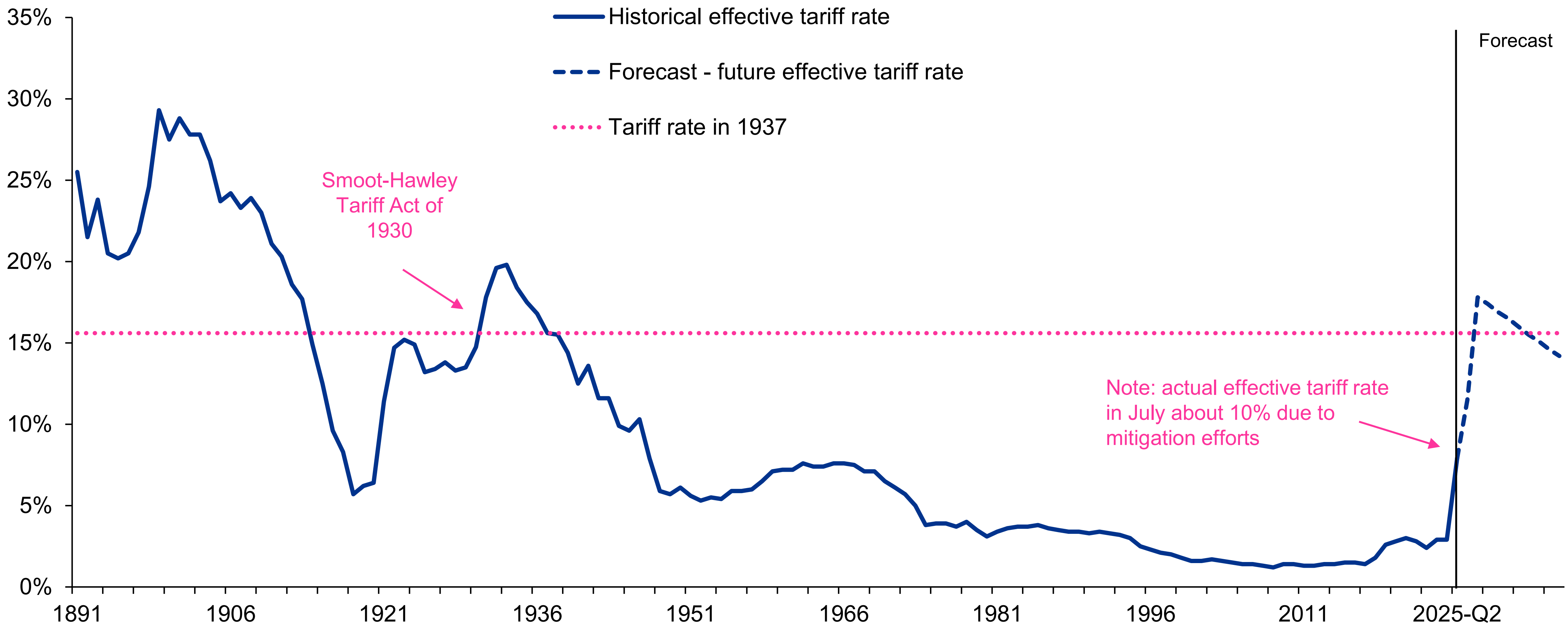



Source: Global Trade Alert. Harmful Trade Policy Measures. (Measures, January 2025)

