



Trendlines synthesizes research from across CSIS programs to identify the structural trends and new forces shaping the global economy and geopolitical landscape. Each edition distills research from across CSIS into key signals for policymakers and industry leaders.

Issue 1 | The Great AI Buildout | March 2026

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The global AI race is entering a new phase. Beyond model breakthroughs and compute performance, structural trends in global energy systems are colliding with forces of change in capital markets, industrial policy, and capacity to diffuse technology across economies. These are emerging as decisive variables shaping the future of AI leadership.

The Data:

\$4.7 T

projected value of the global AI market by 2033

\$600B+

projected global hyperscaler capital expenditures in 2026 as firms race to expand AI infrastructure

40-90GW

projected range of additional electricity demand U.S. data centers may require by 2030

\$47.5B

3rd phase of China's National Integrated Circuit Industry Investment Funds supporting semiconductor development

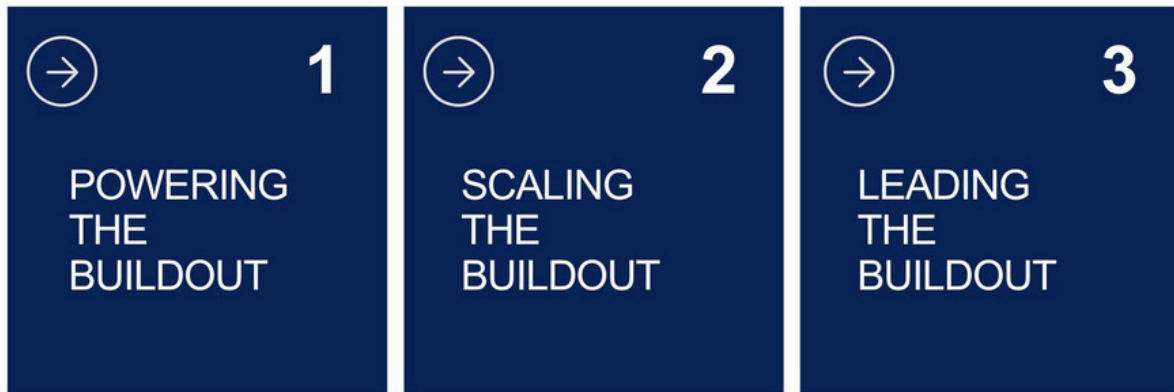
**4-5.5%
GDP**

China's estimated industrial policy spending. 3X that of EU spending

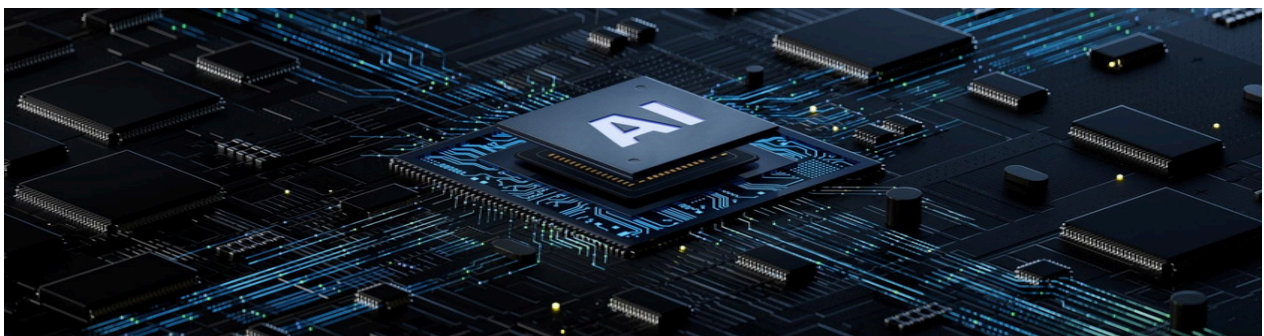
**3-5 yrs
vs.
<2 yrs**

U.S. average timeline for new data centers compared to China

The Trends:



Trend 1: Powering the Buildout: Rising Energy Demand



The race for AI dominance in 2026 is defined by which nations and companies can deliver the necessary power infrastructure and scale investment fastest.

“Failing to secure energy means surrendering leadership on AI. The race will be won by whomever scales investment and delivers infrastructure the fastest.”

—Navin Girishankar, et al., CSIS

The Trendline: CSIS analysis projects that data centers will require 40–90 gigawatts of new electricity demand in the United States at a total capex of \$2 trillion by 2030. In major U.S. markets, grid connection timelines now stretch three to five years, while China has compressed similar infrastructure timelines to under two years.

The AI revolution may be digital, but its primary bottleneck is physical. CSIS released analysis including “Securing Full Stack U.S. Leadership in AI,” along with expert perspectives in “Exploring Global AI Policy Priorities Ahead of the India AI Impact Summit,” outlining how energy infrastructure is becoming the decisive factor shaping where and how quickly AI systems can scale. Additionally, CSIS hosted special events bringing together leading voices on the topic, including several surrounding India’s AI Impact Summit, and asking, “Can Small Firms and Workers Claim the AI Era? featuring Chief Economist of LinkedIn Karin Kimbrough.” CSIS scholars are tracking the shift in which energy, permitting, and grid modernization are no longer secondary technical issues; they are strategic variables in the global tech race.

