

## REFLECTION; geopolitics shifting global power

*April 2024, Arie Voorburg*

*As we stand at the crossroads of a new world order, the lesson is clear. The greatest strength of a nation lies not just in its material power, but in its ability to perceive, understand, and wisely act upon the complex tapestry of global and internal dynamics. The future will belong to those who not only have the vision to see but the insight to understand and the wisdom to act accordingly.*

This reflection is composed with 'a little help from my friends' and it does not make for feel-good reading. It raises awkward questions about the relationship between economic growth, inequity, DeepTech, resources and geopolitical strength. Changing geopolitics and shifting powers concerns economic, fiscal and monetary policies, trade and investment flows, and political developments on a national and international scale, and the effects of these factors on international politics and financial portfolios and company valuations.

### INTRODUCTION

Our increasingly interconnected world, the intricacies of geopolitics and the ebb and flow of international relations, is marked by rising power dynamics, inter- and inner state and regional conflicts and shifting alliances. The global economic landscape is undergoing a seismic shift, driven by the rise of new economic powerhouses. Countries like China and India, with their rapid economic growth, burgeoning middle classes, young educated population and technological advancements, are reshaping the contours of global trade and challenging the established order. In an era characterized by rapid ecological, economic, and technological changes, as well as uncertainty and conflicting dynamics in international politics, geopolitical states make strategic choices in a multi-polar world. This shift has also witnessed a decline in multilateralism and the rise of nationalism, populism, and fundamentalism, which has weakened international regimes and global governance institutions.

In the short term, geopolitics is set to become more idiosyncratic and unpredictable, with raised tensions destabilising societies and flowing through to international business and markets. This will be supercharged by rapid technological change, with the automation of labour potentially rendering millions out of work. Growing global dependency on cyber networks and digital technology across all aspects of business, government and life would make the consequences of a potential future breakdown of critical physical and digital infrastructure catastrophic. Natural resources, energy (transition), transportation routes, military capabilities, and international alliances impact global affairs.

## THROUGH CHAOS TO STABILITY

As we navigate through a period marked by the rise of entities like BRICS comprising Brazil, Russia, India, China, and South Africa – and their expanding influence with the inclusion of nations like Saudi Arabia, Iran, Ethiopia, Egypt, Argentina, and the United Arab Emirates, it becomes clear that the traditional global power balance is undergoing a significant shift. This evolving scenario presents not only a challenge to the established world order but also tests the internal fortitude and global comprehension of longstanding powers, particularly the United States.

India, with its massive population and rapidly growing economy, has become an essential player in global geopolitics. Its democratic governance model and historical non-alignment policy make it a unique actor. Brazil, too, has been increasingly assertive, especially in its role as a leading member of the BRICS nations. Its rich natural resources, particularly in the Amazon, give it strategic significance, and its future actions will have wide-ranging implications for geopolitics.

The -extended- BRICS nations are making strides towards economic diversification and resilience as a cornerstone of their growing influence on the global stage. BRICS countries have been actively collaborating in the sectors of energy and natural resources. This cooperation is evident in various multilateral agreements and joint projects, ranging from oil and gas ventures to renewable energy initiatives. The economic profiles of BRICS nations are remarkably varied, which is a significant advantage. This diversity creates a balanced economic front within the BRICS bloc. While some members are leaders in industrial and manufacturing capabilities, others excel in natural resources or technological innovation. The economic diversity and collaborative efforts in resource and energy sectors enhance BRICS's collective influence in global economic affairs.

Another part of diversification involves reducing their reliance on the U.S. dollar in global financial systems. This initiative, often termed 'de-dollarization', is driven by a combination of geopolitical and economic factors. The primary goal of the BRICS countries is to establish a new currency that could potentially serve as a global reserve currency, challenging the dominance of the U.S. dollar. This initiative is part of a broader strategy to create a more multipolar global financial system.

Strengthening BRICS engagement with non-aligned and developing countries is critical. Showcasing the benefits of membership and cooperation and emphasizing the bloc's commitment to addressing global challenges such as development, climate change, and economic inequality will expand the BRICS' influence beyond its core members.

The Rise of New Global Alliances: the strategic expansion of BRICS signifies a transformative era in global politics. This coalition, initially formed as an economic bloc, has gradually morphed into a

potent political force, challenging the alleged long held dominance of Western powers. The inclusion of new members from diverse geopolitical backgrounds indicates a shift towards a more multipolar world, where influence is not monopolized by a single entity but shared among various power centres.

## US, BACK TO THE FUTURE?

In the post-Cold War era, the United States has been viewed as the world's unipolar power, boasting unparalleled military might and economic prowess. However, the dynamics of international relations have been evolving, nudging the United States towards reevaluating its geopolitical strategies. The domestic political climate, which significantly shapes its international engagements. Today, the United States is more politically polarized than it has been in decades. This polarization extends to foreign policy decisions, where there is often a lack of bipartisan consensus.

While America's military and economy -hard power- remain exceptionally strong, there is a sharp divisions within government and the American public is also extremely divided and polarized. Public trust in core institutions—such as Congress, the judiciary, and the media—is at historic lows, polarization and partisanship are at historic highs. Add disinformation to the mix, and Americans no longer believe in a common set of settled facts about the nation and the world.

In the run-up to the 2024 presidential election, the United States' global influence continues to wane—amid deep political polarization at home and global geopolitical tensions that threaten Euro-Atlantic security. At the same time it continues to grapple with the effects of its past interventions while addressing other regional challenges, such as those related to drug cartels, economic stability, and migration.

The United States' technological edge is a cornerstone of its global dominance. Silicon Valley serves not merely as an innovation hub but as a strategic asset in both soft and hard power applications. The United States leads the world in emerging technologies like Artificial Intelligence (AI), cybersecurity measures, and quantum computing. The country's tech dominance is deeply integrated into its geopolitical strategies. The economic landscape, shaped by these technological advancements, gives the United States significant leverage in international relations.

The U.S. dollar remains the world's primary reserve currency, providing the country with economic stability and significant influence over global financial systems. Balancing traditional military might with emerging technological capabilities, while navigating a complex domestic political landscape, poses a unique set of challenges and opportunities for the country in the evolving geopolitical arena.

Despite the multidimensional relationship between the US and China, particularly across trade, supply chain and economic spheres, US-China relations have become more complex in recent years. Recovery in trade and the commercial relationship between the US and mainland China likely remains the default Chinese policy direction, in spite of potential headline making disruptions to diplomatic engagement. China and the US are committed to pursuing a policy of competing responsibly with each other, but risk of hardening relations remain.

