Competition between major economic powers and its impact on sustainable development policies: an analytical study in light of current international economic transformations

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Abstract

The competition by major economic powers the United States, China and the European Union is strategically shaping the global governance agenda and sustainable development agenda. This paper explores the impact of this competition on the policy making process, propagation, and efficiency of sustainability policies in the developed and developing economies. Based on current international economic changes, such as trade decoupling, green industrial subsidies, and disputed climate finance, the study uses a mixed-method, combining comparative policy analysis, regional case studies and the multi-dimensional analytical framework of economic power relations, policy diffusion theory and the indicators of sustainability. The results indicate that major powers have different sustainability models that are consistent with their geopolitical interests, and developing economies tend to have externally influenced policies in terms of strategic alignment, which lead to conditionality-based implementation and minimal levels of institutional ownership. It is often per formative as a policy conducted through symbolic compliance and competitive emulation, instead of substantive reform.

The quantitative analysis presents fragmented sustainability performance, in which there are differences in the implementation of renewable energy and climate finance

uptake, and the distribution of emission trends among the regions. These observations imply that sustainability is no longer a universally normative project but a place of struggle in strategic realms. The paper ends with findings that adaptive governance structures are necessary to find a balance between external alignment and local priorities, enhance institutional resilience, and achieve regional integration. Placing sustainable development in the context of the wider framework of international political economy, the study helps to better understand how the rivalry of geopolitical interests leads to the innovativeness, as well as how such rivalry, at the same time, atomizes the global environmental management.
Keywords: Geopolitical alliances, Strategic economic competition, Sustainable development policies, Policy diffusion theory, Geopolitical influence, Climate finance, Green industrial subsidies, Global governance, multilateral collaboration, regional integration.

1. Introduction

The world economic environment is experiencing a massive change, as competition amongst the major economic giants in the world is growing. This competition which was limited to trade and technology has now spread to the frontier of sustainable development. Whether it is major powers aiming to adopt green industrial policies, climate diplomacy, and energy transitions, their actions shape how the definition, financing, and implementation of sustainability takes place throughout the international system. Historians have proposed a move to competitive interests and the establishment of global governance based on competitive interest as a transition to normative environmentalism to strategic sustainability [Brand, Muraca, Pineault, Sahakian, Schaffartzik, Novy, Görg 2021, 264-291],[Rockström, Donges, Fetzer, Martin, Wang-Erland, Richardson 2024, 773-788].

Following the COVID-19 pandemic, global power has turned into a strategic aspect in terms of economic recovery plans. Efforts around renewable energy, green infrastructure and climate finance are being increasingly presented through a prism of geopolitical agenda. This has resulted in a restructuring of world governance systems, trade orientations and environmental binding, and with massive repercussions to the economies developed and developing. Recent research indicates that the strategic capacity of states is a key determinant in the development of climate leadership, and governments are using the idea of sustainability to boost their international reputation [Rockström, Donges, Fetzer, Martin, Wang-Erlandsson, Richardson 2024, 773-788],[Meckling, Nahm 2022, 345364].

Strategic competition has twofold influence on achievement of sustainability. On the one hand, it has the potential to speed up innovation, promote investment in clean technologies, and motivate countries to pursue ambitious climate targets. Conversely, it may disintegrate international collaboration, skew fund flows, and encourage per formative or sham policy implementation. Indicatively, South Asian countries have become more open to external pressure in their green industrial policy, whereby the competitive model of the policy has been adopted to facilitate foreign investment [Fang, Liu, Putra 2022, 194, 1142-1152].

Emerging markets are under special strain in this competitive world. Strategic alignment with powerful forces is often the case in their sustainability policies instead of priorities locally-driven. Consequently, this can lead to a loss of policy coherence, institutional capacity, and long-term environmental goals. The example of climate finance strategies in Africa is influenced by geopolitical competition between China and the

EU, which highlights equity and the long-term sustainability concerns [Mansour 2025, 10435] as the space where power asymmetries and strategic interests shape the limits of environmental governance on the globe. [Mansour, 2025, 10435].

