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Global Competition and the Policy of Development Restraint: Regulatory-Institutional Dimensions of Strategic Rivalry

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ABSTRACT. The article proposes a theoretical interpretation of global competition as a process of structural reformatting of economic and technological conditions of development through changes in access regimes to resources, markets, and technologies, as well as through the formation and competition of standards and regulatory-institutional regimes. This approach allows us to move away from the notion of competition as neutral market rivalry and to consider it as a politically and institutionally constructed configuration within which states and coalitions increasingly influence the development trajectories of other actors. On this basis, a conceptual distinction is made between competition and rivalry, which is interpreted as a specific mode of global competition unfolding under conditions of preservation, but strategic resubordination, of economic interdependence. The key analytical focus of the article is the policy of development restraint, which is conceptualized as a systemic geoeconomic and regulatory-institutional regime of influence aimed at forming long-term development asymmetries rather than situational correction of a competitor's behaviour. A distinction is proposed between the policy of development restraint as a generic concept and restraint strategies as specific logics of its implementation, including deterrence, containment, compellence, rollback, and engagement. Particular attention is paid to the relationship between the development re-

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straint policy and de-risking policy and decoupling, which are interpreted, respectively, as intermediate and limiting regimes for managing economic and technological interdependence.
The article demonstrates that the implementation of development restraint policy occurs through a combination of technological, financial, regulatory-institutional, and behavioral mechanisms, including regulatory competition and the formation of transnational regulatory regimes that ensure the extraterritorial nature of influence. The fragmentation of the global economy is not interpreted as deglobalization, but rather as a structural consequence of the purposeful modification of global competition under conditions of rivalry. Empirical analysis of China containment policy demonstrates how the proposed theoretical framework explains contemporary transformations of the global economic order and the logic of managing development trajectories in the long-term perspective.

KEYWORDS: policy of development restraint, competition, rivalry, strategy, protectionism, development asymmetries, divergence, regulatory regimes, interdependence, fragmentation, value chains, supply chains, derisking, decoupling, centers of power, EU, USA, PRC

Introduction

The intensification of geoeconomic tensions over the last decade has led to the formation of a fundamentally new configuration of interaction between the world's leading economic centers. The growth of competition between states for control over critical factors of production, technological capabilities, and regimes of access to markets and resources has created an environment in which traditional instruments of regulating international economic relations are increasingly less capable of maintaining the reproduction of established parameters of the international division of labour. In this context, restraint policy acquires a qualitatively new content: it ceases to be exclusively an element of security strategy and transforms into a mechanism of regulatory influence aimed at resubordinating the conditions of global competition through the formation of normative, institutional, technological, and financial barriers that affect the development trajectories of a systemic competitor in the medium and long term.

The relevance of the research is largely determined by the fact that competition between leading economies is increasingly less defined by purely market parameters, acquiring features of politically motivated competition that change the rules of the game for all participants in the world economy. The formation of blocs, the reorientation of trade flows, the shift in investment policy priorities, and the use of technological or environmental standards as instruments of influence — all this creates a new architecture of global competition in which regulatory regimes become strategic weapons. The policy of development restraint emerges as a concentrated expression of this tendency, as it constructs normative-legal and institutional frameworks that limit the influence capabilities of another centre of power. Such logic of action significantly differs from classical scenarios of trade

and investment competition, making the study of its mechanisms and consequences theoretically and practically necessary.

The uniqueness of contemporary restraint policy lies in the fact that the environment of its implementation is not a bipolar system but a globalized environment with a high level of interdependence between participants, which creates a paradox: restrictive measures aim to reduce a competitor's influence, yet at the same time they inevitably affect the initiator's positions in the international division of labour and third participants. Regulatory competition, built on the logic of restraint, assumes a network character: it alters incentives for partners, necessitates the involvement of allies, forms new structures of trust and risk, and also creates new centers of power among countries that seek to maintain flexibility and avoid yielding to pressure from either side.

The approach proposed in the article correlates with research in the fields of geoeconomics and international political economy, but it is not reducible to either of these traditions. Unlike geoeconomic interpretations, which predominantly emphasize the use of economic instruments in interstate rivalry, particularly in the works of E. Luttwak[4] and R. Blackwill[5], the article shifts attention to institutional and regulatory mechanisms for forming long-term development asymmetries. At the same time, unlike classical approaches of international political economy, represented in the works of R. Keohane[6], R. Gilpin[7], or S. Strange[8], which focus on the interaction of the state and the market and on the formation of international regimes, the proposed analytical framework considers global competition as a process of reformatting the conditions of development through access regimes that combine economic, technological, and regulatory and institutional dimensions. An important intellectual background for such an approach is also modern research on asymmetric interdependence and the politicization of global networks, as interpreted by F. Farrell and A. Newman[9], which demonstrates how control over the nodal elements of financial and technological infrastructures can become an instrument of structural influence. In addition, in related works on global value chains and technological sovereignty, in particular in the studies of G. Gereffi, J. Humphrey and T. Sturgeon[10], and D. Rodrik[11], P. Pettis[12], M. Flannery[13], B. Ste-

[4] Luttwak, Edward N. "From Geopolitics to Geoeconomics: Logic of Conflict, Grammar of Commerce." The National Interest 20 (1990): 17–23.
[5] Blackwill, Robert D., and Jennifer M. Harris. War by Other Means: Geoeconomics and Statecraft. Cambridge, MA: Harvard University Press, 2016.
[6] Keohane, Robert O., and Joseph S. Nye, Jr. Power and Interdependence: World Politics in Transition. Boston: Little, Brown and Company, 1977.
[7] Gilpin, Robert. Global Political Economy: Understanding the International Economic Order. Princeton, NJ: Princeton University Press, 2001.
[8] Strange, Susan. States and Markets. London: Pinter Publishers, 1988.
[9] Farrell, Henry, and Abraham L. Newman. 2019. "Weaponized Interdependence: How Global Economic Networks Shape State Coercion." International Security 44, no. 1: 42-79.
[10] Gereffi, Gary, John Humphrey, and Timothy Sturgeon. 2005. "The Governance of Global Value Chains." Review of International Political Economy 12, no. 1: 78-104.

vens[14], J. Lindsey[15], E. Posen[16], a shift is traced from the analysis of market efficiency to the analysis of regulatory constraints and strategic management of development. It is at the intersection of these research traditions that the approach proposed in the article is formed, which interprets the policy of development containment not as a set of separate instruments, but as a holistic regime of global competition.

The methodological basis of the article is a theoretical-analytical approach that aims to conceptualize global competition as a politically and institutionally constructed process of reformatting the conditions of economic and technological development. The research relies on structural-institutional analysis, which allows identifying the interrelationships between access regimes, regulatory practices, and development trajectories within the global economy. Competition and rivalry are considered here not as static categories but as dynamic modes of interaction that change depending on the level of politicization of economic decisions and the nature of intervention in mechanisms of interdependence[17].

The key methodological tool is conceptual differentiation, which is used to separate generic and derivative concepts, particularly between global competition, rivalry, and the policy of development restraint, as well as between the policy of development restraint and specific strategies of its implementation. Typological analysis is applied to systematize restraint strategies, which allows linking them with different regimes of global competition and levels of its escalation. At the same time, the article uses a comparative-analytical approach to correlate the policy of development restraint with adjacent concepts, particularly de-risking policy and decoupling.

The empirical illustration of theoretical propositions is based on an analytical case of China containment policy, which is used not as an exceptional example but as a concentrated manifestation of general tendencies in the transformation of global competition. The application of a case-oriented approach in this research has a heuristic character, serving to demonstrate how abstract analytical categories materialize in specific regulatory, technological, and financial practices. The article's methodology combines concep-

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[11] Rodrik, Dani. 2011. The Globalization Paradox: Democracy and the Future of the World Economy. New York: W. W. Norton.

[12] Pettis, Michael, and Matthew C. Klein. 2020. Trade Wars Are Class Wars. How Rising Inequality Distorts the Global Economy and Threatens International Peace. New Haven, CT: Yale University Press.

[13] Flannery, Michael J. 1998. Using Market Information in Prudential Bank Supervision. A Review of the U.S. Empirical Evidence. Journal of Money, Credit and Banking 30, no. 3: 273-305.

[14] Stevens, Brian. 2019. Industrial Policy in the Twenty-First Century. Cambridge Journal of Regions, Economy and Society 12, no. 2: 241-256.

