



TOP 10 GEOPOLITICAL RISKS FOR 2024



INTRODUCTION

FRACTURED WORLD

At Insight Forward we firmly believe that businesses must be prepared for the geopolitical risks that could impact their market share and revenue. This means having a long-term strategy to deal with the oscillations that occur in global politics. To that end, we are already thinking about the most significant geopolitical risks that corporations will likely face in 2024. With the knowledge about how these issues are likely to unfold, corporations can prepare business continuity plans and upgrade their security where necessary.

When we examine the major trends in global politics, the primary theme that emerges is ongoing **deglobalization**. Many corporations have become used to operating in relatively free markets that allow them to openly conduct business worldwide. However, the world is changing and is pulling itself apart politically and technologically.

While we can make some historical comparisons, many of the geopolitical issues we face are unique to the twenty-first century. Technology and global great power competition will dictate how geopolitics plays out, and corporations will need to go into 2024 prepared for a more divided world on multiple levels. It will require new and innovative approaches to navigate this successfully and safely.

Importantly, this is not just the perspective of security professionals. An [Oxford Economics survey](#) produced in August 2023 showed that more than a third (36%) of businesses viewed geopolitics as their top risk. By forecasting what we think are the most likely geopolitical risks for 2024 by the fourth quarter of this year, Insight Forward plans to help corporations make better strategic decisions to manage these risks and maintain their market share and revenues over the long term.

Contents

1. US – China Competition.....	4
2. Balkanization of Technology.....	4
3. Russia – Ukraine War.....	5
4. Food Insecurity.....	6
5. Political Instability.....	7
6. Inflation and Peak Interest Rates.....	7
7. Energy Instability.....	8
8. Global Debt.....	9
9. AI-Enabled Cyberattacks.....	9
10. Access to Rare Earth Minerals.....	10

1. US – China Competition



Competition between the US and China will dominate geopolitics in 2024, and beyond. China has shed the illusion that it is a peaceful rising power, and the CCP now asserts the country's interests aggressively. For example, in early 2023 China overtly sent a [spy balloon](#) over the United States and [imposed export bans on minerals](#) needed for semiconductors.

Meanwhile the United States and its allies, including the Netherlands and Japan, have responded with [investment](#) and [export](#) bans on certain technologies. The US has also increased [arms sales](#) to Taiwan. Such tit-for-tats are highly likely to continue into 2024, and they are likely to become more extensive over the following years.

The competition between the two great powers will be felt throughout the world as China attempts to expand its power projection in Africa, create competing international institutions like BRICS+, and confront countries such as Japan and Australia in the Indo-Pacific. The Biden administration has sought a less confrontational tone, but his political opponents in the US and some of his allies in the administration are clamouring for a more aggressive approach. The next year is likely to be a pivotal point in how the two countries will deal with each other over the long term.

Competition between the US and China increases the risk of economic espionage by China, targeting economic sectors it considers to be of strategic importance. Political tensions also increase the risk of restrictions to providing goods and services to China. This can disrupt market access for companies and affect supply chains. Additionally, China's stringent audits and regulations have become a source of frustration for foreign businesses, resulting in compliance challenges and increasing operational costs. Lastly, China's arbitrary detainment of foreign nationals, often on questionable charges, has raised concerns for businesses with employees stationed or travelling in China. These detentions can be used as leverage in diplomatic disputes, creating further uncertainty for companies operating within the country.

2. Balkanization of Technology

In the 1990s and early 2000s, technological advancements fostered an interconnected, open global environment marked by the free flow of information. The tech sector's optimism led many to anticipate that technology would offer solutions to numerous global challenges. However, certain nations perceive the unfettered exchange of information as a security threat, prompting them to impose stricter regulations on technology access and usage. This trend, often referred to as the "balkanization of technology," poses a growing risk to business operations.

The balkanization of technology means different countries or parts of the world having separate internets, technologies, or regulations that might be incompatible. These differences cover a wide range of areas including data privacy laws, access to various platforms and software, operating standards, and hardware requirements. In 2023 alone, there have been a number of events that accelerated this trend. Russia has been actively pursuing an [autarkic internet](#), while several countries have intermittently restricted access to social media platforms during periods of unrest or have restrictions on the types of [content](#) allowed on certain platforms. Meta's decision to withhold [news content](#) in Canada, and the EU imposing stringent new [regulations](#) are further examples. It is increasingly likely that countries and supranational organizations will impose competing standards, effectively fragmenting the global technology landscape, and posing significant challenges.