Trend 2: Scaling the Buildout: A Growing Digital Divide



Despite rapid advances in technological breakthroughs, the next phase of the AI buildout will be determined by how widely and effectively the technology diffuses across industries and economies.

“U.S. AI policy needs bolder ways to boost the rate of adoption and diffusion of AI applications, even as it also continues to execute on expanding supply.”

—**Matt Pearl, et al., CSIS**

The Trendline: AI is projected to add an additional \$20 trillion to the global economy by 2030. On current trajectories, developing countries in Africa, Asia (excluding China), and Latin America will only benefit from a fraction of these economic gains if infrastructure and skills gaps persist.

CSIS released analysis, “It’s Time for AI Policy to Get Serious About the AI Adoption Gap” and “An Open Door: AI Innovation in the Global South amid Geostrategic Competition,” highlighting the risk of a widening “diffusion gap,” and the opportunities for economic prosperity that come with expanding access and adoption. AI leadership will not be determined solely by model invention but also by how effectively systems are deployed across economies worldwide.

Trend 3: Leading the Buildout: A Full Stack Approach

Ecosystem Building Blocks: No Absolute Advantages

Economy Wide Fundamentals (World average: 50)						
United States: 73 ↑			China: 55 ↑			
Tech- nology	Tech-specific Enablers		Ecosystem Governance		Enterprise Strategies	
	U.S.	China	U.S.	China	U.S.	China
Stack AI stack	Dominant ↑	Competitive ↑	Advanced →	Competitive →	Advanced ↑	Advanced ↑
Precision Jet engines	Advanced →	Lagging ↑	Competitive →	Emerging ↑	Advanced ↓	Lagging ↑
Production Machine tools	Competitive →	Competitive ↑	Emerging →	Emerging ↑	Emerging ↓	Emerging →
Base Rare earths	Emerging ↑	Dominant →	Competitive ↑	Dominant →	Emerging →	Advanced →

Trend of indicators:
 ↑ Improving → Stable ↓ Deteriorating

Qualitative scale:
 Dominant Advanced Competitive Emerging Lagging

Source: CSIS Economic Security and Technology Department. See report for source and methodology. **CSIS**

As the AI race accelerates, governments worldwide are increasingly shaping the competitive landscape through industrial policy, trade restrictions, and strategic capital allocation.

“Export controls alone cannot substitute for comprehensive industrial and research policy measures necessary to ensure U.S. leadership.”

—Sujai Shivakumar, et al., CSIS

In early 2026, U.S. policymakers began shifting from blanket export restrictions on advanced AI chips toward a more selective licensing regime, allowing certain high-end chip sales to China while maintaining broader controls. Across CSIS programs, scholars are tracking a shift in which technological advancement is no longer determined by models and chips alone, but also by how geopolitical actors shape innovation through capital allocation and control over market access.

CSIS recently published, [Tech Edge: A Living Playbook for America's Technology Long Game](#), along with, "[Hedged Bets on the U.S.-China AI Race](#)," and "[The Rise of 'Watt's Law' and Why Power Could Put a Ceiling on American Innovation](#)," highlighting how industrial subsidies, market access rules, and trade restrictions are now directly influencing the cost structure and global distribution of AI infrastructure.

The Trendline: CSIS analysis shows that that tariffs on semiconductor components and data center equipment could add [\\$75–100 billion](#) to the cost of U.S. AI infrastructure over the next 5 years. Additional CSIS studies also show China scaling state-directed investment into AI and semiconductor sectors under its [2026–30](#) technology roadmap, building on the [\\$47.5 billion](#) third phase of its National Integrated Circuit Industry Investment Fund and the more than [3,000](#) AI-related defense and commercial contracts its government has awarded in recent years. China's industrial policy spending ranged [between 4 and 5.5 percent of GDP](#) in the last decade, over three times the level of the European Union.

The Trajectory

The race for AI leadership is accelerating. Early attention focused on frontier model breakthroughs, semiconductor performance, and computational scale, but research across CSIS suggests that the next phase of the AI economy will be shaped by structural constraints and policy choices that extend far beyond algorithms.

Energy infrastructure is emerging as a binding constraint on AI deployment. At the same time, the largest economic gains from AI will depend not only on technology breakthroughs but also on how widely the technology diffuses across industries and societies. Governments are increasingly responding to these pressures through industrial policy, export controls, investment incentives, and efforts to shape global innovation ecosystems.

Taken together, these dynamics suggest that technological leadership will not be determined by a single breakthrough. Instead, the advantage will belong to countries and companies able to align energy infrastructure, capital investment, supply chains, and policy frameworks quickly enough to scale AI across their economies. Countries may lead in some areas while lagging in others, creating shifting advantages and new strategic opportunities.

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