Kingsgate Advisors Institute

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Topic:

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

Kingsgate Advisors Institute Podcast

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

Guest:

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EPISODE SUMMARY:

The discussion examined whether the global political and economic order is being restructured or merely contested, and what that means for Africa in 2027. It explained that what the world is seeing is not yet a restructuring, but the arrival of new players, new institutions and new trade routes, from BRICS and the Shanghai Cooperation Organisation to an emerging Eurasia bloc, alongside weakening trust in existing global bodies. The conversation moved across how domestic political pressures, from subsidy reversals in Nigeria to cost-of-living protests and the rise of right-wing parties in Europe, shape economic policy ahead of elections, and why the recent U.S. midterm results change the balance of power in Congress but are likely to change little in America's foreign policy. It stressed energy as the central pressure point for Europe, the vulnerability of European competitiveness against the United States and China, and why Africa's relationship with major powers remains unequal while its economies stay primary producers that trade little among themselves. It also explored how different forms of integration are replacing the old universal model, and closed with the view that Africa must build regional integration, a manufacturing base and a more sensible approach to instruments such as subsidy, and be ready for uncomfortable truths in policymaking in 2027.

[Dr. Oluwanbepelumi Olanubi]
Hello, everyone, and welcome to another insightful episode of the Kingsgate Brief, the official podcast series presented by Kingsgate Advisors Institute. Based on what we have been doing over the past months, this is another exciting conversation that I am bringing to you today. We believe that evidence should not be locked away in drawers, in textbooks, or in research papers. We believe we should bring evidence to the fore, demystify some of the things we do not understand, and help people make sense of macroeconomic and political trends so that we can make better, more important decisions.

Today I'm hosting this conversation, and I am Dr Oluwanbepelumi Olanubi, the Executive Director of Kingsgate Advisors Institute. If you have not already, I want to invite you to subscribe to our social media pages. We are on LinkedIn, and we are also on Instagram and on X as Kingsgate Advisors Institute. Also subscribe to our YouTube channel, where we upload new episodes of this podcast and conversation. Please follow us, engage with us, and we would like to hear from you too. You can also visit our website to see what we are doing.

We recently launched one of our flagship products, called The NAVIGATOR. The NAVIGATOR is live. You can visit our website to see what it means and how you can use it to improve what you do in your institution. We still have the promo code running until the end of the month, so you want to take advantage of that, save yourself some money, and use the resources we have made available. Thank you for doing that.

Today's conversation is going to center on how to position yourself not just as an individual but as an economist looking at 2027 and how the political landscape will shape economic outcomes. We have been joined by one of our senior research fellows to talk about what 2027 will look like, given the global political landscape. As we approach 2027, the global political and economic landscape presents a rather interesting picture. On the one hand, the global economy has demonstrated considerable resilience. On the other hand, the political and institutional foundations shaping economic relationships are being tested in ways that deserve serious attention. In the United States, for instance, the recent midterm elections have brought renewed attention to the balance of political power and what it could mean for economic policy, trade relationships, and international engagement. Across Europe, governments are confronting difficult questions on economic competitiveness, security, energy, migration, and political legitimacy.

The relationship between China and the United States continues to influence trade, technology, industrial policy, and the strategic choices of other economies in the region. For Africa, these developments are not distant international affairs. They have serious implications for our trade, our investment, our development financing, sovereign debt, commodity markets, and the political choices our leaders have to make. What makes this particularly interesting is that we cannot understand these developments through an economic lens alone.

Political interests, institutional incentives, domestic pressures, geopolitical rivalries, and competing national priorities all come together to shape how economic decisions are made, and sometimes what appears to be economically desirable may be politically difficult to implement or achieve. So, the important question is this: are we witnessing a fundamental change in the global political and economic order? How might the recent U.S. midterm elections influence economic outcomes in 2027? Are emerging economies positioning themselves to leverage the advantages that come with this kind of repositioning? What does the growing tension between major powers mean for global financial stability? These are the questions we are going to be exploring under the topic "The World in 2027: Geopolitics, Economic Power and the Uncertainties Ahead," and we are joined today by Dr. Usman Alabi, a senior research fellow at Kingsgate Advisors Institute, to unpack all of these.

Dr. Alabi is a passionate crusader for social change and a social reformist who believes in the need for disruptive methodologies to address the current social and economic conditions in sub-Saha - ran Africa. He received broad training in global politics and comparative political economy during his undergraduate and postgraduate studies at the University of Lagos. His interest in, and ded - ication to, understanding the political economy of African states, their fragility, and the context of their conflicts started at the university. He earned his PhD from the University of Warwick, and his research focused on the everyday political economy of counterterrorism. Dr. Alabi brings ex - pertise in comparative political economy, governance, political institutions, conflict, and develop - ment. His perspective is particularly valuable because understanding the global economy requires us to look beyond economic indicators and also examine the political forces and institutional realities shaping outcomes.

Today, we take the conversation to the global space, and we are glad to have you join us. Thank you.

[Dr. Usman Alabi]
Thank you too. It is a pleasure to be on board.

