

Geopolitical Events of 2023: What CIOs Can Learn for 2024

Brian Prentice

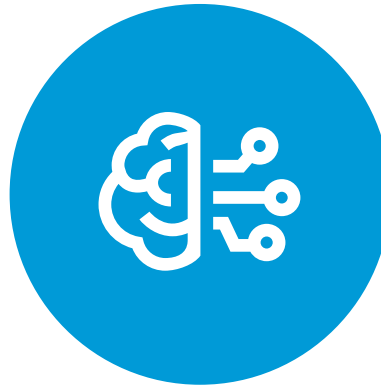
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates. This publication may not be reproduced or distributed in any form without Gartner's prior written permission. It consists of the opinions of Gartner's research organization, which should not be construed as statements of fact. While the information contained in this publication has been obtained from sources believed to be reliable, Gartner disclaims all warranties as to the accuracy, completeness or adequacy of such information. Although Gartner research may address legal and financial issues, Gartner does not provide legal or investment advice and its research should not be construed or used as such. Your access and use of this publication are governed by [Gartner's Usage Policy](#). Gartner prides itself on its reputation for independence and objectivity. Its research is produced independently by its research organization without input or influence from any third party. For further information, see ["Guiding Principles on Independence and Objectivity."](#)

Gartner[®]

Geopolitical Events Stem From Broader Themes



**Weaponization of
Interdependency**



**Balkanization
of AI**



**Depopulation
Bomb**

Key Issues

1. How should CIOs think about geopolitics?
2. What geopolitical events are instructive examples?

Key Issues

1. How should CIOs think about geopolitics?
2. What geopolitical events are instructive examples?

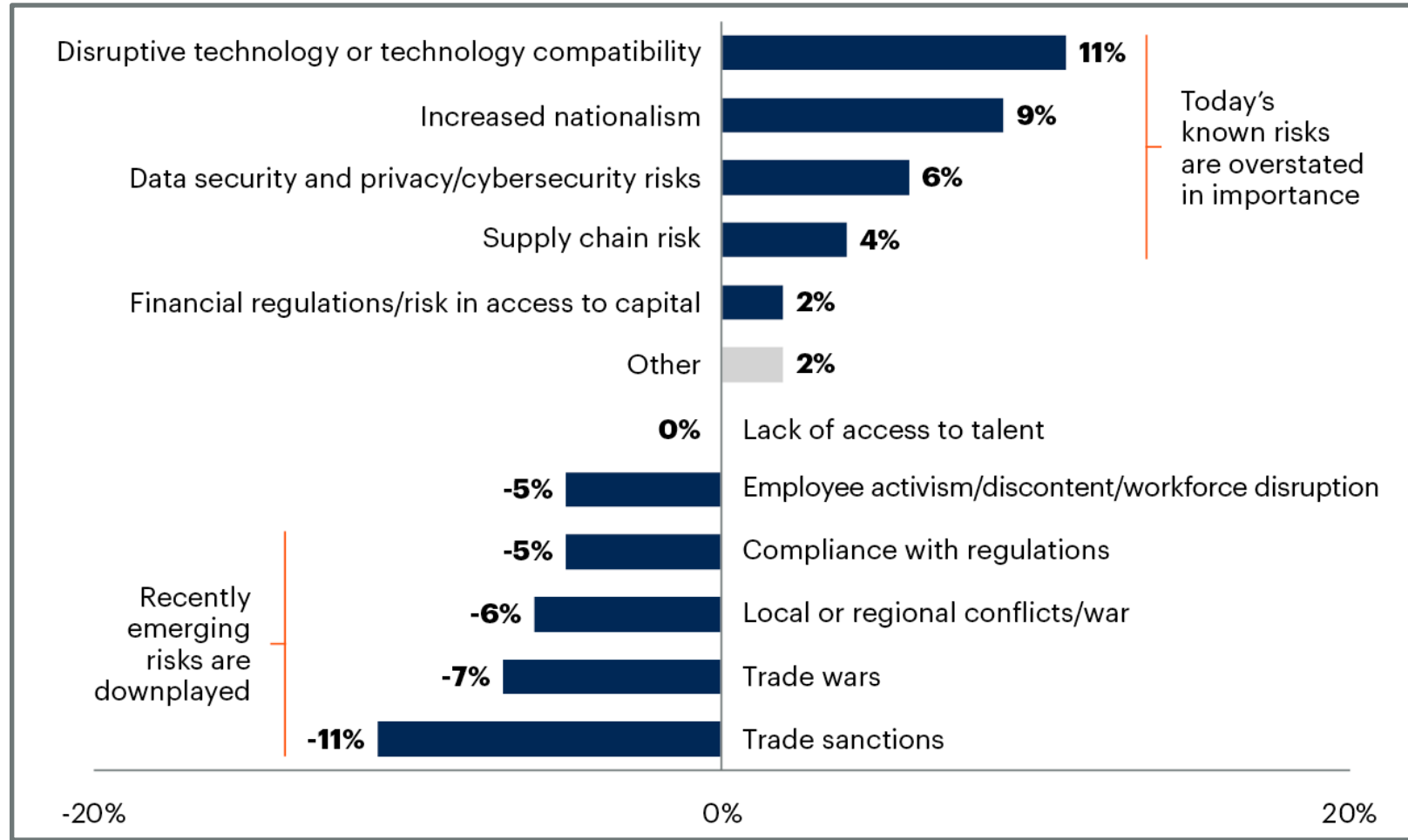
**“Toto, I have a feeling we’re not in
Kansas anymore.”**

