

GLOBAL STRATEGIC AND SECURITY RISKS



ABSTRACT

The world has entered a new period of turbulence and transformations due to the accelerated changes unseen in a century. In 2024, global development and security will continue to face various risks and challenges, with uncertainties and instabilities becoming intertwined. Five prominent risks will impact world peace and stability.

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I. WEAK RECOVERY OF THE WORLD ECONOMY WILL LEAD TO A SIGNIFICANT INCREASE IN THE PROBABILITY OF SYSTEMIC RISK

There are potential shocks arising from the divergence and misalignment of monetary policies in major economies. At the meantime, there are visible shocks from the proliferation of multiple parallel trade and technology circles promoted by U.S.-led Western forces, centered around absolute security and competitive advantage. In 2024, many countries will hold elections, making the spillover effects of delayed or even flawed macroeconomic policy adjustments in major economies spread more rapidly and become more enduring. In the face of economic slowdown, stagnation, and even recession, people in some countries are experiencing increased dissatisfaction and insecurity, leading to a rise in social instability.

Currently, despite the fact that the world economy is slowly recovering, it is still quite fragile, with impetus for economic growth still uncertain and confidence yet to restore. Major international organizations have downgraded their forecast for global economic growth in 2024. The differentiation between countries in various regions is increasing. Geopolitical disruptions have expanded, trade and investment sensitivity has increased, and the tendency towards fragmentation has further intensified. The “scarring effect” of the COVID-19 pandemic has exacerbated the widening gap between the rich and the poor, heightened discontent among certain countries and populations, constraining some governments’ efforts to strengthen their fiscal balances.

Due to differences in economic fundamentals and inflation trends, it's increasingly difficult to coordinate monetary policies, leading to an escalating divergence. Global systemic economic and financial risks cannot be excluded.

Developed economies may sustain high-interest-rate policies for a longer period of time, but as inflationary pressures eased, monetary policy in developed economies began to shift in April 2023. The pace of fiscal stringency has significantly slowed down, showing a sign of an impending end to interest rate hikes. The market anticipated that the U.S. will enter an interest rate reduction cycle in the middle or second half of 2024. Developed countries currently grapple with overheated labor markets and rapid wage growth, signaling a concerning trend of a “wage-price” spiral in terms of employment and inflation performance. Lowering the inflation rate to the targeted range of 2% by 2024 appears highly unlikely, implying that their interest rates will remain at higher levels for an extended period of time. Particularly,

the likelihood of a “soft landing” for the U.S. economy has increased, providing the Federal Reserve (Fed) with more flexibility to adjust monetary policy. The lagging effect of monetary tightening (generally believed to lag behind by 9-18 months) will fully manifest, which will probably trigger financial market turbulence. This turbulence may involve a sharp increase in medium-and-long-term U.S. Treasury bond yields, and the bankruptcy and closure of more financial institutions.

The world economy remains sluggish, with some emerging economies like Brazil and Chile facing greater pressure. These countries take the lead in the rate-cutting cycle due to the earlier start of the rate-hiking cycle and the still high real interest rates. Currently, countries that decreased their interest rates have outnumbered those that adopted interest rate hikes globally. Emerging economies are suffering difficulty to get external fund and facing the risks of capital outflows, exchange rate volatility, and inflationary upturns. It is more likely for them to have debt crises and social unrest.

The politicization, instrumentalization, and weaponization of economic factors globally are getting increasingly intense. The authority and effectiveness of global economic governance have been reduced. The world economy is facing both the risk of losing momentum and the risk of further uncontrollable fragmentation. In recent years, influenced by major power dynamics, the COVID-19 pandemic, and the Ukraine crisis, global production and supply chains have been repeatedly under pressure or even interrupted. The U.S., Europe, and other Western countries have seized the opportunity to advance the security logic prioritizing national security in production and supply chains, the logic of competition reinforced by industrial intervention, and the logic of resilience in diversifying layouts. This has led to the accelerated abnormal reconstruction of global production and supply chains for key minerals, consumer electronics, semiconductors, new energy automobiles, and more. Notably, the U.S. is promoting “near-shore outsourcing” and “friend-shoring”, actively rallying allies and partners to form a “small multilateral” supply chain alliance to create exclusive “circles” in the name of enhancing “collective economic security” and de-risking. In this regard, mechanisms such as the “U.S.-EU Trade and Technology Council” (TTC), the Indo-Pacific Economic Framework for Prosperity (IPEF), and the Americas Partnership for Economic Prosperity (APEP) manifest protectionist and ideological elements. The world economy is divided into multiple parallel trade and technology circles, it will significantly undermine global economic, scientific, and technological development.

