

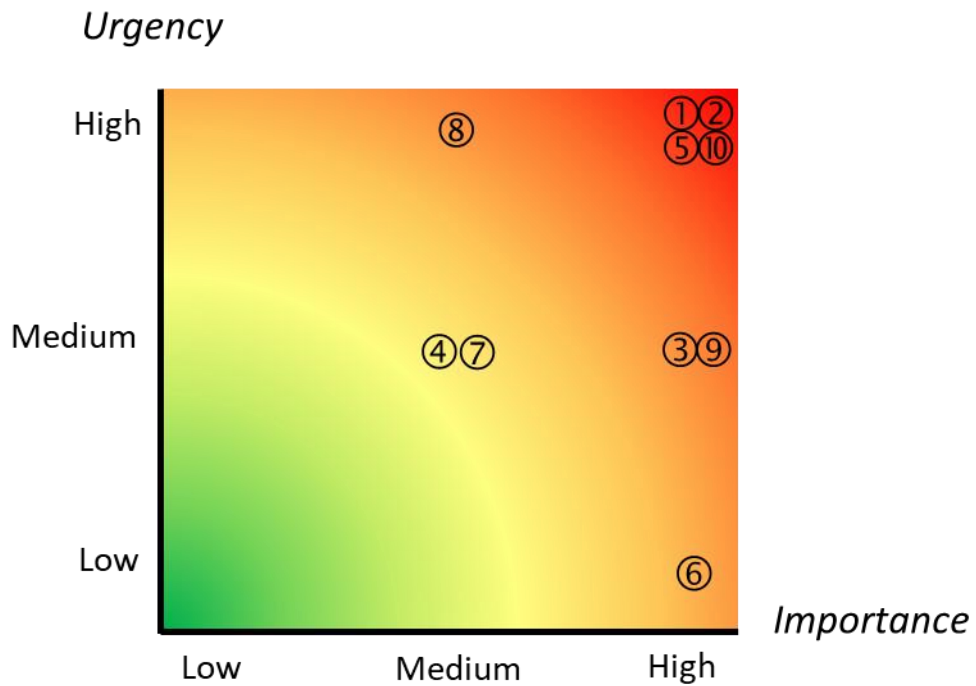
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New Year Outlook

EAI Top 10 Geopolitical Trends for 2026

East Asia Institute

EAI Top 10 Geopolitical Trends for 2026



No.	Issue	Urgency (2026)	Importance (Structural)
1	U.S.–China Competition Driven by Domestic Politics	High	High
2	Western Pacific Maritime Competition	High	High
3	China’s Nuclear Expansion	Medium	High
4	Japan’s Strategic Realignment	Medium	Medium
5	Indo–Pacific Maritime Turbulence (SCS, Philippines, S–Quad+)	High	High
6	Multilayered Multilateralism & Alliances	Low	High
7	Europe’s Strategic Autonomy	Medium	Medium
8	Tariff War 2.0	High	Medium
9	A New Front in the U.S.–China AI Competition	Medium	High
10	North Korea Parts Ways with South Korea	High	High

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1. Wag the Dog:

How U.S.-China Competition Will be Driven by Domestic Politics in 2026

No.	Issue	Urgency (2026)	Importance (Structural)
1	U.S.-China Competition Driven by Domestic Politics	High	High

The U.S.-China strategic competition in 2026 is a key variable defining the future world order and the Asia-Pacific security environment. Since both countries face major domestic political schedules this year, the U.S.-China strategic competition will be characterized by stability amidst tension. Ahead of the November 3 midterm elections, the United States is focusing on economic recovery and reviving the middle class. To this end, the second Trump administration is implementing diplomatic strategies of tariff policies, protectionist trade, attracting foreign investment, and refraining from foreign intervention. While pursuing strategic competition with China, the United States will prepare for worsening economic relations between the two countries—such as China's retaliatory tariffs and export restrictions on critical minerals—while simultaneously pushing for negotiations for economic recovery through trade agreements.

