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Breakdown of the International Order? Strategic Options for Small and Middle Powers

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Sven Koopmans and Tim Sweijs**

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Note from the Authors

This research paper draws on discussions and insights generated through the ‘*Breakdown of the International Order? Strategic Options for Small and Middle Powers*’ Workshop held on 6-7 May 2026 by The Hague Centre for Strategic Studies (HCSS) in collaboration with the Bertelsmann Foundation. The Workshop brought together policymakers, scholars, and practitioners to examine the role of European and like-minded small and middle powers (SMPs) in a fragmenting international order and the policy options they have at their disposal to safeguard their security and prosperity.¹ Building on the exchanges and perspectives developed during the Workshop, this paper argues that the international order is not merely eroding but fragmenting into overlapping governance logics, forcing SMPs to move beyond passive alignment and make strategic choices. Their challenge is choosing the option that best aligns with their interests and values while managing trade-offs across various strategic dilemmas. This paper analyses the key dynamics driving the fragmentation of the international order and assesses the strategic options and associated trade-offs facing SMPs.

The authors are grateful to the workshop participants whose insights and expertise informed the development of this research paper including:

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Needless to say, that the contents of this paper are the responsibility of the authors, and the authors alone.

¹ As described in Tim Sweijs, Saskia van Genugten, & Frans Osinga (eds.), *Defence Planning for Small and Middle Powers Rethinking Force Development in an Age of Disruption* (Routledge: 2024) t/w Saskia van Genugten & Frans Osinga; Gürol Baba and Murat Önsoy, ‘Between Capability and Foreign Policy: Comparing Turkey’s Small Power and Middle Power Status’, *Uluslararası İlişkiler / International Relations* 13, no. 51 (2016): 3–20.; Simona A. Grano and David Wei Feng Huang, eds, *China-US Competition: Impact on Small and Middle Powers’ Strategic Choices* (Springer Nature, 2023), <https://doi.org/10.1007/978-3-031-15389-1>; Hurşid Dingil, ‘Great Power Competition: Structuring An Analytical Theoretical Framework for Small/Middle Power Security Strategies’, chapter, <https://services-igi-global-com.leidenuniv.idm.oclc.org/resolvedoi/resolve.aspx?doi=10.4018/979-8-3373-2342-8.Ch001>, IGI Global Scientific Publishing, 1 January 1 AD, <https://www.igi.global.com/chapter/great-power-competition/395710>.

Executive Summary

The international order² is undergoing a period of profound transformation. The post-Cold War system, characterised by United States (US) predominance, expanding multilateral institutions, and broad although certainly not universal acceptance of liberal international norms, is increasingly challenged by shifting power dynamics, geopolitical competition, and growing disagreement over the rules that govern international relations. While predictions of the complete collapse of the international order are overstated, the system is becoming progressively more fragmented. States are increasingly operating within overlapping institutional frameworks and competing normative visions.

For European and like-minded small and middle powers (SMPs), these developments present significant strategic challenges. SMPs are defined as states that lack the material, economic or demographic capabilities of great powers but nevertheless play relevant roles in shaping international relations and obtain agency through strategic diplomacy, bi- and multilateral cooperation, coalition-building and institutional engagement in the international system, as well as through political, economic and military instruments albeit deployed on a much more limited scale than great powers, and typically within coalitions, rather than singlehandedly.³ Still, SMPs should not be understood as a homogeneous group of states acting according to common goals but rather as nations with similar characteristics, individual objectives and distinct capabilities.

Historically, these SMPs have depended on international institutions, legal frameworks, and alliance structures to amplify their influence and mitigate the disadvantages associated with their limited material power. The relative predictability of the post-Cold War order enabled many European and like-minded SMPs to pursue security, economic prosperity, and diplomatic influence through rules-based cooperation. As the international environment becomes more fragmented and contested, however, the foundations upon which many SMPs have traditionally relied on are becoming less certain.

² Throughout this paper, references to the “international order” refer specifically to the post-1945 US-led liberal international order and its post-Cold War evolution. This clarification is important because the terms “international order,” “liberal international order,” and “US-led international order” are routinely conflated, yet the end of the US-led order is not the end of international order in general. While the term can be used more broadly to describe any set of rules, institutions, and governing arrangements that structure relations among states, our analysis focuses on the particular order characterised by US primacy/hegemony, multilateral institutions, open markets, and liberal normative principles. References to the crisis, transformation, or contestation of the international order should therefore be understood as referring to this historically specific order rather than to the existence of international order as such.

³ As described in Tim Sweijts, Saskia van Genugten, & Frans Osinga (eds.), *Defence Planning for Small and Middle Powers Rethinking Force Development in an Age of Disruption* (Routledge: 2024) t/w Saskia van Genugten & Frans Osinga; Baba and Önsoy, ‘Between Capability and Foreign Policy’; Grano and Huang, *China-US Competition*; Dingil, ‘Great Power Competition’. SMPs are understood in this research paper as mostly European and like-minded SMPs that share similar preferences for rules-based order, institutionalised cooperation and liberal international order norms.

This paper examines the drivers of international order fragmentation and assesses the strategic options available to European and like-minded SMPs. It argues that fragmentation is not the result of a single development but rather emerges from the interaction of multiple structural and political drivers that collectively undermine the coherence, legitimacy, and effectiveness of existing international arrangements.

The first driver is the ongoing transition from unipolarity towards a more multipolar distribution of power. The relative decline of US dominance and the rise of actors such as China, India, and other regional powers have created a more competitive international environment. As major powers pursue increasingly divergent strategic interests, consensus on global governance issues becomes more difficult to achieve. The resulting competition has contributed to institutional deadlock, increased geopolitical rivalry, and the emergence of alternative governance mechanisms outside traditional multilateral frameworks.

A second driver is the growing prevalence of selective compliance with international law and multilateral commitments. International institutions remain important pillars of global governance, yet their authority increasingly depends on the willingness of powerful states to comply with and enforce established rules. When major actors selectively interpret, circumvent, or ignore international norms, confidence in the effectiveness of these institutions erodes. This weakens the ability of multilateral frameworks to provide stability and predictability, particularly for states that rely heavily on legal protections and institutional constraints.

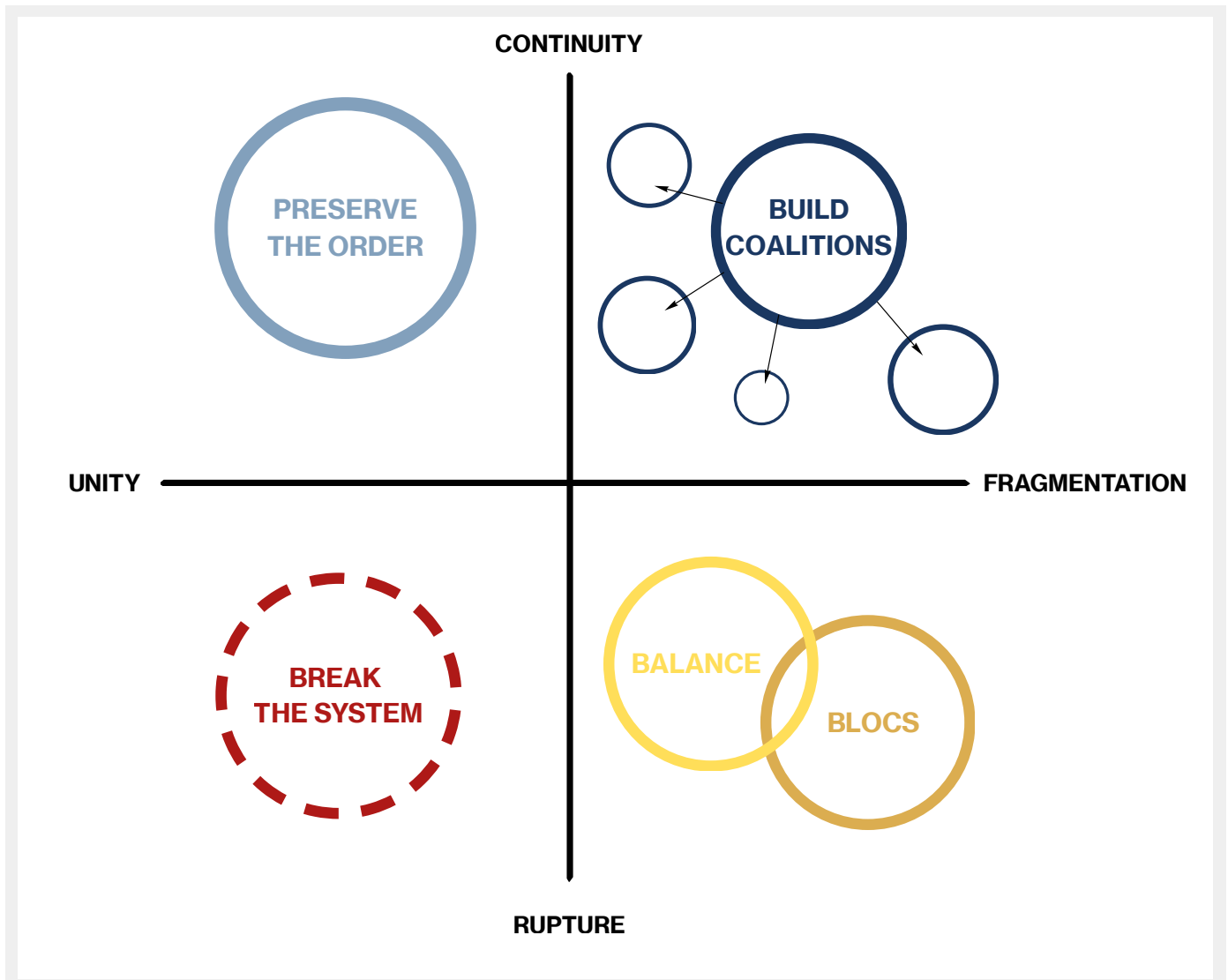
The third driver is the active contestation of fundamental international norms. Concepts such as sovereignty, territorial integrity, humanitarian intervention, and non-interference remain central to international politics, yet their interpretation is increasingly disputed. Different actors promote competing understandings of these principles, reflecting broader disagreements about the nature of international order and legitimate state behaviour. This normative fragmentation complicates international cooperation and creates uncertainty regarding the application of international rules.

Finally, perceptions of double standards have become an important source of legitimacy erosion. Many states, particularly outside the US and Europe, increasingly question whether international norms are applied consistently across cases and actors. Perceived inconsistencies in responses to conflicts, violations of international law, and humanitarian crises have fuelled scepticism towards existing institutions and strengthened demands for alternative forms of governance. As legitimacy constitutes a critical component of durable international order, these perceptions contribute directly to ongoing fragmentation.

These developments generate a range of challenges for European and like-minded SMPs. From a security perspective, growing uncertainty regarding alliance commitments and the return of geopolitical competition increase strategic vulnerability. Economically, SMPs remain deeply integrated into global markets and are therefore particularly exposed to disruptions caused by trade disputes, supply chain fragmentation, and economic coercion. Diplomatically, SMPs face increasing pressure to comply with the demands of competing great powers at the expense of their autonomy and their attempt to maintain productive relationships across multiple partnerships. At the same time, governments that traditionally position themselves as defenders of international law face mounting scrutiny regarding the consistency of their own policies and external engagements.

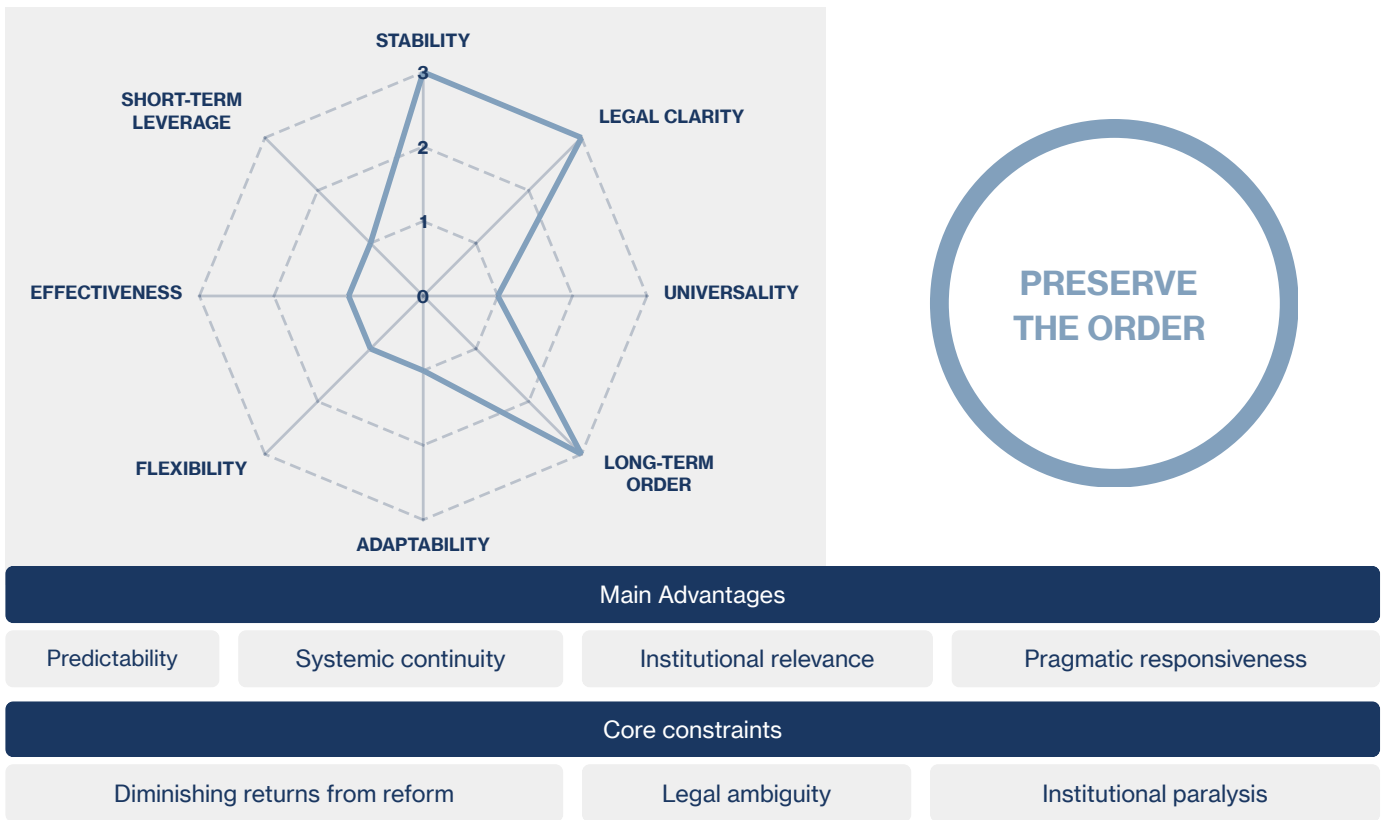
Amidst these circumstances, European and like-minded SMPs find themselves at a crossroads: is the current order worth maintaining or are their resources better directed towards promoting a more fundamental shift in the international order? What is certain is that SMPs are not passive actors and have several options to shape the future of the international order and their role therein. In this paper, we develop these choices in four ideal-type strategic options available to SMPs (see Figure 1) and argue which of the four options is most viable for European and like-minded SMPs in the current geopolitical landscape.

Figure 1: Four broad archetypical strategic options for SMPs



The first option, Preserve the Order (Figure 2), seeks to maintain and strengthen existing multilateral institutions while pursuing incremental reforms to improve their effectiveness and legitimacy. This approach reflects the traditional preference of many SMPs for rules-based cooperation and universal governance mechanisms. Illustrative examples include continued support for the post-1945 institutional architecture through initiatives such as UN80,⁴ which seeks to strengthen and reform the United Nations (UN) from within, as well as continued reliance on the North Atlantic Treaty Organization (NATO) to uphold the existing rules-based security architecture. While preserving the existing order offers continuity and legal certainty, its success ultimately depends on the willingness of major powers to support institutional reform and recommit to shared rules.

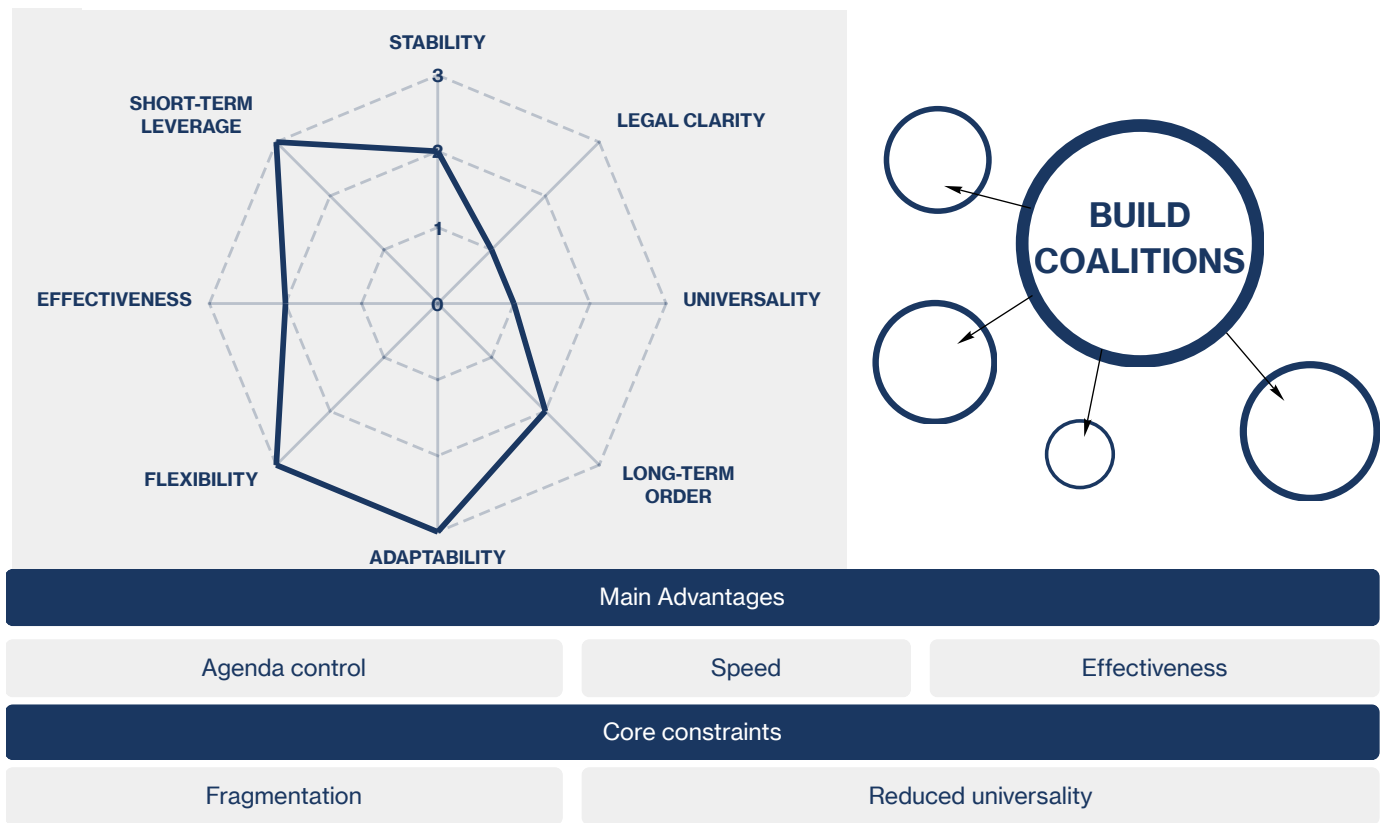
Figure 2: Preserve the Order: Strategic Option 1



⁴ United Nations, *UN80 Initiative* (United Nations, 2025), <https://www.un.org/un80-initiative/en>.