# Largest increase in US tariffs since the 1930s

**Tariffs taper off**

Effective tariff rate, percent

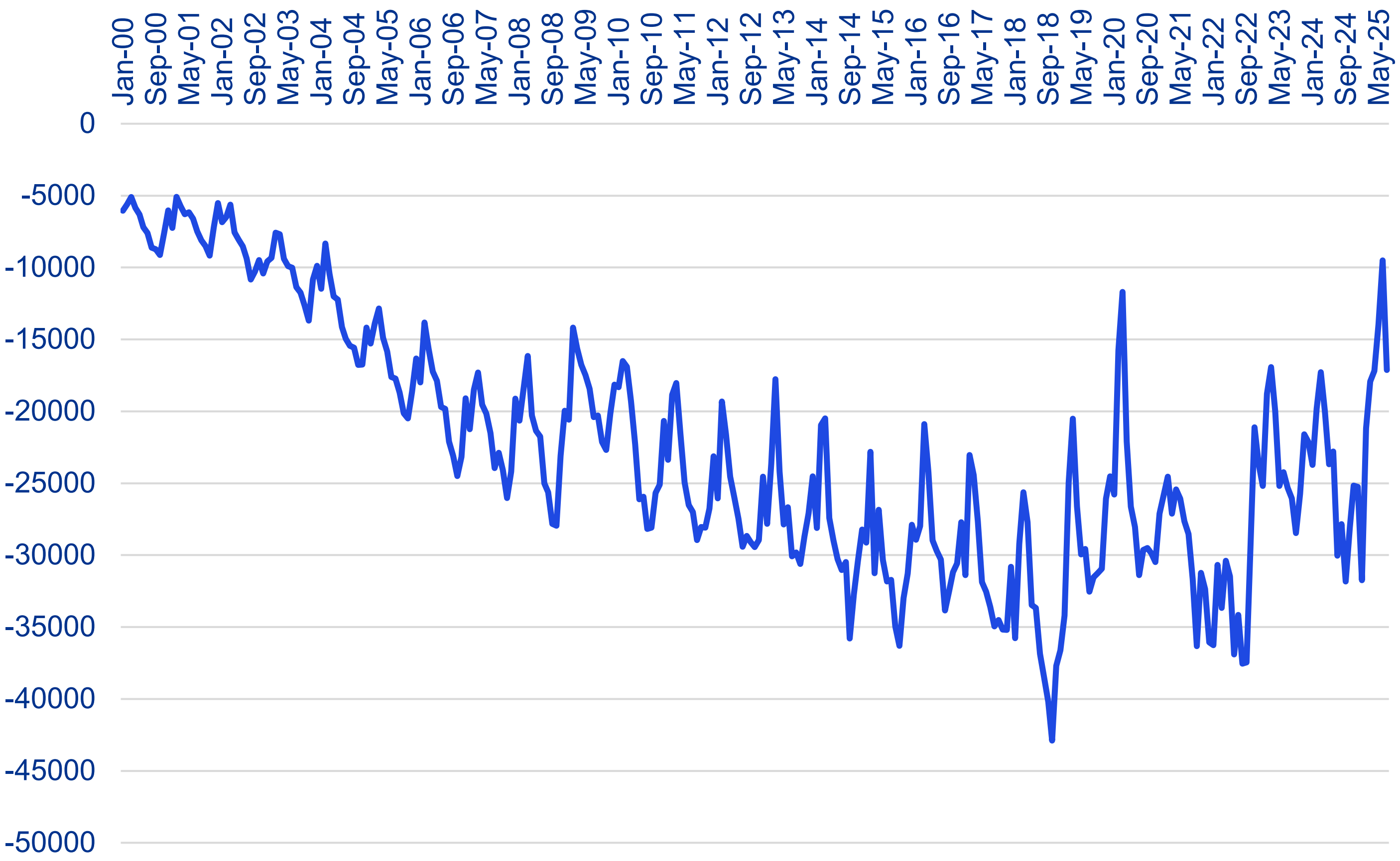



Source: KPMG Economics, United States Census Bureau

# US-China relations

- **Base case scenario: transactional deal by 2026. Effective tariff rate 25-30%**
- Long-term trend of US-China decoupling persists, but a transactional deal would bring some short-term stability to bilateral trade
- Middle economies and geopolitical swing states aim at maintaining pragmatic approach