— Dorothy, 1939

Assessing Geopolitical Risk Is Often Avoided

Executive Views on Changes in Globalization Risk in 3 Years' Time

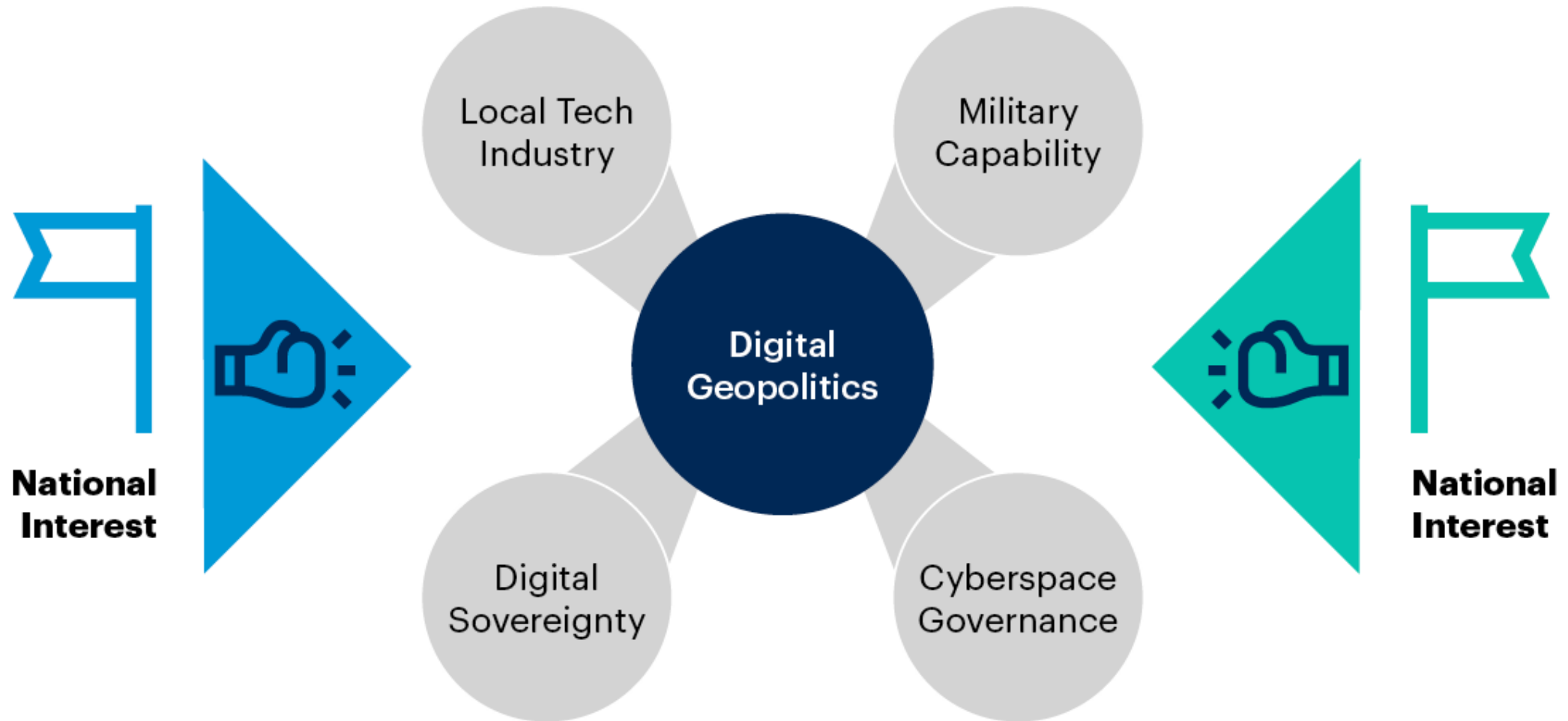