[Dr. Oluwanbepelumi Olanubi]
All right, we are going to start from a very interesting note today. I want us to start by looking at what 2027 could look like. As we look towards 2027, we are witnessing a fundamental restructuring of the global political and economic order. So, the question is, are we seeing adjustments within a system that remains largely intact, or are we already seeing disruptions that are affecting the system that we have known?

[Dr. Usman Alabi]
Thank you so much for that question. The thing is, it is difficult for us to say that we are seeing a restructuring, because a restructuring would mean a complete overhaul of the existing system. It would mean a deliberate intention by the dominant players to overhaul the institutions of eco - nomic decision-making that we have now, and that deliberate intention would come with new

policies, and new structures to address the current situation. So, it is difficult to say that what we are having is a restructuring.

What we have is a situation where we are beginning to see new players in the economic system and in global economic relations. Before now, we had the dominance of a particular region of the world. We talk about the global North, the southern periphery, the global South, and so on. Economic prosperity and economic decision-making had always come from the part of the world we consider the global North, and most times geo-economic decisions were determined by that part of the world. It is even reflected in global institutions and international systems.

In recent times, we are beginning to see a dent in that system. The existing structure can no longer cater for the current chaos that the world has begun to experience in the past two or three years. We have not gotten to the point of restructuring yet, but we are beginning to see new players, new institutions, certain global bodies, and even other countries coming to the table to debate and contest the current situation and institutions. For example, you see the emergence of new countries in Asia. You see the emergence of another economic bloc, like Eurasia. You see the emergence of new countries in terms of technological emancipation and trade links. You see countries like India coming up, and countries like China beginning to have a say in global trade relations. You see countries like Indonesia and even Vietnam coming up, especially in terms of forward and backward linkages in production. We would not say they are merely emerging; they are beginning to establish themselves.

Beyond the usual trade routes that we know, we are beginning to see new trade routes coming up. We are also beginning to see new institutions. You now have the BRICS cooperation, and they are talking about coming up with their own global financial payment system, and about how to, not completely reform, but find a way to ensure that the current global financial system caters to every part of the world. So, we would not say restructuring, because restructuring would mean that the current institutions are no longer in force, or that we have come to a situation where we agree they are no longer functional. But we can say that we are getting there. We now have new emerging bodies, new institutions, and new global players in different parts of the world shaping global economic relations.

It is no longer a conversation where you produce an iPhone in Indonesia, or a car in South America, and then have the headquarters in North America. These countries and institutions are now seeing their relevance in international economic relations. They are beginning to question the system, and they are now using negotiation as a means in the global economic system. That is where we are at the moment, and it is not going to stop. We hear about BRICS. We hear about the Shanghai Cooperation Organisation. New bodies could come up, even here in sub-Saharan Africa itself. New trade links could emerge, new institutions could form, and countries could become subjects of contestation in global cooperation. So, that is the state we are in. The existing structure has not entirely collapsed, but it is not completely trusted anymore, and countries are beginning to come up with their own global bodies.

[Dr. Oluwanbepelumi Olanubi]
Countries are beginning to come up with their own global bodies. With that in mind, I want you to speak to the situation across major economies. First of all, the cost of living has been a concern. Migration has been a major issue, along with jobs, industrial competitiveness, and public confidence, as all these factors are increasingly shaped by political choices. I want to ask, how might domestic political incentives influence economic policy in 2027, particularly in countries where there are immediate electoral pressures? And how would those affect the longer-term economic objectives of those countries?

[Dr. Usman Alabi]
A good example is Nigeria itself. When the current administration came in, the whole idea was to get rid of subsidies. Subsidy was the demon in the room at that point in time, and it made fiscal and economic sense in the real sense of it. If we can save money from this, since it is impossible to track where the money is going, and we do not have the institution or the body to hold people accountable when it comes to subsidy, then let us just cut it from the earth. But in a few months, the government came back, also because of domestic political pressures, and technically went back on that policy, even though the idea was that we were not going back on it in the long term; we were just taking a short-term route to address some issues.

But we have elections coming up in a few months, now you ask yourself: why was the decision not taken two years back? Why was it not taken a year back? Why does it have to be taken at this point? The fact is that there is pressure on government to be more considerate in one way or the other, and this is what happens in most countries of the world. For example, in Europe you have seen domestic political clashes from France to Spain to Germany. Virtually all of the top European countries are facing internal pressures to change, over the cost of living and the cost of education, which was the argument in France. In Serbia, the protests were led by students who came up with their own political party and their own student list. It was also about the cost of living, and it was deeply political. Before you knew it, it led to a change of government in the general election a few weeks ago.

So, you see these internal domestic pressures. But most of these countries are the foundation of the global structure that we have. They believe more in liberal institutionalism. They believe in im - migration itself, importing workers from every part of the world, and to be fair, that has succeeded for them over time. But in recent times, it has become a debate. The EU is constantly faced with the problem of immigration. It is a conversation everywhere, and there is a belief that the reason we are having a problem with our citizens is that people coming from abroad are coming to share our economic opportunities. You have this interplay, where external economic pressure influences domestic pressure, which then leads to discontent among the people, and the people put pressure on their government on the need for change. We are spending more money on welfare, and because of budget pressure, because we have now accumulated a lot of debt, we are not able to spend on welfare, and by so doing, problems arise.