The aforementioned economic relationship between China and the United States is seen through the lens of trade balances and investment flows, but it has far-reaching geopolitical implications. As the largest holder of U.S. Treasury bonds, China wields considerable economic leverage. The ability to buy or sell large quantities of U.S. debt gives China a potent tool, although using it would be a double-edged sword, as it could also undermine the value of China's own holdings. There is growing concern that US-China trade tensions could escalate into further financial decoupling. Such a conflict would cause significant disruption to global financial markets.

Moreover, China's role as the world's factory and its burgeoning consumer market make it an indispensable trade partner for the U.S. While the two nations are economically interdependent, this relationship is fraught with strategic rivalry, including a technological race in areas such as 5G networks, artificial intelligence and quantum computing. These technologies are not merely commercial ventures but have broad national security implications.

Developing a nuanced understanding of the motivations and strategies of entities like BRICS, and adapting U.S. foreign policy to engage constructively with these powers, is vital. This approach involves not only diplomatic and economic strategies but also cultural and ideological engagement, aiming for a global presence that is both respected and understanding.

The bifurcation of the global system and the irreversible decoupling between the US and China are set to disrupt the global economy, trade, and critical supply chain chokepoints. Key areas this include the Red Sea, the Strait of Hormuz, the Strait of Malacca, the Black Sea, the Taiwan Strait, and the Panama and Suez Canals. Both are set to gain increased geopolitical relevance by influence in strategic locations, technological prowess and access to critical raw materials and rare earth elements.

Geopolitical tensions are also due to increasing precarious position of the global economy, with impending economic downturns in the US and Europe, and China experiencing its slowest growth in years. Sovereign debt levels are rising to record highs, while sovereign credit quality is on the decline. The number of sovereigns in default has increased. Several factors threaten to spark the worst

sovereign debt crisis in almost half a century, and exports are falling in nine of the world's ten largest economies, stoking concerns of global fragmentation.

These dynamics are being turbocharged by an intensifying competition between the United States and China, the two countries with the largest and most globally intertwined economies. Both aim to dominate the twenty-first-century economy, which means gaining the upper hand in computing technologies, biotechnology, and clean energy.

Recognizing each other's interpretations and historical contexts is paramount for nurturing mutual understanding, fostering collaboration, or resolving conflicts. Such considerations can coexist with critical analysis and robust debates regarding their appropriateness and relevance to current circumstances and developments. Over recent decades, geo-economic and geopolitical dynamics have undergone significant transformations, primarily driven by shifts in economic scales, interdependence, and global interconnectedness among nations.

#### WHAT ABOUT SOUTH AMERICA?

The region's economic ties with China are likely to strengthen in coming years in response to the economic rationales followed by the rest of the world. The summit of the BRICS economic grouping made up of Brazil, South Africa, India, China, and Russia, agreed to invite additional countries to join, including Argentina. The expansion was widely interpreted as a victory for China's efforts to expand its global influence.

From South and East Asia to Europe and the Middle East, there is a renewed sense of urgency about building resiliency and capacity. Some countries in Latin America are well placed to develop policies to attract foreign investment and production facilities to supply North American, regional, and global markets. Mexico could emerge as a significant producer of semiconductors with a clearer investment strategy. China's interest in South America continues to grow. It has to do with the abundance of strategic resources and the insular position of our region, which has a window to the Atlantic Ocean and the other to the Pacific. The Strait of Magellan and the proximity to Antarctica are strategic added values.

South America is an important source of the inputs needed for the new energy economy. It contains 40 percent of the world's copper reserves, 35 to 40 percent of lithium reserves, and significant deposits of nickel, cobalt, and other critical minerals. Additionally, Latin America has an exceptionally low carbon footprint, with the world's highest reliance on renewables for energy generation. There are significant investments and government commitments to deepen that capacity, aiming to include the production of green hydrogen for export. Countries like Brazil, Argentina, Mexico, and Colombia

have or can also develop greater natural gas exports as the world economy transitions to cleaner energy. There are forecasts of a new energy boom in Latin America. As much of the world looks to lessen dependency on Russian oil, hydrocarbon production in the region will remain of strong interest for the foreseeable future. The war in Ukraine has underscored the fragility of world grain markets and the food industry supply chain. The stimulus of additional world demand offers significant opportunities for Latin America. Brazil is one of the most advanced agro-industrial producers, and the region as a whole is already the world's largest net food-exporting area; by 2030, it is expected to account for 18 percent of global food exports, to include grains, meat, poultry, fish, and fruits.

Despite its growth and geopolitical importance, Latin America's relationship with China is not the only one it maintains with Asia. Traditionally, Japan, South Korea, and even Taiwan have maintained discreet but significant relations with South America. These relations continue to exist, even in the era of digital and energy transitions: Japan and South Korea continue to be excellent buyers of strategic minerals.

South America is key to fighting rising greenhouse gas emissions worldwide by protecting the Amazon rainforest and widely distributed watersheds. Colombia and Brazil are successfully reducing deforestation after years of losses. The appropriate level of investment in green transformation, climate mitigation, and forest protection and preservation could dramatically impact global warming and regional economic growth. There is a call for greater international assistance with their efforts to fight climate change. The growing global need to accelerate decarbonization creates a significant sphere of influence for the region. Consider 'powershoring', the business strategy of geographically locating production associated with the availability of green, safe, affordable and abundant energy.

The region holds enormous potential for producing competitive green hydrogen (H<sub>2</sub>V), has, as aforementioned, vast reserves of many critical minerals for the new economy like lithium, copper, nickel, graphite, silicon, rare earths, high-grade iron ore, and others. Rich in fresh water, diverse biomes and forests, has immense bioeconomy potential, abundant fertile lands still available, plenty of biomass, unparalleled potential for participating in and expanding the carbon market, and is a global leader in technologies, business models, and biofuel production. The region is also a natural candidate for participating in the geographical diversification of manufacturing production, associated with building resilience networks against extreme climate phenomena.

Latin America has a more developed service sector than is sometimes realized abroad, with major e-finance and e-commerce companies and governments interested in modernizing their telecommunications and digital infrastructure as well as roads, railways, ports, and airports. These initiatives could be worth hundreds of billions of dollars, generating business for the private sector

and greater employment for an increasingly better-educated workforce. Foreign investors are noticing and moving toward countries where macroeconomic management is stable.

The significant potential for escalation of wars in Ukraine and the Middle East, or the emergence of a conflict involving Taiwan, is bound to lead a growing number of investors to consider betting on Latin America to reduce their exposure to geopolitical conflict. This does not mean that Latin America will remain unscathed by continued geopolitical tensions worldwide—but its geographic distance from the main hotspots is increasingly likely to provide it with a comparative advantage over other regions more directly exposed to conflicts.