China is also pursuing stability and achievements in both security and the economy ahead of the 21st Party Congress, which will decide President Xi Jinping's fourth term in 2027. President Xi is presenting the "construction of a strong modern socialist country" and the "completion of the national security system" by 2035 as long-term national development goals, effectively making his long-term seizure of power beyond a fourth term as a fait accompli. While responding firmly to issues related to core interests directly linked to regime stability—such as the Taiwan issue—China will focus on strengthening internal capabilities for building a modern great power, bypassing direct confrontation with the United States, and expanding its status and influence in the international community.

2. The Battle for Maritime Dominance:

U.S.-China Contestation in the First Island Chain and Western Pacific

No.	Issue	Urgency (2026)	Importance (Structural)
2	Western Pacific Maritime Competition	High	High

While the United States continues its military containment of China, the military gap between the two sides in the Western Pacific is gradually narrowing. In particular, the disparity in naval power between the two countries centered on the First Island Chain is decreasing. China perceives that the initial offensive of the second Trump administration has weakened and is revealing confidence regarding military dominance within the First Island Chain. However, it is difficult to assume that confidence based on domestic patriotism will translate into a concrete anti-U.S. strategy in the short term, leading China to consider the full-scale use of military force. This is because, as a hybrid land–sea power, China views stability in the South China Sea—an important sea lane—as crucial to achieving its goal of becoming a great modern power.. China will employ a long-term strategy of gradually expanding its overall maritime power in the Western Pacific while exercising diplomatic capabilities to prevent U.S. allies or friendly nations from forming an anti-China coalition.

Meanwhile, in response to China's strengthening military position within the First Island Chain, the Trump administration is fortifying U.S. military bases and enhancing self-survivability, while pushing for "burden-shifting" to transfer the responsibility of conventional forward defense to allies such as South Korea and Japan. The U.S.-China security competition is expected to intensify beyond a simple arms buildup, drawing an "action-reaction spiral" on the dual fronts of U.S. fortification of the First Island Chain and the blocking of supply chains to China.

3. China Goes Nuclear:

What China's Nuclear Expansion Means for U.S.-China Strategic Balance

No.	Issue	Urgency (2026)	Importance (Structural)
3	China's Nuclear Expansion	Medium	High

China is moving away from its passive strategy on nuclear weapons and is pursuing a nuclear buildup strategy. The U.S. Department of Defense projects that China has increased its nuclear warhead stockpile to over 600 as of 2025, and will expand it to over 1,000 by 2030 and 1,500 by 2035. By establishing an "Early Warning Counter-Strike (EWCS)" doctrine based on immediate nuclear response upon early warning and constructing approximately 350 Intercontinental Ballistic Missile (ICBM) silos, China intends to create a system that maintains retaliatory capabilities even after receiving a preemptive strike. This approach is intended to solidify mutual deterrence based on a state of Mutually Assured Destruction (MAD) where neither side can use nuclear weapons first. The United States perceives China's nuclear force buildup as a structural challenge intended to achieve strategic nuclear balance with the U.S. beyond defensive modernization and to weaken the U.S.'s will to intervene in conventional wars. As both the U.S. and China continue their nuclear arms competition in the long term, China is expected to focus on increasing nuclear capabilities, while the U.S. focuses on blocking China's pursuit of nuclear-based superiority.

**4. Japan Facing America’s Uncertain Commitment and Chinese Pressure:
Korea-Japan Relations and the Pursuit of Multilateral Cooperation**

No.	Issue	Urgency (2026)	Importance (Structural)
4	Japan’s Strategic Realignment	Medium	Medium