We have seen that here in Nigeria too. The government felt that subsidy was not sustainable, that we had to find a way to increase the revenue side, and that it was not sustainable to keep spending revenue on something we could not track. But of course, removing subsidy affects more than the revenue side. It is like removing welfare, because if you remove the subsidy on petroleum in a country like Nigeria, you technically remove subsidy on the entire country, and everyone feels the pain, leading to that pressure. The government's position was that we have to find a way to bring in more money, that we are facing budget pressure, and that we are highly indebted to international institutions. The same thing applies to countries in Europe facing domestic pressure. They are not able to cope with the realities, hence the best way they could do it is to get money from outside institutions. And in the process of getting money from outside institutions, priorities are also being decided: do we want to keep spending money on this? Before you know it, the welfare of the typical person on the street is no better for it, because we then have to decide whether we want to keep subsidising education or want people to pay for it. If people who have not been used to paying for education for over 20 years are suddenly exposed to it, problems begin to arise.

And these are governments that, in most countries in Europe, if my data is correct, are indebted to almost 60 percent or 70 percent of their GDP. Some are even indebted to almost 100 or 120 percent of their GDP. That is a lot of pressure on the economy, and it is not magical. You cannot do this and that at the same time. If you are doing this, you are not doing that. You see how everything is interlinked: global liberal economic pressure in the global system, pressure on what is happening domestically, and on what used to work before. Then, before you know it, domestic pressure leads to another reason why we have to find a way to make new decisions, which leads to calls like, "We need a right-wing government in Europe," which is not what we are used to. "We need a right-wing government that will lock up the borders and reduce the number of immigrants sharing resources with us. We feel that is where the problem is, because social infrastructure is under serious pressure." There is pressure on health, there is pressure on education. So, what are we going to do? Eventually, that is what we get. And then there is the pressure of energy. Energy is a big deal in the world, and we begin to have this back and forth.

It is not something that will ease over time. Governments will have to find a way, as we have seen in the Nigerian context, to navigate this complicated situation. Either you increase spending inwardly, or you cut spending, or you find a way to decrease the amount of debt that you have. But if you are in an economy that has less revenue coming in, the option is to get more indebted, and getting more indebted means more pressure, because you need to service those loans. That is the reality of what we have, and the discord is across most countries in the world, except countries that can be considered technically safe in terms of their foreign reserves or sovereign wealth, maybe countries like Norway or Saudi Arabia. But they also face their own peculiar forms of internal pressure.

[Dr. Oluwanbepelumi Olanubi]
It is very interesting to know that this is not a case peculiar to a few countries. Of course, all governments and policymakers across the board have trade-offs they have to make to ensure short-term stability internally, as they continue to pursue macroeconomic stability and ensure that their geopolitics are well designed. Interesting. I want us to zoom in on the United States a bit, because there is almost no country in the world that is not affected by the politics of the United States, given all that has happened starting from last year, not just this year, since Trump 2.0.

I just want to chip this in for our viewers. We had a session last year where we talked about Trump 2.0, when he was just assuming office, and what to expect. A lot of what we said in that conversation is why these kinds of questions are coming up. I would encourage you to go and watch that episode.

Now, I remember our conversation then, when he was just assuming office, about what we were going to expect with Trump coming in. Now we have the midterm elections that happened earlier this month, and we saw a political shift. The results show a massive shift: the Democrats won more than the Republicans, and they now control both chambers of Congress, although of course we know that Trump is still the president. I want to ask: what are the consequential impacts of this, not just for the United States but for the global economy? Has anything changed? Does it have any significant impact, especially on emerging countries and even less developed countries? Is there something they should be worried about? We need to understand this in terms of market expectations, pricing, geopolitical positioning, and whatnot.

I also want to understand what remains within the executive authority regardless of Congress, but let me come back to that. The focus of the question is this: what do you think will change significantly, and in light of those changes, how should emerging economies, and the smaller ones, start thinking about how to position themselves better?

[Dr. Usman Alabi]
In relation to the earlier question you asked, the midterm election was also lost because of domestic pressure regarding the high cost of living and the high cost of energy, which was also a result of geopolitical decisions, external policies, foreign policy and the like, including the attack on Iran and the choking of energy chokepoints, leading to the problem we have. Before you know it, there was domestic pressure, and the Democrats leveraged on that. But in the real sense of it, it is just the legislative houses. In the two chambers of Congress, the Democrats are now dominant, which positions them in the long term for a better opportunity to also produce the president in the next presidential election.

What effect does it have on global politics? To me, it is just symbolic, because irrespective of whichever party comes to power in the United States, the interest of the United States is primary. It does not matter whether it is Republican or Democrat. There is almost a bipartisan agreement when it comes to foreign policy. It is not debatable. It is the interest of the United States to continue to dominate the global economy, to continue its economic growth, to continue to dominate global economic decision-making and the instruments of global economic cooperation, and where there is any country not complying, to continue to use the instrument of sanctions. There is almost an agreement on this externally.

