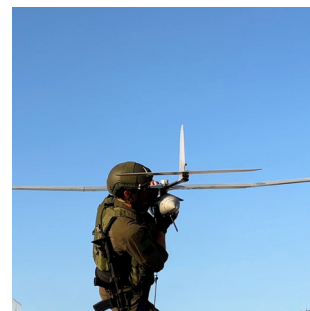
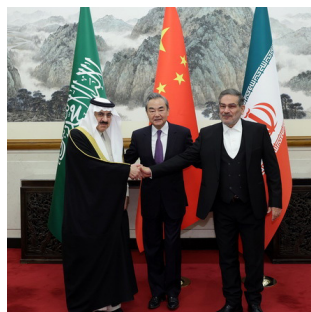


# SPECIAL REPORT

no. 219

## The World in 2023: An Epilogue

Harsh V Pant  
Editor



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# Introduction

Harsh V Pant

The year 2023 marked the final nail in the coffin for what had remained of the global order. The disarray in the world continued as multiple conflicts shaped the global environment, faultlines among major powers sharpened, and international institutions continued their debilitating streak. The fragmentation of the global economic order accelerated as emerging technologies became the most important determinants of the global power balance. The void in leadership at the global level has also contributed to the inability of the extant international system to effectively make provisions for global public goods.

With the Russia-Ukraine and Israel-Hamas conflicts, it is becoming clear that war is back at the centre of inter-state relations. The instrumentality of force is now evidently a key part of the

contemporary global order, and its potency is a reminder that the anarchic nature of international politics continues to exert its pressure on the behaviour of states. Institutions, markets, and norms offer no respite; the strong continue to do as they wish, while the weak continue to suffer as they must. The new normal is the age-old normal that the international system seems to have forgotten at its own peril.

These conflicts are occurring simultaneously with the sharpening of the great power contestation between the US and China. The Indo-Pacific remains the cockpit of the contestation, and tensions in the region are at an all-time high. The current global disorder requires a collective leadership, which appears to be missing. The world is therefore ushering in 2024 with a foreboding that past assumptions may no longer be enough to ascertain future trends.

The shadow of violence has always defined the parameters of inter-state interactions. The ferocity of hard power also reflects the complacency of certain actors in engaging with global affairs. While China accumulated hard power, Europe was dismantling its military structures. The EU's struggle to emerge as a relevant actor in global geopolitics reflects its desire to give up on hard power. Further, as American adversaries join forces, the US military machine is finding it hard to balance them across multiple theatres.

Not surprisingly, most nations are trying to ensure their security by relying on their own capabilities. The Indo-Pacific has become the critical theatre where the centre of gravity of global politics and economics has shifted. It is here that military expenditures are booming and defence forces are trying to adapt to new strategic realities. It is in the Indo-Pacific that the EU has been forced to come to terms with its own inadequacies in shaping the regional and global balance of power. Even Germany and Japan have started reassessing their strategic choices with a single-minded focus on their hard power capabilities, in testament to our changing times.

India's G20 presidency came at this crisis-ridden time and allowed India to be at the helm of a troubled global order and advocate for New Delhi's brand of multilateralism. India's aim was to steer the diverging great powers back to the negotiating table at the G20 and, in so doing, bolster its own credentials as a leading power on the global stage.

India's G20 presidency was aimed at moving the world away from polarisation towards a greater sense of solidarity. Its own reality of being a multicultural democracy prepared it to bring together highly diverse stakeholders to cogitate and act on global challenges. The theme of the 2023 G20 Summit—*Vasudhaiva Kutumbakam: One Earth, One Family, One Future*—encapsulated India's conceptualisation of the global order and its own role within this order.

New Delhi has shown that it does not dwell merely on rhetoric. In 2020, as COVID-19 first surged, New Delhi insisted on the need for the international community to work together and help those struggling with the least resources, even as developed nations focused inwards, with some of them hoarding enough vaccines to inoculate each adult five times over. At a time of grave worldwide crisis, New Delhi effectively used all the instruments and platforms available to India to make a case that, instead of nations becoming more inward-looking, global engagement should be the norm. This is also an attempt to fill the leadership vacuum in the global order when both China and the US have exposed their vulnerabilities. India has shown that a nation with limited capabilities can also emerge as a leader by outlining the concerns of likeminded countries and working with them to build capacities in smaller states. In 2023, the contrast between a world struggling to generate a sense of order and an India ready to shape global outcomes in a positive manner could not have been starker.

This report outlines the key trends that have shaped the global landscape in 2023. Like previous years, this year, too, we asked our researchers to delineate three meta trends in their respective domains. The first section, on major powers, highlights how key global players are adjusting to rapidly evolving domestic and global realities. Both the US and China continued to grapple with domestic economic and political challenges even as they struggled to find a *modus vivendi* with each other. While Europe saw growing war fatigue as the Ukraine war dragged on, Putin's Russia seemed more confident of muddling through the Ukrainian quagmire with economic resilience and military recalibration.

The second section, on key geographies, examines the changing regional dynamic in different parts of the world. While the Indo-Pacific saw a significant consolidation of partnerships amid intensifying security challenges, in the Middle East, the optimistic trends of regional economic cooperation were challenged by the violent re-emergence of traditional political rivalries. The Central Asian Republics have been forced to re-evaluate their overdependence on Moscow's economy and logistics amid the Russia-Ukraine war even as the Latin American landscape has seen domestic and regional concerns superseding geopolitics. Africa also continued to grapple with political and economic uncertainties even as its weight in global governance has grown. In the age of the Indo-Pacific, regional states in South Asia continue to be courted by key global players despite the dominance of India and China.

The final section delineates some key global themes and issues of the past year. New technologies continued to shape the operational realities of warfare. Fragmentation and disharmony prevailed in the United Nations Security Council and global trade. The global climate agenda was reaffirmed by dire warnings from the scientific community regarding the irreversible impacts of climate change, with the launch of the Loss and Damage Fund at COP28 aimed at addressing the losses and damages resulting from the climate crisis. Global technology governance continued to evolve, as innovative technological solutions for development merged with growing concerns around the speed and scope of emerging tech and its potential for disruption. On the global health front, the integration of advanced technologies in diagnostics and healthcare has revolutionised the domain, even as the drive towards health equity has accelerated.

As we usher in 2024, the overarching trends outlined in this report will continue to shape our external environment. It is our aim that the analyses presented here will generate more debate and lead to a more productive policy conversation—not only to understand the world around us but also to navigate it effectively by being more forward-looking.



**I**

**Major Powers**

## *The US*

# A Year of Pushes and Pulls for Biden

Vivek Mishra

**I**n 2023, the Biden administration faced escalating challenges, domestic and otherwise, that presented hurdles not seen in the earlier years of his presidency. The United States (US) welcomed the year with a debt-ceiling crisis in January, compelling the administration to yield to Republican demands for spending cuts. This compromise significantly constrained the administration's actions on various fronts. The spending deadlock resurfaced in June and October, the stalemates ultimately resulting in the removal of House Speaker Kevin McCarthy. Concurrently, President Biden grappled with consistently low approval ratings, in an election year, possibly influencing his decision-making on various economic and foreign policy matters. On foreign policy, Biden faced the challenge of maintaining the US's global leadership despite a two-front war support in Ukraine and Israel, even as he battled an ever-looming option of a third front opening up with China, particularly in the Taiwan Strait.

Amid these pushes and pulls, at least three meta trends can be identified with the Biden administration apropos the US's priorities in 2023.

### **Tech-Led Leadership**

Amid rapid technological progress globally, the US placed a premium on retaining its technological edge while grappling with security considerations. This emphasis was evident in American endeavours to secure an early advantage in critical and burgeoning tech sectors, particularly semiconductor manufacturing. Central to the Biden administration's 2023 policy agenda was fortifying supply chains and propelling future industries, an initiative underscored by the implementation of the CHIPS and Science Act signed in August 2022. The comprehensive approach encompassed the regulation of emerging technologies such as artificial intelligence, quantum computing, and biotechnology.

It is aimed at fostering innovation while simultaneously safeguarding against potential misuse or security breaches. Balancing innovation with protective measures became a pivotal component of US foreign policy under the Biden administration. The Executive Order signed in October on regulating AI is perhaps one of the most consequential steps in this regard.

### **‘Bidenomics’**

As the US approached an election year, there was a distinct emphasis on improving the domestic economic landscape. Top priorities for the Biden administration included curbing escalating inflation, fostering job creation, enhancing infrastructure, and securing pathways towards a clean energy future. These imperatives were made more difficult by ongoing challenges stemming from the lingering effects of the COVID-19 recovery cycle. Addressing these needs concurrently necessitated a multi-vector policy approach that reconciled domestic imperatives with external pressures. President Biden also continued to advance his ‘Bidenomics’ agenda through a series of legislative manoeuvres, notably culminating in the signing of the Inflation Reduction Act in August 2022.

In the sphere of foreign policy, despite grappling with two active warfronts by year-

end and facing increasing Congressional fatigue regarding financial aid to Ukraine, Biden redirected focus towards competition with China. The Biden administration encountered the challenge of effectively engaging China while managing diversions in Ukraine and West Asia, both politically and financially. This demanded consistent pressure on China within its regional sphere, especially in the South China Sea. Over the past year, the US actively worked to strengthen alliances in the Pacific and nurtured collaboration with partners and allies across the wider Indo-Pacific region. Climate initiatives and cybersecurity cooperation were particularly focal points in diplomatic discussions and policy implementations.

### **Externalities**

2023 saw the US re-centre geopolitics and tighten economic competition with China. The US also continued to navigate complex relationships with key global powers like China and Russia. In the Pacific theatre, the Biden administration took steps to reassure allies and strengthen military relationships with states like Vietnam, Japan, South Korea, and the Philippines. Competition in areas like technology, trade, and influence persisted, shaping policy decisions regarding

security alliances, economic partnerships, and technological innovation. The focus remained on maintaining strategic advantages while addressing potential areas of conflict through diplomatic means. The residual tension between the US and China following then House Speaker Nancy Pelosi's 2022 visit to Taiwan was exacerbated by the incident involving China's 'spy balloon', resulting in the cancellation of military talks between the two sides. Although the San Francisco APEC summit held in November came with a semblance of détente between the two leading countries, the bilateral competition is likely to intensify in the coming years, with the world order tearing at its seams.

The year ended for the Biden administration with the Israel-Hamas conflict testing it on multiple fronts. Domestically, the Democrats faced opposition from the Republicans on war spending, particularly in light of the US's continued aid to Ukraine since early 2022. Externally, US presence in West Asia needed a revamp, even as it positioned two aircraft carriers in the region to reassure its staunchest regional ally, Israel, as well as to prevent any attack on its own positions from regional hostile actors.

“Approaching an election year, Biden put emphasis on improving the domestic economic landscape.”

Indeed, in the past year, Biden's domestic policy remained inseparably tied to his administration's decisions abroad. Biden's grandstanding vis-à-vis Israel and Ukraine was meant both for strategic assurance and domestic political support. While the US may have achieved its external goals of aiding Ukraine and preventing the Israel-Hamas war from spreading to other parts of the region, the domestic dividends for Biden from such actions remain distant as the year ends.



