Lose-Lose?

Munich Security Report 2024

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Foreword

Christoph Heusgen

Dear Reader,

This year, as we host the 60th Munich Security Conference, we are also publishing the 10th edition of the Munich Security Report – our scene setter for the conference that has by now become a tradition in itself. Initially just a companion with a collection of interesting data, the report's titles have over time become the unofficial mottos of the conference and its messages have repeatedly triggered lively debates in Munich and beyond.

As in previous years, the report summarizes and interprets important (if selected) developments in the world, presents eye-opening infographics, and sheds light on some of the key challenges that we will tackle in Munich and in our events and initiatives throughout the rest of the year.

Unfortunately, this year's report reflects a downward trend in world politics, marked by an increase in geopolitical tensions and economic uncertainty. According to the new edition of the Munich Security Index, a key element of the report since 2021, large segments of the populations in the G7 countries believe their countries will be less secure and wealthy in ten years' time. It's no wonder then that many governments are rethinking their international engagement, paying closer attention to the vulnerabilities that come with interdependence and who benefits more from cooperation. But while "de-risking" in various ways is a necessary response to a changing and more dangerous geopolitical environment, a stronger focus on the relative gains of cooperation risks undermining the absolute benefits of cooperation. We must avoid ending up in ever more lose-lose situations that come with the fragmenting global order. Rather,

we must double our efforts to contribute to a common understanding of the rules-based international order, based on the UN Charter and the Universal Declaration of Human Rights, that allows everyone to win.

After all, the problems that the report discusses are human-made – and they can be solved by us. It is not inevitable that we get caught in a downward spiral. In this sense, the report encourages all of us to think harder about how we can stop fueling a vicious cycle – and simultaneously enhance the resilience of the rules-based international order. I sincerely hope that we can collectively identify more than a few silver linings on the horizon.

As always, I would like to thank our various partners who shared analyses and contributed data or infographics to the report. I wish you a thought-provoking read!

Yours,
Ambassador Christoph Heusgen
Chairman of the Munich Security Conference


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Executive Summary

Amid growing geopolitical tensions and rising economic uncertainty, many governments are no longer focusing on the absolute benefits of global cooperation, but are increasingly concerned that they are gaining less than others. Prioritizing relative payoffs may well spur lose-lose dynamics – jeopardizing cooperation and undermining an order that, despite its obvious flaws, can still help grow the proverbial pie for the benefit of all. The transatlantic partners and like-minded states now face a difficult balancing act. On the one hand, they have to brace for a much more competitive geopolitical environment, where relative-gains thinking is unavoidable. On the other hand, they have to revive positive-sum cooperation, without which more inclusive global growth and solutions to pressing global problems can hardly be attained.

In absolute terms, the period after the *Zeitenwende* brought about by the end of the Cold War was a story of success. The risk of great-power war seemed remote, multilateral cooperation flourished, democracy and human rights spread, and global poverty declined. The open, rules-based international order that emerged allowed the "pie" of global prosperity to grow substantially. The contemporary *Zeitenwende*, however, points in a different direction, as pessimism has crowded out the optimism of the early post-Cold War era. Amid increasing geopolitical rivalry and a global economic slowdown, key actors in the transatlantic community, in powerful autocracies, and in the so-called Global South have become dissatisfied with what they perceive to be an unequal distribution of the absolute benefits of the international order. From the perspective of many developing states, the international order has never delivered on its promise to grow the pie for the benefit of all. China, perhaps the biggest beneficiary of the liberal economic order, and other autocratic challengers feel that the United States is curtailing their legitimate aspirations and are forcefully pushing for an even bigger share of the pie. And even the traditional custodians of the order are no longer satisfied, as they see their own shares shrinking. In fact, people in all G7 countries polled for the Munich Security Index 2024 expect China and other powers from the Global South to become much more powerful in the next ten years, while they see their own countries stagnating or declining. As more and more states define their success relative to others, a vicious cycle of

relative-gains thinking, prosperity losses, and growing geopolitical tensions threatens to unroll. The resulting lose-lose dynamics are already unfolding in many policy fields and engulfing various regions.

At their extreme, relative-gains concerns take the shape of zero-sum beliefs – the conviction that another actor's gains necessarily entail losses for oneself. This thinking is nowhere more pronounced than in autocracies' quests for their own spheres of influence. In Eastern Europe, Moscow's imperial ambitions have already resulted in war and undermined all visions for a cooperative security order for the foreseeable future (Chapter 2). The result is a lose-lose situation in which Ukraine risks losing the most, with its very survival as an independent country at stake, while Putin's war is also taking a massive toll on the Russian population. And Europeans can no longer reap the peace dividend, having to spend more on their own defense and in support of Ukraine.

Many observers fear a similar escalation of violence in the Indo-Pacific (Chapter 3), where different visions of order are clashing in an increasingly zero-sum fashion. China's growing militarization of its maritime periphery is already raising fears that Beijing is trying to convert East Asia into its exclusive sphere of influence. As a result, many countries in the region are seeking closer security ties with the US and are trying to reduce their economic dependency on China. But decisively reduced cooperation with China hurts both them and Beijing. Moreover, if great-power rivalry in the region escalates, everyone loses.

Everyone is losing from the escalation of violence in the Middle East (Chapter 4). The terrorist attacks by Hamas have caused immense suffering in Israel and dealt a blow to the country's very sense of security. Israel's response plunged Gaza into despair, marked by soaring civilian casualties, destroyed infrastructure, and a humanitarian emergency. The war may also upend the regional rapprochement that had gathered momentum and began shifting zero-sum mindsets among regional powers. At worst, the war could spread further, with Iranian proxies threatening to kindle a conflagration.

In the Sahel, a series of coups has also compounded lose-lose dynamics (Chapter 5). In Burkina Faso, Mali, and Niger, where military juntas have recently assumed power, Europe and the US have lost partners for promoting development, democracy, and good governance, fighting terrorism, and managing migration. The populations of the Sahel, in turn, are losing the chance for peace and democratic progress. Meanwhile, in Sudan, the deadly power struggle that succeeded the 2021 coup has provoked an epic humanitarian crisis.

Geopolitical tensions are also transforming globalization (Chapter 6). States around the world are increasingly pursuing economic security against coercion rather than maximizing mutual gains. As a result, capital and trade flows are beginning to fragment along geopolitical lines. "De-risking" economic relationships could reduce vulnerabilities and thus the potential for conflict among rivals. But a fragmentation of the world economy would also involve significant costs, especially for low-income countries.

Even climate policy (Chapter 7), the quintessential positive-sum area where everyone benefits from cooperation, risks becoming engulfed in geopolitical tensions. Although climate, economic, and geopolitical goals are increasingly aligned, the rollout of green technologies and progress to net zero could be thwarted by the tensions between China and the US, transatlantic disagreements over trade and subsidy rules, and divisions between low- and high-income countries, including over adequate climate financing.

Long a driver of global prosperity, technological progress is increasingly being instrumentalized by rivals (Chapter 8). China, the US, and others want to dominate strategic technologies such as semiconductors and artificial intelligence (AI). In doing so, they accept the fact that they will fragment the tech sector and incur the incidental welfare losses. Much-needed global regulations on AI and data security risk falling prey to the securitization of tech.

Rather than reforming the open and rules-based international order so that it better delivers on its promised mutual benefits, the international community is currently moving in the opposite direction. The transatlantic partners and like-minded states thus face a difficult balancing act. They must invest in defense and deterrence while selectively restricting the pursuit of mutual benefits to politically like-minded states; yet this must not result in a vicious cycle, where fears of unequal payoffs engulf ever more issues and positive-sum cooperation is limited to fewer and fewer states. Above all, the course corrections must not undermine transatlantic efforts to build stronger partnerships with countries in the Global South and jointly reform the existing order so that it works to the advantage of a much broader global constituency. But this is easier said than done in an election year that may even see the tangible benefits of close cooperation among democracies come under further pressure. There is thus a real risk that more and more countries end up in a lose-lose situation, which is no longer about who gains more, but only about who loses less.


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Lose-Lose?

Why are governments around the world increasingly concerned about relative gains and losses? How can world leaders promote an open and rules-based international order that better delivers on its promised mutual benefits – and thus grows the proverbial pie for more states? How can a vicious cycle be avoided that leads to a world marked by zero-sum thinking in which everyone loses?

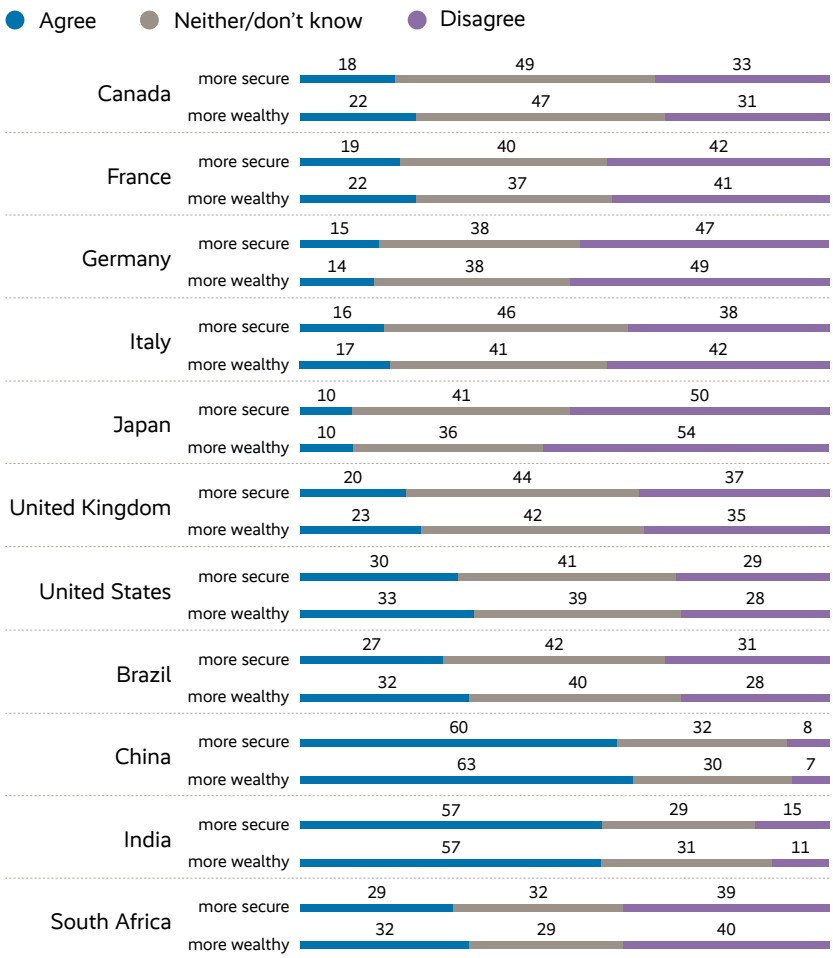
Tobias Bunde and
Sophie Eisentraut

The last time the world was witnessing a global *Zeitenwende*, most observers believed things would change for the better. When the Cold War ended, the world seemed to usher in an era of global cooperation. The easing of tensions between the superpowers allowed for unprecedented reductions in nuclear arsenals. While violent conflicts did not disappear, the risk of interstate war involving the great powers was remote, prompting public intellectuals to argue that humanity was "winning the war on war."[1] Savings in defense budgets led to a substantial peace dividend that could be allocated for other purposes. For some time, the members of the UN Security Council were willing and able to jointly assume primary responsibility for the maintenance of international peace and security. Global summits were held to safeguard the environment, promote development, and protect human rights, and their promising results suggested that "global governance" could solve humanity's most important challenges. Initially, democracy and free-market capitalism were spreading, and more and more people around the world were slowly being integrated into what has been called the "liberal international order."[2] In absolute terms, the combination of "open markets, individual rights, equality of sovereign states, and cooperation through rule-bound multilateralism"[3] was a win-win proposition for both established players and new entrants. The "pie" of global prosperity grew substantially: although the global population increased from 5.27 billion people in 1990 to 7.27 billion in 2019, the share living in extreme poverty decreased from 37.8 percent in 1990 to 8.4 percent in 2019.[4]

But the optimism of the early post–Cold War era has long vanished. Today, rather than promoting effective global governance, the international

Figure 1.1

Citizens' views on whether their country will be more secure and wealthy in ten years' time, October–November 2023, percent



Data: Kekst CNC, commissioned by the Munich Security Conference.
Illustration: Munich Security Conference

Thinking about world politics, do you agree or disagree with the following: in ten years' time my country will be more secure/wealthy?

"The end of the Cold War brought with it the promise of an inexorable march toward greater peace and stability, international cooperation, economic interdependence, political liberalization, human rights. And indeed, the post–Cold War era ushered in remarkable progress. […] But what we're experiencing now is more than a test of the post–Cold War order. It's the end of it."[5]

Antony Blinken, US Secretary of State, Johns Hopkins School of Advanced International Studies, September 13, 2023

community is "gridlocked in colossal global dysfunction" and "not ready or willing to tackle the big dramatic challenges of our age."[6] The initial liberal-democratic advances have been reversed: the number of liberal democracies has declined from 44 in 2009 to 32 in 2022, and almost three quarters (72 percent) of the world's population lives in autocracies compared to less than half (46 percent) a decade ago.[7] Within democracies, the rise of illiberal forces has resulted in shrinking space for civil society and political competition, a

crackdown on opponents, and the subversion of independent courts and media.[8] Instead of adopting liberal norms, autocratic leaders have exploited the liberal order to strengthen their power at home and abroad. Geopolitical tensions between the great powers have steadily increased as several non-Western powers have lashed out against perceived Western dominance and the order that the United States and its allies have shaped. As the world moves toward some new form of multipolarity – or rather, toward a "multiplex order" or "multi-order world" – cooperation inside the existing order has been crowded out by competition about the order itself.[9]

The Doubt of the Benefits

Despite the tremendous achievements in the post–Cold War era, key actors in the West, powerful autocracies, and countries in the so-called Global South have all become dissatisfied with the status quo – and their own share of the proverbial pie. Given the fact that 50 percent of the respondents in the Munich Security Index agree that "we live in a world largely shaped by Western ideas" (and only 12 percent disagree), it is striking that the dissatisfaction with the contemporary international order seems particularly pronounced in the West. From the perspective of many citizens, while the global pie itself has gotten bigger, their shares of it are growing smaller and smaller. Today, few people in the G7 nations believe that their countries will be more secure and wealthy in ten years' time (Figure 1.1).[11] Moreover, they expect China and other powers from the Global South to become much more powerful in the next ten years, while they see their own countries stagnate or decline (Figure 1.2). For many scholars, this widespread feeling of ongoing relative decline at least partly explains the success of populist politicians across the Western world. Against the backdrop of rising inequality, many citizens "have come to believe – with a good deal of justification – that the system is rigged."[12] Conversely, populist forces have further amplified the sentiment that some actors are gaining at the expense of others, as an extreme form of liberalism "exacerbates who wins and who loses from economic globalization."[13]

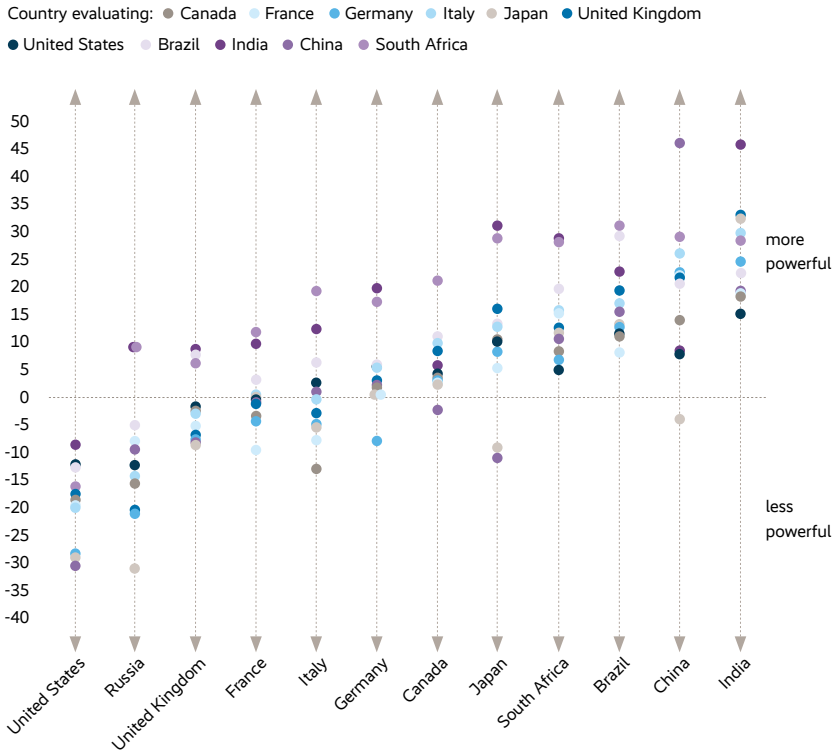
Moreover, Western populations and policy-makers have grown wary of the security implications of shifting economic relationships. Increasing interdependence, long seen as a recipe for continued growth and peaceful relations, has demonstrated its downsides. Trade ties have not turned rising powers such as China into "responsible stakeholders" of the liberal international order.[14] Rather, it has made democracies more dependent on autocracies and has allowed the latter to become increasingly assertive and

"The Ukraine crisis is not a territorial conflict, and I want to make that clear. [...] The issue is much broader and more fundamental and is about the principles underlying the new international order."[10]

Vladimir Putin, Russian President, Valdai International Discussion Club meeting, October 5, 2023

Figure 1.2

Citizens' views on other countries' power trajectories, share of people who think a country will become more powerful minus share who think it will become less powerful in ten years' time, October–November 2023, percent



Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

threatening. This is epitomized by China's "predatory liberalism"[15] in the economic field and Russia's war of aggression against Ukraine.

The world's most powerful autocracies, in turn, have also expressed their dissatisfaction with the current order and the distribution of its benefits. China has perhaps been the biggest beneficiary of the liberal economic order, which provided the conditions for an unprecedented economic expansion that lifted hundreds of millions of its people out of poverty and put the country on the path to superpower status. But Beijing has long regarded the US as a revisionist power that tries "to unscrupulously contain and suppress China" and prevent it from assuming its appropriate role in the

global system.[16] In other words, Chinese leaders think their country deserves an even bigger share of the pie, suggesting that "parity [with the US] is the least that Beijing must aim for."[17] Other countries also believe they are not getting what they are owed. Leaders in Moscow are determined to at least partly reverse the collapse of the Soviet Union and the loss of Moscow's control of Eastern Europe. For Putin, a West that "loses its dominance"[18] in international politics was unlikely to stop Moscow's effort to take Ukraine by force. And unfortunately, Putin's Russia is not the only country in which imperial legacies are regaining influence.[19]

Still others are not worried about their slice of the pie getting smaller – they feel they never really got a decent slice in the first place. From the perspective of many countries in the Global South, the international order has not delivered on its promise to grow the pie for the benefit of all. For many of them, especially in Africa, the peace dividend never materialized. Intrastate conflicts ravaged a number of countries, often preventing the types of investment that boosted prosperity elsewhere. Rather than providing equal benefits, for many countries, the global economic order was exploitative.[20] And while multilateral problem-solving may well have expanded, whenever global crises hit, developing countries usually took a much fiercer hit. The Covid-19 pandemic and the repercussions of the Russian invasion of Ukraine are an obvious case in point.[21] According to IMF data, low-income countries have suffered a loss of 6.5 percent compared to their pre-pandemic growth trajectory, while the global economy in total only suffered a 3.4 percent loss.[22] From the perspective of the share of humanity living in poverty or suffering from protracted conflicts, calls to defend the abstract rules-based order and shoulder the costs that come with it seem tone-deaf. According to this view, Western emphasis on the "rules-based order" is hypocritical and aimed at preserving the status quo of Western domination, including over the Global South.[23]

"When reality departs from rhetoric, we must have the courage to call it out. Without genuine solidarity, there can never be real trust. This is very much the sentiment of the Global South."[24]

Subrahmanyam Jaishankar, Indian External Affairs Minister, UN General Assembly, September 26, 2023

Theories of Relativity

Amid geopolitical tensions and economic uncertainty, many countries are now distrustful of others and thus more sensitive to the distribution of gains and losses. In their economic and security relations, they increasingly begrudge their counterparts gaining an advantage, concerned with being the relative "winner" – even at the expense of joint absolute gains.

In the West, more and more governments prefer to restrict the pursuit of mutual benefits to politically like-minded states. Faced with autocratic revisionism and the "weaponization of economic interdependence,"[25] liberal-democratic leaders

have successfully ramped up cooperation within values-based groupings – from the EU and NATO to the G7.[26] The growing sensitivity to relative gains vis-à-vis certain countries is also visible in public attitudes. According to data from the Munich Security Index, respondents in the G7 states are much more reluctant for their respective countries to cooperate with China, Russia, and other non-democratic countries than with democracies such as the US or EU members if their country gains less than the other side (Figure 1.3). While support for cooperation with unequal gains is generally low, many respondents agree with the statement that "we should trade more with our friends than with our adversaries or competitors, even if this means we incur welfare losses."[27]

A clearer distinction between "friends" and "adversaries" applies to both security and economics. As a response to Russia's full-scale invasion of Ukraine and growing Chinese assertiveness, democracies are refocusing on deterrence rather than cooperative security in their relations with autocratic challengers. From the perspective of most Europeans, security can no longer be attained together with Russia, but can only be achieved against it (Chapter 2). In the US, politicians from both sides of the aisle have concluded that deterrence must now trump trust in relations with Beijing (Chapter 3). In the economic field, "de-risking" has become the leitmotif, describing widespread efforts by Western countries to reduce their dependence on autocratic states. Again, public opinion supports this policy shift. In all G7 countries polled for this year's Munich Security Index, there was strong agreement with the statement that "we should reduce our dependency on trade with China, even if this reduces our prosperity."[28] Even members of the EU, an organization founded on a "win-win logic built around economic integration,"[29] now sense that reducing their dependence on Beijing is worth the price of some significant short-term economic pain. Amid increasing political tensions, Western democracies, the US in particular, are trying to protect – and possibly expand – their relative lead vis-à-vis autocratic rivals. As US National Security Advisor Jake Sullivan put it, in the field of sensitive technologies (Chapter 8), the US is now determined to "maintain as large of a lead as possible."[30]

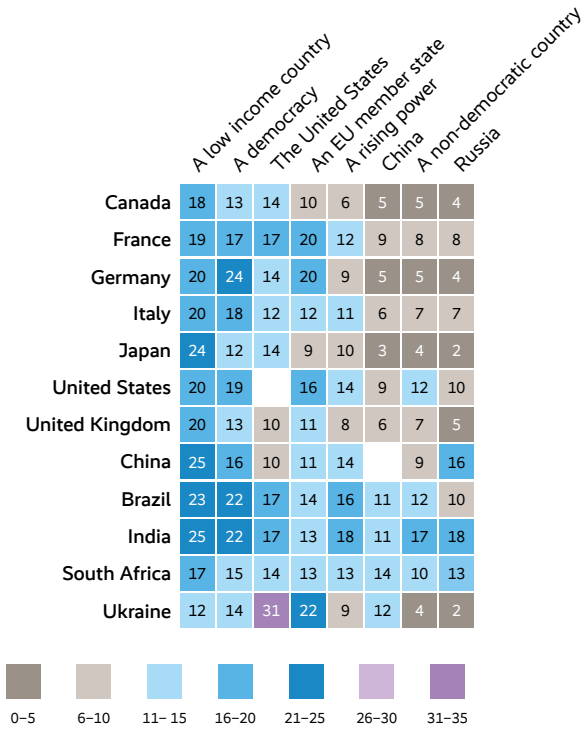
"China is not the same country as ten years ago. [...] China pursues a global order that is Sinocentric and hierarchical. It pushes an agenda that downplays universal rules, while championing the primacy of national interests."[31]

Ursula von der Leyen, President of the European Commission, European China Conference, November 16, 2023

Beijing claims that, unlike the West, China prefers "mutual benefit over zero-sum games,"[32] is pursuing a "global community of shared future,"[33] and seeks "win-win cooperation."[34] However, many outside observers point out that China's rhetoric only "masks its ruthlessness."[35] Indeed, its emphasis on global harmony is hard to square with Beijing's stated aim to grow other countries' "asymmetric dependencies" on China, its long-term violation of principles of reciprocal economic exchange, and its coercive "wolf warrior"

Figure 1.3

Citizens' views on unbalanced cooperation, share saying their country should cooperate with the respective state even if their own country gains less than the other side, October–November 2023, percent



Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

diplomacy.[36] Many see these behaviors as bringing about precisely those zero-sum dynamics that Chinese leaders warn of. They worry that China's increasing intimidation of Taiwan and militarization of its maritime periphery suggest that Beijing is trying to convert East Asia into its exclusive sphere of influence.[37] Moreover, while China complains about Western "decoupling," it, too, is emphasizing security over economic growth (Chapter 6). Via policies such as "Made in China 2025" and its "dual circulation" strategy, Beijing is attempting to insulate its efforts to catch up with the US in what it deems an increasingly unfavorable international environment – characterized, as Chinese President Xi Jinping has put it, by China's "all-round containment, encirclement, and suppression."[38] But these external pressures add to growing domestic troubles that have begun to stifle Chinese growth, among them a shrinking population, a

"Standing at a critical juncture of history, human society must not repeat the old path of antagonism, division, and confrontation, and must not fall into the trap of [a] zero-sum game, war, and conflict."[39]

Wang Yi, Director of the Office of the Foreign Affairs Commission of the Communist Party of China Central Committee, Munich Security Conference, February 18, 2023

property crisis, and high levels of local government debt. Faced with these challenges, Beijing will likely continue to talk about "win-win," but become even more focused on "winning more."

In the Global South, concerns about relative gains have been growing as well. Developing countries are well aware that they will suffer the most from global fragmentation along geopolitical lines.[40] For them, the massive resources that the West has marshalled in support of Ukraine are evidence that Europe and the US will deprioritize conflicts and crises that plague the developing world when battling for influence with Moscow and Beijing. These states also know that a fragmented world is a world at odds with inclusive global growth and impedes their ability to deal with the consequences of the climate crisis (Chapter 7).[41] According to the IMF, growing trade fragmentation will negatively affect both global poverty reduction and welfare in low-income countries.[42] It is thus unsurprising that many in the Global South try to defy the growing pressure to pick a side in the great-power competition, which would frustrate their ability to seek mutual benefits with a variety of states. Their call for multi-alignment and a multipolar world is thus a renunciation of zero-sum choices they worry could threaten their path to growth.