European interest in this part of the world has declined. This withdrawal has been exploited by the aforementioned Asian countries, which have complementary economies and are more sensitive to development problems.

#### CHINA'S MODERN INTERPRETATION OF THE SILK ROAD

The modern interpretation symbolized by the Belt and Road Initiative (BRI) is, especially in the context of the BRICS nations and their strategic partnerships, an unprecedented geopolitical strategy that encompasses far reaching economic, political, and even cultural implications. The initiative aims to link China with Europe, Africa, and various parts of Asia through a network of railways, highways, pipelines, and maritime routes. A comprehensive infrastructure project that aims to recreate the spirit of the ancient Silk Road through a modern lens, fostering connectivity, cooperation, and development across continents.

The ambition goes beyond the construction of physical infrastructure, extending into projects such as digital information networks and international financial systems. The BRI is as much about geopolitical influence, infrastructure as it is an economic endeavour. While superficially targeted towards economic development, it serves China's greater agenda of establishing itself as a dominant global power. The projects often come with strings attached—preferential trade terms, soft-power initiatives like educational programs, and the introduction of Chinese norms and standards in everything from railway gauge sizes to internet protocols. The implications for governance and ideological export are significant. By financing major projects in developing nations, China gains leverage in the domestic policies of these states, sometimes referred to as debt-trap diplomacy. Moreover, the initiative provides a platform for China to showcase its governance model, often characterized by centralized authority and limited political freedoms, as an alternative to Western democracy. This stands to reshape the ideological landscape in countries where China has significant investments, further expanding its geopolitical influence.

The Belt and Road Initiative is moving beyond its original blueprint centred on infrastructure development. This evolution prominently showcased by highlighting new areas like green technology, digital finance, and e-commerce platforms. By introducing a program that aims to promote social and economic development, China is signalling a willingness to lead in areas traditionally dominated by Western institutions. This expansion also introduces new layers of complexity. While diversifying its objectives may lend the Belt Road initiative greater legitimacy, it also amplifies the challenges related to governance, transparency, and accountability.

China, in its pursuit of political stability and increased national security, faces growing economic challenges at home. Mounting local governments and state enterprises' debts, high youth unemployment, rapid ageing, dwindling business confidence, and concerns regarding the property market are likely to hinder economic growth.

China's Economic Outreach. China's influence is not confined to Africa and Asia; it has significantly expanded its economic footprint in Latin America. With large-scale investments in sectors like mining, agriculture, and telecommunications, China has rapidly ascended to become a top trade partner for countries such as Brazil, Chile, and Peru. This economic influence comes with geopolitical consequences, offering these countries an alternative to the U.S.-centric economic model and thereby challenging traditional American hegemony in the region.

The Indo-Pacific region, often regarded as the world's emerging 'centre of gravity', will continue to remain a focal point in international relations. However, escalating global geoeconomic and geopolitical tensions, will spark anxiety across many countries in the region. While concerns persist about the health of China's economy, a stabilisation of the relationship between the China-US-EU is viewed positively by many regional players, especially for those heavily reliant on trade with China and increasingly apprehensive about the rise of US protectionist policies. Nonetheless, despite these uncertainties, the Indo-Pacific region is expected to remain a bright spot and continue standing as a global economic powerhouse, thanks to the robust economic growth led by countries such as India, Vietnam and Indonesia, as well as other countries in the region benefitting from China economic strategy.



## THE LAST FRONTIER

Africa has long been a theatre in which external powers have competed for political influence and economic control, often to the detriment of both political stability and economic growth.

International influence over the region has been contested for well over a century.

China's Belt and Road Initiative has found a strong foothold in Africa, enabling China to exert significant geopolitical influence on the continent. The Chinese model, which offers an alternative to Western-style democracy and development, has been attractive to several African leaders. This Chinese influence extends beyond infrastructure and into sectors like technology and defence, which has led to rising concerns among Western nations regarding their waning influence in Africa.

**African Union and Regional Politics** The African Union (AU) is an increasingly critical institution for Africa's future and seeks to promote unity and cooperation among all African states. It has been involved in peacekeeping missions and serves as a platform for collective action and seeks to coordinate member states' positions in international forums, particularly the United Nations. Given the rise of external powers like China, the U.S., and the EU, who are increasingly invested in Africa for its resources and strategic value, how the AU navigates these relationships will be pivotal for the continent's future.

The demographic circumstances of Africa—where the continent will double its population over the next 25 years— demands a new, reformist path that will deliver higher growth and more opportunities, especially for this young cohort. If it fails to do so, it is reasonable to expect mass migration, political instability, and widespread state failure. Africa is faced with not one, but two existential challenges. There is climate change itself, warming up the continent faster than any other region of the world. And despite emitting the least to global emissions, Africa remains the most vulnerable to the worst of its ravages. Then there is the added challenge of energy poverty and lack of access, food, water, health and its implications for the survival of Africa's 1.4 billion people. When accessing global initiatives, African countries should take proactive measures and home-grown solutions to bridge the financing gap and build capacity for financial resilience. Africa should be part of a climate solution and lead its own green revolution. Climate action includes exploiting its abundant endowment of green minerals and potential for renewable energy, minimizing dependence on carbon heavy industrialization, and leapfrogging into a new global economy characterized by regeneration and inclusivity. Finance and financial innovation have become increasingly complex and dynamic. As African financial systems develop and integrate into the global financial economy, there should be a commensurate development of talented financial power with capacity to manage and control risk. The financial capacity development strategy should include talent to regulate.

The opportunity lies in climate positive growth. African countries can decarbonize the world, halt, and eventually undo climate damage—and generate inclusive economic growth, jobs, and livelihoods. With the world's largest untapped renewable energy potential, youngest and fastest growing workforce, and 30% of the world's critical minerals, Africa is uniquely positioned to lead on green global manufacturing and supply chains and remove carbon from the air. The abundance and low seasonality of Africa's renewable energy position it to reliably provide considerably cheaper renewable base load to continuously power industrial production.

The biggest challenge for Africa is the search for constants: leadership (including vision, prioritization, attention to detail, astute diplomacy, deployment of political capital, institutional efficiencies) and building policy and relationships internal and external conducive to growth, along with stamina and the recognition of the need to shift away from a political-economy of insiders and outsiders. Overall, the answer does not lie in the technocratic details of reform—since these are comparatively easy to identify and specify—but rather the choices that lie behind development, and the leadership and relationships that drive those choices. Just like the problem is not the cost of competition and globalization, to the contrary, also the answer lies in more and improved systems of democracy.