## *China*

# Xi's Post-COVID Roadmap to Self-Reliance

Kalpita A Mankikar and Antara Ghosal Singh

**T**he year 2023 was framed by three trends for China: challenges to the economy; a focus on promoting the country's scientific temperament; and managing the impacts of regional conflicts, particularly those in West Asia.

### **Economic Shocks**

China welcomed 2023 with an economic growth rate of merely 3 percent the year before—one of the country's worst performances in nearly four decades. It did not help that the government overturned COVID-19 restrictions in a disorderly manner, leading to a surge in cases and deaths across the country.

A series of jolts soon hit the People's Republic: population declined for the first time in nearly 60 years, with the country's pro-natalist strategy

adopted to combat the demographic disaster not producing the desired outcomes; a crackdown on real-estate affected the sector's productivity; businesspeople were arbitrarily sequestered over suspicions of spying, as the anti-espionage law's provisions were expanded, impacting corporate confidence; and foreign firms scaled down their operations in China as affluent citizens moved their wealth abroad, signifying that the nation's allure is waning. Consequently, though belatedly, at the Central Economic Work Conference in December 2023, members of the Standing Committee of the Political Bureau of the CPC Central Committee resolved to effectively balance security considerations and economic growth, highlight China's success, and create positive investor sentiment.

## **Bullishness on Science and Technology**

Amid its technological rivalry with the US, China is seeking to achieve self-reliance through improved state capacity in science and technology. During the leadership transition in 2023, it was announced that its ability to combat Western sanctions would be an important factor for cadre promotions. Therefore, more technocrats with expertise in specialised fields such as space research and nuclear power have been promoted to the Party's highest governing bodies—the Politburo and the Central Committee. In the long term, China aims to prioritise basic science subjects at the high-school and college levels to create a talent pool to address its strategic needs. The CPC also intends to nurture young talent willing to dedicate themselves to scientific research.

Guidelines issued in August 2023 specify quotas for scientific research projects, such as requiring at least 50 percent of project members to be aged below 40; providing government funding for basic research for only those below 35; and better pay for young scientists. Through his domestic agenda, Xi has restructured the Party and state institutions to enable them to respond to the new climate in the country. Consequently, bodies have been established under the CPC's Central Committee to closely monitor the domains of science and technology and finance.

## **Diplomatic Hits and Misses**

In terms of diplomacy, China scored victories and suffered setbacks in the past year. One of its biggest successes was the strengthening of its role as an international mediator and peace broker. China took the West by surprise and made a statement by brokering a Saudi-Iran deal in March 2023, wherein the two countries agreed to restore diplomatic relations after a rift that lasted seven years. Chinese officials stated that the next item on their agenda was to broker Israel-Palestine peace talks. Accordingly, China hosted Palestinian National Authority president Mahmoud Abbas and Israeli Prime Minister Benjamin Netanyahu separately in May 2023. However, the Israel-Hamas war that broke out after the 7 October Hamas attacks on Israel might have complicated China's calculations. China has also been keen to project itself as a peace broker in the Russia-Ukraine conflict and devised a peace plan for Ukraine in February 2023.

At the same time, China's reputation took a hit globally as its political atmosphere became more complex and unpredictable. Two members of the State Council—former foreign minister Qin Gang and former defence minister Li Shangfu—disappeared from the public eye, without any

explanation from the Chinese government. The sudden demise of China's ex-premier Li Keqiang a few months after demitting office added to the mystery. Such a churn in China's domestic politics, together with the slowdown in the economy, have adversely impacted the country's business environment.

These have come in a post-COVID period when some regions, particularly the EU and the US, have been advocating for de-risking their economic ties

with China. Under such circumstances, Italy—the first and only G7 member of China's Belt and Road Initiative—in December 2023 announced its exit from the project, posing a diplomatic setback for Beijing.

On the eve of 2024, Beijing's victories and losses are expected to influence its diplomatic outlook going forward.

“China is seeking to achieve self-reliance through improved state capacity in science and technology.”

**Kalpita A Mankikar** is a Fellow at ORF. **Antara Ghosal Singh** is a Fellow at ORF.

## Europe

# Foresight, the Far-Right, and Fatigue

Shairee Malhotra

**T**he year 2023 has been a dynamic one for the Old Continent. From combating war to recalibrating approaches to China and the surge in popularity of the far-right, the implications of these meta trends are likely to be long-term and profound.

### **‘De-Risking’ is the Buzzword**

Europe’s overreliance on Russian energy has forced the continent to apply some of the same foresight to China and pivot towards diversifying trade and securing supply chains with more ‘likeminded’ partners. In this context, 2023 has seen the European Union (EU) attempt to ‘de-risk’ from China—i.e., to limit its dependencies on this one country in strategic sectors like critical minerals and raw materials, as well as industries such as batteries, semiconductors, and pharmaceuticals. In line with this security-centric

approach, the EU has expanded its policy toolbox and developed a range of mechanisms such as the Critical Raw Materials Act and the EU Chips Act, coupled with anti-coercion instruments, technological export controls, and two-way investment screening.

Several EU member states also released official documents this year, embedded within the wider EU strategy to a certain extent, that provide a window into their recalibrated approaches towards China. Yet, despite the broad consensus on the need to de-risk, details on implementation and operationalisation remain murky. Meanwhile, the propensity of certain Western European nations to continue prioritising business interests over all else risks damaging this wider EU unanimity, which is dependent on how individual countries navigate their bilateral ties with China.



Irrespective of these caveats, the sun has set on Europe's previous China naivety. While economics remains at the heart of Europe-China ties, this is being accompanied by greater scrutiny and conditionality. As Europe vies for reciprocity in trade and pushes back against Chinese economic coercion, the challenge ahead will involve managing interdependence with its largest trading partner in a manner that alleviates security risks and dependencies while maximising economic opportunities and access—a balance that will be tricky to achieve.

### **The Rise of the Far-Right**

Across Europe, far-right parties are gaining momentum and moving to the mainstream either by winning power directly through national or regional elections, helping sustain a coalition in power, or simply challenging the incumbent. This is now evident in the political landscapes of various European countries, from Italy, Hungary, Switzerland and the Netherlands to Finland, Greece, Austria, Germany, France, Spain, and Sweden.

A key trend has been the far-right's pragmatic moderation through toning down some of its

more inflammatory pro-Russia and Eurosceptic rhetoric, a clear case of which is Italian Prime Minister Giorgia Meloni. At the same time, the centre-right has adopted some of the far-right's talking points, including a more hardline stance on immigration, to appeal to voters on the further right of the spectrum.

Despite some setbacks, such as losing the Polish elections in October, the far-right's wider success has implications for the upcoming EU elections in 2024. The ramifications for rule-of-law and consensual decision-making in Brussels in key areas such as migration and the green transition could be detrimental.

### **Ukraine War Fatigue**

Since February 2022, Ukraine has depended on financial and military aid from its partners in the Western alliance to fight Russia. As the war nears the end of its second year, 2023 has seen Europe move from its rhetoric of supporting Ukraine for "as long as it takes" to the first signs of war fatigue unravelling.<sup>1</sup>

“The sun has set on Europe’s previous China naivety.”

The much-hyped Ukraine counteroffensive in June failed to produce concrete breakthroughs. Fears of a prolonged stalemate, coupled with high inflation and cost of living, are adding pressure on governments to negotiate an end to the war.

With populist forces gaining ground through elections, European nations, previously ardent Ukraine supporters, no longer want to bankroll the country. In the Netherlands that led the effort to supply F-16 jets to Ukraine, far-right politician Geert Wilders’s party, with its bid to halt arms supplies to Ukraine, dominated the November elections. In Slovakia, Robert Fico’s new left-wing populist government opposes supporting

Ukraine. In Poland, a bitter election threatened to end military aid over a dispute on Ukrainian grain exports. Hungary is playing the familiar spoiler by holding the EU’s latest 50-billion euro aid package hostage to the release of Brussels funds so far withheld due to Budapest’s rule-of-law concerns.

Critically, as the United States, which has so far provided over US\$75 billion in aid to Ukraine,<sup>2</sup> heads into elections in 2024; the compulsions of domestic politics, shifting foreign policy priorities towards the Israel-Gaza war, and fierce Republican opposition in Congress, are making further aid packages difficult to secure. All this while Moscow increases its defence stocks with support from Iran, North Korea, and Chinese dual-use tech.

As Kyiv’s fate hangs in the balance, Moscow might yet emerge as the unintended beneficiary.

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## Endnotes

- 1 “European Council Meeting – Conclusions,” European Council, October 27, 2023, <https://www.consilium.europa.eu/media/67627/20241027-european-council-conclusions.pdf>.
- 2 “Ukraine’s New Enemy: War Fatigue in the West,” *The Economist*, November 27, 2023, <https://www.economist.com/europe/2023/11/27/ukraines-new-enemy-war-fatigue-in-the-west>.

*Russia*

# Military Adaptability and Economic Resilience

Nandan Unnikrishnan and Rajoli Siddharth Jayaprakash

**R**ussia's President Vladimir Putin exuded quiet confidence as he discussed the events of the past year at his annual press conference. Predictions of doom and gloom for Russia, including economic collapse and military defeat, have come a-cropper. Russia's economy appears to be booming, and its armed forces are taking the lead on the battlefield in Ukraine.

In 2023, Russia underwent a transformative phase marked by strategic restructuring and consolidation, which yielded discernible trends that offer insights into the potential trajectory of developments moving into 2024.

## **Military Adaptability and Innovation**

Militarily, the year dispelled several uncertainties about the capabilities of the Russian armed forces. The Russian army overcame the initial setbacks of the Ukraine invasion in February 2022. Course correction involving adjustments in tactics and the improvement of operational capabilities has led to the consolidation of ground positions, including the setting up of regional governance machinery in the four territories that Russia announced it was incorporating into its fold. Russia has also displayed the ability to adapt and counter advanced Western weaponry. Sophisticated Western missiles, artillery, and other weapons systems have inflicted limited damage so far, reflecting the efficacy of Russia's air defence systems.



Additionally, Russia's capacity to strike deep into Ukraine suggests that it has identified weaknesses in the Western air defence systems deployed in Ukraine. In a recent report, General Sergey Shoigu stated that reforms in the military-industrial complex contributed to the scaling up of the production of arms and ammunition. No shortages are being reported, despite speculations that a lack of chips would hamper the manufacturing of arms. Shoigu added that the rate of innovation in weapons production has improved, citing some figures about the relative performance of Russian and Western weapons systems.

### **Economic Resilience and Global Rebalancing**

Economically, the performance exceeded the IMF prediction, with a growth rate of 5.5 percent in Q3. Wide-ranging sanctions have thus far not affected day-to-day consumption patterns. With an inflation rate of 7.1 percent, the price of food and other essentials is rising. Elvira Nabiullina, Governor of the Bank of Russia, has expressed concerns about the growing fiscal spending on subsidies, which contributes to fiscal deficit.

