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The new global order in the making

There is an increasing gap between the current global challenges and the existing global governance capacity to address them. A new political movement is emerging globally, with an inward-looking and retrenchment approach, advocating for national-populist, radically conservative solutions. While all this was happening, a major international process was underway to design, negotiate and adopt a comprehensive agenda for reforming the multilateral system to make it more effective and inclusive. Can progressive forces better coordinate their plans and actions, not only in each country but also across the multilateral system, in global fora such as the G20, in coalitions of the willing, strategic partnerships between macro-regions and a new generation of trade agreements? These questions will be decisive for shaping the new global order in the making.

Last year, the question was still will the current global order survive? Now, the question has begun to shift: what will the emerging global order look like?

To understand this sea change, let us first recall the basic scenarios for the global order, which were being referred to until last year:

- First of all, there was a kind of muddling through scenario, where an ineffective multilateral system was combined with Western leadership and a predominance of a neo-liberal agenda.
- The second scenario on the horizon was an increasing fragmentation of global governance, also marked by the rivalry between great powers, notably the US and China.
- In the third scenario, this trend would evolve into a new Cold War with areas of influence and the decoupling of global value chains.
- The last scenario, as a more progressive alternative, should be based on a larger coalition of forces to reform multilateralism and make it more effective, fair and inclusive.

Also, to understand this sea change, these are the recent key trends reshaping the global order:

- The mounting criticisms about the dominant neo-liberal agenda throughout a sequence of crises: the financial crisis; the climate crisis; the pandemic; the cost of living crisis; and the wealth distribution crisis.

- The mounting tensions between the Global South and the Global North, more specifically, Western leadership, which translated into the divide between the G7 on one hand and, on the other hand, the G77 and BRICS, with China trying to build on this division.
- Major military conflicts, notably in Ukraine, Gaza, Sahel, Sudan and the Democratic Republic of Congo; most of them reviving a Cold War atmosphere and exposing the incapacity of the United Nations (UN) Security Council.
- More recently, the tariff war triggered by the Trump administration and spreading a transactional approach to many fronts of international negotiation, notably access to critical raw materials, the flows of foreign direct investment and the reorganisation of value supply chains.
- A new phase of the digital transformation, spurred by artificial intelligence (AI) developments, is revealing a major re-organisation of all interconnections regarding infrastructures; supply chains; access to knowledge; media ecosystems; and, ultimately, democracy and governance.

Last, but not least, a new political movement is emerging across the world, with an inward-looking and retrenchment approach, pushing for national-populist, radically conservative solutions.

Let us also emphasise that, while all this was happening, a major international process was underway to design, negotiate and adopt a comprehensive agenda for reforming the multilateral system to make it more effective and inclusive. This agenda, adopted under the title of the UN Pact for the Future, comprises a detailed list of reforms across various fronts: sustainable development goals (SDGs); financing for development; social policies; climate and green policies; science and technology; digital transformation policies; security architecture; and forward-looking global governance driven by a future generations approach.

This UN Pact for the Future is now being implemented using the momentum from a sequence of UN summits, which took place throughout 2025, without US participation (for the first time in history): on financing for development in Seville; on social development in Doha; on climate change in Belém; and on the digital transformation in Geneva and New York.

Moreover, the G20, under the leadership of a sequence of Global South presidencies – India, Indonesia, Brazil and South Africa – has been instrumental in better formulating the needs of developing countries, while calling for reform of the multilateral system.

In a nutshell, the basic situation we are in now is as follows:

First of all, it is important to underline that there is an increasing gap between the current global challenges and the current global governance capacity to cope with them.

Facing this, we have three systemic movements shaping the global order:

- 1) The national populist movement neglecting the role of international cooperation, undermining key components of the multilateral system, and disengaging from other forums such as the G20 or even the G7.
- 2) Another movement calling for the respect and re-establishment of the rules-based order.

3) A final movement arguing that a rules-based order is necessary, but it should be based on new rules because the current ones are outdated, ineffective and unfair.

The interplay and relative shaping power between these three movements can bring about four basic scenarios for the global order:

- a scenario of deep fragmentation of global governance and decline of the multilateral system, with insufficient capacity to cope with global challenges and increasing risks of shocks and catastrophes;
- a scenario marked by the emergence of different areas of influence with varying rules of governance;
- a scenario with a variable geometry of coalitions of the willing, focusing on some concrete common challenges and objectives; and
- a scenario of a renewed global governance with a reformed multilateral system.