[15] Lindsey, Brink. 2002. Against the Dead Hand: The Uncertain Struggle for Global Capitalism. New York: John Wiley and Sons.

[16] Posen, Adam S. 2018. "The Post-American World Economy." Foreign Affairs 97, no. 2: 20-30.

[17] Reznikova, Nataliia V. "Fenomenolohiia neozalezhnosti v umovakh ekonomichnoi hlobalizatsii" [Phenomenology of Neo-Dependence under Conditions of Economic Globalization]. Mizhnarodna ekonomichna polityka no. 1 (24) (2016): 50–71. [In Ukrainian]

tual theorizing with an analytical interpretation of empirical processes, allowing for the revelation of the logic behind development restraint policy as a key mechanism of contemporary geoeconomic rivalry.

The purpose of this article is to conceptualize the policy of development restraint as a regime of global competition and to analyze its technological and regulatory-institutional mechanisms within the context of contemporary economic rivalry, using China as an example.

The policy of development restraint in the coordinates of «competition-rivalry»

The policy of development restraint, being an element of regulatory competition, creates an uneven distribution of gains and losses. Some countries experience a reduction in opportunities for accessing markets and technologies, while others benefit from the formation of new supply chains or the redirection of investment flows. As a result, new centres of gravity and new peripheries are formed[18], and the criteria for such division increasingly less correspond to traditional indicators of economic efficiency and increasingly depend on political loyalty, strategic alliances, and regulatory preferences. Therefore, the study of the phenomenon of restraint is key to understanding how global inequalities are transformed and how state economic policy becomes an instrument of geopolitical influence.

Ultimately, relevance is determined by the need to develop new theoretical approaches to explain contemporary state competition. Classical models that proceed from the autonomy of economic processes or the dominance of the power factor are unable to explain why states are willing to abandon economically advantageous decisions in favor of strategic regulatory advantages. The policy of development restraint manifests itself in the formation of such regimes where economic incentives are subordinated to broader tasks of influence redistribution. It combines elements of economic diplomacy, technological protectionism, institutional engineering, and power pressure, creating a qualitatively new type of competitive interaction between states. This is not about spontaneous evolution of institutions but about conscious construction of normative-legal frameworks, procedures, standards, and coordination mechanisms that set the desired development trajectory and redistribute influence capabilities. Unlike technological protectionism, which focuses on protecting specific sectors or technologies, institutional engineering works at the level of the rules of the game, forming long-term development asymmetries

[18] Reznikova, Nataliia V., and Oksana A. Ivashchenko. "Problema reinstitutsionalizatsii svitovoi ekonomiky v umovakh neozalezhnosti: novi vyklyky hlobalnomu rehuliuvanniu" [The Problem of Re-Institutionalization of the World Economy under Conditions of Neo-Dependence: New Challenges to Global Regulation]. Investytsii: praktyka ta dosvid no. 10 (2017): 5–10. [In Ukrainian]

and consolidating structural advantages in the global hierarchy, which makes it a key mechanism of regulatory-institutional influence through which competition transforms into strategic rivalry and economic interdependence is resubordinated to political and geoeconomic goals.

The study of development restraint policy as a novel phenomenon of regulatory competition is relevant given the profound transformations of the world economy, the change in the nature of global competition, the growing role of geoeconomic instruments, and the need for a new theoretical approach to analyze strategic interactions between leading states. This is precisely what makes the study of development restraint policy key to understanding the current and future global order.

We propose to construct a gradation of «competition-rivalry» in the policy of development restraint as a sequence of interaction modes between actors, within which each level reflects a change in the intensity of purposeful influence on the development trajectories of the other party, the set of instruments of such influence, and the nature of strategic goals of restraint. *Strategic rivalry* should be considered a mode of interstate interaction in which economic, technological, and institutional interdependence is not eliminated but purposefully resubordinated to the long-term strategic goals of limiting the development capabilities of another actor. Unlike competition, which presupposes interaction among actors without direct projection of limitations on the development of the other party, strategic rivalry focuses on the purposeful formation of asymmetries in access to resources and technologies, as well as in the ability to set normative frameworks that determine development trajectories in the medium and long term. In this context, strategic rivalry acts not as a separate form of conflict but as a specific regime of global competition unfolding, within which the policy of development restraint acquires a systemic and institutionalized character.

Competition is the baseline state when parties strive to achieve better results in the spheres of scientific-technological, economic, or institutional development without attempting to directly harm their competitors[19]. Development restraint here manifests itself in the choice of import substitution strategies, innovation incentives, and market protection, among others, and although there are manifestations of a struggle for resources, it does not aim to cause harm or destroy the other party intentionally.

Enhanced competition (or proto-rivalry) emerges as a transitional form of competitive interaction when its participants transition from simple rivalry to attempting to limit the opponent's maneuver through normative,

[19] Reznikova, Nataliia V., and Maryna Yu. Rubtsova. "Porivnialni ta konkurentni perevahy v mizhnarodnomu biznesi: teoretyko-metodolohichni pidkhody do poshuku yikhnoho syntezu" [Comparative and Competitive Advantages in International Business: Theoretical and Methodological Approaches to Finding Their Synthesis]. Mizhnarodni vidnosyny. Seriia 'Ekonomichni nauky' no. 8 (2016). http://journals.iir.kiev.ua/index.php/ec_n/article/view/3516/3188. [In Ukrainian]

institutional, or technological barriers. Elements of strategic rivalry emerge, such as control over key technologies and restrictions on access to critical resources. At the same time, such interaction has not yet acquired the character of open confrontation and has not transformed into a fully institutionalized restraint of the opponent's development.

Rivalry in our classification is the third level of interest collision. Here, development restraint acquires a targeted character. Actors consciously design policy in such a way as to reduce the speed or effectiveness of the other party's development, for which instruments of sanctions, export control, technological blockade, information influence, etc. are used. Thus, the goal of rivalry is not simply to win the competition but to slow down, limit, or direct the opponent's development in a deliberately disadvantageous direction.

At the stage of hostile rivalry, development restraint becomes part of a broader confrontational logic. The possibility of directly harming the innovation, infrastructure, or institutional capabilities of another actor is considered, which may include cyberattacks, destruction of supply chains, pressure on third partners, and creation of long-term structural limitations. It is precisely at the stage of hostile rivalry that the policy of development restraint transitions into a phase of systemic confrontation.

Strategic confrontation is the extreme form of escalation when development restraint is already integrated into the general logic of counteraction and is considered an instrument for undermining the competitor's long-term strength. Breaks in economic ties, complete technological segmentation, and the formation of alternative systems of standards or infrastructures are aimed at maximum isolation of the other party. The proposed gradation enables the demonstration of how the policy of development restraint can alter the nature of interaction from ordinary competition to strategic rivalry.

The policy of development restraint should be analyzed as a multilevel construction within which strategic and instrumental levels do not coincide, although they are in close interrelation. Restraint strategy defines goals, time horizons, and the logic of influence on the other party, while restraint instruments describe the set of restrictive regimes that form conditions of access to resources, technologies, and markets. It is fundamentally important that such regimes have no fixed strategic meaning outside the context in which they are applied. Depending on the logic of restraint, limitations may serve a signaling function aimed at correcting behaviour or form long-term structural barriers that alter the competitor's development trajectories.

In the classical theory of international relations, deterrence is formulated within a military-strategic context as a means of preventing direct confrontation between systemic opponents. The conceptual formalization of this approach is associated with the works of G. Kennan[20], who considered

[20] Morgan, Patrick M. Deterrence: A Conceptual Analysis. Beverly Hills, CA: Sage Publications, 1977..

restraint as a long-term counteraction strategy based not on the direct use of force, but on the formation of structural limitations and predictable expectations regarding the limits of permissible expansion. In such interpretation, restraint was oriented primarily at the other party's behaviour and had a conditional character that left room for de-escalation. The transfer of this logic to the sphere of global economy and technological development led to its further expansion and transformation, creating the groundwork for the contemporary understanding of development restraint policy.

The concept of restraint historically formed in a military-strategic context as deterrence, that is, as the logic of preventing undesirable actions by forming expectations of unacceptable losses. In this classical interpretation, restraint was directed primarily at the other party's behaviour and had a conditional character, leaving room for de-escalation. At the same time, the transfer of restraint logic to the sphere of the global economy, technologies, and institutional interaction significantly expanded its strategic repertoire and led to the emergence of different forms of restraint oriented not only at behaviour but also at long-term development capabilities.

