

Annual Trends Report

GLOBAL DYNAMICS IN A YEAR OF DOMESTIC CONTESTATIONS AND POLITICAL SHIFTS

foreword by Karim El Aynaoui, Paolo Magri, Samir Saran



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Global Dynamics in a Year of Domestic Contestations and Political Shifts

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CONTENTS

Foreword

Karim El Aynaoui (*PCNS*), Paolo Magri (*ISPI*), Samir Saran (*ORF*) 7

GLOBAL GOVERNANCE

An Institutional Void in the Era of Global Fragmentation
Harsh V Pant (*ORF*) and Vivek Mishra (*ORF*) 10

The Universal Benefits of Global Cooperation
Antonio Villafranca (*ISPI*) 13

**The Democracy-Autocracy Divide Versus a Global
North-Global South Framework**
Filippo Fasulo (*ISPI*) 17

The Rise of the Right and a Multilateralism in Flux
Shairee Malhotra (*ORF*) 21

Finding Solutions to the Persistent Debt Challenge of Developing Countries
Franco Bruni (*ISPI*) 25

Global Governance in a Fragmenting World
Len Ishmael (*PCNS*) 29

What's Next for Global Governance?
Mohammed Loulichki (*PCNS*) 33

BRICS+: (Dis)United They Stand
Alessia Amighini (*ISPI*) 37

The Global South and the Risk of a Regressive World
Giovanni Grevi (*ISPI*) 41

A New World Order: Which Multipolarity?
Alessandro Colombo (*ISPI*) 45

The West, Between Competition and Contestation
Antonio Missiroli (*ISPI*) 49

Global Dynamics in a Year of Domestic Contestations and Political Shifts

SECURITY

The State of Security Amid New Electoral Outcomes

Kartik Bommakanti (*ORF*)

53

Security and Geopolitics in the Sahel

Abdelhak Bassou (*PCNS*)

56

Post-Election Changes and Shifts in Global Nuclear Security

Shravishtha Ajaykumar (*ORF*)

60

The Sahel Conundrum: Security, Sovereignty, and Relations with the EU

Lucia Ragazzi (*ISPI*)

64

ECONOMY AND DEVELOPMENT

Trade Resilience Amid Rising Protectionism and Trade Wars

Lucia Tajoli (*ISPI*)

69

Global Economies in the Headwinds of Elections

Nilanjan Ghosh (*ORF*)

73

Resisting the Temptation of Industrial Policy: Africa's Strategy in a Shifting World

Abdelaaziz Ait Ali (*PCNS*)

78

Voters Are Out of Patience: Elections and the Global Economy in 2024

Mihir S Sharma (*ORF*)

83

The Global State of Gender Equality: Elections and Conflicts Take a Toll

Sunaina Kumar (*ORF*)

86

The U.S.-China Trade War: Implications for the Global South

Hinh T. Dinh (*PCNS*)

90

Submarine Cables: A Crucial Infrastructure for Global Connectivity

Ludovica Favarotto (*ISPI*) and Alessandro Gili (*ISPI*)

95

Global Dynamics in a Year of Domestic Contestations and Political Shifts

ENERGY AND CLIMATE CHANGE

Upscaling Climate Finance in Africa Sabrine Emran (<i>PCNS</i>)	101
Climate Action: The Limits of Democracy Lydia Powell (<i>ORF</i>)	107
The End of 2024: A Revolution in the Energy Arena Massimo Lombardini (<i>ISPI</i>)	111
Energy Transition: Are We on the Right Track? Mounia Boucetta (<i>PCNS</i>)	115
Climate as a Political Issue: A Double-Edged Sword Aparna Roy (<i>ORF</i>)	119
Green Hydrogen: Uniting the Mediterranean or Fuelling Rivalry? Rim Berahab (<i>PCNS</i>)	123
Climate Mitigation and Critical Minerals in an Age of Geo-economic Fragmentation Alberto Prina Cerai (<i>ISPI</i>)	128
Rethinking Global Governance for Climate Migration Mehdi Benomar (<i>PCNS</i>)	133

NEW TECHNOLOGIES AND DIGITAL TRANSITION

Elections at Risk: The Perils of Online Disinformation Anirban Sarma (<i>ORF</i>)	138
How Artificial Intelligence Will Affect the Economy Otaviano Canuto (<i>PCNS</i>)	142
Securing Elections in the Digital Age Sameer Patil (<i>ORF</i>)	145

Foreword

In 2024, two devastating conflicts intensified: the war in Ukraine, and the escalating crisis in Gaza. In Ukraine, the conflict reshaped global alliances, with NATO reclaiming a pivotal role as Europe reexamined and bolstered its defence and security strategies. In the Middle East, the crisis in Gaza expanded to involve Lebanon, exacerbating an already dire humanitarian situation as blockades and military operations worsened civilian suffering. Both conflicts underscored the fragility of international norms, the challenges to achieving lasting resolutions, and the interplay between local grievances and broader geopolitical rivalries. Together, they emphasise the urgent need for diplomatic engagement, humanitarian relief, and sustainable frameworks for peace.

The year also marked the largest election year in modern history, with millions of people across Africa, Asia, Europe, and the Americas going to the polls to elect their representatives and leaders. In Latin America, at least six countries have voted in 2024, while in Africa, nearly 17 nations have already held or are about to hold elections at the time of writing.

In the African continent, these high-stakes elections have been accompanied by a troubling resurgence of military coups. While some nations achieved peaceful democratic transitions, others grappled with contested outcomes and coups d'état amid ongoing security crises, economic hardships, and climate challenges.

In India, home to the world's largest electorate, the elections resulted in a broad continuity of leadership, albeit with a diminished mandate for the ruling party. In neighbouring Bangladesh, widespread post-poll protests overthrew Sheikh Hasina's regime and upended the country's stability. In the United Kingdom, elections ended 14 years of Conservative reign and brought the centre-left Labour Party to power. In France, the elections resulted in a closely contested outcome, leaving the ruling government with a fragile parliamentary majority and the daunting task of navigating a fragmented political landscape.

Meanwhile, Donald Trump's decisive election victory in the United States threatens to undermine multilateral governance structures that are already under immense strain. Just as the US election results poured in, Germany's coalition government collapsed, leaving a complex political situation that will likely take months to resolve. As the West looked on, the expanded BRICS grouping, fraught with internal divisions, held its 16th summit in October. Amid these shifts, regional actors are stepping in to reshape global governance by addressing critical gaps, both nationally and collectively. Morocco's Atlantic initiatives and Africa's broader cooperation schemes exemplify the rising impact of complementary frameworks in driving innovative solutions to global challenges.

Such domestic shifts will impact policymaking across the globe, in areas ranging from climate change to trade and security policy. With protectionist tendencies in vogue and the imposition of tariffs dominating the economic toolkits of nations, new leaderships are slated to recalibrate trade policies. At the same time, key global actors such as India, the US, and the EU are working to reduce their dependencies on the Chinese market. In Europe, far-right surges are impacting mainstream parties, which are tempted to adopt parts of the far-right agenda to appeal to voters, in the process potentially compromising sections of the ambitious European Green Deal. The advent of digital technologies,

Global Dynamics in a Year of Domestic Contestations and Political Shifts

while increasing citizen engagement, has also exacerbated the threat of disinformation undermining elections. Meanwhile, migration remains a pivotal issue for many regions, including Europe and Africa, frequently used as a convenient scapegoat for deeper socio-economic and political challenges as countries navigate the complex implications.

Against this challenging global backdrop, the Italian Institute for International Political Studies (ISPI, Italy), the Observer Research Foundation (ORF, India), and the Policy Center for the New South (PCNS, Morocco) combined their efforts to produce the second edition of their *Annual Trends Report*. This report, framed in the overarching theme of 'Global Dynamics in a Year of Domestic Contestation and Political Shifts', aims to encapsulate the consequences of electoral outcomes and domestic contestations and what these might mean for the delivery of key global public goods—whether combating trends of disinformation, bringing peace in Ukraine and Gaza, advancing global climate action, or pursuing economic growth.

This edition divides these global public goods into five areas: global governance; security; economy and development; energy and climate change; and new technologies and digital transition. Each of these policy areas is examined by scholars from the three institutes, offering their diverse perspectives from three different continents. As countries adapt to fresh domestic (and global) realities, it is our hope that this collaborative effort will shed light on how political shifts across continents are impacting key policy areas, and enable policymakers to better navigate and prepare for their impact.

On a broader note, the ISPI-ORF-PCNS tripartite initiative aims to propose solutions to pressing global challenges through joint research, strategic deliberations, and engagement, supported by the pooled expertise of over 400 experts across three continents. To this end, our partnership involves a range of initiatives, from cooperation during our Flagship Forums to annual inter-staff dialogues and Young Fellows Exchange Programs that aim to shape the leaders of tomorrow.

In a world beset by divisions and competition, we hope that our effort epitomises a revival of international collaboration and connection.

We extend our deepest gratitude to Dr. Harsh V. Pant, Vice President, Studies and Foreign Policy at ORF and to Antonio Villafranca, Vice President for Research at ISPI for their scientific leads on the first two editions of this report. We also thank Shairee Malhotra, Deputy Director, Strategic Studies Programme at ORF, for her critical contribution and Oussama Tayebi and Nassim Hajouji at PCNS and Matteo Villa at ISPI for their vital efforts in coordinating the 2024 edition. This report reflects the strength of our partnership and shared mission.

Karim El Aynaoui, Executive President, Policy Center for the New South
Paolo Magri, Managing Director and President Advisory Board, Italian Institute for International Political Studies
Samir Saran, President, Observer Research Foundation



Global Governance



Getty Images/Bruce Yuan Yue Bi

An Institutional Void in the Era of Global Fragmentation

by Harsh V Pant, Vivek Mishra

The year 2024 has been pivotal for global governance, with elections being held in a number of countries, including India, Indonesia, Taiwan, Bangladesh, Russia, the United States (US), and the European Union (EU).¹ As the world grapples with both shifts and continuities in leaders, the question of a cohesive, universally accepted global governance framework looms large. While there is rising expectation of a global governance architecture that bridges the divide between the Global North and the Global South, gaps remain in the fundamental principles required to shape such a system. Three central issues impede the progress of reform in global governance, rendering the process more complex and fragmented than ever.

Institutional Roadblocks

At the heart of the debate on global governance is the issue of institutional reform. Calls for reform, particularly of the United Nations Security Council (UNSC), have intensified as emerging powers from the Global South demand greater representation.² The UNSC continues to be dominated by the P5 nations—China, France, Russia, the United Kingdom (UK), and the US—each holding veto power that stymies reform.

Representation at the UNSC has become symbolic of the power imbalance between the Global North and Global South. The current structure perpetuates a power apartheid, whereby a select group of nations is in control. Until this imbalance is addressed through institutional reform, the legitimacy of the global governance system will continue to be questioned, widening the divide between the developed and developing worlds. Countries such as India are now questioning the very credibility of an institutional order whose foundation was laid in 1945 in the absence of adequate representation.

Geopolitical Conflicts

The trajectory of global governance was irreversibly disrupted when the Russia-Ukraine war started in February 2022 and became more acute when the war in the Middle East broke out in October 2023. As these conflicts persist, the world is drifting farther away from reaching a consensus over universally agreed principles for a global governance framework. Both conflicts have proven to be divisive on issues

of economics, trade, sanctions, security, and sovereignty.³ Despite 2024 being the year of elections, external disturbances have pushed countries into opposing camps, with each side further solidifying their positions on ideas of governance.

Inward Orientation

A key development in recent years has been the growing inward focus of the West. The US and several European nations are preoccupied with internal economic recalibration, especially in the wake of the COVID-19 pandemic, energy crises, and inflationary pressures. The war in Ukraine has further strained resources and attention, diverting the West's focus towards its immediate geopolitical concerns, particularly in Europe. Transatlantic solidarity against Russia, while successful in deterring further aggression, has not yielded a cohesive strategy for global governance reform. Western nations are also increasingly wary of China's rising influence. The West's reluctance to push for substantial reforms in global governance is also partly driven by this perceived antagonism from China, which has distanced itself from Western-led governance structures that it views as a threat to its own political and economic model, which are often diametrically opposed to those of Western democracies.⁴

This inward orientation of the West, coupled with China's disinterest in adhering to Western norms, has created a vacuum in leadership on global governance. This inward turn has widened the chasm between the developed world and the Global South, where demands



for greater representation and voice continue to grow.

A Glimmer of Hope

The numerous elections in 2024 could have set the tone for a more united approach to global governance; however, the divide has only deepened with external disturbances. The notion of a common set of rules and norms has become increasingly distant, with geopolitical conflicts amplifying differences in governance models, economic strategies, and security policies.

In the face of these challenges, reformed multilateralism, championed by nations like India, offers a glimmer of hope. At its core, reformed multilateralism seeks to balance the interests of the developed and developing world, ensuring that governance structures are reflective of contemporary geopolitical and economic realities. As a non-expansive state with no vested interests in territorial aggrandisement, India has positioned itself as a neutral actor, advocating for a more inclusive and equitable global governance framework. This involves expanding decision-making structures, removing institutional biases, and ensuring fair representation for both the Global North and Global South. India's leadership in forums like the G20 and BRICS highlights its commitment to a reformed global governance architecture.⁵ The challenge for New Delhi now is to convince others of the soundness of its proposals.

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The Universal Benefits of Global Cooperation

by **Antonio Villafranca**

Just a few years ago, as the COVID-19 pandemic hit the world, there was a narrow window of time during which observers thought that global governance could be finally resurrected. After the global fiscal stimulus of 2009-2010 that supported world recovery in the midst of the worst financial crisis since the Great Depression of the 1930s, global leaders were once more confronted with a global challenge requiring joint action. In 2020, G20 countries were able to agree on the Debt Service Suspension Initiative,¹ creating breathing room for many heavily indebted poor countries. The next year, they also agreed in principle to a minimum global corporate tax of 15 percent, and to reallocate to developing countries US\$100 billion out of the US\$650 billion in Special Drawing Rights (SDRs) issued by the International Monetary Fund (IMF) to address



COVID-19's economic fallout.² To be sure, while all this was not a game-changer, it was a good starting point.

Fast forward to today: that window of opportunity seems to have closed. The wars in Ukraine and Gaza are examples of a world of international crises and disunity, if not of outright (albeit indirect) clashes among global powers. Their behaviour has diverged markedly, as the Ukraine invasion pitted Russia against the West, while the Israel-Hamas war and its related escalation showed the utter ineffectiveness of international peace and mediation efforts, wherever they came from. Meanwhile, US-China tensions have escalated around trade and the Taiwan question. It would be difficult to find a global issue—be it debt renegotiations or the fight against climate change—which has been resolved in the post-pandemic era, as the world returns to disunity and struggles to advance even on technical matters.

All this is fuelling the perception of a world divided into blocs, reminiscent of Cold War-era tensions that were thought to have been definitively left behind. It is only natural, then, that experts and policymakers have been ringing the alarm bells, warning that the situation could lead to the end of globalisation as we know it, and to the emergence of a new era of fragmentation, with the global economy increasingly rearranged along political divides: the Global North (the US, the EU and their allies), on one side, and the Global South on the other.

The Decline of Globalisation and Multilateralism

As the global race for technology and industrial leadership intensifies, global value chains are being rearranged. In the US, one of the Biden Administration's final acts was to significantly increase tariffs on select Chinese goods, such as electric vehicles (from 25 to 100 percent), semiconductors and solar panels (both doubling from 25 to 50 percent) by 2024.³ However, trade tensions are not just confined to the US and China. According to the World Trade Organization's (WTO) Global Trade Alert, the number of harmful interventions on global trade adopted by countries worldwide has tripled in just the last five years, and 2024 is set to break last year's record by passing the 3,000 mark (a world average of 15 new harmful policies per country).⁴

Other multilateral efforts are also undergoing a period of crisis. Over the past decade, rather than increasing funds to the World Bank, China and other developing countries have created new parallel institutions, such as the BRICS's New Development Bank and the Contingent Reserve Arrangement. While some of their development efforts might be complementary to those of the World Bank, the risk of duplication is higher; common development efforts could also be hijacked by these entities. On climate change, the situation seems even more paradoxical: even as energy transition costs continue decreasing year after year, tensions between the Global North and China risk multiplying

them (due to increased tariffs on solar panels, wind turbines, and batteries). The same tensions also shrink the space for compromise at the annual Conference of the Parties (COP) gatherings of the United Nations Framework Convention on Climate Change (UNFCCC).

Yet, are these trends definitive evidence of the decline of globalisation and multilateralism? It would be vital to first recall the high degree of interdependence that still exists among economic blocs. Indeed, although globalisation has slowed, the share of world exports over gross domestic product (GDP) has not crashed, but has remained stable at around 30 percent since 2005.⁵ After all, several factors bind the Global North and the Global South together. The North still controls the monetary system through the US dollar, operates the SWIFT payments system, and (at least partly) controls the market for transport and insurance services, while also maintaining a technological edge in sectors such as semiconductors and artificial intelligence (AI). At the same time, the Global South is also a world powerhouse in terms of investment and industrial production, and owns many assets—from energy to critical materials—that are essential to the world economy, and particularly to the North.

A Matter of Political Will

In a world where all actors recognise the benefits of and need for fair and well-functioning global governance, globalisation

should not be doomed to fade. In light of such a high degree of interdependence, it should be in everyone's interest to make it work. With this aim, dialogue between the Global South and the North should be maintained and possibly enhanced. The dialogue should continue even if there is rising economic competition, which may well provide more and more sources for tensions in coming years if compared to the past, when the narrative of a "peaceful rise" of certain nations could still hold. To preserve global trade, policymakers should at least try to limit "trade wars" to small, truly strategic sectors (perhaps nascent ones, or those with higher value-add) rather than targeting broader categories of goods.

The G20 can also play a role in rekindling international cooperation. Despite its shortcomings and internal divisions, the G20 is still the only forum that can help the world's big powers look for a lowest common denominator on technical matters, and monitor effective implementation. The very fact that three key countries from the Global South (India, Brazil, and South Africa) are consecutively holding the G20 presidency from 2023 to 2025 offers an opportunity to reduce geopolitical fragmentation and bridge the gap between the North and the South.

In the end, it is largely a matter of political will. If international actors would want it, interdependence can continue to serve as the glue that holds together the complex pieces of today's global puzzle. At least a



limited form of multilateralism must survive, as interdependence becomes almost impossible without it. In conclusion, while the storms of recent years have not yet passed, there is still widespread international recognition that navigating towards calmer waters is in everyone's best interest.

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Getty Images/Dan Kitwood

The Democracy-Autocracy Divide Versus a Global North-Global South Framework

by **Filippo Fasulo**

Global governance is undergoing a wave of reform as a result of crises that have emerged in recent years. These crises have led to an explicit confrontation between the United States (US) and China, and the need to take a stance on the wars that have broken out in the past two years. The Global South has gained renewed attention in this context, superseding the previous narrative that divided the world into democracies and autocracies.

Two breaking points have led to the current situation. The first occurred between late 2017 and early 2018 when Chinese President Xi Jinping centralised power, consolidated during the 19th Congress of the Chinese Communist Party and through a constitutional amendment that abolished term limits for the presidency. Shortly afterward, the Trump administration in the US initiated a trade war, which continues



to affect China-US relations to this day. This period crystallised two key elements: the end of the illusion that China might evolve into a liberal democracy, and the use of the economy as a political tool. Thus, economic decoupling and economic security became pillars of US and European Union relations with China, linked to the need to reduce exposure to a non-democratic country. In the Western view, the type of political system took on a decisive role in shaping the global order.

The second breaking point occurred with Russia's invasion of Ukraine in February 2022. This event forced states to take a firm stance, polarising the world between supporters of Russia and those of Ukraine, with Beijing ambiguously aligning itself with Moscow. This polarisation did not emerge overnight but developed over time.

The Global South as an Alternative Framework

While China had sought to build alliances through the Belt and Road Initiative, the US promoted the Indo-Pacific concept. This strategy includes military alliances like the Quad and AUKUS, and economic agreements like the Indo-Pacific Economic Framework (IPEF). At the same time, in December 2021, the Biden administration organised the Summit for Democracy to consolidate a common front against autocracies, with China and Russia as the primary targets, in line with a worldview based on democratic principles. In this sense, the proximity between the autocracies in Beijing and

Moscow became evident just before the invasion, with the famous statement on the "no-limits friendship" between Xi and Russian President Vladimir Putin. This event complicated China's position, risking international isolation in the early months of the war, partly exacerbated by Xi's absence from the global diplomatic stage due to the COVID-19 pandemic.

However, China's isolation was short-lived: in June 2022, the country hosted the virtual 15th BRICS summit, where a consensus was reached to expand the group, signalling that many countries wanted to distance themselves from the West without openly siding with Russia or China. The BRICS expansion, involving countries from multiple continents (Ethiopia, Egypt, Iran, Saudi Arabia, and the United Arab Emirates), represented a show of support for Russia and China and highlighted the challenge of categorising the world along the democracy-autocracy divide. Instead, a Global North/Global South fault line emerged as an alternative framework for interpreting global divisions.

The End of the Democracy-Autocracy Divide?

This categorisation is far more appealing than the democracy-versus-autocracy narrative, partly because an increasingly diminishing number of countries can fully identify as democracies. For instance, the US seeks allies through Quad, AUKUS, and IPEF, but many of the countries involved are not true democracies. South Korea and the Philippines participated in the Summits for Democracy,

but countries like Malaysia and Indonesia, officially democratic, did not attend due to internal political tensions. Other key countries in the region, such as Vietnam and Thailand, are not democracies, and Singapore, although allied with the West, does not qualify as a liberal democracy. This weakness in the concept of 'democracy' as a defining element in the West's confrontation with China and Russia has prompted a broader reflection on the state of the international order. The US aspires to a world with more democracies, but the reality is more complex. China has even responded with its own model of democracy, outlined in the document 'Democracy that Works', which criticises Western liberal democracy and highlights the Chinese model's success in improving people's economic conditions. Beijing asserts that every country has the right to follow its own democratic path, rejecting the notion that the US can serve as the world's "guardian" of democracy. This message resonates widely outside Europe and North America.

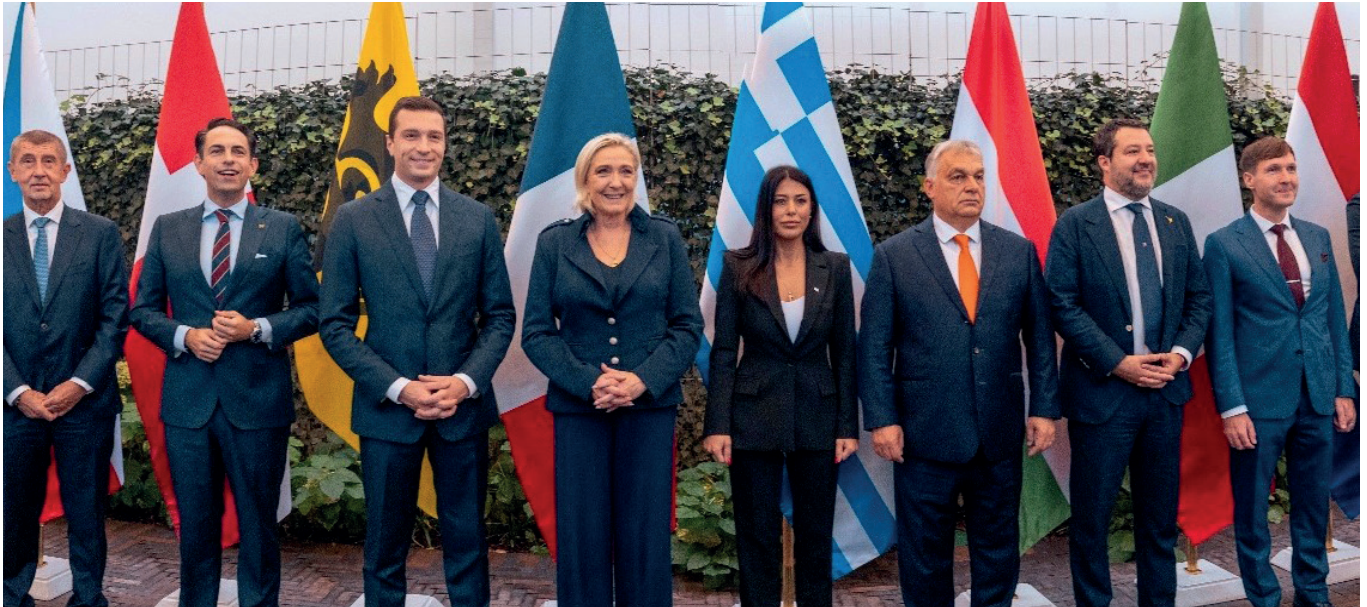
However, China has not merely contested the Western concept of democracy. Reviving the idea of the Global South at the 2022 BRICS Summit has offered a more attractive alternative framework for interpreting global politics. The Global South is not just a geographical expression but represents a challenge to the international system dominated by Western powers. The Global South thus becomes a platform for emerging countries that seek to reshape their role in global governance and have no interest in replicating Western political and economic

models internally. Countries like India, while maintaining ties with the West, find in this definition a political identity and an opportunity to reaffirm their position on the international stage.