The second option, Build Coalitions (Figure 3), emphasises flexible forms of cooperation among smaller groups of states. Rather than relying exclusively on universal institutions, SMPs can pursue issue-specific partnerships, minilateral arrangements, and regional initiatives designed to address concrete challenges. A recent example is the Coalition of the Willing, established to coordinate military and political support for Ukraine, illustrating states relying on flexible, purpose-driven coalitions alongside established multilateral institutions.⁵ Coalition-building enables states to act more quickly, generate policy innovation, and exercise greater influence than may be possible within larger multilateral forums. This approach reflects an emerging trend towards more flexible governance arrangements across a range of policy domains, including security, technology, trade, and climate policy.

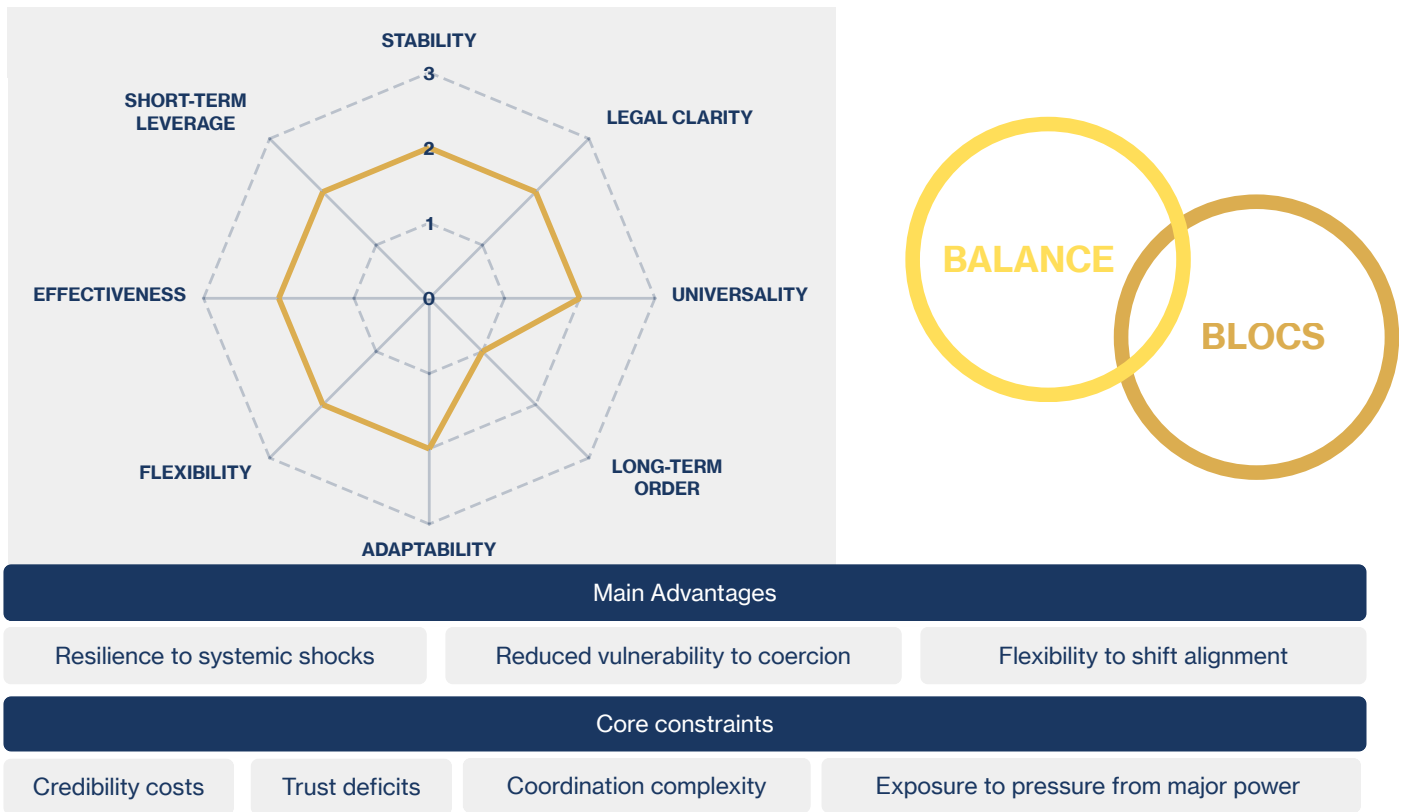
Figure 3: Build Coalitions: Strategic Option 2



⁵ Prime Minister's Office, 10 Downing Street, 'PM Remarks at International Leaders' Summit Press Conference, 2 March 2025', GOV.UK, 2 March 2025, <https://www.gov.uk/government/speeches/pm-remarks-at-international-leaders-summit-press-conference-2-march-2025>.

The third option, Balance Blocs (Figure 4), involves strategic hedging between competing centres of power. Under this approach, SMPs engage in a system comparable to the Cold War, where they must balance their interests against two or more competing blocs. Examples include participation in emerging or alternative governance platforms such as BRICS+⁶ and the Board of Peace,⁷ alongside continued engagement with Western-led institutions, reflecting efforts to avoid exclusive alignment with any single bloc. This option allows SMPs to build resilience against systemic shocks and great power coercion due to the possibility of engaging in parallel systems. Still, this option carries potential credibility costs, trust deficits, and a difficulty to maintain cohesion due to engagement in different and sometimes contrary legal frameworks.

Figure 4: Balance Blocs: Strategic Option 3



⁶ Stewart Patrick et al., *BRICS Expansion and the Future of World Order: Perspectives from Member States, Partners, and Aspirants* (Carnegie Endowment for International Peace, 2025), <https://carnegieendowment.org/research/2025/03/brics-expansion-and-the-future-of-world-order-perspectives-from-member-states-partners-and-aspirants>.

⁷ Khaled Emam, 'Trump's Board of Peace: An Alternative to Postwar Order?', *The Council on International Law, Order, and Security (CILOS)*, February 2026, <https://www.cilos.org/post/trump-s-board-of-peace-a-new-model-for-peace-or-a-one-off-initiative>.

The fourth option, Break the System (Figure 5), accepts the breakdown of the existing order and aims for the creation of a new one by disengaging from dysfunctional institutions, withdrawing from legal regimes and establishing alternatives for global governance. Although few fully developed examples currently exist, recent actions such as the US' withdrawal from the World Health Organization (WHO) and efforts to establish alternative mechanisms for global health governance may be interpreted as precursors of this trajectory. Historically, the replacement of the League of Nations by the United Nations illustrates this type of transition: the existing order was widely perceived as irreparably dysfunctional, and a broad coalition of states were prepared to invest in constructing an alternative governance framework. This option offers SMPs the possibility to increase their agenda-setting power by imposing priorities in the shaping of a new system and enhances strategic autonomy by resetting legitimacy on new terms. However, this implies the breakdown of rules currently guaranteeing security of SMPs, increasing systemic instability and exposure of SMPs to economic, diplomatic, or military retaliation from great powers.

Figure 5: Break the System: Strategic Option 4

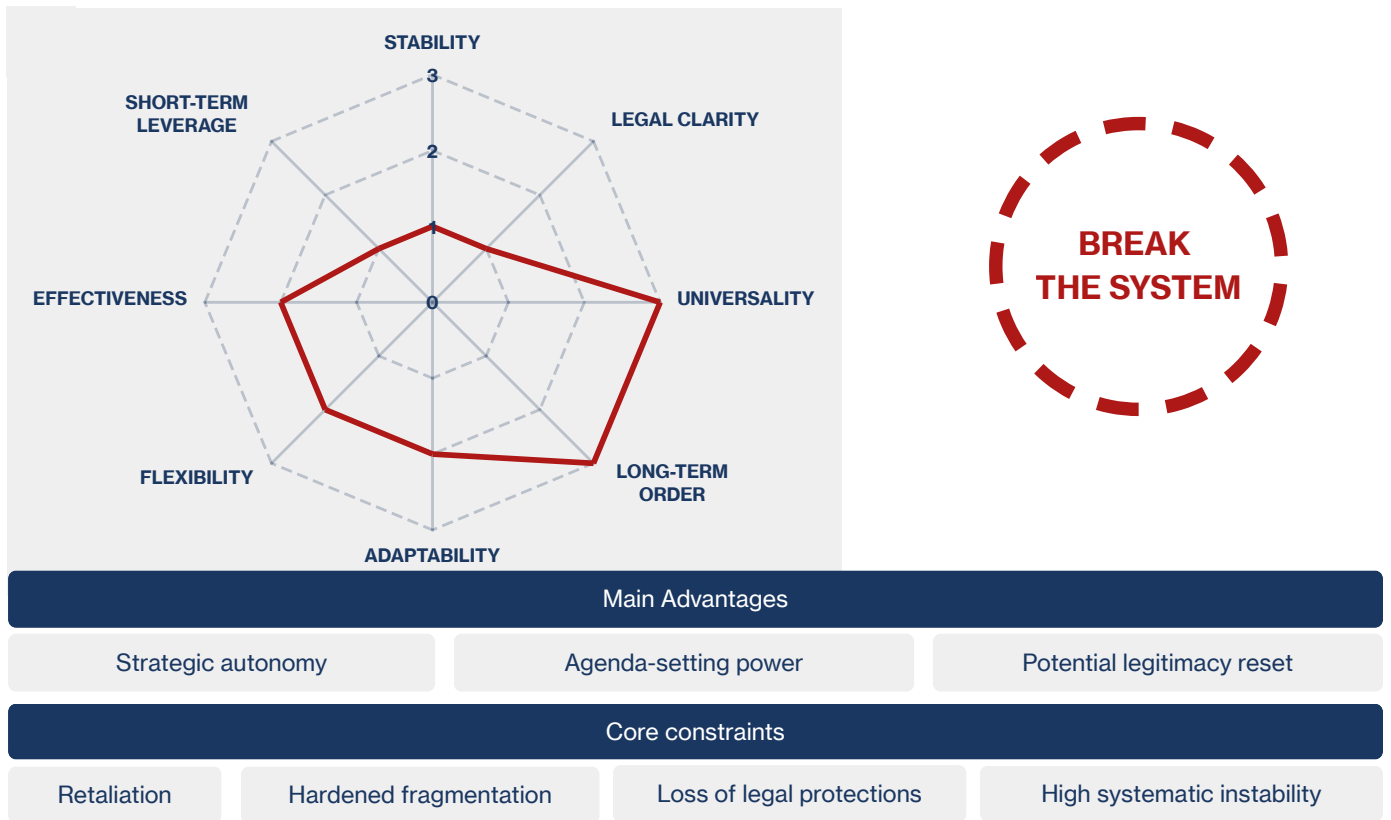


Table 1 summarises the four options, as well as their main costs and benefits.

Table 1: Four ideal-type strategies for SMPs to deal with fragmenting orders



Options	Measures	Benefits	Costs
Preserve the order	Maintain and adapt existing multilateral institutions; provide financial support.	Predictability, Systemic continuity, Institutional relevance, Pragmatic responsiveness	Diminishing returns from reforms, legal ambiguity, institutional paralysis
Build Coalitions	Form issue-specific minilateral coalitions or informal networks; provide financial support.	Agenda control, speed and effectiveness	Fragmentation and reduced universality
Balance Blocs	Pursue multi-alignment across rival blocs; diversify partnerships; provide financial support.	Resilience to systemic shocks, reduced vulnerability to coercion, flexibility to shift alignment	Credibility costs, trust deficits, coordination complexity and exposure to pressure
Break the system	Disengage from dysfunctional institutions; build alternative platforms; provide financial support.	Strategic autonomy, agenda-setting power, potential legitimacy reset	Retaliation, hardened fragmentation, loss of legal protection and high systematic instability

While no single strategy provides a complete solution to the challenges created by international order fragmentation, Option 2 (*Build Coalitions*) emerges as the most promising and practical approach for SMPs in the current environment. Flexible coalitions allow SMPs to uphold fundamental norms enshrined in the old order, maintain many of the benefits associated with international cooperation, and adapt more effectively to geopolitical uncertainty and institutional gridlock. By working minilaterally on specific issues, SMPs can enhance their bargaining power, shape international agendas, and generate tangible policy outcomes without waiting for consensus among a much broader group of actors.

Paradoxically, building such coalitions first requires like-minded SMPs to initially exclude non-likeminded SMPs. An effective coalition implies building out from a common core, making it more attractive for others to join. Other SMPs may be invited provided certain conditions are met, just as the European Union's (EU) accession criteria helped to raise standards by starting out as an exclusive club. For SMPs, unlike for major powers, this is an important means to ensure that substantive policies and standards are not diluted before they are even agreed upon.

As geopolitical competition intensifies and consensus within universal institutions becomes harder to sustain, SMPs face growing incentives to rely on issue-specific partnerships and flexible governance arrangements to advance their interests. We argue that European and like-minded SMPs should choose Option 2 moving forward. Building smaller coalitions of the willing operating in parallel to those multilateral institutions that are still functioning should be the way forward. The challenge remains how to do so in a way that maximises influence while mitigating the risks of great power pressure, institutional overlap, and diplomatic and financial overstretch.

To this end, we formulate the following recommendations for the governments of European and like-minded SMPs:

1. Create the M40 and build stronger networks of SMPs coalitions

1.1 Convene regular SMP coordination fora on specific subjects:

Establish an annual summit (e.g. the M40) bringing together European and like-minded SMPs to coordinate positions ahead of major UN, WTO, G20, and COP meetings. This may include EU Member States as well as SMPs such as Australia, Canada, Costa Rica, India, Japan, Jordan, Kenya, Norway, GCC member states, Singapore, South Korea, South Africa, Switzerland, Ukraine and the United Kingdom. Depending on the subject area other SMPs should also be invited, with a view of creating an effective SMP coalition on each relevant topic.

1.2 Create coalitions on select strategic topics:

Launch dedicated coalitions focused on vital strategic issue areas such as AI regulation, space governance, critical supply chains, maritime security, and climate adaptation where SMPs can jointly shape standards and policy outcomes. Build SMP coalitions around a common core to increase leverage. Do not aim to include SMPs that do not subscribe to the substantive policy goals and standards.

2. Deepen partnerships with the Global South

2.1 Expand diplomatic engagement in priority regions also with SMPs that are not-so-like-minded:

Increase diplomatic presence and strengthen high-level political engagement in Africa, (Southeast) Asia, and Latin America through new missions, strategic dialogues, and regular bilateral consultations. In the long run, invest in increased engagement with minilateral fora such as BRICS+ and New Development Bank.

2.2. Increase Global South representation in coalition initiatives:

Reserve leadership and co-chairing roles for partner countries from the Global South within SMP-led coalitions and governance initiatives.

3. Increase defence and security cooperation through SMP minilateral partnerships

3.1 Develop flexible security coalitions around shared strategic interests:

Strengthen cooperation among SMPs through flexible, issue-specific security arrangements focused on shared challenges such as maritime security, space security, cyber defence, critical infrastructure protection, military mobility, and defence innovation. Build on existing regional and functional partnerships while expanding cooperation with capable partners beyond Europe. These coalitions should complement NATO, the EU, and the wider rules-based international order by enabling faster and more targeted cooperation where broader consensus is difficult to achieve.

3.2. Expand defence-industrial cooperation through minilateral partnerships:

Establish minilateral frameworks for joint defence procurement, collaborative research and development, and industrial cooperation in strategic defence technologies. Coordinate investment, strengthen defence supply chains, and promote interoperability through common standards and co-development programmes. By pooling resources and demand among trusted partners, SMPs can achieve greater economies of scale, enhance industrial resilience, and contribute more effectively to the broader Euro-Atlantic defence industrial base.

4. Strengthen technological sovereignty and economic competitiveness through minilateral cooperation

4.1. Create minilateral platforms to reduce technological dependencies and convert regulatory coordination into economic leverage:

Establish flexible SMP coalitions to coordinate competition policy, digital regulation, standards-setting, and data governance, converting pooled regulatory weight into real bargaining power with dominant US and Chinese tech firms. Extend this into trade policy through aligned digital trade rules, mutual recognition of standards, and joint supply-chain arrangements for critical inputs, building intra-coalition trade corridors that cushion SMPs against great-power export controls and coercion, while keeping markets open and aligned with the rules-based trading system.

These platforms should see the involvement of private sectors and industry too.

4.2. Mobilise joint investment to capture strategic technology niches:

Pool public and private resources not just to reduce dependence on external AI, semiconductor, and compute providers, but to deliberately target two or three defensible niches (e.g., compute-efficient AI, advanced chip packaging, green chip design) where SMPs can lead globally rather than compete at great-power scale, following the Netherlands and Taiwan model of chokepoint dominance. Pair this with preferential trade and procurement arrangements among coalition members so these niches generate export revenue and supply-chain leverage, turning technological sovereignty into strategic advantage.

5. Reaffirm core European values through practical commitments

5.1. Embed governance principles and advance rules-based solutions through coalition design:

Ensure that new minilateral arrangements incorporate commitments to transparency, accountability, democratic governance, and respect for international law, as codified in the Treaty on European Union and the EU Charter of Fundamental Rights. The EU should be leveraged as a force multiplier for collective action, while preserving meaningful national participation and democratic scrutiny. Prioritise cooperation on issues where SMPs can demonstrate practical benefits, such as AI regulation, cyber security, space governance, critical supply chains, maritime security, and climate adaptation, delivering visible outcomes that strengthen public confidence in democratic cooperation and counter sovereigntist narratives.

5.2. Pursue targeted integration of EU foreign and defence policy where pooling delivers clear returns:

Support deeper EU integration in selected areas of the Common Foreign and Security Policy (CFSP) where collective action enhances the influence, resilience, and strategic autonomy of SMPs. Priority areas include sanctions coordination, strategic partnerships, foreign investment screening, export controls, diplomatic coordination, and, where appropriate, defence cooperation. Integration should be pursued where it delivers clear benefits, such as greater policy coherence, stronger bargaining power, and more effective external action, rather than as an objective in itself. Where unanimity under the CFSP prevents timely or effective action, SMPs should complement EU decision-making through minilateral coalitions of the willing and able. More ambitious institutional reforms, such as extending qualified majority voting in selected CFSP areas, should be considered only where coalition-based cooperation proves insufficient to address shared strategic challenges.

The five recommendations outlined above offer SMPs actionable ways to shift from adaptation to leadership when it comes to shaping the international order. However, to be effectively implemented, SMPs will have to satisfy two key preconditions: embrace agency and prioritise feasibility. Accepting changes while avoiding zero-sum thinking in foreign policy will allow SMPs to circumvent the shortcomings of the current international order by diversifying their engagement with international governance structures. At the same time, acknowledging the increasingly transactional nature of international relations will foster clarity and transparency in building new coalitions of the willing. In this way, SMPs can move from adapting to leading the shift to a renewed international order.

The central conclusion of this paper is therefore that, through the investment in coalition-building, European and like-minded SMPs can proactively shape a new international order in which they cooperate on specific issue-areas to achieve national security and international stability.

