

ARTIFICIAL INTELLIGENCE AND THE WEAPONIZATION OF ECONOMIC INTERDEPENDENCE: REDEFINING FOREIGN POLICY IN A MULTIPOLAR WORLD

Muhammad Irfan Magray (Corresponding Author)

Phd Student ,Alhamd Islamic University, Quetta Campus

magray06@gmail.com

Dr. Nadia Shaheen

Alhamd Islamic university Islamabad campus

Email: snadia@ir.qau.edu

Asia Rahman Khan Lodhi

Director , Press Information Department (PID), Ministry of Information & Broadcasting,
Islamabad

Email: asia.khan.lodhi@gmail.com

Abstract

The interaction of artificial intelligence (AI), global economic interdependence, and foreign policy is turning into one of the issues of modern international politics. AI has ceased to be just a technological innovation in the context of a multipolar world where the United States, China, the European Union, Russia, and the emergent regional powers engage in strategic competition. It is becoming a geopolitical tool that defines trade, finance, supply chains, surveillance abilities, and diplomatic bargaining power. The thesis of this paper is that AI enhances the weaponization of economic interdependence through states being able to monitor, predict, manipulate, and disrupt transnational network with unprecedented accuracy. The paper examines how AI is reshaping economic relationships between countries based on international political economy and foreign policy theory, which are previously sources of mutually beneficial relations, into instruments of coercion. It also studies how states can adjust their foreign policies to this fact by focusing on resilience, technological sovereignty, strategic decoupling and coordination through alliances. The paper finds that AI is redefining foreign policy in a multipolar world by making the line between economic cooperation and strategic vulnerability indistinct, and driving the states to reconsider interdependence not as the source of peace, but as a battlefield of power.

Keywords:

Artificial intelligence, weaponized interdependence, foreign policy, multipolar world, economic coercion, geoeconomics, technological sovereignty, strategic competition, digital governance, sanctions, supply chains, international relations

Introduction

International relations have always been considered to be economically interdependent as a stabilizing characteristic. Liberal theorists claimed that trade, investment and institutionalized cooperation diminish incentive to conflict because it raises the costs of confrontation (Keohane and Nye, 1977). Globalization intensified these beliefs in the post-Cold War period, integrating states into tight-knit supply chains, digital infrastructure, and financial systems. But recent events indicate that interdependence may be used as a coercive tool. Centrally placed states might use the connections to collect information, limit access, and create strategic costs on competitors (Farrell & Newman, 2019).

Simultaneously, AI has become a disruptive technology that harbors much more than productivity and innovation implications. It influences military policy, intelligence gathering, cyber warfare, industrial policy and diplomatic decision making (Horowitz, 2018). Since AI relies on information, semiconductors, and cloud computing, as well as rare earth minerals and digital platforms, it is engrained within the global networks of interdependence. This opens up new prospects of economic networks being employed by powerful states in a strategic manner. Examples of how AI and economic statecraft are becoming more intertwined include export

controls on advanced chips, prohibitions on AI-related investments, algorithmic monitoring of trade flows, and sanctions that are enabled by machine learning (Drezner et al., 2021).

In this paper, the author will discuss the contribution of AI to weaponization of economic interdependence and how this is transforming foreign policy in a multipolar world. The main thesis is that AI increases asymmetries in interdependent systems, rendering them more understandable, more manageable and more susceptible to manipulation. Consequently, the foreign policy is shifting the presumption of open interdependence to the approaches of security, resilience, and technological control. The paper has a qualitative approach, which is based on the theoretical and interpretive explanation of this shift.

Problem and Objectives of the research.

The central issue that this paper will focus on is the increasing conflict between globalization and geopolitical competition. Although interdependence is a mutually beneficial experience, it brings about unequal dependencies that states can take advantage of. AI fosters this trend by increasing the ability of states to detect choke points in trade, finance, logistics, and information systems. These dynamics are more complicated and unpredictable in a multipolar order where power is decentralized among a number of major actors, as opposed to a centralized system of one hegemon (Acharya, 2014).

This paper has threefold objectives. To begin with, it aims at describing how AI promotes weaponization of economic interdependence. Second, it examines the influence of this process on the behavior of foreign policy in a multipolar system. Third, it considers the wider consequences to international governance, international diplomacy, and international stability.