The Global South thus emerges as a more inclusive alternative for those countries that feel excluded from the current international political and economic order. Russia and China play a unique role: although they cannot be considered outsiders in global governance—given their participation in global forums like the United Nations Security Council—they position themselves as champions of an alternative order. Their proposal for a new world order, accelerated by the war in Ukraine, resonates with many emerging countries seeking a more prominent role internationally. The success of interpreting the world along the Global North-Global South fault line is thus also the story of the failure of the democracy-autocracy divide as a critical interpretative framework.



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Patriots for Europe/X

The Rise of the Right and a Multilateralism in Flux

by **Shairee Malhotra**

In various parts of the globe, right-wing and far-right parties are either leading governments, are part of coalition governments, or are propping up governments in power. This phenomenon is posing challenges to the multilateral system, which is already under immense strain from great-power competition, military conflicts, and outdated governance structures.

Tides of populism and nationalism in democracies are challenging the view that democracies are more favourably disposed to multilateral cooperation,¹ with democratic governments that include populist rightward participation increasingly retreating from international spaces.



The most apparent case is that of newly elected United States (US) President Donald Trump, whose unilateralist tendencies and 'America First' policies from his first term disrupted global governance structures. Trump withdrew the US, once a bulwark of the multilateral order, from the World Health Organization (WHO), and relentlessly criticised the Northern Atlantic Treaty Organization (NATO) for the failures of member states to meet their financial obligations. While President Joe Biden reversed some of these decisions, the damage caused to global institutions by US disengagement or conditional engagement persists. Trump's second presidency augurs a bleak outlook for multilateral cooperation. Taking a cue from the US as well as from Hungary's right-wing Prime Minister Viktor Orban, former Austrian Chancellor Sebastian Kurz's coalition government—which included the far-right Freedom House Party that won in Austria's national elections in September 2024—withdrawn from the UN's Global Compact for Migration in 2018.²

The political right is also notorious for its rejection or dilution of global efforts against climate change. Trump, within six months of assuming office in 2017, referred to climate change as a "hoax" and announced US withdrawal from the Paris Agreement. Even before the ascent of far-right parties such as the European Conservatives and Reformists (ECR) in the European Parliament elections in July 2024, and the subsequent creation of the Patriots for Europe (Pfe) group, parts of the European Green Deal

were diluted with mainstream parties such as Commission President Ursula von der Leyen's European People's Party co-opting far-right positions to appeal to voters.² In member states like France, proposals by Marine Le Pen's far-right Rassemblement National to end subsidies for renewable energies, particularly wind turbines, have been criticised as environmental backsliding.⁴ While supporting the wider energy transition and not talking of withdrawing from the Paris Agreement, Le Pen believes that the transition "must be much slower than what is being imposed on the French."⁵

In the case of regional institutions, contempt towards the European Union (EU)—which is perceived as an elitist supranational entity infringing on the sovereignty of member states through its integration project—has resulted in using the EU as a scapegoat for the problems of mass migration and financial crises confronting member states. Studies analysing the far-right's approach to global governance find that far-right parties rarely exit or fully disengage from multilateral institutions, instead choosing methods such as criticism, obstruction, and extortion to project their populist ideas to domestic audiences and manoeuvre institutions to serve their interests.⁶ A key example is Orban, whose mission is to undermine the EU from within, rather than exit it, by strategically obstructing European policies such as military support to Ukraine and Sweden's accession to NATO. The woes of post-Brexit Britain have encouraged Eurosceptics to adopt this approach.

The rise of the right has also led to a declining commitment to multilateral development policies. This is evident in Sweden, where gains made by the far-right Swedish Democrats (SD) in general elections in 2022 were followed by announcements to cut Sweden's development aid budget and reduce financial support for the UN in favour of civil society collaboration.⁷ A report revealed that governments that include far-right parties end up reducing their voluntary earmarked contributions to International Organisations (IOs) by an estimated 30 percent.⁸

Research from the Albert Hirschman Centre on Democracy suggests that far-right parties engage in "multilateralism à la carte", i.e., cherry-picking what suits them and then attaching conditions.⁹ Analysts also describe how right-wing populists, who blame globalisation for many societal ills, blur the lines between globalisation and multilateralism and use the two concepts interchangeably despite their distinctions.¹⁰ In most cases, however, the liberal and universalist ethos of multilateral organisations clashes with the far-right's insular agenda and ideals of nationalism. It is no surprise then that in Germany, supporters of the far-right Alternative for Deutschland (AfD) party, which made significant gains in recent state elections in Brandenburg, Thuringia, and Saxony in East Germany, constitute the bulk of people that are against international cooperation.¹¹ In France, 27 percent and 22 percent of these are supporters of the right-wing Les Républicains and far-right

Rassemblement National.¹² The damage caused by the far-right's confrontational, hostile, and revisionist rhetoric dilutes trust in multilateral systems that are in turn met with skepticism and suspicion.

Meanwhile, a notable exception is India. Despite having a right wing government at its helm, it has led calls for a "reformed multilateralism" that is fit for the 21st century and remains amongst the staunchest proponents of multilateralism globally.

Contemporary global challenges such as climate change, pandemics, and achieving the UN Sustainable Development Goals necessitate a spirit of universalism, solidarity, and cooperation—values that are the anti-thesis of the far-right approach, which prioritises unilateralism over multilateralism and the national over the global.

In an interconnected world and amid a political landscape increasingly dominated by the right, the proliferation of far-right ideas must be effectively addressed with alternative moderate propositions. Otherwise, multilateralism and global governance may continue on their path of regression.



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Finding Solutions to the Persistent Debt Challenge of Developing Countries

by **Franco Bruni**

During 2024, wars, mounting geopolitical tensions, and domestic disagreements on foreign policies in the United States (US) and Europe, have caused increasing divisions and weaknesses in global governance. Following the pandemic shock, the world showed a promising new attention to global public goods; plans were discussed to manage excessive inequalities and climate-demographic-health-energy-technological epochal transitions.¹ In 2023-2024, however, this attention substantially decreased, and it now needs a dramatic comeback. To cope with global problems, new diplomatic paths are needed for an improved global governance. The crucial step is moving—at least a few steps—towards true multilateralism.



The Global South and the Rest

The growing diplomatic profile of the Global South could be helpful for approaching this target. Global South countries could interpose themselves to weaken the hostile US-China bipolar competition that blocks efforts to tackle global problems, including bloody and illogical wars. The European Union (EU), while preserving its strong alliance with the US, could exploit its measured strategic autonomy to act as a broker to engineer convergences between the US, China, and the Global South countries. The latter are indispensable building blocks for any format of global multilateral governance.

Among the first issues in this effort of convergence is the unsustainable indebtedness of a large number of developing and poor countries. The EU should join the Global South in stressing the urgency of the debt problem, finding the right diplomatic and technical pathways towards lasting solutions and spreading the evidence that all countries, including creditors, could benefit from it, at least in the medium term. Successes on this front could foster further steps towards reforming global governance with gradual but genuine multilateralism.

Public debt servicing costs have risen substantially since the pre-pandemic years. New indebtedness, including those related to COVID-19 response, is one cause, together with increases in 'Western' anti-inflation interest rates. West Asian and North-African countries' debt servicing costs jumped from

an average of around 0.5 percent of GDP, during the 10 years preceding the pandemic, to nearly 2 percent in 2024. In South Asian countries, the increase was from less than 2 percent to around 3 percent, and in Sub-Saharan Africa, from 1 percent to over 2 percent.² According to the World Bank's June 2023 *Global Economic Prospects*, about half of the world's poorest countries are either in debt distress or at a high risk of distress. Debt service costs also limit the possibility for many countries to finance their development goals and climate action.

The G20 has been active on the issue; however, its promising Common Framework for Debt Treatments³ has turned out to be a disappointing slow mover due to technical and political difficulties in coordinating different group of lenders, coupled with particular difficulties with China's credits. Various ideas have been developed by scholars, the IMF-World Bank, groups of debtor countries, Global South countries, and the G20 itself, to overcome obstacles, including re-regulations of western securities markets where debts are issued and traded.⁴ New rounds of diplomatic efforts could bring encouraging results. The EU and the Global South could join forces to place the debt problem at the centre of new proposals and debates towards the multilateral reform of global governance.

Dealing with Global Debt

Any solution to limit future excesses in debt should start from a recognition that for both borrowers and lenders, the incentives

encourage overborrowing and overlending. The benefits from borrowing appear immediate to governments, while the costs of servicing the debts appear in the medium term, creating an incentive to overborrow. Lenders over-lend because they can immediately cash the profitability of their loans, while the risks of default are in the medium to long term. Moreover, IMF-guided debt distress solutions tend to overprotect lenders' interests. To correct this incentive structure, measures could be taken that will also help with the legacy problem by benefitting the sustainability of existing debts.

In particular, two general lines of action could be useful: strengthening domestic fiscal rules of debtor countries and enhancing transparency of debt transactions, so that all the details of debt agreements are well explained, and the public, the markets, and voters are aware of what is being promised, and can evaluate the costs and benefits of both debts and their repayment schedules and conditions. The IMF and other international institutions should exert more pressure to obtain improvements in these directions. The United Nations has also recommended improving debt sustainability analyses and make them more publicly available. Transparency could also be enhanced by encouraging reforms of the credit assessment methods of rating agencies and a deeper disclosure of their methodologies. More credible ratings could limit overlending and discourage overborrowing as well.

To deal with the legacy of existing over-indebtedness, a number of innovations can be considered—in addition to new bilateral and multilateral concessional financial supports—to improve debt restructuring and rescheduling opportunities that should also involve, in a well-coordinated way, China's credits. A radical measure would be to create a sovereign debt authority and a sovereign insolvency system, as proposed by IMF's Anne Krueger in 2002, when the unbeatable opposition was mainly from the US. The radical measure is still premature and will only follow future substantial improvements of the multilateral global governance of international financial institutions. In the meantime, new coordinated legislations could encourage private creditor participation in debt workouts, codifying the duties of creditors to cooperate in debt restructuring, enhancing collective action mechanisms, immunising sovereign debtors' assets from seizure when the debtor is involved in an orderly debt restructuring process, and subsidising and facilitating assets swaps where existing credits can be transformed in globally desirable ways such as rechannelling funds towards the financing of climate actions.

Listing technical ideas and potential diplomatic initiatives to find a serious cure to the global debt problem can be a long exercise. However, given the current state of international relations, genuine progress can be easier to obtain if that cure is undertaken



as one of the initial steps on a path towards reshaping global governance in a truly multilateral way. Strong and smart cooperation in this effort between the EU and Global South countries could be helpful in overcoming hostilities and divisions among other geopolitical protagonists.

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Global Governance in a Fragmenting World

by **Len Ishmael**

The UN General Assembly's 79th Session in September 2024 dispelled any doubts about the sharp divisions between the West and the Global South, as leaders from Latin America, the Caribbean, Asia, Africa, and the Middle East denounced the current state of wars, the indiscriminate destruction of civilian lives and property, and the flagrant disregard for international law. Referring to the wars in Gaza and Ukraine, they spoke of Western double standards, hypocrisy, and the erosion of trust. They pointed to a crisis in global governance and leadership and the growing challenges to multilateralism and sounded urgent appeals for ceasefires to secure humanitarian corridors, and the pursuit of diplomacy as a pathway to peace.

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Even as Western leaders spoke of diplomatic efforts to de-escalate tensions in the Middle East, the war in Gaza was exploding on multiple fronts in Lebanon, Yemen, and Iran, highlighting the stark disconnect between rhetoric and reality. While Iran has spoken of a resuscitation of its nuclear diplomacy and rapprochement with the West,¹ a push to rebalance power relations in the Middle East is underway. This has implications for oil prices and global supply-chain disruptions, adding to the burden of costs from the compounded effects of several years of crises, resulting in protracted adversity for global output and growth. The World Bank has warned that developing countries are facing a “lost decade” of development.² Current events resulting from power asymmetries and a lack of political will to consistently insist on compliance with international law, are undermining the foundations of existing structures of global governance that have been in place since the Second World War. While fissures within the international community have long existed, the COVID-19 pandemic and the war in Ukraine have precipitated further divides. The war in Gaza has deepened divisions and hardened the ideological positions between the West and the rest which is home to 88 percent of the global population.³

Though reconciliation in the near term seems unlikely, multi-state cooperation is required to

tackle global challenges in which all nations have a stake. Issues such as global warming, the energy transition, poverty, and migration, are beyond the capacity of any single nation to tackle in isolation.

Then and Now

Roughly 80 years ago, after two Great Wars, officials from 44 countries gathered in Bretton Woods, New Hampshire, to design a new institutional architecture for global governance.⁴ Those assembled envisioned a future of shared prosperity based on a Western-led liberal world order underpinned by principles of open markets and free trade, financing for rebuilding Western Europe, and investments to stimulate development in poorer countries. This trumpeted the dawn of a ‘free world’ guided by principles of democracy, individual rights and liberty, collaboration for the common good, and the creation of a new framework for global governance. Among the new entities created were the Bretton Woods institutions^a with the mission to monitor, safeguard, and regulate principles of liberal democracy.

At the time, the so-called ‘Third World’ countries were chafing under the yoke of colonialism, striving for independence, and seeking solidarity and shared purpose in non-Western groupings such as the Non-Aligned Movement (NAM).^b In time, as newly independent states, NAM members assumed their seats in the United Nations, creating

a These include the World Bank and the International Monetary Fund (IMF). However, the United Nations and the World Trade Organization (WTO), among others, are also considered to be part of the institutional architecture designed to coordinate and regulate various aspects of the global economy and promote international cooperation.

b Established at the Bandung Conference in April 1955. The Bandung Conference took its name from the Indonesian city in which the founding meeting of NAM took place.

the G77 in 1964, leveraging their numbers to jointly promote their economic interests, including that of ownership of national resources in support of their development. In 1974, they tabled the call for a New International Economic Order.⁵

The End of an Era

The norms, rules, and institutions of the current world order emerged from a world exhausted by wars and seeking stability and peace. Global wealth and output were the monopoly of a handful of states. Led by the United States (US) and its allies, globalisation based on principles of open markets, free trade, and comparative advantage lifted millions out of poverty over decades of peace and stability. Today, the principles of open markets and free trade have been replaced by friend-shoring and strategic decoupling, as US rivalry with China escalates. Increased protectionism and bifurcation of the global economy damages economic prospects for all countries.

At the same time, increasing shares of global output have shifted from the West to the East, and with it bundles of political power. In the process, Western leadership is being contested and new global actors are demanding a say in decisions that affect their interests. China has become a superpower,

and its Belt and Road Initiative (BRI) has provided more than US\$1 trillion in infrastructure investments in high speed rails, ports, and highways across the Global South.⁶ The US and the European Union (EU), attempting to woo the Global South away from China, have launched their own BRI-type projects, including the Global Gateway and the Partnership for Global Infrastructure and Investment.⁷ While these provide more options, countries will nonetheless pick partnerships that best align with their development priorities, while retaining postures of multi-alignment.

Meanwhile, Middle Powers^c have seeded mid-layered multipolarity, providing greater choice for Global South countries, which in turn are leveraging this choice to seek the best offers from all sides.⁸ Frustrated by inaction to repeated calls for multilateral institutional reform, Global South countries are securing their interests in non-Western groupings such as the BRICS^d and the Shanghai Cooperation Organisation (SCO), which are expanding not just their membership, but also shares of critical global resources, while deepening mechanisms for South-South cooperation.⁹

c The Middle Powers include Brazil, Turkey, Saudi Arabia, South Africa, the UAE, India, and Indonesia, among others.

d The BRICS are a grouping of emerging economies formed in 2009 comprising Brazil, Russia, India, and China, with South Africa becoming a member in 2010. More recently, membership has increased to include Egypt, Ethiopia, Iran, the UAE, and Saudi Arabia. A number of countries, such as Indonesia, have also declared their intention to seek membership.



As the status quo changes and is replaced by multiple points of power and blocs entrenched in their own interests, current structures of global governance are being tested. Armed with more options, a New South is demanding engagement based on mutual respect, inclusion, and equity. In this context, a global institutional architecture that is reflective of changing times and new challenges is required. Some suggest that the world needed the push of the Great Wars to ignite cooperation almost 80 years ago. What will it take this time? Will a third Great War be necessary to recalibrate global power dynamics, redraw the map of alliances, and redesign norms and institutions in which new global realities are reflected? One can only hope that this will not be the case.

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What's Next for Global Governance?

by **Mohammed Loulichki**

Global governance is facing a crisis, necessitating reforms in its institutions to enable them to confront modern challenges and regain public confidence in their relevance and mission. Amid accelerated changes and technological transformations, the international community is struggling to change the status quo and make its institutions more democratic, representative, and credible.

Global governance is today challenged directly by Russia and indirectly by the United States (US)—the two principal permanent members of the Security Council, entrusted by the United Nations (UN) Charter with the primary responsibility of responding to threats to international peace and security. The wars against Ukraine, Palestine, and Lebanon present a test of the UN's ability to ensure that powerful states respect their obligations under the Charter.



The second war against Iraq, the ousting of Gaddafi, and the attempt at a regime change in Syria—all undertaken outside international law—have eroded the little trust that the UN (and particularly the Security Council) has been able to preserve owing to its humanitarian efforts and the stabilisation of conflicts in Africa. Simultaneously, the war waged by Russia^a against Ukraine and the US's unconditional and continued support of Israel in its war against the Palestinian people have eroded the little credit attached to the mission of the UN.

Today, we are witnessing the triumph of unilateralism and the use of force by powerful and non-powerful states alike to win territory, settle old conflicts, or destabilise neighbours. It is as if states are perceiving a window of opportunity in the current situation that is unlikely to present itself again and taking advantage of it with impunity, in the midst of general indifference.

Questioning the UN's Raison d'Être

NATO's support for Ukraine following Russia's invasion in February 2022^b has given the war the appearance of a confrontation between the West and a Russia anxious to keep the NATO away from its borders and regain its former prestige. Despite attempts at mediation, the war continues unabated, the sole objective appearing to be that of total victory, whatever the cost.

In the Middle East, the Hamas attack on Israeli territory on 7 October 2023^c resulted in Israeli Prime Minister Benjamin Netanyahu waging an all-out war, with no limits in time, space, or the types of methods and weapons used.^{d,1} While the region has experienced other conflicts since 1948, these wars lasted only a few days owing to the interventions of the US and the former Soviet Union, who imposed limits on the belligerents, forcing them to declare ceasefires and arrive at a compromise.

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- a Russia, through its status as a permanent member of the Security Council, is considered by the Charter to be one of the guarantors of international peace and security.
 - b Russia annexed the regions of Donetsk, Luhansk, Kherson, and Zaporijia, in addition to Crimea.
 - c During the attack, 116 people were taken hostage; 100 are still being held at the time of writing this article.
 - d Israel's disproportionate reactions are as reprehensible as Hamas's actions against Israeli territory and civilians, and can no longer be justified as a matter of self-defence. They constitute a clear violation of the UN Charter and of international humanitarian law. Over time, Israel's reactions have shifted from being a one-off event into a war of destruction and large-scale displacement of civilian populations.

Against this backdrop of uncertainty and questioning of the UN's *raison d'être*, the General Assembly organised a Summit for the Future in September 2024, which was supposed to relaunch the UN, renew the commitments of its member states to the principles and objectives of the Charter, and launch actions that fall within the framework of the reform of global governance. The Summit did not result in any conclusive decisions or initiatives towards a renewal of multilateralism or the launch of serious negotiations with a timeframe for their completion.

The commitments set out in the non-binding Pact for the Future will depend on the willingness of developed countries to respect and finance their fulfilment, especially in view of the current international economic situation, dominated by the concern of Global North countries to revive their economies, sustain trade competition, and satisfy the expectations of their electorates.

Multilateralism and the New South

The Pact of the Future was adopted by a consensus between Western countries and most of the countries of the South, but without Russia and its key allies (Belarus, Iran, Nicaragua, Syria, and North Korea).² A similar consensus would not have been possible before, given the extent to which Russia's interests converge with those of the Global South countries.

The interests of the Global South coincided with those of the West at the Summit, indicating a shift that reflects a degree of decision-making autonomy among the countries of the South and their emergence as a player that determines its positions on a case-by-case basis, removed from any automatic or permanent alliance. This New South, which draws its strength from its attachment to multilateralism and an emerging awareness of its growing role in international relations, is in a position to play the role of the catalyst for a new form of global governance that is inclusive, equitable, and beneficial to all. However, the blocking of any amendments by the drafters of the Charter and the lack of willingness on the part of the Permanent Five members of the Security Council to accept a change in the system of global governance paralyse the process of negotiating reforms and favours decisions that commit the world within the framework of restricted groups such as the G7, the G20, and the Organisation for Economic Co-operation and Development (OECD). Recent calls to give two permanent seats to Africa on the Security Council³ are designed to curry favour with the 54 African countries in the confrontations between the West and Russia against the near certainty that these countries will find it challenging to agree on which two countries will benefit from this privilege.



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BRICS+: (Dis)United They Stand

by **Alessia Amighini**

Since its inception in 2006, BRICS has grown increasingly in favour of multilateral cooperation and against protectionism. The group has consistently protested protectionism and unilateralism in support of an open and inclusive multilateral trading system under WTO rules.

The focus of BRICS has shifted since its establishment, with the member countries bracing against the West, being on edge with each other, far from united in their positions in varied issues. The BRICS Summit, held in Kazan in October 2024, focused on “promoting the entire range of partnership and cooperation within the framework of the association on three key tracks – politics and security, the economy and finance, and cultural and humanitarian ties.”¹



The BRICS countries have often expressed their disapproval of the West and its vague aspirations to alter global political and economic governance frameworks.² In an attempt to unify the views of the Global South and jointly influence decisions, as with the G7, the BRICS countries convene before every G20 or other significant summit. However, the group has historically found it difficult to agree on viable solutions to significant issues.

In 2024, Egypt, Ethiopia, Saudi Arabia, the United Arab Emirates (UAE), and Iran joined the BRICS; today the group accounts for 35 percent of the world's GDP and 45 percent of the world's population.³ With the addition of Saudi Arabia, Iran, and the UAE, the BRICS alliance is furthering the "cartelisation of the world" in a number of crucial sectors, such as raw materials, food, energy, and metals. A few Global South countries now wield political power in relation to the essential raw resources to which they lay claim. However, these resources are not produced in most BRICS countries, and therefore, it is possible that the current tensions within the BRICS+ club turn into a struggle to find a balance between the interests of producing and consuming countries.