## US trade deficit with China

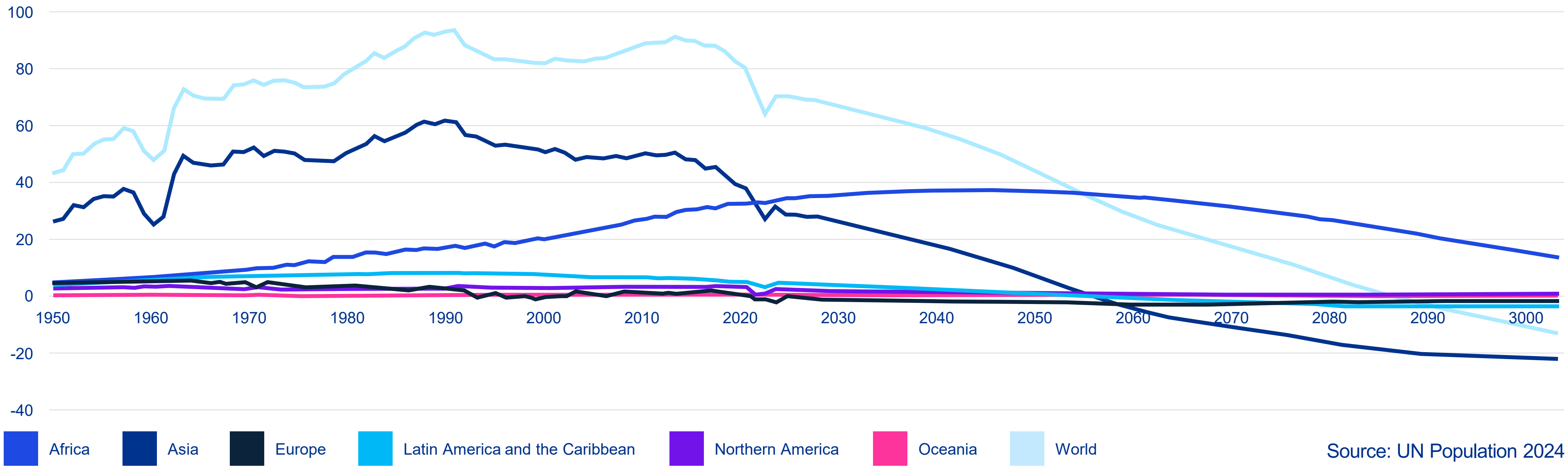


# Shifting demographics

**Mass retirement, a declining birth rate and anti-migration sentiment could deplete the talent pool and complicate healthcare budgets in many developed nations.**

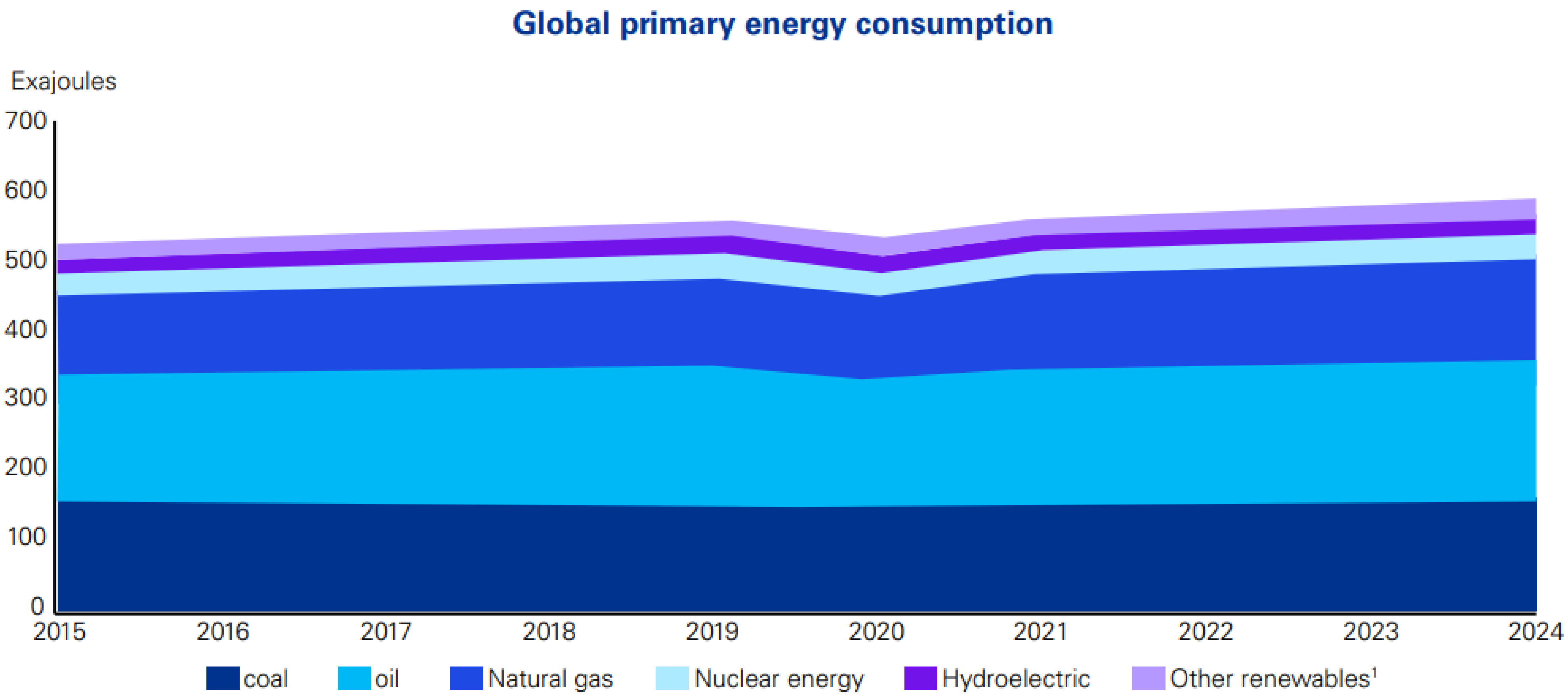
Technologies such as Gen AI and automation hold significant potential to bridge the skills gap.

