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THE SILICON CURTAIN: TECHNOLOGY ALLIANCES AND THE FRAGMENTATION OF GLOBAL SUPPLY CHAINS



“If the twentieth century ran on oil and steel, the twenty-first century runs on computing power and the minerals that sustain it.” This observation, attributed to a senior United States economic official, captures the strategic shift that increasingly defines contemporary geopolitics. As artificial intelligence and advanced computing technologies become central to economic and military power, governments are attempting to restructure global supply chains to secure reliable access to the resources and capabilities that sustain them.

A recent initiative informally referred to as “Pax Silica” illustrates this emerging strategy. Conceived as a coalition of technologically aligned nations, the arrangement seeks to link together various components of the semiconductor and artificial intelligence ecosystem. Participants include countries with complementary strengths—Australia with its reserves of critical minerals, Singapore with sophisticated logistics infrastructure, and Japan with high-precision manufacturing capabilities. By formalising cooperation among such partners, the United States hopes to construct what policymakers describe as a closed-loop technology ecosystem.

The underlying objective is to insulate the development of artificial intelligence and advanced computing from China's influence. For several decades the global semiconductor industry operated according to the logic of economic efficiency rather than geopolitical alignment. Design often occurred in the United States, fabrication in Taiwan and South Korea, specialised equipment manufacturing in the Netherlands or Japan, and large-scale assembly in mainland China. This distributed structure reflected comparative advantage and the availability of skilled labour, allowing companies to optimise costs and productivity.

However, the growing strategic importance of semiconductors has altered this arrangement. Governments increasingly regard control over chip supply chains as essential to national security. In response, initiatives like Pax Silica aim to reorganise production networks around politically aligned partners. Rather than maintaining a fully globalised system, the United States appears to be prioritising technological cooperation among countries willing to integrate their industrial capabilities with American standards and regulatory frameworks.

Under such a model, member states would coordinate semiconductor design, collaborate on artificial intelligence research and invest jointly in the extraction and processing of rare earth minerals. The initiative also seeks to align supply chain infrastructure, from raw material extraction to high-end manufacturing and software development. By synchronising these stages across allied economies, policymakers hope to reduce dependence on Chinese manufacturing capacity.

The proposal reflects a broader shift in American economic strategy. During earlier phases of globalisation, Washington often emphasised inclusive trade arrangements that encompassed both allies and competitors. The emerging approach instead focuses on forming coalitions of technologically compatible states. In practical terms, this means prioritising partnerships with countries that are both politically aligned and willing to adopt shared security protocols governing technology transfers and data management.

Yet this strategy raises complex geopolitical questions, particularly regarding India's role. Despite its absence from the initial group of participating countries, India possesses characteristics that make it strategically valuable within any technology alliance. Its large pool of engineers and software specialists has already made the country an important hub for digital services and research. Indian officials frequently emphasise that the country's technical workforce constitutes a critical component of the global artificial intelligence talent pipeline.

At the same time, India's foreign policy remains deliberately pragmatic. While New Delhi has strengthened strategic cooperation with Western countries, it continues to maintain economic engagement with China. This balancing approach reflects both geopolitical caution and economic necessity. India seeks access to Western technology and investment while preserving the benefits derived from proximity to the world's largest manufacturing ecosystem.

This dual orientation creates what analysts often describe as an "Indian paradox." On one hand, India's technological capabilities and democratic political system align naturally with the objectives of Western-led technology coalitions. On the other hand, India's economic strategy emphasises diversification rather than outright decoupling from China. The government's broader aim is not a rigid separation of supply chains but a recalibration that preserves economic flexibility while strengthening strategic resilience.

Consequently, initiatives like Pax Silica place India in a delicate position. Participation in a technology alliance designed partly to counter Chinese influence could enhance India's access to advanced manufacturing networks and investment flows. Yet such participation might also

complicate its efforts to maintain stable economic relations with Beijing. The result is a complex diplomatic landscape in which India must navigate competing strategic incentives.

More broadly, the emergence of technology alliances suggests that the global economy may be entering a period of fragmentation. Instead of a single integrated system of production, multiple overlapping blocs may form around geopolitical interests. For policymakers, the challenge lies in balancing security concerns with the economic benefits historically generated by open technological exchange.

Artificial intelligence and semiconductor manufacturing depend heavily on international collaboration, from the extraction of rare minerals to the sharing of scientific knowledge. While efforts to restructure supply chains may enhance resilience against geopolitical risk, they may also limit the fluid exchange of ideas that historically drove technological progress.

Whether the emerging “Silicon Curtain” ultimately fosters a more secure technological ecosystem or merely creates a costly and inefficient fragmentation of the global economy remains uncertain. The answer will depend largely on whether strategic cooperation can coexist with the openness that innovation traditionally requires.