Research Questions

The paper is informed by the following questions:

1. What is the role of artificial intelligence in the weaponization of economic interdependence?
2. In what ways is the foreign policy being redefined to address AI-based strategic competition in a multipolar world?
3. What does this change mean to international order and world governance?

Literature Review

The idea of interdependence has taken the center stage in the study of international relations over the decades. Keohane and Nye (1977) have popularly referred to complex interdependence as a state where states and societies are interconnected in various ways, where military force is made less central and where economic and institutional relationships are more significant. This perception upheld the notion that globalization would bring about peace based on cooperation and vulnerability.

Nonetheless, this optimistic interpretation of scholarship has been questioned by more recent scholarship. Farrell and Newman (2019) claim that interdependence may be turned into a weapon when states use central nodes of global networks to have strategic advantages over others. Their weaponized interdependence theory emphasizes the ability of hub states to survey and coerce with institutions like payment systems, data networks, and communication infrastructures. Globalization might not decrease power politics but offer them new tools.

Simultaneously, AI experts and other authors in the field of international security highlight that AI is a general-purpose technology that has extensive strategic consequences. Horowitz (2018) argues that AI can change the balance of powers in the military and the power of states, yet the consequences will be determined by institutions, patterns of adoption, and the national strength. Crootof (2020) and Scharre (2018) also claim that AI transforms not only warfare but also governance, decision-making, and coercive strategies. These discussions imply that AI cannot be viewed solely as a technology of military influence, but also as an instrument of economic and political influence.

The increasing importance of economic statecraft in foreign policy analysis has been given a new focus. As Baldwin (1985) proved, political goals are commonly sought with the help of economic resources, whereas Blackwill and Harris (2016) describe the role of sanctions, trade policy, and restrictions on investments as the tools of geopolitical rivalry used by modern states. These capabilities are extended by the combination of AI and economic statecraft to better predictive analysis, target selection, and enforcement mechanisms.

Another dimension to the conversation is Multipolarity. According to scholars like Acharya (2014) and Kupchan (2012), the modern global order is defined by the plural centers of power and various political models and competing views of order. Within this kind of an environment, the management of new technologies becomes more disputed. The competition of AI among the big powers is not merely a technological competition but a battle of regulations, guidelines, and power (Kissinger et al., 2021).

Despite the helpful insights of such literatures, a gap in knowledge about the interaction between AI and weaponized interdependence to transform foreign policy still exists. The present paper aims to fill this gap by synthesizing the international political economy, foreign policy analysis, and AI governance literature.

Theoretical Framework

The concept of weaponized interdependence that is combined with a realist-informed sense of foreign policy adaptation in a multipolar system is a combination of the two in this paper. Weaponized interdependence describes the ways that states that are central to global networks can convert interdependence to coercive power (Farrell, 2019). This is complemented by realist thought where states in competitive setting pursue relative benefits, security and autonomy and not depending only on mutual benefit (Waltz, 1979; Mearsheimer, 2001).

AI enhances weaponized interdependence in three possible ways. To start with, it enhances visibility. Machine learning systems have the ability to compute big quantities of economic and logistical data, enabling states to map dependencies at a higher level of accuracy than before. Second, it enhances control. AI facilitates a more efficient control over the compliance with the sanctions, export controls, financial transactions and digital communication flows. Third, it enhances speed. States are able to react to economic trends and strategic threats in a shorter amount of time, shortening the time gap between the identification and coercion.

These capabilities influence the foreign policy of a multipolar world since they stimulate governments to be concerned with strategic resilience. States are more and more concerned with reducing vulnerability, as opposed to maximizing openness. This change is seen in industrial policy, semiconductor controls, and digital sovereignty programs as well as friend-shoring policies. This way, foreign policy is more closely linked with technological governance and supply-chain security.

Methodology

In this paper, the research design is a qualitative approach relying on the interpretive and theoretical examination. The qualitative method is suitable as the topic is the changing geopolitical processes, policy concepts and behavior of the strategies that cannot be explained solely by quantitative measures. The discussion is based on the secondary academic literature, policy reports, and conceptual arguments within the international relations, international political economy, and AI regulation.

The research uses a thematic approach. First, it determines the key mechanisms of interaction between AI and economic interdependence. Second, it examines foreign policy reactions by key players in a multipolar system. Third, it puts into perspective the larger implications of these developments to international order. It is not to test a very specific causal hypothesis by means of statistical measurement, but rather to offer a theoretically informed account of an emerging global phenomenon.

