



FUTURE TRENDS

Report

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Future Trends Report

Future Trends Report, published in English and Arabic by TRENDS Virtual Office in Montreal, stands out as a distinctive publication dedicated to highlighting:

1. the most important forward-looking studies that aim to identify future trends, analyze various variables that may influence these trends, and determine the best future scenarios.
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1 Prospective research

AI and the US-China Rivalry

Colmenares-Zapata, A. J. (2025). AI amid the US-China rivalry: Scenarios and policies for small states. *Foresight and STI Governance*, 19(1), 19-27.

In this article, Colmenares-Zapata examines how AI is reshaping the geopolitical competition between the United States and China and what this transformation might imply for smaller states with limited strategic and technological capacity.



The article positions AI as a pathbreaking, dual-use technology shifting the balance of power, military planning, and strategic stability—escalating an already strained rivalry between the two great powers. Founded on political realism and strategic foresight, the study argues that AI has become the main driver of contemporary power politics. Both the United States and China perceive AI as a crucial determinant in sustaining or attaining strategic supremacy, especially in military and security areas. The author highlights how U.S. initiatives depend on public-private partnerships and longstanding defense innovation ecosystems, while China embraces an integrated, whole-of-state approach wherein AI is part of national modernization strategies and military reform. While differing in their institutional models, both states accelerate AI development in ways that increase the risks of escalation, miscalculation, and destabilization. From a methodological viewpoint, the article advances the prospective approach for conducting the study. Colmenares-Zapata has conducted bibliometric analysis together with an expert survey in an effort to identify the key factors that shape the emerging GE competition within the realm of AI through the

PESTEL model. Moreover, the researcher has utilized foresight techniques such as the Schwartz axes and the Regniér Abacus to develop the scenarios until 2050, presenting their content based on the following axes: cybersecurity and manipulation on one hand and the level of militarization of space on the other. The four scenarios include futures dominated either by cyber conflicts and a more cooperative approach to external space governance or by full digital and spatial militarization and more stagnant approaches. Rather than making specific predictions about future events, these scenarios serve as tools to evaluate the various types of competitive rivalry with AI and their strategic consequences. In every scenario, AI is that force multiplier reshaping deterrence, surveillance, and conflict escalation, with the addition of new vulnerabilities related to data manipulation, algorithmic bias, and system failures. By using strategic foresight, investing in cybersecurity, and engaging in international AI governance, as well as space and digital diplomacy, smaller countries can gain more resilience and soften, if only partially, structural disadvantages. This article concludes that for small states, proactive, flexible,



AI is a dual-use technology that shifts the balance of power, military planning, and strategic stability.



AI is a force multiplier that reshapes deterrence, surveillance, and conflict escalation.

Is AI Refiguring Sovereignty?

Kera, D. R., Natan, O., Turgeman, M., & Ofek, H. (2026). Europe's AI future as a meta-sovereign imaginary: Negotiating global norms, sovereign machines, and infrastructural futures through AI simulations. *European Journal of Futures Research*, 14, Article 1.

In this paper, the authors examine and analyze how artificial intelligence is central to understanding the concept of refiguring sovereignty under contemporary geopolitical realities.



This piece also argues that under these realities, it is not possible to immediately establish territorial blocs concerning this 'new' cold war exemplified through artificial intelligence. Instead, there is a deeply intertwined infrastructural situation among these and many countries. This is not exemplified along territorial or real-world lines but through notions of narratives and symbolic actions in possession of sovereignty but never fully owning it. This is what this piece calls 'meta-sovereignty.'

Here we analyze the intentions and possible outcomes mainly from the perspective of the ambition of the European Union to become an "AI Continent" compared to the ambitions and strategies of the USA and China. From the European ambition to govern AI regulation and ethics at the global level toward global AI leadership, we witness the current dependency on globalized chip supplies, cloud services, and large computing capacities. Thus, we witness the emergence of a paradox: the more nation-states attempt to territorialize the infrastructure of AI technologies, the more their dependency on a globalized infrastructure becomes visible. Sovereignty thus becomes performance rather than possession.