Symbolically, though, some would expect that having the Democrats in power in Congress can be a check on the president, another body that listens and puts pressure on the president, because they do not belong to the president's party. But the president has the power of veto. It does not mean that the legislature can just make a decision, and if they want to go to the left and the president wants to go to the right, they can go to the left without the president. At the end of the day, the president has the power of veto. You saw President Trump, a few weeks ago in one of his tweets, emphasising that at the end of the day, the president still has the power of veto.

So for me, externally, the midterm election is a reflection of the discord in the global economy putting pressure on the American domestic economy and domestic politics, which then led people to decide, "We cannot keep existing like this, with this cost of living and these energy prices. We want a better government that would not be engaging in external crises that put pressure on the cost of living here." But when it comes to foreign policy, it is still the same. In the real sense of it, the interest of the United States is what matters.

Like I said earlier, it could just be an opportunity to have another arm of government that is ready to listen, because they also have a longer-term interest in producing the president. But apart from serving as a check on President Trump, which a lot of people would want to say is peculiar, in a way, because we cannot trust President Trump with certain powers and so we need a House that is not under his control, when it comes to external policy, I see very little difference in America's external relations and foreign policy, irrespective of which political party emerges as the controller of the House.

[Dr. Oluwanbepelumi Olanubi]
While we understand the politics of everything that happened, I want to see how that translates to countries like ours. You were talking about executive authority, and I was already going to go there. More broadly now, the United States remains central to the global financial architecture, including trade and security, while industrial policy and strategic competition increasingly influence external relations. The question is: which elements of African economic and foreign policy are most important to watch in 2027? I am asking this in light of the new shift from the results of the midterm elections, and how that affects relationships with Europe, with Asia, and even with Africa and other developing economies. How do we think America's policy will shape economic and foreign policy, and what should we watch out for?

[Dr. Usman Alabi]
Can you rephrase the question? Are you asking it in regard to Africa, about how America's foreign policy shapes Africa?

[Dr. Oluwanbepelumi Olanubi]
The essence of the question is just to understand which elements of American economic policy and foreign policy are very important to watch, bearing in mind the results of the elections and how that has changed things. How does that trigger the elements we need to watch, and how could they affect relationships with Asian countries, with Europe, and also with African countries?

[Dr. Usman Alabi]
Okay. I think foreign policy in terms of energy, of course, brought us to where we are today, and it will go a long way in determining how 2027 is shaped, especially the war with Iran and the activities in the Middle East, where the United States plays a major role as a partner to most of the countries in that region. Energy is key to what will happen over time. Energy distortions in the Middle East have affected a dominant part of the world, Europe especially, because there are no big energy producers in Europe apart from Russia. Because of the geopolitical and internal pressures in Europe and tensions with their neighbour Russia, they found a way to source most of their energy from the Middle East.

Europe is also an industrial continent, in a way. The domestic cost-of-living crisis that you have in Europe has also been attributed to the high cost of energy or problems with energy supply. High energy costs make some companies find it difficult to produce effectively, and their costs of production increase massively, hence they leave their home European countries for other countries where energy prices can match their cost of production. When it became expensive in Europe, they left, and their leaving means you have an internal crisis: companies closing down, people losing their jobs, all because of the problem of energy. To reactivate that part of the world, you need stability in terms of energy policy, and the United States plays a key role in this. That is something major to look out for.

Secondly, with regard to Africa, the relationship between the United States and most countries in Africa has always been, to me, a kind of subordinate relationship, not necessarily an equal one, because you have a relationship with countries that have something to bring to the table in the real sense of it. Most African countries are not productive economies. They are primary producers and primary exporters. How we are going to benefit from that, there is really nothing spectacular. Maybe you can talk about countries that are beginning to come up in terms of new startups and new technologies, countries that already have economic relationships going, like Kenya, Nigeria, and South Africa, some of which have themselves become members of BRICS, along with some countries in North Africa. But in terms of something spectacular happening in Africa as a result of the domestic election results in the United States, the relationship before now was never on equal

ground. It was never the case that these were countries with highly productive economies, with forward and backward linkages, contributing immensely to global products and the like. Apart from that, I really do not see anything spectacular in terms of how the domestic election will affect most African countries. Even security has always been at the expense of some of these countries.

Another thing I see that may happen is that, perhaps with the Democrats, we can begin to look at policies whereby the United States wants to have more presence in Africa. Before Donald Trump came in, we had seen the proliferation of non-governmental organisations and the activities of USAID and the like in most parts of Africa. When Trump came in, he decided to roll back on those policies, which affected a lot of African households and a lot of African countries. With the Democrats coming up, that could be something that, on paper, a lot of people could be looking up to. But beyond that, I really do not see any spectacular effects on African economies as a result of that. Because you have to be able to bring something to the table. I have always debated the situation of most African countries: we have not been able to turn things around, in the real sense of it. These are countries that do not even trade among themselves. It is interesting that you do not need a visa to travel among European countries. The borders are open, and they trade among themselves. There is a regional body, the EU, which is like a federalist institution, both in economy and in politics, and their domestic economies are integrated together. When they face a problem, they face it together, and when there is a benefit, they prosper together as well.