An increasingly divided technology environment poses several risks to companies. There are reputational risks from complying with regulations that are perceived to harm freedom of speech or other human rights and from exposure to mis- and dis-information campaigns because of the way content is controlled. Increased reputational risks also increase the risk of direct activism.

The unpredictability of service interruptions is another issue, as varying degrees of control over technology infrastructure in different regions can lead to unexpected outages, disrupting business operations and affecting customer experiences.

Lastly, some regulations may require companies to hand over sensitive or proprietary data, which would potentially lead to a competitive disadvantage in some markets. They could also result in data breaches, leaving companies vulnerable to fines and harming customer confidence and trust.

3. Russia – Ukraine War

The Russo-Ukrainian War is highly unlikely to end within the next year because both sides have maintained maximalist war aims that are incompatible. Historically, most wars last about 3-4 months, so the fact the War has already gone for more than 18 months indicates it



Ukrainian President Zelensky

will last a lot longer. This is a result of several factors, including the external support for both Ukraine and Russia, but particularly because of Ukrainian ingenuity in facing a larger foe.

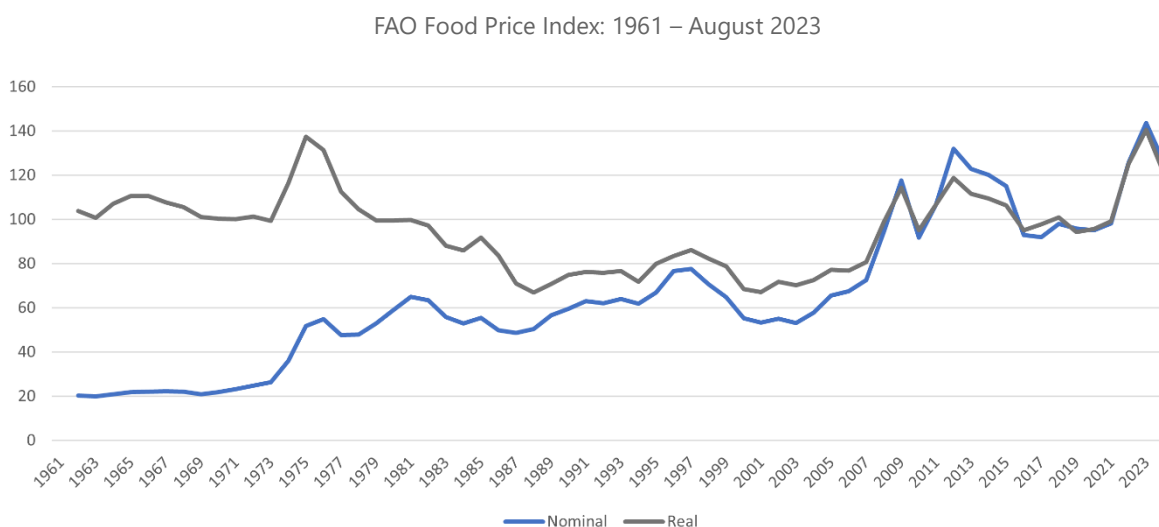
This conflict continues to top the risks to corporations not just because of its direct impact in forcing many companies to withdraw from the Russian market, but also for its second and third order effects. The war has impacted everything

from [food](#) and [energy](#) security to [air travel](#), and these effects are expected to last well into next year.

As the war becomes ever more attritional, corporations must also consider the extremely unlikely but highly impactful event of Russia deploying weapons of mass destruction (WMDs). Though this remains the most unlikely scenario, the longer the war drags on, the potential for Ukraine to escalate attacks inside or Russia, or because of domestic political pressure, the more desperate Russia is likely to become and the more aggressive tactics they are likely to try.

4. Food Insecurity

Global food prices are stubbornly high. The war in Ukraine has disrupted food exports from both Ukraine and Russia, two of the world's leading food producers. In 2023, Russia pulled out of the Black Sea Grain initiative that allowed Ukraine to export food from its Black Sea ports. At the same time the war has caused the costs of food production to increase. The price of fertilizer peaked in 2022 and even though prices have fallen there likely remains major issues coming up. Supplies of certain fertilizers are declining, which is why Russia ended its [discounted rates](#) for India despite the latter becoming a critical trading partner during the war with Ukraine. This increased the price of food production in India. To help with domestic prices, India, which is the world's largest rice exporter, has [banned exports](#) of non-basmati white rice. There are concerns that further restrictions on other types of rice could also be introduced.