Against this background, we should ask what a progressive and smart strategy should be to maximise the chances of the last two scenarios. It seems to me that such a strategy should build on the role of the following major institutional components:

- 1) the ongoing process to reform the multilateral system by implementing the UN Pact for the Future agenda, in spite of the many underlying difficulties;
- 2) to stimulate the catalytic role of the G20, as this can be more promising than the current tension between the G7 and BRICS, which are a kind of proxy for the tensions between the West and the rest, even if both of them have many internal divisions;
- 3) the multiplier effect of regional organisations, such as the African Union, CELAC, ASEAN and the European Union (EU), including their strategic partnerships (e.g., recent EU-AU summits and EU-CELAC); and
- 4) to develop a new generation of trade and investment agreements with larger scope, including digital issues and cooperation for better standards, which offer a real alternative to the tariff war approach, as long as the paralysis of the World Trade Organization is not overcome.

We can spell out in more concrete terms some possible steps for such a strategy, building on what has been achieved so far by the UN Pact for the Future and the G20.

We will also indicate the possible role of the EU, particularly if it can reach an acceptable solution for the war in Ukraine and regain the time and political energy to develop its strategic autonomy in many areas, including its external action in the multilateral and bilateral fronts.

- 1) One of the important commitments of the UN Pact for the Future is to hold a bi-annual summit on sustainable development and finance to monitor the implementation of the SDG agenda with more adequate funding solutions. The EU has a long and rich experience in coordinating the implementation of economic, social and environmental policies in articulation with fiscal and financing policies under the term of 'European semester'. The EU can bring this experience not only to UN bodies but also when setting its bilateral partnerships, creating better conditions for all countries to implement the SDG agenda with transformative national plans.

- 2) The Doha agenda for social development was recently adopted to strengthen the social pillar of the UN Pact for the Future in the same way that the European pillar of social rights was adopted to rebalance the EU architecture and economic governance. In the same vein, these new global social objectives should have implications for a new approach regarding economic, green and digital policies. Effective combatting of poverty requires more fiscal space and progressive taxation. Job creation must be supported by an active industrial policy, and better labour standards should be included in trade negotiations. A fair green transition must count on re-skilling workers for new jobs. Managing the digital transformation requires new social rights for digital work. Building sustainable access to social protection for all types of workers is the best way to reduce informal jobs. Care work should be fully recognised as a basic need, as well as an essential sector where workers should be given standard labour rights.
- 3) The Belém conclusions on climate action achieved some progress regarding more ambitious nationally determined contributions and increasing global financing efforts, but they were disappointing regarding the phasing out of fossil fuels. The resistance of the big fossil fuel producers remains a huge stumbling block, but the definition of just transition corridors can help. These corridors should reduce the costs not only of moving to new jobs, but also of transitioning to renewable energy consumption. This requires significantly higher international cooperation in both technological and financial terms. From this viewpoint, the EU needs to do much more to overcome the misunderstandings created by its carbon border tax, the Carbon Border Adjustment Mechanism.
- 4) The Seville compromise could make progress on some hard issues of global financial governance. Still, it was limited by the absence of the US as a significant global player. Further progress is still needed, and the EU should be bolder than usual about these matters. More boldness is needed regarding debt burden reduction, where the alignment with SDG implementation should be used as a more explicit criterion. The same should happen when assessing public debt sustainability. Combatting illicit outflows of capital and loss of public revenue requires much greater international cooperation on taxation, on the basis of the UN Tax Convention. Global public goods, such as climate actions, require global taxation and more generous funding of global facilities to cover investment needs and address shocks. The reform of multilateral development banks needs to go further to provide capital for higher-risk investments. Finally, it is high time to turn the governance of international financial institutions into a more representative and inclusive one in geographic terms. When it comes specifically to the EU, its important financial instrument, the Global Gateway, should be redesigned to better cope with partners' needs and to integrate all the relevant tools from macro financial assistance, export support, energy, transport and digital infrastructures to industrial policies and competitiveness instruments.
- 5) Finally, the UN Global Digital Compact should be used not only to establish basic principles regarding security, access, human rights and relevance for sustainable

development, but also to define a global digital architecture that enables countries and macro regions to have access to imported digital services and to develop their own digital ecosystems, responding to their specific needs and cultural preferences. This will require not only defining regulations, but also building up capacities to provide tailor-made solutions, as the European move towards digital sovereignty is highlighting for the time being. But European digital sovereignty should not be against digital international cooperation. On the contrary, much higher international cooperation should be promoted regarding technologies, skills, infrastructures and new governance models for platforms such as those in digital public infrastructures. This is particularly urgent regarding the avenues to develop the potential of AI.

The time of global politics has arrived. Can progressive forces better coordinate their plans and actions, not only in each country but across the multilateral system, in global fora such as the G20, in coalitions of the willing, strategic partnerships between macro regions and a new generation of trade agreements? This will be decisive for shaping the new global order in the making.