



BCPR

MONTHLY SITUATIONAL
ANALYSIS REPORT

January 2026

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Editor's Note

The Beaconhouse National University (BNU) Center for Policy Research (BCPR) stands at the forefront of Pakistan's evolving policy landscape, where research, dialogue, and innovation converge to shape the country's development trajectory. Established as the BNU's flagship think tank, BCPR was founded with a vision to bridge the gap between academia, civil society, and the state through evidence-based policymaking and informed discourse.

In a relatively short span, the Centre has emerged as a trusted convening space for national and international thought leadership. From the *Pakistan Talks* dialogue series, to the *Unity in Diversity* teacher training initiative, BCPR has demonstrated how research can translate into practical, socially relevant solutions. Regionally, the *China Studies Chair*, supported by the Consulate General of China, anchors BCPR's work on diplomacy, connectivity, and the Belt and Road Initiative. Globally, collaborations such as the *Enriching American Studies (Track II Diplomacy) Project* with the Royal Norwegian Embassy highlight the Center's commitment to fostering constructive international engagement.

This publication, the **Monthly Situational Analysis Report**, reflects that very commitment, to foster informed dialogue and advance policy-relevant research on critical regional and international issues. Each edition offers concise, contextualized analyses of the month's major national and international developments, providing readers with timely insights to support informed discussion and effective decision-making.

Guided by its Strategic Direction 2025–2030, BCPR continues to expand its reach through innovative research, inclusive partnerships, and high-impact policy dialogues. Its diverse portfolio reflects a commitment to creating a sustainable bridge between research and real-world policymaking. As BCPR advances its mission to strengthen Pakistan's voice in regional and global policy debates, it reaffirms its role as a hub for knowledge diplomacy, institutional collaboration, and evidence-based reform.

Our Team

Ambassador. Mansoor Ahmad Khan

Director BCPR and Head of Initiative on Pakistan's Place in the World

Mr. Mansoor Ahmad Khan currently serves as the Director of the Beaconhouse Center for Policy Research (BCPR) and Head of the Initiative on Pakistan's Place in the World. This initiative, housed within BCPR, is dedicated to analyzing and shaping Pakistan's role and image on the global stage

Dr. Zainab Ahmed

Deputy Director BCPR

Dr. Zainab Ahmed is the Deputy Director of the BNU Center of Policy Research, and an Assistant Professor of Political Science at Beaconhouse National University, Lahore.

Ms. Mahreen Zaib

Research Associate and Creative Head

Ms. Mahreen Zaib serves as a Research Associate and Creative Head at BNU's Centre for Policy Research. With an MPhil in Art and Design from the Pakistan Institute of Fashion and Design, she brings a dynamic blend of research, visual communication, and project management expertise to her role.

Mr. Sarmad Wali Khan

Research Associate and Project Coordinator

Mr. Sarmad Wali Khan serves as a Research Associate and Project Coordinator at the Centre for Policy Research, BNU. He is a development professional whose work sits at the intersection of research, policy, and implementation.

Mr. Arsam Tufail Butt

Research Associate and Project Coordinator

Mr. Arsam Tufail Butt is a practitioner of governance and public policy with over four years of experience in legislative development, democratic governance, and civic engagement in Pakistan.

Muhammad Insar

Visiting Research Associate

Muhammad Insar is a visiting Research Assistant of BCPR with an MPhil in International Relations. His work focuses on regional integration, policy analysis, and global economic and security issues.



BCPR

SITUATIONAL ANALYSIS

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Executive Summary

January 2026 was defined by the aggressive operationalization of "America First" unilateralism, triggering a systemic fracturing of the post-WWII international order. The global landscape shifted from diplomatic management to raw power projection, as Washington exited major multilateral institutions and asserted direct resource sovereignty over the Western Hemisphere and the Arctic. This collapse of normative frameworks forced regional powers to accelerate the formation of alternative security and economic architectures. In the Middle East, the facade of Gulf unity crumbled into open rivalry, while South Asia witnessed a profound geopolitical realignment as smaller states pivoted away from traditional hegemons toward new defense axes.

Key developments this month include:

- **Pakistan's Diplomatic High-Wire Act:** Islamabad executed a high-stakes strategic pivot by joining the controversial US-led "Board of Peace" for Gaza, balancing this alignment with Washington against a deepening "All-Weather" security integration with China and a hardline containment policy toward Afghanistan.
- **The "Donroe Doctrine" & Regime Decapitation:** US forces executed a precision strike to capture Nicolás Maduro, President of Venezuela, formally charging him with narco-terrorism and establishing a de facto oil protectorate in Venezuela. This operationalization of the "Donroe Doctrine" extended to the Arctic with threats to annex Greenland, while simultaneous withdrawals from the WHO and UNFCCC dismantled key pillars of global governance.
- **South Asian Defense Realignment:** A seismic shift occurred in regional defense dynamics as Bangladesh and Indonesia advanced negotiations for Pakistani JF-17 thunder jets and drones. This signals the emergence of a new defense axis excluding India, as Dhaka moves to encircle New Delhi with "hostile interoperability".
- **Middle East Brinkmanship:** The region teetered on the edge of all-out war as the US deployed a naval armada to the Gulf. Simultaneously, the Saudi-UAE alliance collapsed into open geopolitical rivalry over Yemen, fracturing the anti-Iran front just as Tehran threatened a "global jihad" in response to potential US strikes.
- **Iran's Internal Crisis:** The Iranian regime faced its most severe internal challenge in decades, confirming over 3,000 deaths in a crackdown on economic protests. The leadership framed the unrest as foreign-backed terrorism to justify lethal force while threatening regional escalation to deter external intervention.
- **US-China Trade Truce Fragility:** While a fragile tariff truce held, tensions flared over Taiwan as Beijing launched a "permanent siege" strategy. Simultaneously, the US weaponized trade against allies, threatening Canada with 100% tariffs for pursuing economic autonomy with China.