Moscow was also able to skirt the US\$60 oil price cap set by the West, which helped consolidate

the economy. The exit of Western companies from Russia and the takeover of their assets by Russian entities have initiated a significant trend of wealth redistribution.

As the West reduces its dependence on Russian energy, the energy markets are re-calibrating, with China, India, Turkey, the UAE, Brazil, and South Korea increasing their energy imports from Russia. Nations doing business with Russia are veering away from the usage of the dollar and relying on the yuan, dirham, and rupee.

### **Consistent Popular Support**

Despite the widespread anti-war sentiments within Russia, a majority of Russia's population supports President Putin, although the ruling United Russia party suffered some reverses in local and regional elections in 2023. Currently, there appears to be little doubt that Putin will hold office again following the March presidential elections.

On the geopolitical front, Russia's entanglement in Ukraine appears to have limited Russia's attentions to the developments in the Southern Caucasus and Central Asia regions. President Putin recently indicated his willingness to discuss peace in Ukraine, but it is unlikely that he will step

away from some of Russia's core demands: a stop to NATO's eastward expansion, non-deployment of NATO offensive weaponry on Russia's borders, and Ukraine's neutrality. It is also unlikely that Russia will cede any territory that it gained during the war. Even if negotiations start in 2024, Russia's relations with the West are unlikely to significantly improve for several years to come.

These constraints, combined with the overhyped Western expectations from the war in Ukraine, suggest that peace is unlikely to break out in 2024. However, the economic costs of supporting Ukraine are likely to push the West to engage in processes to cease hostilities, even if Ukrainian President Volodymyr Zelensky opposes it.

### **Challenges Ahead**

Balancing the contradictory policies of tackling inflation and maintaining welfare measures will be key to stabilising the economy in 2024. Russia will seek to consolidate its relationships with key non-Western countries, such as China, India, Saudi Arabia, Turkey, Brazil, and South Africa. Russia will also try to reverse some of the setbacks it has suffered in the South Caucasus and Central Asia. Putin is experienced enough to understand that weathering 2023 does not guarantee that the following year will be any less challenging.

# II

## Key Geographies

## *The Indo-Pacific*

# Synergies Amid Complexity

Pratnashree Basu

**I**n 2023, the Indo-Pacific continued to be a pivotal geography shaping the global agenda in multiple ways. Geopolitical tensions, security challenges, economic dynamism, and environmental concerns converged on this diverse and vibrant yet complicated region. The events of 2023 serve as a reminder of the region's complexity and the need for nuanced and cooperative approaches to address its myriad challenges and opportunities. Geopolitical developments in the Indo-Pacific have far-reaching implications for regional stability and global politics and they stand to impact international economic and developmental architectures. These security challenges encompass deepening traditional military concerns, intensified territorial disputes, non-traditional threats, and the broader dynamics of great-power competition.

### **Amplified Security Challenges**

As expected, the great-power competition between the United States and China continued to shape security dynamics in the Indo-Pacific. North Korea's frequent missile tests also remained a persistent concern, prompting responses from regional actors and the United Nations. Maritime disputes in the South China Sea continued to simmer, with occasional flare-ups between claimant states and the presence of foreign military vessels adding to the complexity. The year witnessed a further souring of Beijing's relations with Manila, with several near-collision provocation incidents by Chinese Coast Guard vessels and incursions into the Philippines's exclusive economic zone.

The Taiwan Strait continued to be a highly sensitive area, with China stepping up efforts to diplomatically isolate Taiwan while increasing its military activities near the island. Domestically, the Taiwan issue holds immense significance for the legitimacy of the Chinese Communist Party (CCP), especially as the latter comes close to 2049, which marks the 100th anniversary of the People's Republic of China. Washington reaffirmed its commitment to the Taiwan Relations Act and pledged to provide defensive arms and support for Taiwan's self-defence capabilities.

Non-traditional security threats, such as cyber-attacks and climate change-induced disasters, also posed significant challenges for regional stability. The Indo-Pacific, with its vulnerable coastal communities, faced the consequences of climate change more acutely in 2023. Natural disasters such as typhoons, hurricanes, and tsunamis threatened lives and property and strained the capacity of governments to respond effectively. Climate-induced migration and resource scarcity further complicated security challenges.

### **A Refocus on Northeast Asia**

North Korea's escalation of its missile program over the course of the year heightened regional tensions and raised concerns about the stability and security of Northeast Asia, with its immediate neighbours, Japan and South Korea, perceiving the North Korean threat as a direct challenge to their

national security. With a significant push towards the development of its ballistic missile technology, Pyongyang tested and fired high-thrust solid-fuel engines for intermediate-range ballistic missiles and attempted to launch spy satellites several times. Pyongyang's posture had a direct impact on the enhancement of Seoul's and Tokyo's capabilities and military readiness, with both focusing on maintaining open lines of communication with Washington to ensure a coordinated approach to the North Korean issue.

While Pyongyang's nuclear programme remained a key determinant in shaping Northeast Asia's geopolitics in 2023, both Seoul and Tokyo demonstrated a clear intention to move towards rebuilding their bilateral relations. Bilaterally, the two countries held their first joint summit after a 12-year hiatus, and trilaterally, the Camp David Summit with Washington in August marked the first ever standalone summit between the leaders of the three countries.

China's strategic influence in Northeast Asia has historically relied on the discord between Japan and South Korea—two of the United States's most significant allies in the region. However, the Camp David meeting initiated a transformative shift in this dynamic and signifies a new era that dispels any uncertainty about the ability of Tokyo and Seoul to align themselves strategically.

## Consolidation of Partnerships

Over the last half a decade, the Indo-Pacific region has witnessed a discernible shift in geopolitical dynamics, marked by a notable consolidation of partnerships among nations. This transformation is particularly evident as countries strategically navigate the complex maritime landscape, influenced by evolving power structures and geopolitical considerations. The United States, under the leadership of President Biden, continued to emphasise its commitment to the Indo-Pacific, bolstering its alliances with traditional partners like Japan, South Korea, and Australia, and was also able to establish and expand partnerships with other regional partners.

On the one hand, the region's smaller nations in Southeast Asia and the Pacific often reluctantly found themselves navigating a delicate balance between their economic ties with China and their security relationships with the United States. On the other hand, the high premium of aligning with China has gradually started being acknowledged and understood by many of these nations.

Efforts to enhance supply-chain resilience and diversify supply sources continued, especially in the aftermath of the COVID-19 pandemic, as nations sought to mitigate vulnerabilities in their production networks. India and Japan agreed to

cooperate in the area of semiconductors, aiming to establish a more robust supply chain for this crucial technology and collaboratively advance the development of the semiconductor ecosystem. Most importantly, the Indo-Pacific Economic Framework's (IPEF) Supply Chain Resilience Agreement (Pillar 2) arguably became the fastest-concluded plurilateral economic cooperation agreement, with 14 countries agreeing to reinforce worldwide supply chains and improve their flexibility, resilience, and sustainability.

Bilateral and minilateral platforms continued their engagements, with the Quadrilateral Security Dialogue (Quad) continuing to evolve as a strategic forum as well as a mechanism for coordinating responses to regional challenges. Reports also suggest that countries like South Korea are inclined to formally join the grouping in the coming years. As efforts to mitigate climate change and promote sustainable development gained traction, the Indo-Pacific saw the expansion of renewable energy projects, mangrove restoration initiatives, and commitments to reduce carbon emissions.

Moving forward to 2024, geopolitical risks in the Indo-Pacific will be closely monitored due to their potential regional and global impact.



*West Asia*

# A Collision of the Old and the New

Kabir Taneja

**T**he first half of 2023 saw the continuation of a geopolitical and geoeconomic reinvention of the Gulf, especially the Arab world led by an economically vibrant United Arab Emirates (UAE) and followed by an aspirational and transitional Saudi Arabia. From Portuguese footballer Cristiano Ronaldo joining the Saudi Arabian club Al Nassr, to Riyadh normalising ties with Iran—the country’s global image is shifting, owing to efforts of Crown Prince Mohammed bin Salman, from that of a conservative Islamic country to a future hub of Gulf business.

Connectivity and post-oil economic order are being prioritised to future-proof the states and their monarchic political structures. For decades, oil has provided a lucrative and fool-proof financial base for the region to conduct its regional and foreign policy without being concerned about a lack of resources. Domestically, oil has provided stability to the population and subsidised critical governance systems, including education, health, and food security. However, the traditional politics of West Asia (Middle East) will have to adapt to the current energy transition. While oil will remain king for at least another two decades, the Gulf powers will need to depend on traditional and competitive industries to maintain their prominence beyond that period. Energy transition and geopolitics of the ‘old’ and ‘new’ Middle East will hold court in 2024.

## **The Return of the ‘Old’**

The 7 October terror attack by Hamas against Israel sent a reminder across the region, and more specifically the Arab world, that the issue of Palestine cannot be forgotten, even as fundamental changes are being envisioned in the Middle East. The attack brought the Israel-Palestine issue to the forefront once again, at least partly by design.

Israel’s retaliatory military operations in the ongoing war in Gaza have claimed over 17,100 lives at the time of writing. As the war continues, the primary concern for Gulf states has returned to old problems around the management of the street and the states’ domestic public discourse. The experience of the Arab Spring—where public outcry in the Middle East and North Africa shook the monarchic political structures of the region and resulted in the removal of military dictators such as Egypt’s Hosni Mubarak—has magnified the public response in many of these states. Although there have been no massive street protests on the sidelines of the war in Gaza, the Palestine issue has been brought to the forefront of the public conscience of the Arab world, which is today comparatively more open, young, and digitally connected, and part of the global information highways.

## **A Challenge for the ‘New’**

The normalisation of ties of a group of Arab states with Israel with the signing of the Abraham Accords in 2021 initiated crucial changes in the region. The significance of this normalisation was evident in the response of these states to the Gaza war; for instance, for the past two months, the UAE has maintained a balanced response by sponsoring the United Nations Security Council resolution seeking a ceasefire and simultaneously protecting its normalisation with Israel as part of Abu Dhabi’s long-term strategy. New economic connectivity projects such as the India–Middle East–Europe Economic Corridor (IMEEC) and cooperative economic engagements as part of the I2U2 multilateral with India, Israel, UAE, and the United States (US) may suffer short-term setbacks. However, the fundamentals of these geopolitical reproachments have remained intact. Even the elusive crown jewel of reproachment diplomacy—the normalisation between Israel and Saudi Arabia—has not been completely dismissed, according to US interlocutors.

## Fluidity of Security Narratives

Qatar's prime minister has highlighted the Gaza crisis as an event that could radicalise an entire generation. There is an overarching narrative that many Arab states stand to benefit from the dilution of Hamas. There is also the fear that the war in Gaza could reinvigorate groups such as Al Qaeda and the Islamic State. Regional militias such as Yemen-based Houthis have already announced the direct targeting of Israeli and US commercial interests in the Red Sea. While the probability of a wider regional flare-up has been momentarily arrested through mechanisms such as the China-brokered Saudi-Iran détente, there are few

diplomatic mechanisms that could intervene to ease tensions around Israel and Iran. A larger fallout will be detrimental to both Riyadh and Abu Dhabi, as might happen if Israel decides to go after Hezbollah in southern Lebanon and the US confronts Iran-backed proxies such as the Houthis in Yemen and others in Iraq and Syria. The kinetic return of the Palestine issue also sends a message, to the region and beyond, that its resolution is central to Middle East security.