Within the policy of development restraint, we distinguish several basic restraint strategies that differ in goals, time horizons, and logic of influence. Deterrence is aimed at preventing specific undesirable actions by signaling possible losses and usually has a conditional character. Containment is oriented at systemic restraint of competitor development through forming stable structural barriers, regardless of their current behaviour. Compellence, unlike deterrence, involves active pressure to change already implemented behaviour or strategic course and is usually associated with a higher level of escalation (see Table 1).

Table 1

COMPARATIVE CHARACTERISTICS OF MILITARY AND ECONOMIC RESTRAINT

Criterion	Military Restraint	Economic Restraint
Logic of influence	Binary (attack-response)	Continuum (from soft signals to hard restrictions)
Time horizon	Short-term effect	Prolonged effect with long-term consequences
Subject of influence	Military security	Economic behaviour and strategic choice
Reversibility	Difficult to return to state without application consequences	Possibility of gradual lifting of restrictions
International legal basis	Clearly regulated	Grey zone between legitimate restrictions and violations

Source: compiled by the authors

Within the policy of development restraint, it is advisable to consider a broader spectrum of strategies than the classical triad of deterrence, containment, and compellence. This approach allows linking the choice of restraint strategies with different regimes of global competition and, above all, with the phase of rivalry, during which competition ceases to be limited to market rivalry and is increasingly directed at controlling development trajectories. This spectrum also includes the rollback strategy, which is oriented at actively reducing the competitor's already acquired capabilities under conditions of intensified rivalry, and the engagement strategy, which involves the selective inclusion of the competitor in interdependent economic and technological regimes with the aim of limiting their strategic choices at early or intermediate stages of global competition. The inclusion of rollback and engagement strategies enables the conceptualization of development restraint policy not only as an instrument of limitation or pressure, but also as a flexible set of strategies for managing development trajectories within the dynamics of global competition and rivalry.

Within the policy of development restraint, it is advisable to distinguish between restraint strategies and regimes of their institutional implementation, depending on the time horizons and target orientation of influence. One such regime is the regime of long-term limitation of development capabilities, or containment, which presupposes not a situational reaction to the competitor's actions, but the institutionalized formation of structural barriers that limit their economic, technological, and innovation trajectories. In this sense, containment functions not as a separate measure or instrument, but as a regime for implementing the policy of development restraint, within which individual restrictive measures are integrated into a stable configuration of normative, technological, and regulatory access conditions. It should be separately noted that in the empirical description of the policy of development restraint, the concept of operational countering is used, which does not constitute an independent restraint strategy. Countering functions as an instrumental logic for implementing rollback strategies, and in some cases as an applied form of implementing containment in specific regional or sectoral contexts. In this sense, countering should be considered an operational level of implementing restraint strategies, rather than a separate type of global competition or rivalry (see Table 2).

Different restraint strategies correlate with types of global competition and levels of its escalation. Within ordinary or intensive competition, deterrence dominates, which allows preserving interdependence and manageability of interaction. In phases of hostile rivalry and strategic confrontation, containment becomes of key importance when limitations are institutionalized and aimed at changing the competitor's development trajectories. Compellence is usually used as an instrument of escalation or a turning point in rivalry dynamics when competition transitions to a phase of open pressure.

Table 2

TYPOLOGY OF RESTRAINT STRATEGIES IN INTERNATIONAL ECONOMIC RELATIONS

Strategy	Goal	Time Horizon	Mechanism of Action	Historical Examples
Deterrence	Prevent a specific action	Situational	Threat of unacceptable costs for a specific action	US-China trade wars, sanctions against Iran
Containment	Limit expansion of influence	Long-term	Systemic limitation of capabilities for expansion	Cold War; current policy towards China
Compellence	Force to a specific action	Short-term, medium-term	Pressure to fulfil specific demands	Sanctions demanding policy change (South Africa, 1980s)
Rollback	Reduce already acquired influence	Medium-term	Active actions to displace from occupied positions	Countering Chinese influence in Africa
Engagement	Transformation through integration	Long-term	Creation of interdependence and incentives for change	EU policy towards China until the mid-2010s

Source: compiled by the authors

Within the proposed gradation of the policy of development restraint, it is conceptually important to distinguish two concepts that are often mistakenly presented as interchangeable. This concerns the policy of development restraint itself and decoupling, which means purposeful separation of economic, technological, and production ties between states or technological blocs. Decoupling is not identical to restraint and does not exhaust its content[21]. It is only one of the forms of implementing the restraint strategy at its higher levels, primarily in phases of rivalry and hostile rivalry.

We distinguish de-risking policy, which we propose to understand as a selective strategy for reducing strategic vulnerability that does not presuppose breaking economic or technological ties and is aimed at their reconfiguration through diversification of critical supply chains, reduction of dependence on individual jurisdictions, increasing the resilience of production networks, and introducing traceability requirements. Unlike decoupling, which has the character of separation, de-risking functions as a mechanism

[21] Panchenko, Volodymyr H., and Yuriy V. Pinchuk. "Dekaplinh yak nova forma realizatsii mizhnarodnoi ekonomichnoi polityky SShA i KNR" [Decoupling as a New Form of Implementation of International Economic Policy of the USA and China]. Investytsii: praktyka ta dosvid no. 9 (2024): 51–58. [In Ukrainian]

of managed interdependence, preserving economic integration while transferring it to a mode of security-oriented risk management. In this logic, derisking is an intermediate stage between competition and rivalry, as it does not destroy interdependence but makes it strategically controlled. We emphasize that within the logic of value chain diversification, practices of production relocation and reallocation are spreading, known as friend-shoring, near-shoring, and reshoring, which are subordinated to criteria of political compatibility and regulatory reliability.

The policy of development restraint encompasses a broad spectrum of instruments aimed at limiting the competitor's ability to influence global economic processes, including control of strategic technologies, financial restrictions, investment screening, normative engineering, and institutional reformatting of market access. Only part of these instruments is aimed at separating economic systems and limiting interdependence. In this sense, decoupling is not a goal but a consequence and mechanism of action of the development restraint policy, which is activated when other instruments do not yield the desired result or when strategic risks are deemed incompatible with maintaining a high level of interdependence.

Decoupling manifests itself in two main forms. The first is structural separation of technological zones when value chains are consciously reoriented towards allies and countries with shared security priorities. The second is normative segmentation, under which standards, compliance rules, and security procedures create different regimes of access to technologies, markets, and infrastructures. In this logic, decoupling appears not as an instantaneous break, but as a process of cumulative divergence that occurs through institutional decisions, private sector investment behavior, and the development of alternative supply chains.

That is precisely why decoupling should be considered a higher stage of the policy of development restraint that arises from the consistent application of control instruments, limitations, and reconfiguration of economic ties. Decoupling constitutes only one of the forms of manifestation of restraint, but does not define its essence, since the policy of development restraint includes a much broader set of mechanisms that operate even in situations when complete breaking of interdependence does not occur.

The Transnational Regulatory Environment of Strategic Confrontation: The Experience of China Containment Policy

The contemporary global economic space is being shaped by two interconnected directions of competition that arise in response to the reinstitu-

tionalization of the world economy[22] and the emergence of new approaches[23] to modernization policy[24]. The first direction concerns rivalry for possession of critically important technologies that set trajectories of political and economic development. The second direction is based on the spread of normative requirements that modify the rules of international interaction and restructure the behavioral models of states and transnational companies. The interaction of these directions forms a particular global dynamic within which the contemporary policy of development restraint is reproduced as a new instrument of international development strategies and modernization policy[25].