Immediately after the launch of the second Trump administration, Japan devoted itself to stabilizing U.S.-Japan relations. However, through negotiations on tariffs with the U.S. that were widely viewed as humiliating, Japan came to realize that it cannot entirely rely on the U.S.—which views alliances as transactions—for its security; consequently, it is seeking multifaceted responses to the decline of U.S. hegemony, such as rebalancing toward an appropriate interdependent relationship with the U.S., strengthening its own defense capabilities, expanding cooperation with like-minded countries (South Korea, Australia, NATO, etc.), and strengthening strategic communication with China. The deterioration of Sino-Japanese relations caused by Prime Minister Takaichi's remarks regarding Taiwan in November 2025 is making these efforts difficult, and Sino-Japanese confrontation and China's coercive diplomacy appear likely to continue in the new year. The worsening of Sino-Japanese relations is highly likely to lead Japan in the direction of strengthening dependence on the U.S. rather than reducing it, and is expected to act as a variable in efforts for strategic solidarity with like-minded countries. Amidst shifting relations between the U.S. and China, the Takaichi administration is likely to prioritize the stable management of Korea-Japan relations.

5. Stormy Seas:

The Upheaval of Maritime Security Order in the Indo-Pacific

No.	Issue	Urgency (2026)	Importance (Structural)
5	Indo-Pacific Maritime Turbulence (SCS, Philippines, S-Quad+)	High	High

The international situation in Southeast Asia surrounding the South China Sea is expected to grow in importance. While the U.S.-China strategic competition is intensifying within the First Island Chain of the Western Pacific, confrontation involving the U.S., China, and their respective allies in the West Philippine Sea is also deepening. At the same time, the so-called "S-Quad (+)"—in which Japan, Australia, and several NATO countries join U.S.-Philippines maritime patrols and naval exercises—is taking shape. Extended security cooperation mechanisms to curb China's maritime expansion in the South China Sea and maintain freedom of navigation are being strengthened. Meanwhile, China is raising the level of its offensive gray zone strategy in the South China Sea. As the Philippines, which has maritime territorial disputes with China, holds the ASEAN chairmanship in 2026, maritime security is expected to become a key issue in Indo-Pacific security discussions.

6. A World of Coalitions:

The Rise of Minilateralism and Multi-Layered Alliances

No.	Issue	Urgency (2026)	Importance (Structural)
6	Multilayered Multilateralism & Alliances	Low	High

As the “America First” and “China First” policies of the United States and China intensify, bilateral and minilateral cooperation and coalition-building among regional states are increasing, a trend that is expected to continue this year. In particular, as the U.S. weakens security commitments to Asian allies and security partners from a transactional perspective and downplays alliances, the importance of strategic coalitions centered on regional states is expected to be further strengthened. Specifically, the trend of inter-regional security cooperation, in which major European countries participate in addition to Asian countries, will be further reinforced. For example, in the case of NATO-IP4 (South Korea, Japan, Australia, New Zealand), the direction of approaching it as a platform linking Europe and the Indo-Pacific region is expected to be further strengthened internally, regardless of U.S. participation.

7. Europe Re-arms:

Strategic Autonomy in an Age of American Retrenchment

No.	Issue	Urgency (2026)	Importance (Structural)
7	Europe's Strategic Autonomy	Medium	Medium

The second Trump administration perceives Europe as a partner that is increasingly drifting away in terms of security, economy, and values, while Europe views "America First" and the weakening of the Atlantic Alliance as a structural trend. While continuing efforts to maintain the Atlantic Alliance, Europe is simultaneously strengthening defense capabilities centered on NATO and expanding military autonomy. Viewing the Russian threat as persistent even after the war in Ukraine, Europe is accelerating increases in and deepening intra-European defense cooperation. At the same time, it is pursuing China-related policies centered on economic security, increasingly treating China's low-cost overproduction and penetration of strategic industries as security threats..

Amidst these developments, Europe's Indo-Pacific strategy is being reorganized around supply chains, the defense industry, and technological cooperation rather than military intervention. Amid U.S.–China competition, Europe intends to strengthen practical linkages with Indo-Pacific nations to safeguard its security and industrial base, while increasingly regarding South Korea—alongside Japan and Australia—as a key partner. By 2026, Europe's foreign policy is expected to converge toward an approach that places greater emphasis on security and the defense of industrial competitiveness, while maintaining value-based diplomacy.