The methodological contribution of this article lies in how it applies these concepts

by designing a simulation of experimental governance involving large language model artificial agents that take the form of nation-state actors, namely, the U.S., China, and the European Union, based on various policy frameworks and strategic imaginaries. These agents engage in a form of collective deliberation, which allows the researchers to observe how sovereignty is destabilized in a structure of asymmetrical dependence; though this is more of a heuristic device rather than a form of predictive simulation, as it is based on observing the manner in which imaginaries evolve.

On the basis of these simulations, the authors outline four heuristic scenarios for the European AI future, from successful infrastructure consolidation to regulatory isolation and infrastructure dependence. Sovereignty emerges as provisional and performative in all these scenarios—permanently renegotiated through infrastructures that defy political control. The article argues that AI is not just a subject of geopolitical rivalry; in addition to this, it is a medium for the performance of new forms of political sovereignty.



The more nation-states attempt to territorialize AI infrastructure, the more their dependency on a globalized infrastructure becomes evident.

Prospective research

NATO Readiness in Europe

Kancs, d'Artis. (2026). NATO defence readiness in Europe: A CRINK scenario analysis. Security and Defence Quarterly, 53(1).

In the context of NATO, d'Artis Kancs offers an applied and systematic assessment of whether the alliance has the capacity to sustain a protracted high-intensity conflict in Europe amid rising political strategic competition.



Building on the "Hague Summit Declaration on NATO 2025" and the EU Commission's "White Paper on European Defence Readiness 2030," the piece addresses whether the European allies have adequate and necessary capabilities to deter or withstand the worst-case scenario in conflict terms, including the newly formed political alignment dubbed "CRINK," composed of nations from China, Russia, Iran, and North Korea. A consciously applied research design with clear historical benchmarking, descriptive statistics, as well as scenario-based simulation will form part of the study. At this tactical level of analysis, in preparing the quantitative benchmark of European readiness, Kancs compares the present European military inventories (2024) with the European Cold War inventories of the past (1990), based on data provided by various IISS publications. To begin with, there is a sharp deterioration in European land capabilities; essentially, there is a reduction of 85 to 98 percent in European main battle tank holdings. First, looking at the operational level, the article identifies military mobility as a critical enabler in the defense states' preparedness. In arriving at this conclusion, Kancs relies on NATO exercises, reports from the European Court of Auditors, as well as empirical cases to illustrate how the transport infrastructure

in Europe is not equipped to handle rapid force deployment. There are significant time losses due to deficiencies in infrastructure, customs formalities, incompatibility of rail gauges, and a lack of heavy equipment transporters to enable NATO to respond to crises at "the speed of relevance." To test European preparedness in extreme circumstances, a global general equilibrium model empirically proven to be reliable (EU-EMS) is used in the study to simulate a non-kinetic geopolitical event named 'Cold War 2.0.' The event represents total trading disconnection between NATO and CRINK nations in their interrelated chains of supplying 'intermediate goods and natural resources' needed to fuel defense production. The findings of this simulation show that European defense production capacity will be reduced by over 7% every year in the short term; however, successful recovery will be highly dependent upon early trade diversification. The article reaches the conclusion that Europe's defense preparedness lacks an inherent quality that makes it vulnerable to geopolitical risks. While the study does not offer predictive information, it provides decision-makers with applied analytical tools to comprehend the tangible implications of strategic delay within an ever more volatile geopolitical environment.



European land capabilities have sharply deteriorated, with a reduction of 85 to 98 percent in main battle tank holdings.



Europe's transport infrastructure is not equipped to handle rapid forces' deployment.

Eco-Civilization: A Policy of Development

Sumra, K., Iftikhar, H., Omerkhel, Q., & Siddique, H. (2025). Promoting sustainable development goals through the Chinese concept of eco-civilization: A Delphi study of priority areas in the China-Pakistan Economic Corridor. *Al-Idarah: Journal of West Asian Politics*, 22(1), 1-21.