II. GLOBAL GOVERNANCE MECHANISMS WILL BE OVERWHELMED WITH GLOBAL CHALLENGES

Various global challenges have erupted in a concentrated manner, exacerbating global systemic risks. The pace of climate change has far exceeded

expectations, with extreme weather occurrences like high temperatures, droughts, torrential rains, and floods happening frequently in many countries. The United Nations Intergovernmental Panel on Climate Change noted that the climate crisis is turning into a “gray rhino” threatening humankind, warning of a sharp rise in the frequency and intensity of future climate-related disasters. The risks of global nuclear leakage and proliferation have increased. The U.S. promotes “nuclear sharing” in the Asia-Pacific region, enhances “extended nuclear deterrence” in the Asia-Pacific region against the Democratic People’s Republic of Korea, establishes the U.S.-ROK Nuclear Consultative Group, dispatches nuclear submarines to South Korea, and continues to promote upgrade cooperation with UK and Australia of AUKUS. The stalemate over Iranian and Korean Peninsula nuclear issues persists. Besides, attacks on the Zaporizhzhia nuclear power plant, along with Japan persists’ discharging of nuclear wastewater into the sea, and constant dangers exist in nuclear power plants, posing a high risk of nuclear leakage and contamination. Terrorism has increased in multiple regions, with Africa becoming the most serious region for global terrorist activities. Somalia’s “Al-Shabaab” is launching a powerful counterattack, Sahel terrorism is facing a loss of control, and extremist forces are rapidly spreading to West Africa, leading to the . Pakistan’s governance predicament has intensified, and conflicts in Afghanistan and North Myanmar occur successively, contributing to the proliferation of terrorist and extremist forces. Due to various factors, including geopolitical conflicts and climate change, Geopolitical competition among major countries in key technology fields, such as semiconductors and data, is expected to intensify in the future, extending further into emerging areas like quantum computing and 6G. The U.S. policies of “small yard, high fence” and “precise decoupling” in technological competition will exacerbate the diversion of the global science and technology industry chain. The food crisis is worsening with. Due to various factors, including geopolitical conflicts and climate change, food production and transportation are suffering decreased efficiency. Major exporting countries have imposed measures to restrict food exports, exacerbating food shortages in Africa, the Caribbean, and other regions. The Russia-Ukraine conflict continues to drag on, and the Israel-Palestine conflict in the Middle East has resurfaced, causing greater refugee flows and humanitarian crises.

The traditional global governance mechanism centered on the United Nations has been significantly affected. The return of international politics to utilitarianism, competition among major countries, and geopolitical conflicts have continued to tear apart the consensus of the international community on cooperation. This has led to a serious erosion of the authority of the United Nations and sharp decline in its governance efficiency. In security governance, the General Assembly and the Security Council of the United Nations have been reduced to “gladiatorial arenas” for the power games of major powers, with no decisions made on hotspot issues like the Ukraine crisis or the Israeli-Palestinian conflict. In climate governance, progress has been made while disagreements on key issues still exist, such as the implementation of financial commitments, the apportionment of liability, technology sharing as well as carbon tariffs. In economic governance, the World Trade Organization (WTO), World Bank and the International Monetary Fund (IMF) are trying to carry out their

reforms, but still facing resistance from developed countries. In order to revitalize the authority of the United Nations, Secretary-General António Guterres has proposed a package of global governance reforms and planned for implementation at the Summit of the Future in 2024. Arguments arise again centering on the global governance in the international community.

Global governance is showing a discernible trend of decentralization and fragmentation. The weakening of the United Nations-centered global governance mechanism have created space for the emergence and growth of other multilateral governance mechanisms. Various “small and new multilateral mechanisms” continue to emerge and grow. The BRICS cooperation mechanism achieved a historic expansion, and the G20 accepted the African Union as a new member, demonstrating their willingness to play a greater role in the global governance process. The U.S. has expedited the consolidation of resources from global allies and partners, establishing various small-scale multilateral economic and security mechanisms. It continually promotes many “small circles”, eroding the authority of the United Nations and significantly impacting both regional and global economic and security cooperation architecture. These efforts actually form a competitive relationship with the global governance mechanism centered around the United Nations. As a result, there is a clear trend of decentralization and fragmentation within global governance, making it increasingly challenging for the international community to work together to address global issues effectively.

