Centre for Geopolitics and
International Policy

DIVERSIFYING DIPLOMACY

UK STRATEGY IN A FRAGMENTING WORLD

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ABOUT THIS PAPER

This paper is the first output of a new IPPR programme on UK international partnerships, led by the Centre for Geopolitics and International Policy.

It sets out an analytical framework for how the UK might build more durable international partnerships in energy, defence and technology. The analysis has been developed in parallel to more detailed work on energy transition technologies and a proposal for new UK Clean Technology Partnerships, which is summarised in chapter 3 and will be published separately by IPPR in June 2026.

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SUMMARY

Two assumptions have underpinned UK external policy for a generation. The first is that the US would remain the indispensable guarantor of an international security order broadly beneficial to UK interests. The second is that deep integration into global markets ensured UK prosperity and influence, with membership of the EU its central feature.

These assumptions no longer hold. Weaponised interdependence has become the hallmark of 21st century statecraft, posing as yet unanswered questions for the state's approach to delivering prosperity and security.

Britain should respond decisively. First, it should identify chokepoints in a small number of 'core' domains that underpin long-term security and productive capacity – we suggest defence, energy and AI. Second, it should identify and build new partnerships that mitigate these vulnerabilities and deepen areas of UK comparative advantage. The paper presents ideas for new partnerships in each of the three domains.

Success would require a strategic shift in the UK's approach to policymaking, moving away from a reactive towards a more planned approach that brings together domestic and international levers. The establishment of a Partnership Delivery Office or similar programme function in the Cabinet Office, with genuine coordination, budget and delivery authority, would begin to address this gap.

1. INTRODUCTION

Two assumptions have underpinned UK external policy for a generation. The first is that the US would remain the indispensable guarantor of an international security order broadly beneficial to UK interests. The second is that deep integration into global markets ensured UK prosperity and influence, with membership of the EU its central feature. Both have broken down.

China has established the paradigm of 21st century statecraft. Its long-term strategic deployment of supply chain position, infrastructure and investment flows to create political leverage is broadly emulated – including in the US, where supply chain nationalism is now bipartisan. As Canadian prime minister Mark Carney suggested at Davos, this leaves a world in which middle powers must "jostle to avoid being on the menu" (Carney 2026).

TOWARDS A MORE DOMESTIC-ECONOMIC FOCUSSED FOREIGN POLICY

The government has suggested a number of different strategic approaches within specific sectors over the past two years. The National Security Strategy (NSS), Strategic Defence Review (SDR), Defence Industrial Strategy, Clean Power 2030 Action Plan, Modern Industrial Strategy, and AI Opportunities Action Plan all identify supply chain vulnerabilities within their parameters. However, none of them provide a comprehensive or prioritised account of national risk, nor what should be done to address it.

A small set of core domains underpin the UK's long-term security and productive capacity. We suggest, in particular, three sectors that are among those Jake Sullivan described in a recent *Foreign Affairs* essay as providing the "techno-industrial base" which translates innovation into power: defence, energy and AI (Sullivan 2026).

This paper recommends a new overarching approach to addressing national risk in such sectors. First, we should identify what Edward Fishman has defined as "chokepoints" in each. These are "critical nodes in the global economy where flows of goods, money, or data can be restricted or controlled" (Fishman 2025). The next step should be to identify partner countries that are capable of mitigating the risk those chokepoints pose, and to build new partnerships with them to address shared vulnerabilities.

This would result in an overlapping network of partnerships, each governing a defined industrial, military or technological domain, that systematically address UK vulnerabilities and exploit its areas of comparative advantage. Such an approach would fulfil the ambition of the 'securonomics' approach which Rachel Reeves set out in opposition (Reeves 2024) and hinted at again in her more recent Mais lecture (ibid 2026).

Collective action and reaction

New partnerships should begin from a view of where collective action – and in some cases collective *reaction* against coercion – can most extend the UK's security by addressing specific vulnerabilities or deficits. Many vulnerabilities would require deeper UK-EU cooperation to deliver the scale required for real mitigation. The proposals in this programme of work could therefore underpin the deepening of

the existing Security and Defence Partnership and wider conversations with Europe on economic security.