AI and the Strengthening of Weaponized Economic Interdependence.

Information Technology, Technology, and Network Power.

AI is dependent on access to big data, computing abilities, cloud computing, and high-technology semiconductors. Such resources are not equally distributed in the international system. Dominating these areas, states and firms acquire structural power in relation to others. Such a dynamic resembles the concept that Strange (1988) called structural power, i.e., the power to influence the structures within which other people have to work. Nowadays, with the era of AI, such power is increasingly based on digital and technological infrastructure.

AI systems introduce new dependencies since they need inputs that are networked. A nation can rely on a foreign cloud services provider, imported chips, external data platform or software ecosystem to develop AI. Such dependencies create vulnerability. In case of the restricted access to a single component, it can destabilize the whole chain. This is notably noticeable in the semiconductor industry where the design, production facilities, and the level of fabrication are centralized among few countries and firms (Miller, 2022).

AI improves the capacity of states to determine and take advantage of these weaknesses. Algorithms can help governments identify the types of industries that depend on specific suppliers, companies that have ties with specific organizations and those transactions that show that a company is evading sanctions. Consequently, the economic pressure is more accurate, measurable, and challenging to avoid. What used to need sweeping and sometimes crude restrictions can be now sought out with the help of data-driven targeting.

AI and Economic Statecraft Automation.

Tariffs, sanctions, embargoes, and investment controls were considered to be the traditional aspects of economic statecraft. AI changes these tools into dynamic systems rather than just a tool. Illicit financial flows, hidden ownership structures, and the effects of restrictions on target economies can be monitored with the help of machine learning. It may also assist governments to measure the secondary impacts on allies and home industries and make more measured policy decisions (Blackwill & Harris, 2016).

This has significant consequences on the policy of sanctions. The sanctions have also been known to be affected by issues of enforcement, overreach, and unintended consequences. With the help of AI, it becomes simpler to follow the transactions across borders, identify irregularities, and indicate the patterns related to circumvention. This enhances the force of those states which possess monetary and technological centers. Essentially, AI does not substitute economic coercion; it streamlines it and enables it to be more responsive.

Meanwhile, AI can be employed to an offensive in both commercial and technological competitiveness. States can use AI to manipulate commodity markets, manipulate information that can be useful in investor behavior, or facilitate cyber-based attacks on economic infrastructure. The weaponization of interdependence in this sense goes beyond sanctions to more general types of algorithmic economic competition.

Predictive Control and Surveillance.

Surveillance is another form of weaponized interdependence that is enhanced by AI. Digital interdependence generates huge volumes of data on financial transactions, on the internet, on shipping routes, on customs records and on communications. AI enables states to derive strategic intelligence in these flows in a scale. This gives rise to an idea of what Zuboff (2019) generally refers to as surveillance-based power, but in the international space it has a geopolitical quality.

Incorporating AI and state surveillance, governments will be able to predict economic areas of pressure before a crisis would fully develop. They are able to know which companies are indispensable, which industries are vulnerable and which nations are the ones that will be affected most. This then allows foreign policy to become more anticipatory and interventionist.

States can preemptively make supply chains hard, limit investments, or even diversify alliances instead of waiting to be confronted.

Foreign Policy Redefined in a Multipolar World From Openness to Resilience

Re-definition of foreign policy priorities is one of the most obvious effects of AI-driven weaponized interdependence. During the liberal wave of globalization, openness was perceived as economically advantageous and politically stabilizing by a number of states. In the contemporary world, governments are more and more openness conditional. Access is no longer a central issue, but safe access. This has been evidenced in the policies of resilience, redundancy and selective decoupling.

Resilience-oriented foreign policy aims to minimize the susceptibility to coercion through diversifying the supply chains, development of domestic capacity and coordination with the reliable partners. AI is involved in this process in two ways. On one hand, it brings about new weaknesses of increased technological dependence. Alternatively, it offers analytical facilities of dealing with such vulnerabilities. The foreign policy thereby becomes more technocratic and security oriented.

This tendency is reflected in discussions of semiconductor sovereignty, critical minerals, data localization, and data infrastructure standards. States are turning to diplomatic avenues to gain access to AI-related resources and to influence regulations of the new technologies. Foreign policy is so going to expand to areas that were considered as technical or commercial challenges.

Strategic Decoupling and Friend-Shoring.