META BUYS AI-ONLY SOCIAL NETWORK MOLTBOOK

- Your Story



Meta Platforms, the parent of Facebook and Instagram, has acquired Moltbook, a social network where only software programmes can post and interact.

Moltbook was built as an AI-only forum, where so-called **AI agents**—that is, software programs that can act and communicate without direct human typing—create posts, reply and vote in a Reddit-like format.

The platform drew intense attention earlier this year after several viral threads appeared and researchers probed how genuinely autonomous those posts were.

Under the deal, Moltbook founders Matt Schlicht and Ben Parr will join Meta's **Superintelligence Labs**, the company unit focused on advanced AI research. Meta has not disclosed a purchase price, and reports say the terms remain private.

Independent researchers and a security firm found earlier misconfigurations in Moltbook's systems that exposed large numbers of API keys and other sensitive data. API keys are secret

codes used by developers to let different services communicate securely, and exposure can let attackers control or impersonate automated accounts.

The incident prompted fixes and broader discussion about the risks of always-on, autonomous agents.

The deal gives **Meta** a ready-made testbed for agent-style features that could one day be integrated across its apps.

Some of Moltbook's most eye-catching posts involved human prompting or intervention rather than purely independent machine behaviour, which highlights the challenge of judging what is truly autonomous, according to reports. How Meta will fold Moltbook into its products is not yet clear.

The acquisition is another sign that major tech firms are moving quickly to acquire small teams and experimental projects as they race to define the next wave of AI-driven products.

TAKAICHI RECASTS JAPAN'S POSTWAR DEFENSE DOCTRINE WITH EAST ASIA ON EDGE

- Bloomberg



As Japan's occupying power after World War II, the United States undertook a sweeping demilitarization of the country. The Imperial Japanese Army was dissolved, a vast intelligence and domestic surveillance apparatus dismantled and a new constitution enacted that renounced

the right to wage war. Militarist doctrine in classrooms was replaced with instruction in democracy.

Now, buoyed by the largest electoral mandate in the country's history, Japanese Prime Minister Sanae Takaichi is positioned to overturn key elements of that postwar settlement in a pivotal moment for East Asia's security landscape. Having secured a commanding majority in the lower house of parliament in the Feb. 8 elections, she now has the political and procedural leverage to pursue sweeping change, including creating an intelligence agency modeled on the CIA, enacting anti-espionage legislation and increasing defense spending aimed at building one of the world's most advanced militaries.

Takaichi also has a viable path to revising the pacifist constitution that was enacted in 1947 — a longstanding goal of her ruling Liberal Democratic Party. Public support has grown for amending the charter to affirm Japan's right to maintain a military and use force to defend national interests, reflecting widespread concern about China's rise, the threat posed by North Korea and the unpredictability of the US as Japan's sole formal security ally.

Having reshaped Japan after the war, the US is again among the strongest advocates of change. When Takaichi meets President Donald Trump in Washington on March 19, she will encounter a White House that views a more assertive, militarily capable Japan as central to countering China. Japan's role would grow even more critical if the US-Israeli war with Iran were to draw American military resources away from East Asia.

The conflict in the Middle East helps the prime minister "make the case that Japan faces an increasingly dangerous world and needs strong leadership and Takaichi's focus on national autonomy and self-reliance to survive," says Tobias Harris, the founder of Japan Foresight, a political risk consultant.

At the same time, Takaichi's more hawkish stance has unsettled neighbors wary of a military revival in Japan. China responded angrily last year when she suggested Japan's armed forces could be deployed in the event of an invasion of Taiwan, and tension between Beijing and Tokyo has not subsided. Among other retaliatory measures, Beijing announced restrictions on exports of goods that could be used in weapons manufacturing and warned of a return to Japanese militarism.

While Takaichi has moved to deepen ties with South Korea, memories of Japan's colonization of the peninsula from 1910 to 1945 remain potent. She has long been an ardent nationalist, and argues Japan has apologized enough for wartime atrocities. Before becoming prime minister, she frequently visited Tokyo's Yasukuni Shrine, where Japan's war dead, including convicted war criminals, are honored. Another such visit could strain relations with Seoul.

Japan also occupied much of Southeast Asia during the war, but has forged closer connections with many countries there in recent years, driven by shared concerns about the threat from China.

In Japan, the notion that the country will reprise its early 20th-century aggression strikes many as implausible — particularly younger Japanese who are less attached to pacifism than their elders. Opinion polls suggest that many under 50 don't agree with the notion that Japan's options to safeguard its sovereignty and prosperity should be constrained by its imperialist past.