III. THE IMPASSE IN TWO ONGOING CONFLICTS WILL CONTINUOUSLY BRING ABOUT SPILLOVER RISKS

In 2024, the Russia-Ukraine and Gaza conflicts are expected to drag on, generating cumulative risk spillovers. These two conflicts have the potential to strain relations among major countries, instigate deep adjustments in the international and regional landscape, and escalate global instability and uncertainty.

The Russia-Ukraine conflict stands at a critical crossroads. In 2024, the Russia-Ukraine conflict is anticipated to remain a tug-of-war characterized by attrition on both sides. Due to cold weather, it is unlikely for both Russia and Ukraine to launch a decisive offensive in the first half of this year. Russia is likely to maintain its limited attacks on the eastern front and capture a few towns, but this won't bring about significant changes to the overall situation. The balance of the battle may lean further in Russia's favor. The future trajectory of the conflict will largely depend on two elections. Russia's presidential election in March may prompt a more cautious approach from the Russian military to minimize its impact on the election. After the election, Russia may let loose and launch larger-scale offensives, thus making the conflict more intense. The U.S. presidential election in November will also play a

crucial role. If the Democrats remain in power, the U.S. is likely to maintain its current position to prevent a Russian victory, continuing to drain Russian strength. However, aid to Ukraine will be subject to constraints from the Republicans. If the Republican Party takes power, a significant adjustment in U.S. policy toward Ukraine may occur, potentially leading to reduced aid and peace talks. Furthermore, as the Israeli-Palestinian conflict intensifies, the U.S. stance on providing aid to Ukraine will become more polarized, making it increasingly difficult to balance the two conflicts. This could result in a further decline in support for Ukraine from the U.S.-led Western forces and the international community, exacerbating its plight. Meanwhile, given the huge gap between the positions of Russia and Ukraine, it is hard for the two sides to restore peace until they reach the limit of both military capacities.

Considering the huge prices they pay for the conflict, Russia, Ukraine, U.S.-led Western forces, and other involved parties will undergo a huge test of capacity and determination. A “Ukraine fatigue” is likely to gradually emerge, and both Russia and Ukraine will find it difficult to maintain the existing intensity of the conflict for a long time. As the conflict continues, various uncertainties will gradually increase, and the associated risks will become more pronounced. **Firstly, the risk of conflict spillovers increases.** Beyond the frontline, the Russia-Ukraine conflict involves both sides utilizing long-range missiles, drones to launch sustained strikes at each other’s rear. Many of these strikes target civilian facilities, inevitably putting civilians at risk. Ukraine, in particular, is likely to increase its attacks on targets in Russia, aiming to disrupt the Russian presidential election. **Secondly, the prolonged conflict increases the risk of various secondary disasters.** Critical infrastructure such as the Kakhovka Dam, the Nord Stream pipeline, and the Crimean Bridge have all been attacked and suffered significant damage. The Zaporizhzhia nuclear power plant, located on the frontline, has been threatened by artillery fire multiple times. Significant risks to critical infrastructure are anticipated in 2024. **Thirdly, the risk of confrontation between Russia and North Atlantic Treaty Organization (NATO) on all fronts has increased.** The Russia-Ukraine conflict and NATO’s northward expansion have eliminated the buffer zone between Russia and NATO, creating a geopolitical dividing line across Europe. NATO and Russia are in fierce confrontations on both sides of the dividing line. A proxy war between Russia and NATO has taken place on the southern front, in the Russia-Ukraine war zone. On the northern front, Finland has joined NATO and signed a defense cooperation agreement with the U.S. In this context, U.S. troops are likely to be stationed in Finland in the future, and their deployment will also be reinforced in the Baltics, Poland, and so on. Russia will also counterbalance this by reinforcing its deployment in Belarus, Kaliningrad, and the Russia-Finland border, as well as rebuilding the Leningrad Military District. The situation on the northern front will be tenser, thus posing great risks to European security. **Fourthly, the global economic confrontation and fragmentation of supply chains will be exacerbated.** The U.S.-led Western forces have imposed unprecedented and reckless sanctions on Russia, accelerating the adjustment of the global production and supply chains to regional, local, and short ones. Globalization has encountered obstacles, with security concerns overshadowing market logic, reminiscent of the Cold War in certain areas. **Fifthly, the European political arena may be impacted.** In 2024, Europe will