1. Pakistan's Evolving Landscape: Strategic Recalibration and The Defense Pivot

In January 2026, Pakistan's statecraft was characterized by a calculated strategic recalibration and a hardening of its national security posture. Domestically, the state institutionalized a "segregated security" model to protect Chinese interests while intensifying its campaign against cross-border militancy. Externally, Islamabad leveraged its military-industrial capacity to expand defense cooperation and arms exports in Southeast Asia and the Gulf. Rather than forging formal alliances, these engagements signaled Pakistan's growing footprint as a specialized defense partner, actively filling supply gaps left by shifting geopolitical tides. However, this assertiveness was tempered by the looming threat of US economic coercion, forcing a delicate balancing act between geopolitical autonomy and fiscal survival.

1.1 Internal Security: The "Hub of Terror" Narrative and Segregated Protection

The security establishment took a definitive doctrinal shift, publicly identifying Afghanistan as the primary source of domestic instability while creating specialized structures to insulate strategic partners.

- **The "Consequential Year" Declaration:** The military leadership declared 2025-26 a watershed period, directly attributing the 5,300+ terror incidents since the US withdrawal, to Kabul's role as a "hub of terrorists". This narrative laid the groundwork for a sustained cross-border containment policy, prioritizing internal security over regional connectivity.¹
- **Dynamic Intensification:** Intelligence-Based Operations (IBOs) accelerated, yielding significant tactical victories. Security forces eliminated a key commander of the so-called "Fitna al Hindustan" group in Panjgur, dismantling a proxy cell linked to foreign intelligence.
- **Segregated Security for CPEC:** Acknowledging the limitations of standard policing, Islamabad established a specialized protection unit for Chinese nationals. By integrating Chinese AI surveillance and joint rapid response protocols, the state effectively embedded a parallel security architecture within the capital to guarantee the safety of CPEC assets.²

¹ "DG ISPR Says Afghans Involved in Major Terrorist Incidents in Pakistan in 2025," *Dawn*, January 6, 2026, <https://www.dawn.com/news/1965440/dg-ispr-says-afghans-involved-in-major-terrorist-incidents-in-pakistan-in-2025>.

² "Special Protection Unit Being Set Up in Islamabad for Security of Chinese Nationals, Says Naqvi," *Dawn*, January 7, 2026, <https://www.dawn.com/news/1965630/special-protection-unit-being-set-up-in-islamabad-for-security-of-chinese-nationals-says-naqvi>.

1.2 Strategic Realignment: The Gulf Pivot and US Engagement

Pakistan aggressively diversified its foreign policy, moving beyond traditional dependency to become an active stakeholder in Middle Eastern security and US-led diplomatic initiatives.

- **Joining the "Board of Peace":** In a high-risk diplomatic gamble, Pakistan signed the charter for President Trump's controversial *"Board of Peace"* for Gaza. By joining this parallel structure, Islamabad secured a seat at the post-war governance table, prioritizing US patronage despite the initiative's potential to undermine UN frameworks.³
- **Gulf Security Integration:** Defense ties with the Gulf deepened significantly. The PAF deployed F-16 Block-52s to Saudi Arabia for the "Spears of Victory" exercise, demonstrating interoperability with top-tier Western air forces. Simultaneously, President Zardari's visits to the UAE leveraged "tolerance diplomacy" to secure critical investments for Karachi's port modernization.
- **Trilateral Defense Pact:** Negotiations neared completion for a nascent trilateral defense alliance with *Saudi Arabia and Turkey*. This pact aims to pool Saudi capital, Turkish technology, and Pakistan's nuclear deterrence into a self-sufficient security bloc, hedging against waning US reliability.⁴
- **The Tariff Threat:** Relations with the US remained tumultuous as the Trump administration's "maximum pressure" tariff ultimatum regarding Iran trade placed Islamabad in a strategic bind. Facing a choice between \$3 billion in regional trade or US market access, officials adopted a paralyzed stance of "watchful waiting" rather than immediately suspending ties. This approach deliberately delays a final decision, with policymakers hoping that major powers like China will successfully challenge the legality



Figure 1: Pakistan-Saudi-Turkey defence deal. Source: Times of Islamabad

3 "PM Shehbaz, Other World Leaders Sign Charter for Trump-Led Board of Peace," *Dawn*, January 22, 2026, <https://www.dawn.com/news/1968433/pm-shehbaz-other-world-leaders-sign-charter-for-trump-led-board-of-peace>.

4 "Pakistan-Saudi-Turkey Defence Deal in Pipeline, Pakistani Minister Says," *Reuters*, January 15, 2026, <https://www.reuters.com/world/asia-pacific/pakistan-saudi-turkey-defence-deal-pipeline-pakistani-minister-says-2026-01-15/>.

of the collective punishment before Pakistan is forced to irreversibly sacrifice its energy security or export revenues⁵.