However, they are intended also as a programme by which to sharpen our diplomatic focus on other countries. Key countries to consider include those which the 2025 National NSS described as “economically vibrant and technologically advanced” (HM Government 2025). The NSS list includes Canada, the Gulf States, India, Singapore, South Korea, Indonesia, Japan, and Australia. Collectively representing nearly one-third of global GDP and most of the major industrial capacity outside US-China control, they share exposure to great power coercion and a common interest in resisting spheres of influence.

2. DEFENCE

The practice of American foreign policy has changed in ways that will not be reversed by any single election. Uncertainty over article 5 and the explicitly transactional approach to burden-sharing are likely to persist into the medium-term. While there is a clear national interest in preserving the security relationship with the US, there is an equally clear need to build strategic depth that does not depend on it.

The state of the UK's military capability is well documented. The SDR acknowledged the UK could not sustain war against a major power for more than a matter of months (MoD 2025). The trajectory toward 3 per cent of GDP will not close that gap on its own, with much of the increase on track to be consumed by inflation and legacy programmes. Major projects such as GCAP and AUKUS Pillar 2 are reportedly underfunded.

But the long-term structural problem is not simply fiscal. It is also a question of manufacturing capacity, supply chain depth, and insufficient procurement demand. Support for Ukraine has depleted stockpiles that domestic production cannot replenish at the required rate. China's near total dominance of rare earth processing creates chokepoints in complex weapons supply chains that no national European procurement programme will resolve (Miller 2024).

The forthcoming Defence Investment Plan should therefore be conceived as the UK's contribution to a collective capability architecture designed to reduce dependency, enhance resilience, and expand partnership leverage, not simply a national spending document. Three initial tracks would begin to address that.

TRACK 1: CLOSER DEFENCE COLLABORATION WITH THE EU

The first is more coherent defence cooperation with the EU. Negotiations to grant the UK access to the EU's €150 billion joint procurement facility (SAFE) collapsed in November 2025 due to disagreements on the UK's price of entry. Since then, the Russian threat has escalated and US intentions to pivot away from Europe have become clearer. The UK should return with a counteroffer that broadens the field.

It could declare, for example, an aim of reopening SAFE negotiations by the time of the next UK-EU summit in summer 2026, with a goal of concluding them by the end of the year, underpinned by bilateral negotiations with France, Germany and Poland to pre-agree flagship industrial projects, including UK participation in the ASAP programme1 scaling up munitions production for Ukraine.

The stakes go beyond access to a single funding instrument. SAFE is rapidly becoming the organising framework around which European procurement, production standards, and long-term capability planning are being aligned. Canada has secured accession, while Japan and South Korea are formally eligible for common procurements under their Security and Defence Partnerships with the EU. If the UK remains outside, its defence industry will slowly decouple from the European base it depends on for export markets, co-development programmes, and supply chain depth.

TRACK 2: DEFENCE-INDUSTRIAL COALITION

The second track addresses a coordination failure that the war in Ukraine has made impossible to ignore. European states have placed competing orders with the same suppliers, driving up costs and extending lead times, while critical input dependencies on components and raw materials processed outside Western supply chains remain unresolved.

NATO operates at an alliance-wide level too broad for granular industrial coordination. The Joint Expeditionary Force builds political trust and operational relationships among countries with an interest in the security of the High North and Northern Europe, but is not designed for industrial commitments. The NORDEFCO collaboration between the Nordic countries, has an armaments workstream, but the UK sits outside this coalition. The result is that the cluster of states most exposed to shared maritime and high-north supply chain risks has no dedicated mechanism for mapping collective supply chain vulnerabilities or coordinating procurement and industrial responses to them.

The UK is well placed to convene a response. Norway, Denmark, the Netherlands and Sweden are the natural partners, each combining direct exposure to high-north and maritime supply chain vulnerabilities with active participation in existing armaments cooperation frameworks, and together representing the industrial and geographic core of the problem. A structured mapping exercise among this group to establish a shared picture of critical input dependencies and stockpile positions across priority munitions categories would be the necessary first step.

TRACK 3: EUROPEAN NUCLEAR DETERRENCE ARCHITECTURE

The third track is nuclear cooperation with France. Whatever structural dependency the UK's nuclear deterrent has on the US cannot be resolved by that in any near-term sense. But it would offer the beginning of a complementary European deterrence architecture that reduces the degree to which UK strategic credibility rests on a relationship whose terms are set in Washington. Macron's Île Longue speech of March 2026 opened that possibility (Macron 2026).