Percentage of Respondents



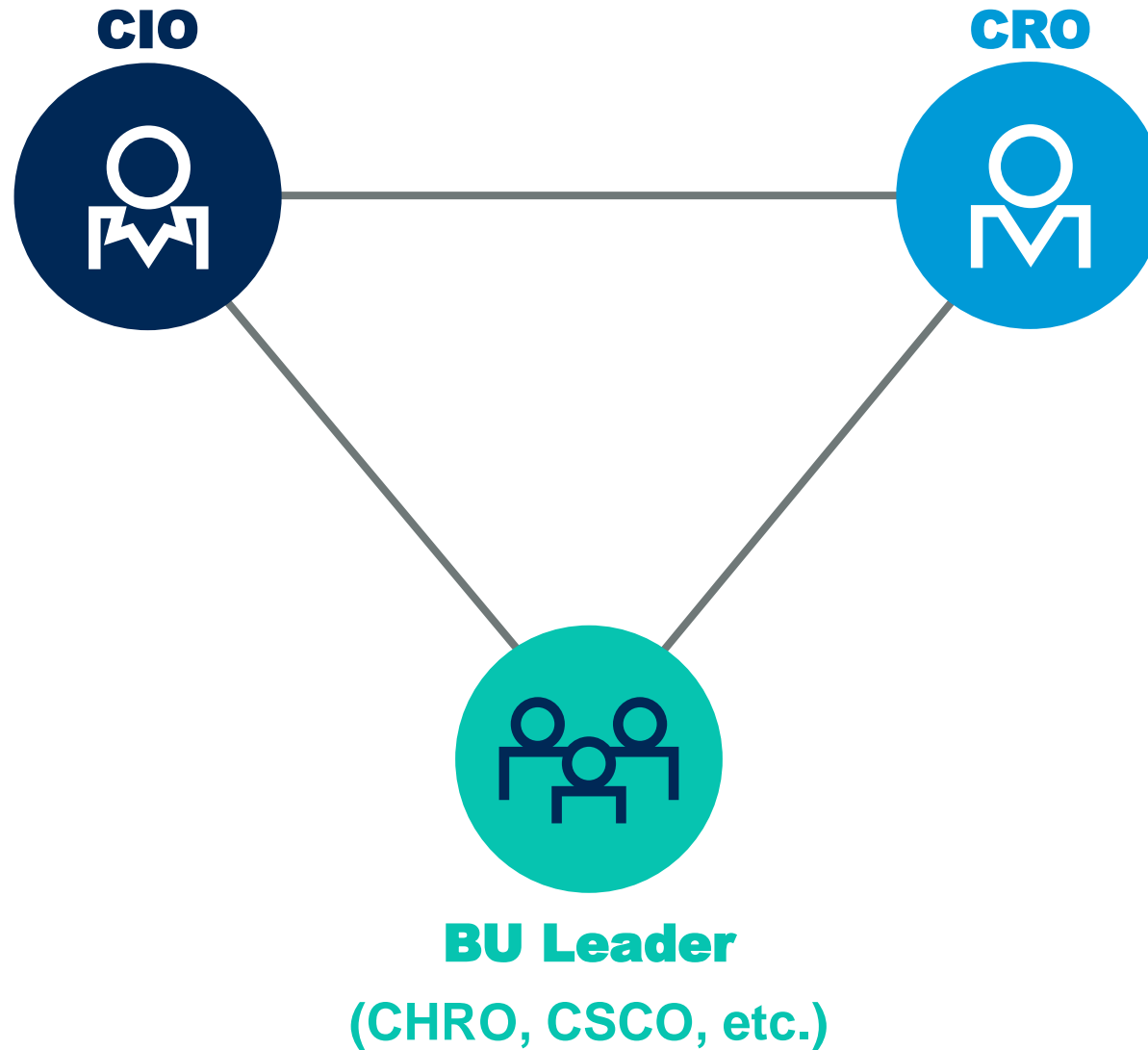
n = 80; Gartner Research Circle Members and External Members Excluding "Not Sure"