“Oil will remain king for at least another two decades.”

**Kabir Taneja** is a Fellow at ORF.

## *Central Asia*

# Seeking New Alliances

Ayjaz Wani

**T**he Central Asian Republics (CARs) faced severe internal and external challenges in 2023, which have resulted in uncertainty. Internal fissures, such as the border dispute between the Tajik and Kyrgyz republics, have impacted regional cooperation. The Taliban's return to power in Afghanistan as well as the Russia-Ukraine war have heightened risks to security, stability, and sovereignty in the region. Amid the Russia-Ukraine war and its global geopolitical impacts, their overdependence on Moscow's economy and logistics have forced the CARs to revisit their foreign policy and examine new regional alignments. The CARs took decisive steps to aim for a balanced diplomatic strategy through, among others, summits with China, the European Union (EU), the Gulf Cooperation Council (GCC) countries, and the United States (US).

### **Regional Integration**

In 2022, the Tajik-Kyrgyz border dispute caused internal rifts in both countries that resulted in the loss of hundreds of lives and affected regional cooperation. In September this year, the leaders of the CARs and the president of Azerbaijan (as special invitee) participated in the Fifth Consultative Meeting of Heads of State of Central Asia in Dushanbe. The leaders discussed the Taliban rule in Afghanistan and the progress on the Tarns-Caspian International Trade Route (TITR) to Europe and beyond. The TITR enabled trade between Central Asia and Baku to increase threefold in 2022, and an additional 50-percent surge was evident within the first seven months of 2023. Kazakhstan stressed increased regional trade, whereas Uzbekistan proposed a full-fledged free-trade zone within the CARs.

The Central Asian countries agreed to strengthen land-transport interconnectivity for international transport and enable a competitive market for transport services. A Council of National Coordinators will monitor the implementation of the agreements signed during the meeting. The leaders of Tajikistan and Kyrgyzstan also held one-on-one talks on the sidelines of the meeting with the aim of resolving border and territorial disputes. Within a week, the two leaders met again in New York to arrive at a mutually beneficial, pragmatic solution.

### **Pan-Islamism and Pan-Turkism Amid Sovereignty Concerns**

The prolonged Russia-Ukraine war has compelled the CARs to explore alternative trade routes and raised concerns about their sovereignty and security. The GCC and the CARs held their first summit in Jeddah, Saudi Arabia, on 19 July 2023, with the aim of strengthening political, strategic, and security relations based on shared values, deep historical ties, and mutual interests. The leaders also discussed cooperation in trade, energy, investments, and logistics.

On 3 November 2023, the Tenth Summit of the Organisation of Turkic States (OTS) was held in Asthana, demonstrating the countries' commitment to deepening cooperation within the

Turkic world and strengthening solidarity among Turkic states, including the CARs, Türkiye, and Azerbaijan. Some days later, the 16<sup>th</sup> Economic Cooperation Organisation Summit was organised in Tashkent and was attended by the CARs, as well as the presidents of Iran, Azerbaijan, and Türkiye and the caretaker prime minister of Pakistan. The leaders discussed renewed economic cooperation and new connectivity projects, including the TITR.

### **Restructuring Partnerships with Global Players**

Beijing has successfully leveraged the anxiety around Russia to help the CARs strengthen their security. China's President Xi Jinping expressed support for Kazakhstan's territorial integrity, and in May 2023, he hosted the China-Central Asia Summit, where he reiterated the importance of upholding the region's security, sovereignty, independence, and territorial integrity. Since 1991, Beijing has increased its heft over Central Asia and has become a key partner of these countries in trade, investments, and loans. In 2022, trade between China and the CARs amounted to US\$70 billion, with a trade deficit favouring Beijing.

US interests in the region have also grown amid its damaged global standing following the return of the Taliban in Afghanistan. In February 2023, US Secretary of State Antony Blinken visited Central Asian countries under the C5+1 format and announced a US\$25-million plan to expand trade routes and establish new export markets, assuring US support for an independent, secure, and prosperous region. In September 2023, US President Joe Biden met leaders of the CARs for the first time, on the sidelines of the UN General Assembly, and discussed security, trade, investments, and regional connectivity, particularly focusing on the TITR. Biden also stressed territorial integrity and the need to respect the region's sovereignty. However, the US strategy in Central Asia needs to become more proactive for influence and power projection in the region. The present approach is inconsistent, under-resourced, and uncompetitive compared to that of China.

Amid complex geopolitical outlooks and their own considerations, the EU has enhanced their engagement with the region to secure new supply chains and connectivity by bypassing Russia. In June 2023, European Council President Charles Michel met with Central Asian leaders at Astana to seek greater cooperation between the regions.

### **The Year Ahead**

Some of these engagements with countries like Türkiye, the GCC, Iran, and Pakistan are based on the principles of pan-Turkism and pan-Islamism. The nature of the collaboration with China is changing from geo-economic to geostrategic. Beijing is trying to promote its governance model, security doctrine, and surveillance techniques, while the EU and the US seek enhanced engagements for energy supplies and new supply chains for trade amid globally volatile geopolitics to ensure continued progress.

However, China's engagement with the region could have far-reaching consequences on the interests of states like the US and India, and Europe. To counter a belligerent China, these countries should invest in long-term connectivity projects to provide the CARs with alternative means of connecting to the world. Amidst the regional churn and growing global attention, CARs need to establish new alignments and navigate their foreign policy to achieve security, sovereignty, regional integration, and new connectivity infrastructure without becoming pawns of international power rivalry. How they do this will shape the regional geopolitics and geoeconomics in 2024.

## *Latin America*

# The Year of the Political Outsider

Hari Seshasayee

**L**atin America's political landscape is perhaps more diverse than that of any other region in the world. The region currently has the youngest elected head of government in the world—36-year-old Daniel Noboa of Ecuador—as well as three other “millennial” presidents born in the 1980s. Political outsiders have been elected to the highest office in Argentina, Chile, Costa Rica, Ecuador, El Salvador, Guatemala, and Peru.<sup>1</sup> Dyed-in-the-wool political parties have been routinely voted out and replaced by promising but fragile new political outfits often helmed by strong personalities. While democracy seems to be strengthened in some countries, such as Argentina, Brazil, and Chile, it is on the precipice in others like El Salvador, Guatemala, and Peru, and entirely absent in Cuba, Nicaragua, and Venezuela.

Latin America's socioeconomic landscape is also in a constant state of metamorphosis. South America is home to the fastest-growing economy and the country with the highest inflation in the world. Owing to an oil bonanza, Guyana is the world's fastest growing economy, registering a 62 percent growth in gross domestic product (GDP) in 2022.<sup>2</sup> Right next door is Venezuela, which has the highest inflation in the world, at 360 percent in 2023.<sup>3</sup> Latin America also remains a land of protests, with every country in the region seeing large-scale protests at some point in 2023. Most of the region's economies are still recovering from the aftermath of the COVID-19 pandemic.

For a region as large and diverse as Latin America, a trend in one country may not be true for another; this is an attempt, however, to outline some discernible patterns that emerged in 2023.

## Political Outsiders

The election of Argentina's Javier Milei, a self-styled "anarcho-capitalist" and political outsider, captured global headlines. A British newspaper described Milei as "a South American fusion of Elvis Presley and the adamantium-clawed mutant Wolverine".<sup>4</sup> While most casual observers were drawn to the phenomenon of a country as large as Argentina electing an outsider to its highest office, this is not new. Milei is the seventh political outsider currently occupying the highest office in Latin America and joins a list of more than 30 prominent outsiders who have stood for presidential elections in the region in the past three decades.

These outsiders benefit from another trend: anti-incumbency. Latin America has routinely voted out incumbent governments when they fail to perform well. Except in the case of Paraguay, incumbents have lost in each of the 24 previous fair elections in Latin America. The long-established political parties that ruled Mexico, Colombia, Peru, and Argentina have found themselves in political backwaters and are struggling to remain relevant. Outsiders also risk slipping into irrelevancy if they are unable to handle the pressures of politics. The message from Latin American voters is clear and resonates throughout the democracies in the region: perform or perish.

## Domestic and Regional Concerns Supersede Geopolitics

In 2023, the debate on geopolitics shifted from Russia's invasion of Ukraine to the Israel-Palestine war. Most Latin American countries, except Cuba, Nicaragua, and Venezuela, strongly condemned the attack by Hamas on 7 October, while Mexico chose to take a neutral approach. Israel's retaliatory attack on Palestine elicited equally strong reactions from Latin America. Chile, Colombia, and Honduras recalled their ambassadors from Israel, and Bolivia went a step further by completely cutting diplomatic ties with the country.<sup>5</sup> Others, like Argentina, Ecuador, Guatemala, Panama, and Paraguay, have been more supportive of Israel. Yet, although the region's leaders have strong opinions about the conflict, they have no dog in the fight.

After the end of the Cold War, Latin America has remained geographically distant from the world's security hotspots, including the wars in the Middle East, Russia's invasion of Ukraine, and the geopolitical tussles in the Indo-Pacific and the South China Sea. Instead, Latin America has been more concerned about domestic and regional issues, such as regional connectivity, trade agreements, and more recently, energy transition.



“After the end of the Cold War, Latin America has remained geographically distant from the world’s security hotspots.”

### **Economic Prospects Improve Marginally**

The International Monetary Fund estimates a moderation in Latin America’s GDP growth, from 4.1 percent in 2022 to 2.3 percent in 2023.<sup>6</sup> Much of this can be attributed to the global economic slowdown, with global GDP growth for 2023 projected to be the “lowest annual rate since the global financial crisis, with the exception of the 2020 pandemic period”.<sup>7</sup> Latin America’s economies are deeply integrated with China, which has been

South America’s largest trading partner for nearly a decade.<sup>8</sup>

The region’s economies have partially recovered from the worst impacts of the pandemic, but many countries are still finding their feet. Some countries, especially Mexico and the Central American nations, have benefitted from the United States push for a new policy called ‘friendshoring’.<sup>9</sup> As most Latin American economies remain highly dependent on global trade, their futures are closely tied to the fortunes of the global economy as well as the ups and downs of commodity prices.

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## *Africa*

# Political and Economic Woes Amid Geopolitical Churn

Samir Bhattacharya

**D**emocracy across Africa struggled in 2023, as exemplified by the events surrounding the elections in Nigeria, Zimbabwe, and the Democratic Republic of the Congo. Nothing less than five coup attempts occurred in different parts of the continent in the past year. Africa also faced challenges related to increasing global commodity prices, higher cost of living, monetary tightening, currency depreciation, and debt distress. At the same time, perhaps as a testament to the continent's growing importance in global governance mechanisms, the African Union became a permanent member of the G20.