Extending Lancaster House toward a more formal deterrence coordination arrangement, aimed explicitly at a wholly independent European nuclear deterrent in the long run, would be a logical next step and one which other European nations would strongly support.

Taken together, SAFE re-engagement, a new northern European industrial coordination mechanism, and bilateral nuclear cooperation with France could form the outline of a more coherent collective capability architecture. Over time other countries identified in the NSS could be drawn into the architecture in defined domains.

3. ENERGY

The UK's domestic energy transition requires a doubling of clean generation capacity by 2030 and another by 2050 to meet net zero targets, but the relevant technologies and inputs are highly concentrated geographically. Control over those supply chains has become a central arena of geopolitical competition.

MANAGING DEPENDENCIES ON CHINA

China controls most global processing and manufacturing capacity across many transition technologies, including around 94 per cent of rare earth magnet production, and has repeatedly demonstrated its willingness to use that position as geopolitical leverage (Miller 2025).

Although a high degree of interdependence is inevitable for the foreseeable future, that is no excuse for inaction. Policymakers should differentiate between acceptable and unacceptable forms of dependency and adjust trade policy and industrial strategy accordingly to deliver effective "derisking" (Von der Leyen 2023). Where Chinese supply chain dominance is near-total and no economically viable alternative exists at scale, as with solar panels, managing imports is the only realistic response. Where diversification is achievable, it should be pursued energetically.

A more detailed IPPR paper, to be published in the summer, will present a systematic evaluation of the energy transition technologies the UK has already prioritised through its Industrial Strategy and Clean Power Plan. Six technologies emerge that require a more strategic focus: batteries, grid equipment, wind power, green ammonia, green steel and nuclear. Looking across their underlying supply chains reveals a concentrated set of strategic vulnerabilities. For example, China's dominance of rare earth processing affects batteries, wind generation and grid equipment simultaneously.

The Trump administration's Critical Minerals Ministerial of February 2026 is the most ambitious coordinated attempt yet to reorganise global supply chains away from Chinese dominance, and echoes the "friendshoring" policies of the previous administration (Yellen 2023). FORGE – the Forum on Resource Geostrategic Engagement, the successor to the Minerals Security Partnership – provide, provides a standing coordination platform that the UK should engage with actively. However, it is structured around American supply chain logic and processing ambitions. Its price floor mechanism would redirect mineral flows toward US industry, and the bilateral memorandum the UK signed at the event is not organised around specific British vulnerabilities. Furthermore, FORGE membership does not address the fact that the UK has no Western-aligned alternative for rare earth processing, specialist electrical steel, or advanced battery cell manufacturing.

ENERGY COLLABORATION BEYOND CHINA AND THE US

Analysis in the forthcoming IPPR paper shows that, when critical vulnerabilities in the six technologies it identifies are mapped against possible national partners for the UK, some countries emerge naturally as priorities. Japan is the most central. It holds rare earth processing capacity, specialist electrical steel production, world-

leading large nuclear forgings, and competitive battery cell manufacturing, making it relevant across batteries, wind, grid equipment and nuclear simultaneously. Canada is the priority partner for advanced nuclear fuel, graphite, and copper refining, with regulatory alignment that reduces the friction of early agreements. Brazil is the anchor partner for green steel, combining iron ore reserves with the potential for low-cost green hydrogen. Morocco and Saudi Arabia are the priority partners for green ammonia, given renewable energy costs and proximity to Atlantic shipping routes. South Korea's established position in grid equipment, electrical steel and offshore wind components makes it relevant across multiple technology areas.

The forthcoming IPPR paper will set out specific proposals for each relationship in more detail, based on a playbook for 'clean technology partnerships'. The form of partnership would differ across technologies and partners. Some sectors would require long-term offtake agreements for critical inputs. Others would involve equity investment, technology collaboration or joint development of manufacturing capacity. Public and private finance would need to be combined to support commercially viable projects.

In addition to bilateral arrangements, these relationships could form the basis of broader institutional cooperation. The Global Clean Power Alliance provides an existing UK-convened platform that could be developed to link the UK, the EU and a small group of trusted resource and industrial partners on specific supply chains, aggregating demand at European scale where possible and integrating into emerging trade frameworks including potential EU engagement with economies in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership . In the long-term, such arrangements could also evolve into joint measures to respond to external economic coercion.