With BRICS seemingly unable to represent the voice of the Global South, the type of international order we are moving towards remains uncertain. The idea that a unified BRICS+ will speak for Global South countries seems far-fetched. This is because most countries have a propensity to adopt multi-

alignment attitudes, which involve looking both to the West and towards emerging or re-emerging powers of the South, including Russia. For instance, the vast majority of emerging countries aim to avoid becoming reliant on either China or Russia; nations such as Angola, which did become reliant on one or more Global South countries during the Cold War, are viewing this reliance as especially problematic.

On the one hand, it may be a positive development that BRICS is being enlarged to include countries that represent visions and interests different from those of the five founding countries. Potential further enlargements could include countries such as Indonesia, Vietnam, and Thailand.⁴ However, these potential members have strong economic and trade ties with China, which makes it more likely that they will support China's perspectives within the group rather than nurturing its diversity.

Meanwhile, China is being increasingly challenged by some of the original BRICS members as well as by current and potential new members.⁵ Additionally, while Asia has largely been a bystander to the West's protectionism against cheap Chinese goods, this is likely to change soon.

Tensions over trade between China and the West escalated in 2024. The European Commission levied further tariffs on Chinese electric vehicles (EVs), while the United States expanded Section 301 penalties on imports from China to include commodities such as batteries and EVs. Even Türkiye, which

in September officially applied to join the BRICS bloc, levied an extra 40-percent duty on Chinese auto imports, while Brazil reinstated import duties on EVs this year. Meanwhile, Asia has responded to China's increasing shipments with more restrained policies and fewer trade barriers. Given the difficulties being faced by Asian economies as a result of China's industrial overcapacity across all product categories, such *laissez-faire* attitude may be unsustainable. Domestic manufacturers of metals and chemicals in India, Vietnam, Thailand, and South Korea are also being impacted by China's overcapacity and exports. On the lower end of the market, cheap Chinese consumer items are proliferating in South Korea, Thailand, and Indonesia, particularly via e-commerce sites.

With increasing protectionism in the West, many developing market participants are adopting protective measures against the possibility of excessive Chinese output ending up in their countries. This puts China in a difficult strategic position as measures to support its domestic economy could jeopardise its relations with the Global South, which is a vital arena in its geopolitical conflict with the US.

Developing countries are concerned about what is being referred to as 'China Shock 2.0'⁶— a big economic shift paralleling the 1990s, when China first flooded world markets with cheap commodities. Citing unfair competition from China, Indonesia implemented import taxes of up to 200 percent on textiles and other items from China in July 2024. Chile

placed anti-dumping charges on Chinese steel a few months ago. Brazil and Mexico have passed comparable legislations, while other countries are in the process of drafting them: a new government commission has been set up in Thailand to look into import restrictions pertaining to China, and India has launched investigations alongside enforcing a number of anti-dumping remedies.

At first glance, the new tariffs targeting Chinese imports may appear to be isolated instances of classic protectionism, wherein a few low-wage domestic firms persuade governments to shield them from effective foreign competition. However, these regulations are distinct due to the scope and magnitude of China's production capabilities. Chinese dumping allegations have always targeted specific sectors, such as steel. China now exports a wide range of items, from traditional industrial inputs and intermediate goods to EVs and green transition technologies. The volume of these exports is also increasing: in August 2024, these exports reached US\$309 billion, the biggest monthly total in three years. Certain Chinese goods are so inexpensive that even tariffs cannot lower their prices.

Against this backdrop, and in the face of potential conflict within the Global South, it is hard to see the BRICS+ finding common ground to stand united against the West.



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The Global South and the Risk of a Regressive World

by Giovanni Grevi

New and deepening crises on the international stage in the past year have compounded the risk of a regressive world, in which international stability and cooperation recede, and multiple indicators, from climate change to conflicts, development and human rights, point to the aggravation of shared challenges. Alongside Russia's aggression against Ukraine, the expansion of the war in the Middle East adds another shock to the system. The emerging scenario is that of a regressive world of power politics. Averting this prospect will require strong collective leadership. The countries that belong to the rather loose category of the 'Global South' have a big stake in these developments and can also play an important role in shaping them, working with others to address the challenges of the 21st century.



Strategic Dissonance

Geopolitical competition and the deepening of transnational challenges are the two megatrends shaping the international order; they are deeply intertwined. Rivalries drain attention and resources from the management of shared problems, and the latter are often weaponised by competing powers. However, these two megatrends are mostly regarded as separate agendas. Geopolitical objectives sideline cooperative efforts to deal with common challenges that, in turn, threaten powers both large and small. This is a macroscopic example of strategic dissonance, i.e., an inconsistency between thoughts and actions. In many cases, large and middle powers seek to advance their security, prosperity, and status through actions that ultimately undermine these very priorities and the international order that their achievement depends on. This dissonance results in a global leadership and governance deficit. Many reasons can account for this drift, but the lack of compelling evidence is not one.

Tracing Regression

Multiple data and projections delineate the regressive arc that is emerging. Climate change is accelerating, and the ecological foundations of human development and security are degrading fast. Based on current policies, average temperatures are likely to rise beyond 3°C above pre-industrial levels—double the limit set by the Paris Agreement.¹ It is estimated that one additional degree in average temperatures would reduce global GDP by 12 percent² and that, by 2050, climate change might cut annual global income by

about 19 percent.³ Alongside conflicts and other factors, weather-related disasters displace millions of people per year.⁴

Climate change also exacerbates food and water insecurity; the number of people experiencing acute hunger jumped from 135 million in 2019 to 345 million in mid-2022⁵ and 309 million in 2024.⁶ The World Bank has warned that the development patterns of several of the poorest countries in the world face a reversal.⁷ Meanwhile, global public debt is set to reach US\$100 trillion in 2024 and is on course to equal global GDP by 2030.⁸ Dealing with ballooning debt will likely require fiscal tightening in several economies, which is already affecting resources for coping with global emergencies.

Sprawling conflicts are a manifestation and driver of a regressive world. The years 2021, 2022 and 2023 have been the three most violent years on record since 1989.⁹ Among scores of civilian casualties, international humanitarian law is emerging as another victim of brutal wars, from Ukraine to Israel-Palestine and Lebanon, Sudan, and other theatres. Meanwhile, the risks related to nuclear proliferation are rising and most arms control regimes are in tatters. Democracy is receding as authoritarian tendencies prevail in multiple countries.¹⁰

Political polarisation and nationalism are also rising worldwide. Polarisation undermines not only freedom and peace but also openness and prosperity. Strategic competition is increasingly shaping trade and investment flows and threatening the resilience of global supply chains.¹¹ Trade restrictions jumped

from 944 in 2019 to 2,837 in 2023, outnumbering liberalising measures by a wide margin.¹² While security and the economy are connected, and complex trade-offs need to be faced, current trends may result in lower growth rates, higher inflation, a slower energy transition, and possibly further social and geopolitical tensions.

The combined impact of several trends raises the risk of a regressive world; however, scenarios are not predictions. For instance, the emerging technological revolution might result in extraordinary progress to deal with environmental, food security, and health issues, among others. Above all, political choices and leadership can make a difference.

The Global South: What Agenda?

The awareness of deepening shared challenges is unlikely to supersede multidimensional competition, such as that between the US and China, any time soon. The prospect of a regressive world calls, however, for a change of mindset. This approach does not dismiss power politics as part of international affairs but also does not reduce the latter to power politics. Instead, it recognises that no country can achieve lasting security and sustainable prosperity without cooperation to manage interdependence.

In this precarious global context, those countries whose voice is growing on the international stage and whose worldviews do not necessarily align with the agendas of world powers can play a role in responding to the challenges of the 21st century. As these countries—often associated with the Global

South—pursue a more consequential role in international affairs, how they will frame and advance their priorities will increasingly affect competition and cooperation, from critical regions to multilateral bodies.

Given the diversity in this set of countries, a single trajectory cannot be detected. That said, the debate on their positioning on the global stage has highlighted two broadly common features.¹³ For one, a number of Global South countries share grievances about having historically been relegated to the margins of global rulemaking and the unfairness of the priorities set by others. For another, many of them adopt a pragmatic, multi-aligned posture focused on meeting their national interests by diversifying their partnerships.

Multi-alignment can be uncomfortable. Within the enlarged BRICS+ grouping, for example, India, Brazil, and others are wary of the attempts of non-Global South powers such as Russia and China to instrumentalise this format to project anti-Western agendas.¹⁴ Despite differences within this and other platforms, many Global South countries will likely continue to pursue a multi-aligned foreign policy. The key question is the extent to which they will seek to leverage these multiple alignments to strengthen an effective, rules-based international order, working with others to deliver global public goods and mitigate power politics. There, arguably, lies the strategic challenge and opportunity for the countries that aim to shape a positive agenda of cooperation and prevent the drift towards a regressive world.



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A New World Order: Which Multipolarity?

by **Alessandro Colombo**

The BRICS summit in Moscow, held in October 2024, has highlighted the growing influence of major emerging nations outside the traditional Western hegemony. The meeting took place amid a deteriorating international order, characterised by disruptions in political-strategic, economic, and trade relations and a breakdown in the principles, norms, and rules governing global co-existence.

The activism of BRICS countries signals a transformation of the international political and economic landscape. The United States's (US) and Europe's calls for mobilisation against Russian aggression in Ukraine were met with indifference, and even distrust, by many nations. The cohesion within traditional Western-leaning institutions such as the G7 and NATO has paradoxically widened the gap between the West and other countries.



The most obvious manifestation of this disconnect are the new, intricate international alignments, which include a tentative bipolarisation driven by renewed Western solidarity on the one side and deepening strategic cooperation between Russia and China on the other. There is also a complex web of cross-support, opportunistic interventions, and ad-hoc alliances that connect various competitive contexts, such as Iranian and North Korean support for Russia's war in Ukraine and US support for Israel's war in Gaza and Lebanon.

However, a significant portion of the international community has managed to avoid taking sides in this emerging confrontation, preferring to maintain relations with all parties. This is particularly true of emerging and resource-rich economies, such as India, Brazil, South Africa, and Saudi Arabia, which are less dependent on either side. Rather than reviving the non-alignment practices common to 20th-century bipolar era, these nations seem to be expressing a more nuanced rejection of bipolar logics and rhetoric.

The most significant aspect of this ongoing realignment is evident in its institutional implications. The new international order is a far cry from the elegant, yet ultimately unrealistic, edifice of multilevel governance envisioned and celebrated during the transition to the 21st century. Most institutions inherited from the "grand design" of the second half of the 20th century have faced

a growing crisis of efficiency and legitimacy over the past 15 years; consequently, instead of the original design, what seems destined to emerge is a more complex and competitive structure.

The crisis of the "old" multilateralism could potentially lead to three distinct outcomes: a maximalist approach of reviving and adapting the existing multilateral framework to reflect the changed hierarchy of power and international prestige; a "minilateralism" focused on creating smaller but more cohesive multilateral forums aimed at bringing together the minimum number of countries necessary to achieve the maximum impact in addressing a specific problem;¹ and a more radical solution that involves redefining multilateralism within a fragmented international system, shifting the focus of cooperation to regional-level institutions and regimes centred around one or more hegemonic powers.

The growing disintegration of the international order seems to have favoured the latter two options, which are alternative to each other but equally distinct from the inclusive and universal multilateralism of recent times. On the one hand, traditional Western-led multilateralism has been revived, as evidenced in economic initiatives such as the Western 'Build Back Better World' project (rebranded as 'Partnership for Global Infrastructure and Investment'),² launched in response to China's Belt and Road Initiative, and political-strategic initiatives such as the establishment

of the AUKUS and the expansion of NATO. The development of increasingly exclusive forms of multilateralism among non-Western countries, exemplified by the BRICS, has counterbalanced this Western trend. These new institutions, while diverse in composition and inspiration, are characterised by internal competitions and divisions. However, their collective emergence can be seen as an outright challenge to the unipolar international order of the past three decades.

The emerging multipolar world is fundamentally different from the traditional understanding of multipolarity.^a The first element of difference is in the distribution of power itself. Despite significant evolutions over the past three decades, the hypothesis of a multipolar future lacks the "poles", as the gap between the top two powers, the US and China, and the other countries remains vast.³ Even among the top two, the US maintains a significant edge over China economically and militarily; US military expenditures, which amount to nearly US\$916 billion as of 2023, far exceed China's US\$296 billion.⁴ Additionally, China's capabilities in controlling

"common spaces", such as the oceans, are still significantly lower than that of the US, and the quality of US assets remains superior to Chinese assets.

However, above all, the multipolarity envisioned today does not take for granted the unitary structure of the international system and society of past multipolar configurations. Unlike the universalist aspirations of the Western-style international order, the multipolarity advocated by Russia, China, and many emerging nations emphasises the desirability of autonomous political, economic, cultural, and legal orders, free from foreign interference. This concept, explicitly modeled after the US's Monroe Doctrine, aligns with the idea of "organised spaces" proposed by thinkers such as Carl Schmitt in the mid-20th century.

Schmitt foresaw "the great antithesis of world politics: the contrast between a central world domination and a balance between multiple spatial orders, between universalism and pluralism, monopoly and polypoly."⁵ He addressed the question of whether the

a Historically and in the theory of international relations, "multipolarity" has referred to a specific distribution of power: a balanced condition among a small but not insignificant number of great powers, exceeding two parties (although historically there have rarely been fewer than five). These great powers, interdependent in diplomatic and strategic terms, were considered part of a single international system. Moreover, they often shared a common historical or cultural heritage, leading to the development of shared principles, rules, and institutions aimed at ensuring the fundamental objectives of social coexistence: national security, the fulfillment of promises, and the limitation of violence. See, for instance: Georg Sorensen et al., *Introduction to International Relations: Theories and Approaches* (Oxford: Oxford University Press, 2021).



world was ready for the monopoly of a single power or whether it would instead embrace a pluralism of large, self-ordered, and coexisting spaces, spheres of intervention, and areas of civilisation that would shape the new international law.

Nearly a century later, this antithesis appears to be resurfacing as the defining element of 21st-century international politics, especially in combination with the other great dichotomy between universalism and the re-emergence of different "civilisations". The increasing influence of several major regional powers (India in South Asia, China in East Asia, Brazil in Latin America, and South Africa in Sub-Saharan Africa) could serve as the foundation for an alternative spatial order that is built on the organising capacity of individual regions and the gradual exclusion of external interference in their internal dynamics of peace and war.

In such a context, the interdependencies of the system, the institutions of international society, and the "language" of transnational society would likely diverge more sharply between regions, potentially leading to a condition resembling the pre-global world before European expansion. The global dimension of international politics might then be defined by the competitive relationships between these great powers, mediated by the hegemonic or imperial roles of dominant powers.

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The West, Between Competition and Contestation

by **Antonio Missiroli**

The BRICS+ summit held in Kazan (Russia) in late October 2024 marked a turning point in the recent evolution of the grouping; compared to last year's meeting in Johannesburg, this one focused less on just acquiring new members than on reaching out to a new category of "partner states", especially after Argentina and Saudi Arabia (who were expected to join the group this year alongside Egypt, the United Arab Emirates, Eritrea, and Iran) recently pushed the 'pause' button.

This more flexible approach could allow the current nine BRICS+ members to develop stronger ties with countries—and there are many in the so-called 'Global South'—that are reluctant to side with them entirely but are still critical of the West and the international system shaped by it. Strategic competition and sectoral contestation, in other words, are



not synonyms, although they may feed one another as well as overlap and generate cumulative effects. If the BRICS may have understood that simply trying to build an anti-Western 'wall' is not smart tactically—especially if they wish to “express the interests of the Global Majority”, as the Russian hosts claimed—it is essential that the West, too, understands that contestation has multiple facets that, in turn, require separate and tailored responses.

Unpacking Contestation

What we now tend to define as 'contestation' covers different trends and phenomena. First, contestation is about control of spaces: land spaces (from Ukraine to the Caucasus and the wider Middle East), maritime spaces (from the Gulf to the Indo-Pacific), cyberspace, and even outer space. Second, it is about access to resources, be they vital (grain, medicines), strategic (energy, rare earths), or financial (for debt relief or climate funding). Third, it is about setting and respecting norms, from human rights to the legitimate use of force. Last but not least, contestation is about the setup and operation of multilateral organisations like the UN Security Council or the International Monetary Fund (IMF) and the World Bank. As a result, each type of contestation (including the specific 'contest' involved) involves different actors and arenas and requires different approaches.

To start with, some contestation is of a systemic nature, often with 'civilisational' features—to borrow the term coined by the late political scientist Christopher Coker—even

if those are hardly homogeneous or consistent. The systemic challenge posed by China, for instance, is different from Russia's (or Iran's, for that matter) in that it is less violent or coercive, much more sophisticated, and far better resourced. As such, therefore, it requires playing a long game combining the elements of confrontation and adaptation.

But most contestation is focused or issue-specific. For instance, contestation about 'universal' principles (as enshrined in the UN Charter) requires pushing back against normative 'relativism' as well as upholding core values and norms—but definitely without double standards, be it in reference to Eastern Europe or the Middle East—while being open to innovative approaches in domains (like cyberspace) where technological development demands fresh ones. Only by doing so can the West (re)gain credibility in its defence of universal human rights as well as the peaceful settlement of conflicts and disputes.

Contestation about resources, for its part, is often legitimate and mostly justified. As such, it requires responses emphasising better availability of and fairer access to them (against all predatory practices), yet coupled with a shared responsibility for the so-called 'global commons', including climate change mitigation and freedom of navigation.

Finally, contestation about the current multilateral system is also justified insofar as it highlights its current inability to represent the state of the world in the 21st century; indeed, it is still a reflection of the international

landscape of the mid- to late-20th century. Reforming that accordingly may prove to be the only way to preserve a multilateral system worth this name, including its universal obligations.

Such reform—however difficult and painful it may prove to be—should even become a strategic priority for the West, and especially for Europe, no matter what it may have to relinquish to get there. If it really wants to defend multilateralism against the rise of power politics and transactionalism and develop mutually beneficial partnerships with countries from the Global South, it may have to reconsider its current approach to trade, human mobility, and redistribution of seats and shares at top international tables and to put their money (and political will) where their mouth is in order to prove the sincerity of their commitment to global justice. Failing that, they risk supplying extra ammunition to anti-Western contestation.

Testing (G)rounds

Initially promoted jointly by Germany and Namibia, the 'Pact for the Future' endorsed by world leaders at the recent UN General Assembly in New York—and formally backed also by the Group of 77 developing countries—constitutes a promising first step in the right direction, even if its stated ambitions are bound to be confronted with the reality of a divided and fragmented international community.

A significant test case will be the reform of the UN Security Council itself, which the Pact stipulates should prioritise representation

of the African continent. The United States Ambassador to the UN even went as far as to say that Africa should get two permanent seats—arguably without veto power—in what would be by far the most important change since the mid-1960s (when the seats were increased from 10 to the current 15). In all these respects, the COP29 conference in Baku and the G20 summit in Rio (bringing together the G7 and BRICS members, the European Union, and the African Union) constitute early opportunities to assess both its prospects and the overall trajectory of the fast evolving international system.



Security



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The State of Security Amid New Electoral Outcomes

by **Kartik Bommakanti**

Election results can influence and shape the external and internal security landscape of democratic countries. In 2024, several countries, including Bangladesh, Pakistan, India, and United Kingdom (UK), have held national elections, or else are preparing for them at the time of writing. The results of these elections have raised internal and external security concerns.

In January 2024, voters in Bangladesh elected Sheikh Hasina to a fourth straight term as prime minister, although the main opposition party—the Bangladesh National Party (BNP)—boycotted the election.¹ However, her fourth successive tenure was cut short by street protests, leading to a soft coup as the Bangladesh Army sided with protesters, forcing Hasina to flee to India.² Her overthrow was a setback for India, her government's



external ally. Internally, the safety and security situation, especially for Bangladesh's Hindu minority, has worsened since her departure.

In March 2024, Pakistan held elections where Imran Khan's Pakistan Tehreek-e-Insaaf (PTI) won the most seats in the National Assembly, despite the military supporting the opposition Pakistan Muslim League–Nawaz (PML-N).³ Nevertheless, the PML-N formed a coalition with the Pakistan Army. These political shifts are ironic, as the PTI was the Army's favoured party in the previous election. Prime Minister Shehbaz Sharif's PML-N-led civilian government, backed by the Army, struggles to improve relations with India, leaving security threats unchanged. Internally, Pakistan continues to face violence from sectarian groups like Tehreek-e-Taliban Pakistan (TTP), and an ongoing insurgency in Balochistan region.

India, the world's largest democracy, went through seven phases of general election from April to June 2024. The ruling Bhartiya Janata Party (BJP), led by Prime Minister Narendra Modi, was widely expected to secure a third successive term but scored a mixed verdict, resulting in a coalition government. Nevertheless, the outcome represented continuity under PM Modi.⁴ Since his election, the Modi government has experienced both gains and setbacks externally. Notably, the US and India signed the non-binding Security of Supply Arrangement (SOSA) agreement to facilitate reciprocal military supplies.⁵

In Europe, meanwhile, the UK saw the Labour Party, led by Sir Keir Starmer, return to power after a 14-year hiatus, securing a sweeping victory in July 2024. This outcome was anticipated, as the ruling Conservatives were bound to lose against the backdrop of frequent turnover of prime ministers, scandals during the COVID-19 pandemic, and failure to address illegal immigration. The Labour Party now faces public pressure over immigration, which has become an internal security challenge.⁶ An attack by a teenage British citizen of Rwandan heritage that killed three girls reinforced fears about immigration and immigrant communities in the UK.⁷ Meanwhile, the war in Ukraine and the repercussions of Brexit continue to pose challenges for London and continental Europe. In Germany, anti-immigrant sentiment has surged, particularly after the far right's recent electoral success in the eastern state of Thuringia, following a terrorist attack by a Syrian asylum seeker in Solingen.⁸

In the US, where elections are set for November 2024, a heated electoral battle is underway on issues like immigration and support for Ukraine in its conflict with Russia. Former President Donald Trump has pledged to clamp down on illegal immigration through mass deportations,⁹ and to limit Washington's support to Kyiv if he regains the presidency.¹⁰ Trump's opponent, Vice President Kamala Harris, has vowed to continue the Biden Administration's support for Ukraine while adopting a less stringent approach on immigration than her Republican rival.¹¹

Overall, the political shifts and electoral outcomes of 2024 resulted in a blend of upsets and continuity. From a security standpoint, countries that had elections faced persistent external and internal challenges. Immigration, terrorism, and insurgency remain hot-button issues, and for some nations, external threats have remained constant despite governmental transitions.

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Security and Geopolitics in the Sahel

by **Abdelhak Bassou**

The Sahel region has experienced over two decades of insecurity and instability due to various factors. The spread of terrorism after fighters from the Salafist Group for Preaching and Combat fled from Algeria to northern Mali¹ in the 1990s gave rise to armed groups motivated by extremist religious ideologies inspired by Al-Qaeda and Daesh. Another factor is the remnants of separatist ambitions, particularly in northern Mali, aiming for the independence of the Tuareg populations, who claim to defend a territory called Azawad. Finally, the dismantling of the Libyan regime in 2012 led to part of the Libyan arsenal being brought into the Sahel region,² mainly northern Mali, by Tuaregs in Libya.

This last factor, combined with the other two, marked the beginning of an era of instability that continues to reign in the three countries

of the Liptako-Gourma region. This instability has been addressed by European powers, mainly France, which was actively involved in combating terrorism through operations Serval (2013) and Barkhane (2014-2022), although without significant success.³ The G5 Sahel, which aimed to achieve multilateral security cooperation, also failed⁴ despite initial hopes that it would be able to neutralise the terrorist threat in the Sahel or resolve the separatist conflicts of the Tuaregs in Azawad.

The Impact of Coups: Stability or Uncertainty?