Source: 2022 Gartner Managing the Dynamic Equilibrium of Globalization Survey

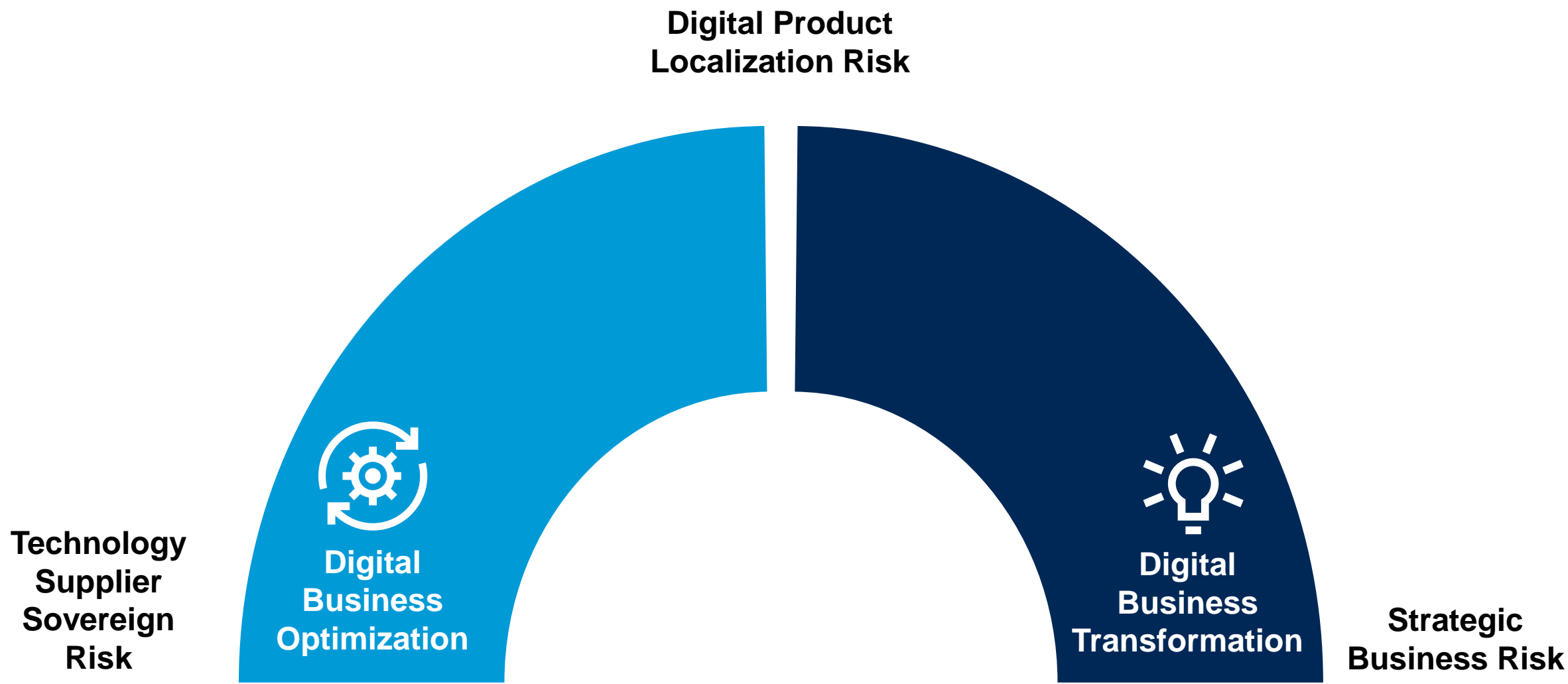
It's Not Just Geopolitics: It's Also Digital Geopolitics