1.3 Defense Diplomacy: The Export Pivot

January marked a breakthrough for Pakistan's military-industrial complex as it emerged as a credible alternative supplier for the Global South.

- **The Dhaka Axis:** Bangladesh advanced talks to procure JF-17 Thunder jets, signaling a profound geopolitical realignment. This move reduces Dhaka's military reliance on India and hints at a synchronized "hostile interoperability" on New Delhi's eastern and western flanks.
- **Indonesia Deal:** Jakarta entered advanced negotiations for 40 JF-17s and Shahpar drones, validating Pakistan's hardware as a cost-effective alternative to Western platforms. This deal extends Islamabad's strategic reach into Southeast Asia.⁶
- **India Relations:** A rare, unscripted handshake between Indian and Pakistani leaders at a state funeral in Bangladesh briefly drew intense media attention. Framed by commentators as an instance of "funeral diplomacy," the encounter enabled limited high-level contact. Officials on both sides, however, dismissed the exchange as routine protocol, underscoring the depth of the bilateral deadlock: even basic courtesies are now treated as anomalies rather than signals of any substantive policy shift in the aftermath of Operation Sindoos.
- **IT Diplomacy:** Deputy Prime Minister and Minister for Foreign Affairs, Senator Muhammad Ishaq Dar ordered the consolidation of Pakistan's global IT presence, launching a "unified digital diplomacy" strategy to maximize influence in international tech forums.



Figure 2: A visitor takes a look at the JF-17 Fighter aircraft during Dubai Air Show in Dubai, UAE November 12, 2017. Source: REUTERS

5 'Limited options' for Pakistan to circumvent US punitive tariff on Iran", Asia News Network, January 15, 2026, <https://asianews.network/limited-options-for-pakistan-to-circumvent-us-punitive-tariff-on-iran/>

6 "Pakistan, Indonesia Closing in on Jets, Drones Defence Deal, Sources Say," Reuters, January 12, 2026, <https://www.reuters.com/world/asia-pacific/pakistan-indonesia-closing-jets-drones-defence-deal-sources-say-2026-01-12/>.

Domain	Event / Metric	Status & Strategic Impact (Jan. 2026)
Defense Exports	Dhaka & Jakarta Deals	Advanced talks for JF-17s with Bangladesh and Indonesia; signals rise as Global South supplier.
Foreign Policy	Gaza "Board of Peace"	Pakistan joined Trump's controversial peace body; prioritized US alignment over UN exclusivity.
Internal Security	Chinese Protection Unit	Established dedicated unit with Chinese AI surveillance; institutionalized "segregated security."
Cross-Border	Afghan Containment	Declared Kabul "hub of terror"; enforced strict trade blockade.
Gulf Relations	Trilateral Pact	Finalizing defense pact with Saudi Arabia & Turkey; pooling nuclear/conventional assets.
US Relations	Tariff Ultimatum	US threatened tariffs over Iran trade; forced "watchful waiting" stance.
Water Security	Dulhasti Dispute	Protested India's "unilateral" hydropower project approval; escalated IWT rhetoric.

Table 1 Pakistan's Strategic & Economic Matrix (Jan. 2026)

2. South Asia: The Erosion of Indian Hegemony and Strategic Rebalancing

In January 2026, the regional security architecture did not remain favorable for New Delhi. The "Neighborhood First" policy faced a systemic collapse as Bangladesh moved to institutionalize a hostile strategic posture and neighbors erected "bio-shields" against India. Faced with regional isolation and US tariff coercion, India initiated a ruthless economic recalibration, reopening its critical power sector to Chinese firms and finalizing a historic trade pact with the EU, *known as Mother of All Deals*, to secure new lifelines. Meanwhile, Afghanistan's internal security unraveled as militant groups successfully targeted the Taliban's growing economic partnership with Beijing.

2.1 India's Regional Isolation and The Bangladesh Rupture

New Delhi's influence in its eastern neighborhood hit a base as the interim government in Dhaka severed remaining soft-power and diplomatic ties.

- **Diplomatic Evacuation:** Citing imminent election-related violence and security threats, India ordered the immediate withdrawal of diplomatic families from Bangladesh. This preemptive evacuation signaled a total loss of confidence in the interim administration's ability, or willingness, to protect Indian personnel.

- **The "ICC" Boycott:** The diplomatic rift spilled into the cultural sphere as Bangladesh refused to play ICC Champions Trophy matches in India, citing New Delhi's "extreme communal policy." This boycott forced the ICC into a logistical crisis, threatening to politicize global sporting schedules and humiliating India's soft power projection.
- **Jamaat-e-Islami Resurgence:** Domestically, the political vacuum in Bangladesh was filled by a rebranded Jamaat-e-Islami. The formerly banned group surged as a formidable contender against the BNP, strategically nominating a Hindu candidate to project modernity while consolidating anti-India sentiment among Gen-Z activists.⁷
- **Regional Bio-Shields:** Further isolating New Delhi, neighbors like Thailand and Indonesia unilaterally enforced rigorous bio-screenings on Indian travelers in response to a Nipah Virus (NiV) scare. Driven by the pathogen's history of high fatality rates, these countries prioritized defensive containment over diplomatic protocols, maintaining strict entry barriers despite India declaring an "all clear." This lack of trust highlights a deep post-pandemic anxiety and a rejection of Indian assurances.