The insecurity and resulting instability had negative consequences on the basic needs (health, education, employment) of populations in Mali, Burkina Faso, and Niger, resulting in the rise of protest movements driven by civil society groups and political communities. The protests denounced the ruling governments and European (particularly French) presence, which had failed to deliver any results on violent extremism after eight years, instead serving to strengthen them. These protests culminated in coups in the three countries that resulted in juntas coming to power, and their first steps were to sever ties with France and pursue alliances with Russia.

The three regimes, sanctioned and even threatened with military intervention⁵ (as in the case of Niger) by the Economic Community of West African States (ECOWAS), created a mutual defence pact and an alliance, 'Alliance of Sahel States', in September 2023, which they later decided to elevate to a confederation. These measures were

accompanied by a collective declaration to withdraw from ECOWAS. Another significant consequence of the events was the unofficial dissolution of the G5 Sahel.

The situation that has since prevailed in these three countries has seen some successes—such as Mali's recovery of its northern regions—as well as failures, such as the continued terrorist attacks in all three countries. It is clear, however, that the coups and the measures adopted by the new governments are yet to bring about the desired stability. The current dynamic is complex due to the increasing number of actors involved and the ambiguity in relations between them.

A Complex Situation

The complexity of the situation is primarily due to the multiplicity of actors operating in the Sahel region. These include states (armed forces), the regional economic community, terrorist and separatist armed groups, foreign powers (the United States, Europe, Russia), and regional powers, as well as civil society movements and the political communities of the three concerned states.

This complexity is aggravated by divergent interests and a balance of forces that prevents any one party from imposing its will and ensuring stability, even if it is unjust or inequitable. As the balance of power shifts unpredictably from one side to another, the situation remains in a state of instability. Moreover, this region, where crises move either through spillover or contagion, forms a regional conflict complex where political,



military, economic, and social objectives intertwine. While the armed forces sometimes win against terrorist groups, the latter also carry out successful attacks and, in some cases, continue to occupy parts of the territory. Even though Russia currently seems to be gaining influence in the region, it is difficult to conclude that Western powers have lost all chance of regaining ground.

Russia's influence in the region, at the expense of European influence, reflects the transposition of ambitions from the Ukraine war to the Sahel. For Russia, dominating the Sahel is a step against Europe, which supports Ukraine. From the Sahel, Russia's Africa Corps aims to dominate drug-trafficking cartels and illegal-migration networks. Hence, it is possible that transnational criminal organisations will be transformed into actors in the regional geopolitics.

An Ambiguous Geopolitical Landscape

The multitude of actors and the diversity of interests in the Sahel have repercussions on the nature of relationships, the geopolitical landscape, and perceptions of opportunities or threats. While the three countries of the new Confederation of Sahel States seem to be in agreement about combating the threat of terrorism, actions on the ground reveal a certain mismatch between the resources and actions of the three countries. Burkina Faso, which experiences attacks by the Islamic State in the Greater Sahara, has fewer resources than Mali, which is fighting the Group for the Support of Islam and Muslims. Furthermore, Mali now appears more focused on fighting northern separatists than the

terrorists operating in the central and southern regions. Niger, for its part, is more threatened in the south by Boko Haram and needs to cooperate with countries of the Lake Chad Basin.

Additionally, relationships between the various forces are not without ambiguity. Algeria, known for its strong alliance with Russia, is currently in conflict with Mali,⁶ which is supported by Moscow. Several unofficial reports indicate strong support for northern separatist groups,⁷ also backed by Ukraine, against Bamako, an ally of Russia's Africa Corps.

Meanwhile, Niger, a member of the Confederation of Sahel States, is attempting to strengthen ties with Algeria—a country in apparent conflict with Mali and supposed to be Niger's ally. Niger's Prime Minister has been received by the Algerian president, and SONATRACH is about to resume its activities in Niger.⁸

The instability and insecurity in the Sahel, arising partly from the precarious socio-economic conditions and the intervention of terrorist groups, drug-trafficking cartels, and cross-border organised crime networks, do not appear to be heading towards the stability and security desired by its populations. The complexity of the geopolitical situation is exacerbated by the confrontation of divergent interests and the opposition of diverse and multiple actors using strategies that serve their interests without concern for the future of the region's populations, who will continue to suffer from the same afflictions that have persisted for over two decades.

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Post-Election Changes and Shifts in Global Nuclear Security

by **Shravishtha Ajaykumar**

Since February 2022, the Russia-Ukraine war has brought to the fore security priorities for NATO member states and their allies. The atrocities of the war have resulted in a spread of deeper conversations on prioritising security while ensuring de-escalation and disarmament.¹ While the war has affected eastern Europe and NATO directly, the serious escalation and spillover of the Israel-Palestine conflict has highlighted the urgency of disarmament and a renewal of security priorities across the globe. Despite these conflicts, security and the risks of escalation to nuclear warfare have taken a backseat in a year of elections. Leaderships have instead displayed an individualistic approach and aggressive intervention over diplomatic solutions. Across the globe, leaders must prioritise security to ensure that regional and global conflicts do not escalate.

Security Patchwork in the EU

The European Parliament (EP) elections in June 2024 resulted in the far-right increasing its strength through the European Conservatives and Reformists (ECR) and the newly formed Patriots for Europe group, along with the decline of liberal parties such as Renew Europe. During the Russia-Ukraine war, the European Union (EU) has navigated the need for unity and a coherent response to Russian aggression. The changing distribution in the EP challenges this need for a united front to address threats, response mechanisms, and cooperative security initiatives.²

In the United Kingdom (UK), the Conservative party remained steadfast in its provision of financial and military support to Ukraine. Labour Prime Minister Keir Starmer's commitment to making the UK military "fit to fight" and increasing defence spending to 2.5 percent of GDP has continued this response to global security challenges, maintaining the status quo of nuclear capabilities.³ This trend towards deeper military involvement could further push retaliatory action on behalf of Russia, which has already threatened a nuclear response.⁴

A New Start and Focus on Nuclear Security

The US is also vested in Russia's actions outside the NATO. In 1991, the US and Russia signed a framework document, the Strategic Arms Reduction Treaty (START I), promoting nuclear stability and accountability between the two countries.⁵ In 1993, the treaty was reiterated in START II and was undersigned by

both countries but was not implemented due to escalating Cold War tensions.⁶ The US and Russia signed the New START treaty in 2010, agreeing to monitor the number of deployed strategic nuclear warheads and delivery systems and adopting extensive verification mechanisms for compliance. This most recent version of the treaty, despite its validity till February 2026, risks echoing the cursory status of START II due to the invasion of Ukraine.⁷

The relevance of the new START was underlined in the June 2024 US presidential debate, with President Joe Biden on the Democratic side highlighting the need to update and replace the treaty with a more stringent version after its expiration. In contrast, Republican candidate Donald Trump indicated that Russia had not broken the agreement but found loopholes and further voiced concerns about China's nuclear showboating, leading up to his desire to increase the US payload as a deterrent.⁸ In the debate following the nomination of Kamala Harris as the Democratic presidential candidate, both Trump and Harris indicated their displeasure at the invasion of Ukraine; Harris emphasised standing with NATO and Ukraine via a democratic convention, and Trump highlighted personal intervention and a more aggressive US nuclear posture.⁹

The possibility of a renewed Trump administration's neo-isolationism has raised alarms among NATO allies.¹⁰ His previous term was marked by withdrawals from key treaties and an aggressive stance towards adversaries like North Korea and Iran, which



could significantly heighten nuclear risks.^{11,12} Already, the Kremlin has threatened a nuclear response to the use of conventional weapons on Russian bases by Ukraine.¹³ Such events highlight the need for a security doctrine that not only oversees security dynamics but emphasises accountability measures and the risk of nuclear weapons and associated escalation.¹⁴ If the outcome of the US election is following by actions that increase pressure on Russia, the latter may adopt a more aggressive posture, complicating potential peaceful outcomes and negotiations.¹⁵

India's Paradoxical Security Dynamic

India has a highly enmeshed relationship with the US, interacting in alliances like the Quad and dialogues around security and defence.¹⁶ Additionally, India's security landscape is influenced by its neighbours, Pakistan and China. These alliances and regional interactions contribute to India's unique global security landscape, and it needs to protect itself from growing regional threats of border terrorism and support disarmament in the global scenario. This indicates India's self-interest in security dynamics over a fundamental dogma that can be applied across the board.¹⁷ In the 2024 elections, the Bharatiya Janata Party (BJP) was re-elected in India. The growing nationalist sentiment that assisted in their re-election has also reinforced the 'zero tolerance' policy toward terrorism.¹⁸ Furthermore, India's nuclear doctrine, while highlighting the 'no-first-use' policy, also discusses 'massive retaliation' to an attack, even with conventional weapons.¹⁹

This dichotomy in India's nuclear policy highlights a paradox between deterring terrorism through the threat of retaliation while contributing to heightened tensions if misinterpreted, with significant implications for the region and its allies.²⁰ One such risk is India's historical ties with Russia, particularly in defence procurement, which may become strained if India is compelled to align more closely with the US and its allies. In parallel, Russia's relationship with China could also influence its stance on India's security policies.²¹

Changing political representation has highlighted the different priorities of each country. With the UK moving away from the Conservative party, to the reiterated approach to nationalist ideology in India, regional and multilateral alliances cannot be ignored. New leaderships globally need to facilitate discussions on security, specifically the escalation and non-proliferation of non-conventional weapons, highlight accountability for deployed and developed payloads, and promote disarmament. Such an approach will not only reduce the potential for escalation in the Ukraine region but also address regions of conflict such as Palestine and others that may arise in the absence of such discussions.

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The Sahel Conundrum: Security, Sovereignty, and Relations with the EU

by Lucia Ragazzi

Conflicts in Africa are on the rise, resulting in an increasing number of casualties, displacement, and suffering. The Sahel, in particular, is engulfed by security threats even as it stands at the centre of political shifts. Indeed, the region is a good place to start in identifying “short-circuits” in the relationship between European and African countries. Amid international tensions, mistrust, and the lack of a workable political framework, European countries have been struggling to find ways to support Sahelian states in responding to security issues and fostering development.

On 26 July 2023, a coup d'état in Niger brought a military junta to power. Far from being just another piece in the mosaic of unconstitutional changes of power that have taken place in the Sahel in recent years, this event accelerated the reshuffling of international alliances in the

region. Niger had long been a key partner for the system of international interventions deployed by European Union (EU) member states and the United States (US) in the region. However, after the military coup, the country experienced a turnaround, forging new collaborations with Russia and other partners, while France, the US, and others withdrew their troops; at the moment, Italy is the only EU member state with a military presence in the region.¹

Simultaneously, the shock of the Nigerien coup accelerated the fragmentation of regional institutions.² The junta in Niamey aligned itself with those in Bamako and Ouagadougou by abandoning the G5 Sahel counter-terrorism coordination framework, essentially marking its end, and created the Alliance des États du Sahel (AES), a political entity based on the goals of mutual defence assistance and potentially a future common currency and a common free movement system. In January 2024, the three countries declared their decision to leave the Economic Community of West African States (ECOWAS), the West African regional bloc, adding to the unpredictability and the tensions of the regional context.³

The EU and the US had long viewed their presence in the Sahel as a strategic necessity. A frontier at the crossroad of the Gulf of Guinea, Central Africa, and North Africa; a transit corridor for migration to the EU; and a haven for jihadist terrorist groups, this area had seen the deployment of large resources and energies to decrease its potential for international destabilisation.

According to the EU's strategic approach, interventionism on the military front to counter jihadist activism and regain the territories that had drifted out of state control went hand-in-hand with the objective of strengthening state institutions of the Sahelian countries and regional institutions, which were seen as the first interlocutors in this endeavour. However, these things take time, and as many of the objectives were not achieved and insecurity persisted in the region, this led to a crisis of legitimacy of Western partners.⁴

Sahelian countries are now in the process of diversifying their partnerships. Russia's involvement has made the most headlines, with Sahelian leaders contracting private Russian military companies, buying weapons (with Moscow already being the main supplier in the region for the period 2017-2022), and undertaking frequent high-level visits between Russia and Mali, Burkina Faso, Niger, and Chad.⁵ However, this should not overshadow other collaborations with China, Turkey, and Gulf countries, which include arms and defence agreements as well as political and economic partnerships; many of them were already in place, but new opportunities for collaboration are strengthening these ties.

Such diversification aligns closely with the Sahelian juntas' desire to reassert sovereignty over their national policy, especially when these agreements involve partners who follow a non-interference principle in their foreign policy. Their approach is different from the normative stance adopted by Western



countries, who had pursued—at least in principle—security efforts alongside objectives of development, good governance, and human rights protection.⁶ Supporting defence and supplying hard power resources are key objectives for Sahelian governments that are bent on enhancing their military capabilities to counter the action of armed groups. As Andrew Lebovich points out,⁷ the emphasis on sovereignty provides a way to break from the legacy of what is often perceived as an asymmetrical relationship with Western countries while legitimising their own modus operandi; thus, a newfound autonomy in decision-making is linked to their existential legitimacy and survival.

The situation on the ground in the Central Sahel continues to deteriorate.⁸ Economic indicators have worsened, and poverty has continued to rise.⁹ Insecurity remains severe, with new records for levels of violence being set year on year, following from increased jihadist activism and a governmental response of hardline warfare, with civilians caught in the middle.¹⁰ In Mali, Burkina Faso, and Niger, large parts of the territories remain beyond government control; the attack carried out by the al-Qaeda-affiliated Jama'at Nisrat wal Muslimin (JNIM) in Bamako on 17 September 2024 was the first in the capital since 2015. The war in Sudan is also having profound impacts in the region. Meanwhile, violent episodes have expanded to neighbouring countries. Attacks have occurred

in Benin, Togo, Ghana, and Côte d'Ivoire, as well as on Mali's borders with Senegal, Mauritania, and Guinea.¹¹

European countries and the US are redeploying to the littoral countries to establish their presence in the area. A simple containment approach, however, is not viable as a long-term solution, and European countries must find new ways of engaging with the challenges of the Sahel countries. In her 2023 State of the Union address, Ursula von der Leyen spoke of the Sahel as a European priority in Africa, despite the ongoing disengagement: "This is of direct concern for Europe, for our security and prosperity. So we need to show the same unity of purpose towards Africa as we have shown for Ukraine."¹²

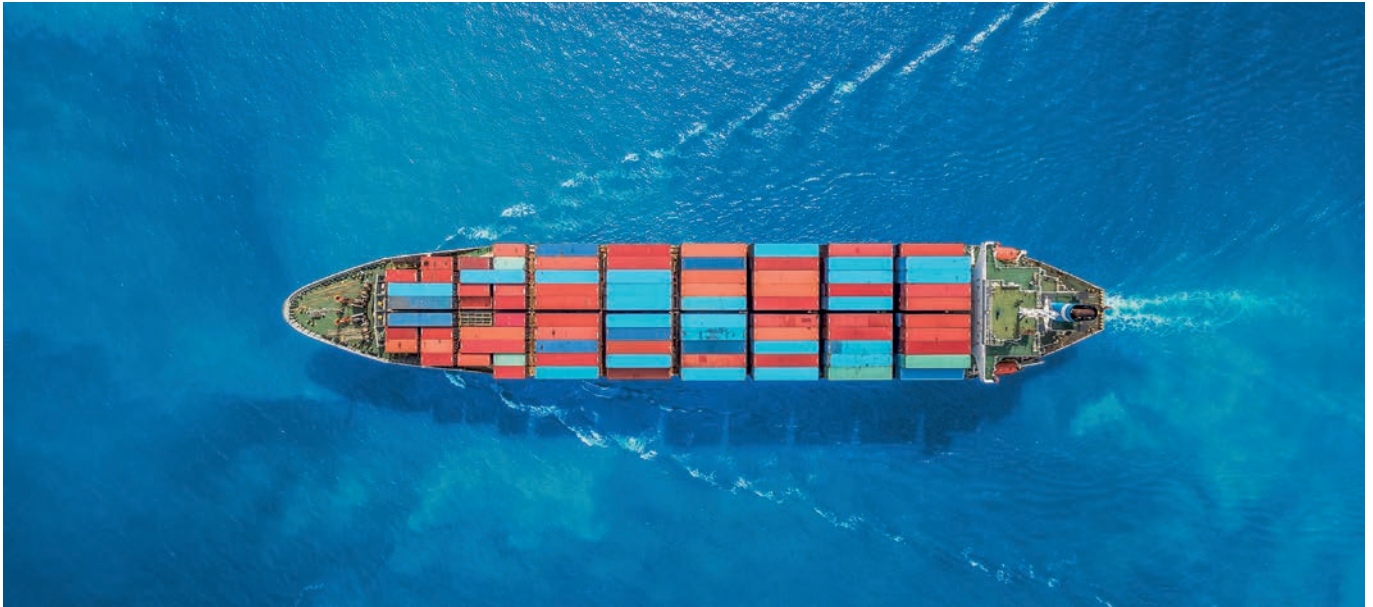
However, the compass of the EU's foreign policy has been pointing away from the region for the past few years. Security, diplomatic, and economic priorities set by the war in Ukraine and the crisis in the Middle East have overshadowed the Sahel; in the run-up to the European elections of June 2024, Africa was largely absent from the political debate.¹³ European countries have so far been unable to find a coherent foreign policy position in the region; from France's hardline stance, to the deflection of Germany and others, to Italy's more dialogical approach, a truly European voice is currently lacking. However, simply forgetting the Sahel is not recommended.

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Global Dynamics in a Year of Domestic Contestations and Political Shifts



Economy and Development



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Trade Resilience Amid Rising Protectionism and Trade Wars

by **Lucia Tajoli**

After the burst of the trade war between China and the United States (US) during the first term of President Donald Trump, global protectionism has become the “new normal”, albeit with a less aggressive tone. After decades of being “out of fashion”, tariffs and protectionist measures are now frequently used worldwide. Since 2019, according to the Global Trade Alert, the number of new discriminatory interventions implemented worldwide tripled each year, rising from 923 to a peak of 2,803 in 2023, with 2024 poised to set a new record.¹

While barriers and protectionist interventions were often observed as exceptional and temporary responses to economic stress, they have now become commonplace, even among countries that had traditionally supported free trade and liberalisation. The



supposed reasons for these actions include the pursuit of greater “autonomy” or self-sufficiency in the production of strategically important goods (regardless of the costs and inefficiencies imposed by these choices), and the retaliation against countries not respecting the rules applied in global markets.

Trade Conflicts Between China and the West

Based on these motivations, China remains one of the main targets of protectionist measures. Even after the end of the first Trump presidency, the US kept and even increased tariffs on goods imported from China.² The G7 Leaders' Communiqué released in June 2024³ toughened its language on China's alleged overcapacity and its economic model's misalignment with WTO principles, stating that the G7 countries “will continue to take actions, as necessary and appropriate, to protect workers and businesses from unfair practices, to level the playing field and remedy ongoing harm.”⁴ While some countries (particularly Germany, the world's third exporting and importing country by value) expressed reservations about the harsh tone, the final statement remained unchanged. Additionally, the communiqué explicitly referenced China's position on the Russia-Ukraine conflict, confirming the growing detrimental impact of military conflicts on trade relations.

The issue extends beyond the two trade giants, with tensions remaining high between the “North” and “South” or “East” and “West” in global trade. The WTO has observed increasing fragmentation in trade flows

since the outbreak of the Ukraine war in 2022, with exports and imports reorienting along geopolitical lines. Estimates suggest that trade between hypothetical blocs of economies holding similar political views (based on UN General Assembly voting patterns, labelled as ‘East’ and ‘West’) has grown 4 percent more slowly than trade within these blocs since the invasion of Ukraine.⁵ This trend primarily affects less complex products, where alternative suppliers are easier to find. However, the report also underlines, there are no signs of recent geopolitical tensions that have led to an overall trend towards regionalisation of global trade, or near-shoring. No continent is showing signs of increased trade regionalisation, suggesting that changing trading blocs have formed more along political than geographical lines.

Additional motivations are complicating the evolution of trade patterns. In 2024, electric vehicles (EVs)—central to environmental policy, especially in the EU—became a primary focus of the trade war. In May 2024, as part of a broader battle against Chinese tech, the US raised their duty on Chinese EVs to 100 percent.⁶ In July, Canada launched a consultation on what it called “unfair Chinese trade practices” in the EV industry, followed by EU imposing a provisional tariff of up to 38 percent on Chinese EVs.⁷ In response, China launched an anti-dumping probe into European brandy, and China's ministry of commerce vowed to investigate whether the EU tariffs constitute barriers to free trade, potentially bringing the case to the WTO.

Meanwhile, firms on both sides fear getting caught in the crossfire. American tech firms face severe restrictions when entering the Chinese market, ostensibly on grounds of national security. European car producers see their sales in China at risk, while EU environmentalists fear that these policies might slow down the transition to sustainable mobility. Meanwhile, China's government finds itself in an uncomfortable position; it wants to appear tough against foreign economic powers while signalling openness to foreign investment amid a slowing economy. Therefore, the Chinese government opted for a different strategy of export restrictions, having already curbed exports of gallium and germanium, two minerals whose production is controlled by Chinese firms, and which are crucial for electronics, including electric cars. Ultimately, free trade is likely to be constrained, at high costs for many.

Addressing the New Wave of Western Protectionism

As mentioned earlier, the ripple effects of the evolution in trade policy are affecting many other countries. US efforts to decouple from China and bring supply chains closer to home are intensifying trade through other countries, primarily Mexico, whose trade with the US has increased alongside its imports from China. This additional distortion can only partly benefit Mexico, which might compensate for an erosion of its manufacturing capacity with a greater role as a transit country for intermediate goods coming from Asia to the US.

The EU's carbon border adjustment mechanism (CBAM), even if designed with good intentions, is affecting exports from poorer countries, such as Mozambique's aluminium exports, or Zimbabwe's iron and steel exports, which tend to be heavily penalised by the CBAM. Exporters to the EU will eventually have to contend with a deforestation directive, requiring firms to prove their products were not produced on land that was forested before 2021, and a corporate-sustainability directive forcing businesses to disclose emissions throughout their supply chains—all heavy regulatory duties for emerging countries.

India complained against the CBAM at the WTO, but no formal case has been opened yet. Overall, emerging economies do not appear to have a common strategy vis-à-vis the new wave of Western protectionism. For them, remaining open and maintaining access to world markets is a vital growth opportunity, and full-fledged trade wars are against their interests.

This "stubborn" pro-trade attitude among many countries might explain the WTO's latest projections for world trade, released in October 2024, which forecast an increase in goods trade of 2.7 percent for 2024, and 3 percent for 2025.⁸ The report states that while risks are greater on the downside, trade is expected to continue to display its resilience even in this new complex scenario. In spite of all the muscle-flexing, countries seem cognisant of the high costs in terms of welfare of giving up their gains from free trade.



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Global Economies in the Headwinds of Elections

by Nilanjan Ghosh

The year 2024 has been marked by pivotal elections in major economies, including the European Union (EU), India, African nations, Latin American countries, and the United States (US).¹ The electoral outcomes will be associated with concomitant economic strategies of nations that will influence not only their domestic economies but also their engagements on the global economic front. The outcomes can deeply impact global macroeconomic parameters such as inflation, interest rates, global supply chains, and trade dynamics, thereby emerging as determinants of the global geoeconomic trajectory.

