



Pivot, don't panic: America's next act

Every few years, geopolitical commentators declare the end of American global leadership. Sometimes it's after a messy war. Other times it's a financial crisis, political dysfunction or, most recently—strikes on Iran or China's rise.

The paradox of the United States' position is this: Even as the US navigates unprecedented challenges, it retains formidable influence in shaping the global order and the United States remains the world's indispensable power, because the US course-corrects in a few ways few nations can.

Contrary to claims that the United States is retreating into isolationism, recent actions tell a different story. Despite widespread perceptions that the Trump administration is disengaging, the US remains deeply involved in every major global theatre. Before Trump's election, pundits predicted the Administration would abandon Ukraine, yet it has maintained its pursuit of difficult negotiations with Russia. In the Middle East, the US is managing complex ties with Israel, strategic imperatives surrounding Iran's nuclear program and Arab partnerships grounded by billions in energy and infrastructure deals.

While these actions have dominated recent headlines, nowhere is the evolution of US leadership clearer than in Asia. For Australia and its neighbours, the question is not whether the United States is leaving, but how it is adapting militarily, economically and technologically to strengthen its partnerships and counteract China's rise.

Militarily, the US remains the world's most capable power. However, enduring peace and prosperity in the Indo-Pacific require more than individual actions – it requires robust partnerships. Recognising this reality, the Administration has shifted from a traditional hub-and-spokes alliance model to a more networked, flexible architecture. On his first day as Secretary of State, Marco Rubio convened the foreign ministers of the Quad, a move that both exemplified this new approach and showcased the importance of the alliance to the Administration.

The Quad, and agreements like it, remain a bipartisan priority in Washington and Canberra alike, reflecting a shared vision for regional stability that is grounded in a willingness for practical collaboration. The United States and its partners are not seeking to contain China, but to ensure that competition remains fair.

Economically, US policy has forced a global reckoning with China's practices. Despite widespread criticism, tariffs have become a hallmark of Trump's novel approach to policymaking. Although critics argue that this approach has strained alliances and emboldened adversaries, it has also brought countries to the table to reassess and renegotiate for fairer terms.

Notably, it has exposed systemic vulnerabilities in China's economy. The June 2025 tariff reduction agreement has placed pressure on Beijing to address structural issues like forced technology transfers and industrial subsidies. For the first time in decades, it is China – not the US – playing defence in the global economic arena, triggering a recalibration that puts Beijing on its back foot.

While China's \$280 billion trade surplus¹ with the United States has fuelled perceptions of its rising economic dominance, Beijing's actions, from IP theft to dumping, have galvanised a global response. From Europe's industrial heartlands to Southeast Asia's ports, nations are confronting the same challenges. In 2024, the European Union launched several anti-dumping investigations against Chinese firms, while publishing multiple reports detailing China's widespread violations of international trade norms. These actions reflect a growing recognition that Beijing's model is incompatible with fair competition.

US allies such as Australia and Japan have **tightened**² foreign investment rules to counter China's strategic acquisitions. Even developing economies in Africa and Latin America are **pushing**³ back against predatory Belt and Road lending.

The United States and China are locked in a fierce competition for technological leadership. According to the Australian Strategic Policy Institute (ASPI), China is now **ahead**⁴ in 37 of the 44 critical and emerging technologies evaluated. The United States, however, maintains a lead in several foundational sectors, including advanced semiconductor devices, high-performance computing, advanced integrated circuit design, and quantum computing. This evolving landscape highlights the urgency for the United States to sustain investment in research and development, strengthen talent pipelines and deepen international collaboration to maintain its competitive edge.

While the challenges facing US leadership, such as soaring debt, domestic polarisation and strategic impatience, are undeniable

threats to its global standing, history shows these are not insurmountable. To claim that US global leadership is finished misreads the moment. The trade war, for all its disruptions, has forced a long-overdue debate about fair competition, supply chain security, and technological sovereignty. China's aggression has galvanised democracies to act, while US innovation ecosystems continue to set the pace in critical industries. The US has also shown a willingness to use swift military force and support an ally when threatened existentially.

The United States has navigated existential crises before, from the Great Depression to the Cold War, by adapting its leadership, not abandoning it. For Australia and the Indo-Pacific region, the future is not about choosing sides, but about building a resilient network of partnerships that can progress through uncertainty together. US leadership in Asia is not waning; it is deepening.

The world still looks to Washington for leadership, but that leadership must now balance the urgency of great-power rivalry with the consistency and long-term vision needed for global order.



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¹ Office of the United States Trade Representative (USTR). (2025). China Trade Summary. <https://ustr.gov>

² The Japan News. (2025, July 9). Japan to tighten screening of foreign investors. Asia News Network. <https://japannews.yomiuri.co.jp>

³ Myers, M., & Ray, R. (2024, June). Feeling the Stones: Chinese Development Finance to Latin America and the Caribbean, 2023. Inter-American Dialogue & Boston University Global Development Policy Center. Retrieved from <https://www.thedialogue.org>

⁴ Long, A. (2023, May 23). The Global Race for Future Power: Critical Technology and the Strategic Development of Talent. PGS Industry Insights. Retrieved from <https://www.pgs.com>

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