In addition, there has been an escalation in the strategic use of sustainability as a soft power instrument. Not only are countries competing in terms of technological leadership, but also in terms of the ability to establish global norms and to influence multilateral institutions. This has given rise to sustainability diplomacy whereby environmental promises are used to unlock markets, trade agreements and improve geopolitical positions. The interaction of environmental objectives and strategic interests has given birth to the new reality where sustainability is no longer a commonly held universal value but a field of power struggles. It is imperative to understand this transformation in the assessment of the effectiveness and equity of global development agendas.

1.2. Research Objectives

This paper focuses on analyzing the impact of the competition between the key economic giants on the policies of sustainable development in aftermath of the contemporary global changes in economy. The study aims to explore the impact of strategic competition on sustainable development policy, explore the dual role of economic rivalry in sustainability agenda, and explore how power plays affect environmental commitment, create an integrative analytical framework, engage in a comparative policy analysis and case studies, and create policy prescriptions. In accomplishing these goals, the research will seek to make a contribution to a better-detailed perception of the multifaceted correlation between economic competition and sustainable development in the modern global society.

Literature Review

Strategic competition and sustainable development have become key issues of research in global policies. With the United States, China, and the European Union starting to entrench sustainability into their geopolitical approaches, researchers have started to consider the impact of this competition on the design of environmental policies, climate finance flows, as well as industrial innovation. The literature is indicative of an increasing awareness that sustainability is not merely a normative agenda; it is a strategic tool in the balance of power in the world.

2.1 Policy Diffusion and Strategic Sustainability

Recent literature stresses the fact that sustainability policies have not been adopted on environmental grounds but are usually influenced by strategic positioning. Emphasize that a strategic orientation contributes to sustainable competitive advantage by having high organizational capabilities. Their analysis reveals that the major mediators of sustainability results are innovation, adaptability, and resource integration. These capabilities assist the countries in transforming the strategic intent into the effective policy in the environment of global economic competition.

This justifies the adaptive governance focus of the current study in the context of geopolitical competition. [Heinzel, Richter, Busch, Feil, Herold, Liese 2021, 1249-1273] Investigated the effect of geopolitical alignment and institutional trust on perceptions of impartiality towards the IMF and World Bank. They find that countries tend to perceive these institutions as a means of strategic interests instead of a neutrality. This facilitates the argument in this present study that power dynamics affect global sustainability governance. It lays emphasis on the necessity of context-sensitive policy frameworks in competitive global settings. These results substantiate the thesis that the process of sustainability diffusion is no longer organic; it is preconditioned by geopolitical motives and rivalry imitation.

Geopolitical Influence on Green Policy Models

The competition between the key powers resulted in the development of competing green development models. [Irfan, Razzaq, Sharif, Yang 2022, 182, 121882] Explored the impact of regional policy interventions in China on the connection between green finance and green innovation. The results of their research were that the focused financial mechanisms can greatly contribute to better results of innovations in the sustainability sectors. This goes to affirm the opinion that, strategic competition can lead to green industrial development by leveraging on the policy. It supports the current study theme of the impact of economic power in the sustainability agendas. Highlighted how China and the United States play key roles in the establishment of the global climate governance and international sustainability regimes. The research has shown that their competition affects the course and authority of multilateral climate endeavors. This is in line with the theme of the current paper on the influence of major powers to policy coherence and global sustainability agendas. It highlights the necessity of the balanced leadership and inclusive governance within geopolitical competitive environments. Collectively, these studies can help in depicting how geopolitical competition can not only influence the content of policy, but also its institutional forms of operation, where sustainability is sought.

2.3 Green Industrial Subsidies and Trade Realignments

The green industrial policy has turned into a strategic competitive weapon and the large powers are exploiting subsidies and trade incentives to take control of emerging industries. Analyzed the influence of US-China rivalry on the corporate strategies and reforms the global economic order. Their analysis reveals that geostrategic contestation promotes policy fragmentation and shapes sustainability agendas in different areas. This gives credence to the current paper argument that economic power politics affect the congruency of global development agendas. It brings out the necessity of adaptive, place-based sustainability models in the changing alliances. [Zakharova 2025, 16-28] Inquired about the ways in which competitive strategies in sustainable development ecosystems present challenges and opportunities to policy coherence. The research highlighted that states and companies can use strategic positioning to speed up innovation yet disintegrate global sustainability initiatives. This is in line with the current paper position that the structure and outcome of development agendas are affected by economic rivalry. It confirms that competitive international environments must be governed in an adaptive, context-sensitive way. As both catalysts of innovation and sources of geopolitical tension, the two works highlight the dual nature of industrial policy.

