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HEMISPHERE CAP

How Market Capitalization Leads to Structural and Economic Barriers in Society.

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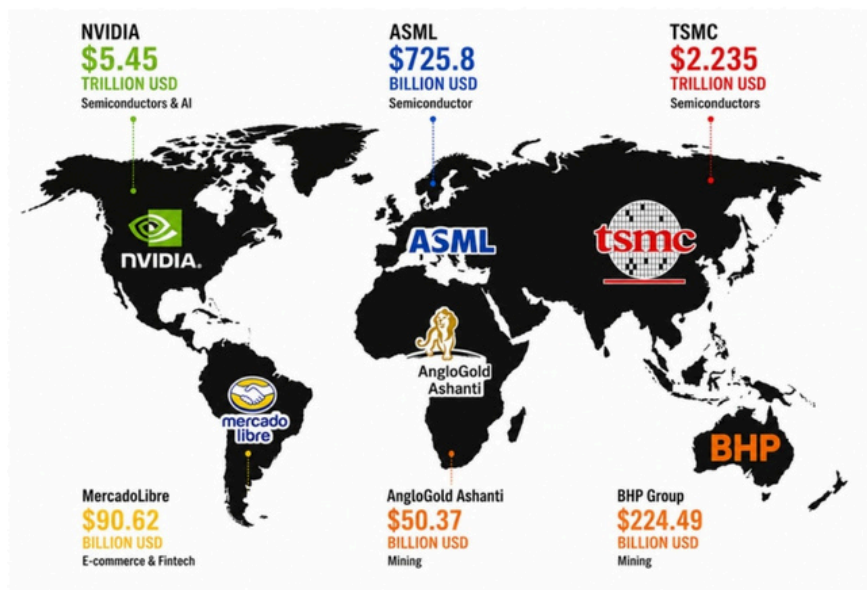
Abstract

Introducing the theory of Hemisphere Cap, firstly by analyzing how market capitalization leads to structural and economic barriers in society using leading companies in each continent. Secondly, the global footprint of these companies is interrogated and used as evidence that there has always been a correlation between the hemispheres and development. Thirdly, understanding why these differences exist and how they can be reconciled to capture the promise of development and the re-distribution of wealth derived from market capitalization.

Introduction

Leading companies in the world tend to reveal the direction of the future based on where they place their largest financial bets, rather than what they claim in press releases. By tracking multi-year capital allocation, early technology integration, and supply chain shifts in areas like artificial intelligence and infrastructure, we can see the structural changes destined to reshape the broader global economy.

Illustrated in the map below, the current leading companies based on market capitalization in each continent shows a great divide in the future of the global economy. The Northern Hemisphere tells a story of technological innovation in AI and semiconductors, while the Southern Hemisphere runs on traditional sources in mining, with a spot of fintech and commerce. The global footprint of these companies, and any startups within this period, is growing yet the wealth remains unevenly distributed. Why?



LARGEST COMPANIES IN EACH CONTINENT

Source: Companies Market Cap, August 2025

Southern Hemisphere

In the Southern Hemisphere we see the dominance of three companies. AngloGold Ashanti plc, a global gold mining company, operates a diverse portfolio of open-pit and underground mines across four continents, with major operations in Africa (DRC, Egypt, Ghana, Guinea, Tanzania) and the Americas (Argentina, Brazil, USA, Colombia). BHP Group Limited (commonly known as BHP) is the world's largest mining company by market capitalization and operates in over 90 locations across Australia, the Americas, and global corporate hubs. It is a global resources giant producing iron ore, copper, metallurgical coal, and developing major potash assets. MercadoLibre is the dominant e-commerce and payments platform in the region. Often called the "Amazon of Latin America," it operates a massive online marketplace connecting millions of buyers and sellers across 18 countries—led by major markets in Brazil, Mexico, and Argentina—providing robust digital marketplace and financial services infrastructure. Its Mercado Pago division provides a full suite of financial services, including digital payments, credit, and asset management.

Northern Hemisphere

In the Northern Hemisphere we see the dominance of three technology companies. Nvidia, the largest company on the planet, designs graphics processing units (GPUs), central processing units (CPUs), and AI infrastructure platforms driving the global artificial intelligence boom. This growth is actually supported and infused by the other two companies in this category. Nvidia operates direct corporate and R&D offices in more than 30 to 50 countries globally, while its products, sales networks, and partner ecosystems reach over 100 countries worldwide. ASML Holding N.V., the world's leading supplier of photolithography systems to the semiconductor industry. It is the exclusive global producer of Extreme Ultraviolet (EUV) systems required to print the finest nano-scale circuits for cutting-edge logic and memory chips. ASML operates as a critical monopoly-like cornerstone of the global tech supply chain, servicing major chipmakers in 16 countries and regions worldwide, maintaining over 60 service points and locations across Europe, Asia, and the United States. Taiwan Semiconductor Manufacturing Company Limited (TSMC) manufactures over 60% of the world's custom contract chips and over 90% of advanced sub-7nm microchips for major tech firms. It operates across 4 countries/territories with active production plants (Taiwan, China, the United States, and Japan), while also maintaining corporate, engineering, or subsidiary offices in additional nations like South Korea and European countries.