hold a number of elections, including a general election in the UK and European Parliament elections. The Russia-Ukraine conflict triggered a wave of migrants and inflation to the benefit of the extreme right-wing forces, promoting their rapid rise across Europe, which may become the biggest winner in the European Parliament elections. According to predictions, the number of members of the European Parliament from far-right parties may rise from the current 130 to 180, altering the balance of power in the institution.

There is a clear trend towards the prolongation of the Gaza conflict. The recent round of the Israeli-Palestinian conflict has dealt a heavy blow to Israel, prompting massive retaliation by the Israeli army with the objective of “completely wiping out” Hamas. However, the progress has been slower than expected. In 2024, the Israeli army is expected to continue its ground campaign, making it challenging to reach a ceasefire promptly to prevent Hamas from regaining strength. Even if the international community pressures the Israeli army to shift from high-intensity to low-intensity and surgical strikes, the conflict is anticipated to persist for a longer period. Hamas represents both an ideology and a social movement, making it difficult to eradicate, and the future political arrangements in Gaza are expected to face greater complexity.

First, the conflict on multiple fronts in the region brews new flashpoints. The Gaza conflict has been linked to multiple fronts in the Middle East since mid-October 2023. In the meantime, anti-U.S. and anti-Israel organizations in the region already fell into military and political confrontations with Israel and the U.S. Lebanon’s Hezbollah and Israel are engaged in continuous border clashes. Besides, Shia militias in Iraq and Syria consistently launch attacks on U.S. military bases. The number of these attacks had surpassed 100 by late December 2023. Meanwhile, the Houthi rebels in Yemen have launched drones and missiles toward the Red Sea and Israel, leading to U.S. warships intercepting them and forming a convoy alliance to safeguard the security of regional sea lanes. In 2024, these organizations are likely to maintain attacks on U.S. and Israeli targets while both nations seek to establish military deterrence. This may lead to a new escalation of conflict. Israel regards Hezbollah as a major problem, and Netanyahu may launch a large-scale military strike against Hezbollah after the Gaza war, which would be much larger than the Gaza conflict. The formation of the U.S. escort alliance may intensify the conflict with the Houthis, leading to a further deteriorating security situation in the Red Sea region.

Second, the spillover effects of the Gaza conflict on the global economy, politics, and security are increasingly evident. 1. The impact of the Gaza conflict on international trade and energy markets is increasingly evident. The prolonged conflict has seriously disrupted international trade and commerce. The annual navigation of the Red Sea is approximately 17,000 ships, constituting about 12% of the global maritime trade, with 8.2 million barrels of oil or oil products passing through per day. As merchant ships are forced to detour around the Cape of Good Hope, logistics costs and shipping time worldwide, especially between Europe and Asia, have substantially increased, leading to price hikes and inflation in certain countries. International oil prices are also under upward pressure. **2. The Gaza**

conflict will further aggravate the rift in the international community. The U.S.-led Western forces strongly support Israel, while the Islamic world, and a vast number of developing countries sympathize with or support Palestine. The intense struggle between the pro-Israel and pro-Palestine camps in the international political arena is increasingly evident. Moreover, a split in public opinion within Western countries has emerged, marked by alternating pro-Israeli and pro-Palestinian demonstrations, a dramatic increase in hate crimes against Jews or Muslims, and heightened social insecurity. **3. The Gaza conflict will bring new challenges to international security governance.** There is the proliferation of non-state actors. The Gaza conflict demonstrates that these actors can restrain and even threaten traditional major powers, indicating their future role in the international security landscape.

The risk of regional conflict linkages is increasing. Currently, the world is in turmoil and changes, economic development is slowing down, international governance is dysfunctional, social cognition is distorted, and people's mentalities are unbalanced. Against this backdrop, the Russia-Ukraine conflict and the Gaza conflict may not be the last crises, but they are likely triggers for many long-frozen regional conflicts and geopolitical contradictions. "Black swan" and "gray rhino" events may emerge frequently.