#### THE AGE OF NON-STATE ACTORS

The traditional geopolitical landscape was generally the purview of state actors. However, the digital age has democratized the tools of disruption. Non-state actors, ranging from global technological business powerhouses to hacktivist collectives, now possess the capabilities to disrupt national infrastructure, business and finance. This adds an unpredictable variable to the geopolitical calculus, often requiring states to reconsider their strategies for economic and social development and national security in the cyber realm. The power that technology companies have today in global politics is a tremendous difference from previous geopolitical changing technology. In the case of AI, only a handful of enterprises have enough computing power, access to huge data sets, money, and technical know-how. The AI competition is closely related to the use of machine learning algorithms in conflicts. The evolution of lethal autonomous weapons systems is particularly worrisome.

New actors and geographies are influencing the conduct of geopolitics. The concentration of economic resources and power in global technology companies. Technology giants are now the arbiters of economic and political choices and are challenging the political systems.

In the age of geotechnopolitics, human identity and human perceptions of our roles in the world will be distinctly different; monumental scientific discoveries will emerge in ways that humans may not be able to comprehend.

AND EUROPE .....?

Europe stands as one of the primary geopolitical casualties in the current transformation of international relations, notably characterized by the bifurcation of the global system. The past years marked the onset of the most tumultuous period for Europe, a trend projected to exacerbate in the coming year due to overlapping demographic, structural, and systemic challenges. Furthermore, Europe is poised to experience heightened political polarisation during the 2024 election cycle, potentially leading to expected surges in both right- and left-wing populism, alongside significant reshuffles within the European institutions. This period signals a definitive end to the era of dominant traditional and centrist parties, which have historically represented a large segment of the middle class. Compounding these political upheavals, Europe might face a deteriorating economic situation because of the deteriorating security situation as well as complicated relations with China.

Europe is faced with lack of cohesion and fragmentation rise of populism. The undercurrents of discontent is grappling with a surge of populism that challenges the bloc's core ideals of unity and liberal democracy. Some countries have taken steps that are widely seen as undermining the independence of the judiciary, free press, and minority rights. These populist governments argue that their reforms are essential to maintain national sovereignty and protect traditional values. However, such moves erode the democratic principles upon which the EU was built. This ideological divergence has led to the invocation of Article 7 of the Treaty on European Union against these countries, a mechanism that could, theoretically, strip them of their EU voting rights. As the rise of populism finds fertile ground in more countries in Europe these waves affect the EU's collective ability to craft cohesive foreign policy, notably vis-à-vis Russia, China, and the United States. Additionally, they weaken the bloc's negotiating power in international agreements, whether on trade, climate change, or conflict resolution. The exit of one of the EU's most significant military powers has implications for the bloc's Common Security and Defence Policy (CSDP). Britain's absence could either galvanize integration among the remaining member states or expose them to vulnerabilities, especially in light of rising security threats like cyber-attacks.

In general a variety of factors has given rise to questions around the benefits of increased international movements of goods, services, people, capital, technology and ideas in recent years. The growth of nationalism, protectionism and populist movements in recent years has created an environment of increasing uncertainty and could potentially lead to deglobalization - a reversal or slowdown of globalization. Compounding the political upheavals, Europe will face a deteriorating economic situation because of the deteriorating security situation as well as complicated relations with China. This decline coincides with the emergence of a new 'Iron Curtain' in 2024, stretching from

the Scandinavian countries through the Baltics, Central and Eastern Europe, to the Black Sea and Turkey, marking a significant geopolitical shift.

Migration is perceived a problem due to uncontrolled migrant flows, sparking cultural anxieties, racism and political opposition and an issue in origin countries which undermines the international influence of the EU. Europe is divided in seeing migrants as resources or threats, struggling with trust deficits in controlling borders and solidarity deficits in redistributing migrants.

American interest in Europe has been declining, with attention increasingly shifting to Asia. The unpredictability of US foreign policy due to extreme polarization domestically means the American support can no longer taken for granted.

Europe urgently needs to implement a wide advanced manufacturing plan to allow a faster and scaled-up deployment of existing key enabling technologies. To build tomorrow's science and technology leadership, demonstrate the impact of science for citizens, regain strategic autonomy, and boost its growth and competitiveness, Europe needs to leverage its scale effectively. This scale-up needs to couple a lead in building a low-carbon economy with technological tools and social measures to mitigate the impact of the transition on citizen's lives.

#### INTENSIVE RIVALRY

The Middle East is also a theatre for the intense geopolitical rivalry and has become a significant fault line in regional geopolitics. This adds layers of complexity to an already complicated regional landscape, affecting not just the immediate actors but also global powers who are invested in Middle Eastern stability. The landscape of global trade and investment is significantly influenced by regional conflicts, with areas like the Middle East and Eastern Europe often at the epicentre of geopolitical tensions. These conflicts not only have devastating human and social costs but also profound economic implications, affecting global supply chains, commodity prices, and investment patterns. , the uncertainty generated by ongoing conflicts can dampen global economic confidence, affecting investment decisions and economic growth even in regions far removed from the conflicts.

The conflict in Gaza and Israel is causing immense human suffering. In addition to the direct impact, the conflict will also have consequences for the broader Middle East and North Africa region, with impacts on both people and economies. Against this background, an escalation of the conflict could be a tipping point for the region. The ramifications would be far-reaching, quickly spreading beyond immediate neighbours to economies such as Iraq, Iran, Syria, and Yemen.

In light of the recent escalation of violence in the Middle East, how can the region navigate this turbulent conflict, balance the underlying geopolitical dynamics and work towards detente in the short term?

#### BREAKING RECORDS

Record debt levels, rising interest rates, surging food and energy prices, and other geopolitical risks such as Russia's invasion of Ukraine are among the factors threatening to spark the biggest sovereign debt crisis for almost half a century.

The fallout from the Russia–Ukraine war continues to put pressure on countries in Europe, the Middle East and Africa. Government finances in South Asia were put under huge strain initially because of the COVID-19 pandemic, and subsequently due to increased subsidy spending and debt servicing costs. Banks' holdings of sovereign debt are high in countries facing debt stress, and this will be exacerbated by the combination of higher budget deficits and limited portfolio inflows. This will further boost bank–sovereign linkage in Southeast Asia and Africa in particular. An increased likelihood of sovereign debt restructuring and default will expose banks to substantial losses. As a result social-economic and income inequality is set to increase, not only between richer and poorer economies, but also within countries themselves, between richer and poorer citizens. Over the medium and long term, rising inflation, especially food price inflation, as well as ecological, health disruptions and lack of education may further raise within-country inequality. The effect on education is likely to have serious and lasting implications for the economies of poorer and middle-income countries in the future, exacerbating the widening gap in growth rates and planting the seeds of further, widening inequality.