In this article, there is an examination of how the policy of ecological civilization, as conceptualized and supported by the government of China, finds expression through the economic corridor between China and Pakistan, referred to as the China-Pakistan Economic Corridor (CPEC), under the umbrella of the Belt and Road Initiative (BRI).



The article promises an examination of eco-civilization not just as an environmental policy but also as a policy of development that encompasses the concepts of sustainable development, good governance, and the geopolitics of infrastructure expansion.

Theoretically and conceptually, this study identifies the concept of eco-civilization with various philosophical schools of Chinese thinking and philosophy—specifically Confucianism, eco-socialism, and dialectical materialism—while also bringing it into contemporary discourses of capitalism and ecological degradation. This is particularly apropos when discussing CPEC, given the high level of criticism leveled at it over its impact on the environment regarding energy production and consumption, as well as water and urban development. The study highlights the following three crucial domains as the most important for embedding the vision of an 'ecological civilization' in CPEC:

Expanding the scope of environmental laws: Experts have emphasized the need to formalize environmental laws and governance structures. It is believed to be an area where the Government of China is struggling to maintain a balance between its industrialization drive and

environmental protection.

Strategic Environmental Assessment and the need for payment mechanisms: The study has strongly emphasized the need for Strategic Environmental Assessment and payment mechanisms as the most crucial strategies to protect forests from the threat of deforestation and pollution. Water Eco-Civilization: This has emerged as a new critical area in the study, with specific references made to the need to manage the resource problem of the port city of Gwadar.

Apart from sectoral-level analysis, this article highlights aspects concerning the geopolitical importance of the China-Pakistan Economic Corridor. This refers to how China gains by promoting its eco-civilization ideals in terms of infrastructure building and, in turn, enhances its status in international circles as a role model in ensuring sustainable development.

The article concludes that "ecological civilization presents a challenging but promising approach to harmonizing large geopolitical physical infrastructures with the UN Sustainable Development Goals." Its contribution lies in "the translation of an ideological concept of Chinese development into actual ranked priorities through the lens of expert-driven applied research."



Ecological civilization offers a challenging yet promising way to align large geopolitical infrastructures with the UN Sustainable Development Goals.



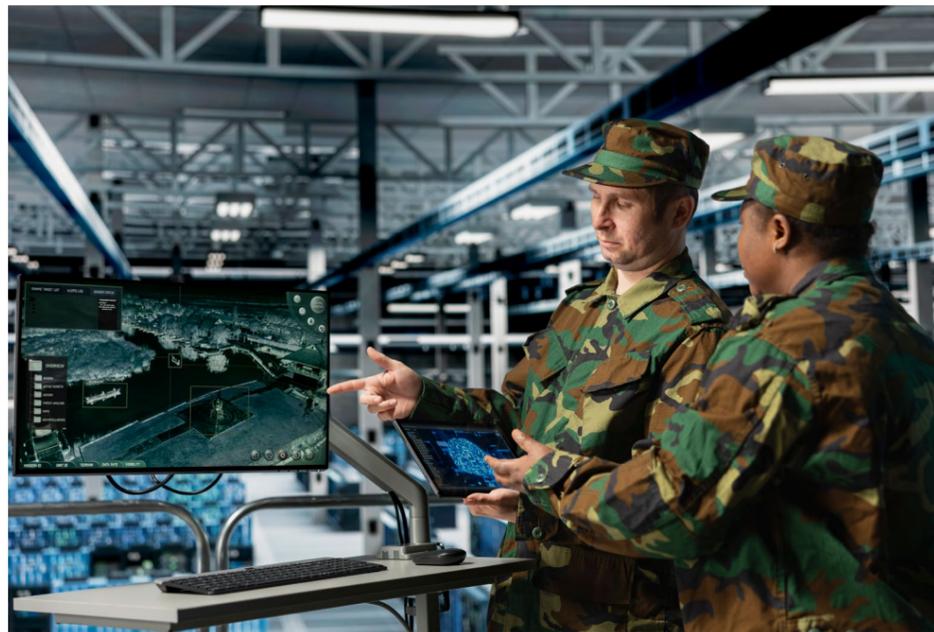
Apart from sectoral-level analysis, this article highlights aspects concerning the geopolitical importance of the China-Pakistan Economic Corridor.