IV. THE DELIBERATE CREATION OF AN INTELLIGENCE GAP BY A FEW COUNTRIES WILL RESULT IN MAJOR STRATEGIC AND SECURITY RISKS

AI will continue to make revolutionary progress. Breakthroughs in AI technology, which take big models as the basic technical architecture, are bringing the future of general AI into sharper focus. OpenAI CEO Sam Altman described the progress of AI technology as an exponential curve, suggesting the possibility of witnessing the emergence of general AI that surpasses human capabilities by a significant margin in the next decade. According to NVIDIA CEO Jensen Huang, general AI will be achieved within the next five years. General AI, with its inherently creative nature, has the potential to overcome technical barriers across various fields completely. In the future, various economic and social applications spanning production, scientific research, finance, education, healthcare, and law can be developed based on a "artificial general intelligence", advancing the evolution of human society from the "Internet of Everything" to the "intelligent connection of everything". Combined with tangible intelligence advancements, this development will be able to liberate humanity from monotonous and tedious mechanical work, ushering in an era of unprecedented prosperity and personalized freedom in the age of intelligence.

The U.S. views intelligence superiority as a key variable in consolidating its hegemony. The impact of AI on national power has become a focal point in the international strategic community. Schmidt, former CEO of Google, wrote in the March/April 2023 issue of *Foreign Affairs* that the era of general intelligence represents a departure from the logic of catching up in the current industrial era, i.e., Newcomers can come to the fore, emphasizing the self-iterative nature of AI that may result in accelerated leadership. This aligns with the Silicon Valley creed of “innovate or die”, making the latter become a geopolitical law, where the strong get stronger, and the winner takes all. In line with this perspective, the U.S. and the UK issued the Atlantic Declaration in June 2023, asserting that the global economic structure is undergoing the most significant change since the Industrial Revolution due to scientific and technological advances like AI. The declaration explicitly states that the U.S.-led Western forces must ensure their leading position. In order to establish the so-called “AI leading edge”, the U.S. has continued to increase the scope of export restrictions on China’s AI chips and imposed sanctions on Chinese chip design companies. U.S. Secretary of Commerce Raimondo said that control rules may potentially be updated at least annually in the future, aiming to restrict China’s acquisition of advanced semiconductors that could lead to breakthroughs in AI and precision computing. The U.S. uses AI as a strategic competition tool unilaterally, which disregards potential consequences for others. In a statement, the U.S. Semiconductor Industry Association warned that overly broad, unilateral controls risk harming the U.S. semiconductor ecosystem without advancing national security as they encourage overseas customers to look elsewhere.

Disconnected AI systems could exacerbate security risks on various fronts. If countries prioritize their individual security needs over common security and develop incompatible and incomprehensible military intelligence systems, the risk of rapid escalation of conflicts and crises among major powers in the future may intensify. **Firstly, there is an increased risk of a humanitarian crisis.** Since 2014, countries have been discussing the issue of lethal autonomous weapons systems and their control within the framework of the Convention on Certain Conventional Weapons. The military application of AI has expanded in recent years. Israel has made extensive use of intelligent systems to identify targets and launch attacks in the Israeli-Palestinian conflict. This has raised significant international concerns about the ethical risks associated with “killer robots”. **Secondly, there is the risk of undermining the established logic of strategic stability.** In 2021, a high-level officer of the U.S. militaries, publicly stated that faster perception, decision-making, and action were combat advantages in the past. However, they may become combat necessities in the era of intelligence. This suggests that military intelligence could fundamentally alter the cost dynamics between attack and defense and the coordination level of an attack, challenging the basic logic of strategic stability, which relies on “mutually assured destruction”. In the era of military intelligence, the U.S. may increasingly have the ability to destroy all of their opponents’ offensive forces at once through intelligent perception, command, and dispatch. The higher the likelihood of achieving this, the more likely both sides are to consider firing the first shot in conflicts during times of crisis.