Having available and accessible energy resources is crucial to a country's economic development. While implementing reforms to combat climate change is on the long-term transition agenda, securing affordable energy is an immediate priority for many countries to respond to short-term challenges. The digitization of the energy sector has made energy infrastructure vulnerable to cyberattacks. These attacks could cause significant damage to critical infrastructure and disrupt energy supply, and they are one of the top geopolitical risks.

## THE ARCTIC AND THE WEST: THE NEW FRONTIER IN GLOBAL GEOPOLITICS

The Arctic region is increasingly becoming a hotbed of geopolitical activity, and Russia is at the forefront of this. Rich in untapped natural resources such as oil, gas, and minerals, the Arctic offers a treasure trove for any nation that can successfully exploit it. Countries are beginning to compete over previously inaccessible natural resources and trade routes in the Arctic Circle as climate change raises global temperatures and melts away ice. The changing Arctic landscape is revealing vast deposits of oil, natural gas, and other valuable rare earth minerals. Meanwhile, melting ice is opening new sea routes, which could allow boats to shave weeks off their journeys, lowering international shipping costs.

Eight countries around the world border the Arctic and use different strategies to advance their national interests there. In the Americas, Canada runs annual Arctic military drills, while the United States conducts extensive scientific experiments to better understand the region believed to be home to 13 percent of the world's undiscovered oil deposits and 30 percent of undiscovered natural gas reserves.

Given Russia's extensive Arctic coastline and historical interest in polar exploration, the region is a critical zone for its long-term strategic and economic future. Control over the Northern Sea Route (NSR) is particularly significant, providing not just a faster trade route between Europe and Asia, but also a vantage point for military deployments. Russia's investment in Arctic infrastructure and its building of advanced icebreaker ships indicate a long-term commitment to dominate this region. While economic benefits are a clear driver, Russia also views the Arctic as a military theatre that can offer strategic advantages. Its ongoing militarization of the Arctic has alarmed NATO members and is perceived as an attempt to assert sovereignty over contested waters, challenging existing international norms. China—which does not border the Arctic—is expanding its footprint by pouring money into new natural gas extraction infrastructure along Russia's Arctic coastline.

Moreover, climate change plays an important role, as melting ice opens up new navigational routes and makes resource extraction easier. However, this also creates environmental risks, from potential oil spills to heightened geopolitical tensions over newly accessible resources. These considerations are forcing Western countries to also invest in Arctic capabilities, thereby creating a competitive landscape that carries both cooperative and confrontational potentials. In summary, Russia's activities in the Arctic and its sophisticated cyber capabilities are deeply intertwined components of its broader geopolitical strategy. Both serve as avenues for Russia to reassert itself as a global power and challenge the existing Western-dominated geopolitical order.

## THE WORLD'S OCEANS

In the era of globalization and its communication society, where everything is closer, and distances seem to vanish, the mass of water between the continents has not lost the strategic value it has always had. The geopolitics of the oceans will feature more prominently in the global zeitgeist. The oceans are home to 94% of all life on our planet, and they are an increasingly important economic and national security resource. A staggering 90% of global goods trade is shipped via maritime routes, but many of the world's busiest maritime transit corridors are at risk of geopolitical disruption. And deep-sea mining is forecast to account for at least one-third of the supply of critical minerals necessary for the energy transition. Companies will need to take ocean geopolitics into account when setting their supply chain and sustainability strategies.

Competition over control of and access to the world's oceans will intensify, with implications for supply chains, data flows, food supplies and energy security. Concern will also grow about the vulnerability of underwater communications infrastructure. There are about 550 active and planned submarine cables globally, stretching about 870,000 miles. New cable construction in geopolitically sensitive areas, such as the Asia Link Cable connecting Southeast Asia and China, could increasingly be at risk of geopolitically motivated cyber or physical attacks. The energy transition will accelerate interest in seabed mining of critical minerals. Sea mining could account for 35–45% of critical minerals supplies by 2065. With 64% of the ocean floor located beyond national jurisdictions, geopolitical competition to secure access to these resources will grow. Similarly, the dwindling of fish stocks could lead to heightened international tensions. Geopolitical tensions will continue to extend into the Arctic.

## WHAT ABOUT CITIES?

Global cities are no longer determined by the past but by the future. This future is influenced by globalization, urbanization, and technological development. In addition, we have to take into account how much future educational and innovation potential cities have, and whether they can harness environmental resources in a sustainable way in the long term. New ideas, innovation-oriented economies, technology, attracting talent, inclusive labor markets, and the real estate dynamics of cities will become increasingly important. The new global cities redefine the term global as many smaller cities successfully compete against their larger neighbors. And the greatest urbanization wave in human history will continue in the years to come.

75% of natural resources are used in urban areas. 80% of global GDP are produced in cities and 60-80% of the global greenhouse effect come from cities. Cities, however, cover only 3% of Earth's surface. Cities are also key places of growth and paradigm shift. There are now about 577 cities in the

world with more than one million inhabitants, 384 cities with two million, 90 cities with five million cities, 64 cities with seven million, 28 cities with ten million, and 12 cities with a population of over twenty million. The cities in Asia and Africa grow the most dynamically.

In the age of globalization, not only national economies but also large cities compete for hosting corporate centers with a regional role. In the globalizing world economy, a new, global urban hierarchy is being developed, one of the main drivers of which is the international flow of capital, information, and services. The large cities which can attract the regional or global centers of international enterprises assume a leading position in this hierarchy.

The driving forces of social and economic development are not equally distributed in the world but are concentrated in space. Cities have their own 'personalities'. It is not just technology that makes economies great and prosperous but people who shape them. The world and especially the world economy concentrate and culminate in global cities and megaregions.

Technology growth, discovery, refinement, expansion and modification sets its own breakneck pace quite apart from the roller coaster litany of rival nations, geopolitical energy centres and superpowers.

#### BACK TO BUSINESS

As the global economy has become more interconnected, geopolitical developments are having an increasingly pronounced impact on businesses. Diverging ideologies and geopolitical competition are resulting in opposing policies, trade wars, economic sanctions and conflict—all of which disrupt business operations and supply chains. Differing policy stances, meanwhile, on human rights, labour practices and natural resource extraction are creating political association and brand reputation problems for businesses. More broadly, fractures within the global political order are preventing leading powers from acting on critical global issues like the environmental crisis, which will continue to affect business operations and strategies.