The policy of development restraint is increasingly clearly manifested in the plane of technological competition, through which countries seek to impede the development of a competitor, limit their access to knowledge, infrastructure, and markets, and strengthen their own positions in strategically important sectors. Control over critical technologies becomes a decisive factor in economic development and, hence, a key field of application for regulatory influence. The use of standards, licensing regimes, investment screenings, and sanctions against technology companies transforms the technological sector into an arena where economic, political, and security motives intertwine. Such complexity makes traditional approaches to regulatory competition insufficient. The technological component of competition manifests as competition for access to strategic sectors, including semiconductor technologies, artificial intelligence systems, quantum computing, telecommunications infrastructure, and dual-use production technologies. Control over these spheres enables states to establish long-term advantages in the fields of security, autonomy, and innovation potential. As a result, technological rivalry transforms into a mechanism of structural influence when limiting access to sensitive technologies becomes a form of strategic restraint. In parallel, normative competition of extraterritorial character unfolds: jurisdictions that create standards gain levers of influence over external actors through introducing mandatory requirements for transparency,

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[22] Reznikova, Nataliia V., and Oksana A. Ivashchenko. "Problema reinstitutsionalizatsii svitovoi ekonomiky v umovakh neozalezhnosti: novi vyklyky hlobalnomu rehuliuvanniu" [The Problem of Re-Institutionalization of the World Economy under Conditions of Neo-Dependence: New Challenges to Global Regulation]. Investytsii: praktyka ta dosvid no. 10 (2017): 5–10. [In Ukrainian]

[23] Panchenko, Volodymyr, and Nataliia Reznikova. Mizhnarodni stratehii ekonomichnoho rozvytku: navchalnyi posibnyk [International Strategies of Economic Development: Study Guide]. Kyiv: AhrarMedia, 2025. 471 pp. [In Ukrainian]

[24] Reznikova, Nataliia V., Volodymyr H. Panchenko, and Olena V. Bulatova. "The Policy of Economic Nationalism: From Origins to New Variations of Economic Patriotism." Baltic Journal of Economic Studies 4 (2018): 274–281.

[25] Panchenko, Volodymyr, Olha Ptashchenko, Nataliia Reznikova, and Viktoriia Karp. "Bahatovymirnist problem sotsialno-ekonomichnoho rozvytku v umovakh hlobalnykh vyklykiv: instytutsiini ramky polityky modernizatsii" [Multidimensionality of Socio-Economic Development Problems under Global Challenges: Institutional Frameworks of Modernization Policy]. Ekonomichnyi prostir no. 199 (2025): 86–98. https://doi.org/10.30838/EP.199.86-98. [In Ukrainian]

environmental friendliness, and compliance with global production norms. In essence, a specific configuration of power emerges, exercised not through direct coercion but through the creation of conditions that compel firms to adapt their business models to standards established by other states or their alliances.

In this logic, China containment policy demonstrates the combination of technological and normative competition as the basis of contemporary practices of strategic restraint. Limiting China's access to key high-tech equipment, particularly machines for microchip manufacturing, advanced computing architectures, and artificial intelligence systems, is employed as an instrument to create long-term asymmetry that slows down China's innovation capabilities and maintains the leading positions of the USA and its partners. The normative component is evident in the proliferation of corporate reporting rules, supply chain transparency requirements, and environmental compliance regulations. These norms operate beyond the boundaries of formal jurisdictions and encourage companies to restructure their activities in accordance with external standards. As a result, China containment policy acquires a hybrid nature, combining technological restrictions and normative pressure as instruments of structural restructuring of the global economy.

Within the contemporary global political economy, the regulatory trilemma acquires particular relevance as it allows describing not only the collision of goals but also the internal tension of the regulatory mechanisms themselves. This concerns the fact that attempts to achieve enhanced security by limiting access to technologies inevitably transform the structure of global markets and thereby undermine the foundations of economic interdependence, which have ensured the stability of international trade and innovation flows for decades. At the same time, state obligations in the sphere of environmental, social, and governance standards create a separate dimension of pressure, as these requirements are increasingly formed in the mode of transnational norms, mandatory regardless of national priorities and institutional specificity[26]. For us, the regulatory trilemma appears as an analytical approach that allows outlining contradictions between three fundamental goals. The first is connected with ensuring national security through control over technological access. The second concerns the need to maintain global economic interdependence, which ensures the resilience and effectiveness of supply chains. The third reflects the growing importance of global normative obligations, primarily environmental and social. The tension between these three goals determines the character of behaviour of both states and transnational corporations.

[26] Teubner, Gunther. Constitutional Fragments: Societal Constitutionalism and Globalization. Oxford: Oxford University Press, 2012.

In view of this, the regulatory trilemma manifests itself not only as a political dilemma but also as a structural challenge for legal and economic systems. In his reflections on the limits of law's regulatory capacity, G. Teubner emphasizes that the collision of strategic goals makes simultaneous achievement of complete autonomy of internal regulation, effective external management, and sustainability of systemic coordination between them impossible[27]. In the transnational context, this means that no state or integration union can simultaneously maximize its own security, utilize the benefits of the globalized economy without restrictions, and maintain an unconditional commitment to universal normative principles. An attempt to strengthen one of the components inevitably leads to an imbalance of the other two, creating the effect of a «regulatory intersection» when institutional decisions in one sphere generate crisis impulses in another.

In this sense, the regulatory trilemma becomes not simply a theoretical construct but a real mechanism for explaining contemporary strategies of states and transnational corporations. The desire to ensure control over critical technologies forces governments to limit cross-border flows of knowledge, capital, and intellectual property, which weakens network forms of production and destroys the logic of internationalized value chains. Simultaneously with this, the rigidity of normative requirements concerning sustainable development, electronic surveillance, data protection, or social standards is growing. These norms, even without formal international legal status, function as mandatory rules of the game that are embedded in corporate strategies and state regulatory mechanisms.

The analytical power of the trilemma concept lies in showing how structural limits of regulation lead to paradoxical consequences. An attempt to increase security through stricter export restrictions or investment control may cause market fragmentation and stimulate the development of alternative technological zones of influence. Attempts to strengthen global normative standards often provoke resistance from those states that consider such norms as a mechanism of external interference. For their part, maintaining deep economic interdependence makes countries vulnerable to political decisions of partners, which reduces their strategic autonomy. Thus, each of the three goals, which seem desirable and rational, ultimately comes into contradiction with the others, creating a structural dilemma with no unambiguous solution.

G. Teubner's theoretical propositions regarding the self-referential nature of social systems allow a deeper understanding of why the regulatory trilemma is particularly clearly manifested under conditions of the global

[27] Teubner, Gunther. “Das regulatorische Trilemma.” In Handbuch des Non-Profit-Rechts, edited by Thomas von Hippel, 105–146. Baden-Baden: Nomos Verlag, 1992.

economy[28]. Law, politics, and economy function as autonomous systems, each of which reproduces its own internal logic, produces its own criteria of rationality, and has its own mechanisms of responding to external stimuli. This internal autonomy explains why attempts to ensure their coordinated coordination through universal regulatory models or rigid external interventions often encounter institutional resistance. Instead of the expected harmonization, effects of excessive socialization arise when one system absorbs the functions of another, or blocking effects occur when external normative impulses are simply not assimilated. As a result, tension is preserved between systems, which forms the structural contradictions characteristic of the regulatory trilemma.

It is precisely in this theoretical context that it becomes clear why contemporary restraint policy, directed primarily at limiting China's technological development and strategic capabilities, takes the form of regulatory instruments rather than just trade or military-political ones. Since autonomous systems interpret stimuli and risks differently, traditional methods of coercion or economic pressure prove insufficient or ineffective. For the policy of development restraint, it becomes necessary to create regulatory regimes that are capable of acting simultaneously in legal, economic, and technological planes and influencing the behavior of actors, regardless of jurisdictional boundaries.

In this sense, restraint appears as a manifestation of the structural logic of the regulatory trilemma. The political system forms security restrictions, the economic system seeks to preserve the benefits of global interdependence, and legal and normative systems simultaneously produce universalized standards of sustainability, responsibility, and control over critical technologies. When the policy of development restraint strengthens one of these components (for example, security restrictions on technology exports or investment screening), it inevitably creates imbalances in other spheres, increasing transaction costs, fragmenting markets, or encountering legal restrictions. Accordingly, restraint mechanisms become part of a broader regulatory struggle in which states compete for the ability to form global standards, define parameters of access to technologies, and structure rules of interaction within the new configuration of the international economy.

In sum, the application of the concept of self-referential systems and the regulatory trilemma enables viewing the policy of development restraint not as a set of isolated measures, but as a systemic phenomenon of regulatory competition within which states attempt to achieve an advantage using instruments that alter the architecture of global economic relations. *This allows interpreting China containment policy* as part of a broader process

[28] Pistor, Katharina. "The Code of Capital: How the Law Creates Wealth and Inequality." Social & Legal Studies 30, no. 2 (2020): 291–326. https://doi.org/10.1177/0964663920966488

of struggle for control over normative regimes, technological standards, and global value flows, where each decision has consequences for the balance between security, interdependence, and universality of norms — the three poles that constitute the structure of the regulatory trilemma.

