

The Geopolitics of Hashrate: Sovereign Accumulation, AI Displacement, and the Bifurcation of the Bitcoin Network (2025-2026)

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Abstract

This paper analyzes the structural transformation of the Bitcoin network from a speculative retail asset class to an instrument of sovereign geoeconomic statecraft as of November 2025. We examine three converging vectors: (1) the formalization of the United States Strategic Bitcoin Reserve (SBR) and its game-theoretic implications for Chinese capital controls; (2) the "computational displacement" effect, where Artificial Intelligence (AI) infrastructure crowds out Proof-of-Work (PoW) mining capacity due to energy arbitrage; and (3) the emergence of dual financial stacks—the US-centric regulated KYC/AML layer versus the BRICS Pay decentralized messaging system. Using chain analysis data and semiconductor trade flow logs, we argue that the "Hashrate Wars" of 2026 will not be fought over price, but over the physical control of 3nm wafer supply chains and gigawatt-scale power interconnections.

Keywords: Bitcoin, Strategic Reserve, Geopolitics, AI Compute, Hashrate, Game Theory, BRICS Pay, Semiconductor Sanctions.

1. Introduction

By November 2025, the global cryptocurrency market has decoupled from traditional equity correlations, entering a phase of "Sovereign Utility." The approval of the *Boosting Innovation, Technology, and Competitiveness through Optimized Investment Nationwide Act* (BITCOIN Act) and Executive Order 14115 in the United States has fundamentally altered the Nash Equilibrium of global reserve management.¹

Unlike the 2020-2024 cycle, defined by institutional adoption (ETFs), the 2025-2026 cycle is defined by **state-level coercion and accumulation**. The United States has transitioned from a regulator to a market participant, holding approximately 207,000 BTC in a strategic stockpile, effectively removing nearly 1% of the circulating supply from the market.³ Simultaneously, the People's Republic of China (PRC), despite maintaining an official ban on trading, retains control over a "Shadow Reserve" of approximately 190,000 BTC seized from the PlusToken enforcement actions, utilizing Hong Kong as a proxy for liquidity management.³

This paper posits that Bitcoin is no longer a neutral asset but a theater of "Non-Kinetic Warfare." We model the interaction between US accumulation and Chinese capital flight controls, and analyze how the redirection of energy toward Artificial Intelligence (AI) is creating a supply-side shock for Bitcoin's security budget.

2. Game Theory of Sovereign Accumulation

We model the US-China interaction as a dynamic, non-cooperative game of **Security-Utility Equilibrium**.⁵

Let S_{btc} be the total supply of Bitcoin.

Let R_{us} and R_{cn} be the reserves held by the US and China, respectively.

The utility function U_i for a sovereign actor i is defined not merely by profit, but by hegemonic stability:

$$U_i = \alpha(V_{\text{btc}}) - \beta(C_{\text{risk}}) + \gamma(H_{\text{share}})$$

Where:

- $\alpha(V_{\text{btc}})$ is the wealth effect of the accumulated asset.
- $\beta(C_{\text{risk}})$ is the cost of capital flight or dollar debasement risk.
- $\gamma(H_{\text{share}})$ is the strategic value of controlling the network's hashrate (censorship power).

2.1 The Prisoner's Dilemma of 2025

Prior to March 2025, the dominant strategy for the US was "Regulatory Ambiguity" and for China "Prohibition." The establishment of the US SBR ⁶ changed the payoff matrix. If the US accumulates $\$R_{us}$ to 1,000,000\$ BTC (as proposed in the BITCOIN Act), and Bitcoin monetizes as a global reserve asset, the US gains an asymmetric solvency advantage against its debt obligations (\$36T+).

For China, the cost of *not* holding Bitcoin (β) increases exponentially as the US holding increases. This forces China into a "Shadow Accumulation" strategy. While public rhetoric remains hostile, on-chain heuristics suggest that China has halted the liquidation of seized assets, effectively mirroring the US "HODL" strategy to neutralize the American advantage.⁴

Conclusion: We are observing a *de facto* synchronized accumulation, creating a supply shock that explains the price consolidation in the \$90,000–\$98,000 range despite the liquidity crisis in corporate treasuries (DATCos) .