In the absence of a stable international order with a dominant great power as leader and guarantor, SMPs gain responsibility and agency, and may- under certain circumstances- enhance their ability to exercise leadership through coordinated action. Although the erosion of a cohesive international order creates new risks and uncertainties, it also generates opportunities for greater agency and innovation. However, SMPs do not automatically converge in response to systemic fragmentation. Their behaviour is shaped by persistent dependence on major powers and by competition among SMPs for influence, resources, and alignment opportunities. Cooperation is thus contingent, emerging primarily in issue-specific contexts where shared vulnerabilities create selective incentives for coordination.

This also implies that future coalition-building will not be limited to Western or fully like-minded partners in the long-run. In practice, SMPs may increasingly find themselves cooperating with states that differ in their domestic political systems but share an interest in addressing specific international challenges, such as mediation, supply-chain resilience, maritime security, or defence-industrial cooperation. The key question is therefore not whether SMPs will cooperate, but under what conditions such cooperation advances shared strategic objectives without undermining the principles and values that underpin European foreign policy.

Rather than seeking universal alignment, European SMPs should adopt a pragmatic and selective approach to coalition-building, engaging with partners on the basis of functional convergence while maintaining clear safeguards for democratic governance, transparency, and respect for international law.

SMPs that successfully adapt to a more fragmented environment by combining principled support for multilateralism with flexible coalition-building strategies will be best positioned to protect their interests and values and shape the future evolution of international order.

1. The State of Affairs: Diagnosing the International Order

“Every day we are reminded that we live in an era of great power rivalry and that the rules-based order is fading, that the strong can do what they can and the weak must suffer what they must.”⁸

Mark Carney’s intervention in Davos is a powerful diagnosis of an international order in crisis.⁹ International order refers to the organising rules or institutions in the system and their governing arrangements which define relations between states.¹⁰ Carney’s words highlight the shifting nature of the current international order, leading to the question: what happens when the rules that once governed the global order begin to feel optional rather than binding? Recent debates on the state of the international order are often framed in terms of erosion, decline or demise.¹¹ Underlying these debates is a structural shift of the international order: the post-Cold War unipolar moment, defined by overwhelming US dominance in military, economic, and technological resources, is giving way to a more contested multipolar distribution of power, as China’s rise, the expanding weight of BRICS+ economies, and Washington’s partial retreat from global leadership collectively alter the hierarchy of capabilities on which the institutional architecture of the international order was built.¹²

⁸ ‘Davos 2026: Special Address by Mark Carney, PM of Canada’, World Economic Forum, 20 January 2026, <https://www.weforum.org/stories/2026/01/davos-2026-special-address-by-mark-carney-prime-minister-of-canada/>.

⁹ Throughout this paper, references to the “international order” refer specifically to the post-1945 US-led liberal international order and its post-Cold War evolution. This clarification is important because the terms “international order,” “liberal international order,” and “US-led international order” are routinely conflated, yet the end of the US-led order is not the end of international order in general. While the term can be used more broadly to describe any set of rules, institutions, and governing arrangements that structure relations among states, our analysis focuses on the particular order characterised by US primacy/hegemony, multilateral institutions, open markets, and liberal normative principles. References to the crisis, transformation, or contestation of the international order should therefore be understood as referring to this historically specific order rather than to the existence of international order as such.

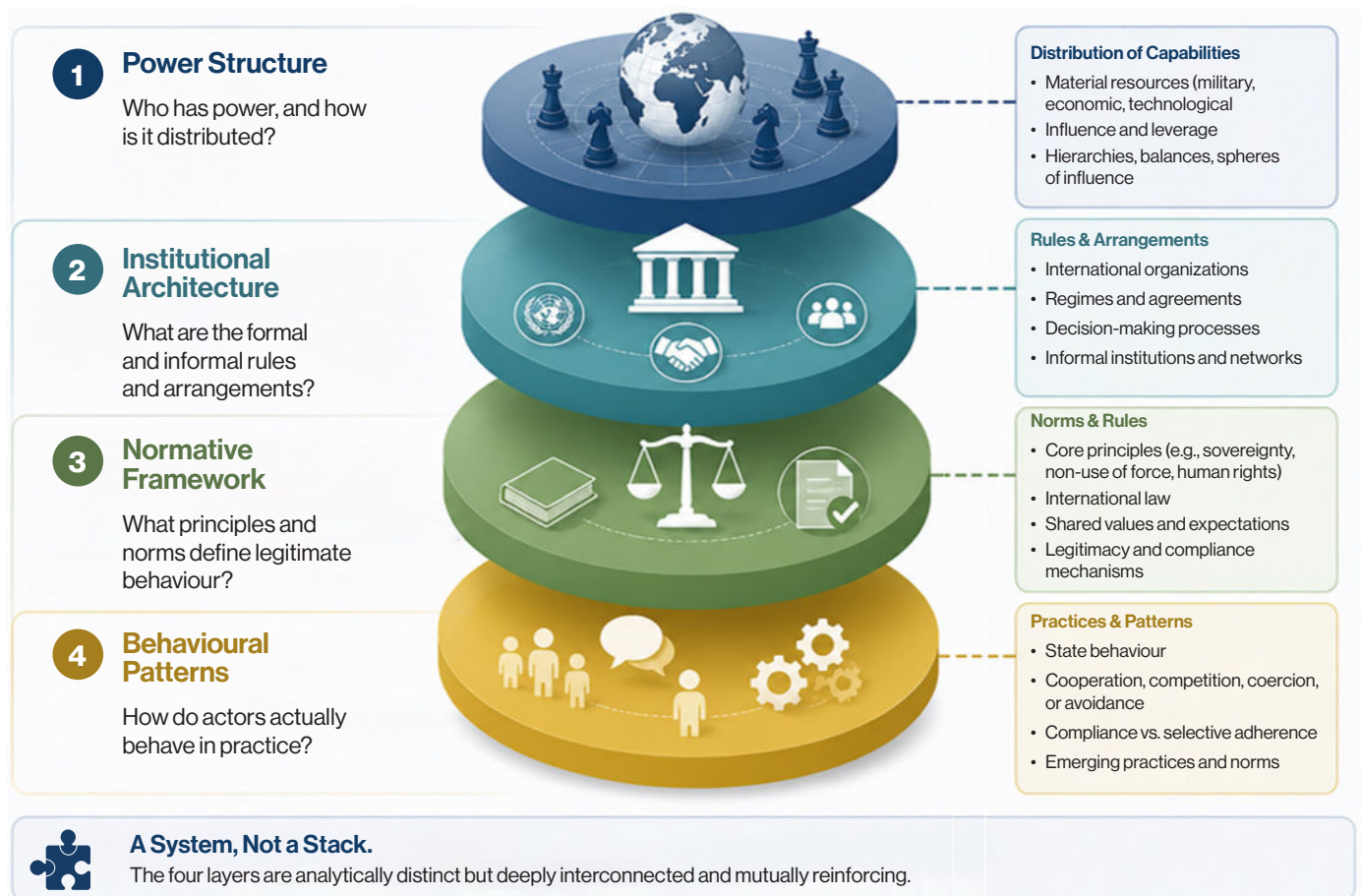
¹⁰ As referenced in G. John Ikenberry, ‘The Rise, Character, and Evolution of International Order’, in *International Politics and Institutions in Time*, ed. Orfeo Fioretos (Oxford University Press, 2017), <https://doi.org/10.1093/acprof:oso/9780198744023.003.0003>.

¹¹ Matthew D. Stephen, ‘The Diffusion of Global Power and the Decline of Global Governance’, *Ethics & International Affairs* 39, no. 2 (2025): 145–58, <https://doi.org/10.1017/S0892679425100129>; John J. Mearsheimer, ‘Bound to Fail: The Rise and Fall of the Liberal International Order’, *International Security* 43, no. 4 (2019): 7–50; Antje Wiener et al., eds, *Deep Contestations of the Liberal International Order*, 1st edn (Oxford University Press Oxford, 2026), <https://doi.org/10.1093/9780198981022.001.0001>; Trine Flockhart, ‘The Coming Multi-Order World’, *Contemporary Security Policy* 37, no. 1 (2016): 3–30, <https://doi.org/10.1080/13523260.2016.1150053>; Tim Heinkelmann-Wild, ‘From Erosion to Renewal? Global Governance in the Age of Trump II’, 10 February 2026, European University Institute, <https://www.eui.eu/news-hub?id=from-erosion-to-renewal-global-governance-in-the-age-of-trump-ii>.

¹² Tobias Bunde et al., *Munich Security Report 2025: Multipolarization* (Munich Security Conference, 2025), <https://doi.org/10.47342/ezuc8623>.

To make sense of what is changing and where, it helps to think of the international order as a layered construct. Figure 6 below distinguishes four analytically distinct but mutually reinforcing layers: the distribution of power; the institutional architecture; the normative framework, and behavioural patterns.¹³ The four dynamics analysed in this section do not affect these layers uniformly. Rather, each dynamic operates most visibly on a different layer of the system, while reinforcing others. Mapping the dynamics onto the layers clarifies why the current transformation is best understood as fragmentation rather than simply a decline.

Figure 6: Layers of the International Order



¹³ Discussions of state behaviour have long occupied a central place in International Relations theory, albeit with different explanatory emphases. Realist scholars such as Kenneth Waltz, Henry Kissinger, and Robert Gilpin primarily explain behaviour through the distribution of power and the constraints of the international system. Institutionalists, including Robert Keohane and Stephen Krasner, emphasise the role of international institutions and regimes in shaping state conduct. Constructivist and norm-oriented approaches, associated with scholars such as Martha Finnemore, highlight how norms, identities, and social expectations influence behaviour. While these traditions differ in their causal explanations, all treat behaviour as a key object of analysis. See, inter alia, Kenneth N. Waltz, 'Realist Thought and Neorealist Theory', *Journal of International Affairs* 44, no. 1 (1990): 21–37; Henry Kissinger, *Diplomacy* (Simon & Schuster, 1994), <https://euroclassworks.com/wp-content/uploads/2015/03/download-kissingers-diplomacy.pdf>; Robert Gilpin, *War and Change in World Politics* (Cambridge University Press, 1981), <https://www.cambridge.org/leidenuniv.idm.oclc.org/core/books/war-and-change-in-world-politics/3A41732AFF3F08687A9FED-A2AF1E6A5D>; Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*, 1st Princeton classic edition; revised, A Princeton Classic Edition (Princeton University Press, 2005); Robert O. Keohane, 'Stephen Krasner: Subversive Realist', SSRN Scholarly Paper no. 1643351 (Social Science Research Network, 2010), <https://papers.ssrn.com/abstract=1643351>; Martha Finnemore and Michael Barnett, *Rules of the World: International Organisations in Global Politics* (Cornell University Press, 2019), https://scholar.google.com/citations?view_op=view_citation&hl=en&user=wWfVvakAAAAJ&citation_for_view=wWfVvakAAAAJ:WF5omc3nYN0c.

First, global power relations are being fundamentally reconfigured as the international system shifts away from US-led unipolarity toward an increasingly bi- or multipolar order. As the US withdraws from its role as the primary architect of the liberal international order and shifts its focus towards national restoration, a power vacuum is emerging.¹⁴ As a consequence, actors like China have engaged in reshaping power relations from within the system.¹⁵ Beijing has leveraged its growing military, technological, and economic capabilities to expand its influence both within the UN and through parallel initiatives such as the Belt and Road Initiative and BRICS+, contributing to a shift towards a more bipolar international order.¹⁶ At the same time, other regional powers such as Russia, India and the EU also stand out as competing poles against the power monopoly from the US and China, bringing the shift further towards multipolarity.¹⁷

Second, the institutional architecture is undermined by the occasional wilful violation of international rules by major powers that increasingly comply with legal and institutional frameworks only when they align with their interests and circumvent or reinterpret them when they do not.¹⁸ Shifts in the distribution of capabilities embolden major powers to test the formal rules and arrangements that previously constrained them. High-profile cases include Russia's violation of Ukraine's territorial integrity, US attacks on the functioning and staff of the International Criminal Court (ICC), and repeated efforts of the US to obstruct the appointment of new judges at the World Trade Organization (WTO) dispute settlement mechanism, hindering its functioning (Figure 7). These examples illustrate a broader pattern of selective engagement in international law and frameworks based on convenience, particularly evident in recent years with the US withdrawal of 66 main international organisations (see Figure 8).¹⁹ The cumulative effect is the normalisation of conditional adherence, which weakens the authority of international law and erodes the institutional architecture from within, even when its formal structures remain intact.²⁰

¹⁴ Jeff Hawkins, 'Trump's Geriatric Foreign Policy', *IRIS*, 21 April 2026, <https://www.iris-france.org/trumps-geriatric-foreign-policy/>.

¹⁵ 'China's Approach to Global Governance', *Council on Foreign Relations*, n.d., accessed 28 May 2026, <https://www.cfr.org/china-global-governance/>.

¹⁶ Emrah Yıldırımçakar, 'China's Ambition to Balance Power within the Framework of Soft and Normative Power Concepts', *Current Research in Social Sciences* 10 (August 2024), <https://doi.org/10.30613/uresosc.1498132>.

¹⁷ Felix Heiduk; Melanie Müller; Yaşar Aydın; Janis Kluge; Tobias Scholz; Angela Stanzel; Johannes Thimm, 'Multipolarities – The World-Order Visions of Others', Stiftung Wissenschaft und Politik (SWP), accessed 28 May 2026, <https://www.swp-berlin.org/publikation/multipolarities-the-world-order-visions-of-others>.

¹⁸ Joseph J. Sisco, 'Selective Engagement', *Foreign Policy*, no. 42 (1981): 27–42, <https://doi.org/10.2307/1148218>.

¹⁹ United Nations, 'NATO Action against Serbian Military Targets Prompts Divergent Views as Security Council Holds Urgent Meeting on the Situation in Kosovo', UN Meetings Coverage and Press Releases, 24 March 1999, <https://press.un.org/en/1999/19990324.sc6657.html>; United Nations, 'Security Council Holds First Debate on Iraq since Start of Military Action: Speakers Call for Halt to Aggression, Immediate Withdrawal', UN Meetings Coverage and Press Releases, 26 March 2003, <https://press.un.org/en/2003/sc7705.doc.htm>; Ewen MacAskill and Julian Borger, 'Iraq War Was Illegal and Breached UN Charter, Says Annan', World News, *The Guardian*, 16 September 2004, <https://www.theguardian.com/world/2004/sep/16/iraq.iraq>; 'Spokesperson: China Neither Accepts nor Recognizes so-Called Award on South China Sea Arbitration | English.Scio.Gov.Cn', accessed 18 March 2026, http://english.scio.gov.cn/pressroom/2023-07/13/content_92131216.htm.

²⁰ Sisco, 'Selective Engagement'.

Figure 7: Disputes between WTO Members²¹

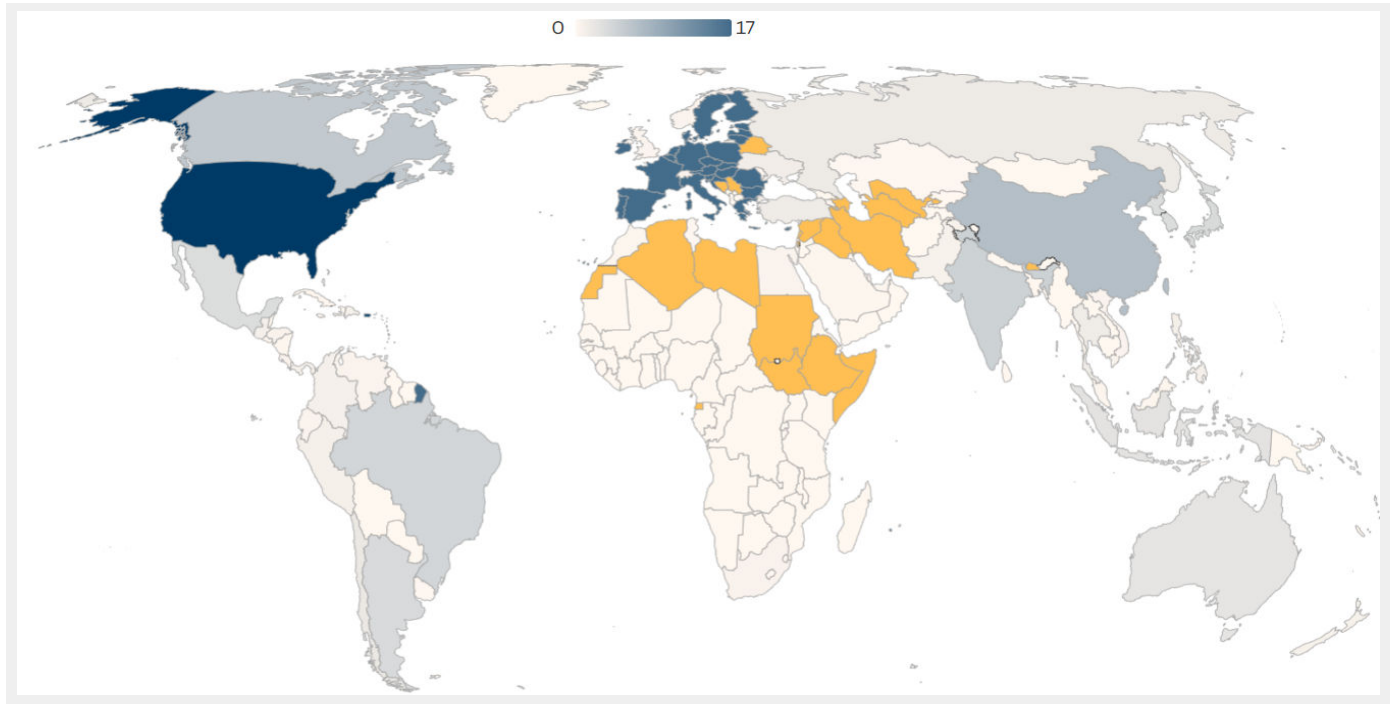


Figure 8: Selective rule adherence to treaties²²



Agreements	USA	PRC	Other notable non-ratification
Paris Agreement on Climate Change	Joined & withdrew (2026)	Ratified in 2016	Iran, Yemen
Comprehensive Nuclear-Test-Ban treaty	Signed, not ratified	Signed, not ratified	India, Pakistan, Russia
International Convention for the Protection of All Persons from Enforced Disappearance	Not parties/ Withdrew	Not parties/ Withdrew	Egypt, Australia, Türkiye, Russia
Rome Statute of the International Criminal Court	Signed & withdrew (2002)	Not parties	India, Russia, Israel, Türkiye
Kyoto Protocol on Climate Change	Signed & withdrew (2001)	Ratified in 2002	Canada (withdrew), Afghanistan
International Covenant on Civil and Political Rights	Ratified in 1992 with reservations	Signed, not ratified	Saudi Arabia, Malaysia, Cuba
International Covenant on Economic, Social and Cultural Rights	Signed, not ratified	Ratified in 2001	Saudi Arabia
Convention on the Elimination of All Forms of Discrimination Against Women	Signed, not ratified	Ratified in 1980	Iran, Somalia, Sudan
Vienna Convention on Diplomatic Relations	Ratified in 1972	Ratified in 1975	Near Universal Participation
Budapest Convention on Cybercrime	Ratified in 2006	Not parties/ Withdrew	India, Mexico, Russia

- Signed and Ratified
- Ratified with reservations/dispute
- Signed, not ratified
- Not parties / Withdrew

²¹ 'WTO | Dispute Settlement - Map of Disputes between WTO Members', accessed 4 June 2026, https://www.wto.org/english/tratop_e/dispu_e/dispu_maps_e.htm.