2.4 Climate Financing and Multilateralism

Climate finance is no longer a non-partisan instrument it is becoming a tool to serve strategic purposes. [Kerr, Hu 2025, 16] Discussed comprehensive approaches to mobilize the private capital to take climate action in developing economies. Their study emphasized that blended finance models and institutional reforms are key to closing the climate finance gap.

This assists the current paper in concluding that strategic competition has an effect on climate funding flows and access. It emphasizes the necessity of dynamic financial systems in geopolitically disputed areas. [Santiago, Haraguchi, Lavopa 2024, 5] Examined the impact of changing world trends and power balances on the design of industrial policies in developing nations. In their work, they highlighted the necessity of strategic adjustment to new geopolitical and economic orders. This confirms the idea of the current paper that global competition has an effect on the policy frameworks of sustainability. It underlines the need to have industrial strategies in line with the changing world order dynamics. This literature sheds light on how climate finance may support global inequalities and multilateral cooperation is more difficult and more politicized.

Strategic Role of Business and Governance

The pressures of strategic competition are also being adjusted in the private sector and the systems of regional governance. [Mio, Panfilo, Blundo 2020, 3220-3245] Conducted a systematic review on how businesses strategically engage with the Sustainable Development Goals (SDGs). They discovered that the alignment of corporations with SDGs depends on governance models, stakeholder pressure, and value creation in the long-term. This contributes to the argument of the current paper that strategic orientation has impacts on the results of sustainability. It brings out the role of business strategy in promoting agendas of global development. Analyzed the grand strategy of China in the light of the increasing Sino-US strategic rivalry with a focus on its long-term geopolitical and economic goals. The paper illustrates the influence of strategic competition on the national policy agenda, and international power. This justifies the sustainability and development agendas of the present paper that is supported by power relations. It highlights how grand strategy can help in maneuvering around the contested international regimes. These studies highlight the importance of institutional flexibility and strategic foresight in responding to global sustainability challenges.

Methodology

The research design used in this study is the mixed-methods research design where the researchers intend to examine the impact of strategic economic competition among the major powers on the formulation, implementation and effectiveness of sustainable development policies. The combination of comparative policy analysis, regional case studies, document-based qualitative analysis, and quantitative indicator-based evaluation is included in the methodology. It aims to offer a multi-layered insight into the influence of geopolitical rivalry on sustainability agendas of both developed and developing economies.

Comparative Policy Analysis

The initial aspect of the methodology is a comparative study of the sustainability policies of the United States, China, and the European Union. The three actors are different types of economic governance and environmental policy, influenced by their geopolitical interests and institutional capabilities. The discussion revolves around national climate policies, green industrial policies and international climate diplomacy policies. The study uncovers the role of competition in fostering innovation, norm-setting, and strategic differentiation by considering policy objectives, funding mechanisms, and implementation structures. This analogy shows the intersection of trends in investment in clean technologies and a split between them, like the regulatory leadership of the EU and the infrastructure-led model of China.

Regional Case Studies

The study has case studies in Asia, Africa, and Latin America to capture the downstream of global competitions. Such areas are tactically chosen because of being exposed to foreign investment, climate finance, and policy impact of the large powers. In every region, representative countries are checked to comprehend how the external pressures are impacting the domestic sustainability agendas. The case studies discuss the way governments maneuver competing offers of green technology, infrastructure funds and climate partnerships. They also determine how sustainability policies are localized or aligned with the major powers. This aspect points to the issues of policy consistency, institutional capability, and long-term environmental planning within developing contexts.

Integrative Analytical Framework

One primary contribution of the research is that it developed an integrative analytical framework that would be used to analyses the strategic impact of economic competition on the policymaking on sustainable development. In this system, three basic dimensions economic power relations, policy diffusion theory, and sustainability indicators are incorporated to enable an interaction at multi-levels on the way sustainability agendas are shaped, conveyed, and evaluated across geopolitical settings.