The interests to be considered should be the interests of all. From the

perspective of “domestic priority”, the world is small and crowded, characterized by constant “fierce competition”, where AI is viewed as a mere chip and weapon to win in this competition. However, from the standpoint of the shared future of humanity, the world is wide and broad, offering opportunities for collaboration everywhere. It is through true cooperation that AI can benefit all of humanity and contribute to the well-being of everyone. The development of AI should aim to liberate and help people, rather than harm and restrict them. It should enhance social prosperity and facilitate the functioning of society rather than jeopardize the social order and foster social turbulence. In addition, it should play a role in promoting international security and maintaining peace and stability, rather than spawning strategic risks and instigating war and conflict. The year 2024 is anticipated to be critical for the global governance of AI, with the development of general-purpose AI likely to experience iterative acceleration. Will human society be divided into two insurmountable worlds due to an ever-widening intelligence gap, becoming a tool for a few countries to pursue hegemony and self-interest? Or will all people from all countries benefit equitably from AI development? The future of mankind depends on the strategic choices of all countries in the world. It is crucial to emphasize common security, enhance dialogue and communication, reach a consensus on regulating the military application of AI, and establish mechanisms to prevent avoidable catastrophic consequences for humanity resulting from military intelligence activities.

V. MORE PROMINENT POLITICAL POLARIZATION IN THE U.S. AND ITS DIRECT IMPACT ON GLOBAL STABILITY

In 2024, the persistent political polarization, social divisions, and partisan antagonisms that have plagued the U.S. for years show no signs of easing. **The increased political uncertainty in the U.S. has become more prominent, demonstrating a tendency to spill over and affect the world.**

As U.S. President Joe Biden enters his final year in office, he continues to strive for significant changes and the accumulation of political capital. However, partisan differences frequently impede his legislative agenda in the Republican-controlled House of Representatives. The budget for the new fiscal year, initially expected to be passed in 2023, has been postponed to early 2024. The effectiveness of administrative governance is limited, and the risk of a government shutdown persists. The upcoming November 2024 elections will witness substantial changes in the presidency, congress, governors, and local legislatures, with the presidential election regarded as the most pivotal event.

Biden, as the sitting president, has announced his intention to seek reelection, with little suspense regarding winning the party primaries. However, there exists the

possibility of a sudden withdrawal or an inability to perform his duties due to his health condition, among other reasons, setting the stage for chaos within the Democratic Party. Donald Trump is perceived as the strongest contender for the Republican presidential nomination. However, he faces four criminal charges and will have to face intensive judicial trials during the March primaries and the final election in November. Colorado kicked Trump off its primary ballot on the grounds of unconstitutionality in December 2023. In 2024, particularly preceding the intra-party primaries in March, more states that do not recognize the legitimacy of Trump's candidacy are likely to follow suit. At that time, the unprecedented controversy would test the U.S. judicial and administrative systems, prompting Trump supporters to advocate for the impeachment of Biden, disruption of law and order, and other fierce retaliatory means across the Congress, society, and other levels. Consequently, issues of public concern in the U.S., such as immigration, abortion, social security, and government debt, will become more challenging to resolve. Moreover, accumulated contradictions may erupt in a concentrated manner, and some irrational factors may spread across the Western world, triggering a new wave of transnational protests.

Political uncertainty will impact the stability of the U.S. economy. Since 2016, the Democratic and Republican parties have alternated in power. In half of its history, the U.S. has seen its Congress and government controlled by different parties. The two parties have never been able to bridge their differences. The U.S. government struggles to solve problems, and its political elites are confused and strategically lost. Despite positive economic and employment data, some deep-rooted problems persist in the U.S., most of which are related to politics, including the escalating government debt, the increasing budget deficit, and the declining credibility of U.S. debt. In September 2023, the U.S. government debt surpassed USD 33 trillion, second only to Japan and Italy in the proportion of national debt to GDP among developed economies. In the meantime, the U.S. budget deficit continues to increase. According to statistics, the U.S. budget deficit reached USD1.5 trillion in the first 11 months of the fiscal year 2023, marking a 61% year-on-year increase. The Fed's interest rate hikes have resulted in climbing interest payments on the debt, contributing to the surge in the deficit.