## Population change in millions




Source: UN Population 2024

# Geopolitical recession complicating the energy transition



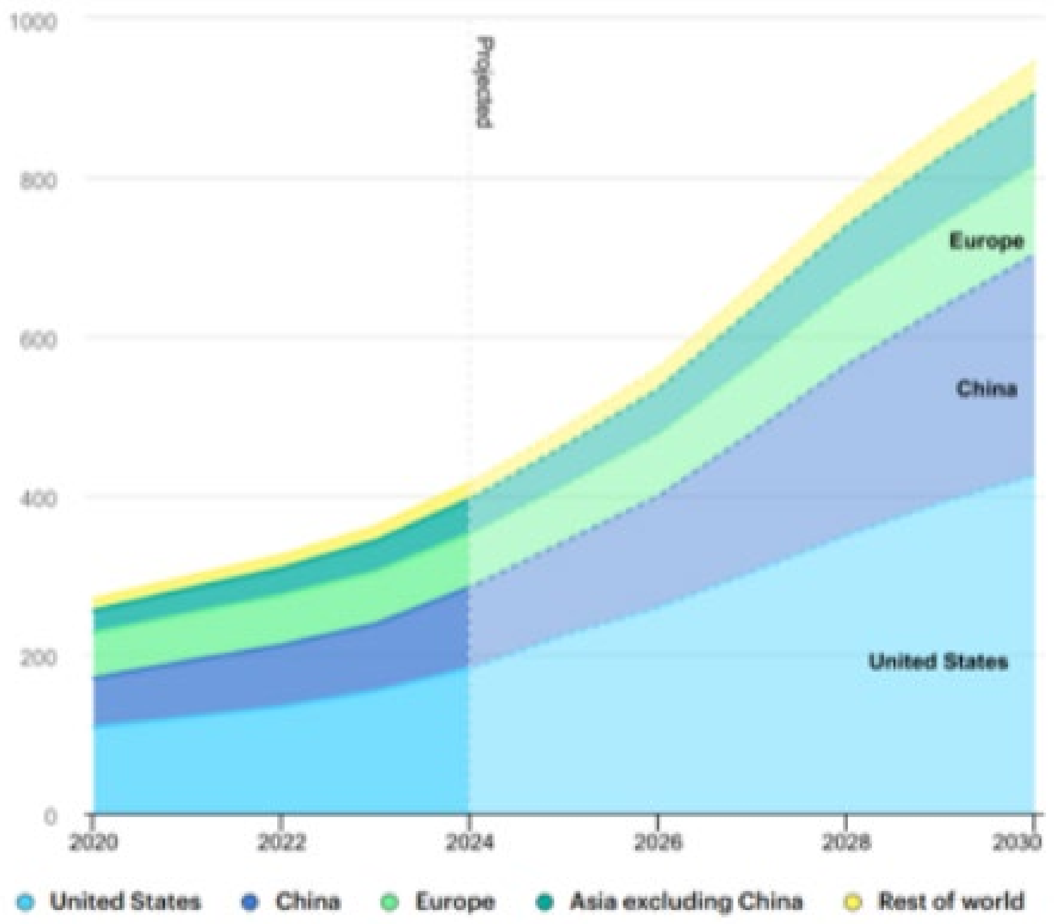

1. Includes Biofill, solar, wind, geothermal, biomass

Source: Energy Institute, in association with KPMG International and Kearney. "2025 Statistical Review of World Energy."

# AI unbound

- **AI revolution biggest opportunity for productivity gains at a time of growing costs and fragmentation.**
- Power and water demand for AI and other data centers will likely double by 2030, largely concentrated in the US, China, and Europe
- Geopolitical competition will drive the AI and tech race between US and China.

Data center electricity consumption by region, 2020–30

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