The economic power relation of the first dimension is the structural asymmetries and strategic possibilities of the strong world actors, such as the United States, China, and the European Union. Their impact is through trade, investment, climate financing and norm setting, and as a result determines the sustainability paths of the developed and the developing economies. The ability to deliver green technology, offer funding of infrastructure or special trade deals often determines the strategic alignment of recipient countries. The view of economic power in this framework is not only a background condition but a dynamic force which conditions the choice of policy and institutional reaction.

The second dimension is the policy diffusion theory that follows the policies of how the sustainability models and practices are transferred across the borders. Diffusion may be through emulation, competition, coercion or learning, and is commonly mediated by the international organizations, bilateral partnership, and transnational networks. The environment of strategic competition is not that neutral in terms of diffusion; this is conditioned by geopolitical interests, and these are inclined towards one-sidedness in terms of priorities of dominant actors. The other instance is that green industrial policies in the developing economies may not be driven as much by the environmental requirements but by the requirement to open up to foreign capital or by the requirement to meet the mighty donor blocs. This feature of the framework makes it possible to recognize policy borrowing, adaptation and innovation, as well as the per formative or symbolic adoption.

The third dimension, sustainability indicators, gives empirical standards of assessing the efficacy and fairness of sustainable development policies. The policy outcomes in different national and regional contexts are assessed by indicators of carbon intensity, a portion of renewable energy, the amount of climate finance, and the achievement of the Sustainable Development Goals (SDGs). These measures can be interpreted in the context of the strategic environment in which policies are made and implemented and it is possible to have a more nuanced perspective of performance. This practice will allow distinguishing transformative sustainability activities and those that are externally-based or strategically-driven.

When these three dimensions are combined, it forms a stratified analytical framework which helps in comparative and regional policy analysis. The framework is modeled in a sequential (step by step) format, with economic relations of power being the driver of the conditions of policy diffusion, which further conditions the results of sustainability in the shape of empirical measurements. The structure is shown as below:

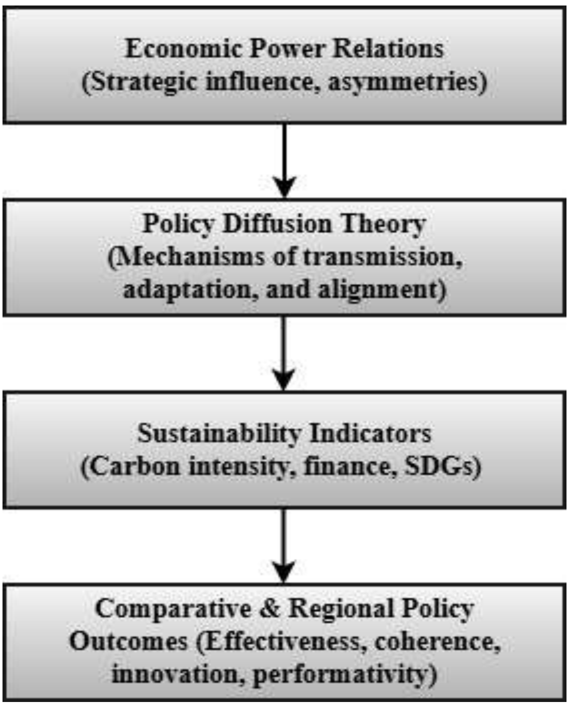

Figure 1: Integrative Analytical Framework

The integrative framework allows the study to go beyond the contents of sustainability policies and examine the strategic reasons why they are adopted and the circumstances in which they are diffused. It helps to identify the most important trends including competitive innovation, fragmented governance, and strategic green washing. Connecting structural power relations with policy transmission and performance evaluation, the framework allows offering a strong background to analyze the controversial character of sustainability in the modern global order.

Quantitative and Qualitative Document Analysis

The research has conducted a quantitative analysis of the information that has been collected via international sources such as the World Bank, UN SDG Tracker, and IMF to prove theoretical claims and whether sustainability has been performing well. The greenhouse gas emission, investment in renewable energy, the climate finance flows and environmental governance scores are the most important indicators. Statistical methods, like correlation analysis and regression modeling are used to test the correlation between economic competition measures like trade dependencies or foreign direct investment and sustainability performance. This piece of empirical evidence provides evidence based data on how competition affects the environmental performance in different national contexts.