²² '中华人民共和国-条约数据库', accessed 4 June 2026, <https://treaty.mfa.gov.cn/Treaty/web/index.jsp>; 'United Nations Treaty Collection', accessed 4 June 2026, https://treaties.un.org/Pages/ParticipationStatus.aspx?clang=_en; 'Treaties in Force', United States Department of State, accessed 4 June 2026, <https://www.state.gov/treaties-in-force/>.

Third, there is active contestation and reinterpretation of the international normative framework. Beyond selective compliance, major powers are challenging the meaning and scope of foundational principles such as sovereignty and non-intervention.²³ These contestations thus focus on efforts to modify or challenge foundational elements of the UN, particularly principles anchored in its Charter.²⁴ The US attack and kidnapping of Venezuela's President Maduro or China's rejection of international arbitration in maritime disputes in the South China Sea are not isolated cases but reflect broader efforts to reshape the normative content of the international order.²⁵ As different actors advance competing interpretations of what counts as legitimate behaviour, the shared understanding that underpins multilateral cooperation becomes harder to sustain, with geopolitical shifts decreasing the value attributed to institutions and international law.²⁶

Fourth, the behavioural patterns of Global North states and institutions are undermining the legitimacy of the international order, fuelling perceptions of double standards. These patterns are most visible in the practical conduct of states and institutions through patterns of cooperation, compliance, and selective adherence to international norms. Western actors, in particular, face widespread criticism for pursuing strategic interests in ways perceived to contradict the principles and values they publicly endorse, contributing to a broader crisis of legitimacy within the international order.²⁷ This in turn fuels accusations of inconsistency and selectivity in the application of international norms, contributing to a broader erosion of trust. The ICC for example has largely been accused of double standards in its indictments and investigations. In recent years, the institution abandoned or deprioritised cases investigating war crimes committed by British and American soldiers in Iraq and Afghanistan respectively, citing budget constraints.²⁸ In 2022, however, the ICC announced the undertaking of its largest-ever investigation against Russia for its aggression of Ukraine, fuelling more accusations of double standards from several member states and independent human rights organisations.²⁹ More recently, the war in Gaza has further intensified perceptions of selective adherence to international norms and double standards, particularly regarding accountability and the protection of civilians.³⁰

²³ Wiener et al., *Deep Contestations of the Liberal International Order*.

²⁴ Wiener et al., *Deep Contestations of the Liberal International Order*.

²⁵ Lowy Institute, 'How China Is Bending the Rules in the South China Sea', *The Interpreter*, 17 February 2021, <https://www.lowyinstitute.org/the-interpreter/how-china-bending-rules-south-china-sea>; Michael J. West and Aurelio Insisa, 'Reunifying Taiwan with China through Cross-Strait Lawfare', *The China Quarterly* 257 (2024): 186–201, <https://doi.org/10.1017/S0305741023000735>; Amnesty International, 'US Act of Aggression against Venezuela Further Weakens Rules-Based Order', Amnesty International, 3 February 2026, <https://www.amnesty.org/en/latest/news/2026/02/usa-aggression-against-venezuela-further-weakens-rules-based-order/>; Janina Dill, 'Expert Comment: The Illegality of the US Attack against Venezuela Is beyond Debate - How the World Reacts Is Critical | University of Oxford', 7 January 2026, <https://www.ox.ac.uk/news/2026-01-07-expert-comment-illegality-us-attack-against-venezuela-beyond-debate-how-world-reacts>; Ana Faguy, 'Donald Trump Says US Will "run" Venezuela and "Fix Oil Infrastructure"', *BBC*, 4 January 2026, <https://www.bbc.com/news/articles/cd9enjeey3go>.

²⁶ Linda Kinstler, 'Are We Witnessing the Death of International Law?', *Law*, *The Guardian*, 26 June 2025, <https://www.theguardian.com/law/2025/jun/26/are-we-witnessing-the-death-of-international-law>.

²⁷ Sophie Eisentraut, 'Standard Deviation: Views on Western Double Standards and the Value of International Rules', *MUNICH SECURITY BRIEF* 1, no. 2024 (2024): 1–39.

²⁸ Jane Ezirigwe, 'Double Standards in International Law: Critical Reflections for an Academic Lens for Teaching and Research', *Opinio Juris*, 21 July 2025, <https://opiniojuris.org/2025/07/21/double-standards-in-international-law-critical-reflections-for-an-academic-lens-for-teaching-and-research/>.

²⁹ Amnesty International, 'The ICC at 20: Double Standards Have No Place in International Justice', Amnesty International, 1 July 2022, <https://www.amnesty.org/en/latest/news/2022/07/the-icc-at-20-double-standards-have-no-place-in-international-justice/>.

³⁰ James A. Goldston, 'International Crimes and Double Standards', *Journal of International Criminal Justice* 22, no. 2 (2024): 241–62, <https://doi.org/10.1093/jicj/mqae028>.

Whether or not this objectively reflects double standards or can be explained with solid principled reasoning is less important than the objective existence of strongly held beliefs in the Global South and elsewhere that this does reflect double standards. For many states, particularly in the Global South, such practices undermine the credibility of existing institutions and reduce incentives to engage with them, especially as alternative platforms and partnerships become more available.³¹ An additional dimension of this legitimacy challenge relates to the colonial and post-colonial histories of European states. This past is increasingly capitalised by some actors, including Russia, to question Europe's credibility in defending and sustaining a rules-based order in the absence of US leadership.³²

These four drivers augur an international order that is no longer organised around universally accepted rules, but increasingly characterised by overlapping, contested, and partially decoupled spheres of governance. Elements of the existing order remain functional and, in some domains, resilient. However, in some of the most important fields, particularly related to the sovereignty of weaker states, institutional authority is no longer taken for granted, and their application is increasingly uneven across issue areas and actors.

This evolving landscape has important implications. A more fragmented order is not necessarily devoid of rules, but it is one in which rules are contested and strategically applied rather than uniformly binding. For SMPs that have historically depended on the stability and predictability of multilateral frameworks, this shift creates a more uncertain and complex operating environment. As major powers increasingly challenge the international order and great power competition contributes to further fragmentation, the burden of preserving, adapting, or bypassing these weakened rules will fall ever more heavily on SMPs.

³¹ David Uren, 'China's Belt and Road Initiative and Quasi-IMF Lending', *The Strategist*, 19 October 2023, <https://www.aspistrategist.org.au/chinas-belt-and-road-initiative-and-quasi-imf-lending/>.

³² Maxime Audinet, "'Down with Neocolonialism!' Strategic Narrative Resurgence and Foreign Policy Preferences in Wartime Russia', *European Journal of International Security*, 31 July 2025, 1–22, <https://doi.org/10.1017/eis.2025.10011>.

2. Small and Middle Powers in a Fragmenting System: Constraints and Strategic Dilemmas

Unlike major powers, SMPs are defined as states that lack the material, economic or demographic capabilities of great powers but nevertheless play relevant roles in shaping international relations. They obtain agency through strategic diplomacy, bi- and multilateral cooperation, coalition-building and institutional engagement in the international system, as well as through political, economic and military instruments albeit deployed on a much more limited scale than great powers, and typically within coalitions, rather than singlehandedly.³³ SMPs therefore do not design the system they inhabit to the same extent as great powers due to the lack of hard enforcement power. On the contrary, they are structurally dependent on multilateral institutions, treaties and alliances to amplify their influence, constrain stronger actors, and safeguard their sovereignty.³⁴ Given the authors' background and mandate, this paper focuses in particular on European and like-minded SMPs moving forward.³⁵

SMPs are particularly exposed to the breakdown of the international order as they rely heavily on international law and predictability, and lack the hard power needed to protect their core interests.³⁶ As the existing international legal system is consistently challenged, tensions emerge between the norms and beliefs SMPs have long relied on about justice and fairness and the necessity to act pragmatically in the face of a shifting geopolitical landscape. This tension is underpinned by three principal constraints SMPs face, each resulting in a related dilemma.

³³ As described in Tim Sweijts, Saskia van Genugten, & Frans Osinga (eds.), *Defence Planning for Small and Middle Powers Rethinking Force Development in an Age of Disruption* (Routledge: 2024) t/w Saskia van Genugten & Frans Osinga; Baba and Önsöy, 'Between Capability and Foreign Policy'; Grano and Huang, *China-US Competition*; Dingil, 'Great Power Competition'. SMPs are understood in this research paper as European and like-minded SMPs that share similar preferences for rules-based multilateralism, institutionalised cooperation and liberal international order norms.

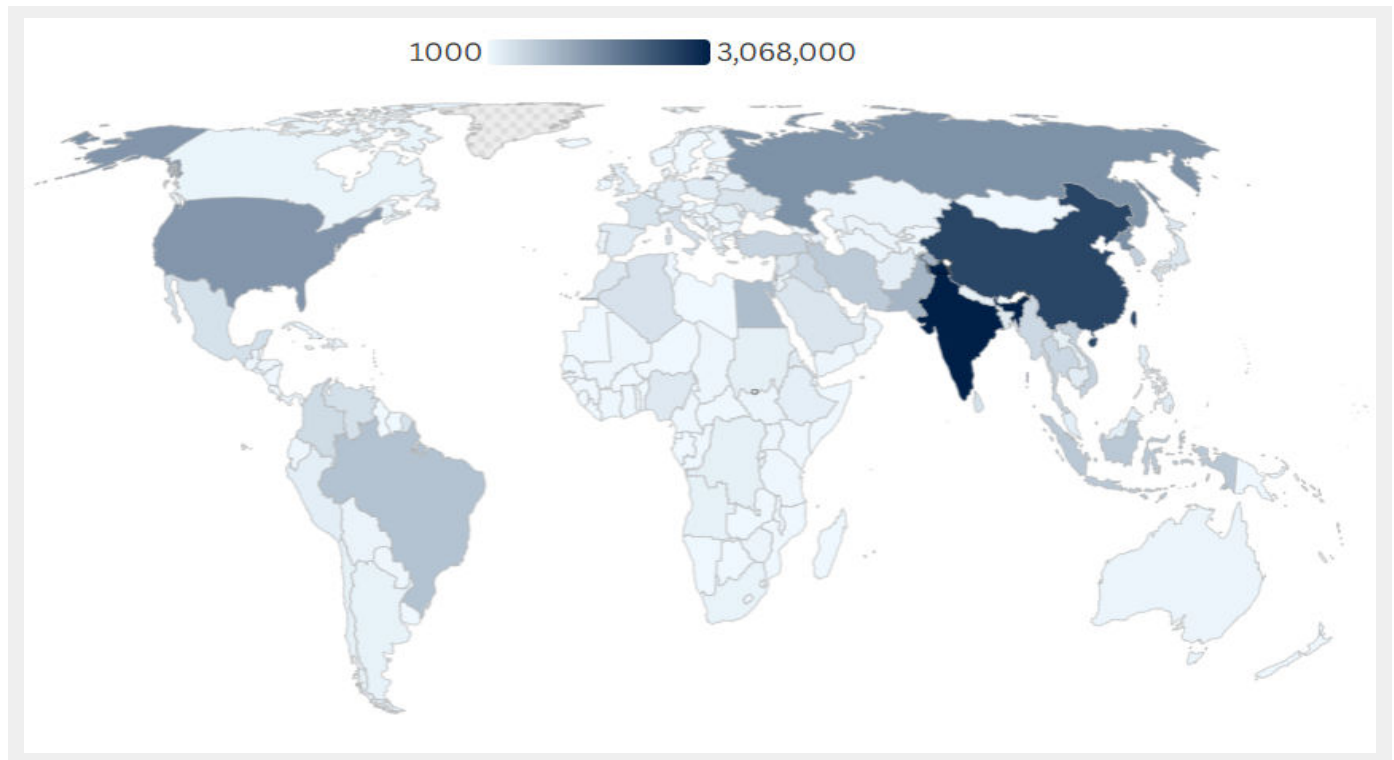
³⁴ Keohane, *After Hegemony*.

³⁵ In the rest of the paper the term 'SMPs' will be used to refer to European and like-minded SMPs unless otherwise stated.

³⁶ Alexandros Zachariades, 'Between a Rock and a Hard Place: Small States, Vulnerabilities and Greek Foreign Policy', *International Politics*, ahead of print, 28 July 2025, <https://doi.org/10.1057/s41311-025-00713-w>.

Limited military capabilities compared with great powers constrain the ability of SMPs to project power and defend themselves (see Figure 9). SMPs therefore rely heavily on alliances and international legal frameworks such as the UN Charter that regulate the use of force and enshrine collective security to compensate for their limited military capabilities.³⁷ The recent US intervention in Venezuela and threats toward Greenland, Colombia, and Mexico, combined with Russia's invasion of Ukraine and the American-Israeli war with Iran,³⁸ reflect a pattern of great (and major) powers bypassing international law. These developments, along with their retaliatory spillover effects across SMPs in the region, are causing SMPs to increasingly doubt pre-existing security guarantees.³⁹ This raises a fundamental dilemma: how can SMPs ensure their security when they must rely on alliances that are becoming less stable, without either overcommitting to uncertain partners or overextending their own limited capabilities?

Figure 9: Armed Forces Personnel World Bank Group.⁴⁰



³⁷ Zachariades, 'Between a Rock and a Hard Place'.

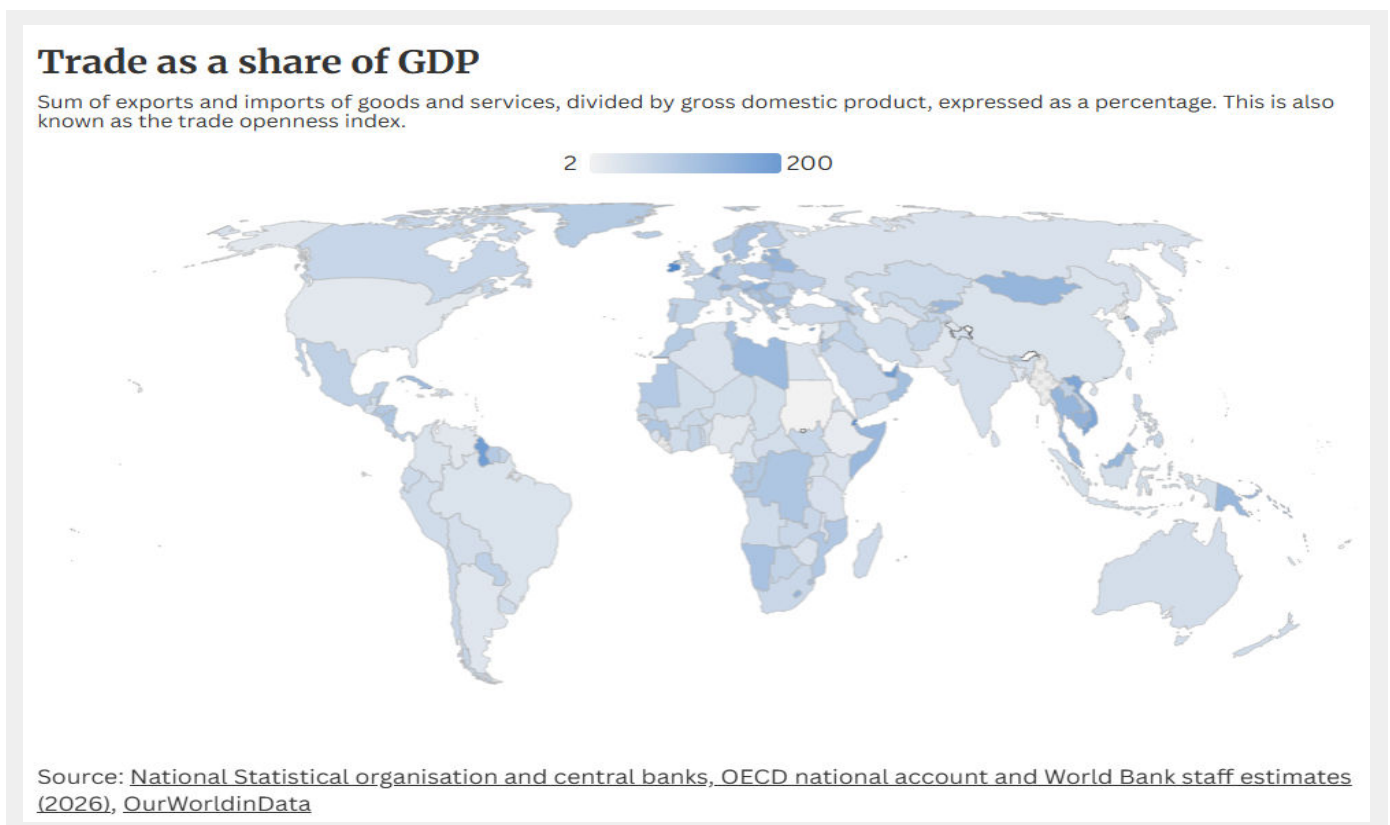
³⁸ Adil Ahmad Haque, 'U.S. and Israel Aggression, Iran Misdirected Self-Defense, and Gulf State Self-Defense', *Just Security*, 2 March 2026, <https://www.justsecurity.org/132894/us-israel-iran-war-legal-options/>.

³⁹ Stewart Patrick, 'The Middle Power Moment', *Carnegie Endowment for International Peace*, 20 January 2026, <https://carnegieendowment.org/research/2026/01/the-middle-power-moment>; Alexander Stubb, 'The West's Last Chance: How to Build a New Global Order Before It's Too Late', *Foreign Affairs*, 2 December 2025, <https://www.foreignaffairs.com/united-states/wests-last-chance>.

⁴⁰ 'Armed Forces Personnel', World Bank Open Data, accessed 4 June 2026, <https://data.worldbank.org>.

The same interdependence pressures also strongly intertwine with the economic prosperity of SMPs. These states are deeply integrated and dependent on the global economy and therefore particularly vulnerable to global economic shocks (see Figure 10).⁴¹ They rely heavily on treaties and institutions that govern trade to ensure predictable and stable access to markets and supply chains. In the context of the Sino-American geopolitical rivalry, trade tariffs, economic coercion and the politicisation of supply chains further undermine the ability of SMPs to rely on multilateral frameworks such as the WTO for protection. This forces them to reconsider the extent to which multilateral and bilateral legal commitments can shield them from geoeconomic pressure.⁴² At the same time, value-based considerations may discourage SMPs from engaging economically with actors who challenge international norms. However, the reality of economic interdependence makes disengaging a costly and, at times, near impossible task.⁴³ From this a clear dilemma emerges: how can SMPs sustain the economic benefits of deep global interdependence while reducing their vulnerability to geopolitical rivalry, economic coercion, and the weakening of multilateral trade protections?

Figure 10: Trade as a share of GDP, 2024⁴⁴



⁴¹ Zachariades, 'Between a Rock and a Hard Place'; Henry Farrell and Abraham L. Newman, 'Weaponized Interdependence: How Global Economic Networks Shape State Coercion', *International Security* 44, no. 1 (2019): 42–79, https://doi.org/10.1162/isec_a_00351.