Underlying geopolitical tensions combined with the eruption of active hostilities in multiple regions is contributing to an unstable global order characterized by polarizing narratives, eroding trust and insecurity. At the same time, countries are grappling with the impacts of record-breaking extreme weather, as climate-change adaptation efforts and resources fall short of the type, scale and intensity of climate-related events already taking place. Cost-of-living pressures continue to bite, amidst persistently elevated inflation and interest rates and continued economic uncertainty in much of the world. Geopolitical risks posed by elections, polarisation and conflicts within and between states have inevitable knock-on effects on the economy, both globally and for individual countries. The impact of



geopolitical events is going to have a broader impact on economic growth and capital flows around the world. The global economy is affected by geopolitical events both directly and indirectly through financial, trade and commodity price channels. Increasing economic protectionism between superpowers is complicating international trade. Authoritarian regimes in Russia and China, meanwhile, are undermining business confidence by tightening controls on their domestic economies, and escalating their ambitions to expand into foreign territories. The war in Ukraine has exacerbated the global commodity price crisis—particularly in Europe— and the consequent international sanctions have disrupted almost all businesses with operations or partners in Russia. The growing threat of China’s potential invasion of Taiwan is already shaking business confidence in Asia. Instability is also stirring distinct social and regulatory pressures on businesses.

Due to this increasing geopolitical tensions, countries and businesses globally are intensifying efforts to reduce economic dependencies and de-risk concentrated supply chains, often along emerging geopolitical blocs. Trade wars and heightened international tensions could slow the movement toward increased international cooperation and trade flows. This reset of globalisation, focusing on security and resilience rather than efficiency, comes with significant risks of a fragmenting global economy. Furthermore, it signals a profound shift away from liberal economic policies to increasing government intervention, potentially resulting in weakened global growth. Numerous countries in Asia Pacific, especially Vietnam, India and Indonesia, are particularly well-positioned to benefit and emerge as the new manufacturing and export hubs as the reset of globalisation unfolds.

Offensive geoeconomic policies, climate related involuntary migration, and even anticipated price volatility in the licit economy – in food, fuel, health or critical minerals – could all drive an expansion in illegal business in new geographic markets or in new products. Ongoing market concentration in the tech value chain means that technology-related smuggling, including in semiconductors, is likely to continue to expand. Illegal mining of critical resources will be a major source of instability across multiple regions, from South-East Asia to Latin America, driving violence, corruption, the displacement of Indigenous populations and environmental destruction. As scarcity drives up resource value, environmental crimes such as illegal logging could drive forced labour and human rights abuses, and accelerate broader environmental impacts in turn. Similarly, the fisheries sector could increasingly attract the interest of organized crime groups. Illegal, unreported and unregulated fishing is a revenue stream that can be engaged in with relative impunity, with jurisdictional challenges hampering enforcement. The practice also complements other forms of marine trafficking, including drugs and people. Vulnerable countries and communities would be left further isolated, left behind in economic productivity, finance, climate, education and healthcare, as well as related job creation.

## GLOBAL POPULATION

The United Nations makes projections for future population growth. Its latest medium projection – the most likely scenario – is a population of 9.7bn in 2050 and 10.4bn in 2100. Because many factors affect population growth, it makes a range of projections depending on different assumptions.

The global demographic landscape is undergoing profound transformations characterized by a constellation of factors. Notably, there is a discernible shift toward an ageing population in many advanced economies, attributed to declining birth rates and extended life expectancies. In contrast, several emerging economies and regions, particularly in sub-Saharan Africa and parts of Asia, are experiencing youth bulges, marked by a high proportion of young people entering the workforce, offering both opportunities for economic growth and challenges in providing adequate employment and education opportunities. These demographic changes, alongside variations in fertility rates, and migration flows, collectively contribute to a complex and dynamic global demographic landscape, necessitating nuanced analyses to comprehend their far-reaching implications for geopolitics, economies, and societies worldwide.

The concentration of the global population in different regions has profound implications for world politics. Regions with dense populations, such as East Asia, South Asia, and Africa, hold significant political and economic weight due to their sheer numbers. This concentration shapes the distribution of global power, influences voting blocs in international organizations, and impacts trade dynamics. Additionally, it drives migration patterns, affecting geopolitics by contributing to refugee crises or labour flows. It also presents challenges related to resource allocation, environmental sustainability, and social stability. Rapid population growth and its causes continue to pose a major impediment to eradicating hunger and poverty, achieving gender equality, and improving health and education. Poverty is also a significant driver and predictor of population growth.

Food and water security means always having physical, social and economic access to sufficient safe and healthy food. Reducing food and water waste, technological improvements and more equal distribution are key to fighting hunger and malnutrition. A population growth close to 10 billion people without profound changes to our food systems will require converting even more nature to agriculture, with devastating consequences for biodiversity and the climate. Major issue in hunger and malnutrition is caused by unsustainable and unjust mechanisms of production, consumption and distribution of food. The integrated systems of land, soil and water are being stretched to breaking point. Efficiency measures along the entire agrifood chain can help save water and energy, such as precision irrigation based on information supplied by water providers, and protection of ecosystems alongside agriculture and energy production can ensure environmental integrity. Recent trends and

policies towards growing non-food crops, like biofuels and biomaterials, are leading to re-assignment of land and other base resources, resulting in less availability of these resources for food production.

Concerns about the scalability of global food supply have led to a continuous increase in output through intensification, but recent trends have renewed concerns about the continuity of global food supply in the coming decades. The genetic potential of major crops is being reached, land is being degraded, and there is a structural lack of investment in low-producing regions. These combined issues have led to a lower rate of growth in yields in recent decades; yield increases are not currently on track to meet projected increases in demand. This situation drives policy-makers and researchers to redouble their efforts on further advancing the intensive practices that led to dramatic increases in yields in recent decades.

## PLANETARY BOUNDARIES

The world is experiencing profound planetary changes. Anthropogenic pressures on the Earth System have reached a scale where abrupt global environmental change can no longer be excluded. There is an urgent need for a new paradigm that integrates the continued development of human societies and the maintenance of the Earth system in a regenerative state. There are the non-negotiable planetary preconditions that humanity needs to respect in order to avoid the risk of deleterious or even catastrophic environmental change at continental to global scales and across scales, from ocean basins/biomes or sources/sinks to the level of the Earth system as a whole. These thresholds are defined as non-linear transitions in the functioning of coupled human–environmental systems and are intrinsic features of those systems and are often defined by a position along one or more control variables. Trespassing thresholds -tipping points- trigger non-linear dynamics at the lower scales and this non-linear changes, from a desired to an undesired state. The non-negotiable planetary preconditions are defined in nine Earth system processes 1) climate change, 2) biogeochemical (nitrogen and phosphorus) flows, 3) land-system change, 4) freshwater use, 5) aerosol loading, 6) ozone depletion, 7) ocean acidification, 8) loss of biosphere integrity such as functional and genetic biodiversity, and 9) introduction of novel entities such as toxic chemicals and plastics. Transgressing these boundaries threatens the capacity of the Earth system to maintain the Holocene-like state that allowed agriculture and complex human societies to develop. Six of nine planetary boundaries are being crossed, while simultaneously pressure in all boundary processes is increasing.