The concept of decoupling is associated with the attempts to minimize reliance on the geopolitical competitors in the strategic industries. Although complete economic separation is usually not feasible, selective decoupling has evolved into a significant characteristic of modern statecraft. This process is more rapidly accelerated due to AI relying on strategically sensitive inputs (high-end chips and specialized computing hardware), which are mostly relied upon by the most advanced AI ecosystems (Miller, 2022).

One foreign policy reaction towards this environment is friend-shoring. States are trying to move production and collaboration to allies and trusted partners instead of using globally optimized, but politically risky supply chains. This is a significant change in focus towards efficiency to security. Globalization is not becoming extinct; it is being restructured in geopolitical terms.

Friend-shoring is not so clear in a multipolar world. States can be on one side of the power in the area of security and on the other side of the power in the realms of the economy. Middle powers and developing countries do not want to make binary decisions, but want to be able to flexibly pursue their strategies. This makes the foreign policy more intricate and multifaceted. Governments need to find ways of walking the fine line of dependency on many actors and not becoming overly vulnerable to blackmailing by one particular player.

Foreign Policy: Technological Sovereignty.

AI has turned technological sovereignty into a key foreign policy goal as well. Technological sovereignty is the ability to regulate technologies, infrastructure, and regulatory standards without overreliance on foreign powers. A high-profile example of this practice is the European Union digital strategy, which is a mix of regulation, industrial policy, and external diplomacy to secure strategic autonomy (Bradford, 2020).

The concept of technological sovereignty is indicative of a wider change in diplomacy. The role of foreign ministries in the management of platforms, cyber norms, chip diplomacy, and AI ethics is on the rise. Diplomatic activity has also encompassed discussions on standards,

licensing regimes, export controls and data control. This is a blurred line between a domestic policy and foreign policy.

Technological sovereignty is also a source of status and power in a multipolar system. States that influence AI standards and infrastructure will be able to exert power without it being coercive. On the other hand, the autonomy of their policy may be limited by states which are still dependent. AI not only changes the way foreign policy is carried out, but also who is capable of doing it.

The Politics of AI Competition and Multipolarity.

Multipolarity makes the association between AI and interdependence challenging since it allocates power to many centres instead of one powerful force. This is to say that, not a single state is monopolizing the weaponization of interdependence. Various forces can own various links in the world economy, including finance and software, manufacturing and raw material. Consequently, vulnerability turns to be multidirectional.

Hedging, coalition-building and issue specific alignment are determinants of foreign policy in such a system. In one scenario, states can collaborate in the regulation of AI and in the other, they can be in fierce competition. They can promote open standards on rhetoric, and seek national benefit on practice. Multipolarity consequently creates disjointed governance, wherein no model of digital order is dominant (Acharya, 2014).

The United States and China are the most obvious poles of AI-related competition, though the European Union, India, Japan, Gulf States and other players looking to gain control over technological standards and infrastructure are involved in the bigger picture. These actors are not mere respondents to the superpowers; they seek their strategies of adaptation and take advantage. In that regard, foreign policy is becoming more selective in dealing with interdependence as opposed to accepting or shunning it in general.

Global Governance implications.

The increasing merger of AI and weaponized interdependence is having significant implications to the global governance. First, it destroys confidence in open economies. When states feel that dependency can be transformed to coercion, they will not be willing to go with well integrated networks. This can be a contributor to fragmentation of trade, finance and digital infrastructure.

Second, it generates gaps in governance. The current international institutions were not created in a world where data flows, algorithms, semiconductors and digital platforms have become the key to geopolitical contest. Trade and technology regulations are becoming more challenged, and multilateral institutions are failing to keep up with the fast-paced innovation (Kissinger et al., 2021).

Third, it brings both ethical and political issues. Economic coercion carried out by AI can be more accurate compared to other instruments, yet it can be less apparent and more challenging to challenge. The opaque algorithmic systems may be assigned with decisions regarding the sanctions enforcement, risk scoring, or strategic restrictions. This raises issues of responsibility, partiality and legitimacy.

Lastly, these trends enhance the chances of escalation. Since AI can quickly identify and react, states are likely to be more timely and defensive in a crisis situation. Economic indicators have the potential to provoke retaliation in various sectors such as the cyber space, trade and diplomacy. The competition in the economy is intertwined with the national security conflict.