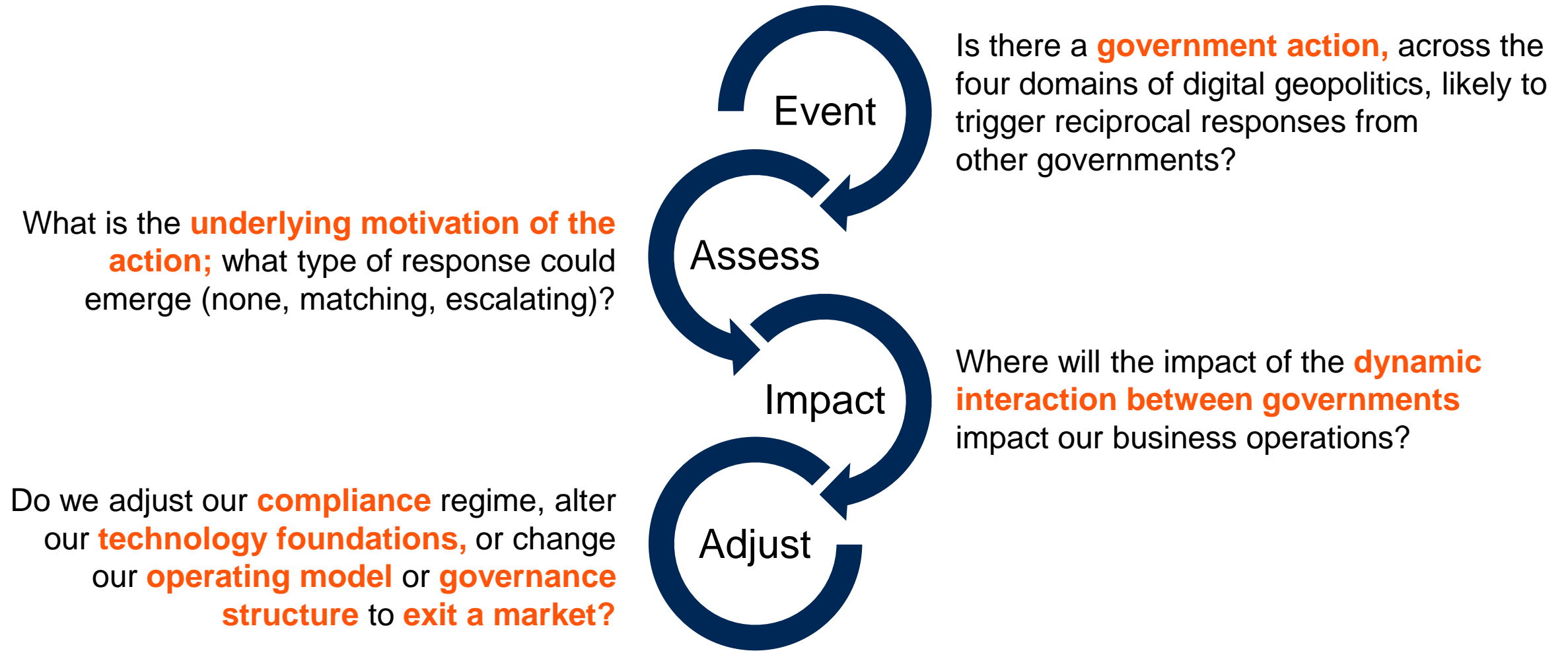
Geopolitical Risk Assessment Trio



Digital Sovereign Risk Relates to Digital Ambition



Geopolitical Risk Framework

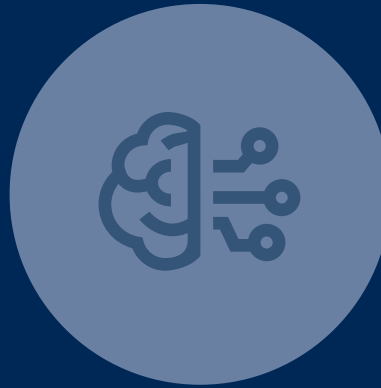


Key Issues

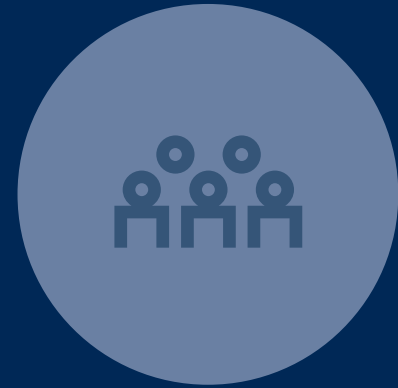
1. How should CIOs think about geopolitics?
2. What geopolitical events are instructive examples?