The general elections in India witnessed the incumbent National Democratic Alliance's (NDA) continuity at the helm in New Delhi, though with a diminished number of seats



compared to their previous records.² Therefore, to a large extent, there has not been any structural break in the economic policies that followed. India, following its consumption-driven growth trajectory, stands as a crucial driver of global economic growth, backed by strong domestic demand. As per the International Monetary Fund (IMF), India's projected real growth rate of 7 percent in 2024-25 and 6.5 percent in 2025-26 will be the highest among the major economies; the previous fiscal year has already resulted in an 8.2-percent growth.³

Since the COVID-19 pandemic, which disrupted fiscal variables for the economy, there have been attempts to incorporate fiscal discipline. Estimates suggest that, from more than 9 percent of GDP in 2020-21, the budget estimates of the fiscal deficit have reduced to 4.9 percent of the GDP in 2024-25.⁴ This has also been associated with controlled inflation of around 5 percent, attributed to market intelligence and negotiations with crude oil procurement from Russia, and efforts by the Reserve Bank of India to balance inflation control with support for growth.⁵ Additionally, foreign investment in India's fixed-income market is on the rise, fueled by the inclusion of Indian government bonds in global indices, which is expected to attract US\$25-30 billion in passive inflows by March 2025.⁶ India's external economic policies, which include the signing of trade agreements, and connectivity initiatives like the India-Middle East-Europe Economic Corridor (IMEC) are situated to play crucial roles in reshaping global trade patterns if properly implemented. India has also been

a leader in renewable energy and climate mitigation.⁷

Meanwhile, elections in 19 nations across the African continent could reveal interesting trajectories.⁸ While some of these countries have concluded their general elections, 10 countries are yet to witness what the elections hold.⁹ Following challenges such as power blackouts and a massive slump in growth to 0.6 percent in 2023, South Africa witnessed a landmark coalition between the African National Congress (ANC) and its main opposition Democratic Alliance.¹⁰ In contrast, despite challenges with high interest rates and energy costs, Rwanda saw over half a million new jobs created between October and December 2023 and a real GDP growth rate of 97 percent in the first quarter of 2024, resulting in a landslide victory for its incumbent, the Rwandan Patriotic Front.¹¹ Rwanda's pro-China stance continues to attract Chinese investments, although the decision of continuing the stance in the face of China's 'debt-trap diplomacy' in the African continent remains questionable.

In Latin America, polls are being held in six countries in 2024: El Salvador, Panama, the Dominican Republic, Mexico, Venezuela, and Uruguay.¹² Mexico witnessed a landmark election, with Claudia Sheinbaum becoming the first woman to be elected president.¹³ However, political uncertainty regarding policy continuity poses risks to momentum, particularly concerning trade relations. Meanwhile, Uruguay awaits the results of its presidential elections amidst critical

decisions on its social security programmes, which are expected to have significant economic implications.¹⁴

In Europe, recent electoral outcomes reveal increased representation for populist far-right groups.¹⁵ High inflation rates, primarily driven by soaring energy costs and ongoing supply chain disruptions, pose significant challenges for the European Union (EU). This is coupled with soaring fiscal problems; in light of the economic headwinds that result in economic stagnation, the European Central Bank is considering a second consecutive rate cut in its upcoming monetary policy meeting.¹⁶ This stagnation is slated to continue due to skewed demographics as a result of an ageing population, thereby increasing its dependency ratio.¹⁷ This has resulted in a smaller labour pool contributing to the macroeconomy and a decline in effective demand from low consumption expenditure.¹⁸ The EU might need to consider labour migration from other parts of the world to circumvent the problem of a stagnating economy. Complicating the situation is the political instability in various EU member states such as Italy and Hungary, and the economic challenges faced by smaller states like Slovenia and Latvia. These divergent political landscapes can impede the cohesion in policy responses to economic challenges.

The US presidential election in November 2024 is slated to shape fiscal, monetary, and trade policies, affecting the US economy

and the interconnected global market. In June 2024, the IMF indicated strong positive growth for the US economy over the next two years while raising concerns about the outcomes of the 2024 presidential election and its impact on tariff policies.¹⁹

With Trump's victory, it is now expected that 'anti-China protectionism', building on the US-China trade war that began in January 2018, will be further reinforced. While such protectionism was also prevalent during Biden's administration, a renewed Trump term could lead to even stricter tariff and non-tariff measures to curb imports from China. While one may apprehend that such protectionist measures can spur inflation, slow down global economic growth, and lead to an increase in unemployment, Trump's tax proposals can counteract this impact. Trump's tax cut proposals, once implemented, are estimated to spur growth and increase long-run GDP by 0.8 percent, capital stock by 1.7 percent, wages by 0.8 percent, and create around 597,000 full-time-equivalent jobs.²⁰ This will have a positive impact on the global economic growth rates and the job market, given the high consumption propensity of the US economy and its linkages with the global economies. Further, the developed world and emerging economies forming regional trade blocs, economic corridors, and connectivity initiatives like the US-backed IMEC will add to the global economic growth forces challenging China's Belt and Road designs. US-China trade war escalation will also provide opportunities for emerging



global economic powers like India and Vietnam to step up their game in global value chains and provide impetus to global economic growth.

Agenda 2030 and Climate Financing

The election year 2024 is expected to be a watershed year for the global economy. The political shifts in the US, the EU, and the large economies of the Global South will shape important financial and economic policies that will define the course of Agenda 2030. The world is already lagging in the Sustainable Development Goals, as revealed by the 2023 mid-term assessment.²¹ Existing climate financing chasms are a cause for concern, especially for adaptation financing, which is urgently needed for the Global South but is not getting adequate attention from most Development Financial Institutions (DFIs) and Multilateral Financial Institutions (MFIs).²² Under such circumstances, any insulating moves by economies in the Global North and Global South, with shrinkage in North-South and South-South transfers, will further aggravate the situation.

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Resisting the Temptation of Industrial Policy: Africa's Strategy in a Shifting World

by **Abdelaaziz Ait Ali**

The world is currently experiencing increasing economic and geopolitical tensions among global powers. China's rise has disrupted the global equilibrium, prompting responses from Western countries, particularly the United States, determined to maintain their hegemonic status. A manifestation of these tensions is the surge in economic policy interventions that challenge the principles of the liberal order. These interventions have primarily taken the form of aggressive industrial policies aimed at consolidating strategic autonomy, limiting China's ascent, and leading the global green transition.

The Return of Industrial Policies

There is widespread acceptance of the use of industrial policy, with the International Monetary Fund acknowledging the trend,

and subtly endorsing and rationalising it in its latest report.¹ Industrial policies include a wide range of economic measures, with subsidies and trade policy as the primary tools. Although the tools are familiar, the objectives have evolved.

Security concerns are becoming more prominent objectives² and gaining more political support. Another shift is the scale of these policies. While advanced economies have historically deployed industrial policies, this has now reached unprecedented levels.³ Notably, advanced countries are now transparent about their choices, whereas in the past, such measures, which often violated free trade principles, were not publicly acknowledged. For example, the United States's Inflation Reduction Act (IRA) violates World Trade Organization (WTO) principles,⁴ particularly with its requirements on local content. The European Union (EU) has not gone as far but openly signals its willingness to do "whatever it takes" to secure its competitiveness and economic future.

Emerging economies, especially China, have also long employed these tools. The US and EU have frequently complained that China's industrial strategies violate WTO principles, leading to unfair competition. This friction is evident in recent measures, such as the countervailing duties imposed on Chinese electric vehicles, in response to alleged unfair subsidies.⁵ Countries like India and Brazil have also historically relied on an active industrial policy,⁶ and it is expected that they will continue to do so.

The Case of Africa

For years, developing countries in Africa have viewed free trade and competition as the keys to a well-functioning market. Market inefficiencies required minimal and precise interventions, and trade was not a zero-sum game. A number of African countries adopted these strategies, believing that integration into the global economy through open market principles would be their path out of economic hardship. This approach often meant stepping back from state interventions that once directed the market.

For example, Morocco's success in setting up a vibrant automotive sector can be attributed to several factors, but the establishment of the ecosystem was supported by different forms of domestic subsidies to investment, training, and loans.⁷ In addition, Morocco has long used a preferential tax system to attract companies to specific economic zones, primarily to export to global, particularly European markets. However, Morocco was recently labeled a tax haven and faced threats of retaliation from European counterparts. In response, Morocco aligned its tax system with international demands,⁸ losing one of its key levers to attract foreign investment.

The global narrative is shifting. Superpowers are increasingly focused on their own advancement, questioning the system they once supported. The erosion of the manufacturing sector and its economic consequences, particularly for low-skilled workers, have been central to debates in advanced countries. In both the US and Europe,



there has been a growing focus on bringing back manufacturing jobs. China has been accused of exploiting the global system for its own benefit, often at the expense of advanced economies, particularly the US. Newly elected President Donald Trump has claimed that “China is stealing our jobs”⁹ and driving de-industrialisation in the US. While evidence has shown this claim to be largely inaccurate, it has gained traction and influenced the direction of US economic policy.

Meanwhile, developing countries, particularly in Africa and Latin America, have long witnessed the limitations of globalisation. Many of these countries have found themselves to be stuck in low-value segments of the global supply chain and reliant on the export of primary commodities, which exposes them to economic and political instability. Forty-six out of 54 African economies are considered to be dependent on primary commodity exports.¹⁰ For Africa, the reality is stark: the continent’s total manufacturing exports are lower than those of a single country such as Vietnam. In 2023, African manufacturing exports were valued at around US\$142 billion, while those of Vietnam reached US\$302 billion.¹¹ This highlights the failure of industrialisation in the continent, with globalisation playing a partial role in this outcome.

A Strategy for Africa

As global dissatisfaction with the current model of globalisation grows and debates around a more inclusive and resilient framework emerge, African countries must consider their strategies carefully.

First, African countries should avoid being distracted by global fragmentation trends and instead focus on deepening regional integration. Africa’s strength lies in its ability to integrate, achieving the scale necessary to effectively negotiate the changing environment to reap the benefits while mitigating risks. For Africa, integrating, while the rest of the world disintegrates, is the right course of action.

Second, Africa should resist the temptation to embrace industrial policy tools such as subsidies and trade barriers. While industrial policy is being hailed as the solution to economic problems, it can also foster rent-seeking behaviours, especially in poorly governed systems such as many in Africa, where political influence is pervasive in the economic sphere.¹² Moreover, subsidies are costly, and Africa, which is already struggling to secure financing for critical infrastructure and education,¹³ cannot afford to lose revenue through such measures. Tax expenditures, for instance, account for approximately 2.5 percent of GDP in Sub-Saharan Africa and even higher in North Africa, representing a significant loss of tax revenue for a continent facing mounting debt.¹⁴

Even if Africa is to adopt industrial policy on a large scale, its success would depend on the broader business environment. Industrial policy is not a shortcut to development or economic transformation. Addressing the real barriers to growth should be Africa’s priority. Human capital development that leverages the continent’s youth population needs to be at the centre of any economic strategy.

Governance must also be adapted to current needs to foster a vibrant private sector. Infrastructure investment, starting with necessities and progressing to more advanced technological infrastructure, is crucial. Similarly, labour market reforms will require a strong commitment from policymakers to drive transformation.

Relying solely on industrial policies with targeted interventions will not lead Africa to success. The real path to economic growth lies in improving the business and political environment, along with deepening continental integration. At the same time, Africa must remain mindful of the ongoing power struggles between global giants and position itself strategically to seize any emerging opportunities.

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Voters are Out of Patience: Elections and the Global Economy in 2024

by **Mihir S Sharma**

The year 2024 has been unusual. More voters have gone to the polls than in any year before, and by a considerable margin—hundreds of millions went to the polls in general elections in India, Indonesia, the European Union, and the United States; almost 100 million in the Russian Federation; and tens of millions in France, Pakistan, Bangladesh, Iran, Japan, Korea, and the United Kingdom (US).

It would be futile to attempt to discern a single message in what such disparate electorates might have to say about the global economy. However, there are distinct trends, some pre-existing and some new, that were evident in this year of democratic transitions. The most important appears to be that the return of state-led populist economics now appears to be incontrovertible. This has been



on the agenda for some time now—at least since 2016, the year of Brexit and Donald Trump. It is now increasingly clear that the era of liberal economics has been replaced, at the direction taken by electorates around the world, by something more complex.

In some ways, the effects of the financial crisis of the late-2000s are only now playing out in politics. Voters have little patience for the growth-first and trade-promoting arguments that were central to the political landscape prior to the crisis as well as the austerity programmes and lowered expectations of economic dynamism—and therefore jobs and welfare—that has marked the decades since 2008.

In the West, politicians in Europe and the US have taken advantage of widespread resentment—in their various forms—to push for increased subsidies and to promote nationalist champions. It is also likely that a backlash to the increasing costs of energy and higher regulatory burden associated with climate action is beginning.

In parts of the Global South, voters have shown support for populist policies, whether delivered by politicians from the left or right of the political spectrum. From a strictly economic perspective, there is no significant ideological gulf between victorious candidates in countries as otherwise diverse as Indonesia, India, and Mexico.

Voters in the Global South also appear to be rewarding candidates who promise to re-centre supply chains and economic links around their

own countries. Economic nationalism is in vogue, whether it is the Indian commitment to 'Make in India', Indonesian attempts to onshore the processing of critical minerals, or Mexican restructuring of property rights around oil.

Not all these promises will be fulfilled—indeed, they cannot all be fulfilled, since reshoring is something of a zero-sum game. But there is no doubt that voters have demanded that a competitive economic nationalism be attempted over the coming decade.

There is also little patience with decayed welfare states, in both the Global North and Global South. Successful parties have to demonstrate that they will be able to restore or improve welfare provision. This is difficult to achieve at a time when national budgets are severely stressed after heavy global spending during the pandemic. Indeed, these demands from voters are coming at a time when borrowing from the markets has become increasingly difficult, particularly but not exclusively for countries from the Global South.

In the West, new leadership in the UK is mindful that markets have lost patience even with countries that have reliable and deep institutions, as was evident when the pound tanked and interest rates exploded under former Prime Minister Liz Truss. In many African countries, leaders face a difficult choice between expanding market borrowing and going to the International Monetary Fund. Few political leaders seem willing to tell voters what they need to hear—that there is no such thing as free welfare.

Finally, voters across the world expect their state to re-invest in infrastructure. Large infrastructure projects are a hallmark of nationalism-populism—again, whether from the left or the right. However, the long-term finance needed for such projects has been monopolised by large borrowing programmes launched by countries such as the US, leaving little for other nations where voters are demanding improvements.

The return of state-led economic populism, as evident in this year of elections, may leave electorates angrier than before if the promises made to them are not fulfilled. It is perhaps ironic that the demands on democratic states are that their governments behave in the economic sphere like the People's Republic of China—the one country that is unlikely to have open and free elections anytime soon.



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The Global State of Gender Equality: Elections and Conflicts Take a Toll

by **Sunaina Kumar**

The world is off-track to achieving global goals on gender equality; if at all, those targets will have to wait until the 22nd century. According to the 2024 SDG Gender Index,¹ between 2019 and 2022, nearly 40 percent of countries—home to over 1 billion women and girls in 2022—saw either stagnation or a decline in gender equality. At this rate, the report warns, global gender inequality could be worse by 2030 than in 2015, when the SDGs were adopted.

The intersecting crises of recent years—from the COVID-19 pandemic and rising global conflicts to the worsening climate crisis and economic fragility and inequality, have disproportionately impacted women, who bear the brunt of economic and environmental shocks. In 2024, the risks of backsliding

on gender equality have intensified further amid the two dominant trends of the year: elections and conflicts.

Women's Votes as Pillars of Democracy

This past year of numerous elections across the world has seen the emergence of women voters as crucial drivers of participatory democracy, particularly in big democracies like India and the United States, with women voting at higher rates than men. However, despite this increased participation, women remain marginalised from decision-making roles worldwide. The World Economic Forum's *Global Gender Gap Report for 2024* highlights crucial gaps in women's political participation, which is critical in building democracies and advancing gender equality.²

An analysis showed that out of 42 parliamentary and presidential elections in 2024, less than 20 women are contesting seats.³ Globally, only 26.9 percent of parliamentarians in single or lower houses are women, and 113 countries have never had a female head of state.⁴

Barriers to women's political participation remain steep in many parts of the world. In countries like India, where legislated gender quotas are in place, women's participation has improved at the local level although they continue to be excluded from the highest levels of electoral politics. Reserving seats for women through quotas is among the most effective ways to counteract the biases faced by women in politics.

Crises and Their Disproportionate Impacts on Women

In the past year, wars, conflicts, and massive displacement has taken a toll on gender equality goals. According to the *UN Women Gender Snapshot Report 2024*,⁵ for example, women and girls in conflict settings face heightened risks to their physical and mental health.

The crisis in Sudan, home to the largest internally displaced population in the world, has impacted pregnant and breastfeeding women, who are suffering from acute malnutrition and face severe health complications. In Gaza, Lebanon, Afghanistan and Ukraine, women are more vulnerable to gender-based violence, food insecurity, and infectious diseases, as conflicts exacerbate existing barriers to health care and other critical resources.

The climate crisis disproportionately affects women too, with projections indicating that, in a worst-case scenario, global warming can potentially push up to 158 million more women and girls into extreme poverty by 2050.⁶ The climate crisis threatens women's livelihoods and food security. Indeed, this year alone, 47.8 million more women than men faced food insecurity.⁷

Harnessing digital technology is essential for achieving gender equality, as it has a multiplier effect, providing women and girls with access to education, employment, and entrepreneurial opportunities. Although efforts to close the gender digital divide



have shown some progress, the gap is still substantial, with 244 million more men than women using the internet in 2023.⁸

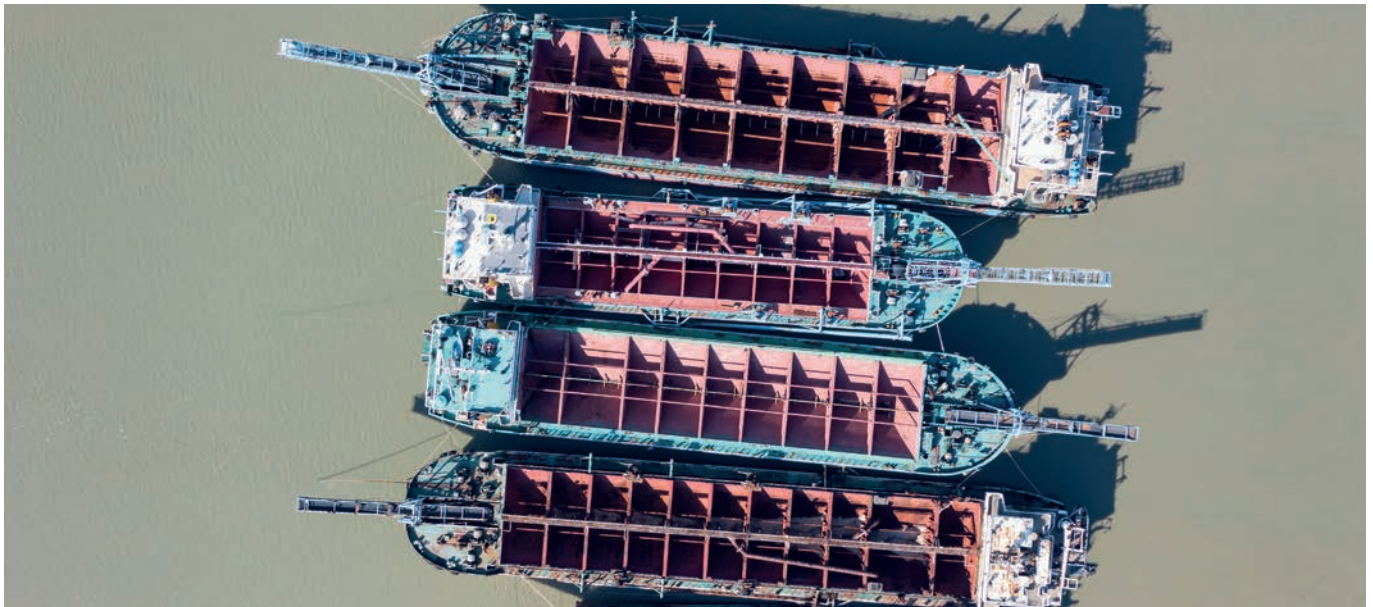
Compounding the challenge is the decline in financing for gender equality amid a fragile geopolitical environment and the climate crisis. In 2021-22, the share of bilateral development finance specifically targeted for the policy aim of gender equality decreased to 43 percent from 45 percent in 2019-2020, with private philanthropy contributing only 8 percent of the total.⁹ This decline coincides with an overall reduction in development finance since the pandemic. Boosting both public and private financing for gender equality is a critical way forward.

Investing in women and girls is essential for building inclusive societies. Such investment stimulates growth and productivity, yielding long-term economic and social benefits as economies expand and health and education outcomes improve.

The United Nations recommends six lines of action for investing in gender equality in the run-up to the deadline of Agenda 2030. These are: ensuring women farmers have access to land and resources; gender-responsive clean energy transition; closing the digital gender divide; addressing gender gaps in education and economic opportunities; investing in social protection systems and the care economy; and redistributing resources to build gender-inclusive resilience to climate change. Underlying these investments is the need for ensuring women's leadership in science, technology, innovation, climate policy, and politics.

Progress towards gender equality is both urgent and challenging. The increase in global fragility amid the intersectionalities between gender and climate, conflict, and economic downturn, has worsened the vulnerability of women. Countries must place gender equality at the core of all initiatives.

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The U.S.-China Trade War: Implications for the Global South

by **Hinh T. Dinh**

The ongoing trade war between the United States (US) and China, which began in 2018, has impacted the global economic landscape, particularly for developing countries. For decades, the US has criticised China's trade practices and thrown allegations such as intellectual property theft, forced technology transfers, and state subsidies that give Chinese companies an unfair advantage in global markets.¹ China has viewed many of these criticisms as attempts to stifle its economic rise and maintain US hegemony in the global economic order.

In 2018, the US imposed substantial tariffs on Chinese imports, which China reciprocated.² It is estimated that the average US tariff on Chinese imports rose from 3.1 percent in 2018 to 19.3 percent by 2019, while China's average tariff on US goods increased from 8 percent to 21.1 percent.³ As a result, China's market share

of US imports decreased from 21.6 percent in 2017 to 13.7 percent in 2023, while foreign direct investment in China declined from over US\$100 billion in 2018 to just US\$6 billion in the first half of 2022. Estimates suggest that the tariffs cost China's economy between 0.31 percent and 0.36 percent of GDP annually, amounting to US\$190-221 billion over five years.⁴ The US experienced a small negative effect on overall economic welfare and real incomes in the short run, with an estimated GDP loss of around 0.13 percent.⁵ The tariffs did lead to an increase in the value of domestic US production for directly affected industries, averaging 0.4 percent annually.

However, the effects of the trade war extend far beyond these two economic giants. Bystander countries have had varied responses to the increased tariffs on the US and China.⁶ Some countries that are more integrated into global trade networks benefited from the trade diversion, as companies sought alternatives to Chinese products.^a Others, especially resource-exporting countries, faced adverse impacts from decreased demand for commodities due to the slowdown in Chinese economic growth.⁷

In 2024, the European Union (EU) joined the trade war and proposed new tariffs on Chinese electric vehicles (EVs), claiming that China's subsidies are distorting competition. In response, China launched an investigation into European subsidies on dairy products, sparking a trade dispute. The EU is considering more assertive and protectionist trade measures to protect key industries from unfair competition, including expanding its bilateral trade agreements to secure critical resources and protect supply chains.⁸

'Friend-shoring',^b which has gained traction in recent years, adds further complexity to global trade. The US and the EU are at the forefront of this shift, focusing on securing supply chains for essential raw materials, commodities, and manufactured goods from politically aligned and economically stable partners.

This trend poses a challenge for many developing countries, especially in Africa, which have been notably absent from current friend-shoring initiatives. While the US has introduced a new strategy for Sub-Saharan Africa,⁹ it lacks concrete commitments to friend-shoring.^c Being excluded from friend-shoring networks

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- a For instance, Haberkorn et al. (2024) of the US Federal Reserve found that Mexico and Association of Southeast Asian Nations (ASEAN) have benefited from US-China trade tensions as production shifts from China to these regions.
 - b 'Friend-shoring' refers to the practice of relocating supply chains to countries considered to be allies or friendly nations. This strategy aims to reduce reliance on countries with divergent political interests, such as China, while strengthening economic ties with allies.
 - c This strategy harnesses US diplomatic, development, trade, commercial, and defense capabilities to achieve four objectives: foster open and transparent societies; strengthen democratic institutions and regional security; drive economic recovery and growth in the post-pandemic era; and support conservation, climate adaptation, and equitable energy transition (The White House, 2022).



could lead to trade diversion, reduced foreign direct investment, challenges in job creation, limited competitiveness, decreased technology transfer, and diminished benefits from multilateral trade initiatives.