Prospective research

Non-Kinetic Strategic Deterrence of Rare Resources: An Analysis

Meng, W. (2025, June 13). Expert insight-based modeling of non-kinetic strategic deterrence of rare earth supply disruption: A simulation-driven systematic framework

This paper develops a modeling framework for the analysis of how the emerging supply chains of rare earth resources might serve as non-kinetic strategic deterrence tools in a rising global rivalry between the US and China.



This research argues that "rare earth resources have shifted from mere common goods to institutionalized strategic goods with capabilities to impair an opponent's combat effectiveness without evoking a conventional military response." The research defines the "rare earth supplies disruption as a form of institutional warfare," understood as distinct from the more familiar models of sanctions or kinetic strikes. Rather than causing damage in the near term, the authors found the supplies disruption caused "delayed," "nonlinear," and "systemic" capability "degradations." This paper makes a strong applied contribution by integrating expert-elicited qualitative data with advanced AI-based simulation techniques. The modeling process begins with structured interviews conducted with strategic resource experts, notably from the American Rare Earth Exchange Organization. Hence, from a methodological point of view, this paper presents a very robust applied contribution in terms of the marriage of qualitative expertise-derived information with advanced AI-based simulation machinery. This modeling process is initiated through a series of structured interviews completed with strategic-level resource experts. Further, findings of simulation results reveal how the capabilities of the United States military degrade in three phases in response to a cut-off in the supply of

rare earth: the latent stability phase, the nonlinear acceleration phase, and a rapid collapse phase upon violation of critical thresholds. Significantly, there is variability observed in capabilities such as intelligence, surveillance, reconnaissance, and electronic warfare, showing high rupture intensity in finite lag windows; strategic mobility capabilities showing finite lag windows; and critical clusters of mutually interacting capabilities dubbed Security Critical Zones (SCZ) by the model. Besides diagnosis, the article also offers and discusses another concept: Strategic Deterrence Channels. This concept is discussed at length and identifies specific resource-to-capability channels to implement these with high leverage at low institutional cost. The concept offers better interpretability with causal Sankey diagrams and three-dimensional deterrence maps. The work concludes with findings of energy-based deterrence being enacted through rhythm, timing, and embedding rather than force. This is seen as a move towards a "digital cold war" paradigm of strategic control. Overall, the article provides the discipline with an exceptionally original applied framework that integrates modeling using AI techniques, expert foresight techniques, and geopolitical techniques for quantification and visualization of non-kinetic strategic deterrence in resource competition.

Rare earth supplies disruption as a form of institutional warfare.



U.S. military capabilities decline in three stages after a rare earth supply cutoff: initial stability, accelerated degradation, and rapid collapse once critical thresholds are crossed.

2 Applied research

Generative AI-Making and State-Making

Wang, Z. (2025). *Generative AI-Making and State-Making: Sovereign AI race and the future of digital geopolitics*. *Politics and Governance*, 13, Article 10222.

In this article, Wang provides a theoretically informed understanding of how the international contest over 'generative AI' redefines state capacity and geopolitics. By drawing on a body of state formation theory following Charles Tilly on external pressure and capacity building, it argues that in pursuing 'sovereign AI,' states are entering a new round in a process of state-making without resorting to interwar conflict but through trans-boundary technological rivalry.



'Generative AI' in general and large language models in particular are considered a 'GT' with a diffusion process that redefines how states need to organize and realign. In the paper, the Generative AI-Making and State-Making framework is expounded upon. In particular, the framework offers the understanding that sovereign AI competition becomes a causal mechanism where the perceptions of elite concerns about international competition relate to the development of capacity. There are four critical dimensions identified by Wang for capacity-building initiatives: coercive capacity, extractive capacity, delivery capacity, and information capacity. As the perceptions of competition become more distinct for elites, the more vigorous the efforts at capacity-building become. The methodological procedure adopted by the author in the article is a comparative qualitative case study method, where four strategic cases—in the United States, France, Brazil, and Singapore—are selected by employing Mill's method of agreement to understand common mechanisms for achieving a certain purpose in highly differentiated geopolitical environments as well as in various stages of technology development.

