



The New Naval Arms Race: Geopolitical Drivers and Global Risks

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By Gilang Kembara

SYNOPSIS

The 21st Century is witnessing a global resurgence in navalism, driven by heightened threat perceptions following Russia's invasion of Ukraine and a broader shift towards great-power maritime competition. At the same time, rapid naval expansion, without parallel investment in de-escalation frameworks is deepening mistrust and increasing the risk of miscalculations at sea.

COMMENTARY

Naval power has long been a central instrument of statecraft, influencing both the balance of power and the character of global order. As great-power rivalry intensifies and regional tensions rise, states around the world are heavily investing in modernising their navies, adopting advanced technologies and expanding their maritime ambitions. This assertion of naval dominance is known as navalism, an ideology inspired by Alfred T. Mahan's writings in the late 19th century.

These developments are happening amid rapidly shifting threat perceptions – ranging from Russia's war in Ukraine to China's maritime assertiveness – and are compounded by breakthroughs in unmanned systems, autonomous platforms, and high-energy weapons.

Although naval capabilities advance rapidly, mechanisms for dialogue, crisis management, and de-escalation have not kept pace. The result is a strategic environment in which growing naval power risks intensifying competition rather than fostering stability.

Changing Threat Perceptions

The geopolitical shock triggered by Russia's "Special Military Operation" in Ukraine in February 2022 has profoundly reshaped defence priorities across NATO. Member states have accelerated force modernisation programmes, reflected most visibly in sharp increases in defence budgets.

The United Kingdom's *Strategic Defence Review 2025*, for example, commits London to raising defence spending to [2.5 per cent of GDP](#), with a planned increase to 3 per cent in the following years. Germany has adopted an even more ambitious trajectory, pledging to reach [3.5 per cent of GDP](#) by 2029.

Sweden and Finland, NATO's newest members, have outlined similar upward trajectories, aiming for [2.6 per cent and 3 per cent of GDP](#), respectively, by the end of the decade. Taken together, these developments show a significant shift of European security thinking in response to a more contested strategic environment.

A significant part of these increased defence expenditures is being channelled into naval modernisation. Russia's war has highlighted for many allied governments that navies must be prepared not only for presence missions and crisis response but also for high-end warfighting.

The UK's First Sea Lord, General Sir Gwyn Jenkins, has emphasised the urgency of ["changing course"](#) to restore the Royal Navy's combat credibility by 2029 – a sentiment increasingly echoed across NATO.

This renewed emphasis is manifested in the procurement of advanced surface combatants capable of anti-submarine warfare, air defence, and multi-role operations. The UK's planned Type 26 frigates and Germany's forthcoming F126-class exemplify this shift towards high-end maritime capability.

Collectively, these developments illustrate a fundamental shift in threat perception. Russia's aggression has acted as a catalyst, prompting NATO members and partners to reassess naval preparedness, reinvest in high-end platforms, and prepare for a future where sea control and undersea dominance once again play a crucial role in national defence. Instead of a short-term solution, the current trajectory suggests a long-term overhaul of maritime strategy across Europe and beyond.

Application of Technology

Rapid technological innovation and the increasing affordability and accessibility of advanced systems have become key drivers of contemporary naval modernisation. For many states, technology now acts not only as a force multiplier but also as a strategic workaround for shrinking manpower pools and declining interest in military service.

One of the clearest examples of this trend is the Republic of Singapore Navy, which has become a leader in the operational integration of unmanned systems. Singapore has deployed a series of [unmanned surface vessels \(USVs\)](#) designed to

complement its fleet and improve maritime border security. The autonomous capabilities of these USVs require only a two-person crew, a stark contrast to the 23-person complement required for a Littoral Mission Vessel (LMV) such as the RSN's *Independence*-class LMV.

Advances in directed-energy weapons (DEWs) further demonstrate the transformative potential of emerging technologies in naval warfare.