To complete the quantitative analysis, the qualitative analysis of documents, i.e. official policy documents, international agreements and strategic plans, are applied. The thematic coding will be part of this technique to identify recurrence of stories and strategic representations of sustainability. The documents are examined in order to reveal the manner in which the environmental objectives are framed in the context of larger geopolitical agendas, like trade negotiations, infrastructure diplomacy, or climate leadership assertions. This approach reveals the discursive processes that the states use to legitimize their practices of sustainability and to align them with strategic interests.

Trend Analysis

Trend analysis is also parts of the study to capture the changing dynamics globally that affect sustainability governance. The main trends assessed are decoupling of trade and technology, emergence of green industrial subsidies and changes in climate financing. These trends are examined in order to determine how they affect policy orientation, priorities in funding, and international cooperation. To illustrate, the growing adoption of green subsidies in industrial policy indicates a strategic competition in technological leadership, and climate finance talks indicate strains on equity and access of global governance.

Comparative Performance Evaluation

In order to measure the sustainability policy effectiveness, a comparative performance analysis is done in the selected countries and regions. A uniform rubric is created to assess the policy coherence, success in implementation, and equity results. This assessment will allow identifying the best practices, policy gaps, and areas of improvement. It also assists in differentiating between true sustainability actions and per formative or strategically-driven ones.

3.7 Policy Diffusion Analysis

Lastly, the paper has provided a policy diffusion analysis to follow the flow and change of sustainability policies across borders. This element determines cases of policy borrowing, adaptation and innovation, and traces the way strategic interest's impact on the proliferation of environmental governance models. The review will indicate whether competition results into meaningful learning and innovation or whether competition results in fragmented and superficial policy adoption..

Results

This research study has revealed that the strategic economic rivalry among the key powers has a profound impact on the design and performance of the policies of sustainable development. The findings are classified into four thematic groups, namely: differentiated sustainability models among major powers, strategic alignment and policy adjustment in the developing regions, diffusion mechanisms and performative adoption, and fragmented sustainability performance and governance results. These clusters are indicative of the interaction of geopolitical strategy and environmental governance in a variety of contexts.

Differentiated Sustainability Models among Major Powers

The comparative policy analysis shows that the United States, China, and the European Union are working towards sustainability using different strategic models, all of which are informed by their geopolitical interests and institutional capabilities. These models are representative of the contrasting meanings of sustainability competitive, developmental and regulatory within the larger economic and diplomatic objectives.

Table 1: Strategic Sustainability Models of Major Powers

Actor	Strategic Model	Key Instruments	Geopolitical Objective
United States	Market-driven	Tax incentives, private sector innovation	Technological leadership, energy security
China	State-led	Belt and Road green projects, green finance	Infrastructure diplomacy, regional influence
European Union	Regulatory-normative	Green Deal, CBAM, climate diplomacy	Norm-setting, multilateral governance

The statistics in Table 1 show how the United States, China and the European Union have different strategic orientations in their quest towards sustainability. The US has a market-oriented strategy, which is very dependent on the innovation of the private sector and fiscal incentives to encourage clean energy investment. The state-led model adopted by China incorporates sustainability within its foreign policy, especially the Belt and Road Initiative, as a form of infrastructure diplomacy in which green finance is applied as an instrument of infrastructure diplomacy. The European Union, in its turn, pursues a regulatory-normative paradigm, legalizing sustainability and multilateral climate diplomacy. Such divergent models are indicative of the role of geopolitical priorities in determining not only domestic environmental policies but global proliferation of sustainability norms. The strategic positioning of sustainability by these powers highlight the two-sidedness of competition as both facilitator of innovation and a tool of geopolitical control.

4.2 Strategic Alignment and Policy Adaptation in Developing Regions

The Asian, African, and Latin American case studies indicate that the sustainability policies of developing economies are often influenced by the strategic orientation with the major powers. Most policies do not arise due to domestic environmental concerns, but are externally patterned in order to be attractive to investment, climate finance or diplomatic assistance.