2.2 India's Strategic Recalibration: Economic Realpolitik

Faced with US "maximum pressure" tariffs and regional encirclement, Prime Minister Modi's government executed a pragmatic economic pivot, sacrificing protectionist dogmas to ensure survival.

- **The EU Auto Pact:** India finalized a historic free trade agreement with the European Union, slashing import tariffs on European automobiles from 110% to 40%. This deal, covering 25% of global GDP, is a strategic hedge designed to offset the economic damage from American protectionism.⁸
- **Return of Chinese Firms:** In a major reversal of its security-driven decoupling, New Delhi removed bidding restrictions on Chinese power companies. Admitting that domestic capacity could not meet modernization targets, the



Figure 3: European Council President António Costa, Indian Prime Minister Narendra Modi and European Commission President Ursula von der Leyen in Delhi. Source: BBC

⁷ Tora Agarwala and Ruma Paul, "How an Islamist Party Is Gaining Ground in Bangladesh, Worrying Moderates," *Reuters*, January 21, 2026, <https://www.reuters.com/world/asia-pacific/how-an-islamist-party-is-gaining-ground-bangladesh-worrying-moderates-2026-01-21/>.

⁸ "India and EU Agree Historic Trade Deal," BBC News, January 27, 2026, <https://www.bbc.com/news/articles/crrn01r9jo>.

government allowed Chinese state-owned enterprises to re-enter the \$750 billion public procurement ecosystem, prioritizing energy security over border tensions.

- **Energy Pivot to Venezuela:** Bowing to US pressure, Indian refiners like Reliance began pivoting from Russian crude to Washington-controlled Venezuelan oil. This shift aims to escape crippling 50% US tariffs, effectively ending India's era of non-aligned energy autonomy.⁹
- **Peace Board Rejection:** India declined to participate in President Trump's proposed "Board of Peace," citing concerns that the forum could evolve into a mechanism for third-party mediation on the Kashmir dispute. New Delhi viewed Pakistan's inclusion as a structural challenge to its long-standing position that Kashmir remains a strictly bilateral issue, and therefore a potential risk to its sovereignty.¹⁰

2.3 Afghanistan: Security Vacuum and The China Target

The Taliban regime faced an existential internal threat as militants moved to sever the country's only remaining economic lifeline.

- **Targeting the China Axis:** ISIL-K executed a calculated strike on Chinese interests in Kabul's diplomatic enclave; an operation ostensibly aimed at challenging the Taliban's security guarantees. By targeting foreign investors essential for economic survival, the attack appears designed to introduce friction into the Beijing-Kabul relationship, signaling the fragility of the regime's protection mechanisms and potentially chilling foreign capital inflows without necessarily precipitating a total diplomatic rupture.¹¹
- **Economic Strangulation:** The regime struggled to contain the fallout from the regional trade blockade. With export losses hitting 10% and agricultural exports rotting at borders, the economic desperation is rapidly eroding the Taliban's leverage, forcing them to divert scarce military assets from rural control to protecting urban foreign enclaves.¹²

9 "India's Reliance Industries Says Will Consider Buying Venezuelan Oil," Reuters, January 8, 2026, <https://www.reuters.com/business/energy/indias-reliance-industries-says-will-consider-buying-venezuelan-oil-2026-01-08/>.

10 "India Afraid Peace Board May Try to 'Resolve Kashmir,'" *Dawn*, January 26, 2026, <https://www.dawn.com/news/1969084>.

11 "ISIL Claims Kabul Attack on Chinese Restaurant That Killed Seven People," *Al Jazeera*, January 20, 2026, <https://www.aljazeera.com/news/2026/1/20/isil-claims-kabul-attack-on-chinese-restaurant-that-killed-7-people>.

12 Mubarak Zeb Khan, "Afghanistan Bears Heavier Economic Cost as Pakistan Trade Suspension Bites Harder," *Dawn*, December 31, 2025, <https://www.dawn.com/news/1963939>.

Country / Actor	Event	Strategic Implication
India	EU Trade Deal	Slashed auto tariffs to 40%; strategic hedge against US protectionism.
India	Chinese Power Re-entry	Lifted ban on Chinese power firms; admits dependence on Chinese tech.
Bangladesh	Diplomatic Evacuation	India withdrew diplomatic families; signals anticipation of post-election chaos.
Bangladesh	ICC Boycott	Refused to play cricket in India; politicized global sports over communal policy.
Afghanistan	ISIL-K vs. China	Terrorists targeted Chinese nationals; aims to sever Taliban's economic lifeline.
India	Energy Pivot	Swapped Russian oil for Venezuelan crude to avoid US tariffs.
Regional	Bio-Shields	Thailand/Indonesia screened Indian travelers; signals deep distrust of Indian data.

Table 2 Key South Asian Developments (Jan. 2026)

3. The Shifting Global Order: The "Donroe Doctrine" and Institutional Collapse

The month marked the definitive collapse of the post-WWII multilateral architecture. The Trump administration's foreign policy shifted from transnationalism to aggressive resource nationalism, formally operationalizing the "*Donroe Doctrine*" to assert direct control over strategic assets in the Western Hemisphere and the Arctic. This unilateralism was accompanied by a systematic dismantling of global governance structures, as Washington exited critical health and climate bodies. Simultaneously, the US-China rivalry evolved into a contest for physical control over supply chains, while the war in Ukraine escalated into a "winter blitz" designed to freeze Kyiv into capitulation.