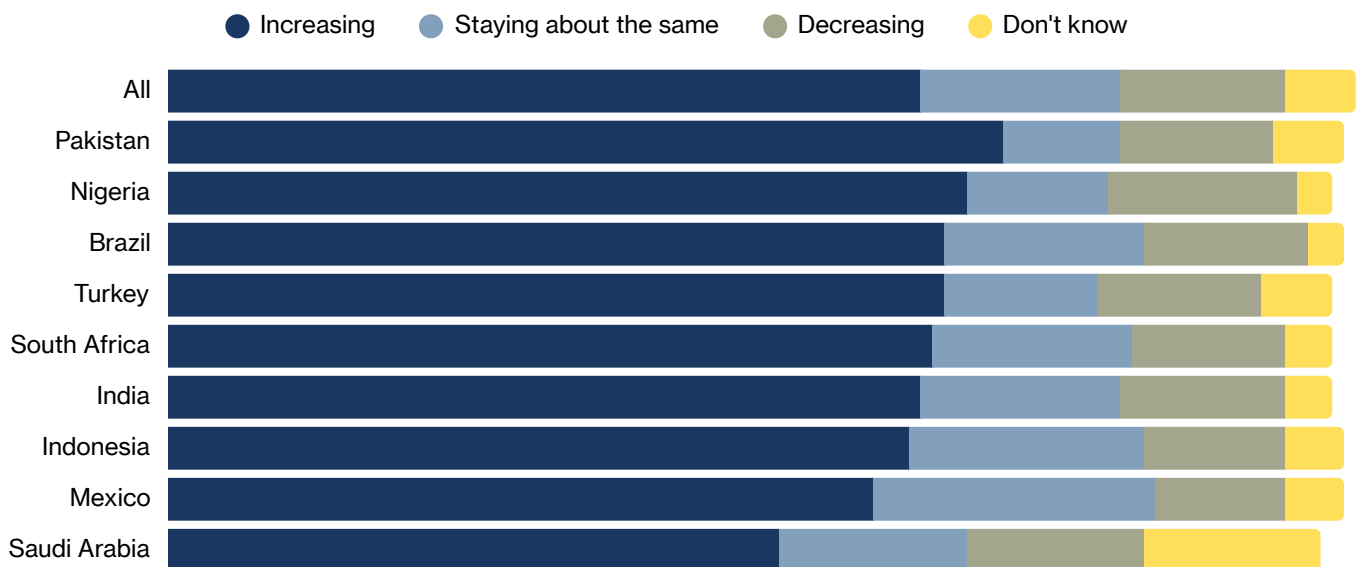
⁴² Alexander Stubb, 'The West's Last Chance: How to Build a New Global Order Before It's Too Late'.

⁴³ Stephen Nagy, 'Memo to Middle Powers: Time for a Reality Check', *The Japan Times*, 6 February 2026, <https://www.japantimes.co.jp/commentary/2026/02/06/world/middle-powers-reality-check/>.

⁴⁴ 'Trade as a Share of GDP', Our World in Data, accessed 8 June 2026, <https://ourworldindata.org/grapher/trade-as-share-of-gdp>.

Lastly, legitimacy constraints affect the legal credibility of SMPs, particularly European ones. European and like-minded SMPs have a vested interest in a predictable international order based on the rule of law, grounded in regulations, treaties and institutions such as the UN.⁴⁵ For European SMPs, adherence to legal norms is central to their identity; acting in accordance with the rule of law reinforces their self-image and their reputation as reliable and credible actors.⁴⁶ This normative positioning, they assume, enables them to exercise diplomatic leverage and punch above their weight in international fora.⁴⁷ However, in an environment marked by accusation of double standards, the credibility of SMPs is increasingly challenged (see Figure 11). SMPs face growing tension between maintaining a rules-based identity and adapting pragmatically to a more competitive and fragmented environment.⁴⁸ How then can SMPs maintain their credibility as consistent defenders of international law while adapting to a fragmenting international order in which violations by both allies and non-allied nations are rife?

Figure 11: People's views on whether violations of the rules and principles of the international order have recently been increasing, decreasing, or staying about the same, July 2024, percent⁴⁹



⁴⁵ Thomas Greminger, *The Agency of Middle Powers in a Fragmented and Polarised World*, Policy Brief no. 24, GSCP Policy Brief (Geneva Centre for Security Policy, 2026), https://www.gcsp.ch/sites/default/files/2026-01/GCSP-Policy-Brief_No_24_Agency%20of%20Middle%20Powers%3Bdigital.pdf.

⁴⁶ Rita Abrahamsen et al., 'Introduction: Making Liberal Internationalism Great Again?', *International Journal: Canada's Journal of Global Policy Analysis* 74, no. 1 (2019): 7–8, <https://doi.org/10.1177/0020702019827050>.

⁴⁷ Rob de Wijk et al., *Adjusting the Multilateral System to Safeguard Dutch Interests*, HCSS GLOBAL TRENDS (The Hague Centre for Strategic Studies, 2020), <https://hcsc.nl/wp-content/uploads/2021/01/Adjusting-the-Multilateral-System.pdf>.

⁴⁸ Thomas Greminger, *The Agency of Middle Powers in a Fragmented and Polarised World*, 20 January 2026, <https://www.gcsp.ch/publications/agency-middle-powers-fragmented-and-polarised-world>.

⁴⁹ Sophie Eisentraut, *Standard Deviation: Views on Western Double Standards and the Value of International Rules* (Munich Security Conference, 2024), <https://doi.org/10.47342/LDPB2956>.

3. Strategic Options for SMPs: Four Ideal-Type Responses and Associated Trade-Offs

The developments described above raise a central strategic question: how can states that rely on institutionalised cooperation respond when those institutions become less stable, less universal, and more contested? For SMPs, the stakes are particularly high. Their national security, economic prosperity, and legal credibility are closely tied to the functioning of multilateral frameworks, but their limited hard power constrains their ability to shape systemic outcomes directly. As geopolitical rivalry intensifies and institutional consensus weakens, SMPs must therefore consider different strategic approaches for protecting their interests while navigating a more fragmented environment.

Despite the aforementioned constraints and dilemmas, SMPs are not simply passive rule-takers,⁵⁰ even if it is clear that their room for manoeuvre is comparatively limited. It is worth remembering that this is not the first time in history that SMPs have had to confront shifts in the international order brought upon by intensified great power competition and clashing world views. Insights can be distilled from how SMPs have adapted to and sometimes even influenced changes in international orders since the very early days of states (see the historical overview provided in the Annex).

Across literature, recurring patterns emerge in how states adapt to weakening multilateralism over the centuries: ranging from efforts to preserve and reform existing institutions, to the use of smaller coalitions, bloc balancing, or attempts to build alternative orders. On the basis of this, we formulate four broad archetypical strategic options that capture the main directions such responses may take (see Figure 12).⁵¹

⁵⁰ Stephen R. Nagy, 'Memo to Middle Powers: Time for a Reality Check', *The Japan Times*, 6 February 2026, <https://www.japantimes.co.jp/commentary/2026/02/06/world/middle-powers-reality-check/>.

⁵¹ Paul W. Schroeder, 'The Transformation of European Politics 1763-1848', *Oxford History of Modern Europe*, 19940101, <https://openurl.ebsco.com/contentitem/e000xww:22957?sid=ebsco:plink:crawler&id=ebsco:e000xww:22957&crl=c>; Philip Bobbitt, *Terror and Consent: The Wars for the Twenty-First Century* (Knopf Doubleday Publishing Group, 2009); Maartje Abbenhuis, ed., 'Neutrality, Neutralisation and the Concert of Europe', in *An Age of Neutrals: Great Power Politics, 1815-1914* (Cambridge University Press, 2014), <https://doi.org/10.1017/CBO9781139794695.004>; Nicholas Doumanis, *The Oxford Handbook of European History, 1914-1945* (Oxford University Press, 2016); Stacie E. Goddard, 'When Right Makes Might: How Prussia Overturned the European Balance of Power', *International Security* 33, no. 3 (2008): 110-42; Lorenz M. Lüthi, ed., 'Non-Alignment', in *Cold Wars: Asia, the Middle East, Europe* (Cambridge University Press, 2020), <https://doi.org/10.1017/9781108289825.017>.

Strategic choices among these options inevitably involves accepting losses in other dimensions of the international order as well as international influence. The current environment confronts SMPs with several structural trade-offs that cannot easily be resolved.

1. Stability vs adaptability

Defending existing institutions provides long-term stability and predictability if done with success but may limit the ability to respond rapidly to geopolitical change. More adaptive strategies, such as minilateral governance, offer flexibility and responsiveness but risk further fragmenting the institutional landscape.

2. Legal clarity vs flexibility

Multilateral regimes traditionally provide clear legal frameworks. Yet maintaining functionality increasingly requires procedural flexibility, differentiated commitments, or informal arrangements. The more flexibility SMPs accept, the greater the risk that legal precision and credibility will erode.

3. Universality vs effectiveness

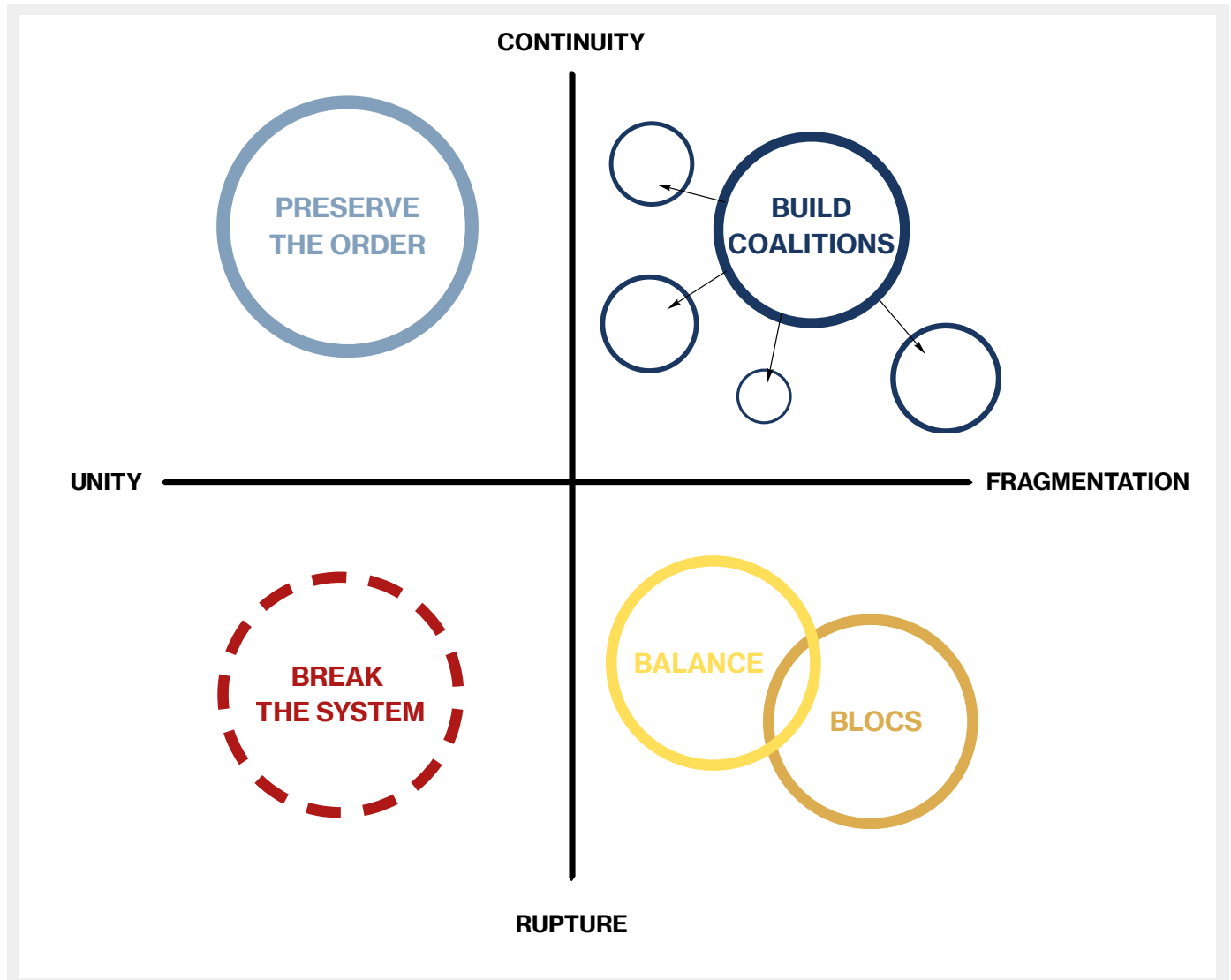
Universal institutions offer legitimacy and inclusivity, but they can become ineffective when geopolitical divisions block consensus. Smaller coalitions or issue-specific governance structures may deliver results more quickly, but they weaken the universal character that has historically underpinned the international legal order.

4. Long-term order vs short-term leverage

Strategies oriented toward preserving the broader system tend to prioritise long-term stability. In contrast, approaches such as minilateralism or balancing blocs and regime diversification may maximise short-term policy leverage or risk containment, potentially at the expense of the coherence of the wider order.

These tensions underscore a central point: there is no cost-free strategy for SMPs in a fragmenting order. Strategic choices involve balancing systemic oversight against immediate national interests and accepting trade-offs between legal stability, political flexibility, and geopolitical effectiveness.

Figure 12: Four broad archetypal strategic options for SMPs



3.1. Preserve the Order

This strategy seeks to maintain and stabilise existing multilateral institutions while selectively adapting their rules and procedures to ensure continued functionality. The changes aim to reduce grievances and reconcile both SMPs and great powers with the current system by reengaging dialogue and cooperation through existing channels. The strategy relies on continued financial support and flexible legal interpretations which do not undermine the credibility of the system as a whole.

The continuity of this system is also dependent on the revision of current structures and incremental adjustments to institutional mandates to prevent perpetuating injustices between the Global North and the Global South. For example, in recent years, Germany has committed strongly to institutional preservation and adaptive reforms. The country uses financial instruments to support organisations like the UN, EU, NATO or the WTO while pushing for and supporting proposed institutional reforms from within, such as the Security Council reforms or the WTO Dispute Settlement.⁵² Interestingly, Germany's choices to cut development aid and non-positioning on certain international rules questions (e.g., US actions in Venezuela) contributed to its non-election to the UNSC in June 2026 after forty years.⁵³

Engaging in Option 1 carries several advantages for SMPs. Supporting institutional preservation of the current order allows them to engage in a predictable system which bounds members to core rules and maintains the continuity of foreign policy and international relations similarly to how we know them today. The high legal clarity aspect of the strategy ensures that institutions on which SMPs are structurally dependent for their security are guaranteed to remain and emerging challenges can be directly addressed using existing structures.

However, preserving the order also bears certain risks. The structures which emerged following WWII have been deeply bureaucratized leading to recurrent institutional paralysis especially on pressing issues preventing effectiveness.⁵⁴ This is visible for instance in the UN, where the veto power held by five members in the Security Council prevents both actions and reforms, preserving the flaws of the current setup.⁵⁵ More broadly, these institutions also reflect and reproduce an unequal distribution of voice and influence, with many states in the Global South remaining under-represented in key decision-making structures. Preserving these institutions under current conditions also risks increasing ambiguity and decreasing short term leverage in international legal frameworks, many of which are already being breached and undermined, thereby weakening the stability and security on which SMPs depend.

Furthermore, this option requires sustained public investment in multilateral organisations, diplomatic representation, development cooperation, and institutional reform processes, alongside funding for businesses and research institutions to participate in international

⁵² 'Preserve WTO – Secure Supply Chains', German Chamber of Commerce and Industry, accessed 28 May 2026, <https://www.dihk.de/en/preserve-wto-secure-supply-chains-172782>.

⁵³ Jens Thureau, *Germany's UN Defeat: What Went Wrong?*, 4 June 2026, <https://www.dw.com/en/why-did-germany-lose-un-security-council-seat/a-77420221>.

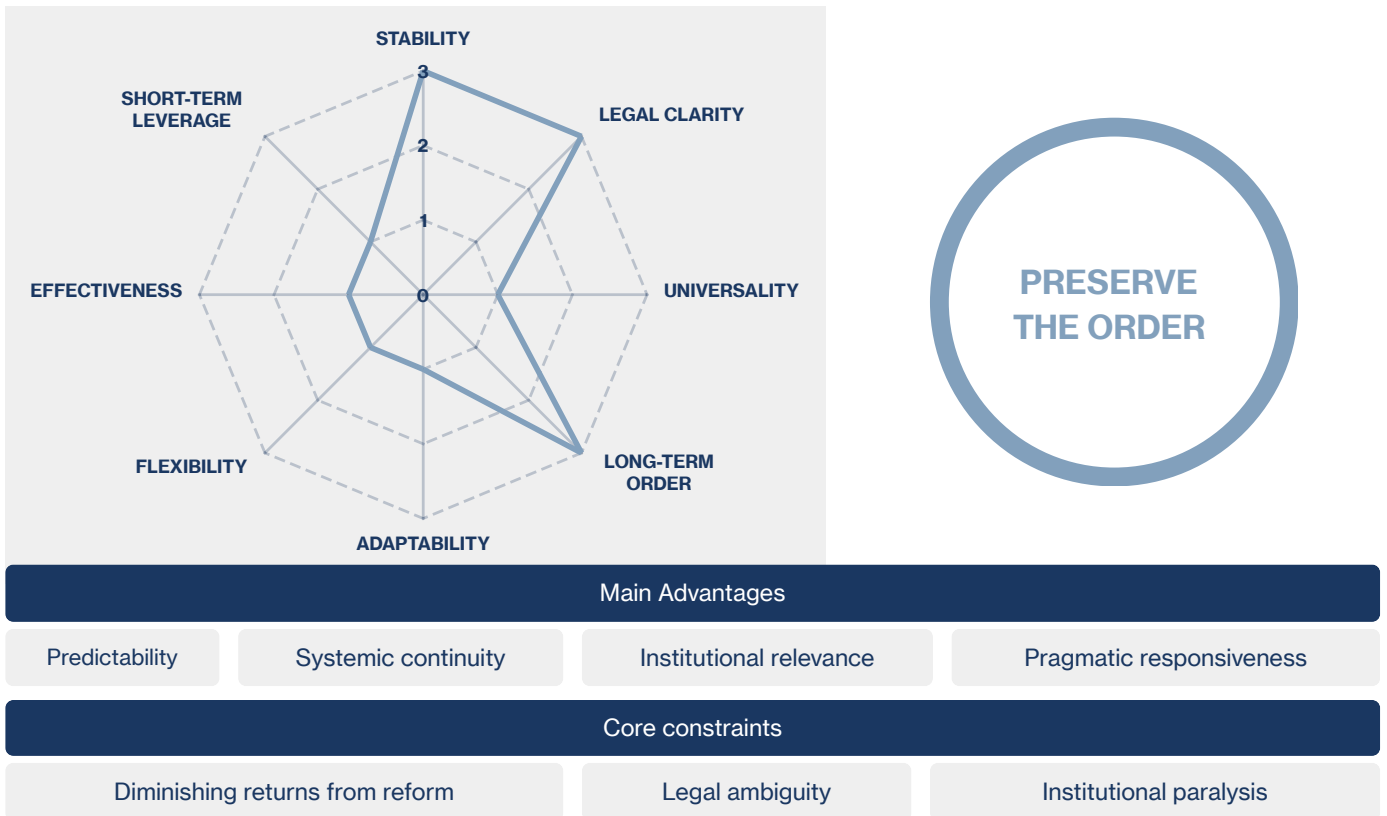
⁵⁴ 'The United Nations at a Standstill: Power, Paralysis, and the Crisis of Legitimacy', *ESCP International Politics Society*, 21 November 2025, <https://pppescp.com/2025/11/21/the-united-nations-at-a-standstill-power-paralysis-and-the-crisis-of-legitimacy/>.