## GEOPOLITICS OF AND IN THE INFO / TECHNOSPHERE

In today's interconnected world, information and ideas can spread rapidly across borders and cultures, shaping opinions and behaviours in ways that can have profound impacts on individuals, organizations, and even nations. As a result, a new type of conflict has emerged, one that seeks to shape and control the perceptions and actions of others through the use of information and persuasion. This type of conflict, known as influence warfare, is rapidly becoming a key aspect of modern geopolitical competition. Influence warfare is often waged through digital channels, such as social media platforms and messaging apps. This allows for highly targeted and sophisticated campaigns that can reach large numbers of people with ease, making it an attractive option for governments, organizations, and individuals looking to sway public opinion and advance their interests. The influence campaigns can be aimed at domestic or foreign audiences, and they often involve the use of misleading or false information, propaganda, and other forms of manipulation. With the rise of non-state actors and hybrid warfare, influence warfare expanded beyond the confines of traditional nation state actors. The rise of influence warfare is of growing concern about the impact it is having on democracy, free speech, and stability. In many countries, fake news and misinformation have been used to undermine public trust in government institutions, elections, and the media, creating a dangerous situation where truth and falsehood are indistinguishable. This can lead to a loss of confidence in democratic institutions, increased polarization, and heightened tensions that can ultimately undermine stability and peace. As nation-states engage in a new form of digital warfare. It is crucial for the international community to recognize the severity of this threat and collaborate to establish norms, guidelines, and mechanisms to counter shadow AI activities. This requires increased transparency, information sharing, and the development of robust security measures to protect AI systems from manipulation. In the age of generative AI and the rapid proliferation of information and the lack of accountable ai yet, it is more crucial than ever to establish systems that prioritize trust, accountability, and transparency. Navigating the complexities of an increasingly interconnected world, it is crucial to recognize that the ability to overcome global grand challenges hinges on a collective commitment to these principles and the willingness to work together.

Over the last twenty years, the cyber space has progressively expanded, which is defined as asymmetrical space, where territorially small states can actually be major powers. It is a short step from cyberspace to the sixth domain, that of the mind, because in 2030 technically all the citizens of the world will be connected to the Internet. Artificial intelligence could lead to a species leap like the one that marked the transition from Neanderthal man to Homo Sapiens and from this to Symbioticus man, characterized by an inevitable hybridization between man and machine. Already today we live

in three overlapping dimensions: physical, virtual and augmented, the latter being the result of the hybridization of man and technology.

Conflicts in the cognitive sphere are based on ideas, stories, narratives, and evolutionary viruses. New types of cognitive warfare are deliberately designed to confuse analysts and social forces, to exploit the weaknesses of rulers and analysts themselves, institutions, and societies as a whole. Cognitive warfare integrates cybernetic, informational, psychological, and social engineering capabilities to achieve its ends. It exploits the Internet and social media to sow doubt, introduce conflicting narratives, polarize opinion, radicalize groups, and motivate them to acts that can disrupt or fragment an otherwise cohesive society. The goal is to change what people think and how they think and act to shape and influence individual and group behaviours to foster social fractures.

Technological advances have shaped human lives, societies, geopolitical order, and the balance of power. The Infosphere is composed of digital technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), Big Data, Cloud Computing, robotics, digital platforms, social media, Blockchain, cryptocurrencies, and additive manufacturing (3&4D printing), which have already transformed the entire human activity by creating a market composed of new types of agents. The Info / Technosphere is characterized by blurring the boundaries between the physical, virtual and biological worlds. The construction of intelligent systems that, like biological organisms, are endowed with autonomy introduces integrated intelligence. A human-machine symbiosis, the only way to prevent humans from being placed out of the loop, is not only an opportunity for humankind's evolution but, above all, a moral duty to future generations. If we think about what the metaverse (i.e. the transformation of all realities into virtuality in the Info / Technosphere) becomes then the transition from technological supremacy to cognitive supremacy becomes essential. As the speed of technological progress always outpaces the pace of government policy with its disruptiveness, it is forcing states and individuals to incorporate new modes of interaction into domestic social systems and international relations. The info / technosphere is playing a crucial role in the current process of redefining geopolitical balances.

## DO WE HAVE THE ENERGY

The international community is tasked with solving a variety of complex and interrelated issues which disproportionately affect vulnerable nations most and include many challenges linked to management of water, energy, and food resources. Food, water, energy are vital resources that are susceptible to many global risks which are maximized by extreme weather events, mass involuntary human migrations, and other hazards that predominantly endanger the vulnerable communities of less developed countries. Protecting these resources from escalating risks should be

at the top of the international development agenda. Yet the world's growing population and increasing urbanization is putting ever-increasing demand on food, water and energy, which in turn could accelerate climate change. Population growth, urbanisation and human interference with the natural environment certainly do not help. Combining these with insufficient infrastructure, along with socio-economic problems and environmental issues and conflicts it is a great challenge to resource efficiency and the sustainable management of natural resources. Higher demand for resources and the decreasing ability to sustain a supply are causing an increase in prices, the alteration of land structures is adding to climate change impacts, declining investments in urban development contribute to lower urban resilience, and all these combined undermine the survival of future generations.

The modern world is heavily interdependent. Many of the structures and institutions we now depend upon function in a global context. Energy as a fundamental resource underpins the global system. Energy is the master resource. It allows and facilitates all physical work done, the development of technology and allows human population to live in such high density settlements like modern cities.

Current expectations are that global industrial businesses will replace a complex industrial energy ecosystem that took more than a century to build. The current system was built with the support of the highest calorifically dense source of energy the world has ever known (oil), in cheap abundant quantities, with easily available credit, and seemingly unlimited mineral resources. The global strategic decision adopted by most nations to phase out fossil fuels systems and replace them with renewable energy generation systems. The raw materials required for the manufacture and servicing of these renewable technologies will remain truly global in nature. There will not be one nation or geographic region that can be truly self-sufficient. The replacement needs to be done at a time when there is comparatively very expensive energy, a fragile finance system saturated in debt, not enough minerals, and an unprecedented world population, embedded in a deteriorating natural environment. Most challenging of all, this has to be done within a few decades.