But here in Africa, even with the recent policies saying Africans need to trade among themselves, it has barely borne any fruit. About a year ago, I heard that the president of Kenya was saying Nigerians would no longer need a visa to visit Kenya. It was almost too late. In what century? It should not even have been a discussion, or a debate. But he said it, and that makes sense. Then did Nigeria reciprocate? Did other African countries? What are we trading amongst ourselves? Why do we still have borders? Why do we have sub-regional bodies that still treat everybody, although these are independent countries, this way? The most important thing is that there are economies in Africa, but when it comes to regional integration as one unit, it has been a problem.

Apart from that, this is a continent that is not deeply involved in global manufacturing. I can give you examples of countries in Asia that have become hosts of manufacturing, dominant countries in the world, that have become the factories of the world. China is a factory of the world. Countries like Indonesia and Vietnam are factories of the world. Even in North America, there are countries that are factories. As a result of that, you can leverage this in international relations and in negotiation with other countries of the world. But are we talking about our own countries, where it is difficult to say that we can keep the light on for seven days? How do you want to host productive factories? What is the quality of the labour? We have the population, which is good, but at the international level, what is the quality? Do we have the quality of engineers, and the quality of labour, that can produce certain products to export to the outside world? These are the indices and parameters that determine whether, if we get to this stage, we can negotiate in international economic relations and leverage this with countries like the United States.

Look at the way China does it. Their economic and trade relations are all tied to the Belt and Road Initiative. We give you money to build the bridge, and we find a way to bring our people to be a part of it. It is negotiation, and then you pay us along the line. In one way or the other, they are bringing themselves to the fore and becoming a force to be reckoned with. But that also exposes our understanding and logic when it comes to economic relations. To what extent do we leverage this? How do you leverage it when you are dealing with the United States, with China, with the EU? Because the EU is interested in this place, China is interested in this place, and the United States is also interested in this place for some reason. How do we leverage that interest in international economic relations? Do you tell these partners, "We have other options. What do you have to bring to the table? This is what we need: we need to train labour, we need to be global factories in our own right"? If we are not bringing this to the table, then we have to negotiate with other partners. These are the conversations regarding Africa. It is an ongoing conversation. Maybe we are going to see positive impacts, but again, we can only hope.

[Dr. Oluwanbepelumi Olanubi]
Countries like Vietnam, Indonesia, and even China, as far back as 1960, were all at about the same level when it comes to per capita GDP and the like. Well over 60 years down the line, I do not know if it is peculiar to African soil or to the design of the world itself, but that is another discussion for another time. I do not want us to keep dwelling on the problem, because we have been talking about this for a while. I just hope that changes.

Let us look at Europe. Europe is a very important region, and so is Asia. Europe is balancing economic competitiveness, energy security, defence commitments, public finances, and political questions. Some of these countries are under the European Union. How might these pressures shape European policymaking in 2027? What could be the efforts to gain greater strategic independence, and also to strengthen cooperation within the Union? And where could there be exposure to division, or where could foreign policy become a point of vulnerability for the continent?

[Dr. Usman Alabi]
Those things you mentioned about technological competitiveness and energy pressures are also in comparison with their peer partners, for example the United States and China. As a body, Europe cannot be compared to China in terms of productive capacity and the like. At this point in time, Europe is also facing its own internal pressures, in the sense that the present model of development is facing fractures and differences, with the war in Ukraine, with their neighbour Russia, with the energy crisis, and especially with immigration.

First and foremost, the most important thing for them is to address the issue of energy supply. Prior to this time, they relied on cheap pipeline gas from the East, basically from the Russians. In the absence of that, as a result of the crisis, you are seeing a shift to the Middle East, and not only to the Middle East but also to the United States. But Europe is paying a much bigger price compared to what it used to pay before. Energy is going to be key for Europe in the next few months, especially in 2027.

The next thing is going to be how they address their internal fractures, especially in terms of security between the EU, NATO, and the Russians. That is fundamentally important, because six or eight years ago we were not in the mess that we are having in Europe now. There was a level of peace, advanced energy security, technological emancipation, and the like. Another challenge for Europe will be competitiveness in terms of its relations with China, for example. China produces more electric cars and more industrial products than a lot of countries in Europe, arguably more than all the European countries combined, and Europe is a market, hence negotiations are constantly coming up. And like I said earlier, economic relations are deeply political. Most European countries are democracies, no doubt about that. When you are relating with a country like China, and you understand that you are dealing with a more powerful economic and institutional body, the leverage you have reduces when your economy is not competitive in comparison with theirs. That is especially so when the cost of production is more favourable in China, when their manufacturing industries produce more output than Europe combined, and when their access to energy is cheaper than yours, which in one way or the other has been distorted over time.