Yet the Global South also includes some of the greatest beneficiaries of the rise of relative-sum politics, in terms of both material gains and status.[44] Capitalizing on the fact that all great powers are actively courting them, powerful countries in the Global South are already taking advantage of geopolitical rivalries. States such as India and Mexico are benefitting from transatlantic attempts to reduce their own economic dependence on China by moving trade and investment to their shores.[45] And many more countries are hedging between the West on one side and China and Russia on the other, adopting what some have called "a hard-core transactional approach"[46] that allows them to "elicit [...] the best possible deals from each."[47] While this approach helps them level the global playing field, its focus on bilateral deals and short-term wins and its deprioritization of a more principled form of engagement clearly comes with downsides.[48]

"We shall continue to criticize any attempts to divide the world into zones of influence and of reviving the Cold War."[43]

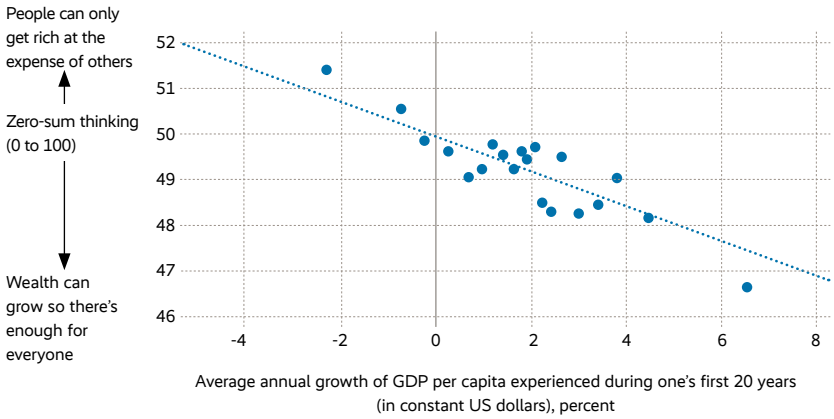
Luiz Inácio Lula da Silva, Brazilian President, UN General Assembly, September 19, 2023

Recipe for Disaster: How Zero-Sum Mindsets Eat Away at the Global Pie

The ubiquitous focus on relative gains, however, threatens to chip away at the absolute gains of global cooperation. The overall size of the pie, in other words, will decrease if everyone is only focused on their own slice rather than baking more together. Alas, this logic threatens to trigger a vicious cycle, which may well roll back prosperity gains in many parts of the world. The economic

Figure 1.4

Relationship between GDP growth during one's childhood and one's zero-sum thinking, birth cohorts 1960–1997*



*Binned scatterplot based on approximately 92,000 survey responses

Data: Sahil Chinoy, Nathan Nunn, Sandra Sequeira, and Stefanie Stantcheva.
Illustration: Munich Security Conference

losses that will likely result from the "dangerous spiral into protectionism"[49] will likely further heighten domestic trade-offs between different policy goals. Shrinking national budgets will make it more difficult to compensate the "losers" of globalization, which will render governments even more sensitive to relative gains. Not to speak of the fact that among individual citizens, the experience of slower economic growth evidentially breeds zero-sum mindsets (Figure 1.4).[50] At their extreme, concerns about relative gains could then lead to a world shaped by zero-sum beliefs – the conviction that another actor's gains necessarily entail losses for oneself.

An ever-growing emphasis on relative gains in the economic field will likely also contribute to greater geopolitical tensions and distrust. The risks are most evident in the military domain. In response to autocratic revisionism, many liberal democracies have raised their defense budgets, introduced sanctions, or reconsidered their policies of engagement with many non-democracies. While these measures are necessary responses to a more competitive environment, they could contribute to a downward trend, perhaps leading to trade wars or arms races in domains from nuclear weapons to artificial intelligence. Moreover, the vicious cycle of such a "geopolitical recession"[51] also means that less money and attention is

"If current geopolitical pressures result in far-reaching fragmentation of the world economy, it would deal a serious blow to growth and development prospects for poor countries."[52]

Ngozi Okonjo-Iweala, WTO Director-General, London School of Hygiene and Tropical Medicine, October 3, 2023

"But at a time when our challenges are more connected than ever, the outcome of a zero-sum game is that everyone gets zero."[53]

António Guterres, UN Secretary General, press conference, September 13, 2023

available for critical global concerns. It is hard to see how a fragmented world, marked by a spiral of self-perpetuating rivalries, would be able to reach its climate and development targets, promote the peaceful resolution of conflicts, or prevent another global pandemic.

Although many political leaders claim they are still committed to the notion of shared success and cooperation aimed at inclusive long-term gains, they seem unable to break vicious zero-sum dynamics and stop the rise of highly transactional exchange. Their individual policies may be rational responses to an increasingly competitive international environment. Collectively, however, they risk undermining cooperation that grows the pie for all. They are thus weakening an order that, despite its obvious flaws, could help facilitate the pursuit of shared growth and the search for solutions to common problems.

The Balancing Act: No Peace of Cake

For the transatlantic partners and like-minded states, stopping this vicious cycle requires a difficult balancing act: between adequately bracing for a more competitive geopolitical environment, where relative-gains thinking is unavoidable, and reviving positive-sum cooperation, without which inclusive global growth and solutions to pressing global problems are hardly attainable.[54]

To begin with, the transatlantic partners and like-minded countries cannot afford to be naïve about the intentions of challengers. In the face of autocratic revisionism, there are no convincing alternatives to "friendshoring" and gradual de-risking,[55] to investing in deterrence, or to generally strengthening cooperation among like-minded democracies – in short: ramping up "collective resilience."[56] Any debate about growing the global pie for the benefit of all is futile if democracies do not succeed in preserving the democratic island of trusted multilateralism – based on an understanding of diffuse reciprocity that allows for long-term positive-sum cooperation.

However, given widespread democratic backsliding, growing societal polarization, and rising right-wing populism in many of these states – and the real risk that these trends will be exacerbated in the 2024 cycle of elections – it is far from certain that democratic countries will emerge more resilient. Anti-internationalist impulses are threatening the benefits of close economic cooperation among democracies, although the economic costs of Brexit, the prime example of a popular rejection of political and economic integration, are now visible: an estimated five percent decrease of the United Kingdom's

GDP.[57] As the debate about the US Inflation Reduction Act has shown, increasing concerns about "unfair" trade patterns may hamper relations between the US and Europe and negatively affect their joint ability to push back against revisionist powers and work toward the global good (Chapters 6 and 7). Tighter budgets, combined with domestic skepticism, already risk undermining public support for Ukraine, whose survival as an independent state rests on the collective assistance of the world's democracies – just as the global perception of the strength of the community of liberal democracies depends on Ukraine prevailing over Russian revisionism. Moreover, observers worry that an election of Donald Trump in the US this November could spell the end of trusted cooperation among democratic states.[58] Considering the combined wealth and power of the world's democracies, there is no reason why they should not be able to collectively prevail against their foreign adversaries – if they can rein in the domestic enemies of democracy and mutually beneficial cooperation.

Yet, the ongoing and necessary course corrections must not result in a vicious cycle, whereby fears of unequal payoffs engulf more and more issues and positive-sum cooperation is limited to fewer and fewer states. The pursuit of mutual economic growth is not impossible if de-risking policies are pursued in a targeted and transparent way. In the security realm, too, the risk of escalatory dynamics can be reduced if efforts to ramp up deterrence are accompanied by serious attempts at credible reassurance – and if necessary guardrails, such as high-level military-to-military dialogue, are also put in place.[59] The fragile rapprochement between China and the US in recent months represents a hopeful sign.

But the future of the international order will not be decided by the great powers alone. To strengthen cooperation with global partners, Europe and the US will need to demonstrate that their vision of an open and rules-based international order is in the interest of a broad global constituency. This demands greater pushback against Chinese and Russian propaganda. Both countries have been skillfully peddling the narrative that the Western countries are promoting the division of the world into blocs and, by regularly interpreting the "rules" of the rules-based international order to their own advantage, are guilty of practicing double-standards.[61] If current trends continue, the US and its allies risk losing the blame game in the global court of public opinion, being branded the culprits of the erosion of a cooperative international order and of a lack of effort to ensure more mutually beneficial outcomes.[62]

"A growing China that plays by international rules is good for the United States and the world. [...] The United States does not seek competition that is winner-take-all."[60]

Janet Yellen, US Secretary of the Treasury, Johns Hopkins School of Advanced International Studies, April 20, 2023

But winning the global battle of narratives about the type of order that best ensures widely shared success also requires a new approach toward the diverse group of countries in the Global South. Strengthening cooperation that benefits both sides starts with a better understanding of these countries' long-term economic and strategic interests. A mindset in which these countries are true partners – practically, not just rhetorically – can pave the way for a new era of mutually beneficial cooperation and joint efforts to reform the rules-based international order into one that better caters to their needs. If policies win that prioritize diversifying economic relations over succumbing to ever-increasing protectionism, a strategy of de-risking may even end up strengthening and expanding mutually beneficial exchange with more countries and contribute to a more inclusive and more sustainable international economic order.

Yet in strengthening their engagement with emerging powers such as Brazil and India, the transatlantic allies and like-minded partners also have to avoid furthering transactional thinking that rules out cooperation beyond narrow, short-term gains. While the transactional approach that these countries adopt may help grow attention for demands and needs that have often been overlooked, it also comes with serious downsides.[63] If short-term reward becomes the main motivation, and long-term cooperation, which requires broad coalitions and demands painful compromises from all sides, is increasingly hard to obtain, global public goods might no longer be provided, international rules will rarely be developed and enforced, and efforts to address the gravest threats to mankind will simply no longer be made.

At the moment, there is thus a real risk that more and more countries end up in a lose-lose situation, which is no longer about who gains more, but only about who loses less. If states increasingly define their success relative to others rather than in terms of an order that allows the international community to thrive, the world in which states seek to be "winners" will be an absolutely undesirable one. Stopping this trend is easier said than done. In recommitting to mindsets and policies geared at a growing global pie, including for many countries in the developing world, the transatlantic partners will also have to consider growing resource constraints at home – the inevitable result of the end of the peace dividend. But if the world's liberal democracies fail to pursue a policy of enlightened interest, who else can be expected to step in?

"The order of the day is not less cooperation – perhaps packaged today as de-coupling or as 'cooperation only among the like-minded.' Instead, we need more cooperation: existing alliances must be strengthened and new partners sought. For this is the only way to reduce the risks of excessively one-sided dependencies."[64]

Olaf Scholz, German Chancellor, UN General Assembly, September 19, 2023

Key Points

1. The geopolitical and economic optimism of the post–Cold War era has vanished. Although this era saw impressive absolute gains in wealth and security, the fact that these gains were far from equally distributed has led to dissatisfaction with the status quo.

2. Against the backdrop of rising geopolitical tensions and economic concerns, key actors in the West, in powerful autocracies, and in the Global South have become increasingly worried about relative gains and losses and begun to de-risk their international relations.

3. While these policies are rational responses to a changing geopolitical environment, they are costly, as they threaten to eat away at the absolute gains of global cooperation. They also risk triggering a vicious cycle, in which states' focus on relative gains and losses may bring about a zero-sum world.

4. The transatlantic partners need to strike a balance between competing for relative gains and cooperating to realize inclusive absolute benefits. While they need to safeguard trust-based cooperation among like-minded democracies, they must also try to introduce guardrails for competition with autocratic challengers, search for areas of mutually beneficial cooperation with competitors, and build new global partnerships that ensure more inclusive benefits.

Munich Security Index 2024

Russia's war on Ukraine marked a *Zeitenwende* across G7 countries. But two years on, there are signs that its impact on risk perceptions is tempering. The threat from Russia and related risks still rank considerably higher than in 2021, but compared to last year, they have dropped in the risk index. Meanwhile, perceptions of nontraditional risks remain high. People around the world continue to be most concerned about environmental threats, while risk perceptions of mass migration as a result of war or climate change, Islamic terrorism, and organized crimes have heightened.

Since 2021, the MSC and Kekst CNC have collected data to answer core questions that help understand global risk perceptions: Do people think that the world is becoming a riskier place? Is there a global consensus on some of the grave risks that humanity is facing today? And how prepared do societies feel to tackle these threats? By combining five metrics, the index provides an in-depth view of how 12 countries view 32 major risks over time. This edition of the MSI is based on representative samples of 1,000 people from each G7 country and BRICS countries except Russia ("BICS"). A survey with selected questions was also conducted in Ukraine. The total sample thus amounts to 12,000 people. Polling was conducted between October 24 and November 16, 2023, using industry-leading online panels. The local surveys were carried out by trusted and reputable fieldwork partners in compliance with the European Society for Opinion and Market Research code. Respondents were selected according to stratified quotas for gender, age, residency, formal education, and income to ensure representativeness. The final data was then weighted to exactly match the quotas. The margin of error was 3.1 percent. Polling in autocracies always comes with difficulties, as respondents may not feel like they can freely express their views. The results from China in particular should therefore be interpreted with caution.

Following last year's record-high threat perceptions, the MSI 2024 registers aggregate decreases in 21 risk indicators, while ten indicators saw overall increases (Figure 1.6). Almost all indicators related to Russia's war on Ukraine have fallen, including the use of nuclear weapons by an aggressor and energy supply disruptions. While Russia was still the top risk for five G7 countries last year, only the citizens of the UK and Japan still consider it so. German citizens now only see Russia as the seventh greatest concern and Italians see it as the 12th. Other prominent risks have fallen, too. Strikingly,

citizens in all but three countries – Brazil, Japan, and South Africa – have lesser economic anxieties than last year. And both the perceived risk of Covid-19 specifically and a future pandemic generally have dropped.

In contrast, perceptions of nontraditional risks have further increased. Concerns about mass migration as a result of war or climate change and radical Islamic terrorism have surged, though this is driven by countries in Europe and North America and likely fueled by the terrorist attacks by Hamas against Israel and the resulting war (Figure 1.5). The threat of Iran has also risen significantly in the risk index among the G7 countries. Meanwhile, cyberattacks now rank as the top concern in both China and the US. Notwithstanding abounding differences in risk perceptions, citizens around the world continue to share severe concerns about environmental threats. In all countries bar the US, at least one of the three environmental threats covered by the index features in the top three.

Russia's war and the wider geopolitical competition still shape citizens' views of other countries, but less intensely than last year. Belarus, China, Iran, and Russia are the only countries that are seen more as threats than as allies in aggregate (Figure 1.9). After Russia's standing plummeted last year, it has modestly recovered in all countries except Japan, but it remains very low. China, India, and South Africa still consider Russia more an ally than a threat, with Brazil undecided, which stands in marked contrast to views among citizens in the G7 countries. Five of the G7 countries have a more favorable view of China than last year, with Canada and Japan being the exceptions. Strikingly, China sees all countries except Russia and Belarus as more threatening than last year. It is also the only country that sees the US as a threat, if by a fine margin. Ukraine, which enjoyed the greatest increase in last year's index, is still considered an ally by all states, in particular the G7 countries, but to a lesser extent than last year.

Thus, the Munich Security Index 2024 signals a moderation, but not a rupture, of the post-Russian-invasion trends (Figure 1.7). Traditional hard security threats appear to have peaked in 2022, but they remain higher than in 2021. Among the G7 countries, the threat of Russia, for instance, rose from being the 15th greatest concern in 2021, to the top concern in 2022, and dropped to fourth in 2023. The risk of nuclear aggression follows a similar pattern. In the BICS countries, risk perceptions have been less volatile since 2021, suggesting that citizens see Russia's war to be less of a turning point (Figure 1.8). The fact that perceptions of Iran and Russia have remained static, and views of China have even improved, also contrasts markedly with views in the G7 countries.

msc Munich Security Index

powered by KEKST CNC

Explaining the Index

Index components

The Munich Security Index combines the crucial components that make a risk more serious. Public perceptions of trajectory are combined with imminence and severity alongside a measure to give equal weight to perceptions of preparedness.

Question 1 – How great is the overall risk to your country?

For each of the following, please say how great a risk it poses to your country.

- Answer scale 0 – 10 [with 0 the lowest and 10 the greatest risk]

Question 2 – Will the risk increase or decrease over the next twelve months?

Please say for each of the following whether you think the risk posed in your country will increase, decrease, or stay the same in the next year.

- Answer scale 0 – 10 [with 0 the strongest decrease, 5 no change, and 10 the strongest increase]

Question 3 – How severe would the damage be if it happened?

For each of the following, please say how bad you think the damage would be in your country if it were to happen or become a major risk.

- Answer scale 0 – 10 [with 0 very low and 10 very severe damage]

Question 4 – How imminent is the risk?

For each of the following, please say how imminent a threat you think it is.

- Answer scale 1 – 8 [with 1 "now or in the next few months" and 8 "never"]
- Rescaled to 0 – 10 and reversed[1]

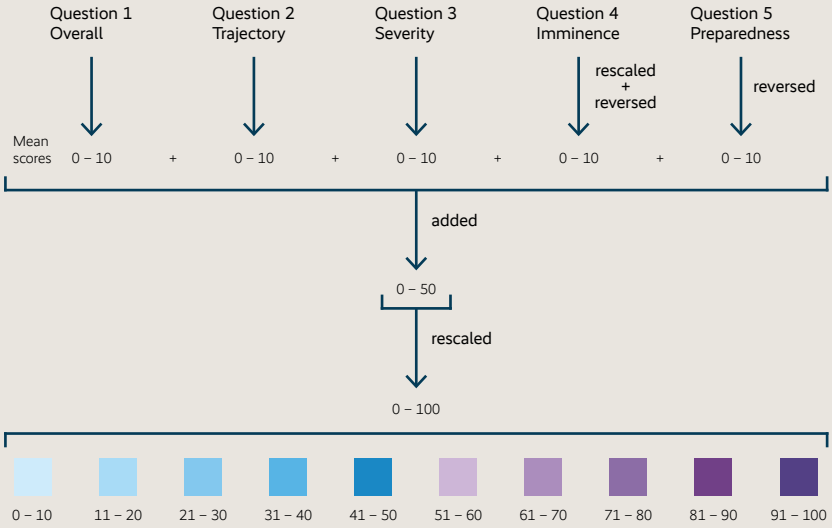
Question 5 – How prepared is your country?

For each of the following, please say how prepared your country is to deal with this threat.

- Answer scale 0 – 10 [with 0 the least and 10 the most prepared]
- Reversed[2]

Index scores

To produce the final risk index score for each risk in each country we add the mean scores for all five of the inputs above – overall risk, trajectory, severity, imminence, and preparedness. The resulting total is then rescaled to run from 0 to 100 for ease of interpretation. The final risk index score is an absolute figure (with 100 the highest and 0 the lowest possible risk index score) that can be compared between demographics, countries, and over time.



Besides a risk heatmap (page 30) that features the G7 countries, Brazil, China, India, and South Africa and how they score on each of the 32 risks covered, the index also includes an overview of how risk perceptions have changed over time (pages 31–33) as well as an overview of how countries perceive other states (page 45).

The index also provides more detailed insights into the individual risk profiles of the countries surveyed (pages 34–44).

Country profiles

	Index score	Change in index score	Share thinking risk is imminent	Share feeling unprepared
Extreme weather and forest fires	71	+10	63	28
Climate change generally	69	+9	58	28
Destruction of natural habitats	69	+7	60	29

Change in index score

Change in the risk index score since the last Munich Security Index was published. The last edition of the index was based on surveys conducted in October and November 2022.

Share thinking risk is imminent

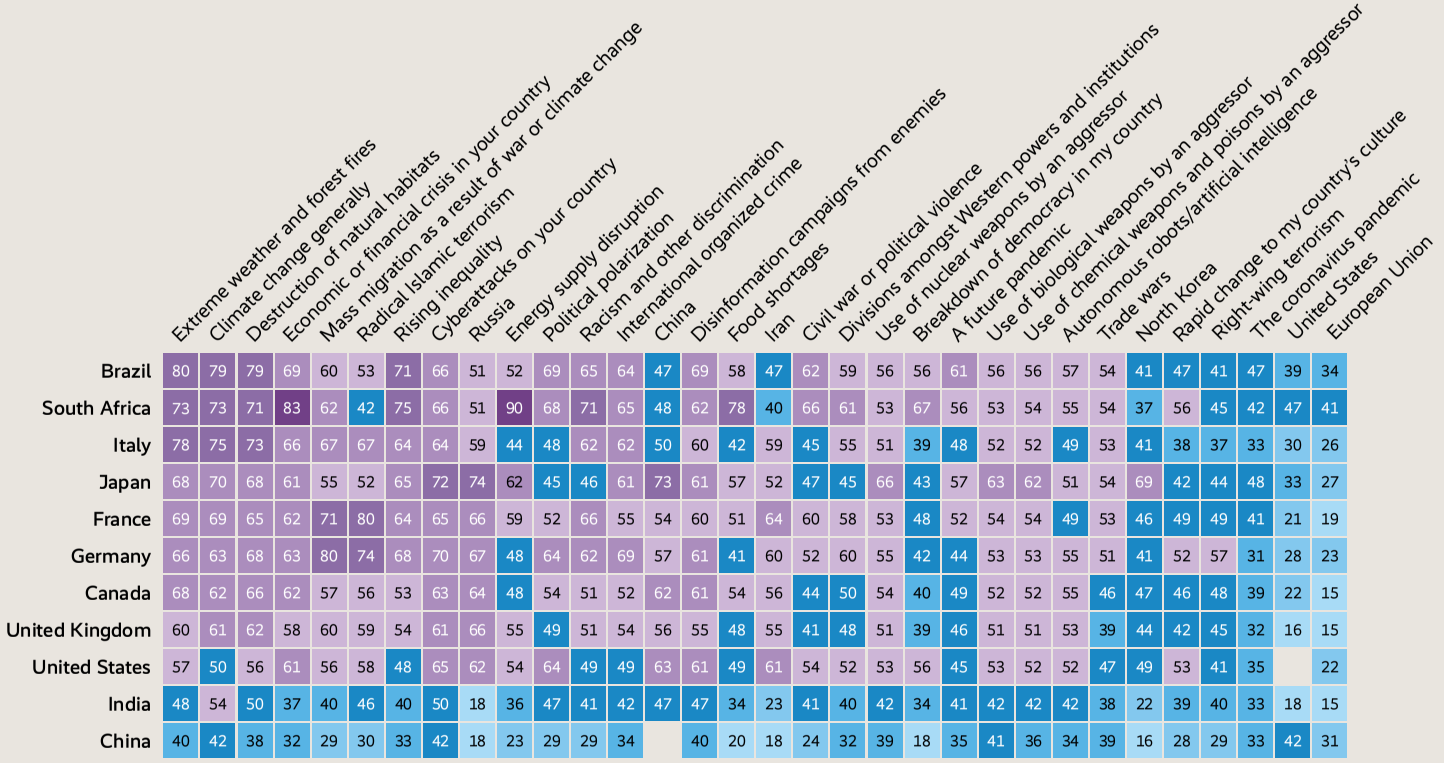
Percentage of respondents who answered "now or in the next few months," "in the next year," and "in the next 5 years" in answer to the question "For each of the following, please say how imminent a threat you think it is.

Share feeling unprepared

Percentage of respondents who rated their country's preparedness as less than 6 on a 0 – 10 scale in answer to the question "For each of the following, please say how prepared your country is to deal with this threat."

Figure 1.5

The risk heatmap, October–November 2023, score

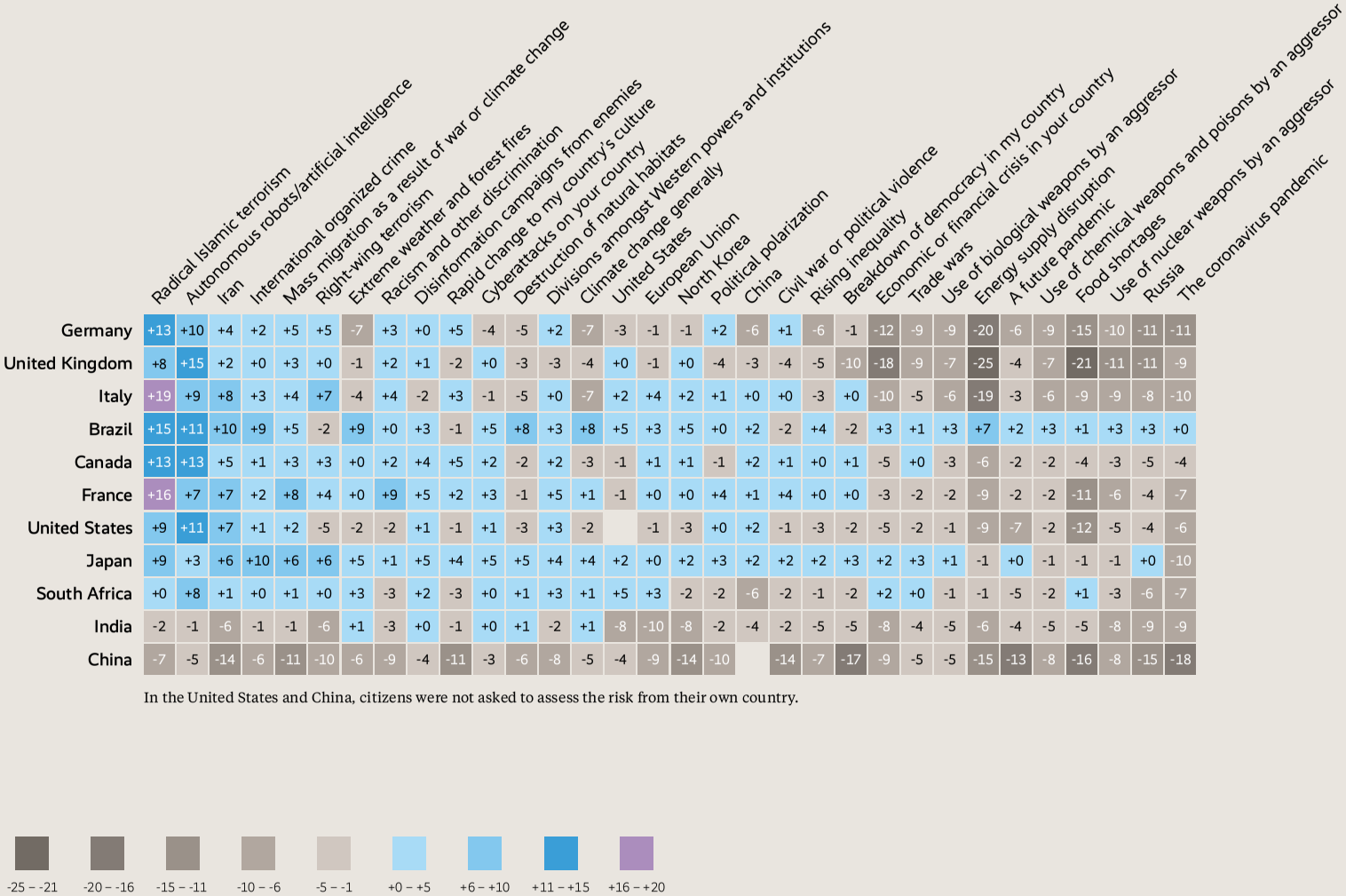


In the United States and China, citizens were not asked to assess the risk from their own country.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Figure 1.6

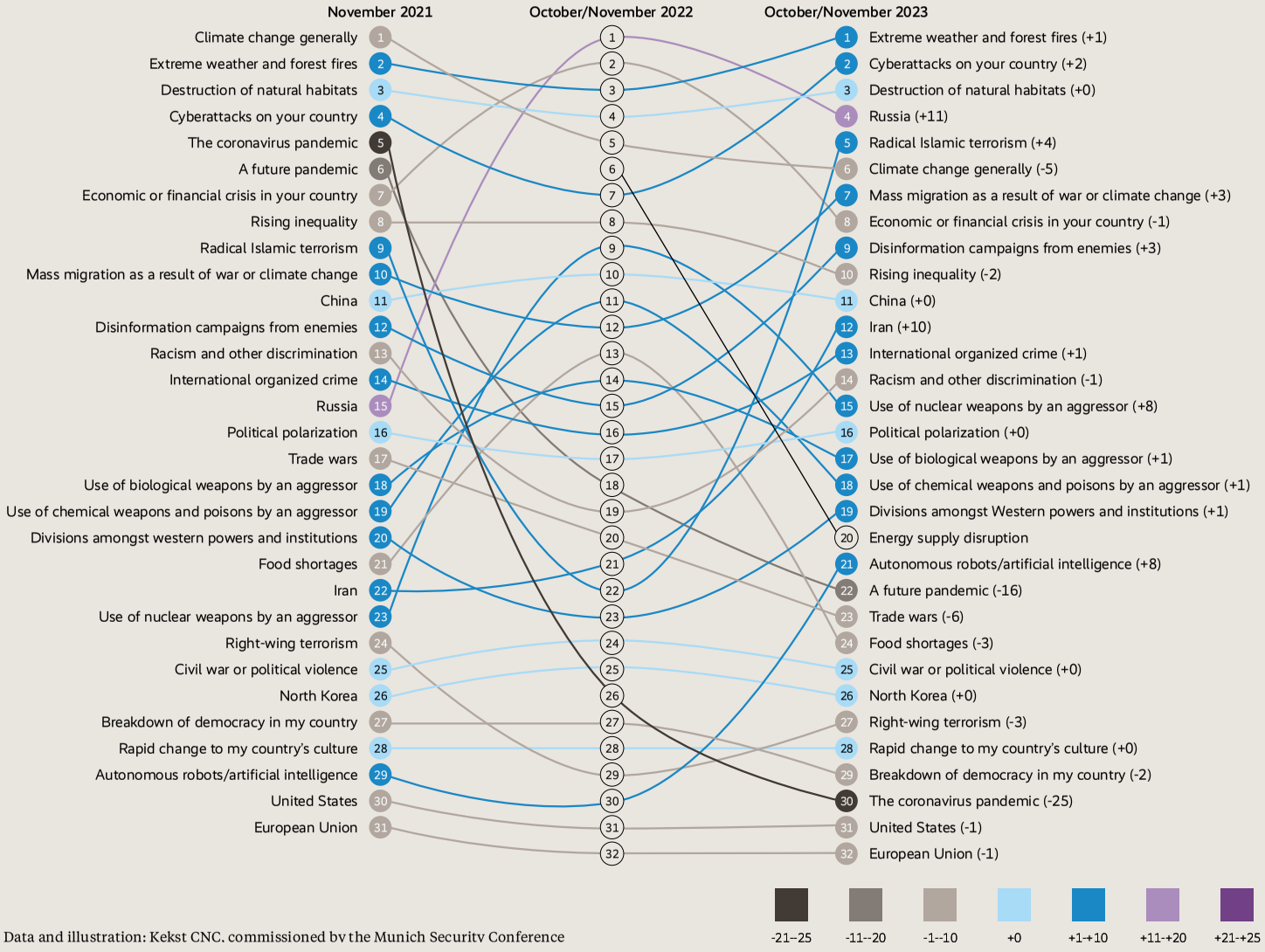
The change heatmap, October–November 2023, change in index score since October–November 2022



In the United States and China, citizens were not asked to assess the risk from their own country.