## MILITARY CONFLICTS

Global geopolitics is at a pivotal moment, facing the highest number of military conflicts since the Cold War. This escalation is felt worldwide, with significant hotspots affecting international relations on every continent. Two major conflicts will further dominate the landscape: the ongoing war in Ukraine, initiated by Russia, and the Israel-Hamas clash in the Middle East. While an end to these conflicts seems distant, there are emerging signs of potential diplomatic negotiations and the first ceasefire talks in 2024. Growing international pressure, notably from the Arab countries with the support of China and Russia, advocates for a two-state solution in the Middle East. In Ukraine,

Russia's unyielding ambition for complete subjugation will continue to threaten the regional stability of the European continent. The reduction in military aid and financial support by the West for Kyiv may lead to further territorial expansion in the next year. In the Middle East, even a potential diplomatic resolution towards a two-state solution may not alleviate the direst humanitarian situation in the Gaza Strip, leaving the Palestinians with the colossal task of rebuilding in the years to come.

Additionally, the possibility of China and Russia opening a third front in the Indo-Pacific region to challenge American influence and credibility, especially before the United States (US) presidential election, is high. Russia will continue to supply North Korea with rocket and satellite technology in exchange for ammunition for its war in Ukraine. Meanwhile, China intensifies the military tensions in the South and East China Seas, complicating the geopolitical situation. This complex backdrop suggests a Cold War 2.0 scenario involving the US, China, and Russia, with minimal risk of direct military confrontation. The geopolitical context will significantly impact the political economy, technological landscape, and the evolution of global norms, rules, and standards, further reshaping global partnerships and alliances in 2024.

The world grapples with escalating conflicts and heightened tensions in critical regions. From Russia's invasion of Ukraine to the Israel-Hamas war in the Middle East and increasing tensions in the Indo-Pacific, conflicts and instability are on the rise.

The war in Ukraine remains at a deadlock, with high costs and limited progress on either side. Russia's extensive military commitment contrasts with Ukraine's struggle for resources and Western support. The conflict's outcome is critical for Europe's future security, with diplomatic solutions appearing distant and the potential for further Russian aggression looming.

The Israeli-Palestinian conflict enters a new phase with devastating military operations in Gaza exacerbating a humanitarian crisis. The Israel-Hamas war risks triggering a broader regional conflict involving Iran and its allies. Iran's strategic calculations are complex, balancing support for Palestinian causes against its broader regional ambitions and relations with the U.S. The potential for escalation remains high, particularly on the Israel-Lebanon border, and any significant incident could spark a larger confrontation.

Instability and increased violence and political unrest in Central America, Mexico, North Africa. Combined with economic challenges, can lead to a surge in migration and potential regional conflicts.

Sudan faces a devastating civil war leading to mass casualties and displacement. Rooted in power struggles post-Bashir's ouster, this conflict has intensified ethnic divisions and attracted external

involvement. The situation threatens a broader regional destabilization, with a precarious balance of power between military factions.

Ethiopia grapples with multiple conflicts following a temporary respite in the Tigray war. Amhara and Oromo insurgencies challenge the federal government, while tensions with Eritrea and economic distress exacerbate the situation. Ethiopia's stability is critical for the region, but the path to peace appears fraught with obstacles.

China increases military pressure on Taiwan can lead to a severe crisis involving the United States and other regional powers. North Korea's development and testing of nuclear weapons and ballistic missiles trigger a security crisis in Northeast Asia.

#### A BETTER-BALANCED WORLD, OR A MORE CHAOTIC ONE?

There is a clash between reason and emotion. Reason says that a world where power is more widely spread should be a saner and safer one. But emotion for many people says it isn't. Why does the world, after a long period of success, feel more fragile than it did thirty years ago? Or, rather, why does it feel so in the old developed nations of Europe and North America, for in India, China and elsewhere in the emerging world optimism is much more prevalent?

#### SUMMARY

The third decade of the twenty-first century has compelled the world to face its most intractable challenge. The global geopolitical landscape as of 2024 and beyond- is intricate, complex, and influenced by a myriad of factors, from traditional territorial disputes to emerging issues like Earth's System tipping points, resources and technological developments. While the major powers continue to exert significant influence, the dynamics are shifting, and the stage is increasingly populated by a variety of actors with diverging interests and ideologies. This multi-polarity calls for more nuanced, flexible, and multilateral approaches to global governance and conflict resolution. However, the era is also marked by a resurgence of nationalism and unilateral actions, adding layers of complexity to an already intricate global picture. All these factors create a high-stakes geopolitical landscape characterized by both opportunities and challenges, setting the stage for an unpredictable but deeply interconnected future.

The growth of hyper-nationalism and populist politics assess globalisation and multilateralism as arrangements that impinge on the sovereign choices of a state. As such, there is potential for the creation of a 'gated globalisation'—a globalisation that is less free and less open than before. Economic policies are no longer solely dictated by economic principles; they are now guided by strategic considerations, political trust, climate, health and technological threats.



In this fragmented global landscape a balanced approach in international relations is desperately needed. Failing to do so could result in fractured societies, polarized geopolitics, and fragmented economic and trade ties. The new geopolitics has moved from an entirely state-centric approach to alliance formation, interdependence, and globalization to de-globalization, de-dollarization, and the emergence of new patterns of security, political, and economic groupings. The scale of transnational challenges, and the emerging implications of fragmentation, are exceeding the capacity of existing systems and structures, a state of disequilibrium. There is an increasing mismatch at all levels between challenges and needs with the systems and organizations to deal with them. The international system—including the organizations, alliances, rules, and norms—is poorly set up to address the compounding global challenges.

## OVERVIEW

Geopolitical risk can be categorized into several interconnected and often overlapping types.

- Political: the potential impact of political decisions, instability or conflict on economic or social conditions — for example, changes in government policies, civil unrest and corruption.
- Economic: economic and industrial policies, trade disputes or financial instability and their potential impact on the global economy, e.g., currency fluctuations, inflation, trade wars and sanctions.
- Environmental: natural disasters, climate change, resource scarcity and their impact on economic or social conditions.
- Regulatory: changes in regulatory frameworks or legal systems for businesses operating in different countries, e.g., changes in tax laws, labour regulations or environmental standards.
- Cyber: the potential impact of cyberattacks, data breaches or other forms of cybercrime, e.g., ransomware attacks, hacking and intellectual property theft.
- Security: Cross-border conflicts as well as domestic -innerstate- conflict of international implications
- Competition for resources: food security, energy security, critical minerals