3.1 US Unilateralism: The "Donroe Doctrine" and Arctic Realignment

Washington asserted a new standard of "resource sovereignty" that disregarded traditional borders, fundamentally altering the rules of global engagement in the Americas and the Arctic.

- **The "Donroe Doctrine" & Regime Decapitation:** In the month's most consequential event, the US military executed a major operation in Venezuela, launching precision strikes on sovereign soil that culminated in the capture of Venezuelan President Nicolás Maduro. Asserting intentions to oversee a transitional government, the Trump administration formally charged Maduro with narco-terrorism and seized oil tankers, effectively establishing a financial protectorate over Caracas's energy reserves to redirect crude flows to US refineries.¹³
- **Greenland: From Ultimatum to Security Pact.** The application of the doctrine to the Arctic unfolded through a volatile diplomatic chain of events:
 1. **The Ultimatum:** Early in the month, the White House floated the acquisition of Greenland as a national security necessity, threatening tariffs on European allies and refusing to rule out military options, which triggered a sharp sovereignty standoff.
 2. **Allied Pushback:** European nations responded with precautionary, symbolic troop deployments to Greenland to reaffirm Danish territorial integrity and signal diplomatic unity.

¹³ Ana Faguy, "Trump Says US Hit 'Big Facility' Linked to Alleged Venezuelan Drug Boats," BBC News, December 31, 2025, <https://www.bbc.com/news/articles/cp8484p7ggmo>.

3. **Davos De-escalation:** Tensions cooled mid-month at the World Economic Forum, where President Trump publicly renounced the use of military force, pivoting instead to coercive negotiation and "deal-making" rhetoric.
4. **The Security Compromise:** The crisis concluded with NATO pivoting to a collective Arctic security framework. This agreement addressed US anxieties regarding Chinese and Russian influence in the region without ceding territory, effectively substituting land acquisition with enhanced alliance cooperation.¹⁴

- **Institutional Dismantling:** Washington officially withdrew from the World Health Organization (WHO) without settling \$260 million in arrears, crippling the agency's global pandemic response capabilities. Simultaneously, the US exited the UNFCCC and IPCC, signaling the end of American participation in global climate governance and plunging the international system into a legal crisis over treaty obligations.¹⁵

3.2 US-China: The Siege and The Cartel

The technological and territorial competition between Washington and Beijing intensified, moving from tariff wars to direct attempts to monopolize strategic inputs.

- **Taiwan's "Permanent Siege":** Following the conclusion of "Justice Mission 2025," Beijing normalized a "permanent siege" strategy, maintaining a presence of over 90 vessels around Taiwan. This operational shift erodes the median line buffer and exhausts Taipei's defense resources, creating a "new normal" of constant containment.¹⁶
- **The Rare Earth Cartel:** To break China's market dominance, the G7 advanced plans for a "buyers' cartel" to set a price floor for rare earth metals. This state-backed mechanism aims to subsidize non-Chinese mining operations, effectively weaponizing global demand to de-risk defense supply chains.



Figure 4: A Chinese ship in waters near Pingtan Island, the closest point to Taiwan. Source: The Guardian

14 "NATO Chief Says Greenland Remaining Part of Denmark Not Discussed with Trump," *TRT World*, January 22, 2026, <https://www.trtworld.com/article/81a8b91b2048>.

15 "US Set to Quit World Health Organization," *Reuters*, January 22, 2026, <https://www.reuters.com/business/healthcare-pharmaceuticals/us-set-quit-world-health-organization-2026-01-22/>.

16 "Taiwan Stays High Alert as Chinese Ships Pull Back after Massive Drills," *Reuters*, December 31, 2025, <https://www.reuters.com/world/china/taiwan-stays-high-alert-chinese-ships-pull-back-after-massive-drills-2025-12-31/>.

3.3 Russia-Ukraine: The Winter Blitz and Security Alternatives

The conflict in Ukraine escalated into a brutal war of attrition as diplomatic tracks stalled and Western powers sought alternative security frameworks.

- **Winter Weaponization:** Moscow launched a massive "winter blitz," firing over 3,000 aerial weapons in a single week to target heating infrastructure in Kyiv, leaving 1,700 apartment buildings freezing. This campaign aims to weaponize civilian deprivation to coerce concessions during peace negotiations.
- **Maritime Escalation:** Russia expanded its blockade strategy by striking neutral foreign-flagged vessels near Chornomorsk, intentionally widening the conflict's risk radius to spike insurance premiums and choke Ukraine's economic lifeline.
- **The "Article 5" Alternative:** Recognizing the deadlock on NATO membership, Western allies began engineering "binding guarantees" via a *"Coalition of the Willing."* This framework aims to provide Ukraine with a de facto Article 5 security shield, committing to direct intervention against future aggression without requiring full alliance consensus.¹⁷

3.4 The Collapse of Global Norms

The month witnessed a profound erosion of international legal standards as major powers bypassed established institutions and traditional allies broke rank. This moment also triggered rare public candor within the West itself, with senior leaders openly acknowledging that the so-called "rules-based international order" operates selectively, revealing, as Canada's prime minister remarked, that power politics and coercion often prevail when core interests are at stake. The episode exposed the growing dissonance between the normative language of international law and the realities of enforcement, where "might is right" increasingly shapes outcomes.