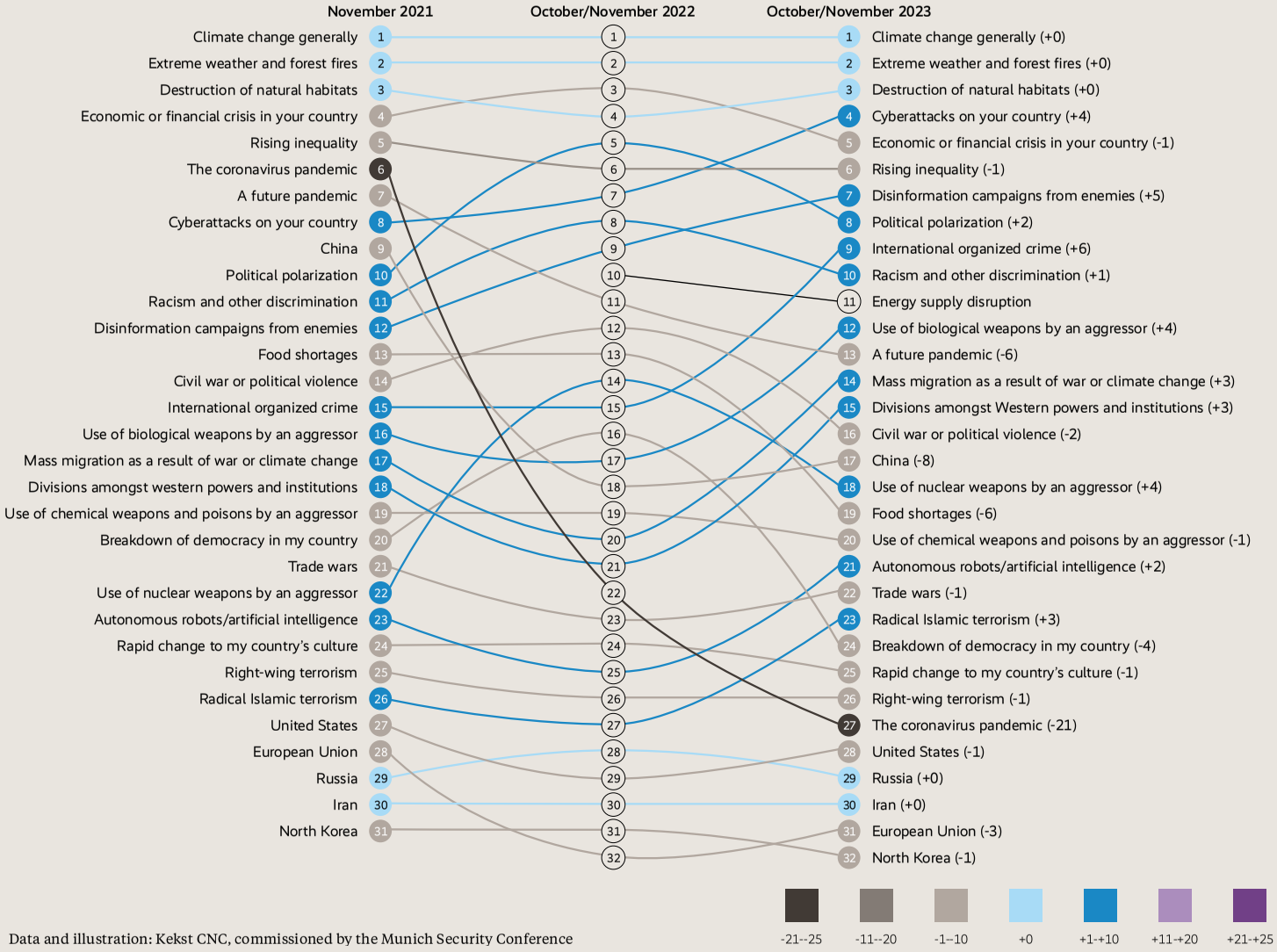
Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Figure 1.7 The G7 risk bump chart, aggregate ranking of risks by the G7 countries, 2021–2023



Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Figure 1.8 The “BICS” risk bump chart, aggregate ranking of risks by Brazil, China, India, and South Africa, 2021–2023



Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Canada

	Index score	Change in index score	Share thinking risk is imminent	Share feeling unprepared
Extreme weather and forest fires	68	+0	67	28
Destruction of natural habitats	66	-2	65	27
Russia	64	-5	63	39
Cyberattacks on your country	63	+2	65	25
Climate change generally	62	-3	62	29
Economic or financial crisis in your country	62	-5	66	29
China	62	+2	56	37
Disinformation campaigns from enemies	61	+4	67	25
Mass migration as a result of war or climate change	57	+3	56	28
Radical Islamic terrorism	56	+13	50	27
Iran	56	+5	51	33
Autonomous robots/ artificial intelligence	55	+13	45	26
Use of nuclear weapons by an aggressor	54	-3	47	42
Political polarization	54	-1	61	24
Food shortages	54	-4	60	29
Rising inequality	53	+0	62	24
Use of biological weapons by an aggressor	52	-3	49	44
Use of chemical weapons and poisons by an aggressor	52	-2	46	44
International organized crime	52	+1	56	26
Racism and other discrimination	51	+2	64	20
Divisions amongst Western powers and institutions	50	+2	48	26
A future pandemic	49	-2	54	21
Right-wing terrorism	48	+3	52	26
Energy supply disruption	48	-6	58	26
North Korea	47	+1	42	35
Rapid change to my country's culture	46	+5	42	26
Trade wars	46	+0	51	23
Civil war or political violence	44	+1	46	27
Breakdown of democracy in my country	40	+1	35	28
The coronavirus pandemic	39	-4	64	16
United States	22	-1	30	27
European Union	15	+1	26	22

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

1 Like several other countries, Canada has seen a considerable increase in its level of concern about radical Islamic terrorism. Since last year, the risk has climbed from 26th place to tenth place. Despite this, Canada has a relatively low level of overall concern on this issue – among the G7, it is only more concerned than Japan.

2 Canadian concern about the threat posed by autonomous robots and artificial intelligence has also seen a striking increase, up from 28th place to 12th place of 32 risks surveyed. Among respondents from G7 countries, Canadians (and Germans) are the most concerned.

3 Canadian concerns about the impact of the Russian invasion of Ukraine have declined over the last year. Energy supply disruption has also dropped in the risk ranking, from 15th place to 24th place.

+16 is the rise in ranking of the perceived risk of autonomous robots and artificial intelligence

France

	Index score	Change in index score	Share thinking risk is imminent	Share feeling unprepared
Radical Islamic terrorism	80	+16	65	19
Mass migration as a result of war or climate change	71	+8	57	27
Climate change generally	69	+1	59	25
Extreme weather and forest fires	69	+0	62	24
Racism and other discrimination	66	+9	62	18
Russia	66	-4	59	28
Cyberattacks on your country	65	+3	59	20
Destruction of natural habitats	65	-1	63	24
Rising inequality	64	+0	62	23
Iran	64	+7	52	25
Economic or financial crisis in your country	62	-3	63	24
Disinformation campaigns from enemies	60	+5	58	16
Civil war or political violence	60	+4	49	24
Energy supply disruption	59	-9	66	25
Divisions amongst Western powers and institutions	58	+5	51	21
International organized crime	55	+2	52	19
Use of biological weapons by an aggressor	54	-2	49	27
Use of chemical weapons and poisons by an aggressor	54	-2	49	26
China	54	+1	47	29
Use of nuclear weapons by an aggressor	53	-6	49	23
Trade wars	53	-2	56	19
A future pandemic	52	-2	58	19
Political polarization	52	+4	52	17
Food shortages	51	-11	60	23
Right-wing terrorism	49	+4	52	19
Autonomous robots/ artificial intelligence	49	+7	44	20
Rapid change to my country's culture	49	+2	41	27
Breakdown of democracy in my country	48	+0	42	28
North Korea	46	+0	39	25
The coronavirus pandemic	41	-7	66	14
United States	21	-1	32	23
European Union	19	+0	33	20

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

1 Radical Islamic terrorism has climbed six places to become the most concerning threat to the French, with an index score of 80, up 16 points from last year. This makes France the country with the highest level of concern of any G7 member on the issue of radical Islamic terrorism. France has also seen a seven-point index score increase in the perceived threat posed by Iran.

2 Mass migration as a result of war or climate change is now seen as the second most serious threat facing France. This follows an eight-point index score increase, moving up from ninth place, that now makes France the second most concerned G7 member on this issue, after Germany.

3 The threat of racism and other forms of discrimination has climbed eight places, from the 13th most serious threat facing France last year to the fifth today. France is now the G7 member with the highest level of concern on this issue.

+16 is the increase in the perceived risk of radical Islamic terrorism

Germany

	Index score	Change in index score	Share thinking risk is imminent	Share feeling unprepared
Mass migration as a result of war or climate change	80	+5	70	39
Radical Islamic terrorism	74	+13	67	31
Cyberattacks on your country	70	-4	74	36
International organized crime	69	+2	72	31
Destruction of natural habitats	68	-5	68	37
Rising inequality	68	-6	71	39
Russia	67	-11	67	45
Extreme weather and forest fires	66	-7	71	37
Political polarization	64	+2	68	27
Climate change generally	63	-7	64	35
Economic or financial crisis in your country	63	-12	72	36
Racism and other discrimination	62	+3	68	27
Disinformation campaigns from enemies	61	+0	69	29
Divisions amongst Western powers and institutions	60	+2	56	33
Iran	60	+4	54	38
Right-wing terrorism	57	+5	64	25
China	57	-6	57	45
Use of nuclear weapons by an aggressor	55	-10	51	54
Autonomous robots/ artificial intelligence	55	+10	51	31
Use of biological weapons by an aggressor	53	-9	50	54
Use of chemical weapons and poisons by an aggressor	53	-9	51	53
Civil war or political violence	52	+1	53	37
Rapid change to my country's culture	52	+5	50	33
Trade wars	51	-9	59	37
Energy supply disruption	48	-20	67	39
A future pandemic	44	-6	62	27
Breakdown of democracy in my country	42	-1	36	40
Food shortages	41	-15	59	34
North Korea	41	-1	43	37
The coronavirus pandemic	31	-11	67	20
United States	28	-3	34	34
European Union	23	-1	35	31

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

1 Russia, last year rated as Germany's most serious threat, has fallen by 11 index points and is now ranked the seventh most serious threat. Germans are similarly less concerned now about the threats posed by nuclear, chemical, and biological weapons, with each falling by nine to ten index points.

2 Economic anxieties are also weaker than they were this time last year. The perceived risk posed by an economic or financial crisis has fallen out of the top ten threats facing Germany – from third to 11th place – while that of energy supply disruption has dropped dramatically from ninth to 25th place.

3 As in many other countries, the Hamas terrorist attack on October 7 appears to have prompted a spike in German concern about radical Islamic terrorism, which increased by 13 index points, climbing from 16th place to second place. Mass migration as a result of war and climate change has increased by five index points to take first place. Germany now has the highest level of concern about mass migration among the countries surveyed.

+13 is the change in index score for radical Islamic terrorism

Italy

	Index score	Change in index score	Share thinking risk is imminent	Share feeling unprepared
Extreme weather and forest fires	78	-4	73	37
Climate change generally	75	-7	69	36
Destruction of natural habitats	73	-5	68	36
Radical Islamic terrorism	67	+19	54	27
Mass migration as a result of war or climate change	67	+4	61	35
Economic or financial crisis in your country	66	+10	71	35
Cyberattacks on your country	64	-1	70	26
Rising inequality	64	-3	65	32
International organized crime	62	+3	65	25
Racism and other discrimination	62	+4	64	27
Disinformation campaigns from enemies	60	-2	67	27
Russia	59	-8	60	42
Iran	59	+8	50	35
Divisions amongst Western powers and institutions	55	+0	58	28
Trade wars	53	-5	58	30
Use of biological weapons by an aggressor	52	-6	47	53
Use of chemical weapons and poisons by an aggressor	52	-6	47	52
Use of nuclear weapons by an aggressor	51	-9	48	53
China	50	+0	48	39
Autonomous robots/ artificial intelligence	49	+9	46	27
A future pandemic	48	-3	54	21
Political polarization	48	+1	54	22
Civil war or political violence	45	+0	43	33
Energy supply disruption	44	-19	63	36
Food shortages	42	-9	48	34
North Korea	41	+2	40	34
Breakdown of democracy in my country	39	+0	35	34
Rapid change to my country's culture	38	+3	34	33
Right-wing terrorism	37	+7	41	25
The coronavirus pandemic	33	-10	65	15
United States	30	+2	35	33
European Union	26	+4	32	27

1 Among the G7, Italians are the most concerned about the threat posed by climate change, giving the issue an index score of 75. Environmental issues – extreme weather and forest fires, the destruction of natural habitats, and climate change generally – make up Italy's top three threats, as they did last year.

2 On the contrary, Italy is the least concerned member of the G7 with respect to the threats posed by both Russia and China, with index scores of 59 and 50, respectively.

3 Italy has seen a considerable increase in the level of concern about radical Islamic terrorism, increasing by 19 index points since last year (the biggest increase seen on any issue) and climbing from 22nd place to fourth place in Italy's rankings.

75 is Italy's risk index score for climate change

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Japan

	Index score	Change in index score	Share thinking risk is imminent	Share feeling unprepared
Russia	74	+0	54	36
China	73	+2	50	33
Cyberattacks on your country	72	+5	59	27
Climate change generally	70	+4	53	25
North Korea	69	+2	49	33
Extreme weather and forest fires	68	+5	52	23
Destruction of natural habitats	68	+5	50	25
Use of nuclear weapons by an aggressor	66	-1	39	42
Rising inequality	65	+2	53	30
Use of biological weapons by an aggressor	63	+1	38	43
Use of chemical weapons and poisons by an aggressor	62	-1	37	42
Energy supply disruption	62	-1	39	34
International organized crime	61	+10	45	27
Disinformation campaigns from enemies	61	+5	51	27
Economic or financial crisis of your country	61	+2	44	27
A future pandemic	57	+0	51	21
Food shortages	57	-1	37	32
Mass migration as a result of war or climate change	55	+6	41	26
Trade wars	54	+3	41	23
Radical Islamic terrorism	52	+9	35	31
Iran	52	+6	34	30
Autonomous robots/ artificial intelligence	51	+3	44	22
The coronavirus pandemic	48	-10	68	16
Civil war or political violence	47	+2	36	27
Racism and other discrimination	46	+1	44	24
Political polarization	45	+3	38	25
Divisions amongst Western powers and institutions	45	+4	31	24
Right-wing terrorism	44	+6	31	26
Breakdown of democracy in my country	43	+3	25	27
Rapid change to my country's culture	42	+4	26	25
United States	33	+2	22	25
European Union	27	+0	18	26

1 Of all countries surveyed, Japanese respondents are the most concerned about the threat posed by Russia. They give the Russian threat an index score of 74 – the same as last year – meaning it is again perceived as the most serious threat facing Japan.

2 Similarly, Japan is now the most concerned about the risk posed by China. With an index score of 73 (up two points from last year), China is narrowly ranked below Russia. It is likely related that Japan is also the country with the highest perceived threat of cyberattacks, with an index score of 72.

3 The last year has seen a marked increase in the Japanese level of concern about international organized crime – rising by ten index points to climb from 18th place to 13th place.

74 is Japan's risk index score for Russia

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

United Kingdom

	Index score	Change in index score	Share thinking risk is imminent	Share feeling unprepared
Russia	66	-11	68	27
Destruction of natural habitats	62	-3	62	25
Cyberattacks on your country	61	+0	67	16
Climate change generally	61	-4	59	25
Extreme weather and forest fires	60	-1	63	25
Mass migration as a result of war or climate change	60	+3	59	29
Radical Islamic terrorism	59	+8	59	16
Economic or financial crisis in your country	58	-18	73	33
China	56	-3	57	28
Disinformation campaigns from enemies	55	+1	65	18
Energy supply disruption	55	-25	78	34
Iran	55	+2	56	23
International organized crime	54	+0	63	16
Rising inequality	54	-5	64	28
Autonomous robots/ artificial intelligence	53	+15	43	20
Use of nuclear weapons by an aggressor	51	-11	54	24
Use of biological weapons by an aggressor	51	-7	53	25
Use of chemical weapons and poisons by an aggressor	51	-7	54	26
Racism and other discrimination	51	+2	62	16
Political polarization	49	-4	60	21
Division amongst Western powers and institutions	48	-3	53	21
Food shortages	48	-21	72	32
A future pandemic	46	-4	56	18
Right-wing terrorism	45	+0	56	17
North Korea	44	+0	43	22
Rapid change to my country's culture	42	-2	46	25
Civil war or political violence	41	-4	48	23
Breakdown of democracy in my country	39	-10	47	29
Trade wars	39	-9	57	20
The coronavirus pandemic	32	-9	64	14
United States	16	+0	26	24
European Union	15	-1	28	19

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

1 The British are much less concerned about the economy than they were this time last year. The risks posed by an economic or financial crisis, food shortages, and energy supply disruption have fallen by 18, 21, and 25 index points, respectively – the latter being the biggest change observed for any risk in any country. Respondents in the UK are now less concerned about an economic crisis than other countries surveyed, bar India and China.

2 Following a year which saw ChatGPT burst into the public consciousness, the perceived risk posed by autonomous robots and artificial intelligence has increased by 15 index points. This is the biggest increase seen in any country, although concern is heightened everywhere but in India and China.

3 While concern about Russia has fallen by 11 index points in absolute terms, Russia is now seen as the most serious threat facing the UK.

-25 is the change in index score for energy supply disruption

United States

	Index score	Change in index score	Share thinking risk is imminent	Share feeling unprepared
Cyberattacks on your country	65	+1	64	19
Political polarization	64	+0	65	23
China	63	+2	60	21
Russia	62	-4	62	22
Disinformation campaigns from enemies	61	+1	65	19
Economic or financial crisis in your country	61	-5	64	27
Iran	61	+7	57	17
Radical Islamic terrorism	58	+9	55	16
Extreme weather and forest fires	57	-2	60	22
Destruction of natural habitats	56	-3	58	21
Mass migration as a result of war or climate change	56	+2	56	25
Breakdown of democracy in my country	56	-2	54	28
Civil war or political violence	54	-1	56	23
Energy supply disruption	54	-9	64	28
Use of nuclear weapons by an aggressor	53	-5	54	17
Use of biological weapons by an aggressor	53	-1	51	20
Rapid change to my country's culture	53	-1	53	25
Use of chemical weapons and poisons by an aggressor	52	-2	52	19
Autonomous robots/ artificial intelligence	52	+11	47	20
Divisions amongst Western powers and institutions	52	+3	51	18
Climate change generally	50	-2	54	22
International organized crime	49	+1	53	16
Racism and other discrimination	49	-2	61	20
Food shortages	49	-12	63	27
North Korea	49	-3	53	17
Rising inequality	48	-3	58	20
Trade wars	47	-2	56	18
A future pandemic	45	-7	54	19
Righ-wing terrorism	41	-5	53	18
The coronavirus pandemic	35	-6	59	14
European Union	22	-1	36	15

1. Among US respondents, concern about political polarization remains high, increasing two places since last year to become the second-greatest perceived threat. This is the highest ranking for the risk of polarization among countries surveyed.

2. The US is the third-least concerned about inequality, behind India and China, having fallen three index points over the past year.

3. Other than China, the US is the least concerned with respect to the threat posed by climate change of all surveyed countries. Americans give climate change an index score of 50 (down two points from last year), thus ranking it 21st out of 32 risks overall. The US does show more concern about extreme weather events and the destruction of natural habitats, but still rates these less seriously than the other members of the G7.

2nd place is the ranking of the perceived risk of political polarization

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Brazil

	Index score	Change in index score	Share thinking risk is imminent	Share feeling unprepared
Extreme weather and forest fires	80	+9	66	34
Climate change generally	79	+8	66	33
Destruction of natural habitats	79	+8	64	34
Rising inequality	71	+4	63	34
Disinformation campaigns from enemies	69	+3	63	32
Political polarization	69	+0	68	29
Economic or financial crisis in your country	69	+3	62	35
Cyberattacks on your country	66	+5	57	35
Racism and other discrimantion	65	+0	67	28
International organized crime	64	+9	52	38
Civil war or political violence	62	-2	60	34
A future pandemic	61	+2	54	30
Mass migration as a result of war or climate change	60	+5	57	27
Divisions amongst Western powers and institutions	59	+3	55	27
Food shortages	58	+1	51	35
Autonomous robots/ artificial intelligence	57	+11	49	35
Use of nuclear weapons by an aggressor	56	+3	44	52
Use of biological weapons by an aggressor	56	+3	43	52
Use of chemical weapons and poisons by an aggressor	56	+3	43	51
Breakdown of democracy in my country	56	-2	51	34
Trade wars	54	+1	56	29
Radical Islamic terrorism	53	+15	39	43
Energy supply disruption	52	+7	44	34
Russia	51	+3	45	42
The coronavirus pandemic	47	+0	56	25
Rapid change to my country's culture	47	-1	49	30
China	47	+2	41	39
Iran	47	+10	36	37
Right-wing terrorism	41	-2	46	37
North Korea	41	+5	35	38
United States	39	+5	37	36
European Union	34	+3	36	34

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

1 Concern about the climate and environmental threats has been increasing among Brazilians. The risk of extreme weather and forest fires is up nine points compared to last year, replacing climate change as the top perceived risk.

2 The risk of political polarization is down two places this year.

3 The risk posed by international organized crime is up five places since last year, now ranked 10th overall. The risk posed by autonomous robots and artificial intelligence has jumped up eight places, consistent with an upward trend among all countries surveyed.

is the index score increase of the perceived risk of extreme weather and forest fires

China

	Index score	Change in index score	Share thinking risk is imminent	Share feeling unprepared
Cyberattacks on your country	42	-3	50	4
Climate change generally	42	-5	48	3
United States	42	-4	46	9
Use of biological weapons by an aggressor	41	-5	40	5
Disinformation campaigns from enemies	40	-4	48	4
Extreme weather and forest fires	40	-6	45	4
Use of nuclear weapons by an aggressor	39	-8	43	4
Trade wars	39	-5	46	3
Destruction of natural habitats	38	-6	45	4
Use of chemical weapons and poisons by an aggressor	36	-8	39	5
A future pandemic	35	-13	58	5
International organized crime	34	-6	42	5
Autonomous robots/ artificial intelligence	34	-5	44	5
The coronavirus pandemic	33	-18	59	4
Rising inequality	33	-7	41	6
Divisions amongst Western powers and institutions	32	-8	41	5
Economic or financial crisis in your country	32	-9	40	5
European Union	31	-9	41	9
Radical Islamic terrorism	30	-7	39	7
Right-wing terrorism	29	-10	41	6
Political polarization	29	-10	40	7
Mass migration as a result of war or climate change	29	-11	39	6
Racism and other discrimination	29	-9	39	5
Rapid change to my country's culture	28	-11	38	6
Civil war or political violence	24	-14	37	7
Energy supply disruption	23	-15	33	4
Food shortages	20	-16	35	6
Breakdown of democracy in my country	18	-17	33	8
Russia	18	-15	35	11
Iran	18	-14	34	10
North Korea	16	-14	32	11

1. The risk posed by the US is now among the top three risks perceived by Chinese respondents. It is ranked third, up four places since last year.

2. After a spike in overall perceived risks last year, Chinese concern has dropped this year on all risk surveyed in this ranking.

3. The top three risks have completely changed since last year, with cyberattacks now at the top of the list. Moreover, climate change is now perceived as the second biggest risk, even as it is down five points since last year.

3rd place is the ranking of the threat posed by the US

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

India

	Index score	Change in index score	Share thinking risk is imminent	Share feeling unprepared
Climate change generally	54	+1	53	12
Cyberattacks on your country	50	+0	52	11
Destruction of natural habitats	50	+1	49	14
Extreme weather and forest fires	48	+1	48	11
Disinformation campaigns from enemies	47	+0	49	11
Political polarization	47	-2	52	14
China	47	-4	49	10
Radical Islamic terrorism	46	-2	50	13
Use of nuclear weapons by an aggressor	42	-8	55	11
Use of biological weapons by an aggressor	42	-5	50	13
Use of chemical weapons and poisons by an aggressor	42	-5	47	15
International organized crime	42	-1	46	9
Autonomous robots/ artificial intelligence	42	-1	49	12
A future pandemic	41	-4	46	13
Racism and other discrimination	41	-3	49	13
Civil war or political violence	41	-2	49	11
Right-wing terrorism	40	-6	50	12
Mass migration as a result of war or climate change	40	-1	42	14
Divisions amongst Western powers and institutions	40	-2	48	11
Rising inequality	40	-5	47	14
Rapid change to my country's culture	39	-1	42	12
Trade wars	38	-4	45	13
Economic or financial crisis in your country	37	-8	48	12
Energy supply disruption	36	-6	45	11
Breakdown of democracy in my country	34	-5	40	16
Foot shortages	34	-5	43	12
The coronavirus pandemic	33	-9	52	10
Iran	23	-6	33	13
North Korea	22	-8	35	11
Russia	18	-9	36	13
United States	18	-8	32	11
European Union	15	-10	32	13

1 Compared to last year, the perceived threat posed by China fell from second place to seventh place among Indian respondents. This corresponds to a four-point drop in the overall index score, with only ten percent of respondents now saying that they feel unprepared to deal with China.