Discussion

The main conclusion of this paper is that AI does not merely introduce a new dimension to international politics; it changes the very concept of interdependence. The traditional arguments usually viewed economic interdependence as an origin of either peace or vulnerability. Both of these possibilities are intensified by AI. It makes cooperation more

valuable as it leads to innovation and development, but it also amplifies asymmetries that may be used to exercise coercive power.

Foreign policy is hugely affected by this change. Economic relations cannot be said to be politically neutral any longer by governments. These data, chip, software, and infrastructure dependencies that are linked to AI now constitute the core of diplomacy and national strategy. Consequently, the foreign policy is becoming increasingly integrated with the trade policy, industrial policy and digital regulation.

The issue is even tougher in a multipolar world where no power is above the others, and thus there is no power that could stabilize the system. States have to make their decisions between competing technological power centres, and maintain their independence. This promotes discriminating participation, institutional diversification and experimentation. This type of foreign policy is not so much about dealing with territorial disputes in isolation; rather it is about dealing with exposure in transnational systems.

Conclusion

Artificial intelligence is changing the concept of foreign policy by escalating the process of weaponizing economic interdependence in the multipolar world. The more states become able to map, monitor and manipulate the global networks with increased precision, the more interdependence can be an area of strategic competition and not a mere basis of cooperation. Surveillance is improved, economic statecraft is made more effective, and it speeds up the securitization of trade and technology using AI.

Foreign policy is in reaction changing to resiliency and technological sovereignty and selective decoupling. States are starting to become more vulnerable, trying to minimize it while retaining access to vital resources and networks of innovation. This is not the end of globalization, but a change towards a more contested and politically controlled entity.

These dynamics have been complicated by the multipolarity of the existing international order. Various powers are leveraged in various industries and small states need to manoeuvre around these tussles. The future of foreign policy will hence not just rely on the military might or diplomatic ability, but also the ability to cope with the technological dependency in the era of AI. This change is critical to both scholars and policy makers in that the politics of the twenty-first century will not only be determined by who holds power, but by who owns the networks through which power traverses.

References

- Acharya, A. (2014). *The end of American world order*. Polity Press.
- Allison, G. (2017). *Destined for war: Can America and China escape Thucydides's trap?* Houghton Mifflin Harcourt.
- Baldwin, D. A. (1985). *Economic statecraft*. Princeton University Press.
- Blackwill, R. D., & Harris, J. M. (2016). *War by other means: Geoeconomics and statecraft*. Harvard University Press.
- Bradford, A. (2020). *The Brussels effect: How the European Union rules the world*. Oxford University Press.
- Bremmer, I., & Kupchan, C. A. (2015). Risk or opportunity? The foreign policy implications of global economic interdependence. *The Washington Quarterly*, 38(4), 7–22.
- Crootof, R. (2020). The law of AI for good. *Yale Journal of Law & Technology*, 22(1), 1–110.
- Drezner, D. W., Farrell, H., & Newman, A. L. (2021). *The uses and abuses of weaponized interdependence*. Brookings Institution Press.

- Farrell, H., & Newman, A. L. (2019). Weaponized interdependence: How global economic networks shape state coercion. *International Security*, 44(1), 42–79.
- Horowitz, M. C. (2018). Artificial intelligence, international competition, and the balance of power. *Texas National Security Review*, 1(3), 36–57.
- Keohane, R. O., & Nye, J. S. (1977). *Power and interdependence: World politics in transition*. Little, Brown.
- Kissinger, H. A., Schmidt, E., & Huttenlocher, D. (2021). *The age of AI: And our human future*. Little, Brown.
- Kupchan, C. A. (2012). *No one's world: The West, the rising rest, and the coming global turn*. Oxford University Press.
- Mearsheimer, J. J. (2001). *The tragedy of great power politics*. W. W. Norton.
- Miller, C. (2022). *Chip war: The fight for the world's most critical technology*. Scribner.
- Scharre, P. (2018). *Army of none: Autonomous weapons and the future of war*. W. W. Norton.
- Segal, A. (2021). *The hacked world order: How nations fight, trade, maneuver, and manipulate in the digital age*. PublicAffairs.
- Strange, S. (1988). *States and markets*. Pinter.
- Waltz, K. N. (1979). *Theory of international politics*. Addison-Wesley.
- Zuboff, S. (2019). *The age of surveillance capitalism*. PublicAffairs.