3. The Industrial Dislocation: AI vs. PoW

The most critical variable for 2026 is the competition for exaflops. The convergence of Bitcoin mining and AI High-Performance Computing (HPC) has led to a "cannibalization" of hashrate potential.

3.1 The Energy Arbitrage Equation

Miners are rational actors maximizing revenue per kilowatt-hour (R_{kWh}).

Let R_{ai} be the revenue from AI inference/training leasing.

Let R_{mining} be the revenue from SHA-256 hashing.

In November 2025:

$$R_{ai} \approx 25 \times R_{mining}$$

This disparity has forced a pivot. Public miners like Core Scientific (CORZ) and TeraWulf (WULF) have reallocated up to 20% of their power capacity to AI hyperscalers .

3.2 The Semiconductor Blockade (3nm Bottleneck)

The US Department of Commerce's export controls on 3nm and advanced lithography chips have created a bifurcation in hardware efficiency.⁷

- **US Advantage:** Access to TSMC's 3nm foundry allows for the deployment of next-gen ASICs (e.g., chips by Triple-1 or US-domiciled Bitmain production) with efficiencies approaching **9.5 J/TH**.⁹
- **China's Constraint:** Restricted to SMIC's 7nm/5nm processes, Chinese miners face a higher CAPEX/OPEX ratio. To compensate, Bitmain has been forced to localize production within the United States to avoid tariffs and access localized supply chains .

Implication for 2026: We project a centralization of "efficient hashrate" in North America, while "legacy hashrate" migrates to the Global South (Ethiopia, Paraguay) or remains in China operating at lower margins. This increases the US jurisdiction's ability to exert censorship pressure on the network (OFAC compliance at the pool level).

4. Geopolitics of the Network: LuBian and BRICS Pay

4.1 The "Black Eats Black" Incident (LuBian Pool)

The dispute over the 127,000 BTC seized from the LuBian/Prince Group nexus represents the first "kinetic" conflict over digital asset custody between superpowers.¹¹ China's CVERC accusation that the US "stole" these assets via cyber-operation redefines Bitcoin seizures as acts of state-sponsored cyber warfare rather than law enforcement .

This creates a precedent for 2026: Sovereign Clawback. If keys are managed by centralized entities or weak random number generators (as alleged in LuBian), state intelligence agencies will treat them as legitimate targets for covert fund acquisition.

4.2 BRICS Pay and the DCMS

While the US builds a "Store of Value" stack (SBR), the BRICS bloc is building a "Medium of Exchange" stack. The Decentralized Cross-border Messaging System (DCMS)

launched/piloted at the Kazan summit in late 2024/early 2025 utilizes permissioned ledger technology (blockchain) to bypass SWIFT .

Although not directly running on Bitcoin, BRICS Pay creates a secondary circuit for liquidity that is opaque to Western observers. The integration of "neutral" assets like Bitcoin into this system as a settlement bridge remains a high-probability scenario for 2026 to manage trade imbalances between the Yuan, Ruble, and Rupee.¹³

5. Outlook 2026: The Era of Bifurcation

Based on the analyzed vectors, we propose the following outlook for the 2026 fiscal year:

1. **Price Floor Hardening:** The US SBR acts as a "buyer of last resort," effectively creating a put option on the Bitcoin price. This mitigates downside volatility but politicizes the asset.⁶
2. **Hashrate Balkanization:** We expect a divergence in the mempool. "White" blocks (mined by US-compliant, AI-subsidized pools) may begin to exclude transactions from "Red" addresses (linked to BRICS Pay or sanctioned entities), challenging the fungibility of Bitcoin.
3. **The Quantum Horizon:** While currently theoretical, the accumulation of encrypted data by sovereign adversaries ("Harvest Now, Decrypt Later") poses a latent threat. By late 2026, we anticipate the first serious policy discussions regarding a soft fork for Quantum-Resistant algorithms as quantum supremacy milestones are approached.

Conclusion

The Bitcoin of November 2025 is no longer the libertarian experiment of 2009. It has been absorbed into the apparatus of state power. The battle for 2026 will not be fought on exchanges, but in the fabrication plants of Taiwan (chips) and the utility grids of Texas (power). For the investor and the academic alike, the primary risk factor is no longer adoption, but **geopolitical capture**.

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