2 The threat of extreme weather and forest fires is up seven places to fourth position, while climate change is still seen as the top risk in India. The closing gap between these two risks might reflect the fact that Indian respondents are increasingly linking these two threats.

3 In line with the global trend, cyberattacks rank as the second biggest risk in India, up two places since last year.

10% is the share of respondents who feel unprepared for the threat posed by China

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

South Africa

	Index score	Change in index score	Share thinking risk is imminent	Share feeling unprepared
Energy supply disruption	90	-1	75	47
Economic or financial crisis in your country	83	+2	69	38
Food shortages	78	+1	68	37
Rising inequality	75	-1	68	36
Climate change generally	73	+1	66	31
Extreme weather and forest fires	73	+3	67	30
Destruction of natural habitats	71	+1	64	29
Racism and other discrimination	71	-3	69	29
Political polarization	68	-2	65	30
Breakdown of democracy in my country	67	-2	59	35
Cyberattacks on your country	66	+0	62	30
Civil war or political violence	66	-2	60	36
International organized crime	65	+0	59	35
Disinformation campaigns from enemies	62	+2	59	29
Mass migration as a result of war or climate change	62	+1	53	37
Divisions amongst Western powers and institutions	61	+3	50	34
A future pandemic	56	-5	58	26
Rapid change to my country's culture	56	-3	54	31
Autonomous robots/ artificial intelligence	55	+8	45	35
Use of chemical weapons by an aggressor	54	-2	41	48
Trade wars	54	+0	51	33
Use of nuclear weapons by an aggressor	53	-3	45	49
Use of biological weapons by an aggressor	53	-1	41	48
Russia	51	-6	47	46
China	48	-6	47	43
United States	47	+5	39	40
Right-wing terrorism	45	+0	43	34
The coronavirus pandemic	42	-7	64	19
Radical Islamic terrorism	42	+0	41	38
European Union	41	+3	36	39
Iran	40	+1	40	41
North Korea	37	-2	35	43

1 South Africa is the country with the most stable top three risks. Compared to the other countries surveyed, it is also an outlier in terms of which risks are seen as most serious. Energy supply disruption remains the top risk for South Africans. At 90 index points, down just one point from last year, this is the highest rating that any country has given to a risk that it faces.

2 South Africans also remain deeply concerned about the risk of an economic or financial crisis. While this has receded in most other countries, in South Africa, it is up two points from last year.

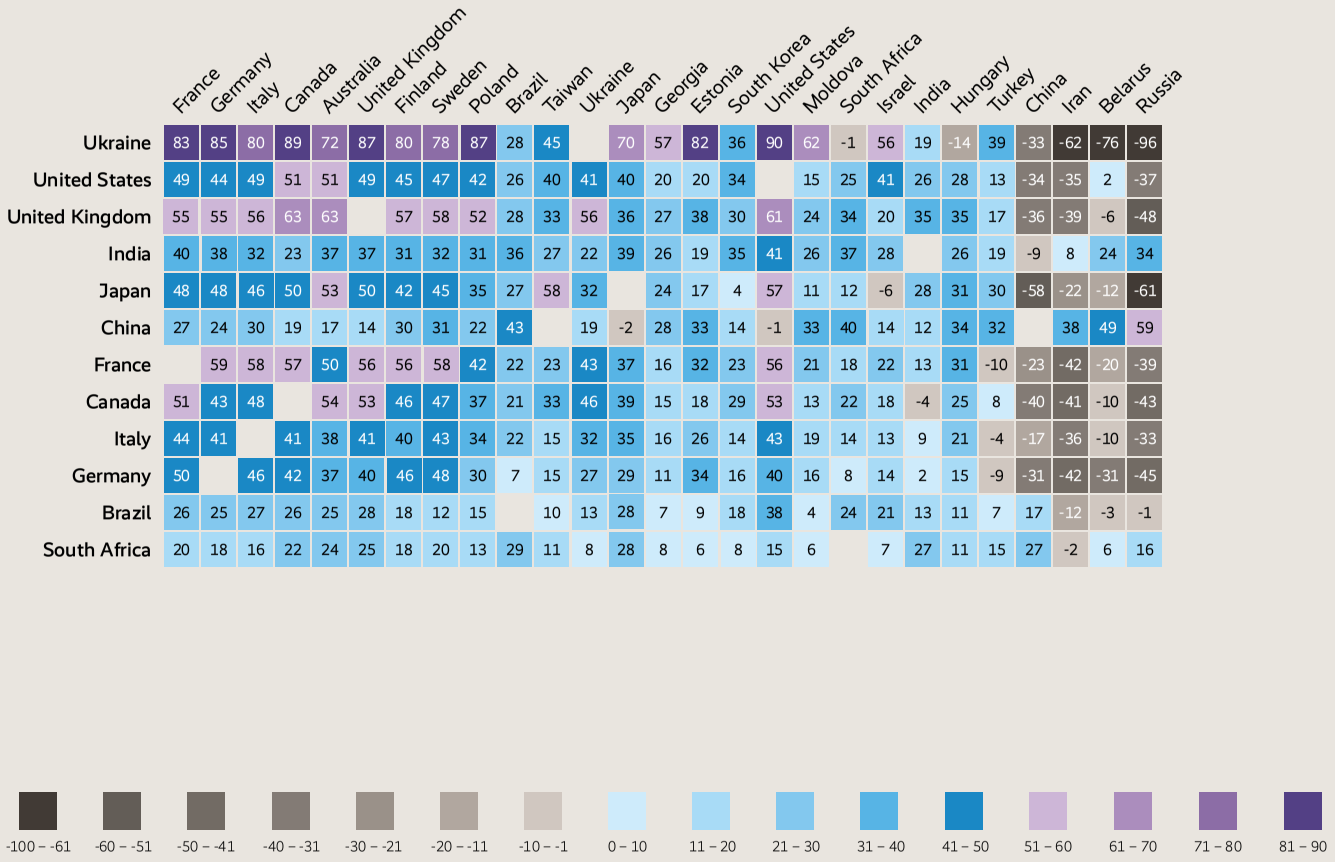
3 Climate change is up one place to fifth position for South Africans.

90 is the South African risk index score for energy supply disruption

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Figure 1.9

Citizens' perceptions of other countries, share saying country is an ally minus share saying country is a threat, October–November 2023, percent



Data and illustration: Kekst CNC, commissioned by the Munich Security Conference


msc
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Munich Security Conference

2 Shades of Gray Zone

How is Russia's war against Ukraine shaping Eastern Europe? How are the war and its repercussions affecting the gray zone between the EU and NATO on one side, and Russia on the other? What should EU and NATO members do to pull countries out of this gray zone?

Nicole Koenig and Leonard Schütte

Russia's war against Ukraine has destroyed the remnants of Europe's cooperative security order. Countries between the EU and NATO on the one side and Russia on the other were forced to realize that they must pick sides. Ukraine is the primary victim of Russia's imperial ambitions to subjugate countries in the gray zone. While the war rages on with few advances by either side, Ukraine seems to be on a path toward westward integration and has severed all ties with Russia.[1] Georgia, Moldova, and the Western Balkans are also feeling the precariousness of being in between the camps. While the EU had rejected Russia's logic of spheres of influence in the past, Moscow's brutality forced it to shift perspective. The EU now unambiguously views enlargement as a geopolitical necessity, even if unity among EU states on accepting new members cannot be taken for granted. NATO enlargement is again on the agenda as well. Meanwhile, Russia's plans to form a Eurasian counterweight to the EU are floundering, with only its autocratic neighbor Belarus clearly in its camp. As zero-sum dynamics are intensifying in Eastern Europe, the gray zone is taking on different shades, but it is not yet disappearing.

"There is no alternative to Ukrainian victory. There is no alternative to Ukraine in the EU. There is no alternative to Ukraine in NATO."[2]

Volodymyr Zelenskyy, Ukrainian President, Munich Security Conference, February 17, 2023

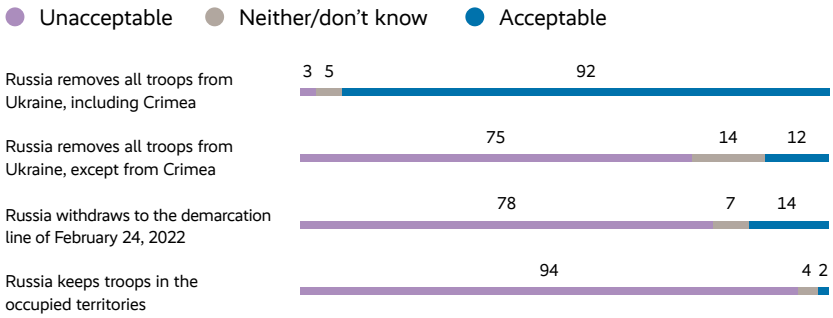
Ukraine: Anti-Imperial Struggle

Russia's brutal war on Ukraine leaves no doubt of Putin's imperial plans for Eastern Europe. The Kremlin spelled out its vision for what it considers to be its exclusive sphere of influence in the post-Soviet space in two draft treaties "on security guarantees" in December 2021, including demanding that NATO troops withdraw from countries that had joined the Alliance after 1997.[3] Russia's undermining of the Organization for Security and Co-operation in Europe and withdrawal from the Treaty on Conventional Armed Forces in

Europe are also cases in point.[4] Ukraine is the primary target of Russia's attempts to force post-Soviet countries back into its orbit by committing "an array of war crimes"[5] and, some argue, genocide.[6] Putin's denials of Ukrainian nationhood suggest that for him, a sovereign Ukraine cannot coexist with Russia. Notwithstanding Russia's failure to make any substantial military progress, Putin is showing no signs of wanting to negotiate.[7] To the contrary, Russia will spend more than seven percent of its GDP, or 29 percent of all government expenditure, in 2024 on defense and is massively ramping up its defense industrial production.[8] The Russian public is supportive, or at least acquiescent, of this strategy, as many have bought into Putin's framing that Russia is locked into a wider contest with the West, with Ukraine merely the initial battleground.[9] War has thus become "the organizing principle of Russian life" and the "raison d'être for the entire machinery of Putinism."[10]

Figure 2.1

Ukrainians' views on acceptable ceasefire terms, October–November 2023, percent

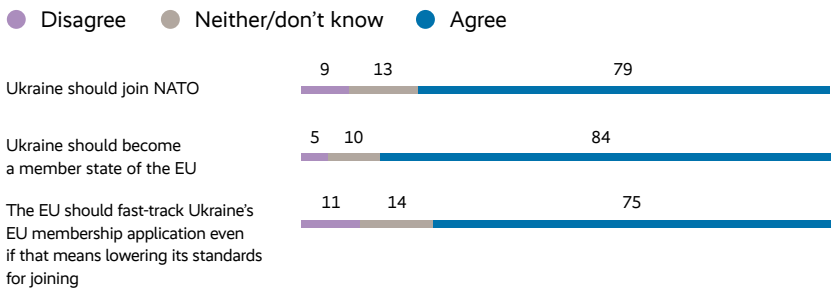


Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Ukrainians are aware that they are in an existential struggle against Russia, which was reinforced by the revelation that Russians committed scores of atrocities in occupied territories.[11] According to the Munich Security Index 2024, for an overwhelming majority of Ukrainians, only a complete Russian withdrawal from all their territories, including Crimea, would therefore be acceptable terms for a ceasefire (Figure 2.1). Despite the limited success of Ukraine's counteroffensive, 80 percent of Ukrainian citizens believe that their country will win the war. Meanwhile, Ukrainians unambiguously see their future in the West. Clear majorities want to join both the EU and NATO (Figure 2.2), and expect to do so within five years' time.

Figure 2.2

Ukrainians' views on EU and NATO membership, October–November 2023, percent



Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

The Western Camp: Bringing Light Into the Gray

Europe long believed that the logic of spheres of influence had become obsolete, instead seeing the shared neighborhood as one where countries in between could engage with EU- and Russian-led frameworks alike. European nations made repeated attempts at forging partnerships with Russia and saw Ukraine as a bridge between East and West. This vision came with a reticence to enlarge the EU and NATO eastward. But Russia's full-scale invasion of Ukraine shattered this vision of cooperative security and forced Europeans to recognize the importance of enlargement as a "geostrategic investment."[12] Moving countries out of the gray zone suddenly became a priority. The EU granted Ukraine and Moldova candidate status and opened accession negotiations with them in record time. It also granted Georgia candidate status, despite significant concerns about the state of democracy and the rule of law in the country.[13] At the Vilnius Summit in July 2023, the NATO countries reiterated that Ukraine and Georgia will become members.

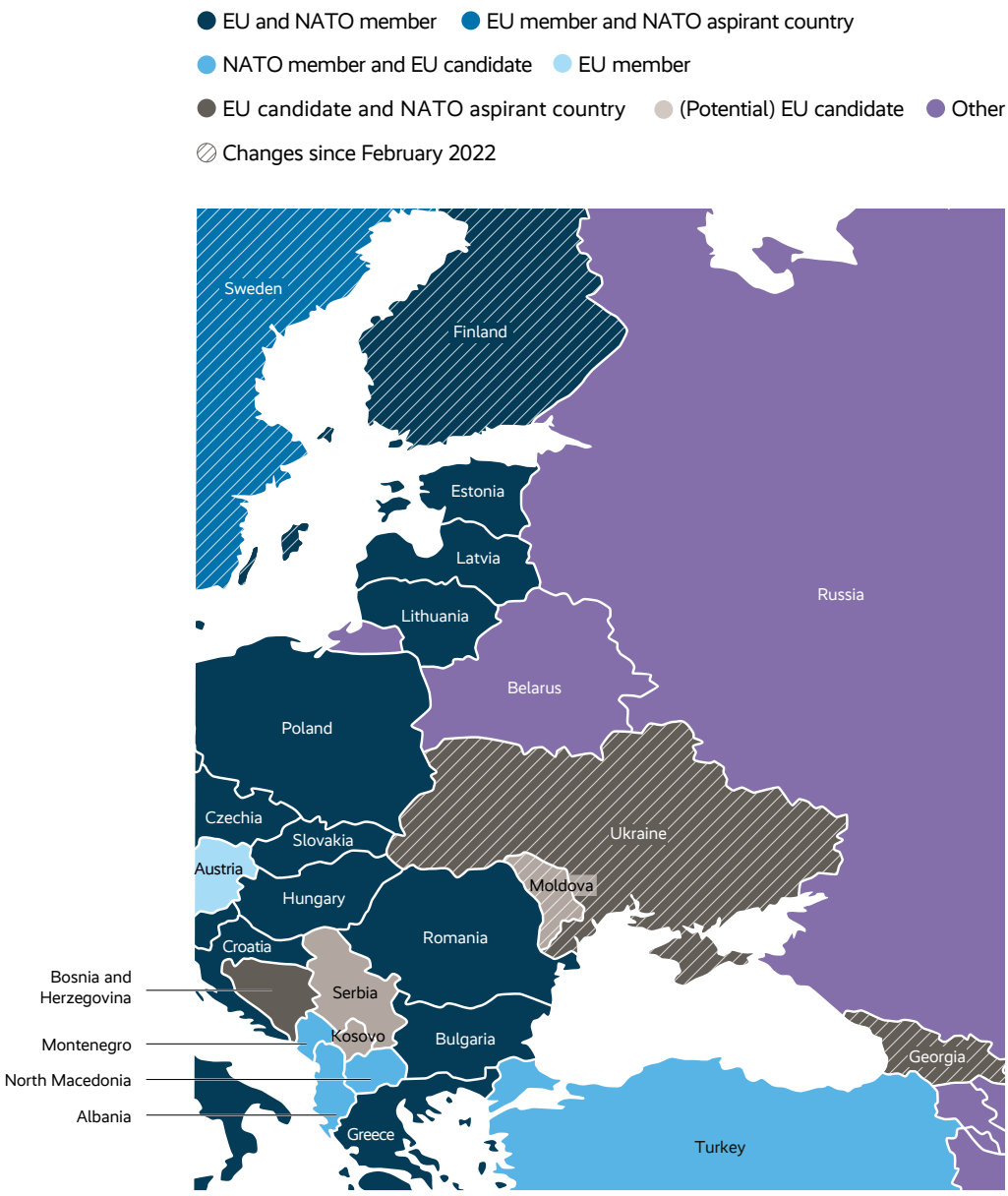
Despite verbal commitments to move Eastern Europe out of the gray zone, it is unclear how quickly this will happen and whether the transatlantic partners are willing to pay the price. The failure of US law-makers and EU members to agree on longer-term financial and military assistance packages for Ukraine in late 2023 calls the promise of supporting Ukraine "for as long as it takes" into doubt. Indeed, the Munich Security Index registers a nascent "Ukraine fatigue," with public support for providing further aid to Ukraine, delivering heavy weapons, or imposing further sanctions on Russia falling across the G7. Yet even the current level of military assistance is insufficient to help Ukraine win the war. EU and NATO enlargement are also contested.

"We cannot afford gray zones in Europe anymore."[14]

Annalena Baerbock, German Foreign Minister, Conference on Europe in Berlin, November 2, 2023

Figure 2.3

Integration of European states into EU and NATO frameworks, including changes since February 2022



Data and illustration: Munich Security Conference

A Hungarian veto on opening EU accession talks with Ukraine could only be avoided through last-minute concessions and a well-timed "bathroom break,"[15] but this only overcame one of many more veto points on the path toward membership. Member states diverge on the balance between a geopolitical logic that would imply fast-tracking accession for security reasons and the transformative, merit-based logic that has hitherto guided the process. They also disagree on the need for reforming the EU ahead of enlargement. Public support for enlargement cannot be taken for granted indefinitely with debates on the costs of integrating Ukraine unfolding.[16] Meanwhile, NATO's membership promise to Ukraine and Georgia remains vague, and Allies disagree on concrete steps and interim security guarantees for Ukraine as long as it is fighting a hot war. Eastern Europe's gray zone is thus taking on different shades, but the promise to shrink it will have to be backed up politically, financially, and militarily (Figure 2.3).

The Russian Camp: Micro-Empire

With Ukraine, Georgia, and Moldova pursuing westward integration, Russia's only remaining ally in Eastern Europe is Belarus. When Alexander Lukashenko's regime relied on Putin's support to crack down on protestors following the sham presidential election in 2020, it traded "sovereignty for regime survival."[17] Accordingly, Belarus has played a central role in Russia's attack on Ukraine. Lukashenko allowed Russian troops to use Belarus as a launch pad for their failed assault on Kyiv. Minsk further provides weaponry, offers training grounds, and participates in the systematic abduction of Ukrainian children.[18] Russia has also allegedly deployed tactical nuclear weapons and ballistic missiles to Belarus.[19] Lukashenko's regime has thus been Russia's "co-aggressor,"[20] even if it has not committed Belarussian troops to the war so far.

Russia may have failed to draw Georgia, Moldova, and the Western Balkans into its camp, but it still seeks to spoil their westward integration. The pro-Russian oligarch and founder of Georgia's governing party, Bidzina Ivanishvili, is held responsible for the country's recent democratic backsliding and tilt away from the EU, against the wishes of the majority of the Georgian public.[21] Russia has also used threats of fueling separatism in Abkhazia and South Ossetia to sow instability. Moldova, too, has been a victim of Russian meddling, especially since February 2022.[22] Russia has stirred unrest in the breakaway region of Transnistria, threatened to cut gas deliveries, and interfered in municipal elections to undermine the pro-European president, Maia Sandu. Little progress on the path to EU membership has also kept the

door open for malign Russian influence in the Western Balkans, particularly in Serbia, as well as in Bosnia and Herzegovina.[23] Serbia not only depends on Russia for its energy supply, but Russia can also leverage its historic ties with the Serb population, links to paramilitary and organized crime groups, and penetration of the information environment. These factors help explain why popular support for EU accession in Serbia is the lowest in the region.[24]

Shrinking the Gray Zone

In this post-cooperative era of European security, countries stuck in the gray zone between the two camps are in a dangerous place. Ukrainians are already paying the highest price for Russia's imperial ambitions. Georgia, Moldova, and the Western Balkans are also feeling the impact of Russian coercion. It is in the hands of EU and NATO members to shrink the gray zone. This means actively supporting countries on their path toward EU and NATO membership and setting more ambitious milestones along the way. The EU should concretize the notion of staged accession and reward reform progress with gradual access to its institutions and policies. This should include regular invitations of candidate countries as guests to European Council and Council meetings.[25] NATO Allies should, where necessary, extend bilateral security guarantees in the interim phase until accession. Above all, EU and NATO members should double down on their financial and military support for Ukraine, because a Russian victory would be catastrophic not only for Ukraine – a battle-hardened Russia with an economy on war footing would rearm quickly and look for its next victim. Nobody in Europe would be safe from Russian aggression and hybrid warfare at a time of growing doubt about the future of the US security umbrella.[26] A Russian victory would also set a dangerous precedent for conflicts beyond Europe, showing that the sanctity of borders is no longer and that aggression and war crimes are worthwhile.[27] Decision-makers in Europe and the US must therefore combat "Ukraine fatigue," help Kyiv to victory, and shrink the gray zone.

"We cannot assume that Russia will abandon its imperial phantasies in the coming years and decades."[28]

Boris Pistorius, German Defense Minister, NATO Talk Conference, November 8, 2023

Key Points

1. Russia's war against Ukraine has destroyed the remnants of Europe's cooperative security architecture and forced countries in Eastern Europe to pick sides. For Ukrainians, the choice is clear, with an overwhelming majority supporting integration into the EU and NATO.

2. Russia's war has compelled the EU to view enlargement as a geostrategic tool to move countries out of the gray zone. But it is unclear how quickly this can happen and whether all members are willing to bear the costs. NATO enlargement is on the agenda, too, but internal disagreements stand in the way of quick progress.

3. The Russian post-Soviet "empire" currently only extends to Belarus. While Russia has failed to draw Ukraine, Georgia, Moldova, and the Western Balkans into its camp, it can still spoil their EU and NATO ambitions.

4. EU and NATO members should rapidly back up the promise to shrink Eastern Europe's gray zone and help Ukraine defeat Russia with substantial and sustained political, financial, and military assistance.

3 Shoring Up Defenses

How can China and the US advance their differing visions for regional order in the Indo-Pacific? How are countries in the region reacting to increased Chinese-US rivalry? And what role do economic interdependencies play?

Paula Köhler

The Indo-Pacific will be the "epicenter of 21st century geopolitics," according to the 2022 US National Security Strategy.[1] The region's geostrategic significance is striking: the Indo-Pacific is home to 60 percent of the global population and responsible for 60 percent of the world's GDP.[2] Important trade routes are located in the region, with 25 percent of all maritime trade passing through the Strait of Malacca alone.[3]

The Indo-Pacific is also the key theater for Chinese-US rivalry. Beijing is advancing a vision for the region that places China at the center. It is pushing for a security architecture "by Asians for Asians," which implies a region free from US alliances and influence.[4] China has underlined this ambition with its Belt and Road Initiative, an economic infrastructure project that many states in the region are part of. The US has also stepped up its engagement in the region. It has been adjusting its military force posture, deepening alliances and partnerships, and initiating new economic outreach programs.[5] Washington has also embraced the concept of a "Free and Open Indo-Pacific," which is based on an understanding of regional order that is not centered on China, but on the rule of law and the ability of all countries in the region to pursue their own interests freely and without intimidation.[6] The coming years will likely see more intense competition between these mutually exclusive visions of order, setting the stage for zero-sum dynamics between China and the US.

Yet the fate of the Indo-Pacific will not be decided by the two superpowers alone. Regional actors play a crucial role as "order shapers" rather than just "order takers."[7] In fact, the concept of the Indo-Pacific was coined by Japan.[8] While it was developed in response to China's destabilizing behavior in the region, the concept also mirrors a desire to preserve Indo-Pacific countries' agency vis-à-vis both superpowers. Most countries prefer good relations with both

Washington and Beijing.[9] Yet multi-alignment is becoming more difficult as great-power rivalry becomes more pronounced in the region.[10]

With Great Power Comes No Responsibility?