⁵⁵ Bardo Fassbender, 'All Illusions Shattered? Looking Back on a Decade of Failed Attempts to Reform the UN Security Council', *Max Planck Yearbook of United Nations Law* 7 (2003): 183–218.

standard-setting, compliance, and public-private partnerships. The private sector would also play a role in this option, especially by continuing to invest in and comply with existing international regulatory frameworks, participating in multistakeholder standard-setting, and providing expertise to strengthen the effectiveness and legitimacy of multilateral institutions. Funding to upkeep and reform the current system would hence be substantial. Overall, the investments required relative to possible results, combined with bureaucratic constraints, are likely to lead to diminishing returns from gradual reform efforts and low efficiency.

Ultimately, this option (summarised in Figure 13) reflects a preference for reform over rupture, prioritising continuity and institutional resilience despite the growing limitations of the existing order. This might however constrict SMPs space for manoeuvre in the long run, as well as keep perpetrating systemic injustices.

Figure 13: Preserve the Order: Strategic Option 1



3.2. Build Coalitions

The second option shifts cooperation away from universal multilateral frameworks toward smaller coalitions or functionally specific arrangements when consensus at the global level is blocked (see Figure 14). Due to the high costs associated with both maintaining the status quo or a complete breakdown of the international order, this strategy allows SMPs to retain the security benefits of the current system, while acknowledging its shortcomings and responding more efficiently to emerging global challenges. Minilateralism refers to “efforts of a small grouping (3-6) of states cooperating on a more or less ad hoc or institutional basis to solve defined problems of international relation”.⁵⁶

This option relies mainly on the creation of coalitions of the willing or informal governance networks that bring states together on an issue-specific basis to enact policies capable of resolving the shortcomings of the current system and its multilateral institutions, thus increasing SMPs’ short-term leverage in diplomatic settings. Ongoing minilateral efforts include for example the Quadrilateral Security Dialogue between the US, Japan, India and Australia aiming to respond to increasing Chinese economic and military power, especially in Indo-Pacific area.⁵⁷ In 2025, Belgium and Germany launched a new initiative to “resolve” the blockade of the WTO dispute settlement, aiming to create an alternative to the WTO without the US and China.⁵⁸ These minilateral configurations increase the speed of issue resolution while allowing for flexibility. They also enable SMPs to exert larger control over the agenda set within these cooperations, responding directly to their own needs. This strategy is particularly illustrated in Mark Carney’s speech in Davos, which recognises the necessity for SMPs to “build coalitions that work, issue by issue, with partners who share enough common ground to act together.”⁵⁹ Vital cooperation areas include AI regulation, space governance, critical supply chains, maritime security, and climate adaptation.

Implementation would require consistent financial investment in diplomatic capacity, coalition secretariats, joint research and innovation programmes, strategic infrastructure, supply-chain resilience, technology partnerships, and dedicated public-private funding mechanisms to support coalition initiatives. These investments are necessary because effective minilateral cooperation depends on sustained coordination, shared capabilities, and the ability to rapidly develop and implement common policies, standards, and technologies across trusted partners. In this case, the private sector becomes a strategic partner in coalition-building by co-developing standards, strengthening resilient supply chains, driving technological cooperation, and participating in issue-specific public-private partnerships across coalition members.

⁵⁶ Mason Richey and Daewon Ohn, “It’s Fine in Practice, but How about in Theory?” State-of-the-Art Minilateralism between Expectations and Reality’, *Australian Journal of International Affairs* 78, no. 6 (2024): 782–807, <https://doi.org/10.1080/10357718.2024.2409361>.

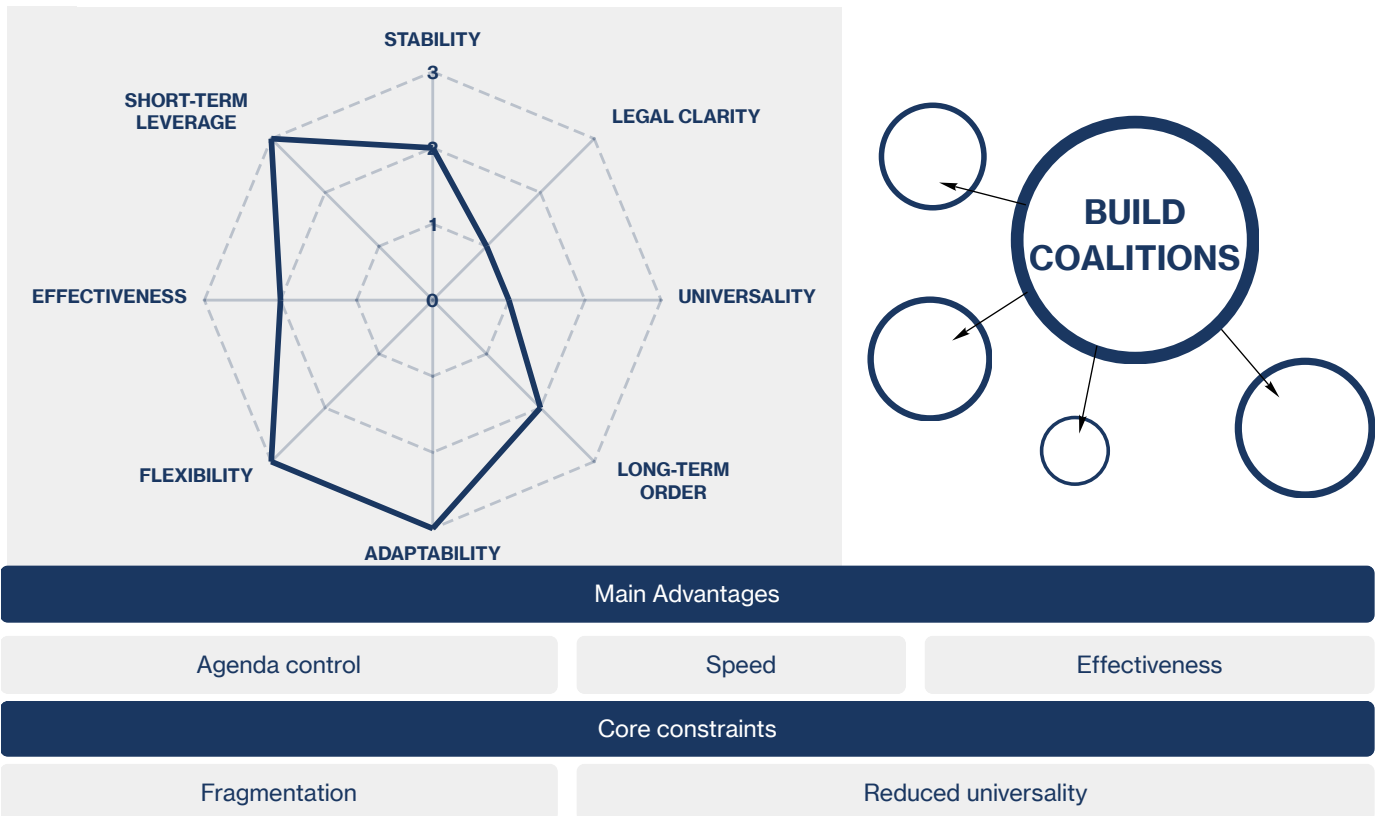
⁵⁷ ‘The Quad | Australian Government Department of Foreign Affairs and Trade’, accessed 28 May 2026, <https://www.dfat.gov.au/international-relations/regional-architecture/quad>.

⁵⁸ ‘WTO: EU, Germany Push for New World Trade Body’, *Dw.Com*, accessed 28 May 2026, <https://www.dw.com/en/eu-and-germany-push-for-new-world-trade-organization-wto-amid-gridlocked-dispute-resolution/a-73143928>.

⁵⁹ World Econ. Forum, ‘Davos 2026’, 20 January 2026.

At the same time, this strategic option contributes to greater fragmentation and erodes the universality of governance norms in an environment of declining international cooperation, exposing SMPs to decreasing legal clarity. In the long run, this might lead to a transactional approach to international norms. Option 2 thus reflects a trade-off between efficiency and inclusiveness, privileging rapid and targeted cooperation at the potential cost of long-term institutional cohesion.

Figure 14: Build Coalitions: Strategic Option 2



3.3. Balance Blocs

Balancing blocs reflects a Cold War-style scenario in which the international order becomes structured around competing blocs, requiring SMPs to pursue strategic, namely balancing between rival interpretations of international norms and opposing institutions (see Figure 15). This entails SMPs actively spreading their institutional and partnership commitments across competing blocs, including emerging regimes challenging the current order. In contrast to Option 2, which prioritises targeted cooperation outside blocked multilateral institutions, this strategy focuses on multi-alignment across two or more rival geopolitical and institutional spheres. In balancing blocs, SMPs thus hedge between great power-led multilateral systems while focusing less on unilateral ones.

The rise of China as an economic, technological, and military power strengthens the feasibility of this strategy by creating alternative centres of influence and institutional engagement, allowing SMPs to diversify their alignments and balance relations across competing geopolitical spheres.⁶⁰ In practice, this means pursuing multi-alignment through overlapping memberships in rival great power-led institutions rather than unilateral settings. This translates into attempting regulatory and economic compatibility across different systems and adopting a portfolio approach to security and economic partnerships.

This was for example the strategy of Finland during the Cold War. In 1948, the country signed the treaty of Friendship, Cooperation, and Mutual Assistance (YYA) with the USSR, accepting consultation and limited mutual-assistance obligations which kept it outside of NATO and the Warsaw Pact.⁶¹ It was in the context of this treaty and the imposed neutrality by the USSR that the geopolitical term “Finlandization” emerged, referring to a strategy of maintaining independence while accepting geopolitical realities of great power influence over SMPs.⁶² Finland, in parallel to the signing of this agreement, integrated economically with Western Europe, maintaining domestic law which was largely compatible with both sets of institutions, USSR imposed neutrality and Western market. To counterbalance its involvement in the USSR sphere of influence, Finland also engaged in Nordic cooperation forums and active UN diplomacy, avoiding identification with either block.⁶³ This approach has been brought back by Finnish President Alexander Stubb in 2024, who emphasised the need for a value-based realist approach that entails “difficult compromises.”⁶⁴

The strategy strengthens resilience, reduces vulnerability to coercion through alternative institutions, and preserves bargaining leverage by keeping options open. However, it carries notable risks. First, hedging is inherently unstable: as blocs harden and great powers demand clearer alignment, the space for genuine multi-alignment narrows and SMPs risk being forced to choose sides. Second, the strategy can generate serious credibility costs resulting in trust deficits with partners on opposing sides, undermining the role of SMPs as trusted intermediaries. This is a particular liability for states whose international influence depends on predictability and rules-based behaviour. Third, balancing blocs implies a capability of combining

⁶⁰ Benedetta Girardi et al., *Reshaping the International Legal Order: China's Strategic Use of Lawfare and Lessons Learned for Europe* (The Hague Centre for Strategic Studies, 2026), <https://hcass.nl/report/reshaping-the-international-legal-order-chinas-strategic-use-of-lawfare-and-lessons-learned-for-europe/>.

⁶¹ Jussi P. Laine, 'Border Anxiety and Resilience: Finland's Strategic Shift in a New Geopolitical Era', *Journal of Contemporary Central and Eastern Europe* 34, no. 1 (2026): 197–211, <https://doi.org/10.1080/25739638.2025.2599342>.

⁶² Laine, 'Border Anxiety and Resilience'.

⁶³ Bengt Sundelius, 'Nordic Co-Operation: A Dead Issue?', *The World Today* 33, no. 7 (1977): 275–82.

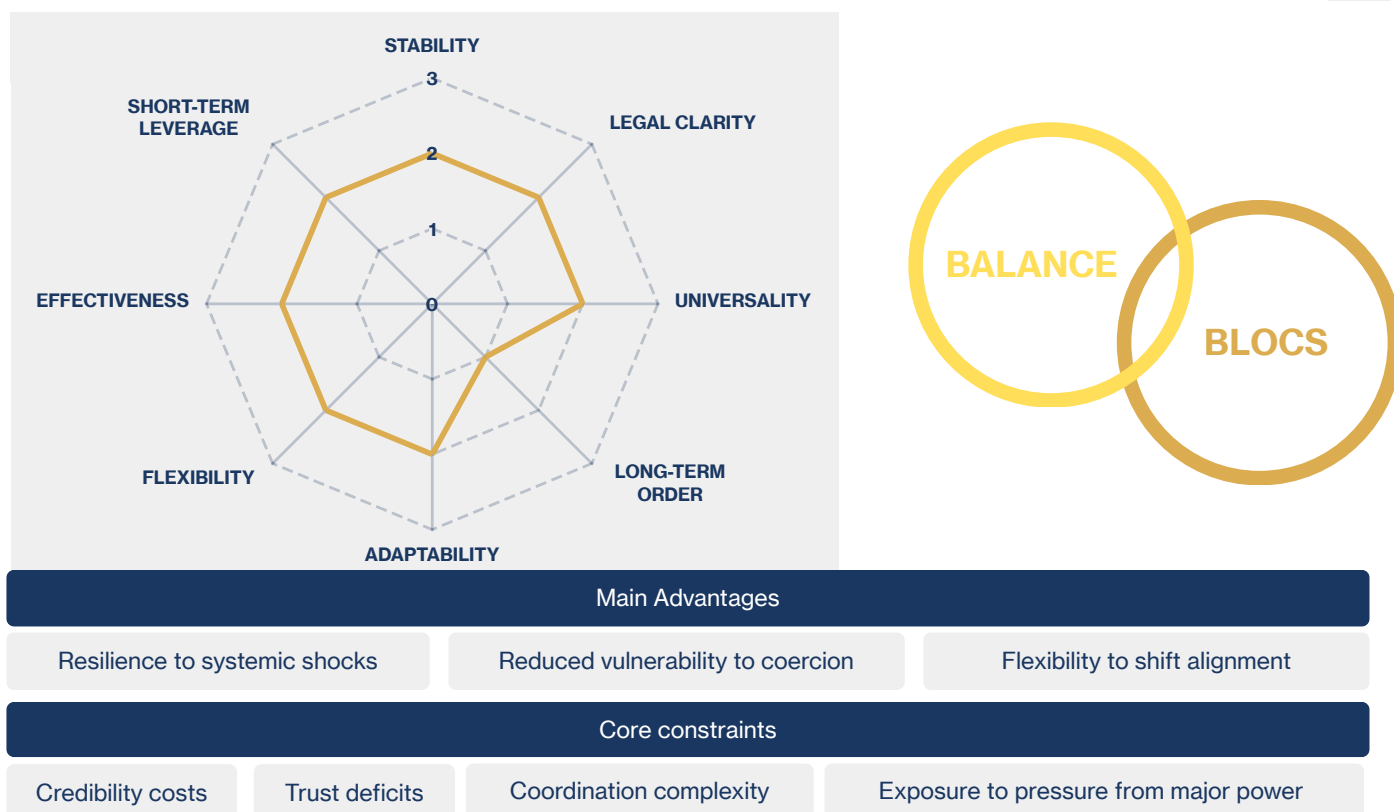
⁶⁴ 'Alexander Stubb: Value-Based Realism Gives Space for Foreign Policy', University of Tartu, 30 May 2024, <https://ut.ee/en/content/alexander-stubb-value-based-realism-gives-space-foreign-policy>.

different and sometimes contrary legal frameworks and commitments. This is operationally demanding for SMPs and can produce incompatible obligations, regulatory conflicts, trust deficits, and reputational damage which erode SMPs normative profile. Fourth, by anchoring cooperation in great power-led multilateral frameworks, rather than SMP-led initiatives, the strategy reduces collective SMP agency, reinforcing the very asymmetries it seeks to navigate. Additionally, the conditions that made 'Finlandization' possible, a relatively stable bipolar Cold War order, differ markedly from today's environment of multipolar rivalry. With weaponised interdependence and the politicisation of trade, supply chains and technology, multi-alignment is harder to sustain, and the costs of miscalibration are considerably higher.

Lastly, this strategy also requires increased spending on export promotion, trade diplomacy, geopolitical risk monitoring, regulatory adaptation, export compliance, investment screening, and support for firms operating across multiple regulatory and technological ecosystems. These investments are necessary because SMPs must remain compatible with competing economic, legal, and technological systems while reducing the risk of coercion, market exclusion, or overdependence on any single bloc. Businesses would play a critical role in maintaining commercial access across competing geopolitical blocs by diversifying markets, ensuring regulatory compliance across multiple jurisdictions, and managing geopolitical and supply-chain risks. However, with many SMPs relying economically on one of the two competing blocs, sustaining such diversified costs might be unrealistic and expose SMPs to economic coercion.

Rather than seeking to preserve the current system or bypass the existing order's shortcomings through unilateralism, this strategy aims to navigate systemic rivalry by maintaining engagement across competing spheres of power.

Figure 15: Balance Blocs: Strategic Option 3



3.4. Break the System

This last option accepts the breakdown of the existing international order and seeks to actively construct a different successor system (see Figure 16). It involves collectively disengaging from dysfunctional institutions, withdrawing from international regimes, and creating alternative institutional platforms, aiming at a new multilateral consensus and near-universality. This strategy therefore involves the possibility of implementing a variety of system(s) replacing the current UN centred one, whether it be different in nature (international, regional, anarchical), in practice (multilateral, unilateral, multistakeholder...), or in focus (centralised or issue-based).

A complete break from the current order carries specific advantages, for example it leaves space for constrained SMPs to enhance their agenda-setting power by imposing priorities in the shaping of new institutions and avenues for cooperation. It also increases the possibility for greater strategic autonomy and adaptability by resetting legitimacy on new terms, as well as setting the basis for a functional, long-term order which bypasses the constraints existing in the current one.

Engagement in this option is generally less common compared to the first three. The main reason lies in the complexity for SMPs to actively lead the emergence of new systems on their own, as well as the considerable risks that accompany attempts to do so. In the early 1700s, Sweden attempted to break away from the imposed Westphalian order by establishing control over the Baltic region through controlling ports, tolls and access, challenging rules of the ongoing system. Sweden's attempt at regional hegemony and its challenge to the existing order prompted the formation of a coalition led by Russia, culminating in the Great Northern War and Sweden's eventual defeat.⁶⁵

This option carries substantial costs. A deliberate break from the institutional order on which SMPs have traditionally relied weakens the relevance of international rules and erodes the legal protections and predictability these frameworks provide. Such transitions generate greater systemic instability and expose SMPs to economic, diplomatic, or military retaliation from great powers and competing coalitions seeking to shape the successor order. A particularly underappreciated risk is that SMPs typically lack the material capacity and agenda-setting power to lead the construction of a successor order on their own terms. In practice, the new architecture is far more likely to be shaped by the same great powers whose dominance SMPs are trying to escape, leaving them with even fewer guarantees compared to the system they helped dismantle. As the Swedish experience during the Great Northern War illustrates, attempts by relatively constrained actors to challenge or redefine prevailing power structures can provoke balancing responses that exceed their capacity to manage. For SMPs in particular, the cumulative consequences of system breakdown – loss of legal protections, hardened fragmentation, retaliation and high systemic instability – fall disproportionately on them, as they lack the resources to absorb sustained instability or to set the terms of a successor order. The dismantling of the existing international order is therefore far easier to initiate than the construction of a viable replacement, and it is precisely during this interim period of disorder where SMPs are the most vulnerable.