In the technological dimension, rivalry manifests itself in building access barriers that create asymmetric advantages and reformat global industrial geography. Restrictions in the spheres of semiconductors, artificial intelligence, and high-precision manufacturing lead to the reconfiguration of production chains towards groups of states with shared security interests. This strengthens economic blocking and deepens the fragmentation of world markets. The normative dimension is built on a different logic, as it does not directly preclude technological access but changes the rules of corporate functioning. Environmental standards, reporting requirements, supply chain transparency, and sustainable development criteria form institutional pressures that determine company behavior regardless of country of origin. Within China containment policy, technological and regulatory-institutional vectors act in coordination and mutually reinforce each other, gradually forming a new logic of global competition.

The interaction of technological and normative competition generates systemic contradictions that form the content of the regulatory trilemma. The desire of states to guarantee technological autonomy does not coincide with the need to preserve capital mobility and the flexibility of production networks. Global standards developed for corporations are sometimes difficult to reconcile with instruments of technological restraint, as they presuppose broad international convergence and consistency of rules. As a result, a new architecture of global rivalry is formed where instruments of technological policy and normative regimes act as elements of a unified transnational logic of regulation.

As the interdependence of technological and normative competition intensifies, a new type of power is gradually formed that extends beyond individual states. Technological barriers and normative standards together create a level of regulation that is not the result of universal international agreement and has no single centre of governance[29]. It is built gradually through a combination of national restrictions, minilateral alliances, sectoral standards, and corporate compliance procedures, and this is precisely how the transnational regulatory environment is formed.

We define the *transnational regulatory environment* as a multidimensional system of norms, standards, governance practices, and technologically embedded requirements that are formed in the interaction of state institutions, corporate actors, and interstate agreements, extend beyond individual

[29] Panchenko, Volodymyr, and Nataliia Reznikova. "From Protectionism to Neo-Protectionism: New Dimensions of Liberal Regulation." International Economic Policy no. 2 (27) (2017): 95–117.

jurisdictions, and direct the economic behaviour of entities at the global level. Among the systemic characteristics of the transnational regulatory environment, we include extraterritoriality, multi-levelness, hybridity, asymmetry, dynamism, technological embeddedness of regulation, competitiveness of normative regimes, and the growing role of risk regulation.

The extraterritorial character of such regimes determines the spread of norms and standards beyond the state that produces them, while their actual application does not depend on formal legal recognition by other countries. It is precisely due to this property that environmental requirements, corporate responsibility standards, traceability requirements, or financial reporting rules are capable of influencing the behaviour of economic actors on a global scale. Multi-levelness, inherent to this environment, is formed through the layering of state regulation, industry initiatives, corporate codes, investor requirements, and intergovernmental agreements that interact not in a vertical hierarchy but in a horizontal structure of mutual reinforcement. That is precisely why no level can fully determine the rules of the game, and regulatory effects arise as a result of the combined action of these heterogeneous instruments.

The hybrid character of the regulatory environment manifests itself in the combination of legally binding norms with soft standards, recommendatory codes, algorithmic requirements, or indicators of reputational control. As a result, the traditional division between public and private regulation is blurred, as corporations are capable of introducing requirements that in terms of influence often do not yield to state decisions, and states, in turn, increasingly enshrine standards that originated in the private sector. The asymmetry of such structure is determined by the inequality of influence capabilities: economies and corporations that possess significant resources and technological potential form regulatory frameworks that become mandatory for other participants in international markets. They create normative regimes to which less powerful actors are forced to adapt, since noncompliance with standards limits access to cross-border markets, capitals, or innovation ecosystems.

The dynamism of the transnational regulatory environment is driven by its ongoing state of constant update, influenced by technological breakthroughs, structural changes in global value chains, and shifts in social expectations. New requirements arise faster than traditional institutions manage to adapt; therefore, regulation becomes a process rather than a stable normative construction. The growth of technological embeddedness means that regulation is increasingly materialised in digital platforms, infrastructure protocols, control algorithms, traceability systems, and technical conditions of market access. Norms begin to operate not only through legal prescriptions but also through the architecture of digital ecosystems, which determines capabilities and limitations for economic actors.

Competition between normative regimes manifests itself in the desire of states to establish and disseminate their own regulatory models and standards, primarily in the spheres of technological security, data protection, and environmental regulation, thereby consolidating them as de facto global rules. In parallel with this, sanctions policy, investment screening, and trade restrictions serve as instruments to ensure and compel compliance with such regimes, thereby reinforcing their extraterritorial effect.

As a result of the growing riskiness of global economic interaction, the logic of regulation shifts from the priority of economic efficiency to security-oriented management, within which de-risking policy is formed as a separate regime of managed interdependence. Unlike decoupling, aimed at breaking economic and technological ties, de-risking does not presuppose liquidation of global value chains but is oriented at their selective redesign with the aim of limiting structural dependencies on individual jurisdictions. In such logic, interdependence is not eliminated but transformed into a politically controlled resource of the policy of development restraint, particularly regarding China. It is precisely this intermediate position of de-risking that allows states to simultaneously preserve involvement in the global economy and reduce strategic vulnerabilities arising in critical supply segments, and explains its application in combination with technological control, investment screening, normative standards, and institutional mechanisms for forming supply chains in US and EU practice.

The complex of specific regulatory interventions applied by the USA and the EU demonstrates the practical institutionalization of the policy of development restraint. In the USA, key acts are the Export Control Reform Act 2018[30], which creates a regime of access control to foundational and emerging technologies; the International Emergency Economic Powers Act[31], which provides grounds for restricting the activities of foreign companies in sensitive sectors; and the CHIPS and Science Act 2022[32], which combines innovation incentives with requirements for territorial localisation of production and a ban on expanding high-tech capacities in China. The Foreign Investment Risk Review Modernization Act[33] also plays a significant role, strengthening control over foreign investments in critical technologies and infrastructure. In the EU, similar functions are performed by the Regulation on the control of exports of dual-use

[30] Export Control Reform Act of 2018. Public Law No. 115-232, § 1768, 132 Stat. 2208 (2018). https://www.govinfo.gov/content/pkg/PLAW-115publ232/pdf/PLAW-115publ232.pdf

[31] International Emergency Economic Powers Act. Public Law No. 95-223, 91 Stat. 1626 (1977) (codified as amended at 50 U.S.C. §§ 1701–1707).

[32] CHIPS and Science Act of 2022. Public Law No. 117-167, §§ 101–107, 136 Stat. 1366 (August 9, 2022). https://www.congress.gov/117/plaws/publ167/PLAW-117publ167.pdf?utm_source=chatgpt.com

[33] Foreign Investment Risk Review Modernization Act of 2018. Public Law No. 115-232, § 1703 (2018).

items[34], the Regulation on foreign subsidies[35], the European investment screening mechanism, and the European Cyber Resilience[36] Act[37], which establishes security requirements for digital products and supply chains. Together, these instruments define the contours of the regulatory environment in which the policy of development restraint takes material form through standards, oversight procedures, restrictive regimes, and supply chain traceability requirements.

The relevance of studying contemporary mechanisms of China containment is determined by the coercive nature of the global restructuring of trade flows from 2015 to 2023, which indicates a significant shift towards the formation of a new geoeconomic architecture, where politically motivated restrictions on economic interaction are becoming increasingly important. An analysis of the trade dynamics of 187 countries reveals that states often make decisions that contradict their economic interests but align with the logic of geopolitical confrontation, which is clearly evident in the formation of two trade blocs oriented respectively towards the USA and China[38]. In this configuration, the US bloc demonstrates relative stability and the ability to compensate for losses from reduced trade interaction with other groups, while the China bloc faces asymmetry of gains and incomplete compensation for the growth of external barriers, which reduces its adaptability. Such results indicate the deepening of tendencies that directly affect China's ability to expand economic ties and strengthen positions in global value chains.

The formation of a stable group of neutral countries that receive maximum benefits from the fragmentation and growth of world trade additionally underscores the strategic character of regrouping. These states seek to avoid choosing between two centres of power, preserving flexibility that allows them to minimize risks of political pressure. Such a state of affairs creates new limitations for China, as countries that do not join its trade

[34] Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (Dual-Use Export Control Regulation). Official Journal of the European Union L 206 (2021). https://eur-lex.europa.eu/eli/reg/2021/821/oj?utm_source=chatgpt.com

[35] Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union. Official Journal of the European Union L 79 (2019). https://eur-lex.europa.eu/eli/reg/2019/452/oj

[36] European Cyber Resilience Act. Regulation (EU) 2024/2847 of the European Parliament and of the Council of 23 October 2024 on horizontal cybersecurity requirements for products with digital elements. Official Journal of the European Union (2024). https://eur-lex.europa.eu/eli/reg/2024/2847/oj

[37] Regulation (EU) 2024/2847 of the European Parliament and of the Council of 23 October 2024 on horizontal cybersecurity requirements for products with digital elements and amending Regulations (EU) No 168/2013 and (EU) No 2019/1020 and Directive (EU) 2020/1828. Official Journal of the European Union (2024). https://eur-lex.europa.eu/eli/reg/2024/2847/oj

[38] Bonadio, Barthélémy, Zhen Huo, Elliot Kang, Andrei A. Levchenko, Nitya Pandalai-Nayar, Hiroshi Toma, and Petia Topalova. “Playing with Blocs: Quantifying Decoupling.” CEPR Discussion Paper no. 20664. London: CEPR Press, 2025.https://cepr.org/publications/dp20664

bloc not only fail to strengthen its positions but also benefit from diversification, contributing to the further redistribution of global trade flows.