Chinese revisionist behavior is unnerving the US and other countries in the Indo-Pacific. China asserts sovereignty over almost 90 percent of the South China Sea and its resources – territorial claims that are in conflict with those of other littoral states.[12] Despite the Permanent Court of Arbitration in the Hague invalidating Chinese territorial claims back in 2016, China continues to assert its territorial ambitions ever more vehemently.[13] In 2023, the Philippines complained about a Chinese Coast Guard ship provoking a collision with a Philippine vessel.[14] China has also artificially created and militarized islands in the contested waters.[15] As a signal that they do not accept China's unlawful behavior, the US and its allies have sent ships and aircraft into the South China Sea.[16] The increased military presence by both China and the US and China's assertive behavior are stoking fears about a growing risk of accidents and escalation.[17]

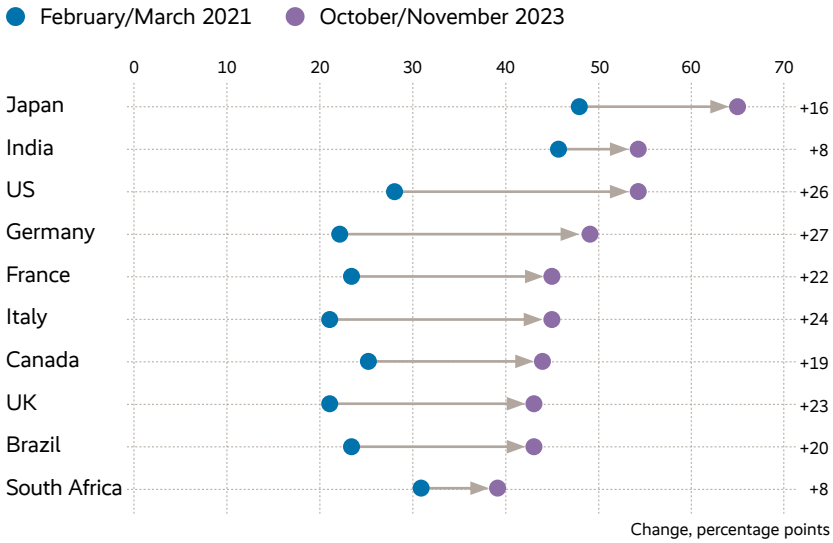
Such fears about escalation are most imminent surrounding Taiwan. In the past years, citizens in all countries polled for the Munich Security Index have become considerably more concerned about the risk a Chinese invasion of Taiwan poses to the world (Figure 3.1). China seeks to bring the island under its control, with Chinese President Xi Jinping linking unification with Taiwan to his "national rejuvenation" goal for China.[18] The status quo, with Taipei not formally declaring independence, the US not formally recognizing Taiwan but arming it for self-defense purposes, and China refraining from using military force to gain control over the island, is increasingly under pressure.[19] What the Taiwanese defense ministry has called "persistent military harassment"[20] by China has become more intense in recent years: in 2022, the Chinese military made more than 1,700 incursions into Taiwan's self-declared Air Defense Identification Zone, more than in the previous three years combined.[21] As China ramps up its intimidation of the island, policy-makers and experts in the US believe that China can only be deterred from invading Taiwan if the US significantly strengthens its own and Taiwan's military capabilities.[22] Yet it is not only Chinese actions, but also US actions that are chipping away at the status quo. China and observers alike were alarmed by a controversial 2022 visit to Taipei by then-Speaker of the US House of Representatives Nancy Pelosi; an increased emphasis in US rhetoric on the strategic importance of Taiwan; and statements by current and former US decision-makers calling for the recognition of Taiwan's

"The countries of the Indo-Pacific have come together around a compelling vision of the future. […] It's a vision of a region in which all countries are free to thrive on their own terms – without coercion, or intimidation, or bullying."[11]

Lloyd Austin, US Secretary of Defense, Shangri-La Dialogue, June 2, 2023

Figure 3.1

Citizens' views on China invading Taiwan, share saying it poses a great risk to the world, February–March 2021 and October–November 2023, percent



Data: Kekst CNC, commissioned by the Munich Security Conference.
Illustration: Munich Security Conference

independence or for a clear security commitment from the US.[23] If China comes to believe that the US is seeking an official alliance with Taipei or preventing even a peaceful unification between China and Taiwan, China's incentives to use military force might increase.[24] A new regional arms race is already underway, with China rapidly increasing both its conventional and nuclear capabilities and other countries in the Indo-Pacific raising their defense budgets (Figure 3.2).[26]

"Taiwan is part of Chinese territory. It has never been a country and it will not be a country in the future."[25]

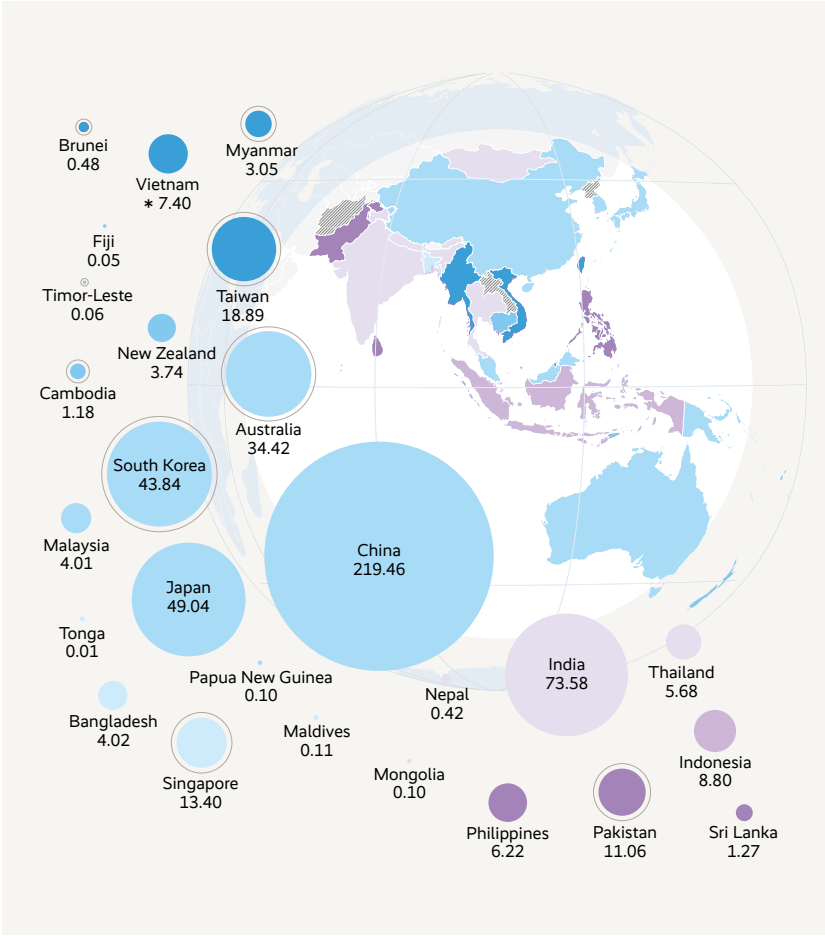
Wang Yi, Director of the Office of the Foreign Affairs Commission of the Communist Party of China Central Committee, Munich Security Conference, February 18, 2023

Come Together, Right Now

Most countries in the Indo-Pacific now clearly align themselves with the US on security matters, hoping to strengthen their posture vis-à-vis China. For example, in 2021, Australia, the UK, and the US entered a trilateral pact, known as AUKUS, through which Australia will get conventionally armed nuclear-powered submarines to bolster its military capabilities.[27] In the spring of 2023, South Korea and the US upgraded their alliance by intensifying consultations about nuclear planning as well as opening ways for better military force integration.[28] And in April 2023, Manila signed the Enhanced Defense Cooperation Agreement, allowing the US to use four additional bases

Figure 3.2

Changes in defense spending in the Indo-Pacific, 2022–2023, USD billions and percent



Data and illustration: IISS

in the Philippines for urgent operational purposes, which will facilitate US power projection in the region.[29] Most striking, however, are Japan's historic efforts to strengthen its security posture, constituting a significant military buildup and boosting Japan's contribution to its alliance with the US.[30] In a new national security strategy adopted in December 2022, Tokyo outlines its intent to increase its defense spending to two percent of GDP by 2027, setting Japan on course for having the world's third-largest defense budget.[31] Japan also surprised observers by announcing the acquisition of long-range missiles that could hit targets as far away as 1,600 kilometers, including on mainland China.[32] Lastly, it is notable that US allies in the region seem more willing to work on overcoming historic grievances between each other. For instance, Japan, South Korea, and the US now engage in trilateral security cooperation.[33]

"Japan is facing the most severe and complex security environment in the Indo-Pacific since World War II."[34]

Hayashi Yoshimasa, then-Japanese Minister for Foreign Affairs, Munich Security Conference, February 17, 2023

Other countries have also aligned their security more closely with Washington, albeit more reluctantly. Indonesia announced a new defense cooperation with the US in November 2023.[35] India, known for its strong preference for multi-alignment, has also deepened its security cooperation with the US since Chinese and Indian militaries clashed in the Himalayas over a long-standing border dispute.[36] In an effort to counterbalance China's growing influence in the region, India has intensified military exercises and intelligence sharing with the US, and the two countries now jointly produce jet engines for fighter aircraft.[37] Furthermore, New Delhi has become more open to cooperation beyond bilateral relations and is now taking a more engaged approach to "minilateral formats," such as in the Quadrilateral Security Dialogue, known as the Quad, which consists of Australia, India, Japan, and the US.[38] Despite some notable exceptions, such as the Solomon Islands, which signed a security agreement with Beijing in 2022, many Small Island Developing States – among them the Marshall Islands, Micronesia, Palau, and Papua New Guinea – have also moved closer to the US, concluding or renewing security agreements with Washington.[39]

"We should not be seen as partners when convenient and pushed aside when inconvenient."[40]

Abdulla Shahid, then-Maldivian Minister of Foreign Affairs, Munich Leaders Meeting in Tokyo, May 16, 2023

Regional Cooperation Remixed

As Chinese-US rivalry advances, observers worry that the trend toward minilateral frameworks comes at the expense of more inclusive, multilateral approaches. Previously, the Association of Southeast Asian Nations (ASEAN), a conglomeration of ten larger and smaller states, was front and center to multilateral cooperation in the Indo-Pacific and deliberately sought to advance inclusive avenues for countries to work together, regardless of differences in the way they govern themselves.[41] ASEAN took pride in not siding with either China or the US.[42] Yet as great-power rivalry increases,

ASEAN risks losing relevance due to its inability to develop a unified response to China's new assertiveness.[43] Recent surveys show disappointment with ASEAN, with respondents concerned about it becoming "irrelevant in the new world order."[44] Indeed, like-minded actors worried about China are increasingly pursuing their political goals in formations like the Quad or AUKUS. This more piecemeal approach to regional cooperation offers flexibility on certain issues, but might hinder countries from cooperating on topics where broad coalitions are necessary, such as the climate crisis or arms control.

Economic Dependency and Its Discontents

Despite growing efforts to counterbalance Beijing's influence, China still holds outsize economic leverage over countries in the Indo-Pacific. In 2021, China was the most important trading partner for all key economic players in the region, with the exception of India.[45] While this may be changing for some countries,[46] economic dependence on Beijing explains why the region tries to avoid breaking with China. Yet as China demonstrates a propensity for restricting the export of critical raw materials or limiting access to its market over political disagreements, dependence on trade with China has come to be seen as a security liability in many countries.[47]

Decreasing economic dependency on China, however, is not easy: the US launched the Indo-Pacific Economic Framework (IPEF) in 2022, signaling its intent to expand its economic leadership in the region.[48] Yet critics lament that the framework does not facilitate access to the US market for participating countries, casting doubt on the seriousness of the US's economic outreach to the region.[49] Furthermore, countries that are now members of the IPEF framework have generally become more rather than less reliant on trade with China since 2010,[50] with their export destinations having become 31 percent less diversified and their import sources 28 percent less diversified on average.[51] Overall, the US is on the back foot with its efforts to increase its economic leverage in the Indo-Pacific after former US President Donald Trump exited an ambitious trade agreement known as the Trans-Pacific Partnership.[52] This trade pact continues to exist without the US, now named the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.[53] US President Joseph Biden admitted that "when we backed out of [the Trans-Pacific Partnership] – we put China in the driver's seat."[54]

As the Indo-Pacific shapes up to be a decisive region for the global order of the 21st century, many countries in the region would prefer to entertain good relations with both China and the US. Yet they are increasingly left with imperfect options that make multi-alignment more difficult.

Key Points

1. In the Indo-Pacific, China is ever more vehemently advancing its China-centric vision for regional order, leading to pushback from the US and countries in the region, thus fueling zero-sum dynamics.

2. Multi-alignment, which countries in the Indo-Pacific prefer, is becoming increasingly difficult to pursue as Chinese-US rivalry intensifies.

3. Many regional actors are seeking closer alignment with the US on security matters. They are also trying to reduce their economic dependency on China, albeit with differing levels of success.

4. Meanwhile, more inclusive cooperation within the framework of ASEAN is decreasing in relevance as like-minded countries opt for new minilateral frameworks aimed at counterbalancing Chinese influence in the Indo-Pacific.

4 Abraham Discord

Why and how have Middle Eastern states recently pursued regional rapprochement? In what ways do historical divides still manifest themselves? How have the terrorist attacks by Hamas against Israel and the ensuing war in Gaza impacted cooperative dynamics in the region?

Amadée Mudie-Mantz
and Sophie Witte

The Middle East was experiencing a remarkable trend of rapprochement in recent years. The Abraham Accords stand out, as they enabled unprecedented warming of relations between Israel and four Arab states. These agreements seemed to be part of a pragmatic foreign policy shift, prioritizing deescalation and stability in the region, which attracted increased involvement of external powers. Middle Eastern leaders seized the opportunity by creating and joining several cooperation frameworks. They aimed to diversify relations in light of the perceived retreat of the US and reap the benefits of Chinese offers.[1] However, the terrorist attacks by Hamas against Israel on October 7, 2023, and the ensuing war shook the region, possibly rupturing this trend. In one day, the terrorist group killed over 1,200 people and abducted around 240 more. Israel's ensuing military campaign to destroy Hamas, which uses civilians as human shields, has devastated infrastructure in Gaza and resulted in an estimated death toll of 22,000 Palestinians by early 2024.[2] The fear of regional conflagration looms large as Israel continues its military campaign in Gaza while Iranian proxies in Lebanon, Yemen, Syria, and Iraq intensify their attacks on Israeli and US troops. The war thus risks dashing the tentative hopes for rapprochement in the Middle East.

Fragile Cooperation

The pre-war wave of regional rapprochement marked a major foreign policy shift in the Middle East. The 2020 Abraham Accords constituted unprecedented normalization of relations between Bahrain, Morocco, Sudan, and the United Arab Emirates (UAE). Brokered by the US, the Accords aim to enable regional integration, while also forming part of a containment strategy against Iran.[3] The US additionally facilitated negotiations between Israel and Saudi Arabia, during which Riyadh demanded US support for a

civilian nuclear program and binding US defense commitments.[4] Similar to other negotiations in the region, these talks sidelined the plight of the Palestinians. They were halted after the recent outbreak of war between Hamas and Israel.[5]

Saudi Arabia and Iran reached a milestone deal in March 2023, which reactivated diplomatic, economic, and security ties between the traditional rivals.[6] This deal was brokered by China, although experts argue that the Saudi government only allowed Beijing to finalize the deal to capture US attention.[7] Middle Eastern powers also revitalized existing regional cooperation frameworks. For example, the 2021 Al-Ula Declaration ended the Saudi-driven blockade against Qatar, which allowed for renewed ties between Qatar and the Gulf Cooperation Council (GCC), although it had not resolved the issues leading to its blockade.[8] Another example was the readmission of Syria into the Arab League in 2023, despite the ongoing civil war and the war crimes committed by Syrian President Bashar al-al-Assad's regime.[9]

The Middle East was receiving increased attention from external powers, especially in the form of invitations to join transregional cooperation frameworks. In August 2023, BRICS members invited six states to join, including Egypt, Iran, Saudi Arabia, and the UAE. This expansion is largely seen as part of China's strategy to increase its presence in the region, which it has further pursued by inviting several Middle Eastern countries to join the Shanghai Cooperation Organization.[11] Russia also maintains a presence in the region, particularly through close ties with Syria and Iran as well as OPEC.[12] However, the US remains the region's central security provider, with more than 57,000 troops deployed there.[13] The US also initiated the I2U2 Group in 2021, bringing together India, Israel, the UAE, and the US to address issues such as energy security.[14] Meanwhile, European countries have courted Middle Eastern states, and included them as the central node in the India–Middle East–Europe Economic Corridor.[15] These diverse frameworks allow Middle Eastern states to flexibly cooperate with external powers without having to choose sides (Figure 4.1).

"[The India–Middle East–Europe Economic Corridor is] all about economic growth. That has nothing to do with hurting China or helping China. It has to do with dealing with everything from climate change to making sure that these countries can succeed economically and grow."[10]

Joseph Biden, US President, September 10, G20 Summit, 2023

The geopolitical rivalry between China and the US has played a central role in this remarkable shift in the Middle East.[16] Despite its continuous military presence and diplomatic engagement, Middle Eastern states perceive the US to be retrenching and shifting focus toward the Indo-Pacific.[17] China has intensified its efforts to enhance economic cooperation with the region from where it obtains around half of its oil imports; it became the largest trading

Figure 4.1

Middle Eastern countries' membership in selected cooperation frameworks, 2023

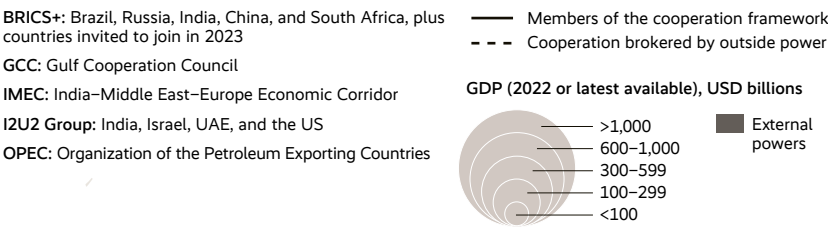
BRICS+: Brazil, Russia, India, China, and South Africa, plus countries invited to join in 2023

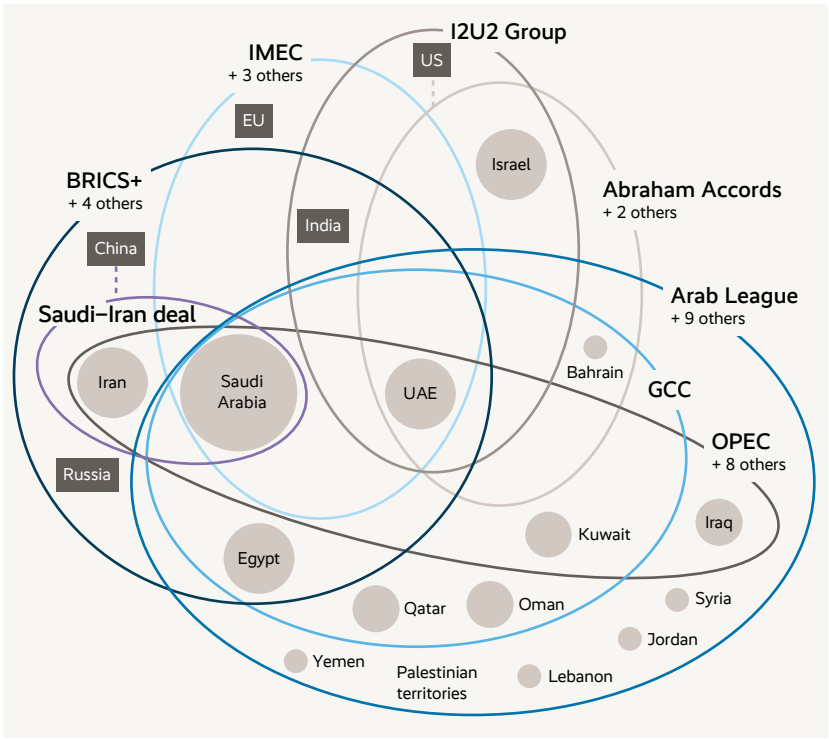
GCC: Gulf Cooperation Council

IMEC: India–Middle East–Europe Economic Corridor

I2U2 Group: India, Israel, UAE, and the US

OPEC: Organization of the Petroleum Exporting Countries





Data: World Bank; various sources. Illustration: Munich Security Conference

partner of the GCC in 2020.[18] Middle Eastern states perceive cooperation with China as particularly attractive, since Beijing does not call for domestic reforms.[19]

This trend of transactional cooperation is the product of pragmatic choices to bypass political divides in pursuit of economic gains.[20] It has generated immediate results for Middle Eastern countries; for example, the UAE

benefitted from the Abraham Accords in increased bilateral trade with Israel, a boost in tourism, and being able to acquire Israeli strategic air defense systems.[21] However, the escalation of war in Gaza demonstrates that regional cooperation remains inherently fragile, as historic friction is left unaddressed and conflicts can easily flare up.

Simmering Tensions

The Hamas terrorist attacks have drawn the world's attention back to divisions in the Middle East that experts had long warned about. Beneath the surface of rapprochement, tensions have continued to simmer. High military spending testifies to the precariousness of regional stability. Middle Eastern countries spent an average of 3.9 percent of their GDP on defense in 2022, compared to the global average of 2.2 percent (Figure 4.2). Six ranked in the top ten biggest relative defense spenders worldwide. Additionally, the UAE's defense figures are estimated to be at 4 percent of its GDP, and while Iran claimed military expenditures of 2.6 percent of its GDP in 2022, the real numbers are likely significantly higher.[22] European and US arms exports reinforce this dynamic, as, for example, over 40 percent of US arms exports and 34 percent of French ones went to the Middle East between 2018 and 2022.[23]

Iran's expansionism and the efforts to contain it are shaping the region. Tehran's influence is based on two pillars: proxies and threats to develop nuclear weapons. It maintains an "axis of resistance" in the form of a network of state and nonstate actors in Gaza, Iraq, Lebanon, Syria, and Yemen.[25] Iran aims to push the US out of the region, not least to weaken US allies Israel and Saudi Arabia.[26] US officials believe that Iran was "broadly complicit" in the Hamas attacks on Israel but say they do not have concrete evidence of direct involvement.[27] Furthermore, Iran-backed militias have launched drone and missile attacks on Israel and US troops as well as on commercial vessels in the Red Sea, threatening global trade.[28] The international community has failed to effectively contain Iran's pursuit of nuclear weapons, in part due to former US President Donald Trump's withdrawal from the nuclear deal, leaving the regime close to enriching uranium to weapons-grade fuel.[29]

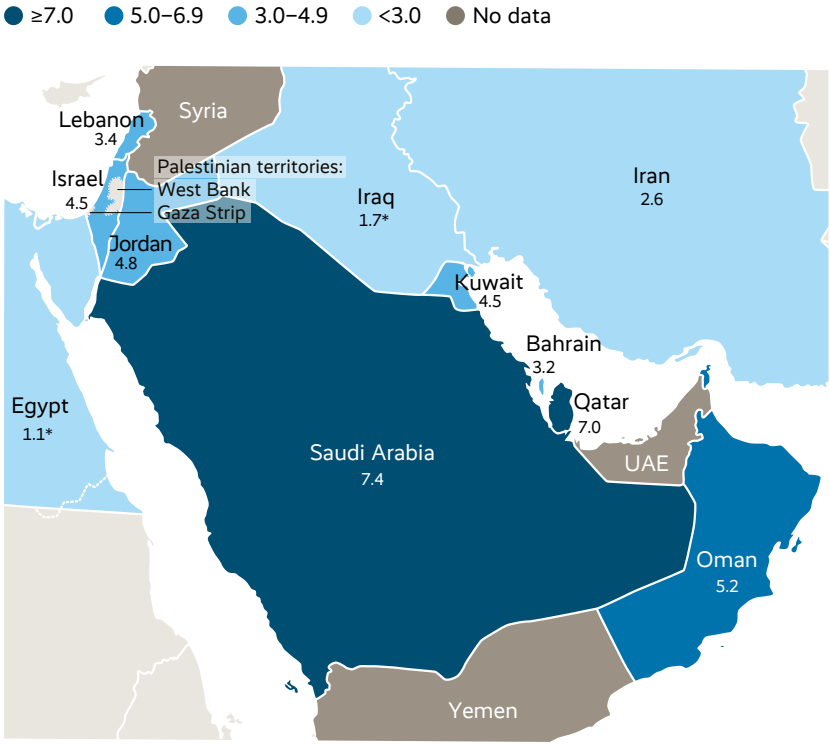
"If [Iran gets a nuclear arsenal], we have to get one. For security reasons and for balancing power in the Middle East. But we don't want to see that."[30]

Mohammed bin Salman, Crown Prince of Saudi Arabia, Fox News, September 21, 2023

Saudi Arabia is spearheading efforts to contain Iran, a goal unaltered by the recent restoration of diplomatic relations between the countries.[31] Saudi Arabia aims to counter Iranian-sponsored Houthis in Yemen, and to emancipate itself from the US, the kingdom's top defense supplier and traditional ally.[32] Saudi Arabia hence ramped up its defense expenditures by 16 percent in 2022 alone and doubled down on domestic arms production.[33]

Figure 4.2

Military expenditure as a share of GDP, 2022, percent



The ten countries with the highest military expenditure as a share of GDP, 2022, percent

1	Ukraine	34.0	6	Jordan	4.8
2	Saudi Arabia	7.4	7	Algeria	4.8
3	Qatar	7.0	8	Azerbaijan	4.5
4	Togo	5.4	9	Kuwait	4.5
5	Oman	5.2	10	Israel	4.5

*Highly uncertain data according to SIPRI
Data: SIPRI. Illustration: Munich Security Conference

The UAE also aims to contain Iran, because it considers political Islam, as promoted by Tehran, a threat to domestic and regional stability.[34] The UAE therefore joined the blockade of Qatar, due to the latter's friendly relations with Iran and tolerance of militant groups such as Hamas and the Taliban.[35] Qatar has long leveraged its links to Islamist groups, aiming to present itself as a broker on both the regional and global stage.[36]

The Middle East is further divided over relations with Israel. While some governments, such as Egypt, made peace with Israel, populations in Saudi

"The Iranian regime shows with its missile attacks that it not only represses its own population with recklessness and brutality, but is apparently prepared to jeopardize lives and stability in the entire region to maintain power."[24]

Annalena Baerbock, German Foreign Minister, March 7, 2023

Arabia, the UAE, and other Arab countries remain largely pro-Palestinian.[37] Yet their leaders had recently sought to deepen ties with Israel's high-performing economy and arms industry. In 2022 alone, 24 percent of Israel's defense exports went to the Abraham Accords signatories.[38] Iran, however, remains committed to Israel's elimination and claims to uphold the Palestinian cause.[39] Its support for Hamas in Gaza and Hezbollah in Lebanon has allowed it to maintain an indirect but menacing presence at Israel's borders.

The growing rivalry between Saudi Arabia and the UAE is becoming another defining tension of the Middle East, despite their common antipathy against Iran. On the one hand, this is playing out economically, as both plan to diversify their traditionally oil-dependent economies.[40] This has left them competing for international investment in the same sectors, as, for example, Saudi Arabia aims to replace the UAE as the region's financial hub.[41] On the other hand, competition between Abu Dhabi and Riyadh is playing out across a series of conflicts. In Yemen, after the UAE initially fought alongside Saudi Arabia, the two countries ended up supporting opposing anti-Houthi factions.[42] In Sudan, both countries are fueling a proxy war.[43] And in Somalia, their conflicting ambitions threaten the country's stability.[44] Thus, while recent rapprochements had bypassed the region's divisions, intractable conflicts and pervasive mistrust remain.

Rapprochement Ruptured?

The war between Hamas and Israel is putting the pursuit of pragmatic cooperation – without resolving underlying tensions in the Middle East – to the test. Whether rapprochement will resume once hostilities have ceased or whether this trend was ruptured remains unclear. The war has revived pro-Palestinian sentiment in many Arab populations, requiring leaders to walk a fine line of appeasing their citizens while not severing ties with Israel and risking to further destabilize the region.[45] Much will depend on whether Iran and its proxies further escalate the conflict on different fronts. The Houthi threats to global trade in the Red Sea have already prompted strikes by the US and UK against Yemeni targets in January 2024. Much will also depend on how Israel conducts operations in Gaza and whether it can significantly alleviate the plight of the civilian population, with US President Joseph Biden cautioning the Israeli government against "indiscriminate bombing."[46] A credible and inclusive plan for a long-term political settlement and the governance of Gaza in the aftermath of the war will be crucial. Finally, much will depend on whether and how external powers and regional players use their influence to prevent a conflagration.

Key Points

1. Prior to the outbreak of war between Hamas and Israel, remarkable rapprochements between erstwhile rivals had seemed to alter the geopolitical dynamics in the Middle East. Pragmatic cooperation across an array of new or revived frameworks produced mutual economic benefits and, on the surface, greater political stability.

2. Middle Eastern states capitalized on their position as a bridge between world regions. Refusing to align with any of the competing powers, they reaped the benefits of cooperating in various multilateral frameworks.

3. However, tensions continued to simmer. Surging military spending is a testament to persisting distrust and relative-gains mindsets. Iran's pursuit of nuclear weapons and its proxy militias challenge both Israel and Saudi Arabia. Saudi Arabia is trying to contain Iran, while its relationship with the UAE is souring.

4. Above all, the Hamas terrorist attacks and the fallout from the ensuing war with Israel call regional rapprochement into question and threaten to spur a vicious cycle of broader regional violence.


Munich Leaders Meeting Nairobi

5 Partnerships Deserted

What are the implications of the recent coups in Burkina Faso, Mali, and Niger for the Sahel region and for the future of its international partnerships? Why do these three Sahel countries find themselves in a lose-lose situation with Europe and the US? How does Russia benefit from this rupture in relations?

Isabell Kump

In the Sahel region, a coup belt stretches from west to east, threatening to stifle any positive prospects for the region and jeopardizing longstanding partnerships. On its eastern edge, a deadly power struggle more than one year after the coup holds Sudan in a chokehold, leaving over half of the population in humanitarian need.[1] But the epicenter of the most recent coups has been the West African Sahel, where seven coups have taken place in the last four years.[2] Particularly Burkina Faso, Mali, and Niger have been caught in a mutually reinforcing spiral of coups, a rising number of terrorist attacks, a lack of economic prospects for the young populations, and weak democratic processes.