⁶⁵ Patrick Milton, 'The Mutual Guarantee of the Peace of Westphalia in the Law of Nations and Its Impact on European Diplomacy', *Journal of the History of International Law / Revue d'histoire Du Droit International* 22, no. 1 (2020): 101–25, <https://doi.org/10.1163/15718050-12340132>.

This option entails the highest financial burden, requiring substantial investment in new international institutions, alternative financial and technological infrastructures, diplomatic networks, legal frameworks, and transition support for businesses adapting to a fundamentally different governance architecture. Such investments are indispensable because dismantling existing institutions also removes the rules, markets, and coordination mechanisms on which governments and businesses currently depend, requiring the creation of viable alternatives before the new system can function effectively. Accordingly, the private sector becomes an essential co-architect of alternative governance arrangements by helping establish new standards, financing mechanisms, technological ecosystems, and international business networks capable of supporting a successor international order.

This option is therefore most likely only when the existing order is widely perceived as irreparably dysfunctional and when a sufficiently broad coalition of states is prepared to invest in constructing an alternative governance framework. This was the case for instance of the UN replacing the League of Nations.

Figure 16: Break the System: Strategic Option 4

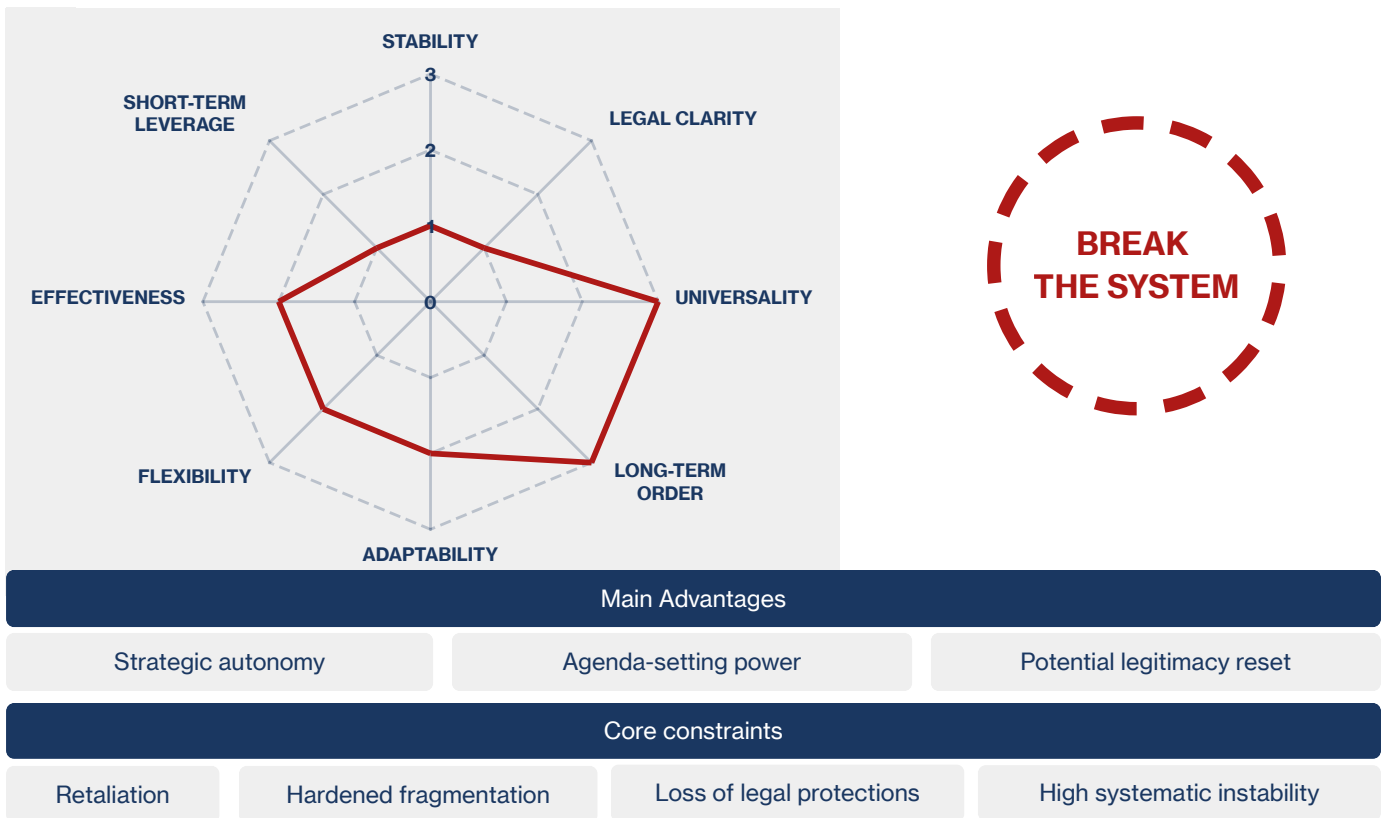


Table 2 below summarises the four options, offering insights on the options' core logic, and outlines benefits and costs.

Table 2: Four ideal-type strategies for SMPs to deal with fragmenting orders.



Option	Strategic logic	Primary instruments	Benefits	Costs	(Hypothetical) Example
1. Preserve the Order	Maintain and stabilise existing multilateral institutions while selectively adapting rules and procedures to preserve functionality.	Financial support; coalition defence; flexible legal interpretation; incremental mandate adjustments.	Predictability; systemic continuity; continued relevance of institutional institutions; ability to adapt pragmatically to pressures.	Institutional paralysis; maintaining great power blocking potential; eroding system legitimacy; legal ambiguity; diminishing returns from reform.	SMPs work to maintain the UN and the functioning of its institutions. Priority is given to reinforcing incentives to comply with its norms and support its institutions.
2. Build Coalitions	Shift cooperation to smaller coalitions or functional regimes when universal consensus is blocked.	Coalitions of the willing; informal governance networks; parallel institutional arrangements. Financial support	Speed; effectiveness; ability to advance cooperation among like-minded partners, agenda control, greater autonomy from major powers.	Fragmentation; increased legal uncertainty, system competition, questions of loyalty, reduced universality, damage to international institutions.	The UN remains as an actor, with reduced relevance, while SMPs act through smaller coalitions and regimes to protect their security, trade and other interests. The UN loses credibility but remains a reference framework, while blocs and ad hoc coalitions gain strength.
3. Balance Blocs	Actively diversify institutional alignments across competing blocs or regimes to reduce dependency and preserve flexibility under uncertainty.	Multi-alignment across rival institutions; overlapping memberships; regulatory dual-use compatibility; economic and security hedging. Financial hedging.	Resilience to systemic shocks; SMP alignment becomes a potential valuable political commodity; reduced vulnerability to coercion by major powers; flexibility to shift alignment as the system evolves.	Further fragmentation and legal uncertainty; legal incompatibilities and competing obligations; coordination complexity; increased exposure to pressure from major powers demanding alignment, further weakening of major international institutions.	The UN is preserved as a space for multilateral relations, but SMPs accept its loss of legitimacy and actively engage in overlapping partnerships and alliances that may diverge from the UN framework. This diversification allows SMPs to increase their flexibility of action as they use hedging strategies in competing institutions and systems.
4. Break the System	Accept breakdown of the existing order and invest in building a successor architecture.	Strategic disengagement from dysfunctional institutions; withdrawal from selected regimes; creation of alternative institutional platforms. Financial support.	Strategic autonomy; agenda-setting power; potential legitimacy reset.	High systemic instability; legal uncertainty, enhanced vulnerability to powerplays, coercion and retaliation; loss of legal protections; hardened fragmentation, loss of major international institutions.	The UN is dismantled or remains but becomes irrelevant. SMPs attempt to bring states together in a new form of multilateral governing framework.

The strategies outlined above represent stylised strategic options rather than mutually exclusive policy choices. In practice, SMP strategies are likely to combine elements from several approaches depending on the issue area, institutional context, and the behaviour of major powers. A SMP may, for example, defend and incrementally reform core multilateral institutions while simultaneously relying on minilateral coalitions to advance specific policy goals, or concentrate resources on protecting priority regimes while allowing cooperation elsewhere to migrate to smaller forums. At the same time, the strategic options embody different underlying assumptions about the value of universality, the feasibility of institutional reform, and the tolerance for systemic fragmentation. Pursuing one strategic option more strongly may therefore pull policy in directions that sit uneasily with others, for instance between preserving institutional coherence and prioritising operational effectiveness. The strategic challenge for SMPs is thus not simply to choose among these options, but to navigate the tensions between them when assembling a coherent strategy. These tensions can be translated into a few core trade-offs.

The existing international order is currently undergoing deep fragmentation driven by a shift to multipolarity, selective engagement of major powers with international law, norm contestation, and accusations of double standards in international institutions and implementation of international law. As SMPs balance their hard power constraints with national security interests, economic prosperity, and legal credibility, they face important strategic choices. All of these come with associated trade-offs and dilemmas that are particularly relevant in the current geopolitical landscape.

Taken together, the four ideal-type responses outlined above should not be understood as fixed or mutually exclusive pathways, but rather as a spectrum of strategic orientations through which SMPs may navigate an increasingly fragmented international environment. Contemporary developments suggest that elements of coalition-based governance and selective cooperation are already becoming more prominent as universal institutions face growing contestation and geopolitical rivalry intensifies. Yet this trend does not eliminate the continued relevance of broader multilateral frameworks nor the need for institutional stability and legal predictability. The central challenge for SMPs therefore lies not in selecting a single preferred model, but in calibrating different approaches in ways that preserve security, sovereignty, and influence while managing the unavoidable trade-offs generated by a changing international order.

4. Seizing the Moment: Why Coalition-Based Governance Offers the Most Promising Path for SMPs

Coalition-based governance (Option 2) currently offers the most viable strategic pathway for SMPs. Unlike Option 1, which depends on increasingly unrealistic efforts to restore universal multilateralism despite institutional paralysis and intensifying great power rivalry, Option 2 accepts the realities of a more fragmented international order while preserving the benefits of international cooperation where these remain effective. At the same time, it avoids the principal shortcomings of the alternatives by reducing the need for SMPs to align with competing great powers, as in Option 3, and by avoiding the instability, weakening of international rules, and heightened economic and security risks associated with systemic fragmentation under Option 4.

Contemporary developments suggest that elements of Option 2 are already emerging within today's international order. While coalition building and minilateral cooperation have long complemented universal multilateral institutions, they should be viewed not as temporary mechanisms supporting a return to a more integrated multilateral order, but as a durable mode of governance in their own right. Rather than seeking to restore Option 1, the emphasis is increasingly on strengthening flexible forms of cooperation that can mitigate further fragmentation and guard against the more competitive and disruptive dynamics represented by Options 3 and 4. As geopolitical rivalry intensifies and consensus within universal institutions becomes increasingly difficult to sustain, both great powers and SMPs are relying more frequently on smaller coalitions, informal governance networks, and issue-specific arrangements to advance their interests. For example, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership demonstrates how a group of middle powers maintained and expanded regional economic integration despite broader challenges to multilateral trade governance from great powers.⁶⁶ In the climate domain, initiatives such as the Just Energy Transition Partnership create platforms for Western countries to allocate funds to developing countries (so far, South Africa, Indonesia, and Vietnam) to accelerate decarbonisation efforts, illustrating how targeted coalitions are mobilising resources and expertise

⁶⁶ Terry Wu and Doren Chadee, *Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP): Implications for the Asia-Pacific Region* (2022), 53–74, https://doi.org/10.1007/978-3-030-87621-0_3.

outside universal frameworks.⁶⁷ The growing defence cooperation of the Nordic Countries through the Nordic Defence Cooperation framework is a further example of increasing SMPs' minilateral cooperation.⁶⁸ Similarly, the Australia-United Kingdom-United States (AUKUS) security partnership illustrates the growing preference for smaller, highly targeted arrangements, enabling these countries to cooperate on advanced defence technologies outside broader multilateral frameworks. Such developments suggest a growing reliance on pragmatic and flexible forms of cooperation that complement, and at times bypass, traditional multilateral institutions.

The relative decline of collective engagement through post-Cold War institutions, particularly amid more selective leadership by the US and growing contestation of universal norms, has reinforced this trend. Rather than signalling the immediate collapse of multilateralism, these developments point toward a gradual reconfiguration of international cooperation in which efficiency, flexibility, and functional partnerships increasingly complement, and at times substitute universal and centralised forms of governance.

The shift towards an Option 2-style configuration of the international order may actually be positive news for SMPs, who, in a context of increased great power competition, have an interest in engaging in strategies that best preserve their security and sovereignty, while actively investing in structures that permit efficiency and flexibility to respond to crises.

Engaging in minilateral structures and issue-specific governance networks offers the possibility for SMPs to selectively advance their interests with higher autonomy in shaping the conditions of their engagement.⁶⁹ Furthermore, building smaller coalitions of the willing offers SMPs the chance to take swifter action through the bypassing of unequal and non-reformable frameworks like the UN Security Council.⁷⁰

The existence of smaller cooperation platforms makes negotiations more straightforward, consensus easier to reach, and decision-making more decisive, both due to a smaller number of members and a selectivity in associated partners. At the same time, maintaining a certain degree of participation in the current international system allows SMPs, especially European ones, to avoid an awkward rejection of the values and institutions that much of their identity and narrative are built on.⁷¹

Option 2 also offers SMPs the opportunity to reengage in international cooperation on equitable grounds, with partners who share similar interests and values on specific issues.⁷² Such arrangements provide alternative avenues for managing the effects of US retrenchment while limiting dependence on China whose expanding role in international institutions and

⁶⁷ Katherine Kramer, *Just Energy Transition Partnerships: An Opportunity to Leapfrog from Coal to Clean Energy* (International Institute for Sustainable Development, 2022), <https://www.iisd.org/articles/insight/just-energy-transition-partnerships>.

⁶⁸ 'About NORDEFECO - Nordefco', 2026, <https://www.nordefco.org/the-basics-about-nordefco>.

⁶⁹ Anthony Dworkin et al., 'After the Rupture: Middle Powers and the Construction of New Order – European Council on Foreign Relations', *ECFR*, 12 February 2026, <https://ecfr.eu/publication/after-the-rupture-middle-powers-and-the-construction-of-new-order/>.

⁷⁰ Fassbender, 'All Illusions Shattered? Looking Back on a Decade of Failed Attempts to Reform the UN Security Council'.

⁷¹ Global Times, "'Double Standards' Are Backfiring on Europe: Global Times Editorial - Global Times', accessed 2 June 2026, <https://www.globaltimes.cn/page/202601/1353584.shtml>.

⁷² 'Davos 2026: Special Address by Mark Carney, PM of Canada', World Economic Forum, 20 January 2026, <https://www.weforum.org/stories/2026/01/davos-2026-special-address-by-mark-carney-prime-minister-of-canada/>.

economic initiatives has prompted concerns among many European SMPs about increasing asymmetries of influence and constraints on national policy autonomy.⁷³

Pursuing Option 2 is, however, not without significant costs for SMPs. Most fundamentally, it requires accepting the partial erosion of the existing liberal international order: an order in which many SMPs have invested considerable political capital and from which they have derived substantial economic and security benefits. This is particularly relevant in the economic domain, where liberal rules and institutions have traditionally provided smaller states with predictable frameworks for trade and dispute resolution. Although minilateral arrangements offer SMPs greater flexibility to redefine the terms of economic cooperation beyond frameworks shaped by US preferences, replacing established rules and institutions with new agreements entails considerable diplomatic, financial, and administrative costs.⁷⁴

Pursuing this option also requires those SMPs taking the initiative to build a coalition to balance broad outreach among SMPs with selectiveness. Effective coalitions that are not led by a major power may require more like-mindedness among the members, as SMP coalitions lack a single powerful force to ensure convergence of interests and positions. Paradoxically, therefore, SMP coalitions may be stronger if they are able to exclude non-like-minded SMPs at the start, to maintain coherence and group standards. An effective coalition implies building out from a common core, making it more attractive for others to join. Other SMPs may be invited provided certain conditions are met, just as the EU's accession criteria helped to raise standards by starting out as an exclusive club. For SMPs, unlike for major powers, this is an important means to ensure that substantive policies and standards are not diluted before they are even agreed upon.

Moreover, the effectiveness of a minilateral strategy depends on SMPs' ability to maintain multiple diplomatic relationships across a growing number of issue-specific forums. For states with limited diplomatic and bureaucratic resources, sustaining engagement across numerous coalitions may prove challenging. As the number of agreements and partnerships increases, the international system is also likely to become more fragmented, producing overlapping and occasionally competing rules, commitments, and institutional frameworks.⁷⁵

Still, if SMPs wish to remain influential in a fragmenting international order, they cannot afford to wait for the restoration of a multilateral consensus that may never fully return. The considerations above suggest that Option 2 currently offers the most favourable strategic pathway for SMPs. As the international environment continues to evolve, however, this assessment may need to be revisited, as shifts in geopolitical competition, institutional resilience and SMP agency could alter the relative attractiveness and feasibility of the different strategic options over time. Unlike Option 1, which depends on increasingly difficult reforms of institutions facing persistent paralysis and legitimacy challenges, Option 2 accepts the realities of a more fragmented and contested international environment while avoiding the instability and high risks associated with Options 3 and 4.

It allows SMPs to retain some of the benefits of the existing multilateral order where these remain valuable, while simultaneously developing more agile and effective mechanisms for advancing their interests when universal consensus is unattainable. Although greater reliance

⁷³ Dworkin et al., 'After the Rupture'.

⁷⁴ David A. Lake et al., 'Challenges to the Liberal Order: Reflections on International Organization', *International Organization* 75, no. 2 (2021): 225–57.

⁷⁵ 'The Rise of Competing Minilateralism Challenges Multilateralism', *ISPI*, n.d., accessed 2 June 2026, <https://www.ispionline.it/en/publication/the-rise-of-competing-minilateralism-challenges-multilateralism-158673>.

on minilateral arrangements may contribute to further fragmentation and impose additional coordination burdens, these costs are likely to be more manageable than the strategic vulnerabilities created by institutional paralysis, bloc confrontation, or systemic breakdown.

For SMPs, the implication is therefore not simply to participate in the growing number of coalition-based arrangements, but to actively shape it. This comes with the need to invest in the diplomatic capacity, coordination mechanisms, and strategic partnerships necessary to make such arrangements effective. At the same time, this must be done while ensuring that emerging minilateral frameworks remain anchored in principles of openness, legality, and inclusiveness. In doing so, SMPs can help shape an emerging order that is both more responsive to contemporary geopolitical realities and better suited to protecting their long-term security, prosperity, and autonomy.

These considerations suggest that Option 2 provides the most promising strategic pathway for SMPs under current geopolitical conditions. Rather than attempting to preserve an increasingly constrained multilateral order or adapting to great-power bloc politics, coalition-based governance enables SMPs to retain strategic autonomy while strengthening their capacity to shape international outcomes through flexible, issue-specific partnerships. Realising this potential, however, requires deliberate investment in the diplomatic, institutional, technological, and economic capabilities needed to sustain effective minilateral cooperation. The recommendations in the following chapter are therefore designed exclusively to operationalise Option 2 by providing practical measures through which SMPs, particularly European and like-minded ones, can build, lead, and sustain coalition-based governance in an increasingly fragmented international order.