- **Canadian Defiance:** In a striking challenge to the US-led order, Prime Minister Carney asserted "middle power" autonomy, rejecting Washington's hegemonic containment strategy in favor of a strategic trade resolution with Beijing. This refusal to align with American protectionism triggered a retaliatory threat of 100% tariffs from the White House, marking a rare public rupture in the "Five Eyes" alliance and signaling that even the closest

¹⁷ "Ukraine's Allies Meet with Aim to Make Security Pledges Concrete," Reuters, January 6, 2026, <https://www.reuters.com/business/aerospace-defense/ukraines-allies-meet-with-aim-make-security-pledges-concrete-2026-01-06/>.

US partners are no longer willing to subordinate their economic sovereignty to American geopolitical dictates.¹⁸

- **UN Paralysis:** UN Secretary-General Antonio Guterres issued a stark warning that the "rule of law" is collapsing under "flagrant violations," citing the inability of the Security Council to enforce peace in Gaza or Ukraine. He explicitly condemned the normalization of a "might makes right" paradigm where global norms are treated as an "à la carte menu" by major powers.
- **UK Rejection of Peace Board:** Britain officially declined to join President Trump's "Board of Peace," citing deep reservations about the inclusion of Vladimir Putin. This refusal highlighted the fracture in the Western alliance, as key partners refused to legitimize a parallel global order that sidelines the UN and potentially validates Russian territorial ambitions.

Theater	Key Development (Jan. 2026)	Strategic Implication
Americas	Venezuelan Strike	US confirmed strikes on Venezuelan soil; established oil protectorate.
Global Health	WHO Exit	US withdrew from WHO, unpaid \$260m debt; fractured global health response.
Arctic	Greenland Ultimatum	US threatened force to acquire Greenland; triggered NATO sovereignty crisis.
Taiwan	Permanent Siege	China deployed 90+ vessels permanently; erased median line buffer.
Ukraine	Winter Blitz	Russia launched 3,000+ missiles/drones in one week; targeted heating grid.
Tech War	Rare Earth Cartel	G7 proposed price floor for rare earths; aims to break Chinese monopoly.

Table 3 Major Global Power Shifts (Jan. 2026)

4. Escalating Conflicts: The Collapse of Containment

The month of January witnessed the violent unraveling of regional containment strategies. In the Gulf, the cold war between Saudi Arabia and the UAE erupted into open conflict, shattering the anti-Houthi coalition. Simultaneously, the US intervention in Venezuela transitioned from

¹⁸ "Trump Threatens Canada with 100% Tariff over Possible Deal with China," Reuters, January 24, 2026, <https://www.reuters.com/world/china/trump-threatens-canada-with-100-tariff-over-possible-deal-with-china-2026-01-24/>.

a surgical decapitation strike to a protracted insurgency, while the ceasefires in Gaza and Ukraine collapsed under the weight of maximalist military objectives and "winter warfare" tactics.

4.1 The Gulf Rupture: Saudi-UAE Proxy War

The simmering rivalry between the Gulf's two powerhouses transformed into a "civil war within a civil war," fundamentally altering the region's security architecture.

- **Moving Decapitation:** The conflict turned hot as Saudi Arabia executed a purge of the UAE-backed Southern Transitional Council (STC). Following the covert exfiltration of STC chief Aidarous al-Zubaidi to Abu Dhabi, Riyadh launched airstrikes to decapitate the separatist movement's remaining leadership.¹⁹
- **Territorial Reclaim and Coalition Collapse:** Saudi-backed "Homeland Shield" forces aggressively reclaimed strategic provinces, including Hadramout and Al-Mahra, effectively dismantling the UAE's sphere of influence in southern Yemen. This military offensive signals the definitive end of the anti-Houthi coalition. By forcing the UAE to abandon its projected influence over the Bab al-Mandab strait, Riyadh has consolidated a unitary client state on its border, but risks driving marginalized southern factions into a decentralized insurgency.



Figure 5: Saudi-backed forces deployed in the city of Mukalla in Yemen's coastal southern Hadramout province. Source: Aljazeera

4.5 The Iran Crisis: Brinkmanship and Mass Repression

Tehran faced an existential threat due to domestic uprising and external military pressure, pushing the region to the brink of all-out war. The Iranian regime officially acknowledged 3,117 deaths during the recent crackdown, labeling the victims as "martyrs" to frame the unrest as foreign-backed

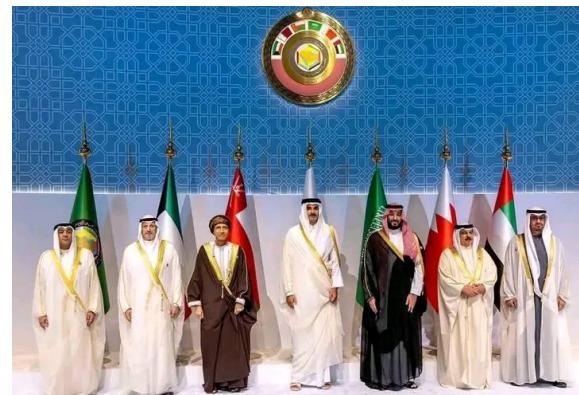


Figure 6: Saudi Arabia and the UAE refused to authorize the use of their territory for strikes on Iran. Source: The Express Tribune