Difficult Choices and Strategic Autonomy

Given the complex dynamics between the US, China, and the EU, developing countries must make difficult choices about where to align their economic and geopolitical interests. These decisions are not merely about choosing between markets; they also involve broader considerations of strategic autonomy and long-term development goals.

For many developing countries, the best approach may be to pursue a strategy of non-alignment, maintaining economic relationships with all three global powers while avoiding becoming overly dependent on any one of them. This approach will allow countries to maximise their economic opportunities while maintaining flexibility in a rapidly changing global landscape.

However, non-alignment is not without its challenges. Developing countries must navigate the competing demands of the US, China, and the EU while managing their own domestic economic and political pressures. Continued friend-shoring practices by the three powers could force countries to choose sides, particularly in sectors such as technology and critical infrastructure.

One crucial concern among developing countries is that rising protectionism from the US and the EU will lead to an increase in

China's exports to the Global South.¹⁰ This concern is grounded in three factors. First, Chinese exports are highly competitive across a range of goods, from low- to high-value-added products, due to an efficient production ecosystem that combines massive economies of scale, a vast domestic supply chain, organisational efficiency, and a well-trained and experienced workforce. Second, China's 2023 exports reached US\$3.5 trillion, with roughly half directed to the US and the EU.¹¹ Increased protectionism from these markets could divert this surplus toward developing economies, as China's production capacity is geared to exports rather than domestic consumption. Third, recent research reveals a trade war-induced shift, with US trading partners importing more from China; between 2019 and 2022, China's share of ASEAN imports rose by 1.5 to 4 percentage points, primarily in tariffed goods, while Mexico saw a similar increase of 0.5-2.5 percentage points, also concentrated in tariffed goods.¹²

Strategies for the Global South

To strengthen their position amidst these challenges, developing countries can adopt several strategies. One approach is regional integration, enhancing trade within regional blocs such as the African Continental Free Trade Area (AfCFTA) or ASEAN, creating larger markets, and boosting resilience against external shocks. South-South cooperation offers another path, fostering trade, knowledge-sharing, and technology transfer among developing nations to reduce

reliance on the US, EU, or China. Strategic protectionism can safeguard key industries but must be carefully managed to avoid breaching the World Trade Organization (WTO) rules and triggering retaliation.

Diversifying economies is also crucial. This involves reducing the dependence on single sectors or trade partners by investing in education, innovation, and infrastructure, particularly in high-value industries such as technology and green energy. Developing a strong manufacturing sector through an industrialisation drive is essential for securing a place in global supply chains and attracting friend-shoring. Additionally, long-term investment in education and research and development (R&D) will help build a skilled workforce and foster innovation, enabling developing countries to create unique competencies and compete more effectively in the global economy.

The US-China trade war has created a complex set of challenges and opportunities for developing countries. As the global economic centre of gravity continues to shift, the voice and influence of developing countries in shaping international trade rules could grow stronger. Success will require balancing strategic autonomy with productive engagement in the global economy. Countries that can navigate these dynamics, leverage their strengths, and forge strategic partnerships will be best positioned to turn the challenges posed by great-power competition into opportunities for their development and prosperity.

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Submarine Cables: A Crucial Infrastructure for Global Connectivity

by **Ludovica Favarotto** and
Alessandro Gili

Data plays a crucial role in today's world; from financial transactions to online shopping, from academic research to social media, our activities rely on, and generate data through the internet. This flow of information relies almost entirely on a global network of fibre-optic cables laid on the ocean seabed.

These underwater 'cable highways' connect the world's data centres and internet hubs to ensure global communications, making it possible to exchange data, services, and investments. Approximately 99 percent of the world's internet traffic¹ transits through a submarine network, facilitating financial transactions worth more than US\$10 trillion daily.

These infrastructures, which are at the core of global economy and security, are



set to become a key component in digital transition. Connectivity will become essential in implementing joint projects on Artificial Intelligence (AI), data centres, the cloud, and the Internet of Things (IoT).

It has been estimated that, by early 2024, a total of 574 commercial submarine cables² will be in operation or at least being planned, mainly owned by private companies. In addition, a US\$10-billion cable expansion is set to bring approximately 78 cable projects³ spanning over 300,000 km, between 2023 and 2025. As the digital transition continues, the demand for submarine cables will only intensify; indeed, their number is expected to grow by around 30 percent⁴ per year in the next decade. The ultimate objective⁵ is to achieve a coverage of over 1.4 million km, connecting every region of the world.

Old and New Players

In recent years, the submarine cable industry has become an arena for geopolitical competition, with de-risking strategies now being applied under the sea as well. Two opposing camps are emerging in the construction and management of undersea cables: the EU and the G7, through their Global Gateway initiative⁶ and the Partnership for Global Infrastructure and Investment (PGII)⁷ with private companies, respectively, and China's Belt and Road Initiative (BRI),⁸ in particular with Hengtong.

As the tensions between Washington and Beijing escalate, the United States (US) has prohibited private companies—most notably

Google, Meta, and Amazon—from building trans-oceanic cables⁹ that directly or indirectly connect the US to China, citing national security concerns, including the risk of espionage. This ban impacted the Pacific Light Cable Network project,¹⁰ which was originally intended to link the US to Hong Kong. In response to Washington's decision to sever connections with Hong Kong, the cable—renamed Cap-1—was repurposed¹¹ to route data between the US, Taiwan, and the Philippines. Along the EU-Asia route, the SEA-ME-WE 6 (US-led) and the PEACE cable (China-led) could be seen as geopolitical competitors.

The India-Middle East-Europe Corridor (IMEC)¹² is a potential game changer. Launched during the G20 Summit in New Delhi in 2023 as part of the G7 PGII, IMEC is an ambitious project for a digital cable that will connect India and Europe through the Middle East. India and Europe are both keen to establish themselves as global hubs for manufacturing, technology, and logistics, and digital connectivity will be vital to achieving this vision.

Furthermore, the India-Europe Trade and Technology Council, established in 2023, is set to serve¹³ as a cornerstone for enhancing technological and digital cooperation. By promoting collaboration in these sectors, the IMEC has the potential to reshape the economic landscape, opening new opportunities for growth and innovation. However, significant obstacles—both geopolitical and economic—remain.

Moreover, within the Global Gateway framework, the EU is actively working to strengthen cooperation and investment in digital connectivity with the Global South. In Africa, the EU-AU (African Union) Data Flagship initiative¹⁴ plans to connect Mauritania with a new submarine cable, providing a backup solution to the existing African Coast to Europe (ACE) cable and increasing data capacity. Additionally, Europe is turning its attention to South America. To enhance EU-American communication and economic ties, a 6,000-km submarine digital cable, known as BELLA,¹⁵ was constructed and became operational in 2021.

Against this backdrop, the imperative to protect critical undersea cable systems from accidents, sabotage, and perceived threats posed by China's Digital Silk Road (DSR) initiative has prompted the launch of the Quad Partnership for Cable Connectivity and Resilience¹⁶ in May 2023. The partnership—which includes Australia, the US, India, and Japan—aims to strengthen cable systems in the Indo-Pacific. By leveraging the Quad countries' expertise in designing, manufacturing, laying, and maintaining undersea cables, the initiative seeks to establish secure cable systems that enhance internet connectivity and resilience within the region.

The US's stance on China, along with regional initiatives such as those within the Quad framework, could hinder China's ambitions

to become a global leader in submarine data cables. The China Manufacturing 2025 plan¹⁷ explicitly states Beijing's goal of capturing a 60-percent market share by 2025, backed by planned investments of US\$95 billion in its Digital Silk Road, the technology arm of the BRI. However, at present, partly due to US de-risking measures on critical digital technologies, China's global market share in the submarine cable sector remains stagnant at around 10 percent.¹⁸

The Security Issue

The governance of submarine cables in recent years has increasingly focused on security concerns. On 26 September 2024, the EU endorsed a Joint Statement on the security and resilience of undersea cables during a United Nations General Assembly event in New York. Proposed by the US, the Joint Statement¹⁹ outlines key principles to safeguard the infrastructure of undersea cables. These principles emphasise the importance of selecting low-risk sub-sea cable providers, adhering to cybersecurity best practices, enhancing route diversity, and protecting cable networks from unauthorised access to data in transit.

In 2023, the EU and NATO launched a joint task force focused on critical infrastructure resilience.²⁰ Additionally, in May 2024, NATO established the Maritime Centre for Security of Critical Undersea Infrastructure²¹ in London. The current challenge is to expand cooperation on a global scale, particularly



within the G20, to develop a trustworthy international framework for the construction, operation, maintenance, and surveillance of digital cables that underpin global connectivity.

The growing concern is that geopolitical considerations, even within the submarine cable market, are taking precedence over efficiency and cost-effectiveness. This shift risks an overlapping of projects, resulting in wasted resources and fragmented infrastructure. However, the stakes are even higher at critical data-cable chokepoints, such as the Red Sea, the Strait of Gibraltar, and the Strait of Malacca, which are danger zones where any disruption could have severe consequences for global connectivity. In these areas, a single failure could cripple communications at a massive scale.

To mitigate these risks, diversification is essential. Building more resilient and diverse routes can ensure that the global network remains secure, while redundancy can minimise vulnerabilities. However, to truly safeguard the future of global data infrastructure, international collaboration is needed to establish a new, mutually agreed-upon playing field—one that balances geopolitical realities with the need for efficiency, security, and innovation.

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Energy and Climate Change



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Upscaling Climate Finance in Africa

by **Sabrine Emran**

The road to 'net zero in 2050' requires reducing greenhouse gas (GHG) emissions by 55 percent by 2030 compared to 1990 levels, according to the European Green Deal roadmap. This, in turn, calls for an estimated additional €392 billion (US\$430 billion) investment each year into the energy sector, compared to investments made between 2011 and 2020.¹ At the same time, the energy development goals of African countries will rely on doubling energy investment needs to over US\$200 billion per year by 2030. This includes both universal access to modern energy and being fully able to meet their Nationally Determined Contributions (NDCs) in time.²

The global net-zero goals could potentially receive a boost, as beginning in 2024, the world is aiming to invest almost twice as



much in clean energy as in fossil fuels.³ Global energy investment is set to exceed US\$3 trillion in 2024, with US\$2 trillion going to clean-energy technologies and infrastructure.

In Africa, however, total energy spending is expected to be only US\$110 billion this year, nearly US\$70 billion of which will still be in fossil fuels.^a This underlines the lack of investment required to meet the continent's Sustainable Development Goals (SDGs). (Energy investments in Africa are currently only 1.2 percent of the continent's gross domestic product (GDP).⁴) A silver lining is that spending on fossil fuels is expected to decline to US\$36 billion by 2050, as African countries pursue lowered emissions under the net-zero scenario as well. Low-emission electricity investments, currently at US\$23 billion, are projected to reach US\$85 billion in the same year, though it will require substantial investment in clean energy sources.⁵

So far, Africa's share of global clean energy investments accounts for merely 2 percent of the total. More investment in its renewable energy will have to be found, and it must utilise the continent's abundant resources of solar and wind, prioritising regions with the greatest need.⁶ Addressing

investment barriers and scaling up clean energy financing are essential, or else Africa may miss a transformative opportunity to bypass outdated infrastructure and achieve sustainable economic growth.

The New Collective Quantified Goal

At the historic Paris Agreement of 2015, the signatory countries had agreed to start a "new collective quantified goal" (NCQG) on climate finance to upscale the existing goal of US\$100 billion a year. But it is only now, at the 29th Conference of the Parties (COP29) to be held in Baku in November, that countries are expected to adopt the NCQG, directing increased funding towards critical climate action in developing countries.⁷ This will facilitate the implementation of low-carbon, climate-resilient solutions across essential and hard-to-abate sectors such as energy, transport, and agriculture. By boosting financial support, the NCQG aims to help developing countries elevate their climate ambitions in the next round of nationally determined contributions (NDCs) due in February 2025.

Extreme climate events are increasing in frequency and intensity, disproportionately impacting the African continent. On average, climate-related disasters result in a loss of 2-5 percent of GDP for African countries

a Of the US\$70-billion investment in fossil fuels, US\$65 billion will be in fossil fuel supply, US\$3 billion on fossil fuel power, and the rest on low-emissions electricity, grids and storage, clean supply, and end use.

each year. Some countries have had to allocate as much as 9 percent of their national budgets to address these challenges.⁸

Prior to the new round of NDCs, countries are expected to submit their Biannual Transparency Reports (BTR) by the end of 2024,⁹ and are being encouraged to submit their National Adaptation Plans (NAP) before COP29 to help build momentum. The African Group of Negotiators has already made its submission already,¹⁰ with primary focus on establishing a fair, equitable and effective new finance goal.¹¹ The group is also eager to secure agreements on key aspects necessary to start implementing mechanisms already agreed upon at earlier COPs, such as the Global Goal on Adaptation, the Loss and Damage Fund, and Article 6 on carbon markets. However, as discussions earlier this year at Bonn revealed, countries have yet to begin formal negotiations on specific financial commitments.

The NCQG will focus on both mitigation and adaptation, with the potential to include financial support for loss and damage. Historically, adaptation funding has lagged behind mitigation, fuelling mistrust between nations. COP29 could be a pivotal moment for countries to pledge more significant resources for adaptation and rebuild confidence in climate finance.

One of the central debates in NCQG discussions is the quantum or overall funding target.¹² Developing countries have pushed for an annual goal of US\$1.1–1.3

trillion, with US\$400 billion dedicated to adaptation efforts. Developed nations have yet to propose specific figures.

Adaptation financing is delivered through multiple channels, such as UN climate funds, bilateral agreements, and private sector involvement. There is a crucial need to mobilise greater private sector investments, including more public-private partnerships, de-risking instruments, guarantees, green bonds, and debt-for-climate swaps.¹³

Innovative Financing Mechanisms

Green Bonds

While green bonds, climate bonds, and certified climate bonds do overlap, they also need to be distinguished from one another.¹⁴ Green bonds are those whose proceeds are used for all kinds of projects with environmental benefits. Climate bonds are a subset of green bonds, focused specifically on projects with climate-related benefits, while certified climate bonds are green bonds that have been verified under the Climate Bonds Standard, ensuring they meet specific criteria for use of proceeds and disclosure requirements for impact reporting. All three share the common goal of financing initiatives that promote sustainability and environmental resilience.

In East Africa, issuance of sustainable green bonds has been on the rise. The Tanga Urban Water Supply and Sanitation Authority (Tanga UWASA) in Tanzania,¹⁵ for instance, issued a 10-year green bond in April 2024 to



fund water infrastructure projects. The bond raised US\$20 million in investments and has been listed on the Dar es Salaam stock exchange. Morocco too, has been pioneering issuance of different types of green finance instruments. It launched its first green bond in 2017 through the Moroccan Agency for Sustainable Energy (MASEN)¹⁶ to help finance development of solar power. In 2023, the World Bank issued two Sustainable Development Bonds purchased by Bank Al-Maghrib (the Central Bank of Morocco) for its reserves management.¹⁷ According to the 2030 climate finance vision, Morocco has allocated US\$1,385 million for climate finance—US\$ 1,035 million for mitigation and US\$350 for adaptation.

Debt-for-Climate Swaps

Africa suffers from high debt burdens and a limited fiscal space, so debt-for-climate swaps (DCS) can be useful for reducing debt while boosting climate funding. However, for these swaps to have wide impact, significant systemic changes are needed to expand participation and ensure meaningful results.¹⁸ Key strategies to scale up DCS include transitioning from bilateral to multilateral agreements to provide broader debt relief, using credit guarantees to lower risk and attract private investors, and designing swaps that combine public and private investments for climate action.

De-Risking Private Capital

The primary tools for de-risking private capital are credit risk-mitigation instruments,

such as partial credit guarantees (PCGs) and first-loss guarantees (FLGs).¹⁹ These instruments, however, are not fully utilised in most countries due to their high cost, complicated processes, and the sheer time taken by multilateral institutions to affirm them.

To scale up solutions and make them more attractive for private investors, they need to be flexible, and keep their costs down. As an example, off-grid solutions like the Africa Guarantee Fund (AGF) have shown promise in mobilising private capital for small and medium enterprises (SMEs).

Overall, bridging the finance gap in energy transition requires rebuilding trust in effective collaboration for a transition that is just, particularly in developing countries. The use of innovative financing mechanisms needs to be expanded, ensuring they are tailored to the specific needs of different markets.

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Climate Action: The Limits of Democracy

by Lydia Powell

The year 2024 will set a record for the most voters in a single year.¹ With elections being held in 73 countries that constitute more than one-third of the world population, 2024 has been labelled the “election super-cycle year”.² With 2024 also being the hottest year on record, climate change is expected to become a more prominent electoral concern for many Western democracies.³ There is optimism that open democracies will elect governments committed to addressing climate change and strengthening democracy, calling for greater civic engagement, participatory planning, and government action.⁴ There is also pessimism that expensive energy transitions will lead to public discontent that right-wing parties will exploit.⁵ Trends in electoral outcomes in 53 countries that have so far held elections in



2024 suggest a mixed picture, with more support for the latter outlook than the former.⁶

The Global North

Germany, despite being a climate champion, did not elect a government that would prioritise climate action. Indeed, the performance of the Green Party was the worst in its record, with right-leaning political parties that campaigned on issues of immigration and security winning broader support.⁷ Among reasons identified for the loss of support for the Green Party was the controversial policy to decarbonise household heating;⁸ while most German citizens said they favoured climate action, their willingness to pay for and accept alternative heating technologies mandated by policy did not match expectations.⁹ The Green Party conceded that climate action was "too fast and too much" and that people rejected climate action that did not safeguard their social and economic security.¹⁰

In France, the ascendance of far-right parties as opposed to radical climate action could indicate limits to the adoption of radical decarbonisation plans.¹¹ Far-right political parties' campaigns that a centre-left government would reduce human activity as a whole, require people to change their boilers at a high cost, and ban the sale of cars with internal combustion engines that would reduce the competitiveness of the automotive industry and increase dependence on China found favor among many voters.¹²

In the European Parliament elections, the centre held, but far-right parties gained ground, which means that Europe's fight against climate change, and in particular the European Green Deal, will have limited room for manoeuvre.¹³ A climate-skeptical EU Parliament may weaken climate laws that are scheduled to be reviewed in the next few years. Overall, far-right parties in Europe have fashioned a new electoral weapon out of discontent over 'punitive' climate action.¹⁴

The Global South

In India, the campaign for elections in 2024 was dominated by messages of material progress through economic growth and the prospect of preserving the prestige of religious identity, even as climate change and environmental protection were listed in the election manifesto of the two leading parties.¹⁵ The Indian approach to climate action, which seeks to meet international obligations without compromising its domestic goals of economic and social progress, has hardly changed in the last three decades, even as governments have changed at the federal and regional level. The new government is not likely to alter course either.

Meanwhile, Mexico elected its first female president, a climate scientist, and the country's updated climate commitment is expected to push for a just, resilient, and low-emission economy.¹⁶ While renewable energy investment may be strengthened, the change in leadership is expected to continue the populist policies of the outgoing leader rather than introduce radical change.

South Africa endorsed a second term for the government that has historically been a strong proponent of climate action and, specifically, a just transition. However, policy moves after the elections indicate support for the protection of coal mining, which is a significant part of South Africa's political economy and its energy basket.¹⁷

Indonesia elected new leaders in 2024 who are expected to continue to support existing climate policies. The new government's policy to domestically process critical mineral resources such as nickel may inadvertently increase its use of coal given that processing is an energy-intensive process.¹⁸

The Calculus of Climate Consent

The optimistic outlook that democracies will elect climate-friendly governments is based on the premise that collective choice-making is a means of arriving at a version of "climate truth", discovered through reason or revelation, and which, once discovered, will gain the support of all humanity. This premise of rationalist democracy expects that individual conflicts of interest will, and should, disappear once the electorate becomes fully informed. However, people's electoral choices differ for reasons other than those of climate ignorance, as the outcomes of recent elections illustrate. If the elites cannot regulate the climate excesses of others within the constraints of democracy, we may need a new political paradigm, as Ophuls suggested five decades ago.¹⁹

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The End of 2024: A Revolution in the Energy Arena

by **Massimo Lombardini**

As the end of 2024 approaches, it is interesting to review the latest developments in the energy sector and assess progress in the energy transition. The International Renewable Energy Agency (IRENA) defines 'energy transition' as a "pathway toward transformation of the global energy sector from fossil-based to zero-carbon by 2050 (IRENA, 2023)."¹ Thus, it is not a quick shift away from fossil fuels and their emissions, but a long-term process towards a carbon-neutral economy by 2050.

Since the invention of the steam engine by James Watt in 1769, greenhouse gas emissions have increased year by year, with a few exceptions, such as in 2020 during the COVID-19 pandemic. The reduction in 2020 was driven by economic collapse due to confinement measures, which sharply



decreased oil demand. In 2021, as global economies recovered, energy use and global emissions rose again.

Another noteworthy aspect of energy transition is that history is filled with similar transitions. The widespread utilisation of the light bulb, invented by Thomas Edison in 1880, replaced kerosene lamps; Henry Ford manufactured his first Ford T in 1908; and by 1914 his company achieved a production of 500,000 units.² These transitions typically occur when new technologies replace less efficient methods of energy production or consumption.

Despite the increased efficiency of new technologies, however, energy consumption and associated emissions continue to rise. This trend is often magnified by the so-called Jevon paradox, which posits that greater efficiency in production can lead to an increased consumption.

In 2024, there are indications that greenhouse gas emissions may be nearing their peak, contrary to historical trends. This shift is primarily due to improved energy efficiency, and a massive deployment of renewable technologies, particularly in electricity generation.

In 2023, more than 44 percent³ of electricity in the European Union (EU) was generated from renewable sources, mainly new solar and wind installations. The same year, approximately 22 percent⁴ of electricity was produced by nuclear power, another low-carbon technology. As a result, in 2023, two-

thirds of the EU's electricity consumption came from low-carbon sources.

Globally, renewables have not yet matched the growth seen in the EU. Nevertheless, the 2024 World Energy Outlook of the International Energy Agency indicates that by 2035, half of the global electricity will be produced from renewable sources.⁵ Photovoltaic will be the primary driver of this increase, as the cost of solar panels has decreased by approximately 90 percent over the last decade.⁶

Besides low cost, solar panels offer several advantages, including having no breakable moving parts nor noise, and the relative ease of transporting, installing, and removing them. Furthermore, harnessing solar energy is free. Finally, solar panels have scalability, allowing for the installation of 10 or 10,000 panels using the same modules and technology.⁷

The increased deployment of solar panels has been impressive. In 2004, the world installed 1 GW of solar energy, whereas preliminary figures for 2024 indicate an installation of 600 GW.⁸ *The Economist* foresees that by 2035, solar panels will become "the single biggest source of electrical power on the planet."⁹ At the same time, some analysts have raised concerns about the dependence on China for solar technology manufacturing, fearing a shift from dependency on oil suppliers to reliance on Chinese panels. However, the dynamic of utilisation is completely different because if oil supplies are cut off, economies will be stalled. In contrast, if the supply of Chinese panels is blocked, the current generation

of panels will continue to function. In other words, while a malevolent supplier could interrupt the supply of solar panels, they cannot turn off the sun.

Another global trend led by China is a progressive electrification of road transport, both domestically and globally. In 2016, 1 million electric vehicles were registered worldwide, rising to 10 million in 2022 and 14 million in 2023.¹⁰ While statistics for 2024 are not yet available at the time of writing, in China, which leads in electric vehicles adoption, one in two new cars is already electric. The progressive electrification of road transport will eventually reduce oil demand.