5. From Adaptation to Leadership: Five Action Areas for Shaping the New Order

This research paper has explored strategic options for SMPs in an increasingly fragmented order. As geopolitical competition intensifies and consensus within universal institutions becomes harder to sustain, SMPs face growing incentives to rely on issue-specific partnerships and flexible governance arrangements to advance their interests. Given the analysis in this paper, these recommendations are oriented towards Option 2, which at present appears to offer the most viable strategic pathway for SMPs in an increasingly fragmented international order as argued in Section 4. Building smaller coalitions of the willing operating in parallel to those multilateral institutions that are still functioning should be the way forward for SMPs. The challenge remains how to do so in a way that maximises influence while mitigating the risks of great power pressure, institutional overlap, and diplomatic and financial overstretch. The following recommendations outline practical steps through which SMPs, especially European ones, can strengthen their ability to shape emerging unilateral arrangements, diversify partnerships, and preserve their values in an increasingly contested international environment.

1. Create the M40 and build stronger networks of SMPs coalitions

1.1. Convene regular SMP coordination fora on specific subjects:

Establish an annual summit (e.g. the M40) bringing together European and like-minded SMPs to coordinate positions ahead of major UN, WTO, G20, and COP meetings. This may include EU Member States as well as SMPs such as Australia, Canada, Costa Rica, India, Japan, Jordan, Kenya, Norway, GCC member states, Singapore, South Korea, South Africa, Switzerland, Ukraine and the United Kingdom. Depending on the subject area other SMPs should also be invited, with a view of creating an effective SMP coalition on each relevant topic.

1.2. Create coalitions on select strategic topics:

Launch dedicated coalitions focused on vital strategic issue areas such as AI regulation, space governance, critical supply chains, maritime security, and climate adaptation where SMPs can jointly shape standards and policy outcomes. Build SMP coalitions around a common core to increase leverage. Do not aim to include SMPs that do not subscribe to the substantive policy goals and standards.

2. Deepen partnerships with the Global South

2.1. Expand diplomatic engagement in priority regions also with SMPs that are not-so-like-minded:

Increase diplomatic presence and strengthen high-level political engagement in Africa, (Southeast) Asia, and Latin America through new missions, strategic dialogues, and regular bilateral consultations. In the long run, invest in increased engagement with minilateral fora such as BRICS+ and New Development Bank.

2.2. Increase Global South representation in coalition initiatives:

Reserve leadership and co-chairing roles for partner countries from the Global South within SMP-led coalitions and governance initiatives.

3. Increase defence and security cooperation through SMP minilateral partnerships

3.1. Develop flexible security coalitions around shared strategic interests:

Strengthen cooperation among SMPs through flexible, issue-specific security arrangements focused on shared challenges such as maritime security, space security, cyber defence, critical infrastructure protection, military mobility, and defence innovation. Build on existing regional and functional partnerships while expanding cooperation with capable partners beyond Europe. These coalitions should complement NATO, the EU, and the wider rules-based international order by enabling faster and more targeted cooperation where broader consensus is difficult to achieve.

3.2. Expand defence-industrial cooperation through minilateral partnerships:

Establish minilateral frameworks for joint defence procurement, collaborative research and development, and industrial cooperation in strategic defence technologies. Coordinate investment, strengthen defence supply chains, and promote interoperability through common standards and co-development programmes. By pooling resources and demand among trusted partners, SMPs can achieve greater economies of scale, enhance industrial resilience, and contribute more effectively to the broader Euro-Atlantic defence industrial base.

4. Strengthen technological sovereignty and economic competitiveness through minilateral cooperation

4.1. Create minilateral platforms to reduce technological dependencies and convert regulatory coordination into economic leverage:

Establish flexible SMP coalitions to coordinate competition policy, digital regulation, standards-setting, and data governance, converting pooled regulatory weight into real bargaining power with dominant US and Chinese tech firms. Extend this into trade policy through aligned digital trade rules, mutual recognition of standards, and joint supply-chain arrangements for critical inputs, building intra-coalition trade corridors that cushion SMPs against great-power export controls and coercion, while keeping markets open and aligned with the rules-based trading system.

These platforms should see the involvement of private sectors and industry too.

4.2. Mobilise joint investment to capture strategic technology niches:

Pool public and private resources not just to reduce dependence on external AI, semiconductor, and compute providers, but to deliberately target two or three defensible niches (e.g., compute-efficient AI, advanced chip packaging, green chip design) where SMPs can lead globally rather than compete at great-power scale, following the Netherlands and Taiwan model of chokepoint dominance. Pair this with preferential trade and procurement arrangements among coalition members so these niches generate export revenue and supply-chain leverage, turning technological sovereignty into strategic advantage.

5. Reaffirm core European values through practical commitments

5.1. Embed governance principles and advance rules-based solutions through coalition design:

Ensure that new minilateral arrangements incorporate commitments to transparency, accountability, democratic governance, and respect for international law, as codified in the Treaty on European Union and the EU Charter of Fundamental Rights. The EU should be leveraged as a force multiplier for collective action, while preserving meaningful national participation and democratic scrutiny. Prioritise cooperation on issues where SMPs can demonstrate practical benefits, such as AI regulation, cyber security, space governance, critical supply chains, maritime security, and climate adaptation, delivering visible outcomes that strengthen public confidence in democratic cooperation and counter sovereigntist narratives.

5.2. Pursue targeted integration of EU foreign and defence policy where pooling delivers clear returns:

Support deeper EU integration in selected areas of the Common Foreign and Security Policy (CFSP) where collective action enhances the influence, resilience, and strategic autonomy of SMPs. Priority areas include sanctions coordination, strategic partnerships, foreign investment screening, export controls, diplomatic coordination, and, where appropriate, defence cooperation. Integration should be pursued where it delivers clear benefits, such as greater policy coherence, stronger bargaining power, and more effective external action, rather than as an objective in itself. Where unanimity under the CFSP prevents timely or effective action, SMPs should complement EU decision-making through minilateral coalitions of the willing and able. More ambitious institutional reforms, such as extending qualified majority voting in selected CFSP areas, should be considered only where coalition-based cooperation proves insufficient to address shared strategic challenges.

The five recommendations outlined above offer SMPs actionable recommendations to shift from adaptation to leadership when it comes to shaping the international order. However, to be effectively implemented, SMPs will have to satisfy two key preconditions: embrace agency and prioritise feasibility. Accepting changes while avoiding zero-sum thinking in foreign policy will allow SMPs to circumvent the shortcomings of the current international order by diversifying their engagement with international governance structures. At the same time, acknowledging the increasingly transactional nature of international relations will foster clarity and transparency in building new coalitions of the willing. In this way, SMPs can move from adapting to leading the shift to a renewed international order.

The central conclusion of this paper is therefore that, through the investment in coalition-building, European and like-minded SMPs can proactively shape a new international order in which they cooperate on specific issue-areas to achieve national security and international stability.

In the absence of a stable international order with a dominant great power as leader and guarantor, SMPs gain responsibility and agency, and may—under certain circumstances—enhance their ability to exercise leadership through coordinated action. Although the erosion of a cohesive international order creates new risks and uncertainties, it also generates opportunities for greater agency and innovation. However, SMPs do not automatically converge in response to systemic fragmentation. Their behaviour is shaped by persistent dependence on major powers and by competition among SMPs for influence, resources, and alignment opportunities. Cooperation is thus contingent, emerging primarily in issue-specific contexts where shared vulnerabilities create selective incentives for coordination.

This also implies that future coalition-building will not be limited to Western or fully like-minded partners. In practice, SMPs may increasingly find themselves cooperating with states that differ in their domestic political systems but share an interest in addressing specific international challenges, such as mediation, supply-chain resilience, maritime security, or defence-industrial cooperation. The key question is therefore not whether SMPs will cooperate, but under what conditions such cooperation advances shared strategic objectives without undermining the principles and values that underpin European foreign policy.

Rather than seeking universal alignment, European SMPs should adopt a pragmatic and selective approach to coalition-building, engaging with partners on the basis of functional convergence while maintaining clear safeguards for democratic governance, transparency, and respect for international law.

SMPs that successfully adapt to a more fragmented environment by combining principled support for multilateralism with flexible coalition-building strategies will be best positioned to protect their interests and values and shape the future evolution of international order.

Annex: Historical Overview of SMPs behaviour in fragmenting orders



Era/Juncture	International order	SMP(s) examples	SMP Dilemma	Strategic Choice	Strategic Option
Delian League & Peloponnesian War (c. 478 - 404 BCE)	Greek citystate system with loose hegemonic coalitions and security organised by rival league/city state (Delian League led by Athens; Peloponnesian League led by Sparta) and highly fragmented due to forced alliances; no universal institution but clear treaties. The largest and more resourceful city states establish rules, security conditions and treaties, with decision on war and peace	Allies of Athens within the Delian League (e.g. Chios, Lesbos, Naxos) 478-404 BCE	Whether to preserve a cooperative league against Persia or resist Athens' drift toward empire, knowing defection could invite coercion and staying could entrench Athenian dominance.	SMPs initially joined a unilateral security coalition to deter Persia due to high threat of invasion. This implied accepting Athens' leadership in naval strategy and contributing ships/tribute. Over time however, Athens converted voluntary membership into a quasiobligatory parallel regime: moved the League treasury from Delos to Athens; enforced compliance by military action against defectors (e.g. Naxos c. 470s, Thasos 465–463) These moves turned a unilateral arrangement into an alternative institutional platform dominated by one member with highly reduced universality of both decisions and benefits	Option 2: Build Coalitions (league as a "coalition of the willing"), sliding toward Option 4: Break the System when Athens hardened it into an imperial framework
		Sparta's allies in the Peloponnesian League (e.g. Corinth, Megara, Boeotian cities) 431-404 BCE	Tolerate the growing Athenian dominance in economic and naval domains (implying constraining to a stable order but powerless) or push Sparta to confront Athens, risking general war and internal strain	SMPs maintained and strengthened the Peloponnesian League as a defensive coalition around Sparta, explicitly framed as a counterweight to the Delian League. Corinth and others lobbied within this coalition for war against Athens through the creation of the Congress of the League, a form of coalition of the willing against Athenian imperialism. The outcome of the war though revealed the risks associated with engaging in such unilateral governance frameworks, as the major power Sparta attributed war gains to itself, leaving fragmented SMPs with reduced authority and capabilities	Option 2: Build Coalitions: use the Peloponnesian League as a counter-coalition when universal consensus is impossible
Post Westphalia to Utrecht (1648 - 1713)	The Peace of Westphalia marks the emergence of the sovereign state system with codified borders and sovereign equality with the principle of non-interference. It reinforces the principle of Cuius regio, eius religio by fixing confessional boundaries and excluding religious minorities by giving rulers authority over the religion in their territory. The threat to the balance of power is thereafter considered an acceptable justification to war.	Sweden (1648-1721)	Whether to lock in Westphalian gains and act as a statusquo power within the new balanceofpower framework or pursue regional hegemony in the Baltic at the cost of provoking coalitions.	Sweden used Westphalian recognition as a springboard, not a limit. It decided to ignore emerging expectations that no state should dominate over large areas or regions such as the Baltic on the basis of the balance of power and aimed to expand its influence. The country created alternative institutional platforms and imposed Swedish toll regimes and control over key Baltic ports (e.g., after gains in the Thirty Years' War), effectively turning the Baltic into a semiclosed Swedish sphere.	Option 4: Break the System: attempt to construct a Swedish-centred Baltic order when the new system is still fluid
		Electorate of Bavaria (1660-1714)	How to avoid being dominated by the Habsburg Emperor or marginalised by France: commit to one patron or spread bets across rival coalitions?	The SMP remained a loyal imperial prince inside Holy Roman Empire institutions while simultaneously negotiating separate alliances with France (e.g. siding with Louis XIV in the War of the Spanish Succession). It used overlapping treaty commitments (to Emperor and to France) to extract subsidies and guarantees from both. It also maintained diplomatic channels with multiple courts (Vienna, Versailles, other German princes) to keep options open as wars evolved.	Option 3: Balance Blocs through multi-alignment across rival great-power camps



Era/Juncture	International order	SMP(s) examples	SMP Dilemma	Strategic Choice	Strategic Option
Congress of Vienna & Concert of Europe (1815 - 1848)	A postNapoleonic conservative order organised around a greatpower “concert” to stabilise Europe after the French Revolution and following Napoleonic wars. The concert maintains Great Power non-interference in each other’s affairs but implements collective crisis management after ideological wars threatening legitimacy of rulers. SMPs are involved but remain subordinal to the functioning of the system both in Europe and outside	Kingdom of SardiniaPiedmont (1815-1861)	How to escape Austrian dominance in northern Italy without being crushed as a revisionist, within a system designed to freeze territorial changes.	The actor first cultivated ties with France and Britain; later concluded the Plombières understanding (1858) with Napoleon III, agreeing on joint war against Austria through a coalition. Also, it engaged in informal governance networks by coordinating with Italian nationalist forces to ensure uprisings coincided with Sardinian military moves. Finally, its parallel institutional arrangements to position Piedmont’s constitution as a model for a liberal, unified Italy, created an alternative governance framework to the conservative Viennabacked dynastic order.	Option 2: Build Coalitions: use targeted coalitions and parallel arrangements to revise the Italian settlement
		Swiss Confederation (1815-1848)	Whether to integrate into surrounding greatpower structures or codify perpetual neutrality as a recognised special status within the Concert.	The confederation accepted demilitarised status in some regions and did not build offensive coalitions, signalling low threat to others. It also went along with a flexible legal interpretation, for example in how it negotiated the concept of perpetual neutrality, allowing participation in some economic and humanitarian activities without joining power blocs, therefore supporting and adapting rules of the system suited for the political context. Finally, the confederation worked to have neutrality recognised collectively in the system at the Vienna conference and in subsequent greatpower declarations.	Option 1: Preserve the Order: embed neutrality into the new European order rather than contest it
Interwar (1919-1941)	The League of Nations–centred order is a residual of empires following WWI, which proclaims sovereign equality and collective security but possesses only very weak enforcement power, as this one depends on GPs and rising revisionist powers. Promotion of liberal legalism but undermined by informal GP veto	Czechoslovakia (1918-1938)	Whether to rely primarily on universal collective security mechanisms and greatpower guarantees, or to build robust regional/minilateral deterrence outside or in addition to the League.	Czechoslovakia actively supported League membership and institutions but also entered alliance treaties like the little entente, framed as enforcement arms of the League’s collective security. It also used League principles (selfdetermination, minority protection) to justify its borders and resist Hungarian and German claims. Finally, it also participated in adjusting the system by advocating modest strengthening of League mechanisms and security guarantees rather than radical overhaul or bypass	Option 1: Preserve the Order: strong bet on the League and treaty system with elements of Option 2: Build Coalitions: use targeted coalitions and parallel arrangements to revise the Italian settlement
		Kingdom of Yugoslavia (1918-1941)	How to survive between Italy, Hungary, and later Germany: rely solely on France and the League, or spread alignment across multiple regional and extra-regional partners?	Joined the League of Nations and signed a close alliance with France but also entered the Little Entente with Czechoslovakia and Romania to hedge regionally. Later complemented this with the Balkan Pact (1934) with Greece, Turkey, and Romania to add another layer of security and diplomatic options. Maintained limited economic and diplomatic contacts with revisionist neighbours (Italy, Germany) even while formally opposed to their aims, in order to soften immediate pressures.	Option 3: Balance Blocs across the League, French alliances, and regional pacts



Era/Juncture	International order	SMP(s) examples	SMP Dilemma	Strategic Choice	Strategic Option
PostWWII & Cold War (1945-1991)	Bipolar US–USSR system overlays the UN and Bretton Woods institutions which structures international politics, diplomacy and war as well as global finance, institutions and trade. The main security rule in this era remains nuclear deterrence. Overlapping ideologies, dependence and economic interests lead to non-alignment, as the existence of the system in beneficial to both	Finland (1948-1991)	How to preserve independence bordering the USSR: align fully with Moscow, join the Western camp, or diversify alignments between Soviet security demands and Western economic/legal regimes?	Signed the YYA Treaty (1948) with the USSR, accepting consultation and limited mutual-assistance obligations (anchoring in the Soviet security sphere) while staying outside both NATO and the Warsaw Pact. In parallel, integrated economically with Western Europe (e.g. trade with EEC countries, participation in OECD-type frameworks) and kept domestic law largely compatible with Western markets. Used Nordic cooperation forums and active UN diplomacy to add further institutional layers, avoiding identification solely with either bloc.	Option 3: Balance Blocs between Soviet security order and Western economic/legal order
		Austria (1955-1990)	How to regain full sovereignty after occupation and avoid becoming a permanent East–West military frontier: join NATO, drift toward the East, or embed neutrality within both Western and Eastern regimes?	In the State Treaty of 1955, Austria accepted permanent neutrality, promising not to join military alliances or host foreign bases (assuaging Soviet security concerns). The SMP simultaneously aligned its economy with Western Europe, joining the OEEC/OECD and later the EFTA, and making domestic regulations compatible with Western markets. It also maintained active diplomatic relations and trade with both blocs, using neutrality to host East–West meetings and UN organisations in Vienna.	Option 3: Balance Blocs through permanent neutrality plus Western economic integration
		Egypt (1952-1970)	How to maximise autonomy and Arab leadership while squeezed between Western colonial powers, Israel, and the Soviet bloc: remain inside the Western-led order, align with Moscow, or hedge between them while also building alternative Arab / non-aligned institutions?	Courted US/World Bank/UK funding for the Aswan High Dam, then turned to the USSR when Western financing was withdrawn; maintained relations with both superpowers while avoiding formal bloc membership. Egypt also took on a role as active UN member; a leading role in the Arab League; co-organiser of the Bandung Conference (1955) and key founder of the Non-Aligned Movement (1961). Nasser nationalised the Suez Canal (1956) but kept it open under international law, preserving compatibility with global trade while using canal revenues to fund domestic development; accepted Soviet arms and economic aid while continuing some economic ties with Western states, however this action challenged British French corporate and imperial privileges; pushed for removal of British bases and troops from Egyptian soil. Worked to build a pan-Arab political space (United Arab Republic with Syria 1958–1961; championing Arab socialism) and helped institutionalise non-alignment as a third global pillar, offering a political-diplomatic home for newly independent SMPs outside both blocs.	Option 3: Balance Blocs, blended with Option 4: Break the System
		Netherlands (1945-1990)	How to regain security and prosperity after occupation, balancing deep embedding in the USled order with preserving some autonomy, and managing decolonisation (Indonesia, later Suriname) without destabilising alliances.	The Netherlands joined NATO early (1949), contributing financial support and coalition defence to the USled security architecture. The SMP heavily supported and shaped European integration, backing adjustments that strengthened international trade and legal regimes. The SMP however also engaged in the Benelux coalition as a coalition of the willing and testing ground for deeper integration of the Netherlands in the EU. Finally, the Netherlands prioritised more informal governance networks within the OECD and European Communities, pushing liberal trade and finance norms	Option 1: Preserve the Order in the Western order, with elements of Option 2: Build Coalitions in Europe



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