

Kingsgate Advisors Institute

Commentary

The World in 2027: Geopolitics, Economic Power and the Uncertainties Ahead

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The global economic order is being contested, not simply replaced. For Africa, the central challenge is whether shifting alliances and competing interests can be turned into productive capacity, stronger institutions and greater bargaining power.

The Strategic Overlay

By Dr. Oluwanbepelumi Olanubi

Economic outlooks tend to begin with growth, inflation, interest rates and trade. These remain essential indicators, but they cannot by themselves explain the economic choices governments make or the conditions under which those choices become politically difficult. As 2027 approaches, the interaction between economic constraints and political incentives is becoming as consequential as the headline indicators themselves. That is the perspective Dr. Usman Alabi brings to this conversation.

The central issue is not whether the existing global order will suddenly disappear. It is whether the distribution of influence within that order is changing faster than its institutions can adapt. States are seeking greater room to manoeuvre; familiar trading relationships are becoming more strategic; and domestic pressures are narrowing the choices available to political leaders. The result is an international environment in which economic policy cannot be separated from energy security, industrial capability, political legitimacy and geopolitical bargaining.

My strategic overlay is that Africa's vulnerability is not determined solely by the decisions of major powers. It is also shaped by what African economies produce, how effectively they trade with one another, and the institutional capacity they bring to international negotiations. This is an important distinction. External shocks matter, but domestic productive capacity and policy credibility influence how those shocks are absorbed and what options remain available.

The value of a political-economy discussion is not that it reveals one inevitable future. It helps identify the forces that may change the range of plausible outcomes. Readers should therefore approach the arguments that follow as propositions to examine, including where the speaker offers a firm judgement on contested developments. The useful question is what evidence would strengthen or weaken each interpretation, and what the implications would be for decisions in 2027.

Introduction

The approaching year invites two competing accounts of the international economy. One emphasises continuity: global institutions remain in place, major economies still trade and countries remain deeply interdependent. The other sees increasing contestation: established powers face new competitors, trade relationships are being reorganised and political differences are spilling more directly into economic decisions. The second account is gaining force, but it is too early to describe the change as a completed restructuring.

A restructuring would entail a more deliberate replacement of the institutions and arrangements through which global economic affairs are governed. That point has not been reached. What is changing is the weight of actors and relationships operating within and alongside the established system. China, India, Indonesia and Vietnam have strengthened their influence in production and trade. BRICS, the Shanghai Cooperation Organisation and new regional connections offer additional forums for cooperation and negotiation. The result is not the disappearance of the old system, but a more crowded contest over whose interests it serves.

The distinction matters. Contestation does not mean that trade or cooperation ends. It means the rules, interests and channels of cooperation are subject to greater negotiation. An institution can survive formally while its ability to command confidence or coordinate responses becomes more disputed. The key question entering 2027 is whether existing organisations can respond to that pressure, and how countries position themselves when they cannot rely on one universal set of relationships.

Political Pressure Is Reshaping Economic Choices

International economic change is also shaped from within national borders. Rising living costs, employment insecurity, public-service pressures and contentious migration policies affect the choices governments can sustain. A reform may look coherent in a medium-term fiscal framework yet become politically difficult when its immediate costs fall heavily on households. Electoral cycles and public acceptance can therefore influence not only whether a policy is adopted, but how long it lasts.

Nigeria's experience with petrol subsidy reform illustrates the tension. Reducing an expensive and poorly monitored subsidy may relieve pressure on public finances, but higher transport and energy costs can spread quickly through household budgets and business operations. A fiscal measure is also a distributional decision. When social costs become politically salient, governments face pressure to cushion, modify or partially reverse earlier measures. The underlying challenge is to reconcile fiscal sustainability with public welfare and a credible implementation path.

Similar pressures are visible across parts of Europe. Cost-of-living concerns, strained public services, energy prices, migration disputes and public debt have become central to domestic political debate. Governments face difficult choices. Higher spending may relieve near-term hardship while narrowing fiscal space. Spending restraint may protect public accounts while weakening political support. Borrowing can defer some immediate costs but adds future debt-service obligations. These are not abstract trade-offs; they influence elections, coalitions and the durability of policy.

The wider lesson is that a policy cannot be assessed solely through its theoretical economic efficiency. Its institutional credibility, distributional consequences, timing and public acceptance are also part of its likely durability. In an uncertain global environment, that makes the political sustainability of policy a relevant economic variable.