That puts Europe in a very vulnerable position in relation to its usual global partners, like the United States on one side and countries like China on the other, which also affects its commitments to other parts of the world, particularly in terms of technology. For example, you can talk about Starlink satellites. Europe basically depends on the United States for a lot of satellite technology, like Starlink. If the United States decides today to use Starlink as an instrument of foreign policy, it affects that part of the world. In terms of competitiveness, economically, in manufacturing, and in energy, Europe, compared to the United States and China, is on the back foot at this point in time. That explains the domestic economic pressures they have, and it also explains the unpopularity of most of their governments. There is hardly a government in Europe sitting at 30 or 40 percent popularity, let alone 50 percent. The German Chancellor is at less than 20 or 25 percent in terms of popularity. The French president has a low popularity rating. The same goes for the present Polish government. And then you are now seeing the emergence of right-wing parties and the like. You see fractures already happening there, and those fractures reflect the current geopolitical and economic reality: migration pressures, unemployment, domestic pressures, and protests from France to Serbia to Spain. You saw the migration crisis between Spain and Morocco the other time. It puts Europe on the back foot in comparison with its usual partners like China and America, and then there is the emergence of this bloc that we have not yet come to terms with, which is the Eurasia bloc on its own. It is no longer just Europe; it is Eurasia. How do you link, how do you connect to the reality of that?

There are also new trading routes coming up. For example, the Arctic, around Norway, China, Canada, and the United States, used to be frozen, but at this point in time it is becoming a new global trade route. You can connect most parts of the world through that route. The Chinese can decide not to go the usual way and go through the Arctic instead; otherwise it takes a long time before they connect to their market. That is an alternative. There is this emergence of the Eurasia bloc on its own, and the extent to which it will influence Europe remains to be seen. But hopefully, the first

and foremost issue they need to address among themselves is security, to address the internal fractures in terms of war, especially with their neighbour Russia, and then address the energy crisis.

Energy is life in most parts of the world. We see it here in our own country, Nigeria. If there is a problem with energy, one way or the other, it practically affects everything, up to food and water. You cannot imagine what happens in an industrial society that depends on energy. The cheaper the energy you have, the more cost-effective your production. The absence of cheap energy leads to expensive production costs, and a typical businessman would rather go to a place where the cost of production is cheap, which means the cost of energy is cheaper, and by so doing, leaves the economic pressures behind. That is the reality we have with Europe for now.

[Dr. Oluwanbepelumi Olanubi]
You have said that energy is the backbone of industrialisation and manufacturing. There is almost nothing we want to achieve, as an individual country, as a region, and as the global economy as a whole, without cheap access to energy.

I want to flip the question a bit. We have talked about how European countries, as compared to the United States and China, are not on the same level in terms of productivity. They have some inter - nal issues and energy prices to deal with, and all of these are impeding their growth. Let us look at China. Don't let me zoom in on China, because there is also the fallout of technology, because it's general. Asia is central to global manufacturing, and in your words, China is like a manufacturing home. When it comes to global manufacturing and technology supply chains, we are talking about Asia now. Countries in that region also continue to face complex relations, something similar to what you said about Africa, where we still do not trade amongst ourselves.

Let us take the relationship between China and the U.S., for instance. How is it affecting not just those two countries but also the strategic competition within the region? And how is it reshaping trade and investment in 2027? Bear in mind that Asia is now a major manufacturing hub. Now what choices conforms the likes of India, South Korea, Japan, Indonesia when it comes to maintaining their important relationship with world powers and not just China, even with the likes of the United States. How do you say that entire region evolves in 2027? What are the significant changes or milestones that we need to look out for and how would that affect trade within the region beyond the Asian countries?

[Dr. Usman Alabi]
The same applies to Asia. The United States had already established inroads into that region long before the emergence of China as a global economic power. The United States had already built relationships with South Korea, Indonesia, Singapore, and many other countries in the region, in - cluding India. The emergence of China, however,

was something that took the world by storm. Fifteen or twenty years ago, China was not a country that we were talking about in this context. It was simply a country with a large population. Nobody thought that we would eventually be confronted with the kind of strategic competition we are experiencing today. Imagine that we already existed in a global system that was controlled, or technically managed, by countries considered to be part of the Global North: liberal countries led by the United States. That was the institutional system we were accustomed to. The United States controlled the means of payment, while these countries controlled the international financial institutions, whether the World Bank, the IMF, or similar institutions.

As an economic hegemon, the United States had already established inroads into strategic parts of the world, not just Asia. Suddenly, you have this country, China, emerging with distant borders in its backyard. Number one, this presents a challenge to American global hegemony and its strategic interests in that region, particularly with China's Belt and Road Initiative and its attempt to build trade infrastructure across the world. The aim is to create the capacity to sell not just Chinese products and goods, but also Chinese values. The United States sees this as a strategic threat. However, the countries surrounding China still trade with it for strategic reasons. Think about it: you have a country with more than one billion people. And we are no longer talking about just its population. We are talking about infrastructure and, more recently, its capacity for advanced manufacturing.

What keeps countries going is trade. Countries need to grow economically, and in terms of geographical contiguity, most of these countries are close to one another. Would it make sense for me to relate with the group? Would it make sense for me to make an enemy of a country that is right on my doorstep because of a country that is far away, knowing that the country that is far away is also protecting its own interests? For that reason, even liberal societies like South Korea and Japan, which are allies of the United States, are quite sensitive and strategic in their relations with China. Yes, there have been occasions when they disagreed. There have been shouting matches between them and similar incidents. But, for strategic reasons, it is important for them to maintain that economic relationship because China is a country right on their doorstep. They may be wary of China for security reasons because we do not know its intentions. You have a country growing into a massive economy. What are its intentions on the global scale? Does this address the first question we were discussing, which is whether there is going to be a change in the global institutions? Is there going to be a restructuring?