In July 2023, the world saw a repeat in Niger of what had happened earlier in Mali and Burkina Faso, when a faction of the Nigerien military led by General Abdourahamane Tchiani deposed President Mohamed Bazoum. While the various coup leaders in the Sahel cited the main reason for their takeovers to be the inability of the then-governments to deal with insecurity, each coup was the result of a combination of factors. Power struggles and unstable relations between the respective governments and militaries played a major role everywhere.[3] The recent coup in Niger was also facilitated by public discontent with the government.[4] And although the recent frequency of coups is striking, all countries affected have a history of coups.

"We will not allow coup after coup in West Africa again."[5]

Bola Tinubu, Nigerian President and Chairman of the Economic Community of West African States (ECOWAS), 63rd Ordinary Session of the Authority of Heads of State and Government of ECOWAS, July 9, 2023

The consequences of the recent coup in Niger are particularly severe. The military junta's inability to curb terrorism in the country, evidenced by a 40 percent spike in violence by jihadist groups in the first month after the coup, threatens to further destabilize the entire Sahel and the neighboring Gulf of Guinea.[6] Moreover, since Niger was the last "anchor of stability"[7] for external powers after relations with Burkina Faso and Mali had already broken down, the coup calls into question the future of European and US efforts to promote development, democracy, and good governance and fight terrorism in the region. Russia is taking advantage of this turmoil, offering itself as an alternative partner to Sahel countries.[8]

Huge Sums, Little Effectiveness

Since 2012, when the dispute between the then-government and ethnic Tuaregs in northern Mali escalated into a separatist insurgency, the UN, the EU, the US, and Mali's former colonial power, France, gradually increased their assistance to the Sahel region.[9] Key objectives were to support the region's fight against terrorism, especially through US forces and the French Operation Barkhane, and their progress on development, democracy, and good governance. Since 2014, the EU has spent 8 billion euros on security and humanitarian assistance to Sahel states, while the US has allocated more than 5.5 billion US dollars to economic and security assistance.[10]

Despite investing significant resources, Europe, the US, and MINUSMA, the UN Multidimensional Integrated Stabilization Mission in Mali, established in 2013 by the UN Security Council, have failed to improve the situation of the populations in the Sahel. State presence is still close to nonexistent in northern Mali and half of Burkina Faso, and institutions remain too weak to address the root causes of insecurity.[11] One reason is that external actors have focused too much on providing security relative to fostering development, protecting human rights, and strengthening governance mechanisms.[12] The EU has been unable to live up to its Integrated Strategy in the Sahel, which sought to better balance humanitarian, development, and military assistance.[13]

Moreover, in Mali and elsewhere in the region, Europe and the US were faced with difficult partners for getting reforms underway. The Malian government, also under former president Ibrahim Boubacar Keïta, had been reluctant to tackle corruption and implement the 2015 Algiers peace agreement.[14] Signed by the Malian government and armed groups from northern Mali, the accord obliged the government to reform the state, including the military, and to integrate former insurgents into state institutions.[15] However, the Keïta

administration – and later, the military juntas – showed little appetite for reform.[16] They were largely unable to provide security for their own population, outsourcing it to MINUSMA, France, and the US.[17]

Despite benefiting from the presence of MINUSMA, the Malian authorities that seized power after the coups hindered the UN mission of protecting civilians and supporting the implementation of the peace accord. Among other things, they impeded peacekeepers from investigating human rights abuses.[18] In 2023, the Malian authorities called for an end to MINUSMA, arguing that it had become "highly detrimental to peace, reconciliation, and national cohesion."[19] Yet according to UN reports, the junta quit cooperating because of the damning human rights reports MINUSMA had issued against it.[20]

Relations on the Rocks

As in Burkina Faso and Mali, the Nigerien military junta has used its seizure of power to challenge the country's partnerships with external actors. Resentment that years of cooperation had not borne fruit in terms of improved security and economic prospects for the populations may well have played a role in these decisions. In addition, as the governments have become more authoritarian, they have grown more wary of European and US support, which is often linked to demands for economic and political reforms.

France has felt this resentment with particular force. Authorities from the three Sahel countries have accused it of neocolonialism and of backing corrupt governments.[21] All three juntas have ended military and diplomatic cooperation with Paris.[22] Protests against France seem to indicate that the populations endorse the rift. Recent survey results illustrate the negative sentiments of Malians toward the former French military presence: 48 percent of the respondents stated that since the withdrawal of Operation Barkhane, insecurity has actually decreased – a perception at odds with the facts (Figure 5.1).[23]

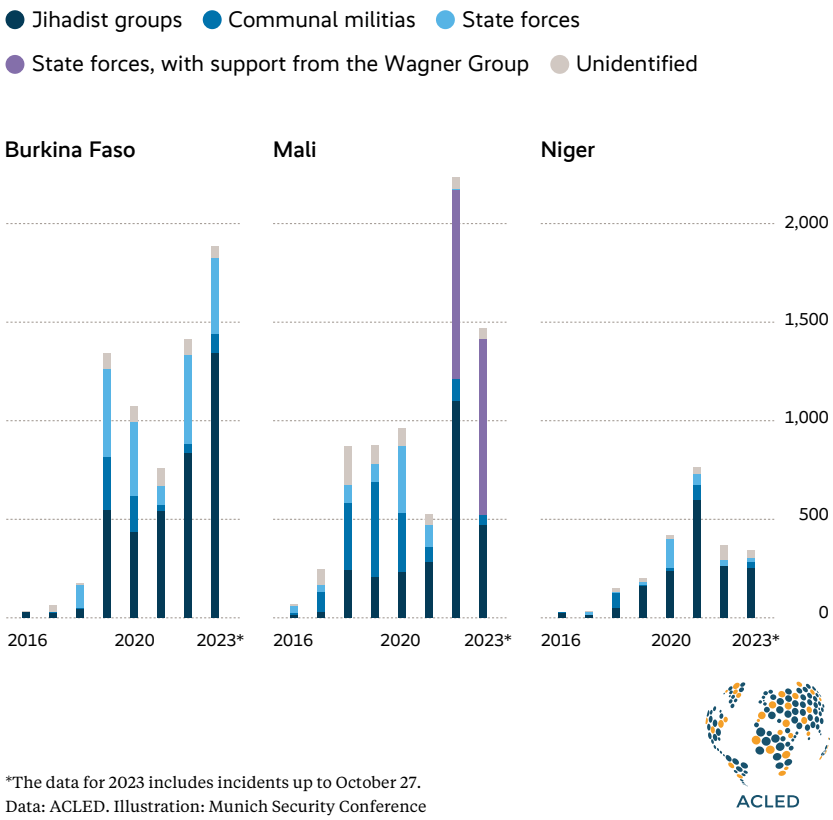
"We have decided to say no to all these so-called friends who want our so-called good or who threaten us with war to impose their friendship."[25]

Bassolma Bazié,
Burkinabe Minister of State,
UN General Assembly,
September 23, 2023

In Africa, the coup in Niger has provoked varying reactions. The African Union and the Economic Community of West African States (ECOWAS) suspended relations with Niger, as they had done with Mali and Burkina Faso. ECOWAS even threatened military intervention.[24] The ultimatum it set had expired on August 6, but it still had an impact: as Burkina Faso and Mali warned that they would see an intervention in Niger as a "declaration of war"[26] against them too, the coup and ECOWAS's response brought the juntas in Mali, Burkina Faso, and Niger closer together. The developments have also exposed ECOWAS's helplessness in the face of overthrows. Just 16 days

Figure 5.1

Civilian deaths from armed violence in Burkina Faso, Mali, and Niger, 2016–2023



*The data for 2023 includes incidents up to October 27.
Data: ACLED. Illustration: Munich Security Conference

before the coup in Niger, the president of Nigeria, Bola Tinubu, had declared the prevention of coups a priority in his speech as the new ECOWAS chairman, promising that the organization would no longer be a "toothless bulldog."[27]

Careful not to legitimize coups, Europe and the US face a dilemma over how to continue working with the Sahel countries. They are divided between imposing costs for coups and pragmatically working with the juntas. Right after the coup in Niger, the EU and the US joined ECOWAS in its strong condemnation and suspended technical and military assistance.[28] While the EU has agreed on a sanctions framework against the Nigerien regime, the US has adopted a more conciliatory tone toward the junta, hoping for a quick return to civilian rule.[29] Washington has still cut its development and military assistance to

Niger, including a suspension of 442 million US dollars in trade and agriculture assistance – a blow to one of the world's poorest countries.[30]

At the same time, the EU has seen the junta dismantle key pillars of its partnership. Five months after the coup, the new leaders ended security and military collaboration with the EU, dismissing the EU Capacity Building Mission (EUCAP) and the EU Military Partnership Mission in Niger (EUMPM), which the EU had already suspended after the coup.[31] This came just days after the junta overturned a law aimed at curbing migration to Europe.[32] Europe now fears that this could lead to a rise in migration movements, as Niger is a key transit country for many refugees and migrants.[33]

With Mali and Burkina Faso, the EU is withholding security cooperation until its conditions are met.[34] Brussels demands a clear commitment to a return to civilian rule and, in the case of Mali, an end to cooperation with the Russian Wagner Group. In Mali, the EU suspended all operational activities of EUCAP Sahel Mali and the EU Training Mission.[35] With little chance of them resuming anytime soon, countries such as Germany have shifted their focus to development cooperation.[36] However, they are trying to bypass the junta, focusing instead on local partners and companies and assistance through UN agencies.[37]

Charming Russia

On top of these challenges, Russia is deliberately trying to lure the Sahel countries away from Europe and the US. To alleviate the isolation that Russia has experienced since its invasion of Ukraine, Moscow is doubling down on its focus on the Sahel region.[39] Most importantly, it seeks to reap the economic benefits of closer military cooperation, having become Mali's main arms supplier after the 2021 coup.[40] But Moscow also aims to damage Europe's image in the region, taking advantage of Europe's tense relations with Sahel governments and its inability to help them address the root causes of instability.[41] After the coup in Niger, former Wagner Group chief Yevgeny Prigozhin blamed insecurity on a legacy of colonialism and offered his fighters' services to the junta.[42] As images of protestors waving Russian flags and burning French ones show, Moscow has been quite successful in presenting itself as a more attractive partner for the region (Figure 5.2).

Europe and the US now fear that in Niger, they will see a repeat of what happened in Mali.[43] Since 2021, the Wagner Group has replaced French forces in operating with the Malian military against armed groups.[44]

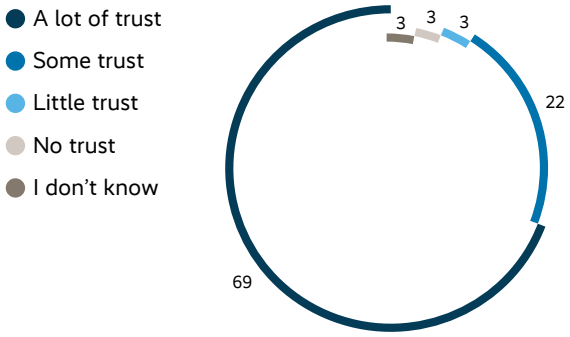
"We do not want a coup regime like this to have access to development funds and do something else with it. That is why we have stopped working with them for the time being."[38]

Svenja Schulze, German Minister for Economic Cooperation and Development, August 2023

Figure 5.2

The Malian population's views on Russia, February 2023, percent

How much trust do you have in Russia helping Mali fight insecurity in your region?



Data and illustration: Friedrich-Ebert-Stiftung

By targeting civilians, the mercenaries have shored up societal grievances and are thus creating an environment conducive to terrorist recruitment.[45] If the Nigerien and Burkinabe juntas were to start working with the Wagner Group, this might well strengthen the grip of jihadists in the region.[46]

Walking a Tightrope

As a result, the prospects for peace in the region are diminishing. Despite the official intent of the three juntas to restore stability, each successful coup since 2020 has been followed by greater violence (Figure 5.1). In the 18 months after the first coup in Burkina Faso in 2022, the number of civilians killed by jihadists rose by 165 percent compared to the equivalent period before the coup.[48] Niger, too, has witnessed growing violence.[49] These developments do not bode well for a return to civilian rule. Concerns are growing that the Malian and Burkinabe juntas seek to retain power, which would cement the authoritarian drift in the region.[50]

"[The Wagner Group] is the life insurance of failing regimes or putschists, whose role and purpose is to protect failing regimes or putschists."[47]

Emmanuel Macron, French President, Èlysée, February 27, 2023

As Burkina Faso, Mali, and Niger risk plunging into greater insecurity, Europe and the US face a dilemma over the future of their Sahel policies. Withdrawing altogether would leave a void likely to be filled by malicious actors, which would further destabilize the region. But it is unclear whether staying will help boost prosperity and security in the region. It could even be seen as legitimizing the coups. What is certain is that if Europe and the US are to remain in the region, their strategies need recalibrating.

Key Points

1. Following the coup in Niger, the Sahel region is at risk of falling into even greater insecurity than before, with dramatic consequences also for neighboring countries.

2. Burkina Faso, Mali, and Niger are in a lose-lose situation with Europe and the US. For both sides, ceasing cooperation has detrimental consequences.

3. Even before the most recent coup in Niger, European and US efforts to promote development, democracy, and good governance, fight terrorism, and manage migration in the Sahel faced heavy criticism for failing to strike the right balance. With the Nigerien junta now challenging longstanding partnerships, the coup calls into question the future of European and US engagement in the Sahel.

4. The people of the region, in turn, are losing the chance for peace and democratic progress, as each coup since 2020 has been followed by greater levels of violence.

5. Russia, meanwhile, is deliberately trying to lure the Sahel countries away from Europe and the US. It has tarnished the images of Europe and the US and taken advantage of their inability to address the root causes of regional instability. In Mali, the Russian Wagner Group is also contributing to insecurity by normalizing violence against civilians.

6 Trade Off

How are countries around the world pursuing greater economic security? In what ways are intensifying geopolitical tensions affecting global trade and capital flows? And what are the trade-offs of economic fragmentation?

Leonard Schütte

A new economic order is nascent: call it securitized globalization. After years of brewing discontent, the confluence of the pandemic, Russia's war on Ukraine, and the intensifying China-US rivalry has shifted economic paradigms among key international actors. The promise of the old, neoliberal variant of globalization that the free flow of goods, capital, and people would produce win-win relations and political convergence has lost its credibility in many parts of the world. Notwithstanding evidence that economic integration has led to huge aggregate prosperity gains across the globe, it is widely perceived to have caused economic dislocation in industrial economies, generated highly unequal gains, and created asymmetric interdependencies that have increasingly become weaponized.[1] In response, national security considerations are now shaping the economic policies of key players. This paradigm shift is highly consequential. The looming specter of "policy-led geoeconomic fragmentation"[2] could reduce some of the gaping vulnerabilities and thus remove opportunities to weaponize interdependence.[3] But the costs of fragmentation into two blocs along geopolitical lines could also be vast.

Neoliberal Globalization: Trickle Away

The combination of growing discontent with neoliberal globalization and increasing economic coercion paved the way for the emergence of securitized globalization.[4] During the 2016 US presidential election campaign, both Donald Trump and Bernie Sanders attacked neoliberal globalization for causing a loss of manufacturing jobs and stagnating wages. Similar arguments featured prominently in the Brexit referendum campaign in the UK. When in office, US President Trump followed through on his rhetoric, launching a trade war against China and others and subverting the WTO to allegedly reshore jobs. US President Joseph Biden, too, has promoted reconfiguring

"The post-1945 international economic order was built on the idea that interdependence [...] would foster peace and shared prosperity. Today this vision is under threat."[5]

Ngozi Okonjo-Iweala, WTO Director-General, World Trade Report, September 12, 2023

globalization to serve working families in the US, coining it "foreign policy for the middle class." The Covid-19 pandemic and accompanying supply chain disruptions only heightened concerns about the costs of global interconnectedness.

In parallel, countries have increasingly exploited asymmetric interdependencies. China has long used its market power to coerce other countries or punish those that defied Beijing's will.[6] And Russia's weaponization of Europe's energy dependency catapulted economic security to the top of the agenda in Europe and the US. Moscow's attempted blackmail exposed the dangers of surrendering control of critical chokepoints in the global economy to rivals. 2022 was thus a turning point in how the transatlantic partners viewed globalization. But many autocratic regimes had realized these dangers earlier. To them, the US sanctions against Iran in the early 2010s, the threat to exclude Russian banks from SWIFT following its attack on Ukraine in 2014, and the Trump Administration's throttling of Huawei demonstrated the perils of depending on the US-controlled financial system.[7]

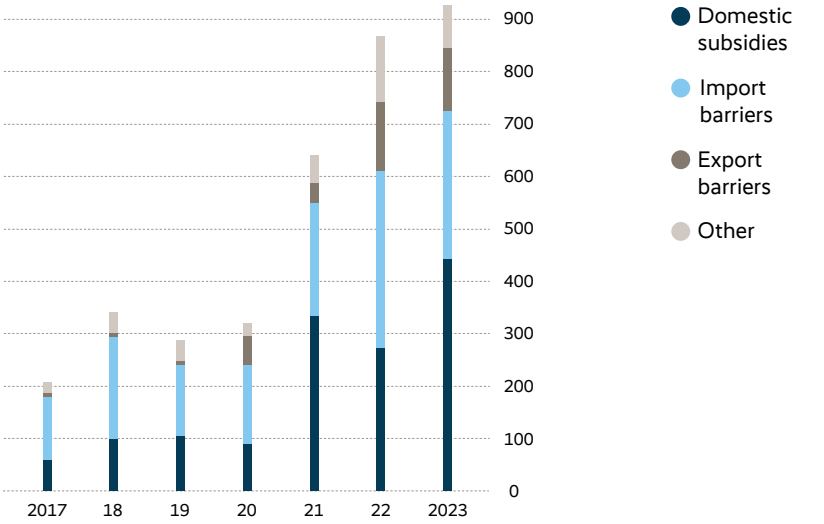
Economic Security Policies: Better Safe Than Sorry

Countries from both sides of the geopolitical divide thus fear that their dependencies invite exploitation. As a result, economic security policies designed to defend against or preempt coercion abound. They include measures to strengthen strategic industries and protect critical infrastructure. Economic security policy also means diversifying trade relations to reduce exposure to rivals ("de-risking"), shifting supply chains and investment to countries that are geopolitically aligned ("friendshoring"), sanctioning adversaries, and preventing the leakage of technology that could yield military advantages.[8] The number of discriminatory interventions has surged in recent years (Figure 6.1). A recent report shows that national security concerns are often used as explicit justifications for such interventions.[9]

China was an early adopter of a "geopolitically oriented political economy,"[10] aiming to reduce its own dependencies while weaving webs of dependency for others. Under Xi Jinping, Beijing had never subscribed to the premise that economics and security could be disentangled, instead pursuing a "comprehensive national security" vision to sanction-proof China.[11] The Belt and Road Initiative, launched in 2013, aims to shift Chinese trade flows away from the US.[12] Attaining self-reliance in key technologies is what motivated the "Made in China 2025" strategy, issued in 2015. The "dual circulation" strategy, launched in 2020, seeks to reduce China's export dependence.

Figure 6.1

Discriminatory policy interventions, per year and instrument



Data: Global Trade Alert. Illustration: Munich Security Conference

And Beijing has recently gone into "overdrive"[13] on economic security, with a new, comprehensive export control law, an anti–foreign sanctions law, and outbound investment screening measures.

The US, too, has been actively pursuing economic security policies, abandoning once-sacred neoliberal principles. There is a bipartisan consensus in Washington that the US has become dangerously dependent on China, following a "multidecade campaign of economic aggression" by Beijing, as a recent Congress Select Committee report put it.[14] These concerns have been exacerbated by the realizations that semiconductors are key ingredients in modern weapon systems. In response, the Biden Administration has launched several initiatives, including the CHIPS and Science Act and the Inflation Reduction Act, to relocate supply chains, limit Chinese investment in the US, and control exports of foundational technologies.

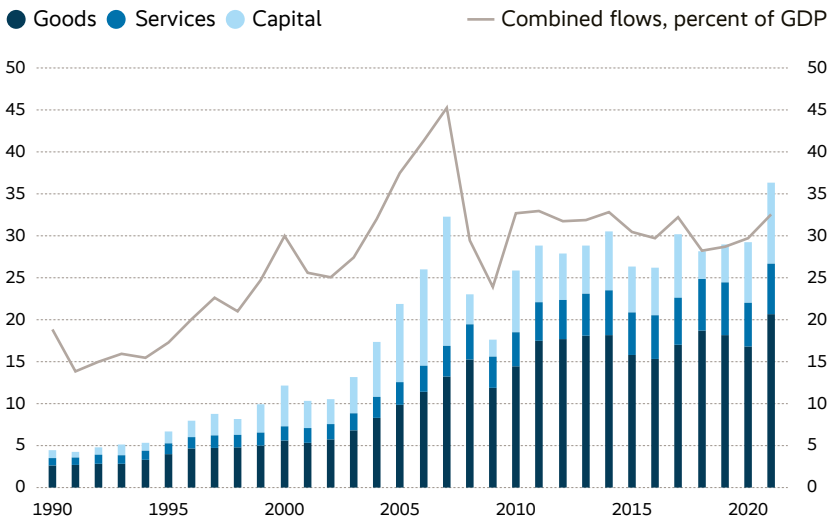
The EU has reluctantly followed suit. The traditionally free-trading European Commission has gradually expanded its economic security toolbox, culminating in its 2023 Economic Security Strategy. European Commission President Ursula von der Leyen made clear that China "moving into a new era

"Finally, we are protecting our foundational technologies with a small yard and high fence. [...] Those restrictions are premised on straightforward national security concerns."[15]

Jake Sullivan, US National Security Adviser, Brookings Institution, April 27, 2023

Figure 6.2

Global cross-border flows, 1990–2021, USD trillions and percent of global GDP



Data: Shekhar Aiyar and Anna Ilyina. Illustration: Munich Security Conference

of security"[16] is the primary factor driving the EU's new de-risking efforts. Russia's attack on Ukraine also led the EU to impose unprecedentedly broad sanctions and export restrictions on strategic technologies.[17]

Meanwhile, Japan has been actively promoting supply chain diversification ever since China threatened to block Tokyo's access to rare earth minerals amid a maritime dispute in 2010. The BRICS, too, are promoting local currencies and building parallel institutions, such as China's Cross-Border Interbank Payment System, in a quest to "de-dollarize" the international financial architecture.[19] As the world's most sanctioned country, Russia has long been concerned about its economic security and created its own financial messaging system.[20] India has also sought to further its economic security through the "Make in India" campaign and other initiatives.

"We see a strong push to make China less dependent on the world, and the world more dependent on China. Geopolitics and geoeconomics cannot be seen as separate anymore."[18]

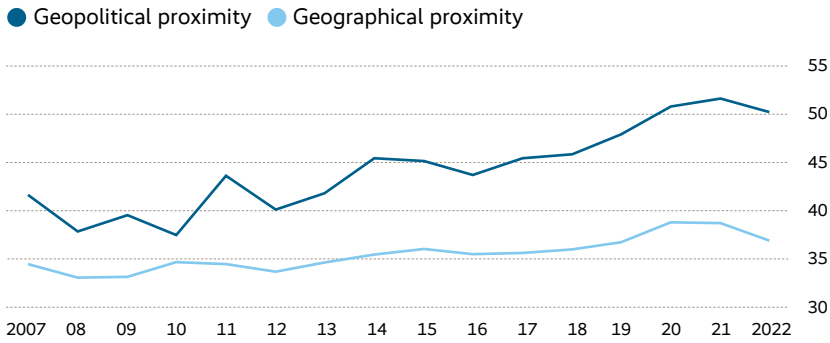
Ursula von der Leyen, European Commission President, EU Ambassadors Conference, November 6, 2023

Trade and Capital Flows: Off to Friendly Shores

These dramatic policy shifts are beginning to translate into macroeconomic reality. For a long time, global economic integration seemed to advance inexorably. Not even the global financial crisis could structurally affect the steady growth of cross-border trade, even if capital flows slowed and aggregate

Figure 6.3

Share of global foreign direct investment between geopolitically or geographically close countries, percent



Data: IMF. Illustration: Munich Security Conference

global flows leveled off at a lower share of global GDP (Figure 6.2). Trade between the US and China still hit an all-time absolute high of 531 billion US dollars in 2022.[21]

The macro-view, however, obfuscates crucial meso-level changes. Geopolitics is starting to fragment the world economy.[22] This trend is most visible in foreign direct investment (FDI), where geopolitical proximity increasingly matters more than geographical proximity. That is, companies invest more in countries that their host country votes with at the UN than in countries that are located near them (Figure 6.3). Indeed, FDI diversification away from China is well underway. China's share of global greenfield FDI dropped from 11 percent in 2018 to below 5 percent in 2021,[23] and in the first three quarters of 2023 alone, investment outflows exceeded 100 billion US dollars.[24] Business surveys corroborate the waning corporate interest in investing in China.[25] There are also early signs of fragmenting trade flows and supply chains. Between 2017 and 2022, China's share of all US imports dropped by 5 percent,[26] and its share of strategic products dropped by 14 percent.[27]

Two caveats are warranted, however. First, US friendshoring efforts are more tenuous than they appear. As US trade flows have shifted from China to countries such as Vietnam or Mexico, imports to these countries from China have increased almost synchronously, suggesting that indirect links remain. Trade flows tend to be more difficult to reroute than FDI, as it requires finding new suppliers. Hence, it may simply take longer for the "great reallocation"

"We are witnessing a fragmentation of the global economy into competing blocs, with each bloc trying to pull as much of the rest of the world closer to its respective strategic interests and shared values."[28]

Christine Lagarde, European Central Bank President, Council on Foreign Relations, April 17, 2023

in supply chains to unfold.[29] Second, Europe is bucking the trend. The EU is failing to diversify its trade relations, with its collective trade deficit with China ballooning from 155 billion euros to 396 billion euros between 2018 and 2022, driven by surging imports.[30] German companies also continue to invest heavily in China, defying Berlin's ambition to reduce its exposure.[31] German FDI in China remained at a near-record high in the first half of 2023, and its share of overall investment even increased.[32]

The Trade-Offs of Trade Tensions

Decision-makers need to reconcile legitimate security concerns with minimizing the ramifications of disintegration. The danger of economic coercion by geopolitical rivals is real, but so are the potentially immense costs of fragmentation. The IMF estimates that in the worst-case scenario, fragmentation could reduce global GDP by up to 7 percent over the long term, with low-income countries disproportionately affected.[33] Geographically concentrated supply chains could also become more vulnerable, as supply shocks are likely to increase due to the climate crisis.[34] Moreover, economic security policies could spiral into sweeping trade wars, which would likely bury the multilateral trade order and fuel geopolitical tensions.[35] And loosening ties will also remove mutual dependencies, which have historically often tempered tensions among rivals.[36]

It is therefore imperative that decision-makers avoid adopting an ever-more-expansive conception of security relevance. Economic security policies need to be selective, not sprawling.[37] However, it can be exceedingly difficult to distinguish high-risk dual-use goods from primarily single-use goods and identify dangerous chokepoints in complex supply chains.[38] And most countries are institutionally ill-equipped to do so. Japan, for example, has a minister for economic security, but in most other G7 countries, competencies are scattered across ministries, with limited coordination.[39]

Economic security alone, however, is not a sufficient vision for global economic governance. Liberal democracies also need to work toward a new, inclusive order that promotes global prosperity and pursues "interdependence without overdependence."[40] De-risking from China should go hand in hand with redirecting investment toward Africa and other low-income countries.[41] President Biden's declared ambition to reform the international financial architecture must only be the beginning.[42]

Key Points

1. Intensifying geopolitical rivalry has buried the belief that market-driven globalization produces a fair distribution of gains. In this new phase of securitized globalization, states are prioritizing resilience and security over efficiency.