Accelerating Decarbonisation Efforts

In 2024 Energy Transition Outlook DNV indicates¹¹ that global emissions are likely to peak by the end of this year. Although the peaking of greenhouse gas emissions would be a positive Copernican revolution, the outlook is not entirely positive, as the pace of reduction in the next decades will not be sufficient to achieve our long-term objective of carbon neutrality by 2050.

There are various reasons for this. While we have made progress in decarbonising the electricity part of our energy mix and will likely continue to do so in the next decade, only a quarter of our energy needs are currently covered by electricity. The remaining part is consumed as heat and steam in buildings, industries, and transportation—sectors that are hard to abate.

The natural evolution of energy systems will help in this transition, as electricity is expected to increasingly cover half of our energy needs by 2050. By mid-century, we will probably have the first half of our energy mix largely decarbonised through low-carbon electricity. However, decarbonising the second half of the energy mix, which cannot be electrified, will be more difficult.

Low-carbon heat and steam will be required to abate sectors which are not electrifiable. Although there are different options to decarbonise heat and steam, such as green hydrogen, carbon capture and storage, and different renewable fuels, none of these currently seem adequate to achieve complete decarbonisation.

Conclusion

The world is heading in the right direction toward carbon neutrality, but the pace of transition needs acceleration. The challenge for the next decade will be to fully decarbonise electricity which, while not easy, seems feasible. In the following decades, the focus will need to shift to producing low-carbon heat and steam, which will be more challenging.

The first industrial revolution was driven by the possibility of burning large quantities of fossil fuels for heat and steam. The upcoming green revolution will require significant amounts of low-carbon fuels to generate an adequate supply of heat and steam.



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Energy Transition: Are We on the Right Track?

by **Mounia Boucetta**

Following the signing of the Paris Climate Agreement in 2015, more than 70 countries committed to accelerating the pace of reducing their carbon footprint. They have formalised roadmaps towards this goal, referred to as 'Nationally Determined Contributions (NDCs)', setting out their strategies to achieve carbon neutrality.

Both the European Union (EU) and the United States (US) aim to achieve net-zero emissions by 2050. The EU roadmap sets its first signpost as the reduction of emissions by 55 percent compared to 1990 levels by 2030. The US, for its part, is aiming for a 40-percent drop in emissions by 2030, with 2005 as reference year. China and India, which remain big greenhouse gas (GHG) emitters, accounting for 30 percent and 8 percent



of global emissions, respectively, have set longer timelines. China is targeting 2060, and India, 2070.

But what are the current trends? In 2023, far from declining, GHG emissions reached a record high, with an increase of 1.9 percent over 2022. Among the six biggest emitters—i.e., China, the US, India, the EU, Russia, and Brazil—only the EU and the US recorded declines. Perhaps the only encouraging sign is that there has been a decline in carbon intensity per unit of GDP, although this decrease is insufficient to meet the targeted climate goals.

A Decade Since the Paris Agreement

Almost a decade after the conclusion of the Paris Agreement, it is worth evaluating the efficacy of the pathways followed to achieve climate goals and whether the resources deployed are adequate.

It is seen that there is concentration of energy transition efforts only in certain countries and regions. Deployment of established clean technologies such as solar and wind energy has made sustained progress, particularly in China, Europe, and the US, while less established technologies, such as clean hydrogen production or carbon capture and storage systems (CCSS), have very few projects—barely 15 percent of all clean energy projects announced—at the Final Investment Decision (FID) stage.

Electricity production has undergone a transformation, mainly due to the declining

costs of solar and wind energy. As early as 2018, the unit cost of electricity produced from these renewable energy sources became almost the same as that of electricity generated from fossil fuels, marking a turning point in global energy transition.

The installation of solar and wind equipment has grown by an average of 20 percent per year over the past decade. However, gaps have been observed between the capacities announced by states and their actual climate commitments, particularly in the EU and the US, due to challenges related to insufficient electrical grid infrastructure, delays in obtaining permits, and difficulties in raising financing. Only China is making investments in renewable energy at a pace that will enable it to meet its installed capacity targets ahead of schedule.

Overall, however, between 2020 and 2023, only 30 percent of the growth in energy consumption has been covered by renewable energy sources, though the target for this period was over 50 percent.

Electric vehicles (EVs) are also experiencing a positive dynamic, with an annual growth rate of nearly 80 percent in the last decade. However, the development of this market is highly dependent on the expansion of charging infrastructure and battery production, the latter of which is heavily dependent on availability of critical minerals.

Overall, China maintains its leadership in the execution of mega-projects in solar,

wind, and batteries. It ranks first in terms of installed capacity. And yet, it is still the largest emitter in the world, because nearly 80 percent of its power still comes from fossil fuels.

The US has a competitive edge in advanced technologies, innovation, research and development (R&D), energy sector start-ups, and venture capital. Europe too, is a significant player in the wind energy sector, and also stands out for its regulatory efforts and normative capacity.

Accelerating Energy Transition

Improvements in energy intensity (or the amount of energy required to produce a unit of GDP) have been limited to a few countries. While the Paris Agreement set a target of 4 percent improvement annually till 2030, the actual rate in 2023 was only 1.3 percent, lower than in 2022. A gigantic effort will be needed to meet the targets, particularly through construction of low-energy buildings, adoption of heat pumps, and increased use of EVs.

Geopolitics plays a central role in the evolution of energy resource prices and prioritising of energy transition projects. New rivalries have emerged between global powers, notably the US and China, in technological leadership, control of global supply chains, and access to critical minerals, all of which are also reshaping the global energy security landscape.

Developing countries, in particular, need to accelerate their energy transition. The investment gap between these countries and advanced economies continues to widen. In 2024, only 20 percent of the estimated annual clean energy needs of Africa received funding, representing just 2 percent of global investments.

Developing countries face challenges such as the lack of infrastructure, limited access to technology, and the financial burden of transition. They have to achieve affordable energy access and transition to a more sustainable energy model without compromising on economic development. Such a transformation affects not only economic and social development but also many sectors of activity. The transition must be fair and equitable, taking into account the inequalities and specific needs of each region.

It is clear that the success of energy transitions largely depends on the choice of technologies and deployment methods adopted. These not only influence efficiency of transition but also determine the economic, environmental, and social impacts they generate.



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Climate as a Political Issue: A Double-Edged Sword

by **Aparna Roy**

The global shift towards decarbonisation and cleaner energy has garnered momentum in recent years. However, this transition is unfolding amid highly contested domestic elections and complex political realignments that can either bolster or hinder progress. Climate action, a long-term goal, is now aligned with immediate political cycles, with the stakes heightened by public pressure and escalating climate risks.

Climate change has shifted from a technical policy challenge to a central political one, influencing elections as parties and leaders frame climate action as either an economic opportunity or a burden.

Progressive forces see the energy transition as a catalyst for economic growth, job creation, and innovation. They highlight renewable energy, technologies, reduced



fossil fuel dependence, and the mitigation of climate risks. For example, the European Green Deal¹ is positioned as a key to Europe's recovery, with green infrastructure investments generating jobs and advancing net-zero goals.

Conversely, opposition, often from populist and nationalist movements, frames energy transition as a threat to jobs, industries, and national identity, labelling climate policies as “elite projects”² disconnected from working-class needs. The electoral victories of leaders such as Donald Trump in the United States (US) and Jair Bolsonaro in Brazil, who reversed environmental regulations to boost traditional sectors like coal, oil, and agriculture, reflects this backlash.

The Risk of Policy Reversals

Climate policies are particularly vulnerable in democracies with frequent leadership changes. Elections often lead to the dismantling of previous climate and energy policies due to ideological shifts. For instance, in the US, the Trump administration withdrew³ from the Paris Agreement, while the Biden administration rejoined the accord⁴ as a cornerstone of its climate agenda. This policy vacillation creates uncertainty, deterring long-term clean energy investments and slowing the energy transition.

Similarly, Brazil's political shifts illustrate how leadership changes impact climate policy. Under Bolsonaro, environmental protections in the Amazon were relaxed, and deforestation rates soared.⁵ With Luiz Inácio Lula da Silva's

return to the presidency in 2023, Brazil has recommitted to combating climate change and assumed a leadership role at the 28th Conference of the Parties (COP28).⁶

In contrast, countries with stronger institutional frameworks—such as Germany—have managed to sustain continuity in their energy transitions. Despite political changes, Germany's commitment to the *Energiewende*,⁷ its ambitious clean energy transition plan, has remained steady, supported by broad political consensus around climate action.

The Role of Emerging Economies

Political shifts in emerging economies, particularly in Africa, Asia, and Latin America, are crucial for global climate action. Although these nations have contributed less to historical emissions, they suffer the disproportionate brunt of climate impacts while also playing key roles in the clean energy transition. Yet, domestic politics and developmental priorities can complicate green policy implementation.

India's elections this year have highlighted the delicate balance between development and environmental sustainability. As the world's third largest carbon emitter,⁸ India is facing tremendous pressure to expand its renewable energy basket while sustaining economic growth. The Indian government has pledged to ramp up solar energy, electric mobility, and green hydrogen,⁹ but political considerations, such as energy access for its vast population and agricultural concerns, often shape electoral strategies.

Similarly, in Africa, where millions continue to lack electricity access, leaders face the challenge of balancing fossil fuel-based energy development with climate action. Fossil fuel-rich countries like Nigeria¹⁰ and South Africa¹¹ are working to integrate renewable energy into their energy mix, but elections can influence the pace and direction of these transitions. Campaign promises for affordable energy and economic growth frequently clash with longer-term climate goals.

Political Shifts in the Age of Energy Geopolitics

The energy transition is reshaping geopolitics, shifting power to countries endowed with critical minerals like lithium, cobalt, and rare-earth elements. This transition influences domestic politics, as governments seek to secure energy supplies, manage energy price volatility, and navigate international trade tensions.

In Europe, the war in Ukraine has underscored the geopolitical risks of fossil fuel dependence, leading to accelerated efforts to diversify energy sources and reduce reliance on Russian gas. This energy crisis has sparked political debates within the European Union (EU) about the pace of the green transition, with rising energy prices emerging as a key electoral issue. Some political parties advocate for temporary return to coal and nuclear energy to ensure security, while others push for faster investment in renewables and energy efficiency.

In the Middle East and North Africa (MENA) region, political shifts and domestic contestations are heavily influenced by energy dynamics. Countries like Saudi Arabia and the UAE aim to lead the global energy transition by investing in clean technologies and diversifying their economies. Yet these efforts are linked with domestic political considerations, as leaders seek to maintain social stability and economic growth amid fluctuating oil revenues.

Looking Ahead

Elections and political shifts can either accelerate or derail the energy transition, impacting both national economies and global climate targets. To mitigate the risks of policy reversals and ensure long-term progress, it is crucial to build broad-based political coalitions that transcend electoral cycles.

Climate policies must be framed not only as environmental imperatives but as integral to economic resilience, job creation, and social equity. This requires forging alliances across political ideologies and engaging voters with a vision of a future where clean energy fosters inclusive growth. Only through sustained political commitment, even amid changing leadership, can the world hope to achieve its climate and energy transition goals.



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Green Hydrogen: Uniting the Mediterranean or Fuelling Rivalry?

by **Rim Berahab**

The Mediterranean region has historically served as a focal point for energy trade between Europe and its southern neighbours. Since the mid-20th century, concerted efforts have been undertaken to integrate energy markets and ensure mutual benefits. However, the level of energy integration remains limited. In 2023, trade within the Mediterranean region was valued at less than US\$1 trillion annually, representing just one-third of the trade between the Mediterranean and the rest of the world. Of this regional trade, around a third was in energy.¹



Both the Mediterranean Energy Ring, aimed at connecting the region's electricity grids, and DESERTEC,^a which sought to harness North African solar energy for Europe, have failed to achieve the integration expected, mainly due to political instability, insufficient cooperation, and infrastructural challenges.² Thus, despite the clear potential of such cooperation, aligning the diverse interests of the southern Mediterranean countries and the EU has proved difficult.³

North Africa's Focus on Green Hydrogen

Global crises, including the COVID-19 pandemic in 2020 and Russia's invasion of Ukraine in 2022, have compelled the European Union (EU) to accelerate its energy strategy, notably through the European Green Deal (EGD). The EGD emphasises green hydrogen as a key solution to decarbonise energy-intensive sectors and reduce dependence on fossil fuels.⁴ For the North African countries, these developments present both opportunities and challenges. With established energy infrastructures including gas pipelines, electric interconnections, and significant energy reserves ranging from oil and natural gas to renewables, they are key partners in the EU's green energy ambitions and stand to benefit from the successes.

Morocco, for one, has been proactive in advancing green hydrogen initiatives, establishing a national hydrogen commission in 2019 and securing key agreements with Germany and the EU. By 2030, Morocco aims to capture 4 percent of the global hydrogen market.⁵ These efforts build on the country's early focus on renewable energy, reinforced by favourable policies. Since launching its national energy strategy in 2009, Morocco has worked to increase the share of renewable sources in its energy mix, ensure access to affordable energy, and use resources efficiently while protecting the environment. By 2022, renewable energy contributed 7,483 Gigawatt hours (GWh), accounting for approximately 17 percent of total electricity generation, a significant increase from 782 GWh in 2000, reflecting an average annual growth of 11 percent over this period.⁶

In contrast, neighbouring Algeria, despite its vast renewable energy potential, remains cautious about committing to green hydrogen investments. Following the war in Ukraine, Algeria had signalled its interest in green hydrogen by creating a Ministry of Renewable Energy and Energy Transition and announcing a forthcoming national hydrogen strategy. However, in September 2022, the ministry was dissolved and the

a DESERTEC is a large-scale renewable energy initiative, founded in 2009 by the DESERTEC Industrial Initiative (DII), aimed at harnessing solar and wind energy from desert regions to generate clean electricity primarily for Europe. It now exists largely on paper.

hydrogen strategy is yet to be announced. Instead, Algeria has prioritised expansion of fossil fuels, including new contracts with Italian oil giant Eni to increase oil and gas production. Hydrogen is being explored only through a pilot project.⁷ Its political tensions with Morocco further complicate the potential for energy cooperation.⁸

Further eastwards, Egypt, with its strategic location and growing renewable energy infrastructure, is also pursuing green hydrogen. It has signed several memorandums of understanding (MoUs) on hydrogen production with European and international investors. As the host of the global Conference of the Parties (COP27) on climate change at Sharm el Sheikh in 2022, Egypt has showcased its green and blue hydrogen^b ambitions, hoping to attract more investment. Yet, challenges remain since Egypt has moved from being a net exporter of gas to a net importer in recent years, complicating its energy policy. Although the discovery of large gas fields in the Mediterranean Sea in 2014 raised hopes that Egypt could become a significant gas exporter, the expected production has not materialised so far.⁹

Tunisia represents a distinctive case within the broader North African green hydrogen

landscape. While a partnership between the EU and Tunisia is underway and a Memorandum of Understanding was signed with Germany in December 2020 to foster a green hydrogen alliance,¹⁰ Tunisia has been slower to scale up renewable energy infrastructure. This is due to several challenges, including regulatory constraints, limited funding, and policy delays. Libya, meanwhile, is constrained in cooperating with the EU by ongoing regional instability. The following sections will therefore focus on Morocco, Algeria, and Egypt.

Challenges to Green Hydrogen Development in North Africa

Every country on the southern shore of the Mediterranean faces domestic hurdles in realising its green hydrogen ambitions. For Algeria, green hydrogen investment must contend with the dominance of fossil fuels in its economy, as well as financial and regulatory uncertainties. Egypt struggles with macroeconomic instability and regulatory challenges that hamper its ability to attract and retain foreign investment.¹¹ Morocco, despite its many successes in renewable energy, still faces the immense challenge of scaling up hydrogen production to meet both domestic and export demand. A

b Green hydrogen is hydrogen produced through electrolysis (breaking up water molecules into hydrogen and oxygen) using renewable sources of energy. Blue hydrogen emerges when natural gas is mixed with very hot steam and a catalyst, which breaks it up into hydrogen and carbon monoxide, following which the latter is captured (preventing it from adding to emissions) while the hydrogen is used.



critical obstacle across the region is scarcity of water, essential for green hydrogen production via electrolysis.¹²

Geopolitical tensions pose additional obstacles. The rivalry between Algeria and Morocco continues to destabilise cross-border energy trade. Egypt, despite its potential, remains geographically isolated due to conflicts in neighbouring Libya, making regional cooperation more complex.¹³

There is also the likelihood that the EU's own green hydrogen strategy, while focused on importing hydrogen from the Mediterranean, may create competitive tensions for North African countries with southern European nations such as Spain and Portugal, which also have the potential to become green hydrogen hubs in their own right. The H2Med pipeline between Spain, France, Portugal and Germany—proposed in October 2022¹⁴—is an example of how internal EU dynamics can complicate partnerships with Mediterranean neighbours.¹⁵ Further, the EU's Carbon Border Adjustment Mechanism (CBAM) could inadvertently penalise southern Mediterranean countries by taxing carbon-intensive imports from them, even as these countries supply green hydrogen to the bloc.

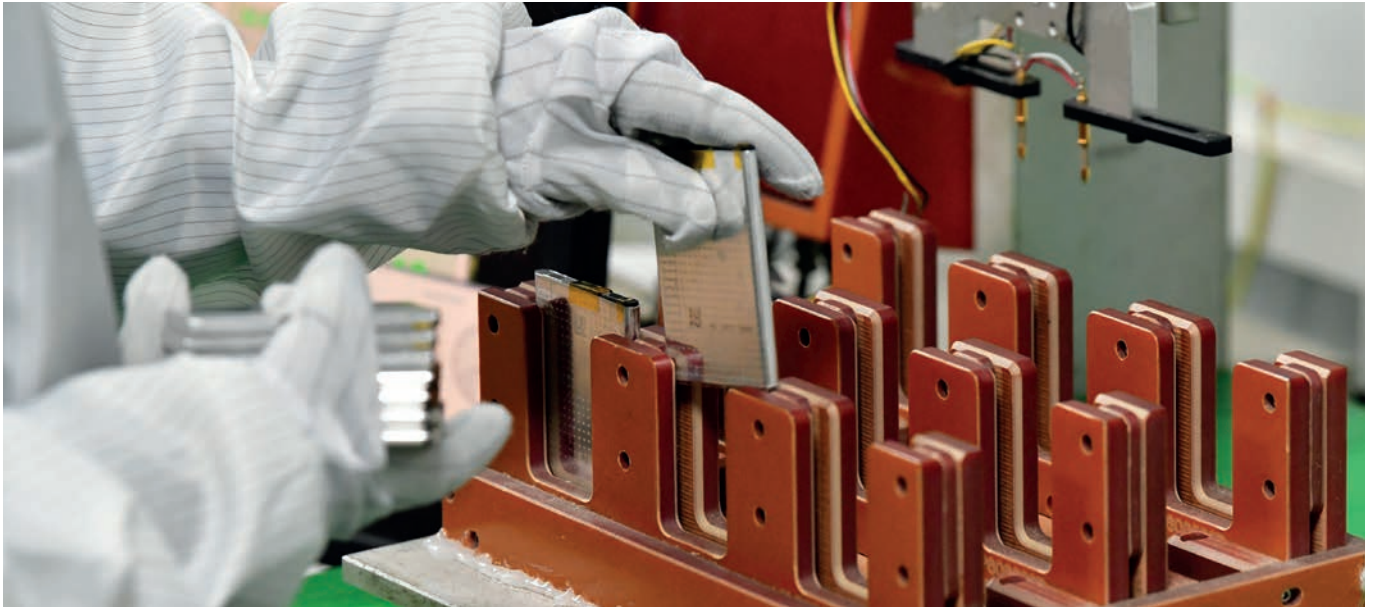
Avoiding Past Mistakes

The EGD's external dimension must ensure that Europe's green transition does not come at the expense of its southern Mediterranean neighbours. A stark lesson comes from the failed DESERTEC project, which aimed

to import solar power from North Africa but collapsed due to political instability in the latter, the lack of regional cooperation, and concerns over neo-colonial exploitation of resources. The EU's hydrogen partnerships must be based on equitable, mutually beneficial terms that go beyond merely serving Europe's energy needs. Investments should promote local industrial growth, create jobs, and develop domestic hydrogen value chains, rather than solely extracting resources for European consumption.

The question remains: will green hydrogen unite the Mediterranean in a shared vision of sustainability, or will it deepen existing divides? The answer is complex. It will depend on the EU and the ability of its southern partners to navigate challenges and demonstrate the political will to overcome regional tensions. A just energy transition must address the social, economic, and environmental challenges facing North African countries. This requires ensuring that green hydrogen investments do not exacerbate inequalities or create new forms of resource dependency. Europe's push for green hydrogen must not evolve into 'green colonialism', where the southern Mediterranean countries bear the environmental and social costs while Europe reaps the benefits. By integrating social and climate justice into its green hydrogen partnerships, the EU can help foster a transition that benefits all parties and creates a sustainable, secure energy future for the Mediterranean.

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Climate Mitigation and Critical Minerals in an Age of Geo-economic Fragmentation

by **Alberto Prina Cerai**

The pace of energy transition has to be such that the world reaches net-zero emissions by 2050. This will call for a great deal of multilateral cooperation. The Conference of the Parties (COP 29) in Baku, Azerbaijan in November is expected to be a pivotal one for global climate action. However, in the absence of a strong political consensus, and taking into account the current deteriorating global economic outlook, high expectations are uncalled for.

The question is: How will the changing priorities of nations due to the economic situation shape the agency of key actors? Statistics from the International Energy Agency (IEA) show impressive deployment of solar and wind capacities worldwide in 2023,¹ but even this pace will not be enough to reach the intermediate target of reduced

global emissions set for 2030. Renewable energy capacity has to be trebled before 2030—a pledge made by 133 countries at the COP28 in Dubai last year. (Two of the biggest polluters, China and India, however, refused to sign on, setting their net-zero targets at 2060 and 2070, respectively.) A lower fossil fuel-dependent economy could reap great benefits, but achieving this hinges on the affordability and availability of renewable technologies, both increasingly dependent on their manufacturing and capital costs.²

The costs of solar panels, wind turbines, and lithium-ion batteries are decreasing due to massive industrial capacities having been built up, especially in China. However, while the adoption of these technologies is spreading, national concerns about the geo-economic implications of dependence on China—a country with the major share of the value chain of materials, components, and assembly for high-tech renewable energy products—are mounting. Its dominance is clearly benefiting China's trade balance and technological prowess.³ Western governments allege, however, that China has achieved this dominance by subsidising solar, wind, and lithium ion battery manufacturing to the point of overcapacity.

In response, the United States (US) and the European Union (EU) have resorted to protectionist measures. They are framing industrial policies—such as the US's Inflation Reduction Act (IRA)^a and the EU's Net Zero Industry Act (NZIA)^b— to lessen this dependence, despite lagging behind China in technology, commercialisation and development of supply chains. Framed also as an opportunity for economic growth and innovation, 'de-coupling' or 'de-risking' from China in these sectors will depend on having stable and competitive access to critical raw materials (CRMs) essential for making solar panels and lithium ion batteries.⁴

The global demand for these minerals will skyrocket by 2040 with various consequences. Chinese industries are already the largest consumers of these minerals: lithium, nickel, cobalt, copper, graphite, manganese, and rare-earth elements, which are all among the raw materials classified as 'critical'. Except for the last three—which it possesses domestically and of which it already controls several steps in the supply chain, from mining to refining—China is not particularly endowed with CRM deposits, but has been actively procuring them from overseas.

a The US Inflation Reduction Act, passed in August 2022, comprises a combination of grants, loans, tax provisions and other incentives to accelerate carbon emission reduction. Among its key objectives are further developing domestic clean technology manufacturing to reduce dependence on offshore manufacturing.

b Similarly, the EU Net Zero Industry Act, adopted in May 2024, is a regulatory framework to boost the competitiveness of EU industry, especially the development of clean energy manufacturing, but lacking EU public funds.