What are the interests of this country? Do they mean that there is going to be a strategic restructuring of the global system we are accustomed to, the same system that has contributed to the prosperity of these countries? For example, countries like South Korea, Singapore, and Japan have benefited from the global institutions and structures we are talking about. Then, suddenly, you have a situation where China had to beg to join the World Trade Organization at a time when it was internally closed off and undergoing changes and setbacks that we knew very little about. Even

today, there are still some international trading platforms and institutions that cannot penetrate that society. For example, I don't think there is Twitter or X in China. I don't think there is Facebook in China. So, this is a country that is selective in its global relations and international economic relations.

You can imagine what countries that have benefited from the current system must be thinking. What are the intentions of this country? Why is it so big? Why has it become this productive behemoth competing with the rest of the world? What is its global intention? Is the intention to create fissures in the international system? Is it to question the global structure we are accustomed to? In fact, is its intention to spread Chinese hegemony? Countries are a bit more protective and sensitive in how they relate to a country like China. But that is understandable because we also see how the United States relates to China, viewing it as a competitor and as a country with what it takes to compete with the United States on a global scale. And I don't think the United States is ready to let go of that position. You can see the competition between them, especially when Trump came into power. There was a lot of talk about trade tariffs, with statements like, "We're going to tariff China to death." But when they imposed those tariffs and saw that China retaliated, and they experienced the effects of the Chinese response on their own economy, it became clear that China was not a walkover. They had to find another way to deal with them.

You also saw the issue involving the video executive that happened recently, with accusations that she was having a relationship with someone who was spying for China. These are very sensitive matters. They may appear political, but there is an economic intention behind them as well. All of this determines relations among countries. But what I think about most countries that deal with China, especially in Asia, is that, compared to other parts of the world, they are a bit more reserved and strategic. They understand that this is a country on their doorstep. This is a country that is still emerging, and they cannot simply remove it or relocate it somewhere else. So, they have no choice but to trade with it. At the end of the day, the United States has its interests, China has its interests, and the countries surrounding China also have their interests. Nobody benefits from chaos, so everybody has to be a bit more watchful. China needs to maintain relations with those countries and assure them of peace and security. These countries also have to understand that there is no threat in the way they deal with China.

Compared to other parts of the world, or compared to Europe, for example, I think the Asian countries surrounding China are a bit more strategic and patient in their relations with China. They understand China's growth and also find ways to leverage it to advance their own economies, which is what I expect from countries in Africa. Strategically, we are going to continue seeing competition between the United States and China. But, as I said, the global institutions are still in place. China is not necessarily contesting those global institutions. In fact, it is finding ways to operate within them while ensuring that its own interests are not compromised.

[Dr. Oluwanbepelumi Olanubi]
Very interesting. I like this. I'm bringing the conversation a bit closer to home. I have a couple of questions, but because of time, I think I'll take this last question before we proceed. I have a question, which is perhaps two questions in one. The first concerns trade, technology, minerals, and supply chains, as well as trade surpluses. How are these affecting global economies? Are we moving towards lasting fragmentation, or are we seeing deeper integration? The second part of the question concerns the global outlook for 2027. Do you have an assessment, in terms of key points and data, of where the world is heading? What are the medium-term developments that might shape economic outcomes, particularly for African economies? How should African economies position themselves, especially given that we are beginning to worry about these developments? Whatever happens in the world will have an impact on us. We do not have a say at the table, we are simply responding to whatever happens. What are the medium-term developments that might occur and shift economic and even political outcomes? How should African economies make decisions to protect themselves and avoid being further marginalised in global decision-making? Those are my two questions in one: integration, and whether we are moving towards global integration or fragmentation. What should we expect, given everything that has happened in 2026?

[Dr. Usman Alabi]
Integrations can happen in different ways and you can have multiple integrations, but the reality is that what we used to have before is no more. You can have regional integrations and we can have universal integration. For example, the World Trade Organization was created as a universal body to integrate global trade and to leverage relations among countries in terms of tariffs. But when was the last time you heard about the World Trade Organization? Where was the WTO when the United States was imposing tariffs? It has been a long, long time. That body is functioning in a way that they do not even come out to give statements.

When you talk about integration, the expectation would be integration in this format: countries are forced to trade. Countries have no choice but to trade, whether you are producing or you are not producing. You have to trade, one way or the other. It determines economic relations. You even have to trade with your enemy, whether you like it or not. North Korea is one of the closed countries in the world, and it is not a popular country in the real sense of it, but it is also trading. And there are different ways of trading. You do not have to do the conventional or formal trading. That is where we have the concept of the informal economy, which is another kind of trade that happens off the books. We now have forms of financial trading, and we are no longer just talking about currency trading. We are talking about cryptocurrency happening on a macro scale. Recently, you saw what happened with Binance. That is a more complex and sophisticated form of trading.