The United Kingdom has invested heavily in developing high-power laser capabilities. Its [DragonFire system](#) successfully intercepted high-speed drones during testing, marking a significant milestone towards deploying DEWs aboard Royal Navy vessels from 2027 onwards.

The system promises low-cost, high-precision defensive capabilities, especially against drones and incoming missiles and could profoundly alter the economics and escalation dynamics of naval engagements.

Some states are pursuing even more radical technological pathways. Russia, for instance, has developed the [Poseidon](#) unmanned, nuclear-powered underwater vehicle – known within NATO as *Kanyon*.

Poseidon is designed to strike naval or coastal targets, and reportedly capable of generating a massive tsunami via an underwater nuclear explosion. Whether its full capabilities are operational or not, Poseidon signifies a qualitative shift in naval deterrence, introducing autonomous nuclear delivery systems into the maritime domain and complicating existing strategic-stability frameworks.

A More Volatile Environment

The escalating naval expansion in the 21st Century reflects earlier eras of great-power maritime competition, most notably the Anglo-German naval arms race of the early 20th Century. In both cases, expanding fleets – fuelled by nationalist ambitions, shifting threat perceptions, and the pursuit of maritime dominance – have increased the risk of miscalculations.

While today's naval modernisation is accelerating across multiple regions, efforts to build durable mechanisms for crisis management and de-escalation have not kept pace. This widening gap heightens the danger that routine encounters at sea could escalate into more serious confrontations.

The South China Sea is one of the clearest example of this dynamic. Although attempts at dialogue – such as ongoing negotiations between ASEAN and China on a Code of Conduct – continue, progress has been slow and uneven. Meanwhile, many regional actors have acted more quickly to strengthen their naval forces.

The Philippines' ongoing pursuit of a [submarine capability](#) and Indonesia's consideration of acquiring Italy's former aircraft carrier *Giuseppe Garibaldi* reflect a growing belief that diplomatic mechanisms alone are insufficient to safeguard

maritime interests. The imbalance between militarisation and conflict-prevention efforts risks making the region more volatile, not less.

[Similar pressures](#) shape the evolving relationship between the United States and China. The rapid expansion of the People's Liberation Army Navy (PLAN) has led Washington to bolster partnerships such as the Quad and AUKUS. However, these initiatives, intended to counter China's expanding power, have often reinforced rather than eased strategic suspicion.

Even the recent [Trump-Xi détente](#) – while symbolically significant – has done little to address underlying structural tensions. With core disagreements unresolved, and both states' bureaucracies prepared to impose new constraints, should high-level diplomacy stall, the risk of renewed friction remains high.

The bilateral relationship thus exemplifies the broader reality shaping contemporary navalism: diplomatic engagement is progressing too slowly to keep pace with military competition.

Taken together, these cases demonstrate that while naval power is expanding rapidly across multiple regions, the institutional, diplomatic, and normative tools needed to prevent escalation are developing much more slowly.

Without substantial investment in confidence-building measures, crisis-communication channels, and maritime governance frameworks, states will continue to operate in an environment where misunderstandings or miscalculations at sea could have profound strategic consequences.

Conclusion

The resurgence of navalism in the 21st century reflects a convergence of shifting threat perceptions, rapid technological innovation, and deepening geopolitical mistrust. As states modernise their fleets and invest in more advanced maritime capabilities, these efforts have not reduced insecurity but instead reinforced existing rivalries.

From NATO's naval modernisation to deter Russian aggression, to Southeast Asian states' assertion of their strategic autonomy, and the continuing strategic rivalry between Washington and Beijing, the new naval arms race is no longer a private, bilateral affair, but rather a multilateral one that poses a risk to global security and stability.

While naval capabilities advance rapidly, mechanisms for managing crises and reducing tensions lag far behind. Without parallel diplomatic initiatives and credible mechanisms for crisis management, the revival of naval power is more likely to intensify strategic competition and heighten the risk of conflict rather than contribute to a stable international order.

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