Source: www.fao.org

Extreme weather conditions are also affecting crop yields in some countries. Drought caused [below average yields](#) in Algeria, Morocco, and Tunisia, and flooding has affected [food production in China](#). The [El Nino weather](#) system is also likely to have a major impact on some wheat and palm oil crops. There is a risk that richer countries like China will have to increase food imports, leading to further increases and pricing poorer countries out of the market.

Food insecurity not only has a humanitarian cost to the people who cannot afford to eat, but there is a demonstrable link between high food prices and widespread unrest. A similar prolonged period of high prices was a contributing factor to the Arab Spring. Whilst we are unlikely to see another Arab Spring, the conflict between two major food producing countries, India's export ban, and extreme weather affecting agriculture are warning signs. In 2024 there will be increased risks of protests in the Middle East and North Africa, Sub-Saharan Africa, and South Asia. Corporations that operate in countries facing food insecurity will need to prepare for such disruptions that are likely to come if food prices continue to increase or remain too high.

5. Political Instability

The post-Cold War world saw a general expansion of democracy globally, but the past five years has shown that expansion was only ephemeral. Now, a significant number of countries are facing political instability with the rise of extremism across the political spectrum.

Significant concerns include the United States, which will be going into a presidential election year in 2024, during which, former President Trump will be involved in [multiple criminal trials](#). Republicans are also likely to move forward with [impeaching President Biden](#) to halt his agenda. The political environment in the US is highly polarized, and this is likely to continue to amplify domestic extremist rhetoric and activism.

In West Africa this year there have been coups in [Niger](#) and [Gabon](#), and the effects of those will be felt in 2024. Africa's mineral deposits and other natural resources that are particularly important for technology and green energy make it a key geopolitical battleground. This will drive further instability as countries vie for political influence and domestic actors for wealth. South America is also experiencing similar instability. For example, Chile's left-wing president tried to create a new constitution that was roundly rejected by the electorate, and now they are working on [another one](#) that will be voted on in December 2023. In Argentina, which holds elections in October 2023, economic problems, including very high inflation, continue to drive instability. Several countries including Argentina, Bolivia, Ecuador, and Peru experienced significant unrest over the past couple of years. The effects of China's economic slowdown and price rises increase the likelihood of further unrest in 2024.

Political instability throughout the world is highly likely to impact how corporations will perform in a number of markets because of regulatory and security challenges.

6. Inflation and Peak Interest Rates

Inflation is harmful to economies because of the strain it puts on consumers, and the majority of the world is unlikely to experience real inflation relief until 2025. Central banks like the US Federal Reserve, Bank of England, and European Central Bank will likely reach peak [interest rates](#) in 2023. However, they are already causing negative impacts. In the United States, [mortgage demand](#) is at a 28-year low, and homeowners will be unable to refinance their mortgages if the payments become too burdensome. Higher interest rates in

the US and EU will also put pressure on currencies of developing countries, but because inflation is highly unlikely to get to 2% before the end of 2024 interest rates are unlikely to decrease before then.

Cost of Living Protests 2022 *Top 25 countries with highest numbers of protests*



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Source: FES - Food, energy & cost of living protests, 2022

Corporations will need to operate the next year within the context of higher interest rates and moderate inflation leading to periodic bouts of business disruption. In 2022, there were more than [12,500 protests globally](#) over the cost of living, and further unrest should be anticipated. There is also an increased risk of labour strikes as workers push for pay increases to deal with the higher prices.

7. Energy Instability

Energy prices are intimately tied to economic performance, and energy markets will likely be disrupted in 2024. This is because of geopolitical calculations by Russia and Saudi Arabia who announced in September 2023 that they would extend voluntary supply cuts to the end of the year. In September 2023, benchmark Brent crude was trading around \$95 a barrel, the highest price for several years, not including the spike after Russia's invasion of Ukraine. This price is too high for most economies. OPEC+ is also expected to extend their [1.3 million bpd cuts](#) until the end of 2023.