### **Political Instability**

Electoral democracy in parts of Africa appeared to have kicked off to a promising start, with the election in Nigeria in February being won by

Bola Tinubu by a close margin after President Muhammadu Buhari finished the maximum two terms allowed by the Constitution. The peaceful conduct of that election was a welcome event in a region that has seen too many military coups and autocratic rules and the undermining of democratic guardrails.

The promise was reversed, however, following a contentious election in Zimbabwe in August. Observers from Africa and the West questioned the legitimacy of the result, alleging intimidation by the camp of proclaimed President Emmerson Mnangagwa. In both Sierra Leone and Madagascar, the incumbents managed to win with little surprise. At the time of writing this article, Egypt and the Democratic Republic of the Congo are preparing for their own elections in December, where analysts expect the incumbents

to score a comfortable victory. Meanwhile, the peaceful transfer of power in Liberia—after Joseph Boakai beat incumbent George Weah—was a remarkable feat for the continent.

With five attempted coups in 2023, the wave of military takeovers swept across Africa this year. On 26 July, several factions of the Nigerien armed forces announced that they had removed President Mohamed Bazoum from office. The following month, in Gabon, on 30 August, just hours after President Ali Bongo emerged as the winner of a non-competitive election for a third term, a coup d'état brought an abrupt end to his reign.

Sudan was another theatre of conflict: Beginning in April, a power struggle between General Abdel Fattah al-Burhan and his former deputy Mohamed Hamdane Daglo has resulted in the deaths of at least 12,000 people in the country. In Senegal, there were violent protests in the streets beginning in March due to uncertainty about President Macky Sall's political future; 16 people have died and hundreds more have been injured as a result. Although he had put an end to speculations by announcing in June that he would not run for a third term, supporters of opposition parties accused his government of imprisoning their leader Ousmane Sonko. The year also marked the winding down of the massive UN peacekeeping missions in Mali, Congo, and Sudan.

### **Economic Uncertainties**

The year 2023 has also been difficult economically for the continent. The lingering fallout of the COVID-19 pandemic, the food and energy insecurity due to the Ukraine crisis, and the growing economic and geopolitical uncertainties resulted in a very high public debt across the continent. Slower economic growth, higher inflation, weaker currencies and increased international capital costs have all contributed to Africa's already vulnerable debt situation in 2023.

Zambia was fortunate enough to reach a debt-restructuring agreement with both state and private creditors in October. Other governments, however—especially those that have taken massive loans from China, such as Zimbabwe, Kenya, Ethiopia, Ghana, Malawi, Mozambique, Somalia, Sudan, and Ethiopia—were less fortunate and will likely continue to face difficulties in the absence of foreign debt restructuring.

“The AU was welcomed to the G20, a testament to the continent's growing importance in global governance mechanisms.”

## Geopolitical Rivalries

The geopolitical contestations to obtain Africa's strategically important minerals and energy goods grew more intense in 2023. European nations, for example, are increasingly looking to Africa to diversify their energy supplies away from Russian oil and gas.

In 2023, Africa continued to attract the interest of a new generation of global powers in addition to the US and the former European colonisers. For one, the G20 has officially welcomed Africa to the grouping, underscoring the strategic importance of the continent. Some analysts interpret this as being a part of the competition over leadership of the Global South between China and India.<sup>1</sup>

In July, Russia hosted a summit for African leaders in St Petersburg; 49 of the 54 countries of the continent were present in the meeting, including 17 Heads of State. A month later, South Africa hosted the 15th BRICS summit, where

Egypt and Ethiopia were invited to join the bloc as full members. China was hardest to push for the expansion of the bloc as a means to counter the US-led global order and African support will be crucial in building the alternative. In October, China also hosted the third Belt and Road Forum in Beijing which saw the participation of five African Heads of State and representatives from other African countries.

The possibilities of the resurgence of unlawful change of power and other threats to democracy and good governance make the coming year crucial for Africa. There will still be plenty of reasons to be apprehensive about instability brought on by election cycles, geopolitics, conflicts, and the ongoing possibility of food shortages. At the same time, some studies predict that Africa will be the world's second fastest-growing region in 2024, just behind Asia.<sup>2</sup> Despite the clear challenges, many African countries will look forward to the coming year with a more positive outlook.

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## *South Asia*

# Stability, Connectivity, and Agency

Aditya Gowdara Shivamurthy and Shivam Shekhawat

**S**outh Asia has had a relatively stable 2023. Economic recovery, albeit slow, combined with the promise of hope from elections both concluded and forthcoming, are offering signs of political stability in the region. The need for resilient economies has compelled the countries to embrace connectivity, and the growing prominence of certain South Asian countries has increased their agency with global and regional powers.

### **Promising Signs of Political Stability**

In the past 12 months, South Asian countries slowly recovered from the shocks of COVID-19 and the Russia-Ukraine war. Some of them held national elections in this period, and both the conduct and the results of these polls point to a largely positive outlook. Long-term structural issues, however, persist.

In the Maldives, the incumbent lost in the September elections and the outgoing government gave its support to a peaceful transition of power. The challenges persist for President Mohamed Muizzu, however, as his party does not have the majority in Parliament and political factionalism has only heightened with the number of parties increasing. The incumbent in Bhutan similarly lost in the primary elections in November and, like in the Maldives, the outgoing government accepted the people's mandate. In Nepal, meanwhile, the signs of political stability ensued as early as in January, with the Nepali Congress supporting Prime Minister Pushpa Kumar Dahal's government. Nonetheless, people remain dissatisfied with the country's ruling class, as demonstrated in the pro-monarchy protests of November.

In Sri Lanka, the Ranil Wickremesinghe administration has announced that the country will be conducting parliamentary and presidential elections next year—a remarkable achievement considering the country’s volatile political situation following the ‘Aragalaya’ movement of 2022.<sup>a</sup> Nonetheless, the government remains indecisive on local elections, underscoring Sri Lanka’s two biggest challenges: federalism and decentralisation. For Pakistan, the caretaker government, sitting since August, has managed to instil some semblance of normalcy in the country’s affairs. The next government will have to focus on implementing much-needed reforms for economic stability. The military will, however, play a crucial role in the elections and the evolving political and economic situation.

In Bangladesh, violence has erupted as the main opposition—the Bangladesh National Party—continues to protest against the government and is calling for boycotting the elections in January. Although, the violence has not escalated to its worst and the military has not interfered in the domestic power struggle, the elections are expected to increase polarisation and weaken Sheikh Hasina’s legitimacy. In Afghanistan, despite the lack of democracy, the Taliban have proven

their ability to maintain power in the country and promote economic governance. This is despite internal differences on the question of the rights of women and engagement with the international community.

### **Promoting Connectivity**

Plagued by economic challenges, South Asian countries are attempting to promote resilient economies through energy, trade, and infrastructure connectivity. Three broad trends are visible in this domain.

The first is bilateral connectivity with India. With the visits of Nepal’s PM in June and Bhutan’s king in April and November, India has expanded its hydropower trade and created new integrated checkposts and cross-border rail links. India is also aiming at digital and financial connectivity with Nepal and non-hydropower renewable energy cooperation with Bhutan. With Bangladesh, India has inaugurated the Akhaura-Agartala cross-border rail link that connects Northeast India to the country by rail for the first time. In July, India and Sri Lanka signed their first vision document

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a The aragalaya (Sinhalese for ‘struggle’) was a political movement calling for a new political system in the country. Triggered by the economic crisis and hardships in the country, the movement forced the earlier president, Gotabaya Rajapaksa, to resign and flee the country.



seeking to promote maritime, air, energy, people-to-people, trade, economic and financial connectivity. The two countries have also agreed to build a land bridge, although details are yet to be made available at the time of writing. India also launched a direct shipping service to promote bilateral trade with the Maldives.

The second trend is related to how South Asian countries are attempting to integrate through India. This year, Bangladesh and Nepal signed an agreement for power trade vis-à-vis India. A similar agreement is in its final stages of discussion between Bangladesh and Bhutan. India and Sri Lanka are also discussing establishing a high-capacity power grid that will help Sri Lanka trade power with India and other neighbours. This will address the energy insecurity of countries like Bangladesh and Sri Lanka and improve exports and foreign reserves of both the Himalayan countries. Further, Bhutan and Bangladesh have also signed a transit agreement that will permit Bhutan access to Bangladesh's seaports, and India, this year, has agreed to designate additional rail routes for the same. India's assistance and connectivity efforts to Bhutan's Galephu city project will also help Bhutan to further integrate with the rest of South and Southeast Asia.

Finally, due to unresolved complexities with India, Pakistan and Taliban-governed Afghanistan are doubling down on connectivity with the Central Asian Republics (CARs). The caretaker

commerce ministers of Afghanistan and Pakistan met their counterparts from Uzbekistan in November to discuss ways to improve trilateral trade. They committed to developing the Trans-Afghanistan project and a passenger and freight rail line in Pakistan, Uzbekistan, and Afghanistan by 2027. Pakistan is also attempting to utilise the existing infrastructure of the CASA-1000 project to export surplus electricity in the winter season to the CARs.

### **Heightening Agency**

As the Indo-Pacific region grows in prominence, South Asian countries are gaining traction from global and regional powers. There has been no dearth of new partners for South Asia, even as India and China compete and maintain a dominant presence in the region.

For instance, the United States is offering a US\$500-million loan to Sri Lanka and has commenced its Millennium Challenge Corporation (MCC) projects in Nepal. Nepal's PM Prachanda visited India, the US, and China—all in the past 12 months. The US also hosted Pakistan's army chief in mid-December, with the aim of reviving their stagnant relationship and exploring possibilities of cooperation particularly in Pakistan's security. The US is also looking into the possibility of holding a technical dialogue to help stabilise the Afghan economy.

French President Emmanuel Macron visited Sri Lanka and Bangladesh this year as part of efforts to create relationships with these countries independent from the European Union. Russia's relations with the region have also improved. It has continued assisting Bangladesh with its nuclear power plant, offered crude oil to Pakistan at discounted prices, and is expected to be in the lead to build a nuclear power plant in Sri Lanka. In Bangladesh, Japan has also agreed to develop the Matarbari Port.

For its part, Bhutan is hinting at revising its foreign policy of having no diplomatic relations with the P-5 countries. In the Maldives, Mohamed Muizzu has breached the tradition of choosing India as a maiden destination of visit by accepting Turkiye's invitation. Finally, in the Taliban-governed Afghanistan, Russia, Iran, and the CARs, barring Tajikistan are engaged with the group for strategic and security reasons.

“South Asian countries are attempting to promote resilient economies through energy, trade, and infrastructure connectivity.”

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# **III**

## **Global Issues**

## *Warfare*

# Technological Flux and Military Indecision

Kartik Bommakanti

**T**he year 2023 witnessed two wars of different intensities: one between Russia and Ukraine, prolonged since the former's invasion in late February 2022; and the second erupted in early October, following Hamas's attack against Israel. At the same time, the Saudi-Houthi conflict, despite sporadic violence, subsided significantly and made way for bilateral talks. Three features of warfare revealed themselves in the past 12 months: (1) the extensive use of drones by all warring parties; (2) the persistence of interstate, and the outbreak of sub-state conflicts; and (3) the indecisiveness of the ongoing wars.