The United States: Elections, Institutions and Policy Continuity

The November 2026 United States midterm elections bring the relationship between domestic politics and global economic power into sharper focus. Electoral shifts can change congressional oversight, legislative bargaining and the politics of federal spending. Yet an election result does not automatically remake the country's external economic strategy. Cost-of-living concerns and energy prices may shape voters' priorities without producing an equivalent shift in every aspect of trade, security or diplomacy.

The distinction between congressional powers and executive authority matters. Congress can shape legislation, budgets and oversight, while the presidency retains substantial responsibilities in foreign relations and the capacity to veto legislation. American strategic interests, including economic influence, national security and the use of sanctions, have also shown elements of continuity across administrations. Political competition can alter tactics, emphasis and institutional constraints without necessarily overturning those longer-running interests.

The implications therefore differ by policy area. Development assistance and budget appropriations may be more responsive to legislative bargaining than some diplomatic or executive actions. Trade measures, sanctions, oversight and external commitments operate through different legal

and political channels. For governments and firms outside the United States, the useful task is to identify which decisions can actually change, who controls them and what evidence would confirm a shift, rather than treating the election result as a comprehensive forecast for American foreign policy.

For Africa, even a change in the tone or scale of American development engagement would not, by itself, transform the terms of economic relationships. Aid programmes and the activity of development organisations may be affected by the political balance in Washington. But longer-term bargaining power depends on stronger domestic production, more diversified exports, better infrastructure and the ability to negotiate from a position of economic relevance rather than dependence.

Europe's Energy Problem Is Also a Competitiveness Problem

Energy sits near the centre of Europe's economic and political difficulties. Changes in access to Russian pipeline gas, combined with wider geopolitical and security tensions, have altered the cost conditions facing households and firms. More expensive or less predictable energy increases industrial production costs, squeezes real incomes and compounds dissatisfaction with governments. It can also influence where businesses invest and whether energy-intensive activities remain competitive.

Europe's energy choices cannot be separated from its position relative to the United States and China. Industrial capability, technology dependence and security commitments all affect the degree of strategic independence available to European governments. A region facing high production costs and internal political division may find it harder to defend its industries and pursue common external priorities. Manufacturing competitiveness and energy security are therefore not simply sectoral concerns; they shape Europe's wider negotiating power.

The central question for 2027 is whether Europe can strengthen its productive position while preserving political cohesion and meeting security commitments. More reliable energy access, investment in productive capacity and credible coordination could create room for adjustment. Persistent cost pressures and unresolved security tensions would make that task more difficult. Neither outcome is assured, and the relevant developments require continued attention rather than a single prediction.

Asia: Strategic Competition Without the End of Trade

Asia offers a different picture. China's emergence as a major manufacturing and technological power has intensified competition with the United States. Yet countries such as Japan, South Korea and others in the region have strong reasons to maintain economic ties with China even where

their security relationships lie elsewhere. Geography, supply chains and market access create interdependence that cannot easily be unwound.

Neighbouring Asian economies have incentives to manage this competition pragmatically. Japan, South Korea and others may have strong security relationships with the United States while remaining closely linked to Chinese markets, suppliers and production networks. Geography matters, but so do the benefits of existing trade. China, meanwhile, participates in established global institutions while expanding its own economic partnerships and trade infrastructure. Rivalry and interdependence are occurring at the same time.

The significance for 2027 is not that every Asian country must choose one geopolitical camp. It is that firms and governments may face more demanding choices over investment, technology, industrial supply chains and security partnerships. Political alignment and commercial interest may pull in different directions, and those countries with stronger productive capacity have more options for managing the tension.

Integration Is Changing Form, Not Disappearing

The question of fragmentation becomes more complicated once integration is understood as something that can take different forms. Global trade has not stopped, and countries cannot easily sever the production and financial relationships on which they depend. What is changing is the organisation of cooperation. Regional agreements, strategic partnerships, sector-specific arrangements and overlapping blocs may gain influence even as universal institutions remain formally in place.

BRICS, the Shanghai Cooperation Organisation, Eurasian connections and African regional bodies illustrate the range of arrangements through which states pursue shared and competing interests. Established institutions such as the World Trade Organization continue to perform important functions, but their effectiveness is tested when major powers act outside established expectations or dispute the rules. The question is whether these institutions can manage increasingly contested relationships, not whether their continuing existence has become irrelevant.