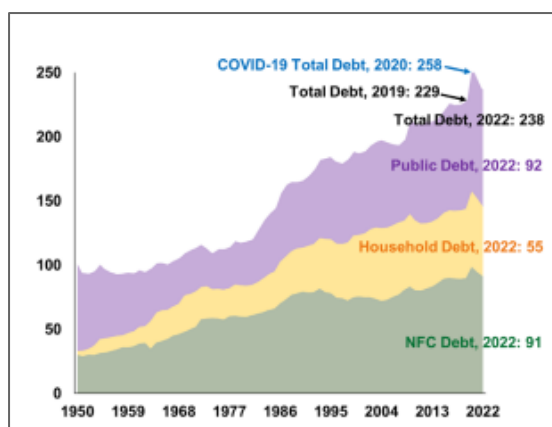
There is a high risk of volatility in the market starting in 2024. The production deficit will likely strain inventories in Q4 2023, and uncertainty over the Biden administration's fossil fuel

policies means that US shale production has not expanded to meet demand. While high oil prices are positive for net-exporters, they are negative for countries that are net-importers, and consumers and economic growth will be impacted by the prices.

In Europe, natural gas storage has benefited from alternative supply sources and a milder winter in 2023, effectively averting an energy crisis. Despite some price volatility, the outlook for the upcoming year appears more favourable because of sufficient storage levels and an expected decrease in European demand in 2024. Nevertheless, risks include potential disruption to Russian gas supplies, China's consumption patterns, and unpredictable weather conditions. As a result, it is prudent to anticipate the possibility of continued price volatility and associated disruption in the coming year.

8. Global Debt

Both governments and corporations are highly leveraged with debt, and that has greatly increased over the past two years. At the end of 2022, [total global debt](#) was 238% of global GDP (9% higher than in 2019), equalling USD \$235 trillion. This significantly increases the risk



Global Public and Private Debt 1950-2022 as a percentage of GDP – IMF 2023 Global Debt Monitor

of a government or corporate default, which could trigger a regional or global financial crisis akin to [1997 in Asia](#).

In addition, because the majority of cross-border debt is priced in dollars, the higher interest rates due to inflation have strengthened the dollar against other currencies, which makes it harder for governments and corporations to pay back their debts.

Corporations are feeling the strain of those higher interest rates, and 2023 saw a [wave of corporate bankruptcies](#). Debt will remain a critical risk in 2024 for both governments and corporations, and any sovereign defaults will highly likely lead to regional recessions.

9. AI-Enabled Cyberattacks

Cybersecurity is a constantly evolving domain, and threats abound from hacktivists to criminals to nation-state actors. Although many corporations have dedicated cybersecurity teams, the threats for 2024 are extremely likely to include Artificial Intelligence (AI)-enabled cyberattacks. This is axiomatic for those in the profession, but corporations will need to alter their approach to cybersecurity because AI will allow even script kiddies to significantly advance their capabilities.

AI will [assist threat actors](#) in automating attacks, scanning attack surfaces, and generating content, and it will even help with generating more sophisticated forms of social engineering, especially for those attackers who do not speak the native language of their

targets. New strategies will be required to deal with the likely surge of AI-enabled cyberattacks.

10. Access to Rare Earth Minerals

Rare earth metals are absolutely essential to the modern economy and green technology. In 2022, the US released a list of its most [critical minerals](#) but obtaining them is a source of great competition. As mentioned above, China, which is the world's largest processor of rare earths, has implemented export bans in retaliation against the US for its trade restrictions against China.

However, restrictions are not only limited to the US and China. African nations with a significant amount of the resources are imposing their own restrictions. Zimbabwe implemented a ban on [raw ore exports](#), requiring companies to process lithium in the country in the hopes of creating more jobs. Additionally, the Democratic Republic of Congo, Ghana, Nigeria, Kenya, Tanzania, and Zambia have all implemented similar bans or regulations.

Corporations that rely on such minerals will have to navigate an increasingly complex regulatory environment as countries use them as a geopolitical tool to protect their security and economic interests. In 2024, we can expect to see further trade restrictions, soft power moves, political instability, and conflict in countries that have crucial deposits of economically important minerals.

If your business would like to understand any of these issues more deeply, you can find us at insightforward.co.uk or contact us [directly](#).

Insight Forward provides a range of intelligence services to help businesses stay secure and thrive in an increasingly complex global marketplace.

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