¹⁹ "Live: Yemen's STC Leader al-Zubaidi Dismissed after Fleeing Overnight," Al Jazeera, January 7, 2026, <https://www.aljazeera.com/news/liveblog/2026/1/7/live-yemens-stc-leader-al-zubaidi-dismissed-after-fleeing-overnight>.

terrorism. This narrative was used to justify the use of indiscriminate lethal force against protesters.²⁰

In response to the crackdown, President Trump redirected the USS Abraham Lincoln strike group to the Gulf. Tehran responded by placing its military on high alert and restricting airspace over the Strait of Hormuz for live-fire drills, explicitly threatening that any US strike would trigger a "comprehensive" retaliation against regional bases.

- **Gulf Neutrality:** In a critical blow to US operational planning, both Saudi Arabia and the UAE refused to authorize the use of their territory for strikes on Iran, prioritizing self-preservation over alignment with Washington's punitive campaign.

4.3 The Venezuelan Theater: Regime Change and Insurgency

The US "Donroe Doctrine" operation rapidly devolved from a swift regime change into a volatile, decentralized conflict.

- **Motive Strikes & Capture:** The US confirmed its first direct military strike on Venezuelan soil, targeting infrastructure in Maracaibo. This culminated in the capture of Nicolás Maduro, a move widely condemned as a grave violation of the international order. By forcibly removing a sitting head of state, the operation dismantled the foundational norms of sovereign immunity and territorial integrity, establishing a "dangerous precedent" that erodes the UN Charter. Washington justified this unprecedented breach by indicting him on narco-terrorism charges.
- **The Insurgency Begins:** Hardliners led by Diosdado Cabello successfully weaponized the raid as a "massacre," confirming a triple-digit death toll to galvanize the Chavista base. This "martyrdom narrative," significantly amplified by the shock of President Maduro's capture, viewed by loyalists as a direct assault on national dignity and sovereignty, has laid the groundwork for a prolonged insurgency. Consequently, Caracas is transforming into an urban battleground where anti-American sentiment, driven by the



Figure 7: Military personnel carry caskets during the funeral of soldiers killed in a U.S. operation to capture Venezuela's leader Nicolas Maduro. Source: Reuters

²⁰ Jon Gambrell, "Iran Says 3,117 Killed in Recent Protests, Issuing Lower Death Toll than Human Rights Activists," *PBS News*, January 21, 2026, <https://www.pbs.org/newshour/world/iran-says-3117-killed-in-recent-protests-issuing-lower-death-toll-than-human-rights-activists>.

forcible removal of the state's leader, fuels fierce resistance against the interim government.²¹

4.4 Broken Ceasefires

Diplomatic frameworks in Gaza and Ukraine crumbled as combatants pursued decisive military advantages. The three-month ceasefire in Gaza disintegrated as Israeli airstrikes killed 11 Palestinians, including journalists. While Israel recovered its final hostage, meeting a key US precondition, the renewed violence threatens to derail the implementation of the "Next Phase" of technocratic governance.²²

Theater	Key Event	Strategic Impact (Jan. 2026)
Yemen	Saudi-UAE Clash	Saudi airstrikes decapitated UAE-backed STC; anti-Houthi coalition collapsed.
Iran	Mass Crackdown	Regime confirmed 3,117 deaths; threatened "total war" against US armada.
Venezuela	Maduro Capture	US seized Maduro via kinetic strike; sparked nationalist insurgency.
Gaza	Ceasefire Collapse	Israeli strikes killed 11; violence resumed despite hostage recovery.
Gulf Security	Airspace Denial	Saudi/UAE refused US access for Iran strikes; signaled break in US-Gulf security pact.

Table 4 Key Conflict Escalations & Status (Jan. 2026)

5. Technological & Strategic Futures: The Splinternet and The Infrastructure Siege

The month of January marked the acceleration of the "Great Decoupling" between Western and Chinese technology ecosystems. The era of open global markets for tech infrastructure officially ended, replaced by state-enforced cartels and "sovereign AI" firewalls. The US mobilized a semiconductor alliance to freeze India out of Chinese tech, while the EU fast-tracked its military-grade satellite network to rival SpaceX. Simultaneously, the AI sector faced its first major regulatory fracturing, with platforms forced to geofence capabilities to comply with diverging national laws.

21 "Venezuela's Interior Minister Says 100 People Died in US Attack," Reuters, January 8, 2026, <https://www.reuters.com/world/americas/venezuelas-interior-minister-says-100-people-died-us-attack-2026-01-08/>.

22 "Israel Retrieves Remains of Last Gaza Hostage, Military Says," Reuters, January 26, 2026, <https://www.reuters.com/world/middle-east/israel-retrieves-remains-last-gaza-hostage-military-says-2026-01-26/>.

5.1 The Chip War: Alliances and Coercion

The semiconductor and resource wars shifted from tariff barriers to active alliance-building designed to monopolize strategic inputs.