Table 2: Strategic Influence on Sustainability Policy in Developing Regions

Region	**Dominant External Influence**	**Policy Characteristics**	**Observed Challenges**
South Asia	China, United States	Green industrial zones, FDI-driven models	Limited institutional capacity
Sub-Saharan Africa	China, European Union	Climate finance conditionality, donor-led frameworks	Uneven access, fragmented implementation
Latin America	EU, Regional blocs	Hybrid models, regional integration efforts	Balancing external alignment with autonomy

Table 2 points to the effect of external strategic pressure on the formation of sustainability policies in developing regions, which is not only the domestic environmental agenda. The imitation of green industrial zones and models of FDI activity in South Asia is a reflection of the Chinese and American investment priorities. The dependency of Sub-Saharan Africa on the donor-based organizations and conditional climate finance indicates the presence of Chinese and EU strategic interests that tend to lead to the discontinuity of the implementation and unequal distribution of resources. A case in point is Latin America which has a hybrid strategy between regional integration and external relations especially with the EU. These trends indicate that the alignment to powerful forces could make it easy to access funds and technology but also jeopardize policy consistency and institutional independence. The results support the necessity of context-sensitive governance that would be able to avoid external pressures and protect local sustainability interests.

Policy Diffusion and Performative Adoption

The policy diffusion analysis demonstrates that sustainability models are cross border transmitted by means of bilateral agreements, multilateral platforms, and competitive emulation. The leading economic forces, the United States, China and the European Union are at the forefront in creating strategic alliances and propagating the models of policies that can be seen to be a reflection of their models of sustainability. Developing economies usually adopt these templates to fit in the global norms or to appeal to climate finance and investment.

But the diffusion process is not uniformly transformative. Policy adoption in most cases is performative in nature and is motivated by the urge to signal that the country is complying with the expectations of the international community and not by the need to make substantive institutional changes. This has been especially clear in climate negotiation, in which developing nations publicly pledge sustainability targets like net-zero, or SDG consistency, without the necessary administrative competence or financial means to do so. This could lead to a divided implementation process and a weakened impact of the policy, although they are beneficial as far as positioning diplomats.

The researchers conclude that diffusion in the competitive environment is more likely to take the lead in terms of visibility and strategic alignment rather than effectiveness. Cases of policy imitation, mere adaptation, and compliance by donors imply that sustainability governance within the developing world is frequently influenced more by extrinsic motivation than in-house environmental concerns. These results highlight the importance of critically evaluating policy transmission mechanisms and the strategic interests they represent, particularly in situations where power asymmetries are at play to shape the nature and scope of sustainability reform.

4.4 Fragmented Sustainability Performance and Governance Outcomes

The quantitative analysis of sustainability indicators in selected countries shows an imbalanced performance result. Some economies demonstrate the signs of improvement in the use of renewable energy and reduction of emissions, whereas others demonstrate stagnation or decline, especially in climate finance uptake and institutional capacity. Trend analysis also indicates that decoupling of trade and technology, increasing green industrial subsidies, and challenged climate financing processes are other factors which contribute to the fragmentation of governance. Policy incoherence and delays in implementation are caused by overlapping efforts and uneven distributions of funding in areas where different powers are seeking to exert control over one another. These dynamics weaken the possibility of coordinated action on a global level and point to the strategic contradictions inherent in sustainability governance.

Table 3: Selected Sustainability Indicators Across Regions

Country/Region	Renewable Energy Share (%)	Climate Finance Received (USD Millions)	Emissions Trend (2015–2025)	Governance Score (1–10)
Germany (EU)	42.5	3,200	Declining	8.5
China	29.8	2,800	Increasing	7.2
Kenya (Africa)	18.3	450	Stable	5.9
India (Asia)	23.1	1,100	Increasing	6.4
Brazil	45.0	980	Declining	7.0

In Table 3, the comparative data show that there are considerable differences in sustainability performance by region. Germany and Brazil have decreasing trends in emissions and a fairly large share of renewable energy showing successful policy implementation and institutional capacity. China and India are increasing in terms of their emissions despite the massive climate finance, which indicates that, the growth of industry and energy demand are still outpacing the sustainability benefits. The lack of capacity but also some policy consistency is reflected in the steady emissions and relatively small renewable energy share in Kenya. The scores on governance also indicate institutional diversification, with better performing countries showing stronger regulatory frameworks and administrative capacities. This is because these findings are indicative that even though strategic competition may be able to engage resources and policy attention, it is not a sure thing that it will result in similar outcomes. Rather, domestic governance structures, absorptive capacity, and capacity to match external support and national priorities mediate performance..

