

## The Return of Nuclear Hedging

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To many, the end of the Cold War signaled hope for a more restrained nuclear era. As the rivalry between the US and USSR settled in the early 1990s, the imperative for the two states to expand their nuclear arsenals also decreased. During the same period, global efforts to restrict nuclear proliferation accelerated. In 1991 South Africa became the only country, ever, to [voluntarily dismantle](#) its nuclear weapons program before they joined the Nuclear Non-Proliferation Treaty (NPT), highlighting what was to be a new nuclear era. There were drawbacks, such as Indian and Pakistani nuclear development and testing in 1998, and North Korea's [2003 withdrawal](#) from the NPT and later demonstration of nuclear weapon technology. However, until recently, nuclear threats and coercion have been largely restrained.

In parallel, civilian nuclear energy has followed a similar trajectory. Although there was initial enthusiasm for a fossil-fuel-free alternative to meet global energy demands, momentum behind nuclear power waned after the [Fukushima](#) disaster in 2011. The incident involved a devastating tsunami that shed light on the inherent risks of civil nuclear programs and led governments worldwide to reassess their nuclear energy ambitions. Almost immediately afterward, Germany, accelerated its [Energiewende](#) program, shifting the state's energy infrastructure away from nuclear power and toward renewable wind and solar energy, while Switzerland abandoned its plans to build [new reactors](#).

Now, the era of restraint appears to be waning. In February 2026, [the New Strategic Arms Reduction Treaty](#) (New START), the last binding agreement limiting the US and Russia's nuclear arsenals, expired and brought a formal end to the post-Cold-War arms control regime. That same year, the US signed a [landmark civil nuclear agreement](#) with the Kingdom of Saudi Arabia (KSA), giving it a path toward domestic uranium enrichment. While noteworthy on its own, a less discussed aspect of the agreement is what it represents. States are beginning to shift their attitudes toward use of nuclear technologies once again.

Developments in recent years further support this shift. In 2026, Japan restarted its largest nuclear power station, [Kashiwazaki-Kariwa](#), for the first time since the Fukushima accident, while China approved a [new five-year plan](#), aiming to increase its nuclear power capacity from 62.5 gigawatts to 110 gigawatts by 2030. Similarly, India finalized a long-term [uranium supply deal](#) with Canada's Cameco and reached an agreement to expand [uranium exports](#) from Australia after years of hesitation over proliferation risks. These developments contrast with the expectations decades ago. Rising energy costs due to increased energy demands, including increased demands for [data centers](#) and rapid industrial growth in Asia, have indeed contributed greatly to this renewed interest in nuclear power.

Energy production holds increased geopolitical dimensions that cannot be ignored. Recent conflicts highlight the downsides of interdependence on fossil fuel resources. The 2022 Russia-Ukraine war effected [energy prices](#) in response to reduced transportation and risks. States had to

confront their import dependence in a volatile geopolitical climate. The need for self-reliance and alternative energy resources became further stressed with the US-Iran conflict, in which oil shipment disruptions in the Strait of Hormuz negatively affected [entire state economies](#).

Many Middle Eastern governments are now reassessing their reliance on external security guarantees as neighboring conflicts become potential threats and there are concerns about US limitations in protecting allies. These raise doubts about relying solely on US assurances. This may prompt regional powers to pursue independent nuclear deterrents or latent nuclear power production capabilities.

In this context, the distinction between pursuing civilian and military nuclear programs becomes blurry. Nuclear technology is inherently dual-use. The [same centrifuges](#) used to enrich uranium to 3-5 percent U-235 for civilian reactors can also be used to produce weapons-grade uranium, at around 90 percent U-235. Additionally, spent nuclear fuel from commercial reactors can be reprocessed to [extract plutonium](#) for weapons. Although reaching weapons-grade enrichment is no easy task, the greatest technical challenge largely lies in developing the initial enrichment infrastructure.

As a result, states that can acquire domestic enrichment capabilities automatically possess [nuclear latency](#), the ability to develop nuclear weapons relatively quickly should a political decision be made. “A key example is [India’s 1974](#) ‘peaceful nuclear explosion,’ which relied on plutonium produced in a [Canadian-supplied](#) civilian research reactor.

Although the International Atomic Energy Agency (IAEA) exists to prevent civilian-military expansion. However, recent actions have caused concerns about the IAEA becoming politically contentious. In June 2025, the Agency found Iran [non-compliant with safeguards](#) but later acknowledged Iran lacked a [structured nuclear weapons program](#). This seeming ambiguity led in part to Israel's strikes on Iranian facilities, and raised questions about the IAEA's entanglement with geopolitical interests. In the Middle East, Israel is the region's only potential nuclear-armed state despite not signing the NPT. This, along with US nuclear rhetoric, suggests that nuclear rules are unclear and that nuclear capability makes strategic autonomy complex.

The case of Ukraine offers another warning. After surrendering the nuclear weapons it inherited from the USSR, Ukraine joined the NPT in return for security assurances under the [1994 Budapest Memorandum](#). Russia's subsequent annexation of Crimea in 2014 and full-scale invasion in 2022 have inevitably weakened confidence in such assurances. How this would have played out if Ukraine did have nuclear weapons is unknown, but it does support the argument that external guarantees may ultimately be less reliable than an independent deterrent.

Thus, while recent developments point to a renewed interest in nuclear technologies, whether this shift will ultimately translate into latent or breakout capabilities remains to be seen. What is already clear, however, is the strategic paradox confronting many states. On the one hand, 21<sup>st</sup> century conflicts have reinforced the value of a nuclear deterrent as a means of ensuring long-term security. On the other, the experiences of Iraq and Iran illustrate how even the perception of an emerging nuclear weapons program can trigger military and/or economic responses. In this

sense, not possessing a nuclear program may leave a state vulnerable, yet attempting to acquire one may also make it a target for economic sanctions or worse.

If the international system were genuinely consistent and capable of providing equal security, the incentives for nuclear proliferation would be far weaker. However, as it stands, the system remains unequal and is ultimately shaped by power. Until that changes, nuclear arms will continue to appear to states as insurance against an international order they do not fully trust. The real question, therefore, is whether that order can convince states that they are safer without a nuclear weapons program.

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