For businesses, these changes can affect tariffs, routes, standards, payments and investment locations. For governments, they affect the choices of partners and the leverage available in negotiation. For Africa, the central challenge is not merely to gain entry into more blocs, but to turn integration into production, trade and stronger negotiating capacity.

Africa's Bargaining Power Begins at Home

Africa's position in this changing landscape depends partly on the structure of its economies. Greater attention from the United States, China or Europe does not automatically create greater African negotiating power. Many economies remain heavily dependent on primary production and commodity exports, with comparatively limited manufacturing depth and weak integration across regional markets. Such a structure can leave governments more exposed to external prices, finance and policy decisions.

The experience of several Asian manufacturing economies illustrates how productive capacity can become an instrument of international influence. The ability to supply components, finished goods, skilled labour and dependable logistics gives countries a stronger place in commercial negotiations. For African economies, reliable electricity, workforce capabilities, transport, market access and competitive production remain central constraints. Natural resources and population size matter, but they do not automatically translate into leverage.

Regional integration therefore occupies a central place in his recommendations. Frameworks such as the African Continental Free Trade Area, ECOWAS and SADC provide a basis, but their practical value depends on what happens at borders, within supply chains and across domestic markets. Visa restrictions, weak infrastructure and administrative friction can undercut the promise of integration even when political commitments are well established.

Subsidies also deserve a more disciplined policy conversation. Treating every subsidy as either an economic necessity or a distortion misses the importance of purpose and design. Public support can be used to advance agriculture, manufacturing and other productive activities, but its value depends on targeting, fiscal affordability, implementation capacity, accountability and whether the intended benefits reach firms or households. Repeatedly removing and restoring support in response to short-term political pressures is not a substitute for a coherent industrial and social policy.

What to Watch in 2027

The conversation does not establish a single trajectory for 2027. It does, however, identify a practical set of interacting developments: the extent to which U.S. legislative change affects policy substance; Europe's ability to stabilise energy costs and industrial competitiveness; the management of U.S.–China competition; the evolution of trade arrangements and strategic blocs; and Africa's progress on regional market access and productive capacity.

These are not all short-term indicators. Some—such as manufacturing capability and institutional reform—change slowly. Others, such as energy prices, trade restrictions or fiscal decisions, can move quickly. Institutions will be better placed to interpret events if they distinguish structural constraints from immediate shocks and are willing to reconsider assumptions when the evidence changes.

Key Takeaways

• **The global order is contested, not demonstrably replaced.** New actors and overlapping institutions are challenging existing arrangements, but the foundations of international trade and governance remain in place.

• **Domestic political incentives shape economic outcomes.** Cost-of-living pressures, electoral cycles and fiscal trade-offs can influence the timing and durability of reforms.

• **The U.S.** midterm result does not by itself determine America's foreign policy. Legislative power, executive authority and longer-term strategic interests must be assessed separately.

• **Energy, security and industrial competitiveness are linked.** Europe's economic choices in 2027 will be influenced by the interaction of these pressures.

• **Asia demonstrates the persistence of economic interdependence.** Strategic rivalry can coexist with deep manufacturing and trading relationships.

• **Africa's bargaining power depends on what it can produce and trade.** Regional integration, infrastructure, workforce capability and disciplined industrial policy are central to turning external interest into domestic value.

Conclusion

Geopolitical uncertainty is not merely an external disturbance that arrives at a country's borders. Its consequences depend on domestic political choices, institutions, productive capacity and the relationships through which countries trade and finance development. For African governments and business leaders, watching developments in Washington, Brussels or Beijing is necessary, but insufficient. The more consequential question is how domestic structures can absorb shocks and convert international interest into investment, skills, production and lasting economic value.

Africa's strategic task is therefore both external and internal. Stronger regional markets, dependable energy, manufacturing capability, better workforce skills and credible policy implementation would widen the choices available in negotiations with major powers. A more deliberate use of instruments such as subsidies could support that effort where design and accountability are sound. The political economy of 2027 will remain uncertain, but building productive and institutional capacity is a practical response that does not depend on knowing the future in advance.

Note: This commentary is adapted from a Kingsgate Brief conversation with Dr. Usman Alabi, hosted by Dr. Oluwanbepelumi Olanubi. It is intended for education, public understanding and strategic reflection on global political economy and Africa's choices entering 2027. Interpretations and scenarios discussed are not forecasts or independently established conclusions; specific time-sensitive claims require verification before publication.

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