**Weaponization of
Interdependency**



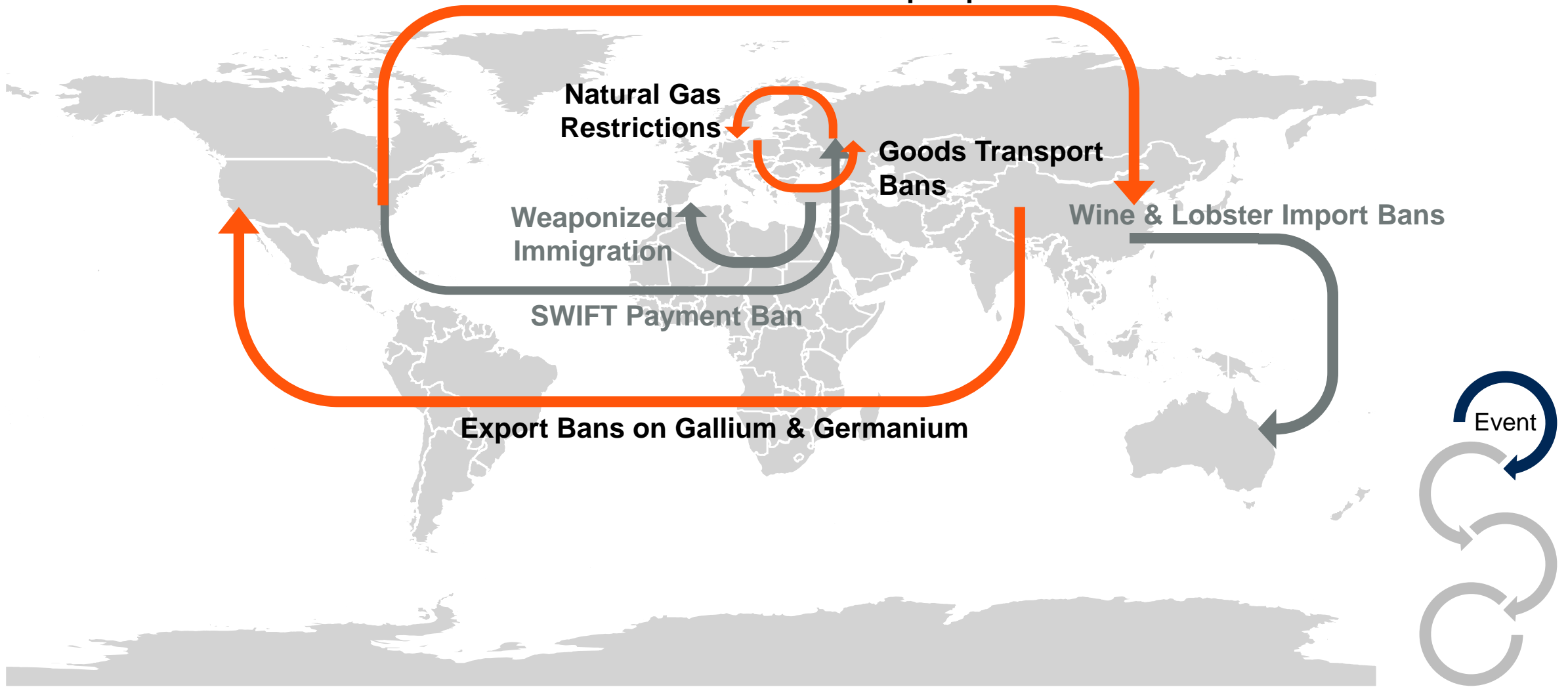
**Balkanization
of AI**



**Depopulation
Bomb**



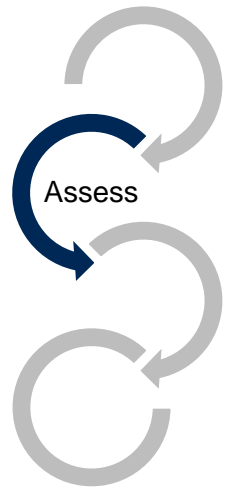
Restrictions on AI Chip Exports



Where Has the Love Gone?



- Integration is the central characteristic of a globalized economy.
- Globalized economies can only function when there is an alignment on key economic values amongst major countries.
- When values diverge, interdependency becomes dependency.
- Dependency can be exploited.





**IT supply chain disruptions
are a permanent part of
the economic system.**



IT Supply Chain Resilience



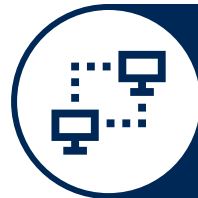
Critical IT Suppliers Digital Sovereign Risk



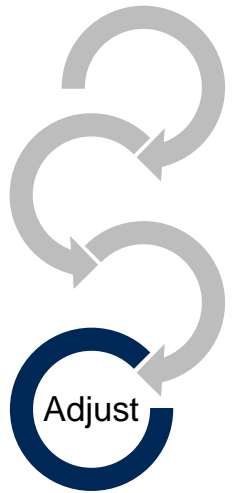
Clear conditions on market exit?



Commitment to communicate?



Bridging/Gateway technologies?

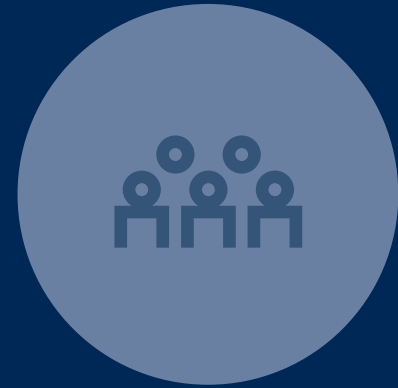




**Weaponization of
Interdependency**



**Balkanization
of AI**



**Depopulation
Bomb**

Incompatible AI Regulation Leads To ...



1