The study of containment strategies reveals a transition from classical economic competition to multidimensional geoeconomic rivalry, where political factors can significantly influence the trajectory of international market development, investment flows, and technological cooperation. That is precisely why fragmentation processes cannot be interpreted as deglobalization, as they essentially represent a new phase of globalization characterized by the political selectivity of interactions and the growing role of strategic restraint mechanisms that directly affect China's ability to strengthen its global position.

China containment policy appears as an institutionalised form of implementing a broader policy of development restraint, which evolves from enhanced competition to the rivalry regime and in certain dimensions even to the hostile rivalry regime. This is not about a linear change of tactics but about gradual resubordination of economic, technological, and institutional interaction to long-term strategic goals of limiting the development of a systemic competitor. In the technological dimension, this logic is particularly evident, as technologies have become the sphere in which instruments of development restraint demonstrate the highest concentration of effects and the ability to form stable asymmetries in the medium and long-term (see Table 3).

Table 3

EVOLUTION OF US AND PARTNERS' INTERACTION WITH CHINA IN THE LOGIC OF GLOBAL COMPETITION AND POLICY OF DEVELOPMENT RESTRAINT

Level of Interaction	Character of Interaction with China	Key Logic of Policy	Main Instruments	China's Reaction
Competition	Interaction in the logic of mutual gain	China is viewed as an economic partner, not a strategic threat	Trade liberalization, integration into global markets, and support for participation in global value chains	Active integration into the world economy, export-oriented growth model
Enhanced competition (proto-rivalry)	Awareness of strategic vulnerabilities	Beginning of limiting certain spheres of access without systemic development restraint	First barriers in critical infrastructure, strengthening regulatory oversight, and politicization of technological issues	Launch of innovation self-development strategies, particularly Made in China 2025, perceived by the West as a challenge

Level of Interaction	Character of Interaction with China	Key Logic of Policy	Main Instruments	China's Reaction
Rivalry	Purposeful limitation of development capabilities	Policy of development restraint in the form of containment	Export control of semiconductor technologies, restriction of access to chip manufacturing equipment, diplomatic pressure on allies	Acceleration of import substitution, mobilization of resources for development of critical technologies
Hostile rivalry	Structural confrontation	Formation of technological and institutional segmentation	Enhanced investment screening, restrictions on Chinese technology companies' activities, friend-shoring, and reshoring	Development of closed technological ecosystems, development of national standards, investments in highly complex autonomous technologies

Source: compiled by the authors

To limit technological development within the framework of development restraint, a set of interrelated mechanisms is applied that act not in isolation but as elements of a unified regulatory-institutional regime. First, control of critical technologies plays a key role, which, through export restrictions and regulatory barriers, affects the possibilities of access to advanced production and scientific-technological resources, directly slowing the achievement of technological parity. Second, standards fragmentation occurs, within which competing centres of power promote alternative technical and regulatory frameworks in strategically important sectors, which gradually leads to the emergence of relatively autonomous technological spaces. Third, supply chain realignment occurs, within which production capacities and logistics hubs are diversified across alternative jurisdictions, which generally corresponds to the logic of de-risking, as it aims not at a radical break with China but at reducing strategic vulnerabilities through changing the configuration of interdependencies. Fourth, the strategic autonomy strategy is actualized, within which China accelerates the development of its own technological ecosystems with the aim of neutralizing the restraining effects of external restrictions.

It is worth emphasizing that within the policy of development restraint, export control functions not as an autonomous instrument of trade policy but as a component of a broader regulatory-institutional restraint regime

aimed not at situational limitation of individual forms of trade-technological interaction but at forming long-term access asymmetries to critical production, research, and innovation capabilities. In this sense, export control acts as a mechanism of selective influence on development trajectories, which depending on the phase of global competition and the intensity of rivalry can be combined both with de-risking regimes and with stricter forms of restraint, including decoupling. Therefore, export control should be interpreted not as a technical trade restriction but as a strategic instrument for implementing the policy of development restraint, integrated into the broader logic of regulatory-institutional reconceptualization of global competition.

Nudging and Boosting in China Containment Policy

The effectiveness of the policy of development restraint is determined not only by the presence of formal restrictive regimes but also by the ability of deterrence policy to form behavioural conditions for strategic decision-making. Analytically, effective deterrence presupposes a combination of several interrelated components: capability, which reflects the presence of real leverage; credibility, which determines the persuasiveness of readiness to apply restrictions; communication, through which expectations regarding permissible and impermissible actions are formed; and the interpretation of these signals within the rationality of the actors[39]. In this sense, deterrence functions not only as an instrument of limitation or punishment but as a mechanism for steering decisions within given strategic frameworks. It is precisely at this level that the policy of development restraint directly intersects with the instrumentarium of behavioural economics, since its task becomes not only influencing actions but also the structure of expectations, risk perception, and choice logic.

Behavioural economics emerged as a response to the limitations of models that present the subject as a fully rational actor maximizing their own utility. In research of the second half of the twentieth century, including the theoretical developments of D. Kahneman and A. Tversky[40], it was shown that real human decisions are determined not only by the calculation of benefits but also by cognitive biases, context influence, peculiarities of information presentation, choice architecture, and limited ability to process complex data. As a result, rationality ceased to be understood as a fixed property of the subject and began to be analyzed as a variable quality that

[39] Schelling, Thomas C. Arms and Influence. New Haven, CT: Yale University Press, 1966. https://doi.org/10.2307/j.ctt5vm52s

[40] Tversky, Amos, and Daniel Kahneman. “Judgment under Uncertainty: Heuristics and Biases.” Science 185, no. 4157 (1974): 1124–1131.http://www.jstor.org/stable/1738360

depends on the institutional, informational, and social environment[41]. The later development of behavioural economics, as seen in the works of R. Thaler and C. Sunstein, brought to the fore the concept of behaviour steering through the structure of the choice environment. A parallel line of research by G. Gigerenzer[42] emphasized the importance of developing subjects' competencies that allow them to act autonomously. In international relations, this means that the rationality of states or international actors is not abstract and one-dimensional but is derived from the conditions in which they make decisions and from the set of capabilities they actually have.

It is precisely this logic that allows speaking of collective rationality and state rationality. Collective rationality is defined as the property of a group of actors to act in a way that minimizes losses and maximizes benefits at the level of the collective system, even if individual participants do not have complete information or have different individual goals. It arises where institutional structure, network of expectations, and coordinated practices create the effect of a shared rational field. This applies, for example, to coalition security formats or technological cooperation, where each participant acts taking into account the collective consequences of decisions, and rationality is determined not by private logic but by the structure of the shared environment.

State rationality is defined as a configuration of decisions in which the state balances internal and external factors, building a consistent policy trajectory. This rationality takes into account the cognitive limitations of institutions, information asymmetries, emotionally politicized contexts, bureaucratic inertia, and external signals. From a behavioral perspective, state rationality is not firmly established, but rather a steerable structure that changes in response to the influence of the information environment, regulatory architectures, and international norms. The state may make decisions that appear irrational in an abstract model but logical in a specific context where available data, partner expectations, and institutional constraints form the real framework of possible actions.