Empirically, the research finds that there is a strong convergence of capacities sought to be improved, but also a notable divergence in objectives, intensity, and instruments. While the United States seeks hegemonic dominance through aggressive use of coercion, massive investment in resource extraction, and highly institutionalized AI governance, France seeks a unique blend of regulatory leadership coupled with industrial policy, aiming to nurture both European autonomy and a global presence beyond the US-China binary. Further, as a relatively less pressured actor, Brazil focuses primarily on enhancing informational capacities and regulatory frameworks but lags behind in resource extraction and coercion. Singapore, as an unexpected middle power, seeks to use state coordination, linguistic diversity, and ecosystem building to establish a presence as a regional AI hub in Southeast Asia. The article argues that the rivalries in the realm of sovereign AI are not simply a "technological rivalry"; rather, they are an important "driver of state restructuring." In her article, Wang parallels generative AI theories with state-making theories to show how "technological rivalry in AI is actively restructuring state institutions, regional hierarchies, and the emerging multipolar digital world."



Wang identifies four key dimensions of capacity-building: coercive, extractive, delivery, and informational capacity.



The US pursues AI dominance, France promotes regulatory-industrial leadership, Brazil prioritizes governance capacity, and Singapore builds a coordinated regional AI hub.

Arms Race or Innovation Race?

Schmid, S., Lambach, D., Diehl, C., & Reuter, C. (2025). Arms race or innovation race? Geopolitical AI development. *Geopolitics*, 30(4), 1907-1936.

In this paper, Schmid, Lambach, Diehl, and Reuter critically explore the dominant conceptualization of global artificial intelligence (AI) competition as an "arms race." They assert that the dominant framing of global AI competition as an "arms race," albeit common, is not only analytically but also normatively flawed, as it conceals the mixed nature of the AI race, including economic, security, and innovation dimensions.



They introduce the notion of a geopolitical race as a substitute framework that better reflects the nature of the global AI race. The article presents a theoretically informed framework in innovation economics, critical geopolitics, and Science and Technology Studies (STS). It provides a conceptual understanding of the geopolitical innovation race, which is based on a set of four key dimensions that define this form of geopolitical innovation race. This framework allows the author to place innovation in artificial intelligence between an ideal form of an arms race, where a single entity, zero-sum, tightly coupled military-state networks operate, and an innovation race, in which actors cooperate, outcomes are positive-sum, and networks are decentralized. Methodologically, the paper undertakes a comparative qualitative content analysis of 34 key policy documents issued between 2015 and 2021 by three major AI technopoles: the United States, China, and the European Union. Operationalizing a deductive-inductive coding strategy, the authors investigate how governments articulate AI competition, organize innovation ecosystems, and justify state intervention. Focusing on policy discourse allows the authors to trace how geopolitical imaginaries shape and are shaped by AI innovation strategies.

Empirically, the analysis reveals significant convergence across the three cases in framing AI as a strategic asset central to national power, economic competitiveness, and international status. However, important differences emerge in how the geopolitical innovation race is enacted: whereas the United States emphasizes market-driven ecosystems with technological leadership linked to security dominance, China focuses on a state-led model for industrial upgrading with civil-military fusion, and the European Union positions itself as a regulatory and normative power, framed as "Trustworthy AI," in an attempt to seek strategic autonomy. In all cases, competition coexists with selective collaboration, with somewhat more transnational cooperation on research and standard-setting. By the same virtue, the article goes on to prove that AI is socially constructed not principally as a weapon but rather as a foundational general-purpose technology capable of reshaping both economic and security domains simultaneously. In sum, the article makes a very strong conceptual and applied contribution by offering a shaded framework for analyzing AI competition in a multipolar world and by empirically grounding this framework in comparative policy analysis.