In the last decade, Chinese industries, supported by state-owned banks, have heavily invested in acquiring and developing mineral deposits from countries such as the Democratic Republic of Congo (which has 76 percent of the world's mined cobalt),⁵ Chile (the world's second largest producer of lithium), Argentina (the fourth largest producer),⁶ and Indonesia (the biggest producer of nickel). In these and other key countries, the level of China's geopolitical influence and commercial leverage has grown with Chinese public and private capital boosting their metals' supply on global markets, which was restricted earlier due to lack of adequate investment. With economic, technological, and geopolitical friction mounting between the US and China, the risks of increased weaponisation of these resources should not be underestimated. Beijing has already set controls on its own exports of gallium, germanium, and graphite.

Naturally, the CRM-rich countries are also increasingly viewing their geological wealth as valuable assets to diversify their economies and increase local added value, while negotiating their geopolitical posture vis-à-vis Western countries trying to match the Chinese globalising strategy (such as its Belt and Road Initiative). According to the Organisation for Economic Co-operation and Development (OECD), the number of export restrictions on industrial raw materials has increased worldwide from 396 measures in 2009 to 507 in 2021, signalling the fragmentation of trade in these valuable resources.⁷ Indonesia banned unprocessed

nickel exports in 2020, followed by bauxite and raw copper (both in June 2023); Namibia and Zimbabwe took similar measures in 2023 with mined lithium. Significantly, these protectionist policies are also becoming common in Western countries. Canada and Australia have blocked Chinese attempts to acquire domestic rare-earths projects for national security reasons.

The effort to reduce exposure to supplies from China, as well as from politically unstable countries in Africa and elsewhere, is leading the US, the EU, Japan, and South Korea to diversify their supply chains with different and sometimes overlapping strategies. The European Critical Raw Materials Act, for instance, aims to boost critical minerals security by improving domestic mining and processing, while strengthening global partnerships on sustainable production with mineral-rich countries. The Mineral Security Partnership (MSP), led by the US Department of State and joined by other G7 countries, is supporting the implementation of mining projects around the world. Canada and Australia are investing in their mining industries with public incentives to position themselves as alternatives to the Chinese controlled market. The US IRA is currently the most sought after public funding scheme by North American producers seeking to localise their manufacturing, whereby they can access minerals or metals from Canadian suppliers and thus reduce exposure to Chinese industry.

Despite all these attempts, global mineral supply chains “are not well diversified, and recent progress on diversifying supply sources has been limited,” as an IEA report notes.⁸ Successful energy transition requires reducing dependence on single suppliers, which makes the economics of ‘re-shoring’ (shifting US and other Western manufacturing facilities out of China to other countries) of some stages of the value chain understandable. Still, there is clear evidence that these alternatives being pursued will not be economically viable as long as all political, social, and environmental risks are not addressed and shared.

Economic security is difficult to measure, especially for technologies that have an existing global manufacturing supply chain, or for governments with very different energy policies, priorities, and financial capabilities. The twin objectives of building both a political consensus to pursue decarbonisation efforts, and a viable industrial base that excludes China, could prove conflicting for the West. If each G7 country were to conceive more aggressive industrial policies to manufacture low-carbon technologies according to its needs (basically, its National Determined Contributions or NDCs and economic security), or alternatively, if every resource rich-country were to seek more added value from its mineral resources—it is likely that these fragmented policies would harm global decarbonisation efforts.⁹

Critical minerals are no doubt enabling resources for a low-carbon economy, but they are also in demand for their strategic value. Increased efforts to meet this demand are required, which includes both public and private investments, a new and shared consensus on the urgency on climate action, and an open trade system—three conditions that cannot be taken for granted in this new geo-economic context.



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Rethinking Global Governance for Climate Migration

by Mehdi Benomar

As climate-related disasters intensify, the world faces an unprecedented surge in migration driven by environmental factors. In 2023, environmental disasters triggered 26.4 million internal displacements across 148 countries and territories—the third highest figure in a decade.¹ This emerging mobility adds complexity to global migration dynamics, raising a crucial question: how can this challenge be effectively governed to balance environmental, social, and political dimensions?

Climate migration arises from environmental changes that render the livelihoods of vulnerable populations unsustainable. Contrary to the common perception of the South-to-North movement, most climate migrants relocate short distances due to limited resources.² For many, especially



farming communities, migration has become a livelihood strategy in response to increasing climate pressures.

The existing legal framework on climate migration is insufficient. Despite years of international negotiations, the result has been mostly non-binding, comprising statements with minimal legal obligations. The 1951 Refugee Convention excludes climate refugees from its definition, denying them the protection and rights accorded to refugees by the 1951 Refugee Convention. While the United Nations Framework Convention on Climate Change (UNFCCC) acknowledged, albeit briefly, climate-induced displacement in the 2011 Cancun Agreements, this did not lead to substantial legal commitments. Recent regional initiatives, such as the African Union's Climate Change and Resilient Development Strategy (2022–2032) and the Kampala Convention adopted in 2009, incorporate human mobility into climate policies but a comprehensive international legal framework still requires aligned policies and stronger governance across levels.

Governing and Reframing Climate Migration

Despite the growing discourse on establishing legal status for 'climate refugees', international law has yet to recognise those displaced due to environmental factors. However, recent waves of climate litigation suggest that the legal landscape may not be more adaptable than it previously appeared. These developments underscore the imperative for novel governance solutions

that acknowledge present legal limitations and extend protections to those who suffer the worst impacts. This raises the question of how we can govern climate migration more effectively to ensure the protection and rights of those most affected.

As climate change displaces millions globally, current response measures are insufficient to address the scale and complexity of climate migration. Governing this issue requires going beyond short-term, crisis-driven responses to embrace more integrated strategies that incorporate human mobility into larger climate adaptation and disaster risk management efforts. This shift demands proactive governance, where global, regional, and national frameworks work together to protect vulnerable populations, offer safe migration pathways, and build resilience against future displacement. Such an approach would be more sustainable and coordinated in tackling climate-induced migration challenges.

To effectively govern climate migration, it is crucial to integrate it into existing global environmental governance frameworks, such as the Paris Agreement of 2015 and the Sustainable Development Goals (SDGs), through an acknowledgment of climate migration as a key aspect of climate action. International agreements should include provisions that address the unique needs of displaced populations and support countries most affected by climate-induced displacement. Incorporating climate migration policies into nationally determined

contributions (NDCs) within the Paris Agreement would help countries prepare for and mitigate the effects of displacement. Additionally, linking climate migration to the SDGs, particularly Goal 13 on climate action and Goal 10 on reduction of inequalities, would foster a comprehensive approach toward the root causes and consequences of climate-induced migration.

International and regional cooperation is essential for addressing the complexities of climate migration, enabling the development of comprehensive strategies that consider both immediate and long-term impacts of displacement. Strengthening governance frameworks through collaboration will bring together resources and expertise, allowing for a coordinated, multidimensional response to the challenges of climate-induced migration.

Accurate and timely data is essential for addressing climate migration. A Global Climate Migration Observatory could serve as a centralised platform for monitoring migration patterns, tracking environmental changes, and predicting future displacement hotspots. By consolidating data from governments, research institutions, and international organisations, the observatory would provide valuable insights to policymakers, enabling informed decision-making and early interventions. This initiative would help enhance coordinated responses and resource allocation, ultimately strengthening the resilience of vulnerable communities worldwide.

Reframing climate migration as a form of adaptation rather than failure of resilience can revolutionise our approach to managing displacement. By establishing dedicated support networks, or 'climate mobility centres', we can facilitate safe and organised pathways for those compelled to relocate. These centers would serve as regional hubs, providing essential resources such as legal assistance, skill development programmes, and temporary housing, helping displaced individuals in transitioning into new environments. Integrating these centres into regional adaptation strategies would alleviate the pressure on sensitive areas, making development sustainable by turning migration into an active and controlled process.

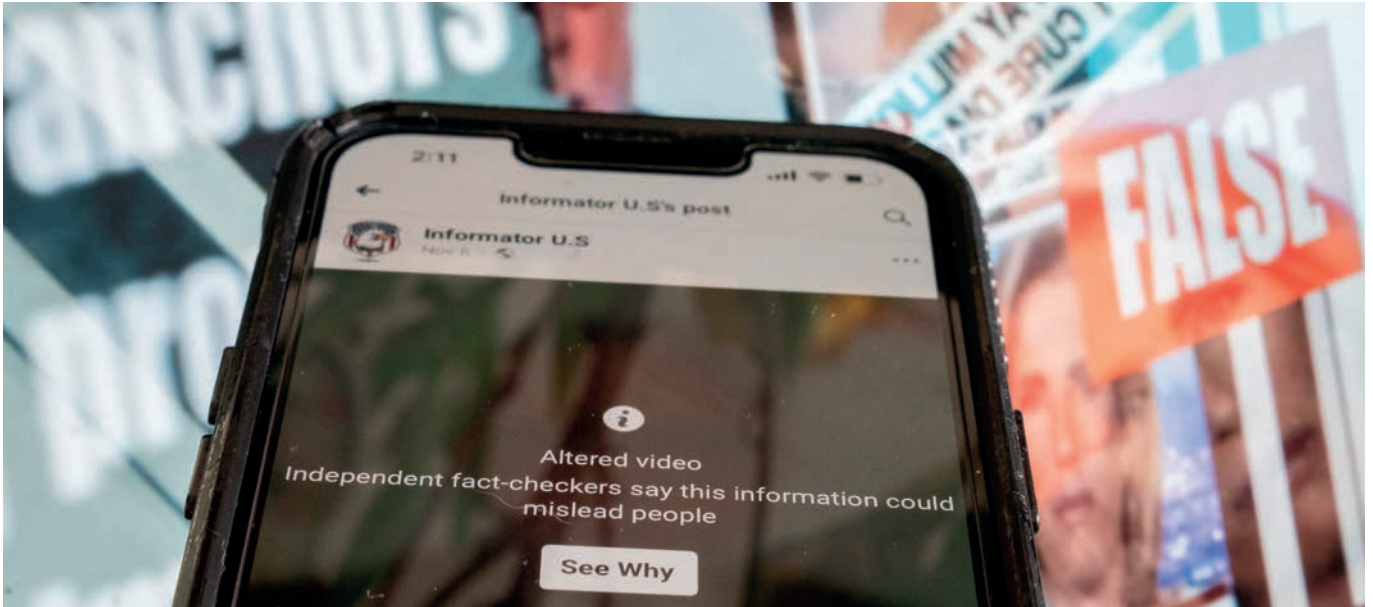
The current state of climate-induced displacement highlights the pressing need for stronger governance frameworks and enhanced international cooperation. As climate change intensifies, it is imperative to reassess and adapt the existing international structures to effectively manage the evolving dynamics of global migration. This recalibration is essential to ensure that the global community can respond proactively to the multifaceted challenges of climate migration in a fair and sustainable manner.



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New Technologies and Digital Transition



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Elections at Risk: The Perils of Online Disinformation

by **Anirban Sarma**

The year 2024 has been extraordinary for democracy and technology, with nearly 70 nations holding elections at various levels and “more countries and people [voting] for their elected leaders than in any year in human history.”¹ The internet has been inundated with views and counter-views about political candidates and campaigns, but the digital public sphere has often risked being overrun by a cacophony of polarised voices and a flood of disinformation designed to influence opinions and election outcomes.

The UN Secretary-General had warned of the “grave global harm” caused by the spread of “hate and lies in the digital space”.² Indeed, disinformation—or information that is not merely inaccurate but intends to deceive and is spread to inflict harm—has continued to damage reputations and destroy public

trust in online content. In 2024, 60 percent of online media consumers worldwide believed that news outlets regularly reported false stories, 94 percent of journalists internationally considered fake news to be a significant threat, and 66 percent of consumers in the United States felt that 76 percent of the news on social media is biased.³

2024 in Retrospect

Most people today consume news online, particularly through social media, making the latter an especially powerful vector for disinformation. For instance, ahead of the European Parliament elections in June 2024, large-scale coordinated efforts to spread disinformation and promote far-right narratives on social media were prevalent across European Union (EU) member states, chiefly in France and Germany, with multiple social media accounts disseminating fake narratives and pro-Russian, anti-vaccine, and anti-LGBTQ+ discourse in a bid to influence the elections.⁴

The Indian national elections, held from April to June 2024, also witnessed a surge in disinformation. Claims about rigged elections in certain states began to circulate on social media platforms, fake endorsements of politicians from actors in the Hindi film industry went viral, misogynistic posts about female candidates garnered thousands of impressions, and calls for violence against certain communities became widespread.⁵ These incidents have raised concerns about the poor enforcement

of community guidelines and content-moderation mechanisms on tech platforms.

Globally, the widespread use of deepfakes was a defining phenomenon of the 2024 elections. The ease of merging audio, video, and images to create conflict highlights the flip side of the strides made by generative Artificial Intelligence (AI). There were several examples of political deepfakes in late 2023, including an audio recording of a Slovakian party leader discussing how to rig the country's general elections.⁶ The deployment of deepfakes has grown steadily since. In January 2024, robocalls were made to thousands of American voters in New Hampshire with an audio deepfake of President Joe Biden discouraging them from voting in the state's primary election.⁷ More recently, Russian trolls used deepfakes of Democratic presidential candidate Kamala Harris, along with fabricated AI-powered imagery and posts that seemed credible at cursory glance, to smear her campaign.⁸

Fighting Back

In February 2024, 20 global tech giants and social media platforms signed the 'Tech Accord to Combat Deceptive Use of AI in 2024 Elections' at the Munich Security Conference.⁹ Signatories to the Accord committed to work together to develop and implement new technologies to mitigate the risks stemming from deceptive election content and to better police their platforms for fake and harmful content.



However, digital platforms do not appear to be doing enough to fight disinformation. Some social media platforms such as TikTok, Pinterest, and LinkedIn have imposed a blanket ban on political advertising, and others such as Meta and Google now require politicians and political advertisers to disclose any use of digitally altered content or synthetic, AI-generated material in their ads.¹⁰ However, self-regulation will always have inherent limitations, particularly when social media algorithms are themselves designed to inundate user feeds with content—often political disinformation—that sparks suspicion and outrage and thus generates an avalanche of comments, shares, and retweets.

The onus for combating disinformation is by no means on tech companies alone. National laws and policies provide the regulatory undergirding for addressing online threats, and a number of well-established frameworks are in place globally. For instance, India's Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 prohibits social media intermediaries from uploading or publishing "information which is patently false or untrue or misleading in nature";¹¹ the EU's Digital Services Act requires online platforms to remove disinformation and hate speech; and the United Kingdom's relatively new Online Safety Act 2023 places obligations on platforms to take down illegal content when they become aware of it.¹² A combination of more stringent self-regulation, responsible design of algorithms, and more robust enforcement of domestic laws, along with an adherence to their letter and spirit

by digital platforms could go a long way towards addressing disinformation.

The Road Ahead

As the world steps into 2025, governments, businesses, and citizens must ramp up their efforts to curb disinformation, both during elections as well as with the broader objective of promoting a safer, more ethical cyberspace. This could be done in several ways.

First, the scope of "intermediary liability" must be broadened, and online intermediaries ought to be held more accountable for the content they host. The human and technological resources deployed by platforms should work towards removing disinformation more proactively. Second, a stronger culture of fact-checking and information verification should be instilled across the digital media ecosystem. Putting in place related capacity-building programmes, codes of conduct, and standard operating procedures at digital media outlets could make a difference. Third, the implementation of anti-disinformation laws such as the ones outlined in the previous section should be continually strengthened, and opportunities for adapting them elsewhere must be explored. Finally, AI-driven disinformation-detection solutions should be better attuned to local languages. This can be achieved by building an ecosystem of training data and content in local languages; while it would be a large-scale, long-term undertaking, it could pay rich dividends.

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How Artificial Intelligence Will Affect the Economy

by **Otaviano Canuto**

Artificial Intelligence (AI) is the name given to the broad spectrum of technologies by which machines can perceive, interpret, learn, and act by imitating human cognitive abilities. With its impressive rate of evolution, AI can produce new content—texts, images, new computational codes, possibly medical diagnoses, and interpretations of data. Automation, meanwhile, was created to better fulfil repetitive tasks, thereby increasing productivity.

Jesús Fernández-Villaverde of the University of Pennsylvania illustrates the fundamental difference between automation and AI: “Artificial intelligence is not designing a robot that will put a screw in a car on a production line when the time comes, but designing a robot that knows how to interpret

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that the car arrived crooked to the left or that the screw is broken, and that will be able to react sensibly to this unexpected situation.”¹ Artificial intelligence embeds levels of discretionary choice that are absent in automation.

AI will have consequences in areas beyond the economy, including national security, politics, and culture. Government functions are also bound to be reshaped by AI.²

In the economy, it promises to reshape many professional functions, in addition to the division of labour and the relationship between workers and physical capital.³ While the impact of automation has been on repetitive work, the impact of AI tends to be on tasks performed by skilled labour.

What effect will AI have on productivity and economic growth, and on social inclusion and income distribution? The impact on work processes and the labour market will be a key element in answering these questions.

It can be anticipated that, in segments of the work process where the human supervision of AI will continue to be necessary, the trend will be a substantial increase in productivity and the demand for work. In other segments, AI could lead to significant displacements or the elimination of jobs. As Daron Acemoglu and Simon Johnson wrote, “To support shared prosperity, AI needs to complement workers, not replace them.”⁴

The systematic increase in aggregate productivity could, in principle, reinforce

economic growth and, thus, underpin increases in aggregate demand and generate employment opportunities that would compensate for the destruction of jobs. This evolution could also lead to the emergence of new sectors and professional functions, while others disappear, in a dynamic that will go beyond mere intersectoral reallocation.

In addition to the effects on employment and wage-income distribution, income distribution will also depend on the impact of AI on capital income. This will tend to grow in activities that create and leverage AI technologies or have stakes in AI-driven industries. Depending on the implications in terms of the ‘market power’ of firms, there will be effects on the distributions of capital income and between capital and labour.⁵

In January this year, the IMF released the results of exploratory research into the impact of AI on the future of work.⁶ An estimated 60 percent of jobs in advanced economies will be affected, with the percentage falling to 40 percent in emerging economies and 26 percent in low-income countries, because of differences in their current employment structures

The report estimates that half of the jobs impacted will be affected negatively, while the other half may see increases in productivity. The lesser impact on emerging and developing countries will tend to lead to fewer benefits in terms of increased productivity. The report also highlighted how a country’s level of preparedness for AI will be relevant when it comes to



maximising the benefits and dealing with the risks of the technology's negative effects. The report includes an index to measure the state of preparation of countries, taking into account digital infrastructure, economic integration and innovation, levels of human capital, labour market policies, and regulation and ethics. In a set of 30 countries evaluated in detail, Singapore, the United States, and Germany rank in the top positions, while middle-income countries appear alongside low-income countries at the bottom.⁷

As such, increasing each country's level of AI preparedness should clearly be considered a policy priority.

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Securing Elections in the Digital Age

by Sameer Patil

Digital technologies have ushered in tremendous benefits for democracies worldwide, enhancing citizen engagement and improving governance. They have also impacted the conduct of elections—universally regarded as the central institution of democratic representative governments—as political parties seek to exploit cyberspace and social media for their campaigns and authorities leverage technological tools in executing election processes. These same technologies, however, have also created new vulnerabilities as foreign interest and interference grow, undermining the very spirit of democratic polls. Therefore, this year, in what is a pivotal year for elections, democracies worldwide have been preoccupied with preserving the integrity of the election process and, thereby, upholding the social contract.



Harnessing New Technologies

The advent of digital technologies, including social media, has provided new avenues for political parties to communicate their ideas to both their own cadres and potential voters. Indeed, social media has now become an intrinsic part of election campaigning.¹ In recent years, data science and computational analytics, including artificial intelligence (AI), have provided political parties with tools to execute sophisticated and targeted election campaigns. The advent of commercial generative AI applications now provides another potent instrument for political campaigning. Almost all influential political parties worldwide use them in various activities, including to generate synthetic (alternatively termed 'deepfake') videos.² This has mainly benefitted political parties at the fringes. For instance, far-right parties in Europe utilised generative AI tools in this year's elections to amplify their political messaging.³ As expected, this also caused a flood of disinformation in the run-up to the polls.⁴

The other side of new technologies is their use by poll officials to improve election processes. A number of countries are now embracing electronic voting—34 of 178 countries in the ICTs in Elections Database—with almost half of them using electronic voting machines.⁵ In 2024, officials also explored the utility of other emerging technologies such as blockchain, whose decentralised and distributed nature potentially makes it a helpful technology for

voting. In one experiment a few years ago, India developed a proof of concept of a blockchain-based remote voting system.⁶ While some studies have speculated on the technology's potential to increase voter turnout and reduce fraud, others have voiced concerns.^{7,8}

Cyberattacks Targeting Election Infrastructure

Even as tech use in elections expands, rogue actors and adversaries, particularly authoritarian regimes, have sought to weaponise technology by targeting the election ecosystem, including poll officials and infrastructure.⁹ In June 2024, for instance, hackers launched distributed denial of service (DDoS) attacks on the websites of French political parties.¹⁰ According to the cybersecurity firm Cloudflare, such DDoS attacks often distract IT teams while looking for other types of vulnerabilities.¹¹ In another high-profile instance, authorities in the United States blamed Iran for hacking into the 2024 campaign of the then Republican party nominee, and now newly elected president, Donald Trump.¹²

Yet, this phenomenon is not unique to Western democracies. Other countries, too, have experienced such breaches. For instance, in February this year, a data breach in Indonesia revealed a leak of voter information that could have been used to launch foreign disinformation campaigns during the presidential elections.¹³ Earlier, in January, Bangladesh's Election Commission claimed a DDoS attack on its services.¹⁴

Overall, according to cybersecurity firm Resecurity, the proportion of global elections targeted by cyberattacks skyrocketed from 10 percent in 2015 to 26 percent in 2022.¹⁵

These attacks adversely impact democracies in two critical ways: they diminish the sanctity of elections and undermine citizens' trust in their countries' ability to protect the fundamental process that separates them from non-democracies; and have also caused a flood of misinformation and disinformation around the election process, claiming voter suppression, election engineering, and misuse of voting machines. For instance, in the past year, American billionaire Elon Musk has often stoked speculations about the hacking of electronic voting machines.¹⁶

Focus on Resilience

The growing use of digital technologies in elections and the accompanying vulnerabilities have prompted governments to take active domestic measures to protect their electoral processes and allay concerns about the integrity of voting machines. Many of them have focused on strengthening the cybersecurity of election infrastructure, as seen in the US, UK, Canada, and Taiwan.^{17,18,19,20}

Other countries have looked to combat misinformation and disinformation to ensure the integrity of the electoral process. For example, during the Lok Sabha elections in April and May this year, the Election Commission of India (ECI) launched a dedicated portal to combat fake news and misinformation.²¹ The Ministry of Electronics

and Information Technology also issued an advisory to generative AI companies, asking them to take central government's permission to generate outputs from under-testing or unreliable AI systems.²² In addition, the ECI undertook awareness campaigns about the basic features of electronic voting machines and other parts of the voting process.²³ Similarly, before the National Assembly Elections in South Korea in May 2024, tech giant Naver Corp declared restrictions on its AI chatbot services from generating inappropriate content that could potentially violate domestic elections laws.²⁴

Conclusion

New and emerging technologies have raised the stakes for election integrity, and democracies have taken steps to secure elections. However, this challenge cannot be tackled by countries on their own. Like-minded democratic states must collaborate to secure their election processes and protect their citizens from disinformation. At the heart of this cooperation is the cybersecurity of election infrastructure and safeguarding against foreign interference. There is a corollary imperative to engage in deeper reflection about the evolving role of generative AI tools in political campaigning, as it can further diminish already weakening citizens' trust in democratic polities. With authoritarian regimes and rogue actors determined to imperil democracies, securing elections in the digital age requires democratic governments to think and act decisively.



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