Integration is not one-way. You can have integration at different levels. I have just talked about Eurasia as a trade bloc that is just coming up on its own. BRICS is a form of integration. The Shanghai Cooperation Organisation is a form of integration in its own right. Even regional bodies, like the AU,

are forms of integration. You have these various integrations happening in different places, each protecting its trade bloc and its interests, and there are likely to be ramifications as these various integrations are strengthened. You now have a situation where the world bodies we used to know still continue to exist, but they appear not to be relevant to the kind of challenges we are having now. For example, the World Trade Organization, or even OPEC. Where is OPEC in terms of the energy crisis we have? It is not a security body. It is just a trading bloc on its own.

There are many dynamics to it, and I think more of this will manifest itself in 2027. It is debatable, but this is probably the dimension that will begin to show. Recently, the United States said that when we have the APEC meeting in Asia, there will be a special meeting with Russia and China. That is another form of integration in its own right, political but also economic in a way, because these are dominant global countries. If you have peace and integration among them, that is another form of integration. Some people call it Yalta 2.0.

When you say integration economically, the idea would have been the liberal form of integration, where we open up and all of us trade together. But in recent times, it is more complicated. How sophisticated each region of the world is will determine how it leverages these new integrations. How prepared is Africa to leverage this integration? As a continent, we have come up with the AfCFTA, which is a very interesting policy, and we can still leverage it to form a kind of trading bloc that gives us a level of power. Even sub-regional bodies like ECOWAS and SADC can advance trade amongst themselves. Do I need a passport to go to Ghana? Do I need special recognition or special arrangements to travel to other parts of Africa? We need to understand these various kinds of integration happening across the world, and find a way to leverage them in our relationships with different countries of the world, especially given that we are not a manufacturing economy.

We need to begin to look at that itself. We should not just say, "We are not a manufacturing economy." How can we form a kind of integration of our own that builds a manufacturing base, becomes a factory in its own right, and leverages this in global negotiations within the integrations that are happening around the world? This is going to be important in 2027, especially with the AI boom and the new technologies coming up. We can leverage it even with policy ideas and policy methodology at the level of different federal governments, coming up with new security discussions and new economic discussions. It is very important for us as a sub-region to begin to have these uncomfortable discussions. It does not matter if I have to buy a Kenyan car, or go to South Africa for a holiday, as long as it is advancing the South African economy and is positive for the continent as a whole. We should be able to trade amongst ourselves.

How are we going to ensure that we have another kind of understanding of concepts like subsidy? The concept of subsidy in Africa has been so demonised that when we say subsidy, we just think about the negatives. But most countries in the world, even the advanced countries, leverage subsidies. It is not one-way, where you say, "Subsidy is bad, blah, blah, blah." Subsidy is an instrument

of economic advancement, even of economic manipulation, however you want to put it. A sensible government uses subsidy for its own interest. It is not a matter of, "We are removing subsidy, and you think you are going to be popular?" Rather than demonising policies like subsidy, we have to ask: how do we use subsidy to boost agriculture? How do we use subsidy to boost manufacturing? It should not be one-way, where we remove it, there is no alternative, and then, one year or three months to the election, we say, "Perhaps we just have to bring it back for one month," and then we bring it again.

These are things that are going to be important in 2027: coming up with very uncomfortable truths in terms of policymaking and trade integration within the region. It is not bad if Nigeria decides that every Moroccan can come to trade in Nigeria at any point, and we give you three months, and we make it easy for you to come in and go out. We can decide to form a union with four or five dominant African countries and say, "This is what we are going to do. Flying between Nigeria and Egypt is not going to cost more than ₦[amount to be confirmed]," whatever it is, just to advance this. That then puts us in a formidable situation to negotiate the various integrations taking shape around the world.

[Dr. Oluwanbepelumi Olanubi]
I personally look forward to those uncomfortable truths that will more likely confront us in 2027. Thank you very much. It is always a pleasure to have you on the show with us, and thank you for your insightful, thoughtful, and engaging conversation. I can tell that, because of time, you still have a lot more to impart. Of course, like I told you the last time we had this conversation, we are definitely going to have a sequel, another time, just to continue the conversation.

So, to our viewers, there you have it again. Today's discussion is a reminder that understanding the global economy is more than just knowing what the growth projection figures would be, or what the interest rate direction could be, or what the trade statistics are. Those are the indicators we look at in the economic space to understand the global economy, but we should understand that it is beyond that. We also need to understand political decisions, institutional interests, and the power relationships that influence economic outcomes, not just within the policy environment but in the global context, and how that shapes it.

I would encourage you to continue to listen to our conversations, pay attention to the information around you, ask better questions, and engage your environment more deliberately, with a very positive and deliberate attitude. Ask those questions. We generally live in a season of high uncertainty, not just in the geopolitical space or even in the economic space, but generally. Even health-wise, you have seen some health crises here and there in Africa, and in Nigeria too. Just be a curious person, be informed, and keep asking questions until we come your way again.

And to our viewers, for those of you who listen to and watch our podcast, this will be the last one for the year before we step into 2027, but we will do a recap of all the recordings and all the podcasts we have had this year, so look forward to that. As I usually encourage you, please stay connected. We want to hear from you. Comment on our posts, reach out to us, visit our website, and again, subscribe. The NAVIGATOR is still live, and I will see you soon. Thank you. Bye, everyone!



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