Framing global AI competition as an "arms race" is misleading; the concept of a geopolitical race better captures its economic, security, and innovation dimensions.



AI as a strategic asset central to national power, economic competitiveness, and international status.

What Is the Global Causality Between Geopolitical Risk, Economic Policy Uncertainty, and CO₂ Emissions

Wang, H., et al. (2025). What is the global causality between geopolitical risk, economic policy uncertainty, and CO₂ emissions? An empirical investigation of BRICS countries. *Carbon Balance and Management*

The article aims to analyze the long-run causal links between geopolitical risks, government governance, and energy transition by utilizing cross-country panel data from 39 countries between 2002 and 2020. In the context of rising climate change and geopolitical tensions, the authors attempt to fill a notable gap in the literature by focusing on the long-run causal links between geopolitical risks, government governance, and energy transition outcomes.

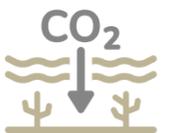


The concept of energy transition is proxied by renewable electricity generation, whereas geopolitical risk is proxied by the Caldara and Iacoviello index, which aggregates the frequency of negative geopolitical events reported in major newspapers worldwide. Finally, government governance is proxied by a composite index based on the dimensions of the Worldwide Governance Indicators, including regulatory quality, rule of law, and government effectiveness. The methodology of the paper employs the so-called second-generation panel econometrics, including Pooled Mean Group estimation, the Method of Moments Quantile Regression, and panel Granger causality tests. The empirical results contradict several traditional assumptions. Firstly, the empirical evidence reveals a negative long-run relationship between governance quality and energy transition, implying that better governance does not necessarily trigger decarbonization. The authors suggest that in well-governed systems, institutional rigidity and the power of the fossil fuel lobby could hinder structural change, whereas in poorly governed systems, energy transition might occur through market forces, energy insecurity, or foreign

pressure. Secondly, the empirical evidence reveals that geopolitical risks have a positive long-run effect on energy transition, implying that geopolitical turbulence can serve as a trigger for diversification away from fossil fuels, especially due to energy security risks. Moreover, the results of the quantile regression also reveal that the effect of geopolitical risk and governance is higher in countries that have already made significant advancements in the transition. This implies that the effect of governance and geopolitical risk on the transition is dependent on the stage of transition of the countries. The results of the Granger causality tests also reveal that the relationship between governance, geopolitical risk, and the transition is two-way. Overall, the research makes an important contribution to the theory and practice of the subject by highlighting that the effect of governance and geopolitical risk on the transition is dependent on the stage of transition and that the relationship is nonlinear and dynamic. The research highlights the need for policymakers to formulate more nuanced approaches to the formulation of energy transition policies that move beyond simplistic assumptions of good governance.



Geopolitical risks have a positive long-run effect on energy transition.



Policymakers need to adopt more nuanced energy transition policies that move beyond simplistic assumptions of good governance.

Geopolitics, Goeconomics, and Risk

Ortiz, A., & Rodrigo, T. (2025). Geopolitics, goeconomics, and risk: A machine learning approach (BBVA Research WP 2514/). BBVA Research.

This article explores the effects of geopolitics, goeconomics, and global financial conditions on sovereign risk by using a high-frequency approach based on machine learning. A new high-frequency panel dataset for 42 advanced and emerging economies from 2018 to 2025 is constructed by combining sovereign credit default swap spreads with news-based indicators of geopolitical risk, economic/trade policy uncertainty, political tensions, and macro-financial sentiment.



Methodologically, the paper differs from conventional linear or low-frequency macroeconomic models in that it undertakes a pseudo-real-time machine learning horse race. Linear models, factor models, tree-based ensemble models, and convolutional neural network models are pitted against a demanding benchmark that relies exclusively on global "push" factors such as U.S. policy rates and global volatility. The results indicate that all types of models benefit from including news-based information, but the largest improvements in forecasting performance are achieved in nonlinear tree ensemble models, where errors are improved by up to 1819-percent relative to the benchmark. To tackle the problem of interpretability, which is inherent in machine learning models, the author has used the Shapley and Shapley-Taylor decompositions on the best-performing model, which helps to explain the changes in sovereign CDS spreads due to various factors and their interactions over time and across countries. From the results, it is evident that there is a hierarchy of drivers, and global financial conditions, including U.S. monetary policy and global volatility, are the key drivers of sovereign risk, which aligns with the global financial cycle literature. In addition, domestic macro-