In the context of the global political economy, this shift in notions of rationality provides a basis for conceptualizing a new analytical framework, which can be designated as behavioral geoeconomics of restraint. It proceeds from the assumption that states, like individuals, react not only to material incentives but also to the architecture of interpretations within which they comprehend risks, threats, and strategic opportunities. China

[41] Kahneman, Daniel, and Amos Tversky. "Prospect Theory: An Analysis of Decision under Risk." Econometrica 47, no. 2 (1979): 263–291. https://www.jstor.org/stable/1914185?origin=crossref

[42] Gigerenzer, Gerd. Simply Rational: Decision Making in the Real World. Evolution and Cognition Series. Oxford: Oxford University Press, 2015. Online edition, Oxford Academic, April 23, 2015.https://doi.org/10.1093/acprof:oso/9780199390076.001.0001

containment policy in this context is not reducible to control over value chains, export restrictions, or investment filters but appears as a process of forming such an environment in which certain behavioural trajectories acquire the status of "rational" even before a political decision is formally made.

In this sense, nudging acquires institutional and structural content. It is no longer limited to changing individual behaviour through the correction of information stimuli but transforms into a way of designing cross-border cognitive contours that determine how states interpret their own strategic perspectives. When global discourse structures China as a source of technological dependence, when risk assessments are formalized into standardized methodologies, and notions of strategic vulnerability transform into a shared analytical framework, actors operate within an environment where the policy of development restraint is already «embedded» in the rationality of decision-making. Nudging appears as a mechanism that forms cognitive prerequisites of geoeconomic behaviour rather than merely as a technique for changing individual choice.

Normative, technological, and informational frameworks create not so much an imperative of refusing Chinese technological solutions as an institutional construction in which any interaction with Chinese infrastructures appears as a risk. In such an environment, a state seeking to preserve strategic autonomy increasingly chooses policies of diversification or technological separation, not because they are economically optimal, but because they appear rational given the ways of interpreting risk that dominate international discourse.

In parallel with this, a boosting process occurs, which does not so much correct contexts as expands sets of capabilities for strategic action. If nudging forms rationality, then boosting forms the capability to act in accordance with this rationality. In China containment policy, boosting takes the form of technological and coalition expansion of capabilities. Epistemic boosting consists in creating analytical systems that provide states with the ability to independently assess the scale of dependence on Chinese technologies and identify structural vulnerability nodes. This changes the configuration of state rationality, as it reduces dependence on external interpretations and increases the role of internal expertise. Technological boosting forms autonomous production and scientific capabilities that allow states to implement strategies of technological independence without excessive losses. Coalition boosting creates infrastructures of joint response in which security standards, risk regulation mechanisms, and technological policies are coordinated between participants, transforming restraint into a network process of collective risk rationalization.

In aggregate, nudging and boosting form a new institutional configuration in which China containment policy acquires the character of a behav-

ioural regime. This is a regime in which interpretative frameworks, institutional incentives, and technological alternatives interact in such a way that the rationality of actors is gradually synchronized with the logic of restraint. This allows explaining why even those states that do not have a direct conflict with China or are not part of anti-Chinese coalitions gradually adapt their technological and normative policies in a direction that corresponds to the logic of Western strategies. In US and EU policy, nudging and boosting mechanisms materialize in the form of specific regulatory acts that not only limit China's access to critical technologies but also shape the behavioral architecture of private company and state institution decisions. *In this logic,* it is important to consider normative interventions not as directive prescriptions but as instruments that reconfigure the cognitive and institutional conditions of choice (see Table 4).

Table 4

OPERATIONAL LOGICS OF INFLUENCE IN CHINA CONTAINMENT POLICY

Regime of Global Competition	Operational Logics of Influence	Characteristic within the Policy of Development Restraint
Competition	Nudging; boosting; de-risking policy; regulatory competition	Formation of a behavioural and normative environment within which actors correct decisions through changing the interpretation of risks and opportunities without direct projection of limitations on the other party's development.
Limited rivalry	De-risking policy; regulatory displacement; nudging; boosting	Selective limitation of competitors' manoeuvres through normative and behavioural mechanisms, resulting in the formation of access asymmetries without the full institutionalization of restraint.
Intensified rivalry	Export control; investment screening; access segmentation	Institutionalization of long-term access limitations to critical production and technological capabilities as a mechanism for restraining structural development.
Strategic confrontation	Countering strategic expansion; regulatory-institutional barriers	Limiting the competitor's economic, infrastructure, and normative presence in third regions through a combination of strict control regimes and regulatory redesign.

Source: compiled by the authors

In the American case, the Export Control Reform Act 2018[43] occupies a central place, which grants the government broad powers to limit access of foreign actors to technologies defined as foundational or emerging. This act

[43] Export Control Reform Act of 2018. Public Law No. 115-232, § 1768, 132 Stat. 2208 (2018). https://www.govinfo.gov/content/pkg/PLAW-115publ232/pdf/PLAW-115publ232.pdf

performs a dual function. First, it creates rigid material barriers that fall under the logic of boosting, as they stimulate the formation of internal technological capabilities. Second, it forms a behavioural nudging effect, as private companies begin to design their own innovation strategies, taking into account the probability of tightening restrictions, therefore voluntarily minimizing dependence on Chinese partners.

An additional element is the CHIPS and Science Act 2022[44]. Formally, this is an industrial policy for developing the semiconductor industry, but in reality, it forms a choice architecture under which investment in the USA becomes a rational strategic option. The nudging instrument is the rule that prohibits recipients of federal financing from expanding production in China. This is not coercion but a behavioural construction: refusal to invest in China transforms into a normal option of action rather than a forced sacrifice. Thus, the regulatory act reorganizes expectations and reduces the cognitive and political costs of making strategic decisions.

In the European Union, regulatory instruments form a different but synchronized with the American model of behavioural geoeconomics of restraint. The 2022 Foreign Subsidies Regulation defines procedures for assessing the influence of foreign states on the market behavior of their companies, effectively institutionalizing suspicion of Chinese presence as a structural element of competition policy[45]. This is a typical case of nudging, since the very fact of including the risk of political influence in the market analysis procedure changes the way companies assess potential partnerships with Chinese firms.

The Regulation on the export control of dual-use items, updated after 2021, serves as a boosting function[46]. It establishes an institutional framework that enables member states to act in coordination in the realm of technological security. Thus, collective analytical capabilities are formed, and risk assessment standards acquire a cross-border character. States receive an instrument for minimising information asymmetry, which strengthens their autonomy in making strategic decisions.

The European Cyber Resilience Act[47] has a significant impact, which does not directly restrict China but forms a normative logic under which

[44] CHIPS and Science Act of 2022. Public Law No. 117-167, §§ 101–107, 136 Stat. 1366 (August 9, 2022). https://www.congress.gov/117/plaws/publ167/PLAW-117publ167.pdf?utm_source=chatgpt.com

[45] Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on foreign subsidies distorting the internal market. Official Journal of the European Union L 330 (2022): 1–45. https://lexaris.de/library/tableofcontents/2036535

[46] Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (Dual-Use Export Control Regulation). Official Journal of the European Union L 206 (2021). https://eur-lex.europa.eu/eli/reg/2021/821/oj?utm_source=chatgpt.com

[47] Regulation (EU) 2023/2854 of the European Parliament and of the Council of 13 December 2023 on harmonised rules on fair access to and use of data and amending Regulation (EU) 2017/2394 and Directive (EU) 2020/1828 (Data Act). Official Journal of the European Union L 2023/2854 (December 22, 2023). https://eur-lex.europa.eu/eli/reg/2023/2854/oj/eng

digital products with complex supply chains are a priori considered potentially risky. Such a regulatory approach transforms company behaviour in a way that corresponds to the logic of nudging, because it changes the regime of assumptions about security. Manufacturers are compelled to select suppliers that minimize reputational and regulatory risks, thereby indirectly contributing to diversification away from China. The European investment screening mechanism plays a unique role, not by introducing strict prohibitions, but by creating an information-analytical space in which operations involving Chinese investors become the subject of structured analysis and public scrutiny[48]. This mechanism simultaneously performs two functions: on the one hand, boosting, as it expands the analytical ability of states to assess risks associated with critical infrastructure. On the other hand, nudging, because the very fact of introducing an investment review procedure changes the behaviour of corporations that tend to avoid deals that may cause regulatory complications.

In the USA, de-risking policy is implemented through a complex of industrial, technological, and institutional interventions. The requirements for geographic and technological diversification of supply chains, enshrined in the CHIPS and Science Act, encourage companies to reduce their dependence on Chinese production capacities. The practice of friend-shoring transforms into an instrument for building coalition supply chains, within which critical productions are relocated to jurisdictions with predictable political behaviour, which reduces the risks of geopolitical blackmail. Added to this are financial incentives for creating strategic reserves and infrastructure alternatives in the spheres of microelectronics, telecommunications, and critical minerals, which form the material basis of managed reduction of dependence on China. Unlike classical protectionist practices, de-risking is not aimed at blocking external economic ties but at constructing such a configuration of value chains in which risks are distributed, politically controlled, and not concentrated in one node. That is precisely why this instrumentarium is increasingly considered as a key link of geoeconomic policy of China development restraint, since it allows minimising dependence on Chinese technological and production segments while simultaneously forming a new architecture of access to markets, standards, and technologies.