Hemisphere Cap

Market capitalization, commonly referred to as market cap, is the total market value of a publicly traded company's outstanding shares and is commonly used to measure how much a company is worth. It reflects investor confidence in future growth driven by innovation, rather than directly measuring the volume or quality of innovation itself. It shows the market's belief in a company's intellectual property, patents, and engineering talent as drivers of future cash flow. A look at the figures exposes this belief and confidence: \$5.45 trillion for Nvidia, \$2.235 trillion for TSMC, \$728.8 billion for ASML, \$224.49 billion for BHP group, \$90.62 billion for MercadoLibre, and \$50.37 billion for AngloGold Ashanti. The increasing dominance of semiconductor companies is merited. The future of the semiconductor industry is defined by an unprecedented AI-driven supercycle, pushing global revenues toward the \$1 trillion threshold. Growth is shifting from traditional device miniaturization (Moore's Law) toward advanced 3D packaging, chiplet architectures, and specialized materials like silicon carbide to meet massive computing demands.

Historically, most major human innovations, technologies, and civilizations began in the Northern Hemisphere. This happens because the Northern Hemisphere contains roughly twice as much land area, holds about 90% of the human population, and includes vast temperate zones that support large-scale agriculture, trade networks, and dense cities. While large-scale urban and industrial innovations later clustered in the North (such as the Industrial Revolution in Britain), the very earliest human stone tools and technological steps originated in East Africa, which straddles the equator. So why does the Southern Hemisphere lag in a category it pioneered? The disparity in innovation and business between the Northern and Southern hemispheres is driven by historical, economic, and structural factors rather than geography itself. Most Southern Hemisphere nations face compounding challenges like limited venture capital access, historical economic dependencies, and smaller domestic markets compared to Northern powerhouses. Brilliant modern breakthroughs—from the first human heart transplant to advanced engineering tools—have come from the Southern Hemisphere (like South Africa and Australia), proving that innovation is driven by human opportunity and resources rather than geography alone.

Structural and Economic Barriers

Structural and economic barriers are omnipresent. Many Southern Hemisphere countries are geographically isolated or have smaller domestic consumer bases, reducing the immediate scaling opportunities found near dense Northern markets. Most venture capitalists and private R&D funding mechanisms are heavily concentrated in North America, Europe, and parts of East Asia. The Northern Hemisphere contains the vast majority of the world's young population in sheer numbers because it holds roughly 87% of the global population. However, in terms of median age and proportion of youth, the Eastern Hemisphere and specifically the continent of Africa (which spans both the north and south, but is heavily concentrated in the Northern and Eastern halves) possesses the youngest overall demographic profile globally. Opportunity guides population mobility. Skilled scientists, engineers, and entrepreneurs often migrate northward for better compensation and advanced research infrastructure. Weak regulatory support for small and medium enterprises (SMEs), inefficient logistics, and unstable basic infrastructure (like reliable power grids) force firms into short-term survival rather than innovation. This inefficiency gap is more pronounced in the North as AI innovations progress. Talented engineers, scientists, and entrepreneurs are migrating to Northern Hemisphere economic hubs for better funding and opportunities. Strong academic research in the South often fails to translate into marketable products due to low industry-to-lab collaboration and risk-averse local markets.

How can the North and the South work together in this new economy? The Northern Hemisphere is the source of most of the minerals and raw

resources for the AI and semiconductor industries. This is largely because China dominates global production and processing of critical materials like rare earth elements, gallium, germanium, and silicon, alongside major northern contributions from North America and Europe. China controls the vast majority of rare earth mining and nearly all gallium and germanium processing, which are vital for high-performance AI chips. The United States supplies specialized high-purity quartz (from places like Spruce Pine, North Carolina) essential for silicon crucible manufacturing. Russia produces significant quantities of raw semiconductor-grade elements, including neon and palladium. While the Northern Hemisphere leads in overall output and midstream processing, the Southern Hemisphere holds crucial foundational reserves. The Democratic Republic of Congo (DRC) produces roughly 70% of the world's cobalt, a key element for AI server hardware. Chile and Peru lead in the major global extraction of copper, which is heavily required for AI data center electrical infrastructure. Australia and Indonesia are the major southern suppliers of lithium, nickel, and other battery-adjacent technical minerals.

Conclusion

All of these synergies are reflected in market capitalization. External market forces, information flow, and systematic risk levels scale the aggregate pricing and capitalization of respective traded securities. According to the Efficient Market Hypothesis (EMH), asset prices fully reflect all available information (weak, semi-strong, or strong forms), implying that market capitalization accurately mirrors a firm's intrinsic value under rational trading. The Pecking Order Theory posits that firms prioritize sources of funding based on asymmetric information—preferring internal retention (retained earnings) first, followed by safe debt, and issuing external equity as a last resort, which directly influences market perception and valuation. Both regions can build a fair new economy through equitable financing, technology and skills sharing, reforming global financial institutions and establishing fair trade frameworks that add local value in developing nations rather than just extracting raw materials. Leading companies can build local data centers, AI capabilities, and high-speed internet in the South to prevent digital colonialism. Trade models can be shifted from raw material extraction (minerals, agriculture) to local manufacturing and refining in the Global South. Reconciling global economic differences requires bridging a widening wealth gap where developed nations hold over two-thirds of global wealth. This is what we are referring to as the theory of Hemisphere Cap, or lack thereof.

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