financial sentiment is the key driver of cross-country differentiation in the global environment, while geopolitical risks, economic policy uncertainty, and trade policy uncertainty are nonlinear amplifiers. Crucially, the results demonstrate that the impact of geopolitical and goeconomic factors is state-dependent and regionally heterogeneous. The impact is small in a favorable global environment but becomes large when combined with high volatility or tight global monetary policy, especially in Emerging Europe and the Middle East and North Africa. The case studies of the Russia-Ukraine war, the Hamas-Israel conflict, and the recent U.S. trade policy changes demonstrate how geopolitical events cause abrupt but sporadic spikes in sovereign risk and, in turn, lead to goeconomic fragmentation patterns. In summary, this article makes a major contribution to the literature by combining applied machine learning techniques with geopolitical analysis, demonstrating that sovereign risk is driven by complex and nonlinear interactions between finance, politics, and global uncertainty. It advances both predictive and conceptual knowledge of how geopolitics is priced in global financial markets.



Telemedicine has expanded healthcare access but remains constrained by limited intelligence, interregional interaction, and data interoperability.

Revisiting Oil and Tanker Shipping Markets: The Role of Geopolitical Risk in Shaping Spillover Dynamics

Chen, S., Hao, S., Meng, B., Zhang, Y., & Kuang, H. (2025). Revisiting oil and tanker shipping markets: The role of geopolitical risk in shaping spillover dynamics. *Energy*, 321, 135494.

In this article, the impact of geopolitical risks on the constantly changing relationship between the crude oil market and the tanker shipping market will be examined, especially in relation to the differentiated impact of threat-based and action-based geopolitical risks and supply-side and demand-side shocks.



This article aims to bridge the gap between energy economics, shipping market studies, and geopolitical risks, addressing the growing uncertainty in global crude oil supply chains due to the Ukraine-Russia conflict, sanctions, and other disruptions in strategic shipping lanes.

The findings clearly indicate that geopolitical risk has a substantial impact on the nature of spillovers between oil and tanker shipping markets. Specifically, during periods of high geopolitical risk, the volatility spillovers from tanker shipping to crude oil markets increase, whereas the reverse spillovers exhibit asymmetry according to the tanker segment. This indicates the rising importance of disruptions to logistics on the volatility of energy prices. The current paper also reveals that threat-based risks (GPRT) increase bidirectional spillovers between oil and tanker shipping markets, whereas action-based risks (GPRA), including armed conflicts or sanctions, dampen the magnitude of spillovers between the two energy markets.

Significantly, a major contribution of this article can be seen in its differentiation between supply-side

and demand-side geopolitical events. Demand-side geopolitical events, such as the US-China trade war or the COVID-19 crisis, tend to cause short-run negative impacts on both oil and shipping markets. On the other hand, supply-side geopolitical events, such as the Russia-Ukraine crisis or the Red Sea crisis, tend to cause short-run positive price effects as well as more permanent effects, mainly for the crude oil or dirty tanker shipping markets.

Lastly, this research examines portfolio and hedging issues. It has been found that geopolitical risks tend to increase correlations between oil and tanker shipping markets, raising hedging costs. This reduces the efficacy of conventional diversification strategies, emphasizing the need for dynamic portfolio management that takes risks into account.

In sum, the article presents a complex, evidence-based description of the ways in which the current geopolitical turbulence reshapes energy and shipping market relationships, providing important insights for policymakers, investors, and energy and shipping sector actors operating in a rapidly changing global context.



High geopolitical risk increases volatility spillovers from tanker shipping to crude oil, with asymmetric reverse effects across tanker segments.



Geopolitical risks tend to increase correlations between oil or tanker shipping markets, raising hedging costs.

3 The future in numbers