2. China's habitual resort to economic coercion and Russia's weaponization of Europe's energy dependency in the wake of its war on Ukraine have elevated economic security to the top of the agenda among liberal democracies. The US control over the international financial architecture led many autocracies to pursue economic security as early as the 2010s.

3. These dramatic policy shifts are translating into macroeconomic reality. Western capital flows are being rerouted from China to other partners. Trade flows, too, are showing tentative signs of restructuring along geopolitical lines. However, Europe is largely defying these trends.

4. Greater economic security could reduce vulnerabilities and thus the potential for conflict. However, economic fragmentation driven by relative sum thinking would involve significant costs, particularly for countries in the Global South, and remove mutual interdependencies as a potential constraint on aggression. The multilateral trade order also risks becoming collateral damage.

7 Heated Atmosphere

Does the increasing alignment of climate, geopolitical, and economic goals accelerate or inhibit the path to net zero? How can policy-makers safeguard climate cooperation against political and economic headwinds? What is required for a positive-sum green transition?

Julia Hammelehle

More climate disasters than ever before battered the world in the summer of 2023.[1] And yet, this is just a foretaste of what is to come. The world is set to significantly exceed the 1.5 degree-Celsius threshold that climate scientists consider as the key "defense line" to prevent the worst impacts of climate change, with global warming expected to increase by 2.5 to 2.9 degrees Celsius in this century.[2]

The outlook is not all grim, however. As renewables are increasingly cost competitive and green technologies are the backbone of future industries, clean energy investments and deployment have surged.[3] The energy crisis following Russia's war against Ukraine has added to the momentum, highlighting the value of renewables as "freedom energies" that reduce dependencies on petrostates and vulnerability to the vagaries of oil and gas markets.[4] Economic, geopolitical, and climate goals are thus increasingly aligned. Yet by prioritizing national economic and security interests rather than global climate needs, countries risk hampering progress to net zero and a positive-sum transition.

Race to the Top or to the Bottom? Climate Policies Amid Geopolitical Competition

The competition for green energy leadership between China and the US could prompt a "race to the top," spurring green investments, innovation, and international climate action.[5] Yet the rising tensions between the two powers increasingly risk thwarting the global climate agenda by undermining cooperation and fragmenting the green energy market. Since China dominates across clean tech supply chains, policy-makers will need to square the imperative to reduce dependencies on Beijing with adequate cooperation to meet decarbonization goals.[6]

In contrast to the common framing of climate as an "island of opportunity,"[7] climate cooperation with China has been weak in substance in recent years and hinges on the broader state of geopolitics. China's suspension of climate talks with the US following then-speaker of the US House of Representatives Nancy Pelosi's visit to Taiwan in 2022 is a case in point. The recent resumption of talks and the joint statement on reviving climate cooperation sent an important signal before COP28 a few weeks later.[8] However, the implementation of the agreement is uncertain, and more ambitious joint initiatives, such as on green trade rules, are unlikely.

The tensions between China and the US limit the room for climate cooperation that could drive the global green agenda. However, the bigger threat for international climate action is that this geopolitical rivalry erodes the rollout of green technologies, as access to them might be weaponized and trade barriers are fragmenting the clean tech market. From critical raw materials (CRMs) to manufacturing, China dominates the supply chains of green technologies; for example, it accounts for more than 80 percent in all the manufacturing stages of solar panels and up to 90 percent in CRM processing.[9] Its clean tech stronghold provides Beijing with a head start in the industries of the future and economic and political leverage – which it has repeatedly been willing to use. Examples include export restrictions on graphite, a key mineral for electric vehicle (EV) batteries, to Sweden, stymieing the buildup of the battery industry there,[10] or rare earths to Japan amid territorial disputes in 2010.[11] The new graphite export controls, widely seen as a response to US restrictions on semiconductors, are the latest sign that green technologies will not be spared from the weaponization of trade ties, jeopardizing their global rollout.[12]

"We should not make the same mistake [of] being too dependent on one or two unreliable suppliers of critical commodities [...] when we make the energy transition."[13]

Jens Stoltenberg, NATO Secretary General, MSC Climate Security Moment at COP28, December 1, 2023

The transatlantic partners have ramped up efforts to strengthen domestic manufacturing, underpinned by subsidies and trade restrictions. This is a response to widespread concern that the US and Europe rely on Beijing to reduce their fossil fuel dependencies as well as achieve their green energy targets.[14] Policies such as the US Inflation Reduction Act (IRA) could accelerate the deployment of clean technologies and bring down prices in the long term.[15] Promoting local manufacturing jobs could help strengthen public support for the climate agenda. Yet analysts warn that the focus on reshoring industries rather than leveraging trade and partnerships could risk, at least in the short- to midterm, higher prices for green technologies and a slower rollout in turn.[16]

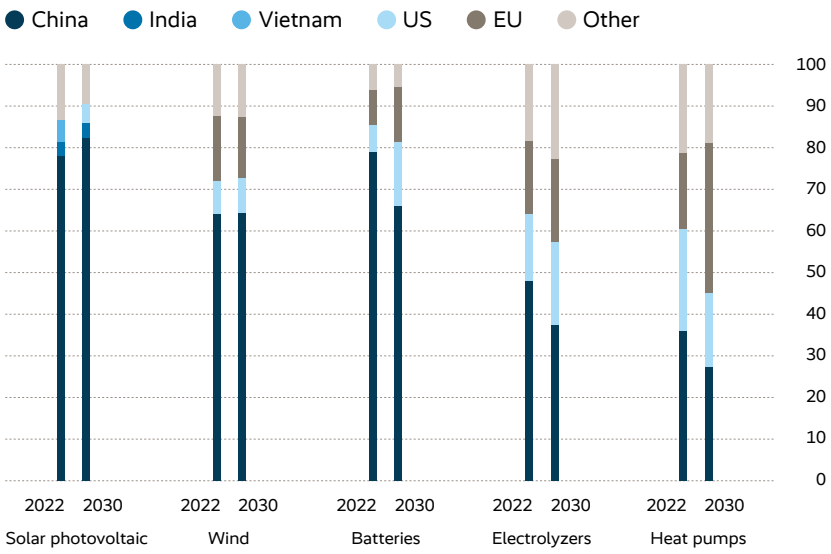
Given the scale of China's dominance, imports from Beijing will remain critical to meet deployment targets for the foreseeable future. While Europe and the

US are set to increase their manufacturing share in some sectors (Figure 7.1), the reliance on Beijing will remain particularly high with regard to CRMs. Governments and the private sector have intensified efforts to diversify supplies away from China and have announced several new initiatives such as the Minerals Security Partnership.[17] Yet results so far have been limited, and investments by the US and its partners pale in comparison to China's. China accounts for 70 percent of anticipated global investments in new CRM production capacity by 2030.[18] Between 2018 and 2021, it invested twice as much in lithium assets as Australia, Canada, and the US combined.[19] As Beijing is set to maintain or even expand its dominant position in CRM supply chains in the next few years, attempts to cut ties with China before having alternatives would be futile.[20]

Selective engagement with Beijing will also remain relevant with regard to technology cooperation, as China's green energy leadership is built not only on cost advantages, but also on its technological edge, for example in EV batteries. While Europe still welcomes Chinese investments in its EV battery sector,[21] the US mood has seemingly turned against any form of collaboration. A recent

Figure 7.1

Share of the top three countries/regions in current and announced manufacturing capacity for key clean energy technologies, 2022 and 2030, percent



Data and illustration: IEA

example is the political pushback against Ford's plans to license technology from the Chinese battery firm CATL.[22] But in a situation where Chinese companies are way ahead of their competitors, cutting all ties with Beijing risks missing out on opportunities to leverage China's strength and advance clean technologies.[23]

Joining Forces? The Climate Agendas of the Transatlantic Partners

The transatlantic partners should have strong incentives to develop a joint green agenda, given their shared aim to foster decarbonization while "de-risking" from China. Yet disagreements on industrial and trade policies have blocked progress, with the window of opportunity possibly closing soon. The transatlantic honeymoon following US President Joseph Biden's election came with high hopes for EU-US climate cooperation, for example reflected in the announcement of a Transatlantic Green Technology Alliance at the EU-US Summit in June 2021. And transatlantic clean tech cooperation has great potential. The European and US green energy sectors are deeply integrated through trade, cross-border financing, and collaboration in research and development (R&D).[24] As their relative strengths differ, both Europe and the US would gain from deeper collaboration and thus improve their competitive edge vis-à-vis China.[25] Yet after more than two years, the Transatlantic Green Technology Alliance still largely exists only on paper, and significant R&D synergies remain untapped.[26]

Rather than forging a joint green agenda, negotiations between the EU and the US have been overshadowed by persistent tensions over trade and subsidy rules. Domestic content requirements of the IRA clash with the EU's insistence on international trade rules and have raised concerns among European countries about the repercussions for their industries, triggering subsidies in Europe in return.[27] Talks on a critical minerals agreement are at an impasse, as are negotiations on a deal on sustainable steel and aluminum.[28] The failure to reach a compromise shows the limits of the transatlantic partners' ability to drive multilateral agreements on green trade more broadly.[29] The lack of progress is all the more disappointing given the current warm transatlantic relations and the risk of a rising backlash against green policies on both sides of the Atlantic in light of upcoming elections.[30]

"We should be addressing [...] climate change and [the] green transition jointly, building transatlantic value chains, not breaking them apart."[31]

Valdis Dombrovskis, European Commission Executive Vice President, CNBC, January 19, 2023

Widening or Closing Gaps? Climate Policies Between High- and Low-Income Countries

The green industrial and trade policies of advanced economies furthermore risk fueling divides with poorer countries. Unable to compete with mounting clean tech subsidies and concerned about the external carbon pricing policies

of wealthy states, resource-rich low-income countries (LICs) might resort to trade barriers on raw materials, which would further fragment green energy markets. The failure of high-income countries to scale up climate financing adds to the divides and slows climate action.

"Africa can no longer afford a minimalist 'short-termism raw-material-based approach.' The time has come for us to break out of the shackles of low ambition."[36]

William Ruto, Kenyan President, Africa Climate Summit, September 4, 2023

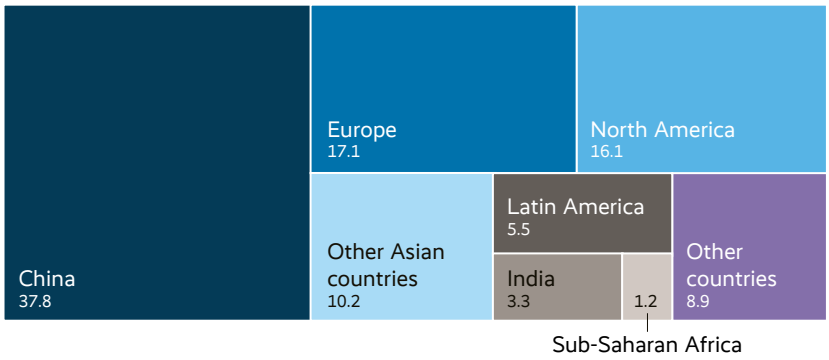
Several countries of the so-called Global South are rich in CRMs and have strong renewables potential. This makes them key actors on the path to net zero and provides strong growth opportunities. Yet because these countries often lack access to financing and technology, a lot of this potential remains untapped. Current investments in CRM-rich countries are heavily concentrated in mining, which only accounts for a minor share of the value chain. For EVs, for example, the extraction of cobalt, lithium, and nickel makes up only 0.1 percent of it.[32] To move up the value chain, CRM-rich countries are intensifying efforts to foster local processing and manufacturing. They are thereby increasingly resorting to export restrictions,[33] seeing them as necessary to attract downstream investments and compete with the mounting subsidies of high-income countries in the green tech sector.[34] Namibia's export ban of unprocessed lithium and other minerals is a recent example.[35]

To counter this trend and strengthen the resilience of CRM supply chains, high-income countries need to provide credible alternatives by scaling up investments, offering technology and knowledge transfer, and fostering local processing in LICs. Strong CRM partnerships are thereby a crucial component for the success of the transatlantic partners' efforts to reduce dependencies on Beijing.[37] Europe and the US should align their initiatives, integrate their political, economic, and development instruments, and promote the engagement of the private sector as well as regional and development banks.[38]

The failure of advanced economies to mobilize investments in renewables in LICs and meet their 100 billion US dollar climate financing promise by 2020 adds to the frictions between high- and low-income countries. While COP28 saw some notable achievements, LICs voiced strong criticism about its failure to respond to the vast gap between their climate financing needs and the money provided.[39] Investments in renewable energy reached new record highs in 2023, but are still far below what is required.[40] Furthermore, investments are heavily clustered in China, accounting for around half of the amount in 2022, as well as in some high- and middle-income economies.[41] Given the projected steep rise in emissions in countries such as India and Indonesia, international attention for supporting their energy transitions has recently risen.[42] However, LICs are still largely off the radar (Figure 7.2).

Figure 7.2

Global investment in renewable energy, by recipient, 2015–2022, percent



Data: IRENA; CPI. Illustration: Munich Security Conference

This deepens the regional disparities in renewable energy investment and undermines opportunities for green growth. Investments in African countries are still meagre, despite the strong renewable energy potential there. For example, the continent accounts for 60 percent of the world's best solar resources, yet only 1 percent of installed capacity.[43]

The calls of low-income countries for new financial instruments and reforms of the international financial system to mobilize climate investments are thus getting louder, and the need for resources is even more pressing, as poorer countries, often the most affected by climate change, have to spend an increasing share of their GDP on climate adaptation.[44] Controversies on China's fair contribution and geopolitical frictions have complicated international climate financing agreements and hampered broader financial reforms – to the detriment of climate and development targets.[45]

"The Global North needs the investment in the Global South, if they are to preserve the stability, the security, and ultimately the prosperity of the planet, and by extension, of themselves."[46]

Mia Mottley, Barbadian Prime Minister, Axios, April 14, 2023

Towards a Positive-Sum Transition?

The increasing alignment of climate, geopolitical, and economic interests could drive progress to net zero. Yet as reflected in the divides between China and the US, the transatlantic partners, and high- and low-income countries, the narrow focus on national economic and security interests rather than global climate needs could negate the benefits of trade and climate cooperation and, in turn, delay the green transition. Policy-makers will need to balance the focus on strengthening domestic green industries with efforts to forge international partnerships; and the need to reduce the vulnerability of clean technologies to weaponization with adequate cooperation to meet decarbonization goals.

Key Points

1. The increasing alignment of climate, geopolitical, and economic goals may help advance the global green agenda. Yet countries' national outlook risks undermining collaborative climate approaches and a positive-sum transition.

2. Climate cooperation with China hinges on the broader relationship between Washington and Beijing. Competition on clean tech leadership could spur the climate agenda. But trade frictions and the risk of weaponization of green technologies threaten to hamper global progress to net zero.

3. The transatlantic partners could be an engine for international climate action. Yet frictions on subsidies and carbon pricing undermine their leadership potential.

4. To meet global net-zero targets and align climate and development goals, deeper, positive-sum cooperation between high- and low-income countries is required, including on climate financing and critical minerals.

8 Disconnecting the Gordian Node

What security risks and wealth losses is the world facing as strategic rivalries increasingly shape international tech policy? In which areas is cooperation between rivals still possible? And is it even feasible to disentangle mutual dependencies?

Jintro Pauly

The technology sector is fragmenting. Once a driver of mutually beneficial globalization, technological progress has become a race for geopolitical dominance. States worldwide are "de-risking" supply chains of essential technologies such as semiconductors, upending intricate global production processes. Autocratic regimes are using digital tools to oppress citizens at home and destabilize democracy abroad. And at the frontier of digital technology, China and the US are competing for dominance in artificial intelligence (AI), while experts warn of the global risks of unregulated AI development. As states increasingly use technology to gain dominance over their geopolitical rivals, these new trends of tech weaponization and disintegration have repercussions for international security.

Semiconductor Supply Chains: From Moore's Law to More Laws

The current chokepoints in semiconductor supply chains are prone to weaponization. States are using these chokepoints to control their rivals' access to advanced chips. For example, the US and its allies use export controls to deny China the advanced semiconductors it needs for supercomputing and AI technologies to improve its military capabilities.[1] Since 2019, Japan, the Netherlands, and the US have imposed increasingly strict controls on the export of cutting-edge chips and the materials needed to make them, such as high-end lithography machines, to China.[2] At the same time, Western countries are increasingly engaging in de-risking – that is, diversifying supply chains to decrease dangerous dependencies. Whether rivals could ever untangle their mutual dependencies, however, remains unclear. Through the Chips Act and the CHIPS and Science Act, the EU and US are respectively investing heavily in domestic semiconductor manufacturing.[3] These efforts

"We will keep working to protect our national security by restricting access to critical technologies [and] vigilantly enforcing our rules, while minimizing any unintended impact on trade flows."[6]

Gina Raimondo, US Secretary of Commerce, press release, October 17, 2023

have been nominally successful, as chip manufacturers have announced openings of new fabrication facilities, or fabs, in Europe and the US.[4] Nevertheless, fab capacities remain highly concentrated in Taiwan, in the shadow of China's increased military posture.[5]

Experts have criticized these efforts for ignoring chokepoints beyond the fab dependency on Taiwan. China controls significant shares of global gallium and germanium production, minerals required for chip production (Figure 8.1). It also holds 28 percent of global facilities for assembly, testing, and packaging (ATP) of chips.[7] Hence, new fabs alone will not secure chip supplies. Their costs, however, are significant. The EU and US chips acts have respectively injected 43 billion and 53 billion US dollars into the chip industry.[8] China and South Korea have invested even more; thus, the risk of a subsidy race looms large.[9]

A holistic strategy would limit China's options to retaliate against export controls. Gallium and germanium extraction is possible elsewhere, as is ATP.[10] But building up new supply chains would cost significant time and money, and, in the case of mineral extraction, take an environmental toll. China could also counter export controls by producing semiconductors and semiconductor-making tools itself. However, whether China is technologically capable of doing this is unclear. The Chinese Semiconductor Manufacturing International Corporation has been able to produce advanced seven-nanometer chips for over a year.[11] Yet the "multi-patterning" method it used to produce these chips without export-controlled advanced lithography machines is inefficient. Moreover, its capacity to produce more advanced five- and three-nanometer chips is uncertain.[12]

"We have made our position clear on US restrictions of chip exports to China. The US needs to stop politicizing and weaponizing trade and tech issues and stop destabilizing global industrial and supply chains. We will closely follow the developments and firmly safeguard our rights and interests."[15]

Mao Ning, Chinese Foreign Ministry Spokesperson, press conference, October 16, 2023

Instead of generating mutual prosperity, semiconductors serve as means to prevailing in the geopolitical competition. Rather than Moore's Law – the 1965 prediction that chips' computing power would grow exponentially – "more laws" now seemingly shape the semiconductor industry.[13] De-risking semiconductor supply chains is sensible, given the many chokepoints and geopolitical tensions; however, this comes at a high economic cost, as subsidized supply chains replace ultra-efficient ones.[14] Moreover, a complete decoupling from strategic rivals in the semiconductor supply chain is hardly possible. Therefore, policy-makers must work with actors throughout the supply chain to limit geopolitical risks, while considering that dependencies may prove persistent.

Figure 8.1

Selected geopolitical vulnerabilities in the supply chain of cutting-edge chips (three nanometer), 2023

	Stage in production process	Dependency on	Degree of dependency
EU, UK, and US	Critical raw materials production (gallium and germanium)	China	China controls 80 percent (gallium) and 60 percent (germanium) of global production
	Fabrication (foundries)	South Korea, Taiwan	Samsung in South Korea and TSMC* in Taiwan jointly control 100 percent of global production
	Assembly, testing, and packaging (ATP)	China, Taiwan	28 percent of global ATP facilities are located in China and 23 percent in Taiwan
China	Design software development (core IP and EDA**)	UK, US	Core IP: UK and US companies jointly control 90 percent of global development EDA: US companies control 100 percent of global development of EDA software required to design cutting-edge chips
	Extreme ultraviolet lithography	Netherlands	ASML*** in the Netherlands controls 100 percent of global production
	Fabrication (foundries)	South Korea, Taiwan	Samsung in South Korea and TSMC in Taiwan jointly control 100 percent of global production

*Taiwan Semiconductor Manufacturing Company
**Core intellectual property (core IP) and electronic design automation (EDA)
***Originally stood for Advanced Semiconductor Materials Lithography
Data: CRM Alliance; CSIS; Lotta Danielsson. Illustration: Munich Security Conference

Tech Infrastructure and Governance: Caught in the Web

The promise of the internet as a force for global democracy has waned.[16] Instead, autocracies have weaponized digital infrastructure, using it to control their own populations domestically and create and exploit dependencies internationally.[17] China has expanded its influence on global digital infrastructure through investments in 5G infrastructure and subsea data cables as well as proposals for new technical standards that would facilitate

internet surveillance.[18] With the Beijing-based company Bytedance, which owns TikTok, it now has a globally succesful tech giant, to whose user data the Chinese government may have far-reaching access through its sweeping Data Security Law.[19] Meanwhile, Russia is conducting online disinformation campaigns to destabilize democracies, exploiting the propensity of social media platforms to polarize.[20]

Leading democracies had long ignored these threats. The EU and US welcomed affordable Chinese digital hardware to improve their physical digital infrastructure and relied on lax regulations regarding data security and harmful digital content.[21] This attitude finally changed in the past decade. Since 2018, the US and other democracies have restricted the use of Chinese hardware in their 5G networks over espionage concerns, though with varying determination.[22] The EU has established itself as a pioneer in regulating tech platforms to protect its citizens' data and control harmful digital content.[23] The US has been reluctant to follow, but concerns about TikTok may signal a mood change.[24] Finally, democracies have tried to formulate a democratic alternative to China's autocratic digital vision, for example in the 2022 Declaration for the Future of the Internet.[25]

However, the diverging approaches of the EU and US to tech governance complicate efforts to realize such an alternative vision. This was discussed at the 2023 MSC Roundtable on Cybersecurity in Brussels.[27] There, European and US participants alike emphasized the need for transatlantic tech cooperation, but admitted that challenges remain: while the EU worries that unregulated digital technologies will expose European citizens to data security violations and harmful content, the US fears ramifications of the possible regulations on its tech sector.[28] Moreover, experts from both sides of the Atlantic have pointed out the need to "security-proof" new tech regulations.[29] The EU and US can ill afford disagreements as they aim to present a joint democratic alternative to China's digital authoritarianism. The establishment of the US-EU Trade and Technology Council and the 2021 OECD digital services tax agreement demonstrate, however, that they can find mutually beneficial solutions.[30]

"Europe is putting a lot of effort into regulating the digital world because human rights in the digital world are heavily attacked. Most of the intrusions into our human rights are not visible to you – you do not even know that you are on a market and your data is sold."[26]

Nataša Pirc Musar, Slovenian President, Munich Security Conference, February 17, 2023

Meanwhile, many states in the so-called Global South refuse to take a side in the digital autocracy–democracy rivalry, as they prioritize development goals over value-based considerations.[31] They might align their tech regulations with the EU's to ease trade, while investing in affordable Chinese-built digital infrastructure.[32] Hence, if the EU and US want to win support for

their vision of global digital governance, it must include the development of digital infrastructure in the Global South.

The Race for AI Dominance: Too Smart for Our Own Good?

AI technology will be a key determinant of geopolitical power in the coming decades. The abilities of modern machine-learning systems, a subtype of AI, to analyze masses of data at superhuman speed could revolutionize military capabilities.[33] In 2020, AI beat a US Air Force fighter pilot in simulated air combat.[34] War games have shown AI-powered autonomous drone swarms to be essential for successfully defending Taiwan against a potential invasion.[35]

China and the US are vying for dominance in AI, but who is ahead is unclear. National-level metrics paint an ambiguous picture; in 2021, 40 percent of AI journal publications stemmed from Chinese institutions, while only 10 percent came from US institutions.[37] The US, however, leads China in annual funding of new AI companies, with 542 new AI start-ups funded in 2022 versus China's 160.[38] Even Europe outperforms China on this metric, with 293 start-ups in the EU and UK combined. Indeed, despite Chinese and US dominance, the AI race is not just a bilateral one; the EU, the UK, India, and Israel also perform well in several metrics.[39] Finally, the controls imposed on semiconductor exports to China will likely impede China's AI progress.[40]

An unregulated AI race carries risks of its own. AI systems have already caused various incidents, and this problem is worsening (Figure 8.2). Realistic image- and video-generating models are aggravating the disinformation problem.[41] AI-powered job-recruitment and fraud-detection systems have displayed racist or sexist biases.[42] Malicious actors could abuse generative AI systems to acquire instructions for making chemical weapons, for example.[43] Finally, potential military applications of AI also carry security risks. AI models sometimes act unpredictably, which can have fatal consequences if applied to a weapon system.[44] AI weapon systems with limited or no human oversight also raise questions regarding accountability for the potential war crimes that such systems could commit.[45]

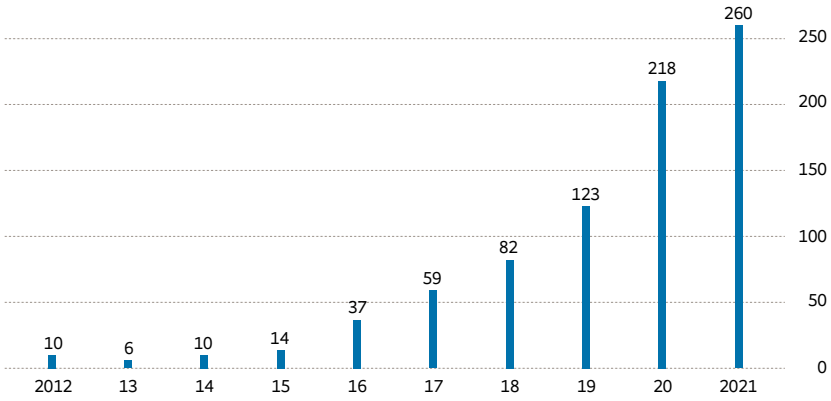
While policy-makers focus on winning the AI race, they risk underestimating these issues.[46] Fortunately, several states and institutions are now taking initial steps to regulate AI. Continuing the EU's digital regulation efforts, the European Parliament and EU member states agreed on the new AI Act in December 2023.[47] The act classifies AI applications into risk categories and subjects them to restrictions accordingly. In October 2023, US President

"In the contest of the century – the US rivalry with China – the deciding factor will be innovation power. Technological advances in the next five to ten years will determine which country gains the upper hand in this world-shaping competition."[36]

Eric Schmidt, Special Competitive Studies Project Chair, Foreign Affairs, February 28, 2023

Figure 8.2

AI incidents and controversies, 2012–2021



Data and illustration: AI Index Steering Committee, Institute for Human-Centered AI, Stanford University

Joseph Biden issued an executive order aimed at regulating AI. Its provisions announce standards for testing new AI systems, the results of which developers must share with the federal government.[48] And an international AI Safety Summit held in the UK in November 2023 resulted in the Bletchley Park Declaration, in which states committed to cooperate to address AI risks.[49] Notably, this declaration was underwritten by China, the EU, and the US. These guidelines stil need to lead to concrete international regulations.