Discussion

The results of this paper highlight the multifaceted nature and the conflicting nature of strategic economic competition in global sustainability governance. By examining the variousiated policy models, regional adjustments, diffusion mechanisms and performance performance the research shows that sustainability is no longer a universally normative agenda but a field of contest of strategies. This discussion contextualizes the findings in the context of broader theoretical and empirical debates, and policy implications of coherence, institutional stability, and global fairness. The comparative analysis of the key powers proves that sustainability becomes more and more actively used as the means of strategic influence. The three approaches of market-driven, state-led, and regulatory toward the market that are pursued by the United States, China, and the European Union are all representative of their geopolitical interests and institutional abilities. Those models do not only reflect the technical solutions to environmental problems, they are part of the overall economic positioning, technological leadership and norm setting strategies. This substantiates the transformation of the literature towards strategic sustainability with climate promises, and green investments having dual goals; to protect the environment and to gain geopolitical benefits.

In the case studies of the region, it can be seen that the developing economies tend to adopt sustainability policies by strategic alignment as opposed to endogenous policy innovation. The external models of achievement of climate finance, trade alliances or even to be like the strong are copied by governments in Asia, Africa and Latin America. Though it may result in greater access to resources and exposure to other countries, policy coherence, institutional ownership and long-term sustainability are raised as an issue. The results resonate with literature concerns on performative adoption and conditionality-based forms of governance, which implies that strategic alignment can undermine local priorities and water down transformative possibilities. The selectivity and strategy of transmission of sustainability is highlighted in this policy diffusion analysis study. Diffusion can be performed through bilateral agreements, but multilateral platforms and competitive emulations, which are often subject to power imbalances and strategic incentives. The prevalence of symbolic following and copying of policies implies that pressure to compete may influence the direction of diffusion to be appearance-based and not content-based. This critiques more conventional diffusion models that see organic learning and adaptation, but instead a more critical approach of diffusion as a politically mediated process. The findings indicate that there should be a more critical look at how the sustainability norms are transmitted, and the strategic interests that sustainability norms serve.

Quantitative and trend analysis shows that there is lack of continuity in sustainability performance and where two or more powers have overlapping power. Incoherence in governance and policy asymmetries are compounded by the advent of green industrial subsidies, the decoupling of trade and technology, as well as by the controversial climate finance flows. These dynamics are the reflection of tension between competition and co-operation in global sustainability governance. Although competition can lead to innovation and investment, it is a threat to the erosion of multilateralism, equity and long term planning. The findings are in line with the recent studies of the instrumentalization of climate finance and politicization of multilateral institutions. Integrative framework of the study offers a convenient view of the role of economic competition in the sustainability agendas. It indicates the need to have adaptive models of governance that are able to navigate the strategic pressures without distorting the policy coherence and institutional integrity. In developing economies, this means that there is a balance between external alignment and ownership, institutional capacity building and regional integration. In the instance of global governance institutions, it requires mechanisms to promote transparency, equity and strategic pluralism. The findings show that effective sustainability governance must be technically motivated as well as geopolitically aware and prospective.

Conclusion

This paper has concluded that the strategic economic competition among the major powers namely the United States, China and the European Union particularly decisively influence the design, diffusion, and performance of sustainable development policies both in the international and regional levels. The studies reveal that sustainability is being used as a strategic tool, and not as a normative agenda, through a mixed-methods approach that incorporates comparative policy analysis, regional case studies, and an integrative analytical approach. The models proposed by major powers are corresponding to their geopolitical interests, whereas the developing economies tend to follow externally oriented policies based on strategic alignment and provoke issues of coherence, ownership, and long-term sustainability. The policy diffusion is demonstrated as selective and performative, often giving precedence to symbolic compliance over substantive reform, and quantitative trends demonstrate fragmented governance results worsened by conflicting influence and control over climate finance. These conclusions highlight the importance of context-sensitive and adaptive governance that can strike the right balance between strategic pressures and institutional integrity and equity. The analysis adds to the overall knowledge of sustainability as a contentious field in the international political economy and proposes a new research and policy-making that combines geopolitical sensitivity with sustainable and inclusive development approaches.

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