### **Drone Warfare**

Unmanned Aerial Vehicles (UAVs) or drones were extensively used in a number of conflicts during the past year, perhaps the most widespread employment of which was in the Russia-Ukraine war. Both sides have used drones extensively since the onset of war in February 2022, for a wide variety of missions covering Intelligence, Surveillance and Reconnaissance (ISR) and strike and logistics operations. Russia has borne the brunt of Ukrainian drone warfare for most of the ongoing war due to Israel's refusal to supply Moscow with drones, while Ukraine has secured its supply of Baykatar TB2 UAVs from Turkey.

To redress the gap in its drone capabilities, Russia secured Shahed-136 *kamikaze* drones from Iran this year, which have proved fairly effective and lethal when used against both Ukrainian civilian infrastructure and military targets.

Meanwhile, in the ongoing war between Israel and Hamas which is a sub-state entity, drones have been used for ISR and strike missions, especially by the Israelis. Drone warfare has proved to be fairly cost-effective for all the combatants in the conflicts that are underway today. Adaptation has also been a key feature of UAV use, with Russia employing its Iranian-made *kamikaze* drones—otherwise inertially guided—with satellite guidance.

### **Persistence and Outbreak of New Wars**

In the past year, conflicts that were latent escalated into outright wars, as certain protracted conflicts subsided in intensity, such as the Saudi-Houthi war. The war between Kyiv and Moscow witnessed significant escalation by Ukraine, which launched a counteroffensive against Russian-occupied eastern Ukraine in June 2023. Ukraine incurred massive losses during the counteroffensive and stalled due to entrenched Russian defences.

For its part, the Israel-Hamas war witnessed a level of intensity that has not been seen in the region since the 2006 war between Israel and

Hezbollah, another sub-state entity. A second front has also opened up between Israel and Hezbollah on Israel's northern border, but hostilities have been mild, implying that escalation by both sides has been highly calibrated and defensive.

### **The Indecisiveness of Wars**

Trendlines during the last year suggest that the war between Moscow and Kyiv remains inconclusive. The current Israel-Hamas war could see the same trajectory, despite a significant weakening of Hamas as a direct result of Israel's robust action against the group in the Gaza Strip. Hamas, or another entity like it, could regroup many months or years down the line after the termination of current hostilities, and potentially trigger a recurrence of war. Hamas's defensive strengths in the form of a strong underground tunnel network have proved operationally demanding for the Israelis to overcome.

More prominently, indecision has marred the military campaign underway between Ukraine and Russia, preventing a concrete outcome. Since the beginning of the war, Moscow has not used its capabilities, especially air power, or brought to bear the level of force necessary to inflict a decisive blow against the Ukrainians.

“In 2023, latent conflicts escalated into outright wars, as certain protracted conflicts subsided in intensity.”

Conversely, Ukraine’s challenge through the course of the current military campaign has been in securing the necessary capabilities from its Western allies, especially the United States (US) to prosecute the war decisively. Ukraine’s military operations have failed to force a military decision upon the Russians, just as Russian forces were prevented from doing the same by a robust Ukrainian defence in the months following the Russian invasion.

In a nutshell, defence has tended to be the stronger form of war, whether between Ukraine and Russia or between Hezbollah and Israel. Consequently, protracted war between the belligerents will persist. Perhaps the exception to these stalemated conflicts is the Armenia-Azerbaijan war over the ethnic Armenian enclave of Nagorno-Karabakh: Baku recaptured the enclave from Armenian control, producing a fairly decisive outcome from an operational standpoint.

Several of the wars that are underway will continue into the year 2024 and the antagonists will adapt existing military technologies to meet shifting operational challenges and battlefield conditions.

*UN Security Council*

# Major Power Contestation and Institutional Disharmony

Angad Singh Brar

**S**itting in the cockpit of great-power politics, the United Nations Security Council (UNSC) was engulfed in 2023 by a constant task of defusing geopolitical strife—both enduring and new. Beyond the prolonged instability caused by the Russia-Ukraine war, the Council faced a range of issues in the past 12 months framed by three meta trends: deepening Russia and China’s contestation of the P-3; political and security backsliding in Africa; and institutional disharmony in the UN.

## **Deepening Russia and China’s Contestation of the P-3**

The UNSC began 2023 facing a number of crises in different parts of the world. On 5 January 2023, the UNSC convened for an open briefing to defuse tensions between Israel and Palestine, following

the visit of Itamar Ben-Gvir, Israel’s National Security Minister, to the Jordan-administered sacred hilltop in Jerusalem. A few days later, the Council adopted resolution S/RES/2672 to extend humanitarian aid delivery into Syria via a cross-border aid mechanism. It then gathered for a private meeting on 13 January in response to the Taliban’s announcement of a ban on women workers in NGOs.

Later in the year, in October, Israel went to war in Gaza following an attack by Hamas, throwing the Council into a veto contest where the chasm between the Permanent-3 (the US, the UK, and France) and the Russia-China dyad was most visible. This veto contest around West Asia saw several firsts, among them the United States diverging from its decades-old stance to fend the

Israel-Palestine discord from the Council, and tabling a draft resolution before the UNSC on the issue. Another unexpected development was China's outright use of a veto rather than a usual abstention on the Israel-Palestine issue. In the case of the Syrian cross-border aid mechanism, Russia vetoed its renewal while China supported the collapse of the UNSC-instituted cross-border mechanism by abstaining from the vote (S/PV.9371). On the Afghan front, the Council's concern on women's rights have remained suboptimal in redressing the situation on ground as China and Russia contend that humanitarian aid to Afghanistan must not be tied to issues such as human rights.

The meta trend flowing under the Council's operational outcomes on Israel, Afghanistan and Syria is not of the body's functional incapacity to address the crises but a deeper contestation whereby the Russia-China dyad oppose the notions of humanitarian aid and sovereignty as held by the P-3. The dyad supported the collapse of the UN-sanctioned cross-border mechanism in Syria because they saw it as an infringement on Syria's sovereignty. In the case of Afghan women, the dyad resisted the P-3 for tying humanitarian aid to such a conditionality as respecting the human rights of women.

### **Political and Security Backsliding in Africa**

The year saw the UNSC terminate the mandates of two crucial missions in Africa—the UN Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) in June and the UN Integrated Transition Assistance Mission in Sudan (UNITAMS) in December. These two instances of backsliding followed the withdrawal of consent by Mali's and Sudan's governments, which remain embroiled in political infighting. The backsliding in Sudan would have been foreseeable, after violence broke out before a deal for transitioning to democracy could be signed on 15 April. In the case of Mali, the backsliding was seen in the domain of security as MINUSMA fell out of the Mali government's favour because of the Russian backed Wagner group acting as an apparent competitor security provider.

Moreover, the sanctions regime in Mali came to an end this year after Russia vetoed the renewal of the Panel of Experts in Mali (S/PV.9408). In a move that analysts viewed as shielding the Wagner Group in Mali, China sided with Russia by contesting the very normative logic behind the sanctions. The issue of a weakened UN oversight also touched the Central African Republic (CAR) in August, as Russia put the appointment of the Panel of Experts to the CAR Sanctions Committee on hold for six months.



## Institutional Disharmony

The UNSC broke a trend in 2022 when it invoked the “Uniting for Peace” resolution after facing a deadlock on the issue of the Ukrainian war. The origin of this resolution came from within the deadlocked UNSC. In 2023, the resolution was invoked again but unlike last year, it was not done by the Security Council. Egypt and Mauritania requested to resume an Emergency Session of the UNGA that was invoked originally in 1997 by the General Assembly against the Security Council. Another crucial development this year was the UN Secretary General’s invocation of Article 99 of the UN Charter to formally warn the UNSC about the gravity of the crisis in Gaza. The Article was last used in 1989.

These facts cumulatively point towards a rising meta trend of institutional disharmony between the Security Council, on one hand, and the General Assembly and the Office of the Secretary General on the other. While a stalemate is not new to the Council, institutional pushback from the UNGA and an organisational reprimand by the Secretary General suggest an exhaustion of several actors, involved within the UN architecture, with the inability of the P-5 to offer redressal.

“The UNSC was engulfed in a constant task of defusing geopolitical strife—both enduring and new.”

**Angad Singh Brar** is a Research Assistant at ORF.

## *Global Trade*

# Fragmented and Fragile

Jhanvi Tripathi

2023 saw a continuation of fragmentation trends in the global economy and global trade. The resurgent conflicts in West Asia and the pressures created by the conflict in Europe have shaken trade stability. Another area of contention has been green tariffs and their implications for international trade. All this has been accompanied by dysfunction at the multilateral level with no real push for reform. The UNCTAD<sup>1</sup> predicts a 5-percent contraction of global trade in goods in the coming year with trade in services likely to drive trade growth in 2024.

Developments in global trade architecture can be summarised by reviewing three broad developments: the United States (US)-China trade discontent and critical commodities; the G20's, and therefore India's role in global trade consensus; and the upcoming thirteenth Ministerial Conference (MC13) and expectations from the World Trade Organization (WTO). These developments have been shaping trade

relations over the past decade and highlight continuous protectionist tendencies and a move away from globalisation. There have also been increased attempts to diversify value chains through reshoring, nearshoring, and friendshoring policies.

### **A Chip on the Shoulder**

Trade in components for electronics, including semiconductors, has been a key driver of economic growth worldwide for the past decade. Semiconductor supply has implications on the production and manufacture of several critical technologies. They are especially significant for sectors that impact the green transition and the digital economy. The global demand for critical minerals and semiconductors go hand in hand due to two key elements—access to resources and processing technology. An important thread in this conversation is the military application of semiconductors, which makes them essential for updating a country's national security architecture.

The global chip shortage that began in 2020—a case of supply not keeping up with demand—was complicated by the ongoing trade war between China and the US. US sanctions against Huawei in 2019 and the Semiconductor Manufacturing International Corporation in 2020 were some of the trigger events that impacted the sector. With the COVID-19 pandemic driving up the demand for consumer electronics and the concomitant supply disruptions around the world, there was a renewed awakening to the dangers of concentration of raw material sources. China, too, has been imposing export restrictions on critical raw materials like gallium and germanium,<sup>2</sup> further fuelling the crisis. Besides China, Russia and Ukraine happen to be the second and third suppliers of some of these raw materials. Supply from these countries is unreliable due to the prolonged war.

Some solutions to these developments emerged from the Global North in 2023, with the US implementing its Inflation Reduction Act<sup>3</sup> of 2022 and the EU publishing its CHIPS Act<sup>4</sup> in September 2023. These policies have come under a lot of criticism due to their protectionist nature. India, too, has been seeking partnerships for chips manufacturing and securing critical mineral supply chains; joining the Mineral Security Partnership<sup>5</sup> is a case in point. However, these efforts are symptoms of fragmentation in the global trading system, with the critical minerals and semiconductor issues attracting the most attention this year.