The Geopoliticization of the Tech Sector: Net(work) Losses

Throughout the tech sector, global cooperation has given way to geopolitical competition. In semiconductor and AI policy, Chinese and US policy-makers are focusing on outperforming each other, and the potential for mutual absolute gains is shrinking. Meanwhile, a confrontation between democratic and autocratic visions on digital governance is unfolding, where China, the EU, and the US are using digital regulation and infrastructure to export their conflicting visions. As omnipresent as this logic of geopolitical competition is, its limits are apparent. Despite de-risking, the complete disentanglement of mutual dependencies between geopolitical rivals in the semiconductor supply chain is hardly possible. In many states in the so-called Global South, development logic still prevails over geopolitical considerations. And finally, even in the geopolitical race for AI leadership, the moral imperative to establish global regulations to mitigate the risks of AI is evident. States thus need to find an equilibrium between unavoidable competition and indispensable cooperation.

Key Points

1. Technology has gone from being a driver of global prosperity to being a central means of geopolitical competition: states are de-risking and weaponizing semiconductor supply chains, promoting conflicting visions of global tech governance, and competing for dominance in AI technology.

2. This increased tech competition comes with prosperity losses and new security threats. Diminished international cooperation leads to less efficient tech supply chains and a lack of global regulation to address technology risks.

3. The limits of geopolitical competition logic are apparent: disentangling semiconductor supply chains is hardly possible, many states in the Global South still prioritize digital development over geopolitical alignment, and there is a moral imperative for international cooperation on AI regulation. States worldwide must look for areas where positive-sum tech cooperation may still be possible, even with geopolitical rivals.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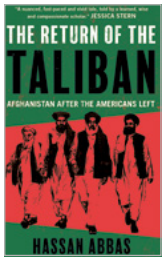
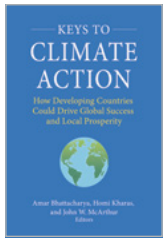
Food for Thought

Books



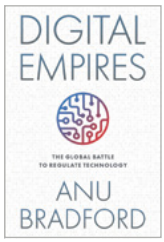
Hassan Abbas
The Return of the Taliban: Afghanistan After the Americans Left
New Haven: Yale University Press, 2023.

Since the US and European militaries left Afghanistan in 2021, the Taliban has been consolidating its power. Drawing on a variety of sources and contacts in the region, Abbas sheds light on the Taliban's strategies to regain control and the way the resurgent movement has evolved over the past several years.



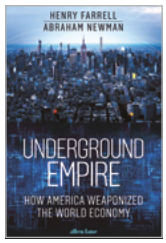
Amar Bhattacharya, Homi Kharas, and John W. McArthur (eds.)
Keys to Climate Action: How Developing Countries Could Drive Global Success and Local Prosperity
Washington, DC: Brookings Institution Press, 2023.

Building on a cross section of case studies, this volume calls for stronger support for developing countries to achieve global net-zero targets and align climate and economic goals. The scholars illustrate the strong growth potential inherent in the shift to renewables and shed light on the obstacles ahead, including those that are a result of a deficient international financing system.



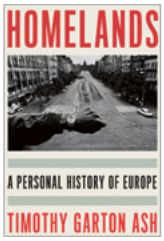
Anu Bradford
Digital Empires: The Global Battle to Regulate Technology
Oxford: Oxford University Press, 2023.

Bradford provides a holistic analysis of the geopolitical dimensions of tech governance. She analyzes the complex constellation in which China, the EU, the US, and tech firms interact with each other to promote their respective tech governance models. The result is a timely book on who gets to make the rules that govern the digital technologies that increasingly influence our social and political systems.



Henry Farrell and Abraham Newman
Underground Empire: How America Weaponized the World Economy
London: Allen Lane, 2023.

Blending rigorous research with gripping storytelling, the renowned political scientists Farrell and Newman recount how the US uses its dominant position in the world economy's networks of informational and financial exchange as an instrument of economic coercion directed against enemies and allies alike. They also caution against the risks of the US exploiting economic chokepoints.



Timothy Garton Ash
Homelands: A Personal History of Europe
New Haven: Yale University Press, 2023.

Garton Ash tells the story of Europe's postwar history and struggle for freedom, interweaving political analysis and personal memoirs. While not closing his eyes to the continent's challenges, the eminent British historian makes a passionate plea for the European idea and a liberalism that combines liberty and equality.

Mike Martin
How to Fight a War
Washington, DC: Georgetown University Press, 2023.

As interstate wars have returned and the post-1945 order unravels, former soldier and security expert Martin offers an instruction manual for leaders on how to fight wars in a way that reduces the likelihood of future conflicts. He explains how to avoid psychological fallacies and shows how to effectively combine strategic, operational, and tactical skills.

Evan S. Medeiros (ed.)
Cold Rivals: The New Era of US-China Strategic Competition
Washington, DC: Georgetown University Press, 2023.

Strategic competition between China and the US will be the defining challenge of the 21st century. Aiming to create a more nuanced understanding of the dynamics of the Sino-American relationship, leading Chinese and US thinkers look at the superpower rivalry in the technological, economic, and military arenas and sketch out possible scenarios of how the rivalry may unfold.

Gwendolyn Sasse
Russia's War Against Ukraine
New York: Wiley, 2023.

Russia's invasion of Ukraine in 2022 constituted a turning point in Europe's recent history. Sasse looks at the context of Russia's decision to attack Ukraine, including the role that Russia's authoritarian system played in this regard, and at the failures of Western policies toward Russia. She also outlines the foundations of Ukrainian strength and resistance.

Reports

Monika Benkler et al.
"White Dove Down? Peace Operations and the Zeitenwende"
Berlin: Center for International Peace Operations, April 2023, https://perma.cc/NV3T-2MUL.

International peace operations are under pressure, facing a confrontational geopolitical context, a change in the nature of conflict, and a loss of credibility on the ground. This report looks at African, EU, NATO, OSCE, and UN peace operations and discusses how their legitimacy and effectiveness can be enhanced and what mandates they can realistically fulfill.

Heather A. Conley et al.
"Alliances in a Shifting Global Order: Rethinking Transatlantic Engagement With Global Swing States"
Washington, DC: GMF, May 2023, https://perma.cc/X5UU-HJVS.

Amid rising geopolitical friction and a world order in transition, the agendas of "swing states" have recently gained attention among the transatlantic partners. Assessing the interests and priorities of six key countries, this report adds much-needed nuance to the debate about the geopolitical orientation of these swing states and offers sound recommendations for a US and European engagement strategy.

Giovanni Faleg, Marleen de Haan, and Christian Dietrich
"Africa Atlas: Mapping the Future of the AU-EU Partnership"
Paris: EU Institute for Security Studies, November 2023,
https://perma.cc/3V5Y-RXAB.

The Africa Atlas looks at the four priority areas for deeper collaboration between the African Union (AU) and the EU that were identified in the AU-EU Joint Vision for 2030. Compiling rich graphs and maps, the authors trace the progress toward a stronger partnership between the two organizations and reflect on the opportunities and challenges ahead.

Shiloh Fetzek
"Carbon Emissions, Net Zero and Future Forces: Comparative Analysis of Radical Emissions-Reductions Plans and Processes for Defence"
London: IISS, October 2023,
https://perma.cc/QMR6-EXVA.

This report shows the complexities of the defense energy transition among Western militaries. Arguing that countries achieving greater energy independence and diversification of supply will have a strategic advantage, Fetzek compares approaches to emissions reduction in the military and highlights the political and technological factors determining their success.

International Rescue Committee
"2024 Emergency Watchlist"
New York: International Rescue Committee, December 2023,
https://perma.cc/U96F-XGRT.

Between 2014 and 2023, the number of people in humanitarian need increased fourfold. Building on thorough quantitative and qualitative analysis, the International Rescue Committee identifies the 20 countries most at risk of a new or worsening humanitarian crisis in the coming year. It looks at factors driving the dire humanitarian need and pinpoints possible solutions.

Christian Mölling and Torben Schütz
"Preventing the Next War: Germany and NATO Are in a Race Against Time"
Berlin: DGAP, November 2023,
https://perma.cc/95BS-RMLQ.

This forward-thinking report builds on the assumption that it could take Russia only six to ten years to reconstitute its war-torn army, enabling it to attack NATO countries. Mölling and Schütz offer several strategy paths for NATO and its members to advance their deterrence postures in this race against time. The authors use Germany as a specific case study and call for a "quantum leap" in advancing its defense posture.

Jeongmin Seong et al.
"Asia on the Cusp of a New Era"
n.a.: McKinsey Global Institute, September 2023,
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Asia will be at the epicenter of a new era that is characterized by geopolitical competition and a move toward multipolarity. The report assesses five domains in which the region will face heightened challenges: world order, technology, demography, resource and energy systems, and capitalization. By employing rich data, the authors suggest policies that Asian states can adopt to ensure regional prosperity and stability.

Max J. Zenglein and Jacob Gunter
"The Party Knows Best: Aligning Economic Actors With China's Strategic Goals"
Berlin: MERICS, October 2023,
https://perma.cc/C7AV-AV5Q.

President Xi Jinping has increased the pressure on domestic companies to fall in line with party positions and shifted China's economic governance model from global integration to fierce competition on the international stage. This report offers an in-depth analysis of Xi's enhanced control over the country's economy and calls for liberal market economies to adjust their strategy in dealing with a China that increasingly places ideology over economic pragmatism.

Appendix

Quotations originally in British English have been adapted to American English. In some cases, stylistic adjustments were made to quotes.

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1.1 Citizens' views on whether their country will be more secure and wealthy in ten years' time, October–November 2023, percent
Illustration by the Munich Security Conference based on data provided by Kekst CNC. In answer to the questions "Thinking about world politics. Do you agree or disagree with the following: In ten years' time my country will be more wealthy?" and "Thinking about world politics. Do you agree or disagree with the following: In ten years' time my country will be more secure?" respondents were given the following options: "strongly agree," "slightly agree," "neither agree nor disagree," slightly disagree," "strongly disagree," and "don't know." Figures shown here combine the net responses agreeing and disagreeing, with the gray area representing the rest.

1.2 Citizens' views on other countries' power trajectories, share of people thinking a country will become more powerful minus share who think it will become less powerful in ten years' time, October–November 2023, percent
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1.4 Relationship between GDP growth during one's childhood and one's zero-sum thinking, birth cohorts 1960–1997*
Illustration by the Munich Security Conference based on Sahil Chinoy et al., "Zero-Sum Thinking and the Roots of U.S. Political Divides," Cambridge: National Bureau of Economic Research, Working Paper No. 31688, September 2023, https://doi.org/10.3386/w31688. As the authors highlight, "[t]he figure reports a binscatter partial correlation plot of the relationship between per-capita growth of the GDP of an individual's country during the first 20 years of their life and their zero-sum thinking. Controls include age and age squared and their interactions with gender indicators, as well as birth year and country-by-survey-wave fixed effects. Survey data are from the World Values Survey, and GDP data are from the World Bank." Also see John Burn-Murdoch, "Are We Destined for a Zero-Sum Future?," *Financial Times*, September 22, 2023.

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All illustrations and data in this section are based on the survey conducted by Kekst CNC. For the detailed method underpinning the index, see pages 28–29.

Explaining the Index

1. The answer scale is reversed to account for the natural direction of time. More imminent, being sooner, is closer on our answer scale and less imminent, being later, is further away on our answer scale, but we in fact want to give a higher score to risks that are more imminent – hence we reverse.

2. The answer scale is reversed because higher answer scores for each of the five inputs should be associated with more serious risk. Without rescaling, it is exactly the reverse: high answer scores are associated with high risk preparedness and thus with less serious risk.

1.5 The risk heatmap, October–November 2023, score
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1.7 The G7 risk bump chart, aggregate ranking of risks by the G7 countries, 2021–2023
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1.8 The "BICS" risk bump chart, aggregate ranking of risks by Brazil, India, China, and South Africa, 2021–2023
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2 Eastern Europe: Shades of Gray Zone

2.1 Ukrainians' views on acceptable ceasefire terms, October–November 2023, percent
Data and illustration provided to the Munich Security Conference by Kekst CNC. The data from Ukraine was collected as part of the polling for the Munich Security Index 2024. The sample does not include respondents from Crimea and only a small number from the Donbas, but a significant number of former residents of the Donbas who were displaced by the war. In answer to the question "How acceptable would the following terms be for a ceasefire between Ukraine and Russia?," respondents were given the following options: "completely acceptable," "somewhat acceptable," "neither acceptable nor unacceptable," "somewhat unacceptable," "completely unacceptable," and "don't know." Figures shown here combine the net responses for acceptable and unacceptable, with the grey area representing the rest.

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Data and illustration provided to the Munich Security Conference by Kekst CNC. In answer to the questions "Do you agree or disagree with the following ...? - Ukraine should join NATO/ Ukraine should become a member state of the EU/The EU should fast-track Ukraine's EU membership even if that means lowering its standards for joining" respondents were given the following options: "strongly agree," "slightly agree," "neither agree nor disagree," slightly disagree," "strongly disagree," and "don't know." Figures shown here combine the net responses agreeing and disagreeing, with the gray area representing the rest.

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Illustration by the Munich Security Conference based on data provided by Kekst CNC. Respondents answered the following question: "Here are some specific risks. How great a risk do the following things pose to the world? China invading Taiwan [on a 0–10 scale, where 0 is a 'very low' and 10 is a 'very high' risk]?" The figure indicates the percentage of respondents who think the risk is greater than 6 out of 10. Fieldwork for the 2021 data took place between February 17 and March 17, 2021.

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Data and illustration provided to the Munich Security Conference by IISS. The data is included in the forthcoming report "The Military Balance 2024," International Institute for Security Studies (IISS), February 13, 2024, ISBN 9781032780047. The map is illustrating 2023 planned defense-spending levels (in USD billion at market exchange rates), as well as the annual real percentage change in planned defense spending between 2022 and 2023 (at constant 2015 prices and exchange rates). Percentage changes in defense spending can vary considerably from year to year, as states revise the level of funding allocated to defense. Changes indicated highlight the short-term trend in planned defense spending between 2022 and 2023. Actual spending changes prior to 2022, and projected spending levels post-2023, are not reflected. The borders shown on this map are not intended to be exhaustive and do not imply official endorsement.

4 Middle East: Abraham Discord

4.1 Middle Eastern countries' membership in selected cooperation frameworks, 2023
Illustration by the Munich Security Conference. GDP data is based on World Bank, "GDP (current US$)," New York: World Bank, December 19, 2023, https://perma.cc/9B89-WFCZ. Data on membership in cooperation frameworks is combined from several openly available sources. As there is no single definition of the boundaries of the Middle East, the countries included should not be considered exhaustive. The selection of cooperation frameworks for this figure was made by the authors based on perceived regional relevance. "Others" refers to members of the selected cooperation frameworks which are not located in the Middle East or not mentioned in the text.

4.2 Military expenditure as a share of GDP, 2022, percent
Illustration by the Munich Security Conference based on the Stockholm International Peace Research Institute, "SIPRI Military Expenditure Database 2022," Stockholm: SIPRI, December 19, 2023, https://perma.cc/YB6L-XMH7. SIPRI data is based on official data reported by governments. Figures depicted for Bahrain, Oman, and Saudi Arabia are SIPRI estimates. Estimates are made primarily when official data does not correspond to the SIPRI definition. In this case, estimates are made based on an analysis of official government budget and expenditure accounts. For Lebanon, the figure is from 2021. Some experts estimate Iran's military expenditures to be higher than the official figures, as the Revolutionary Guard is assumed to generate additional funds through its control of large parts of the Iranian economy, see for example Agnes Helou, "Saudi Arabia, Qatar See Sharp Jump in Military Spending in the Middle East: Report," *Breaking Defense,* April 28, 2023, https://perma.cc/A8G2-PCQM. The borders shown on this map are not intended to be exhaustive and do not imply official endorsement.

5 Sahel: Partnerships Deserted

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Illustration by the Munich Security Conference based on data provided by The Armed Conflict Location & Event Data Project (ACLED). The data totals the number of fatalities from events of violence targeting civilians perpetrated by each of the actor

groupings from 2016 up until October 27, 2023. Events count as separate when they occur on different days, involve different types of violence, occur with different types of actors, or happen in different locations. Note that due to methodological and reporting limitations, the figures only include cases where civilians were directly attacked. They typically do not comprise civilians killed in the crossfire of a battle or as "collateral damage" in an attack primarily focused on a military target. Moreover, ACLED only tracks reported fatalities, so these figures should be understood as conservative estimates rather than exact counts. See ACLED, "Armed Conflict Location & Event Data Project (ACLED) Codebook," n.a.: ACLED, June 2023, https://perma.cc/PM5M-8V9D.

5.2 The Malian population's views on Russia, February 2023, percent

Data and illustration provided to the Munich Security Conference by the Friedrich-Ebert-Stiftung. The figure is based on Christian Klatt, "Mali-Mètre: Enquête d'opinion 'Que pensent les Malien(ne)s?'," Bamako: Friedrich-Ebert-Stiftung, May 2023, https://perma.cc/T87A-RNAZ. The data reflects the results of a public opinion survey, which was conducted between February 11 and 23, 2023. For the purpose of presentation, the respective question and the response categories were translated into English. The original question, "Faites-vous confiance à la Russie pour aider le Mali à lutter contre l'insécurité dans votre région?," was followed by response categories "Beaucoup confiance," "Un peau confiance," "Pas confiance," "Pas du tout confiance," and "Ne sais pas."

6 Economics: Trade Off

6.1 Discriminatory policy interventions, per year and instrument

Illustration by the Munich Security Conference based on "Global Dynamics: Total Number of Implemented Interventions since November 2008," St. Gallen: St. Gallen Endowment for Prosperity Through Trade, November 2023, https://perma.cc/M6XA-654B. When comparing current year activity to that of previous ones, Global Trade Alert (GTA) recommends using snapshots of the GTA database taken on the same date within each year. The GTA dataset is a growing dataset as the GTA analysts continue reporting on years past. In this case, the cut-off date is November 30, 2023. That is, the dataset used here comprises the number of interventions recorded by November 30 of the respective year to ensure comparability. "Other" discriminatory interventions include export incentives, foreign direct investment measures, public procurement measures, localization content measures, among others.

6.2 Global cross-border flows, 1990–2021, USD trillions and percent of global GDP

Illustration by the Munich Security Conference based on Shekhar Aiyar and Anna Ilyina, "Geoeconomic Fragmentation: An Overview," in: Shekhar Aiyar/Andrea Presbitero/Michele Ruta (eds.), *Geoeconomic Fragmentation: The Economic Risks From a Fractured World Economy*, Paris: Center for Economic Policy Research, 2023, 9. "Combined flows" aggregates goods, services, and capital flows.

6.3 Share of global foreign direct investment between geopolitically or geographically close countries, percent

Illustration by the Munich Security Conference based on IMF, *World Economic Outlook*, April 2023, 96. "Geopolitical proximity" is determined based on voting patterns at the UN General Assembly.

7 Climate: Heated Atmosphere

7.1 Share of the top three countries/regions in current and announced manufacturing capacity for key clean energy technologies, 2022 and 2030, percent

Data and illustration based on IEA, "The State of Clean Technology Manufacturing: An Energy Technology Perspectives Special Briefing – November 2023 Update," Paris: IEA, November 2023, https://perma.cc/U9A2-RYCX, figure 7, 22. 2030 refers to the sum of installed capacity in 2022 and all announced manufacturing capacity additions (as of the end of quarter three, 2023) through to 2030. "Other" refers to the aggregate of all capacity outside of the top three countries/regions for each technology and timeframe. Wind refers to onshore wind nacelles. For electrolyzers, the analysis only includes projects for which location data was available. Note that the numbers for each of the technologies refers to the capacity for producing the final modules/units and not sub-components.

7.2 Global investment in renewable energy, by recipient, 2015–2022, percent

Illustration by the Munich Security Conference based on IRENA and CPI, "Global Landscape of Renewable Energy Finance 2023," Abu Dhabi/San Francisco: IRENA and CPI, 2023, https://perma.cc/N7FF-AUR8, figure 2.8, 54. Figures for China and India were exclusively provided by IRENA and CPI. Note that the figures for 2021 and 2022 represent preliminary estimates based on data from BloombergNEF. For a breakdown of the geographic classification see the appendix of the quoted study.

8 Technology: Disconnecting the Gordian Node

8.1 Selected geopolitical vulnerabilities in the supply chain of cutting-edge chips (three nanometer), 2023

Illustration by the Munich Security Conference based on articles and statements by Akhil Thadani, Gregory C. Allen, Lotta Danielsson, and the Critical Raw Materials (CRM) Alliance. The most recent data available and known to the author was used for this figure. The data on TSMC's and Samsung's shares of global 3 nanometer semiconductor production stems from Mercy A. Kuo, "US and Taiwan: Semiconductor Supply Chain Partnership," The Diplomat, August 7, 2023, https://perma.cc/LP6V-VGCH. The data on China's and Taiwan's shares of global ATP facilities is from 2021. The data on US and UK shares of global Core IP production is from 2019. The data on the US share of global EDA production is from 2021. The data on the Netherlands' share of global EUV lithography machine production is from 2023. For further details on all of these, see Akhil Thadani and Gregory C. Allen, "Mapping the Semiconductor Supply Chain: The Critical Role of the Indo-Pacific Region," Washington, DC: CSIS, May 30, 2023, https://perma.cc/P87Q-LTPR. The data on China's share of global gallium and germanium production stems from the website of the Critical Raw Materials Alliance with no date specified. For further details, see Critical Raw Materials Alliance, "Gallium," Brussels: Critical Raw Materials Alliance, https://perma.cc/DY5B-V7RM and Critical Raw Materials Alliance," Germanium," Brussels: Critical Raw Materials Alliance, https://perma.cc/KA93-QAG2.

8.2 Number of AI incidents and controversies, 2012–2023

Data and illustration provided to the Munich Security Conference by the Stanford University Institute for Human-Centered AI. For the original illustration, see Nestor Maslej et al., "Artificial Intelligence Index Report 2023," Stanford: Stanford University Institute for Human-Centered AI, April 2023, https://perma.cc/8GMK-TSZ4, 133.

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Book and report covers
Allen Lane; Brookings Institution; Center for International Peace Operations; DGAP; EU Institute for Security Studies; Georgetown University Press; GMF; IISS; International Rescue Committee; McKinsey Global Institute; MERICS; Oxford University Press; Wiley; Yale University Press.

List of Abbreviations

5G	Fifth-generation technology standard for cellular networks
ACLED	Armed Conflict Location and Event Data Project
AI	Artificial Intelligence
ASEAN	Association of Southeast Asian Nations
ASML	Advanced Semiconductor Materials Lithography
ATP	Assembly, Testing, and Packaging
AUKUS	Trilateral Security Partnership, known under its acronym of participating members Australia, the United Kingdom (UK) and the United States (US)
BRICS	intergovernmental organization comprising Brazil, Russia, India, China, and South Africa
CATL	Contemporary Amperex Technology Co., Limited
COP28	28th meeting of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change
Core IP	Core Intellectual Property
CPI	Climate Policy Initiative
CRMs	critical raw materials
ECOWAS	Economic Community of West African States
EU	European Union
EUCAP	European Union Capacity Building Mission
EUMPM	EU Military Partnerships Mission in Niger
EV	electric vehicle
FDI	foreign direct investment
GDP	gross domestic product
GCC	Gulf Cooperation Council
G7	Group of Seven
IEA	International Energy Agency
IMEC	India-Middle East-Europe Economic Corridor
IMF	International Monetary Fund
IPEF	Indo-Pacific Economic Framework
IRA	Inflation Reduction Act
IRENA	International Renewable Energy Agency
I2U2	India, Israel, the UAE, and the US
LICs	low-income countries
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
NATO	North Atlantic Treaty Alliance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
QUAD	Quadrilateral Security Dialogue
R&D	research and development
TPP	Trans-Pacific Partnership
TSMC	Taiwan Semiconductor Manufacturing Company
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNEP	United Nations Environment Programme
US	United States

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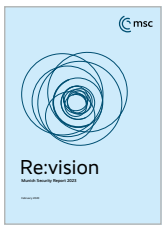
Selected MSC Publications

Nicole Koenig, Leonard Schütte, Natalie Knapp, Paula Köhler, Isabell Kump, and Jintro Pauly, "Defense Sitters: Transforming European Militaries in Times of War"
Munich: Munich Security Conference, Special Edition of the Munich Security Report, June 2023,
https://doi.org/10.47342/LIHA9331.
Russia's war against Ukraine exposed the dire state of European defense once and for all. But the war could unleash new dynamics. Carried by public support, European leaders have committed themselves to transforming European defense. The EU is launching several initiatives that could help overcome the pathological fragmentation of Europe's defense industrial base and establish the Union as a strategic enabler for NATO. But more needs to be done.

Paula Köhler, "Zeitenwende in the Indo-Pacific? A Readout From the Munich Leaders Meeting in Tokyo in May 2023"
Munich: Munich Security Conference, Munich Security Brief 2, June 2023,
https://doi.org/10.47342/RPQC8598.

Not only Germany and Europe, but also the Indo-Pacific region is in the midst of a Zeitenwende and must increasingly confront revisionist tendencies. In May 2023, the MSC held its first meeting in Japan. Discussions focused on deterrence and defense in the Indo-Pacific, lessons from Russia's war of aggression against Ukraine for other regions in the world, and the strengths and weaknesses of the international order. This Munich Security Brief gives an overview of the most important topics and discussions of the meeting held in Tokyo.



Tobias Bunde, Sophie Eisentraut, Natalie Knapp, Leonard Schütte, Julia Hammelehle, Isabell Kump, Amadée Mudie-Mantz, and Jintro Pauly, "Munich Security Report 2023: Re:vision"
Munich: Munich Security Conference, February 2023,
https://doi.org/10.47342/ZBJA9198.

The Munich Security Report 2023 shows how competing visions for the international order are playing out in several policy fields. Set against the background of intensifying autocratic revisionism, manifest in Russia's war of aggression against Ukraine as well as China's support for Russia and growing assertiveness, the report analyzes the fault lines shaping human rights, global infrastructures, development cooperation, energy relations, and the nuclear order.

About

About the Munich Security Conference (MSC)
The Munich Security Conference is the world's leading forum for debating international security policy. In addition to its annual flagship conference, the MSC regularly convenes high-profile events around the world. The MSC publishes the annual Munich Security Report and other publications on specific security issues.

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This report went to print on January 19, 2024.

Amid growing geopolitical tensions and rising economic uncertainty, many governments are no longer focusing on the absolute benefits provided by the international order and global cooperation, but are increasingly concerned that they are gaining less than others. Yet prioritizing relative payoffs may well spur lose-lose dynamics – jeopardizing cooperation and undermining an order that, despite its obvious flaws, can still help grow the proverbial pie for the benefit of all. The transatlantic partners and like-minded states now face a difficult balancing act. On the one hand, they have to brace for a much more competitive geopolitical environment, where relative-gains thinking is unavoidable. On the other hand, they have to revive positive-sum cooperation, without which more inclusive global growth and solutions to pressing global problems can hardly be attained.

Tobias Bunde, Sophie Eisentraut, and Leonard Schütte (eds.), *Munich Security Report 2024: Lose-Lose?*, Munich: Munich Security Conference, February 2024, https://doi.org/10.47342/BMQK9457.

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