The continuous increase in debt size and interest payments has created a vicious cycle, intensifying the risk of the U.S. defaulting on its debts and falling into liquidity traps. Economists predict that interest payments will take up a larger share, making it challenging for the U.S. government to support public investment and social security programs, thereby undermining its long-term growth potential. If the U.S. defaults on its debt, the U.S. government's financing costs will be permanently raised. Responding to this potential crisis, the Democrats and the Republicans have proposed different solutions. The Republican Party advocates for sustained tax cuts and reductions in social security spending, hoping that robust growth will serve as a hedge against high debt. On the other hand, the Democratic Party proposes a "wealth tax", expansion of social security and public investment, and management of high debt through a "big government" approach. The disparities between the two parties' approaches have transformed into political contradictions, turning the annual budget, appropriations, and debt-ceiling bill deliberations into intense political

battles. Electoral pressures will make it increasingly difficult for both parties to compromise, **heightening the likelihood of an economic and financial crisis caused by political strife in 2024.**

Partisan strife also impacts decision-making in U.S. foreign policy, subsequently impacting global stability. The two major parties in the U.S. show high levels of antagonism regarding border security and the treatment of allies and partners, causing the public to reinforce their identities with partisan bias. U.S. foreign policy has exhibited traits like procrastination, repetition, and uncertainty, all of which negatively impact global stability. According to U.S. media reports, Biden canceled a summit of the U.S.-Japan-India-Australia Quadrilateral Security Dialogue (Quad) leaders scheduled for May 2023 “due to internal disputes”, leaving Australia (the host country of the Quad summit) “devastated”. In 2024, the election campaign will significantly distract U.S. leaders’ focus and their willingness to engage in global governance. Concerns arise that changes in ruling parties may weaken the country’s ability to manage crises, potentially leading to a general arms buildup and escalating the risk of an arms race. Countries also worry about a potential reversal in U.S. foreign policy, causing a decline in their willingness to participate in the U.S.-led global governance system, so they adopt a cautious “wait-and-see” attitude. This, in turn, may delay the resolution of critical international issues, and some problems might miss their optimal window for settlement.

Under electoral pressure, both parties in the U.S. are unwilling to be labeled as “weak” and are more likely to adopt a tough stance and demonstrate an aggressive tone in the international arena. As a result, the foreign policy of the U.S. during the election season faces a greater risk of “politicization”. It’s worth recalling that during the 2020 election, both of the two parties took a tough stance against China to gain domestic political advantage. The Biden administration and the Democratic Party, as the current ruling party of the U.S., aim to maintain foreign policy stability. However, the U.S.’ deepening competition with China and reinforcement of alliance commitments may embolden some allies and partners to engage in more adventurous geopolitical behavior, thereby escalating regional tensions. The Republican Party has demonstrated a strong “America First” tendency, causing concerns among many European countries that Trump or similar politicians leading the U.S. could harm transatlantic relations and create greater strategic uncertainty.

CHINA IN 2024: KEY ACTOR TO MAINTAIN STABILITY AND PROMOTE DEVELOPMENT STABILIZER AND BUILDER IN A PERIOD OF TURBULENCE AND CHANGE

There are increasing unstable, uncertain, and insecure factors in the international environment during a period of dramatic global changes and turbulent transformations, leading to an increase in risks and challenges. In 2024, China will keep in mind both the internal and international situations and promote development and security in a coordinated way. The country will play a leading role both within its borders and on the international stage, seeking benefits while avoiding harm, eliminating vice while exalting virtue. It will also inject more stability, certainty and constructive factors into a world filled with unpredictable events and release greater positive energy.

“Success is the sum of small efforts.” China will further practice its internal capabilities, focus on its affairs, promote the world’s sustainable development with its high-quality development, and lead the world’s modernization process with Chinese modernization. 2023 marked the first year of comprehensively implementing the guiding principles of the 20th National Congress of the Communist Party of China (CPC) and a critical year of economic recovery and development after the COVID-19 pandemic. During the year, China comprehensively deepened reform and opening up, intensified macroeconomic regulation, focused on expanding domestic demand, optimized structure, boosted confidence, and prevented and defused risks. Consequently, China’s economy has recovered, and high-quality development has been solidly promoted. China made significant progress in the construction of a modern industrial system, achieved breakthroughs in scientific and technological innovation, and took solid steps to further promote reform, opening up, and building a modern socialist country in all respects. In general, China’s development embraces more favorable conditions. The basic trend of economic recovery and long-term enhancement remains unchanged. Recently, many international organizations have raised their forecasts for China’s economic growth in 2023. Barnett, chief representative of the IMF in China, pointed out in an interview that China will contribute approximately one-third of the momentum of global economic growth in 2023. He also predicted that China’s economy will maintain positive growth in 2024.