### **Agree to Disagree: The G20 and Trade Consensus**

Global rules for trade are highly contested, with the Global South resisting the imposition of rules by the North. The G20 has become a platform for consensus-building between the two groups on trade issues. This has become more explicit in the past five years, with the WTO requiring help to deliver on key trade issues. In 2023, with India's presidency and a developing country G20 troika with Brazil and Indonesia as members, the deliverables on trade have become more interesting. The New Delhi Leaders' Declaration<sup>6</sup> has identified a 'middle path' on several contentious trade issues. Those where no consensus could be found have also been acknowledged as areas in which to pursue cooperation.

A key deliverable has been the diversification of supply chains. The declaration has acknowledged "Voluntary High-Level Principles for Collaboration on Critical Minerals for Energy Transitions". It has also noted the disruptions to supply chains and the impact on food security due to the ongoing Russia-Ukraine crisis. A new exercise has been launched to map Global Value Chains (GVCs). This is critical, given how the G20 members account for 85 percent of world trade.

“The resurgent conflicts in West Asia and the pressures created by the conflict in Europe have shaken trade stability.”

Notably, the digital economy has merited extensive discussion from the vantage points of trade, security, and socio-economics. From principles for artificial intelligence (AI), digital health, and a framework on digital public infrastructure (DPIs), these contested international issues have all found mention and, more importantly, consensus on cooperation frameworks.

These efforts may have contributed to addressing trade fragmentation on a global policy level, but unless implemented, they will only further complicate an already convoluted trade architecture.

### **‘Creative Destruction’: The WTO in 2024**

February 2024 will be a watershed moment for the WTO, with MC13 around the corner. The negotiations and declaration emanating from the conference will indicate how serious the members are about salvaging multilateralism centred around a rules-based system. The G20 New Delhi Declaration identified ‘WTO reform’ as the first and pivotal requirement for trade and growth.

While negotiations at the WTO have moved through Joint Statement Initiatives (JSIs), the legitimacy of decisions reached through JSIs continues to be questionable. The WTO Dispute Settlement Body (DSB) has also been experiencing crises for almost a decade. New nominations have been repeatedly blocked since the Obama Administration in the US. The DSB is central to the WTO’s relevance for the Global South. The Appellate Body has had no members since 2020 even as members continue to file new disputes. This is an alarming state of affairs, given the centrality of the body to ensure checks and balances at the WTO.

Instead of negotiation efforts for new trade rules, the WTO needs to focus on reform efforts to retain its significance for multilateral trade.

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## *Climate Crisis*

# The Search of Innovative and Equitable Solutions

Aparna Roy

**A**s 2023 unfolded, the global community made crucial efforts to confront the climate crisis, marking a pivotal year in climate action. Seminal publications from scientific communities such as the Intergovernmental Panel on Climate Change (IPCC), the United Nations Environment Programme (UNEP), and the World Meteorological Organization (WMO) issued dire warnings, shaping the global discourse on climate change. These studies provided essential impetus to climate action and shed light on critical gaps in ongoing discussions.

Nations worldwide embraced ambitious net-zero targets, recognising the urgency of reversing climate change. This commitment, however, came with an acknowledgment of the arduous and complicated journey towards achieving a sustainable transition. The need for a multi-pronged, multi-stakeholder balancing act became evident, emphasising the delicate

equilibrium required between escalating decarbonisation efforts, the deployment of renewable energy, and the imperative to ensure economic promise and inclusivity. In this dynamic landscape, India emerged as a significant player, uniquely positioned to lead the Global South in decarbonisation efforts and bridge developed and developing nations, advancing steadily towards its goal of 450 GW by 2030.

Beyond the overarching theme of net-zero transitions, the year 2023 witnessed two historic moves at COP28 that added new dimensions to the global climate agenda. First, the Loss and Damage Fund—an outcome of the COP28 summit's opening plenary—garnered pledges from wealthy nations historically responsible for the climate emergency, amounting to over US\$700 million. Second, and perhaps more significantly, health was moved to the heart of climate action for the first time.

The following paragraphs summarise the three big trends that framed the continued progress of the global community towards meaningful climate action. They underscore the imperative for innovative and equitable solutions in addressing the challenges posed by the climate crisis.

### **Healthcare at the Core**

The first trend that emerged as a focal point in the climate discourse over the past year was the heightened importance accorded to health in the climate action agenda. This development occurred amid the challenges posed by the prolonged impact of the COVID-19 pandemic and the escalating toll of heat waves and other extreme weather events on vulnerable communities. The COP 28 Declaration on Climate and Health materialised from the first-ever health ministerial hosted by the COP28 presidency and the World Health Organization. The landmark declaration calls for health benefits derived from profound reductions in greenhouse gas emissions, emphasising just transitions, improved air quality, active mobility, and shifts to sustainable and healthy diets.

It is crucial to recognise that the gravest toll of climate change disproportionately affects nations that have, throughout history, contributed the least to greenhouse gas emissions. Low- and middle-income countries, in particular, bear the brunt of sufferings caused by massive health disparities. Without intervention, the most severe health consequences of climate change will befall

vulnerable groups, including women, indigenous populations, the elderly, and individuals with pre-existing health conditions. Globally, climate change is exacerbating health vulnerabilities, accelerating the spread of infectious diseases, overwhelming health systems, and depleting resources, especially in regions already at risk. Climate-related disruptions in food and water supplies further erode nutrition and sanitation standards, leading to detrimental health effects. Furthermore, climate change is undermining critical social factors necessary for good health, such as stable livelihoods, equality, and access to healthcare and community support networks. Placing health at the heart of the climate justice movement is imperative for meaningful progress.

### **The Certainty of Irreversibility**

The past year saw the sustained certainty in dire warnings from the scientific community regarding the irreversible impacts of climate change. The Intergovernmental Panel on Climate Change AR6 *Synthesis Report: Climate Change 2023* summarised the IPCC's 6th Assessment Cycle, demonstrating an unequivocal scientific consensus on the urgency of the climate crisis, its primary causes, its current devastating impacts—especially on the most climate-vulnerable regions—and the irreversible harm that will occur if warming surpasses 1.5°C, even temporarily.

The report reiterated that nearly half of the world's population live in the danger zone of climate impacts, little equipped to face the brunt of large-scale extreme weather events. The increasing frequency and intensity of extreme weather events, such as flooding, heatwaves, and drought in South Asia, are disrupting lives and livelihoods, impacting food and water security, and leading to the loss of vital natural ecosystems.

Despite the escalating climate risks demanding greater efforts to adapt, the funds made available to developing countries for adaptation measures have been declining, nowhere close to the scale required. The UNEP *Adaptation Gap Report* also highlighted the stark reality that developing countries need at least US\$215 billion every year in the current decade for meaningful adaptation work. The adaptation finance gap has grown substantially, presenting a significant challenge to the global community. Closing the finance gap is paramount to ensuring that nations are adequately prepared to adapt to uncertain climate impacts.

### **The Loss and Damage Fund**

The third trend, emanating from COP28, was the launch of the Loss and Damage Fund dedicated to addressing the losses and damages resulting from the climate crisis. This initiative—a longstanding

demand from developing and underdeveloped countries that have contributed the least to global warming—represents a breakthrough in addressing the impacts on the most vulnerable countries and communities worst hit by climate disasters. While this decision was historic and the pledges received were a welcome show of solidarity for climate reparations, they remain insufficient to meet the global need of US\$200-400 billion by 2030. In South Asia alone, climate change-induced losses and damages are estimated to surpass US\$518 billion by 2050, potentially reaching US\$997 billion by 2070.

The pledges, while appreciated, do not send a strong signal on the potential scale of the fund. Regrettably, the total pledged amount from wealthy nations represents less than 0.2 percent of the irreversible economic and non-economic losses faced annually by developing countries due to global warming. The contributions, including US\$100 million each from the UAE and Germany, US\$50.5 million from the UK, and US\$10 million from Japan, highlight the urgency for more substantial commitments. Notably, the US, as the world's largest historical emitter, pledged only US\$17.5 million to the fund, raising equity concerns and emphasising the need for the country to fulfil its fair share.



In conclusion, the year 2023 witnessed three pivotal trends that not only shaped but significantly transformed the landscape of climate action. From the emphasis on health as a central tenet of climate justice to the unwavering scientific warnings about the irreversible impacts of climate change and the establishment of the Loss and Damage

Fund, these trends underscore the urgent need for collective, equitable, and immediate global action. As we move forward, the lessons learned from 2023 must inform a collaborative and robust approach to the multifaceted challenges posed by the climate crisis.

“2023 witnessed two historic moves at COP28 that added new dimensions to the global climate agenda.”

**Aparna Roy** is Fellow and Lead, Climate Change and Energy, at ORF.

## *Tech and Geopolitics*

# The Good, the Bad, and the Unknown

Shimona Mohan

2023 has been a remarkable year for technology, especially its geopolitical implications. Technologies like generative artificial intelligence (AI) emerged from future-facing tech bubbles and percolated the global public consciousness<sup>1</sup> through new applications; the (re)emergence of political and economic standoffs often included a tech aspect; and there were increasing multistakeholder discussions around regulating disruptive emerging technologies. It is widely accepted that technology is neither inherently good nor bad, nor is it neutral.<sup>2</sup> The past year saw a confluence of innovative technological solutions enmeshed with concerns around the speed and scope of the development and deployment of new tech and its potential for harm.

### **The Good: Tech for Development and Consensus Around Regulation**

In 2023, governments and the industry invested heavily in tech for development, and technologies like big data and AI were applied across sectors, including healthcare,<sup>3</sup> agriculture,<sup>4</sup> education,<sup>5</sup> telecom and 5G,<sup>6</sup> and green energy.<sup>7</sup> Generative AI quickly became one of the most valuable technologies to be applied laterally across sectors at scale and was projected to contribute US\$44.89 billion<sup>8</sup> to the global economy in 2023. Digital public infrastructure (DPI) such as digital payment systems championed by emerging economies like India also received international support, signalling a possible counterweight for the dominance of Western big tech.

Several countries and consortia also recognised that comprehensive and timely regulations for new technologies like AI are essential to offset or minimise the potential damages that can emerge from their use. China released a set of national laws around generative AI<sup>9</sup> which came into force in August. The US followed suit with an Executive Order on AI<sup>10</sup> in October, and the UK hosted a highly publicised AI Safety Summit<sup>11</sup> in November. Groupings like the G7 and the G20 also delved into consensus building around tech, agreeing upon a code of conduct for AI<sup>12</sup> and a leaders' declaration<sup>13</sup> around a common digital future, respectively. Supranationally, the European Union (EU) finalised and provisionally agreed upon the EU AI Act,<sup>14</sup> and separate forums set up their own processes, like the multilateral United Nations (UN) High Level Advisory Body on AI,<sup>15</sup> the multilateral Global Partnership on AI,<sup>16</sup> and the Responsible AI in the Military (REAIM) Summit co-organised by The Netherlands and the Republic of Korea.<sup>17</sup>

### **The Bad: Dangers of Frontier Tech and Geopolitical Contentions**

While the development and use of frontier tech based on a common understanding of responsible innovation ecosystems remained a credible concept

for most nations, the reality of geopolitical tussles showed a different picture. This year added a new layer to the incumbent tech arms race, with examples observed in conflict arenas like Russia-Ukraine<sup>18</sup> and Israel-Palestine.<sup>19</sup> Economic rivalries also deepened the trend of tech decoupling and contributed to supply-chain issues, for instance US President Biden's executive order<sup>20</sup> to curb investments in Chinese AI, semiconductor, and quantum developments.