8. Tariff War 2.0:

U.S.-China Trade Negotiations in the Era of Uncertainty

No.	Issue	Urgency (2026)	Importance (Structural)
8	Tariff War 2.0	High	Medium

In terms of the global economy, 2025 was a year swept by a tariff war originating from the Trump administration. As the Trump administration conducted tariff negotiations across the board without distinguishing between allies and partners, protectionism spread. Throughout 2026, uncertainty in the global economic order is expected to persist in two key areas. First, 2026 is expected to mark a Tariff War 2.0. While the tariff war in 2025 largely involved negotiations aimed at reaching agreements between governments, 2026 is likely to see increased conflict and confusion surrounding the implementation of those agreements, as well as the emergence of new negotiations. Mechanisms for a second round of trade negotiations, such as agricultural products and digital trade, are also included in the Korea-U.S. fact sheet. Second, the tariff war of 2025 took on the character of a prelude to U.S.-China trade negotiations. Given that the China of today is not the China of 2020 which reached the Phase 1 agreement, there is a high possibility that greater uncertainty will emerge from U.S.-China trade negotiations in 2026. In 2026, amidst broader changes of U.S.-China trade negotiations, South Korea needs to prepare for the implementation of existing agreements with the U.S. and negotiations in new areas.

9. The AI War:

A New Front in the U.S.-China AI Rivalry

No.	Issue	Urgency (2026)	Importance (Structural)
9	A New Front in the U.S.-China AI Competition	Medium	High

Competition between the U.S. and China over advanced technology, especially artificial intelligence, is expected to intensify and expand across a broader range of areas this year. Until now, global AI competition has proceeded with a focus mainly on the development of frontier AI models. This year, as AI utilization becomes fully centered on Agentic AI, more attention will be focused on infrastructure needed to support Agentic AI and AI diffusion experiments across diverse sectors such as manufacturing, health, education, and the public sphere. Although the United States holds an advantage in frontier AI technology, U.S.-China competition will deepen in the areas of AI infrastructure and diffusion. Since China possesses strengths and advantages in various fields of artificial intelligence, it is highly likely that the U.S.-China AI competition will evolve along differentiated trajectories, rather than the U.S. occupying a unilateral and overwhelming dominance.

10. North Korea Parts Ways with South Korea:

The Imagined Multipolar Order After the 9th Party Congress

No.	Issue	Urgency (2026)	Importance (Structural)
10	North Korea Parts Ways with South Korea	High	High

North Korea is highly likely to institutionally finalize the direction of its policy toward South Korea and foreign policy through the 9th Workers' Party Congress to be held in 2026. General Secretary of the Workers' Party Kim Jong-un already presented the outline in a speech at the Supreme People's Assembly in September 2025. By incorporating the "hostile two-state theory" declared in December 2023 into the constitution and party rules, he is expected to attempt to fix the severance of inter-Korean relations into an irreversible structure. This is a reaffirmation of a policy line that fundamentally blocks dialogue and exchange with South Korea and justifies the use of military force and territorial occupation if necessary. Although it appears hardline on the surface, in reality, it is closer to a "self-defensive declaration of separation," signaling that North Korea will no longer seek an exit from the systemic competition with South Korea. At the same time, it represents a response to warnings that North Korea's use of nuclear weapons will result in the end of the regime, amidst the institutionalization of South Korea-U.S. extended deterrence.

Externally, North Korea emphasizes a new Cold War and bloc confrontation, attempting to break through sanctions through solidarity with China and Russia and solidify its status as a de facto nuclear state. However, while China is wary of the term "New Cold War," North Korea is bringing the discourse of a "just multipolar order" to the forefront together with Russia. At the 9th Party Congress, this perception is likely to be formalized as the official line, and the possibility of limited dialogue with the U.S. with nuclear arms reduction in mind—rather than denuclearization—may be suggested in its policy toward the U.S. However, the bloc-centered multipolar order that North Korea expects is unlikely to materialize considering historical experience and the realities of the international order. Ultimately, North Korea is entering a stage of formalizing a dual strategy: institutionally parting ways with South Korea while expanding its vision of the world order. ■

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979-11-7584-038-6 95340 Date of Issue: January 15, 2026

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