In 2024, China’s economy will uphold the general guiding principle of pursuing progress while ensuring stability. It will also accelerate the creation of a new pattern of development and focus on promoting high-quality development. Moreover, it will deepen reform and opening up comprehensively, promote high-level scientific and technological self-reliance and strength, and improve macro regulation. Furthermore, China will coordinate the expansion of domestic demand and the deepening of

supply-side structural reforms, coordinate new-type urbanization and rural revitalization, and ensure a harmonious balance between high-quality development and high-level security. These measures aim to effectively strengthen economic vitality, prevent and defuse risks, enhance social expectations, consolidate and enhance the upward trend of the economy, and promote effective qualitative and quantitative growth. They will also enhance people's well-being, maintain social stability, and continue to position China as the largest engine of global economic growth by comprehensively advancing the construction of a strong nation and the rejuvenation of the nation by following the Chinese path to modernization.

“A just cause should be pursued for the common good.” China will coordinate and promote three major global initiatives, aiming to contribute to world peace, development, and progress. In the face of the volatile international situation, China's diplomatic work will implement Xi Jinping Thought on Diplomacy and a holistic approach to national security, with the overall goal of building a global community with a shared future. It will also coordinate and promote the Global Development Initiative (GDI), the Global Security Initiative (GSI), and the Global Civilization Initiative (GCI), actively committing itself to realizing common development, common security, and common progress in the world.

The GDI, first proposed by President Xi Jinping in September 2021 during the general debate of the 76th session of the United Nations General Assembly, has yielded remarkable results over the past two years. Cooperation has not only alleviated the international development deficit but also contributed to the UN 2030 Agenda for Sustainable Development. More than 70 countries have joined the Group of Friends of the GDI, and approximately 200 practical cooperation projects have been incorporated into the project pool. In 2024, China will expedite the implementation of the UN 2030 Agenda for Sustainable Development, striving to turn its neighboring countries and regions into pioneering areas for implementing the GDI. In addition, China will collaborate in the execution of the Regional Comprehensive Economic Partnership (RCEP) and work towards finalizing negotiations on the ASEAN-China Free Trade Area (Version 3.0).

China released the Global Security Initiative Concept Paper (“Concept Paper” for short) in February 2023, further enriching the GSI proposed by President Xi Jinping in April 2022 and refining China's solutions to the international security dilemma. The Concept Paper upholds the core concepts and principles known as the “six commitments”, including “stay committed to the vision of common, comprehensive, cooperative and sustainable security”. This clearly transcends the outdated zero-sum, one-sided, confrontational, and shortsighted concept of security of Western powers, providing a radical solution to alleviate the deficit in global security governance. More than 100 countries and regional organizations have expressed appreciation and support for the GSI. In 2024, China will expand the international consensus on safeguarding common security and create an effective paradigm for international security cooperation. It will also explore peaceful solutions to hotspot security issues, persist in promoting peace through consultation, advocate for proper management of regional disputes, and promote the reform of the global security governance system.

Moreover, China will hold high-level events themed on the initiative at appropriate times, work together to build surrounding areas into experimental zones of the GSI, and promote the initiative to go deeper and achieve steady progress.

Xi Jinping, General Secretary of the CPC Central Committee, introduced the GCI at the CPC in Dialogue with World Political Parties High-level Meeting in March 2023. This initiative encompasses the “four advocacies”, including respect for the diversity of civilizations. It serves as the guideline for promoting the development and progress of human civilization. In 2024, China will work with neighboring countries to build the region into a role model for implementing the GCI. The promotion of Asian values and the deepening of exchanges and mutual learning among civilizations will be facilitated through initiatives such as the China-ASEAN Year of People-to-people Exchanges, among other opportunities. At the same time, it will continue organizing events like the Forum on China-Africa Cooperation , the China - CELAC Forum , the China - Arab States Cooperation Forum, etc. China will continue to promote people-to-people and cultural exchanges with Russia, foster dialogue between Chinese and European civilizations, and strengthen equal dialogue and common progress among different civilizations under the framework of the Belt and Road Initiative.