4. AI AND EMERGING TECHNOLOGIES

Only the US and China have the resource base, the domestic market scale, the semiconductor fabrication capacity, and the frontier model development to develop truly 'sovereign AI' (Sullivan 2026). Other countries seeking to realise their technological potential will need to focus on which nodes in the AI stack to prioritise, which dependencies it can tolerate, and which might be leveraged against it.

The UK's position is weaker than its reputation suggests. The stack has four layers, and the UK has material gaps at each. At the energy layer, UK industrial electricity prices are among the highest in the developed world. Alongside the difficulties in gaining grid connections, this deters data centre investment at scale. At the compute layer, the UK has insufficient data-centre capacity and no domestic advanced chip fabrication, leaving it dependent on US infrastructure and on supply chains subject to US export controls. At the model layer, the UK has no frontier model development comparable to leading global labs. At the application layer, public-sector and critical national infrastructure deployment rests on US commercial platforms.

CLOSING THE AI DEPENDENCY GAP

The UK should focus first on addressing the foundational gaps at the energy and compute level (on which all other developments depend), but this would require a significant uptick in long-term investment. This points toward the same partners identified in previous sections, including Gulf sovereign wealth funds, Australian infrastructure funds and Canadian pension funds. A UK-Gulf AI Infrastructure Partnership that bundles grid co-investment with data centre development could, for example, position the UK as the European hub for Gulf-anchored compute capacity, with a partner whose interests are aligned around keeping that node outside both US hyperscale monopoly and Chinese infrastructure influence.

However, capital only part of the problem. Japan and South Korea bring the advanced semiconductor packaging, cooling infrastructure and data-centre supply chain capabilities needed to build and operate that infrastructure at scale. An economic security package that integrates compute cooperation with the clean energy supply chain partnerships described in the previous section could provide an overarching vehicle.

COMPLEMENT, DON'T SUBSTITUTE

AUKUS Pillar 2 is the UK's most developed existing example of cooperation across multiple technological domains. It has specific commitments that cover AI, quantum computing, autonomous systems, cyber, and hypersonics – all set within a trilateral framework linking the UK to the US and Australia. Its architecture, moreover, has proven more durable than most alliance technology arrangements.

The US remains the dominant frontier AI power, the primary source of the model access and compute infrastructure the UK depends on, and the security partner whose technology cooperation the UK cannot easily replicate.

The goal should be to build alongside that relationship rather than substitute for it, developing a coalition architecture with partners that prevents overdependence on a single bilateral channel. Japan has the AI evaluation capacity, the semiconductor supply chain depth, and the strategic interest in a non-Chinese technology framework to be the natural next partner in Pillar 2. South Korea brings complementary semiconductor manufacturing depth and a structural interest in a technology framework that is neither US-controlled nor Chinese-dominated. The UK should therefore pursue the formal accession of both countries to Pillar 2, which would transform it from a trilateral security arrangement into a broader technology coalition.

5. CONCLUSION

The analysis in this paper demonstrates the UK is subject to supply chain dependencies which run through our defence industrial base, energy transition and AI ambitions. A foreign policy that approaches these three domains through separate departmental frameworks, with separate negotiating mandates and separate financing instruments, will find that partners it needs are offered less than the sum of what that government could bring to bear.

The same interconnections are more positively evident on the partner side. Japan's capabilities in rare earths, specialist electrical steel and semiconductor supply chains are relevant across defence procurement, clean energy manufacturing and AI infrastructure, just as Gulf capital can underpin each in different ways. However, a foreign policy that treats these domains separately will under-leverage these relationships, offering partners less than the full weight of what the UK can bring to bear.

The spread of responsibilities across Whitehall is poorly suited to delivering the integrated partnership strategy this analysis points toward. The Foreign, Commonwealth and Development Office (FCDO) manages country relationships; the Department of Energy Security and Net Zero (DESNZ) manages energy policy; the Department for Business and Trade (DBT) manages trade; the Ministry of Defence (MOD) manages defence; the Department for Science, Industry and Technology (DSIT) manages technology. Each produces strategy but none owns a portfolio of programmes organised around the vulnerability analysis this paper sets out, with a mandate to coordinate partners across several domains simultaneously and the financing instruments to make those approaches credible.

The result is that summits produce announcements, and bilateral relationships accumulate, without evolving into the operationally specific commitments that create real resilience and deterrence against coercion. The establishment of a Partnership Delivery Office or similar programme function in the Cabinet Office, with genuine coordination, budget and delivery authority, would begin to address this gap.

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