Like her mentor, the late former Prime Minister Shinzo Abe, Takaichi wants Japan to remain at the table of great-power politics, restore national pride and assert greater control over its

destiny. She argues that the country must become more resilient to foreign coercion, better able to deter aggression and more capable of contributing to regional stability.

“No one will help a country that lacks the resolve to defend itself,” she said in January. Abe faltered in his efforts to forge a more confident, assertive Japan, but an increasingly turbulent world is providing a tailwind for Takaichi to advance that agenda.

Japanese Prime Minister Shinzo Abe with Sanae Takaichi in 2014, when she was Minister for Internal Affairs and Communications under his administration. Photographer: Toshifumi Kitamura/AFP/Getty Images

In contrast to more recent US-led nation-building efforts, in Iraq and Afghanistan, the reshaping of postwar Japan is widely regarded as a success. Under what became known as the “Yoshida Doctrine” — named after Prime Minister Shigeru Yoshida — Japan prioritized economic revival while the US guaranteed its security. Civil society flourished as police surveillance, neighborhood informant networks and the suppression of public dissent came to an end. Respect for individual rights and democratic values became embedded. Most Japanese supported the new pacifist orientation, amid lingering resentment of the wartime military leadership.

While Japanese conservatives chafed against the nation’s subordination to the US, they continued to support close ties, watching the growing specter of international communism. A bilateral security treaty first signed in 1951 ensured American forces would remain stationed in Japan even after the occupation ended in 1952. The arrangement still enables the US, which has about 53,000 troops in Japan, to project power across the region.

The Liberal Democratic Party made revising the constitution a core objective when it was formed in 1955, but the effort drew little public interest. As the economy took off in the 1970s and '80s, the issue was pushed to the back burner. Proposals for revisions in 2005 and 2012 were resisted by the LDP’s coalition partner Komeito, a party with Buddhist roots.

After Takaichi’s election landslide and Komeito’s departure from the coalition, she’s now better placed to win parliamentary approval for constitutional change. Two-thirds support from both houses of parliament is required, as well as majority approval in a national referendum. Opinion polls show growing support for amending the constitution, though many remain undecided.

Takaichi aims to revise Article 9, which forbids Japan from going to war and constrains its ability to maintain a military. The nation’s Self-Defense Forces are strictly limited to protecting Japan’s territory, though since 2014 they have been permitted to engage in “collective self defense,” or aid an ally under attack. Takaichi and other conservatives say any remaining ambiguity over the SDF’s legal status must be removed.

Japan’s defense posture underwent a seismic shift in 2022 following Russia’s invasion of Ukraine and China’s launching of missiles over Taiwan that landed near Japanese islands. Funds were earmarked for “counterstrike” missiles capable of hitting China or North Korea if Japan were attacked. In its largest military buildup in decades, the nation raced to install missile batteries, radar towers and ammunition storage sites on an archipelago of islands. Military spending was set on a path to reach 2% of GDP by March 2028, up from an informal 1% cap.

Takaichi has already hit that target after further boosting the defense budget and is considering other options to ensure the military is equipped for modern warfare, including the possibility of nuclear-powered submarines.

A key priority is strengthening Japan's defense industry. In the coming months, the government plans to introduce legislation easing restrictions on defense exports — a boost for the sector's nascent defense technology industry.

Other elements of Takaichi's national security agenda have been years in the making, shaped by her previous policy interests. As a former cabinet minister responsible for economic security, she's long emphasized securing supply chains, protecting critical infrastructure and investing in advanced technologies such as AI.

Before becoming prime minister, Takaichi played a leading role in discussions on a proposed anti-espionage law aimed at tackling subversive activities by foreign states. Bemoaning a lack of cross-agency coordination, she aims to create a National Intelligence Bureau by July. The government also wants to establish a foreign intelligence agency modeled on the CIA or the UK's MI6.

Despite her historic parliamentary majority and strong public approval ratings, Takaichi faces a number of challenges. Lifting the defense budget will test her pledge to maintain a "responsible active fiscal policy" — particularly as the bond markets stand ready to punish any signs of fiscal recklessness. She also needs to prioritize inflation and the other bread-and-butter economic issues that matter most to voters. Abe didn't during his brief first stint in office in 2006, and was out of power within a year.

Takaichi's key campaign pledge in February's election was to build "a strong and prosperous Japanese archipelago." Her huge mandate gives her the opportunity to do just that, and perhaps more. After her victory, the Economist described Takaichi as "the world's most powerful woman." The nation's first female prime minister has articulated a vision for how Japan can navigate a world increasingly shaped by strongmen with scant regard for international law. If she succeeds in boosting Japan's defense and intelligence capabilities, the nation could play a significant role in stabilizing East Asia.

To preserve the long stretch of peace Japan has enjoyed since World War II, Takaichi says, the national change now must be almost as far-reaching as the transformation that followed its defeat.