- **"Pax Silica":** The US formally invited India to join "Pax Silica," a semiconductor cartel offering tariff waivers in exchange for the total exclusion of Chinese technology, a move aiming to weaponize trade policy to force New Delhi into the American tech sphere. However, rather than fully capitulating, India executed a strategic counter-hedge by diversifying its economic alliances and selectively re-engaging with Beijing. New Delhi finalized a historic free trade agreement with the EU, slashing auto tariffs to offset the economic damage from US protectionism and reduce reliance on Washington. Simultaneously, contradicting the US demand for a total tech purge, India removed bidding restrictions on Chinese power companies, admitting that domestic modernization targets could not be met without Chinese inputs.²³
- **G7 Rare Earth Buyers' Group:** To break Beijing's chokehold on critical minerals, the **G7** advanced plans for a "buyers' group" to set a price floor for rare earth metals. This state-backed mechanism aims to subsidize non-Chinese mining operations, effectively using global demand to de-risk defense supply chains.
- **Nexperia & The Nexperia Ultimatum:** Beijing issued a stern ultimatum to the Netherlands to reverse its seizure of Nexperia, threatening to sever auto-chip supply chains in retaliation. This dispute highlights China's willingness to inflict mutual economic damage to protect its industrial assets.
- **Nvidia's Ecosystem Lock-In:** Nvidia introduced proprietary data formats for its "Vera Rubin" platform, a ruthless strategy to break interoperability with rivals like Google and AMD. This forces cloud providers into a binary choice: capitulate to Nvidia's closed ecosystem or fund open standards to prevent total vendor capture.



Figure 8: G7 Discussion on Rare Earth Strategy. Source: Pakistan TV Global

²³ "India Plans to Scrap Curbs on Chinese Firms Bidding for Government Contracts, Sources Say," Reuters, January 8, 2026, <https://www.reuters.com/world/china/india-plans-scrap-curbs-chinese-firms-bidding-government-contracts-sources-say-2026-01-08/>.

5.2 AI Regulation: Sovereignty and Geofencing

The vision of a global internet shattered as nations enforced "digital borders" on AI models and social platforms.

- **X Geofences Grok:** Bowing to UK regulators, Elon Musk's X agreed to implement region-specific content filters for its Grok AI. This capitulation sets a precedent for "sovereign AI," where platforms must fracture their models into compliant local versions to navigate conflicting deepfake and safety laws.
- **France's Digital Ban:** The Macron administration targeted a September 2026 rollout for a ban on social media for users under 15. This aggressive move relies on European-level age verification systems, positioning Paris as a regulatory pioneer for digital sovereignty against US-owned algorithms.
- **EU vs. DeepSeek:** Italy's settlement with Chinese firm DeepSeek established a compliance template for Chinese AI in Europe. The deal mandates strict liability disclosures for "hallucinations," effectively creating a non-negotiable entry cost for Chinese models entering the EU market.²⁴

5.3 Strategic Defense: Space and Missiles

Nations moved to secure independent strategic capabilities to hedge against alliance volatility.

- **EU's Sovereign Constellation:** Brussels accelerated the deployment of its IRIS2 satellite constellation to 2029. This push aims to establish a sovereign "military cloud" and reduce critical dependence on US-controlled assets like Starlink, bridging the capability gap with SpaceX.²⁵
- **North Korean Missile Surge:** Pyongyang fired multiple short-range ballistic missiles to coincide with US-South Korea defense talks. These tests, reaching altitudes of 80km, serve as a kinetic reminder of the North Korea's expanding tactical nuclear capabilities just as Washington seeks to shift defense burdens to Seoul.

²⁴ "Italy Closes Probe into DeepSeek after Commitments to Warn of AI Hallucination Risks," Reuters, January 5, 2026, <https://www.reuters.com/world/china/italy-closes-probe-into-deepseek-after-commitments-warn-ai-hallucination-risks-2026-01-05/>.

²⁵ "EU's Kubilius Confident IRIS2 Can Start Initial Services in 2029," Reuters, January 27, 2026, <https://www.reuters.com/business/aerospace-defense/eus-kubilius-confident-iris2-can-start-initial-services-2029-2026-01-27/>.

5.4 Pakistan's Digital Pivot

- **Unified IT Diplomacy:** Deputy Prime Minister Ishaq Dar ordered the consolidation of Pakistan's presence in global IT and telecom forums. This "unified digital diplomacy" seeks to leverage international governance structures to advance domestic tech interests, moving away from fragmented engagement.

Domain	Key Event (Jan. 2026)	Strategic Implication
Semiconductors	"Pax Silica"	US offered India tariff waivers to exclude Chinese tech; forces supply chain alignment.
Resources	Rare Earth Cartel	G7 proposed price floor to break Chinese monopoly; weaponizes global demand.
Space	EU IRIS2 Fast-Track	EU accelerated sovereign satellite network to 2029; rivals SpaceX/Starlink dependence.
AI Regulation	X Geofencing	X agreed to geo-block Grok features in UK; establishes "sovereign AI" precedent.
Tech Ecosystem	Nvidia Lock-In	Nvidia introduced proprietary data formats; forces cloud providers into closed ecosystem.
Digital Sovereignty	France Youth Ban	France targeted Sept 2026 for under-15 social media ban; asserts control over US algos.
Digital Diplomacy	Pakistan IT Pivot	Islamabad unified IT diplomacy; aims to leverage UN bodies for tech growth.

Table 5 Technological & Strategic Futures (Jan. 2026)