The technologies themselves also posed concerns due to their dual-use potential, especially by malicious non-state actors, and inherent uncorrected flaws. Deepfakes and their propensity to contribute to the misinformation and disinformation landscape increased in the past year, with destabilising political and economic effects. Moreover, algorithmic biases<sup>21</sup> on the basis of gender and race, as well as the exclusion of voices in tech and policy conversations due to the lack of education and/or skilling, are also major systemic issues that have persisted and been exacerbated.

“Innovative technological solutions came with concerns around the speed and scope of their development and deployment and the potential for harm.”

### **The Unknown: The Future Was Yesterday, So What is Tomorrow?**

In 2023, it became clear that emerging technologies have, and will continue to, develop at breakneck speeds, and the conversations around tech reflect the uncertainties that come with this acceleration. One of the main uncertainties that stakeholders are grappling with is that tech needs to be regulated in a pragmatic manner so that innovation is not stifled, and at the same time, the unchecked development and use of tech by big tech, countries, and non-

state actors is prevented. The development of new technologies has also been decentralised and falls outside the scope of the strategic autonomy of countries. This has caused friction between and amongst governments and tech companies, leading to intra- and international monopolies, fines, antitrust legislations, and pitting national security, economic development, and individual privacy against each other.

A less established but also rapidly emerging idea around this shift is the insidious techlash,<sup>22</sup> which saw an uptick in the past year. The emergence of utopian and/or dystopian fiction-like tech scenarios—such as digital necromancy,<sup>23</sup> grief bots,<sup>24</sup> translation of animal speech,<sup>25</sup> and military psychological operations through social media<sup>26</sup>—has prompted widespread debate around the viability and feasibility of endless innovation. This also ties into identifying the players in the larger game of tech and geopolitics, who these innovations will benefit or harm, and the limits of international conflict and cooperation. As 2024 approaches, arriving at practicable answers to these questions remains amongst the most pressing and complex tasks for the global tech community.

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## *Healthcare*

# Digital Innovation With a Focus on Equity

Oommen C Kurian

**I**n 2023, global healthcare witnessed a remarkable period of transformation and adaptation, primarily driven by the prolonged fallout of the COVID-19 pandemic and a surge in technological innovation. The year marked an era where healthcare systems around the world embraced digital solutions more fervently, reflecting a shift towards more agile and patient-centric models of care. 2023 also saw a heightened focus on mental health, acknowledging it as a critical component of overall health. The lingering effects of the pandemic, compounded by global socio-political uncertainties, have brought mental health to the forefront of healthcare discussions. There was also renewed policy focus on health equity and inclusion. These trends of the past year have set a precedent for the future of healthcare, highlighting the need for adaptable, resilient, and inclusive health systems.

### **Digital Health Transformation and Virtual Health Delivery**

The digital health transformation in 2023 has been rapid and virtual health delivery has had significant impact. The integration of advanced technologies such as AI in diagnostics, telemedicine, and electronic health record-keeping has revolutionised the delivery of healthcare services. This shift has been particularly transformative in making healthcare more personalised, efficient, and accessible, especially in remote and underserved regions where traditional healthcare services are limited. For instance, telemedicine has bridged significant gaps in healthcare access, making consultations with specialists more reachable for patients in remote areas. AI in diagnostics has also played a crucial role in enhancing the accuracy and speed of disease detection and treatment plans, leading to improved patient outcomes.

Yet, the journey of integrating digital health into mainstream healthcare has not been easy, particularly in the realm of financial sustainability. The past 12 months have witnessed many digital health startups grappling with funding challenges, which has led to a decrease in the number of investment deals and overall capital inflow into the sector; the impacts are tangible, including the closure of prominent digital health startups like Babyl.

The issue of data privacy and security in digital health has also been a growing concern, requiring continuous efforts to ensure patient data is protected while leveraging the benefits of these technological advancements. As the sector evolves, the balance between innovation, patient care, privacy and financial viability remains a crucial area for development.

### **Focus on Mental Health**

In 2023, the paradigm shifted in the understanding of mental health issues—and there is now greater recognition that mental disorders are key contributors to disability globally. This is being magnified by the residual impacts of the COVID-19 pandemic and ongoing socio-political stressors such as conflicts and unemployment. This heightened awareness has spurred efforts across the healthcare sector to better understand, prevent, and treat mental health issues. A notable

trend has been the shift towards integrating mental healthcare with physical health services, acknowledging that mental health is integral to overall health.

The year witnessed innovative approaches in addressing mental health, including the use of digital technologies such as teletherapy and mental health apps. These tools have played a significant role in making mental health services more accessible, especially in areas where traditional mental health resources are scarce. There has also been a growing emphasis on identifying and mitigating risk factors for mental health disorders, leading to the development of targeted prevention strategies. This comprehensive approach underscores the need for a multifaceted strategy in tackling mental health issues, involving collaboration across various sectors and disciplines.

### **Health Equity and Inclusion**


Health equity was a focal point in global healthcare in 2023, and today there is deeper understanding of the multiple social, economic, and cultural factors that lead to massive gaps in access to healthcare. The pandemic has acted as a catalyst, bringing these issues to the forefront and intensifying the call for a healthcare system that is equitable and accessible to all. Efforts have included policy reforms aimed at dismantling systemic barriers, and targeted initiatives to reach and empower



underserved communities. The use of technology, particularly in remote and rural areas, has been instrumental in extending healthcare services to populations that have historically been neglected.

The drive towards health equity in 2023 has also seen an increased emphasis on collaboration between various sectors. Partnerships between healthcare providers, governments, and non-profit organisations have been key in developing and implementing strategies to address health inequities. There is growing recognition that achieving health equity requires a holistic approach—one that considers the broader determinants of health, including environmental factors, education, and socio-economic status. Such a comprehensive approach is reflective of a deeper understanding that health equity is not just a healthcare issue, but a societal one, requiring sustained efforts and commitment from all sectors.

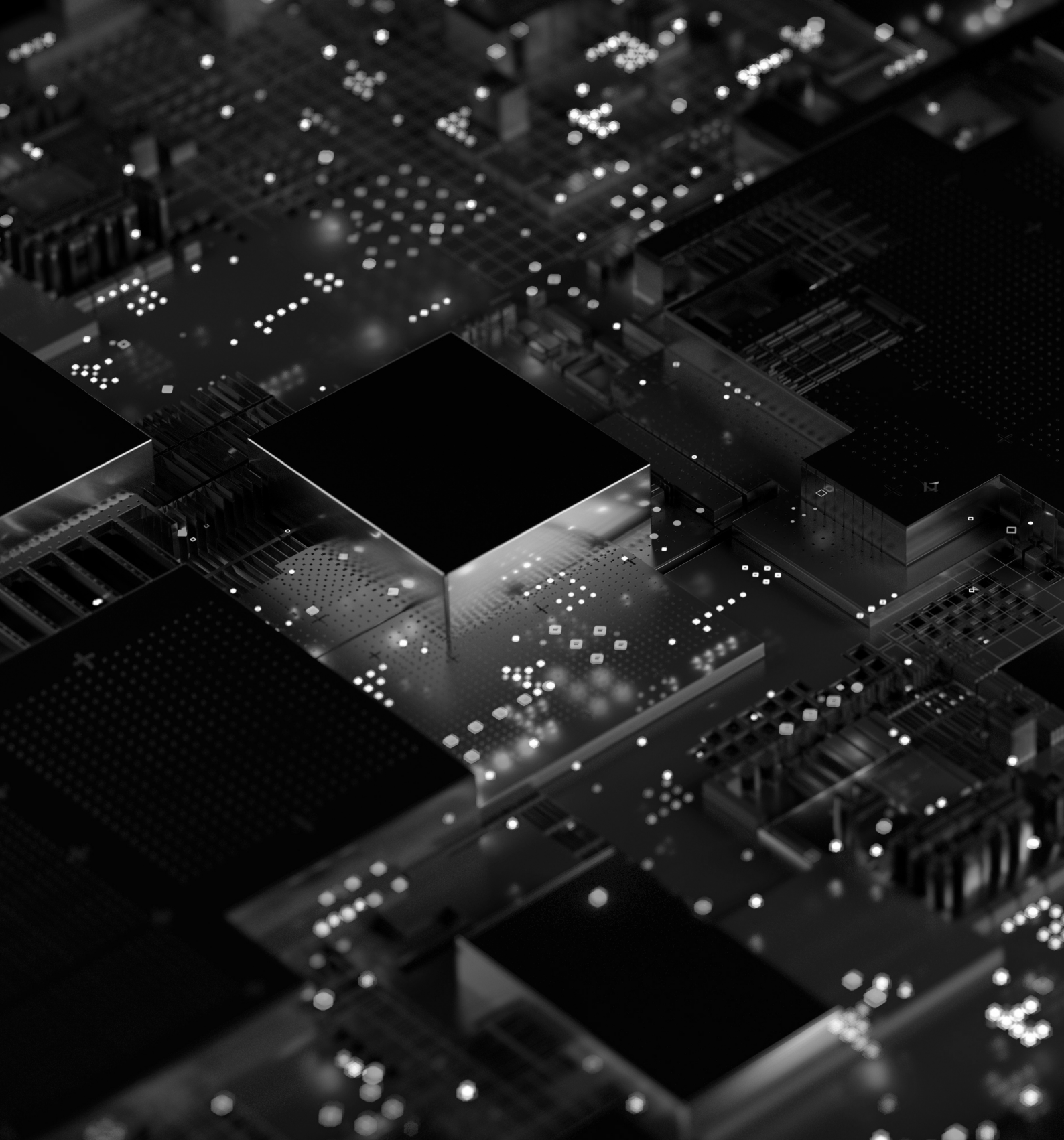
“There is deeper understanding of the social, economic, and cultural factors that lead to massive gaps in access to healthcare.”

While 2023 has been a year of strides in healthcare, engaging with areas like digital innovation, mental health, and equity, a stark challenge remains: the severe financial gaps in the health systems of developing countries. These gaps impede the effective implementation and reach of these new focal themes, particularly in remote and underserved regions. The situation underscores the crucial need for a global collaborative effort to bridge these financial divides. It is imperative to establish sustainable funding models, international partnerships, and policy frameworks that prioritise healthcare as a universal right, ensuring that the benefits of healthcare advancements are not a privilege for a few but a reality for all, regardless of geographical and economic boundaries. 

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