In the European Union, de-risking policy acts as a structure-forming element of new industrial and technological strategies. Strategies for minimising dependence on individual suppliers are implemented through the European Critical Raw Materials Act, which defines goals for diversifying

[48] Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union. Official Journal of the European Union L 79 (2019). https://eur-lex.europa.eu/eli/reg/2019/452/oj

imports of strategic raw materials, and through initiatives to form European production ecosystems in the fields of semiconductors, hydrogen technologies, and digital infrastructures. An additional mechanism is the requirement for supply chain transparency and traceability, which creates institutional incentives for companies to transition to less risky configurations of international cooperation. At the digital level, de-risking manifests itself through the implementation of normative regimes of cyber resilience and supplier security assessment, which reduce the probability of systemic dependence on Chinese technological platforms.

In aggregate, such instruments are not aimed at directly restricting China in the classical sense, but they create a new architecture of managed dependencies within which cooperation with China becomes conditional and politically modulated. De-risking transforms global economic interdependence from spontaneous and market-driven to strategically constructed; it transforms risks into parameters of political management, making supply chains an instrument of geoeconomic security. The outlined determines the perception of de-risking policy as an integral component of contemporary restraint policy: it provides the possibility of reducing vulnerability without transitioning to full-scale segmentation, forms structural conditions for long-term limitation of the competitor's potential, and sets a new logic of functioning of global markets in the regime of managed interdependence.

Contemporary US and EU regulatory acts not only exert legal or economic influence but also construct behavioral frameworks within which China containment becomes a rational and increasingly dominant trajectory of action. Nudging ensures transformation of the cognitive logic of choice by transferring the category of risk to the centre of strategic thinking of states and private actors, while boosting forms the organizational, institutional, and technological capabilities necessary for implementing the policy of development restraint without excessive economic losses. In aggregate, these mechanisms create a new model of geoeconomic behaviour within which regulation functions not only as an instrument of limitation but as an architecture of rationality that determines long-term trajectories of global competition and rivalry.

Conclusions

Global competition is considered as a process of structural reformatting of economic and technological conditions of development implemented through changing regimes of access to resources, markets, technologies, and standards. This approach allows moving away from the notion of competition as neutral market rivalry and interpreting it as a dynamic configuration of institutional, normative, and technological constraints within which

states and coalitions increasingly actively form the development trajectories of other actors. Global competition, in this understanding, is not homogeneous but manifests itself through different regimes that differ in the degree of politicization of economic decisions and the nature of intervention in economic interdependence mechanisms.

Rivalry is interpreted not as a separate type of international interaction, nor as a synonym for global competition, but as a specific regime of its unfolding, under which economic interdependence is preserved but subordinated to the logic of limiting the other party's long-term development capabilities. It is precisely in the phase of rivalry that competition ceases to be limited to the struggle for efficiency and market positions, and is increasingly directed at controlling development conditions, accessing critical technologies, and participating in global value chains.

Within such a regime, a policy of development restraint is formed, which, in the article, is conceptualized as a comprehensive geoeconomic and regulatory-institutional regime of influence. Unlike approaches that reduce restraint to a set of sanctions or individual restrictive measures, the policy of development restraint is considered as a systemic strategy for transforming the very architecture of global economic interaction. Its content consists not in the point-by-point correction of competitor behavior, but in forming such access regimes, standards, and procedures that create stable development asymmetries and change long-term trajectories of economic and technological growth.

Fragmentation of the global economy within the proposed analytical framework appears not as an autonomous or exogenous process but as a structural consequence of the transformation of global competition under conditions of intensified rivalry. The redesign of global value chains, segmentation of technological and regulatory spaces, and intensification of regulatory competition, manifested in the competition of normative regimes and standards, are the result of a purposeful action by the policy of development restraint, rather than the spontaneous curtailment of economic interaction. In this sense, fragmentation does not negate global competition but modifies its form, translating it into a regime of politically selective interaction within which development restraint becomes a key mechanism of managing the economic and technological trajectories of other actors, particularly China.

An important theoretical contribution is the distinction between the policy of development restraint as a generic concept and the specific logics of its implementation, referred to as restraint strategies. In this context, an expanded typology of strategies is proposed, including deterrence, containment, compellence, rollback, and engagement. Such a typology enables the linking of the choice of restraint strategies with different regimes of global competition and rivalry, demonstrating that the policy of development re-

straint is not linear or unified. It functions as a flexible set of strategic logics that are combined depending on influence goals, time horizons, and the degree of rivalry intensification.

Particular attention is paid to distinguishing between the policies of development restraint, decoupling, and de-risking. It is shown that decoupling is neither a synonym for restraint nor its universal goal, but acts as an extreme form of implementation in phases of hostile rivalry. Instead, de-risking is conceptualized as a strategy of managed interdependence that allows reducing strategic vulnerabilities without completely breaking economic and technological ties. In this sense, de-risking functions as an intermediate regime between competition and rivalry, providing an adaptive redesign of global value chains, particularly through practices such as friend-shoring, near-shoring, and reshoring.

The formation of a fragmented global economy is accompanied by the growing role of transnational regulatory regimes that operate beyond individual national jurisdictions, yet determine the conditions of access to markets, technologies, and value chains. It is precisely through such regimes that the policy of development restraint acquires an extraterritorial character, extending to companies, investment flows, and production networks, regardless of their formal affiliation with a particular state. In this context, transnational regimes act not as neutral coordination instruments but as mechanisms for institutional consolidation of regulatory competition, which allow initiators of restraint to form asymmetric integration conditions and limit the development capabilities of other actors, particularly China.

Empirical analysis of China containment policy allows tracing how the proposed theoretical framework is implemented in practice. China is considered not as a unique exception but as a demonstrative case within which the key mechanisms of contemporary geoeconomic rivalry manifest themselves with the greatest concentration. It is precisely regarding China that the policy of development restraint has acquired the most systemic and multidimensional character, encompassing trade regulatory, technological, regulatory institutional, financial, digital, and cognitive dimensions.

In the technological dimension, export control, investment screening, restrictions on knowledge transfer, and access to high-tech ecosystems play a central role. These instruments are aimed not at regulating trade as such but at forming long-term technological asymmetries that limit China's capabilities for deploying critically important innovations within one or several innovation cycles. In the regulatory-institutional dimension, restraint is implemented through regulatory regimes that increase requirements for security, transparency, environmental and social responsibility, creating asymmetric conditions of access to cross-border markets without formally introducing prohibitions.

The financial and digital dimensions of the restraint policy complement this architecture through restrictions on access to capital, financial markets, payment infrastructures, digital platforms, and data flows. In combination with the informational and discursive dimension, which forms the notion of China as a source of strategic risks, these instruments create a cumulative restraint effect under which cooperation with Chinese actors is increasingly perceived as economically and politically risky.

A separate but conceptually important case of the policy of development restraint is behavioural mechanisms of influence implemented through nudging and boosting. Unlike formal regulatory or technological restrictions, these mechanisms aim to form a cognitive environment within which interaction with Chinese actors is increasingly perceived as risky and strategic distance is viewed as a rational and normatively expected model of behavior. In this sense, nudging and boosting function not as auxiliary instruments but as integral elements of the contemporary policy of development restraint that ensure its effectiveness even in the absence of direct prohibitions or formal decoupling.

Using the example of China, it is demonstrated that the contemporary policy of development restraint operates as an institutionally formalized regime within which individual instruments do not act in isolation but are integrated into an interconnected matrix of geoeconomic influence. This matrix aims to reformat global value chains, alter the spatial organization of production, and gradually displace China from the most sensitive segments of the global economy. At the same time, it is not reducible to complete isolation but leaves space for selective interaction controlled through regulatory, technological, and financial restrictions.

In sum, the policy of development restraint is a key mechanism of transformation of contemporary global competition within which economic processes are increasingly becoming the object of purposeful political management. The proposed theoretical framework allows not only explaining the logic of China containment but also creates an analytical foundation for studying broader transformations of the global economic order under conditions of intensified rivalry, fragmentation of regulatory regimes, and reconceptualization of the state's role in forming development conditions.

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