The proposal also strengthens significantly the Union's role to help **shape global norms and standards and promote trustworthy AI that is consistent with Union values and interests.** It provides the Union with a powerful basis to engage further with its external partners, including third countries, and at international fora on issues relating to AI.

— EU AI Act

2

Article 4: The provision of generative AI products or services shall ... conform to the following requirements:

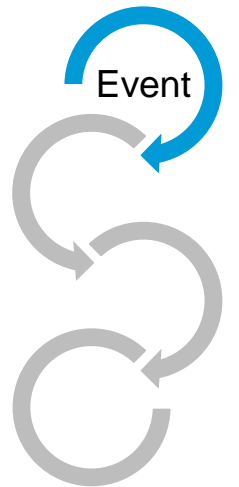
Content generated through the use of **generative AI shall reflect the Socialist Core Values,** and may not contain: subversion of state power; overturning of the socialist system; ... as well as content that may upset economic order or social order.

— Measures for the Management of Generative Artificial Intelligence Services, China

3

Congress **shall make no law** ... abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

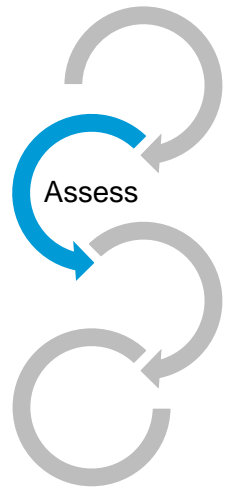
— First Amendment of The Constitution of The United States of America



... Incompatible AI



- First instance of governments seeking to dominate a sector of digital technology, through regulation, at the early stages of the technology.
- Likely emphasis on restricting foreign technology.
- No foreseeable chance for compromise.

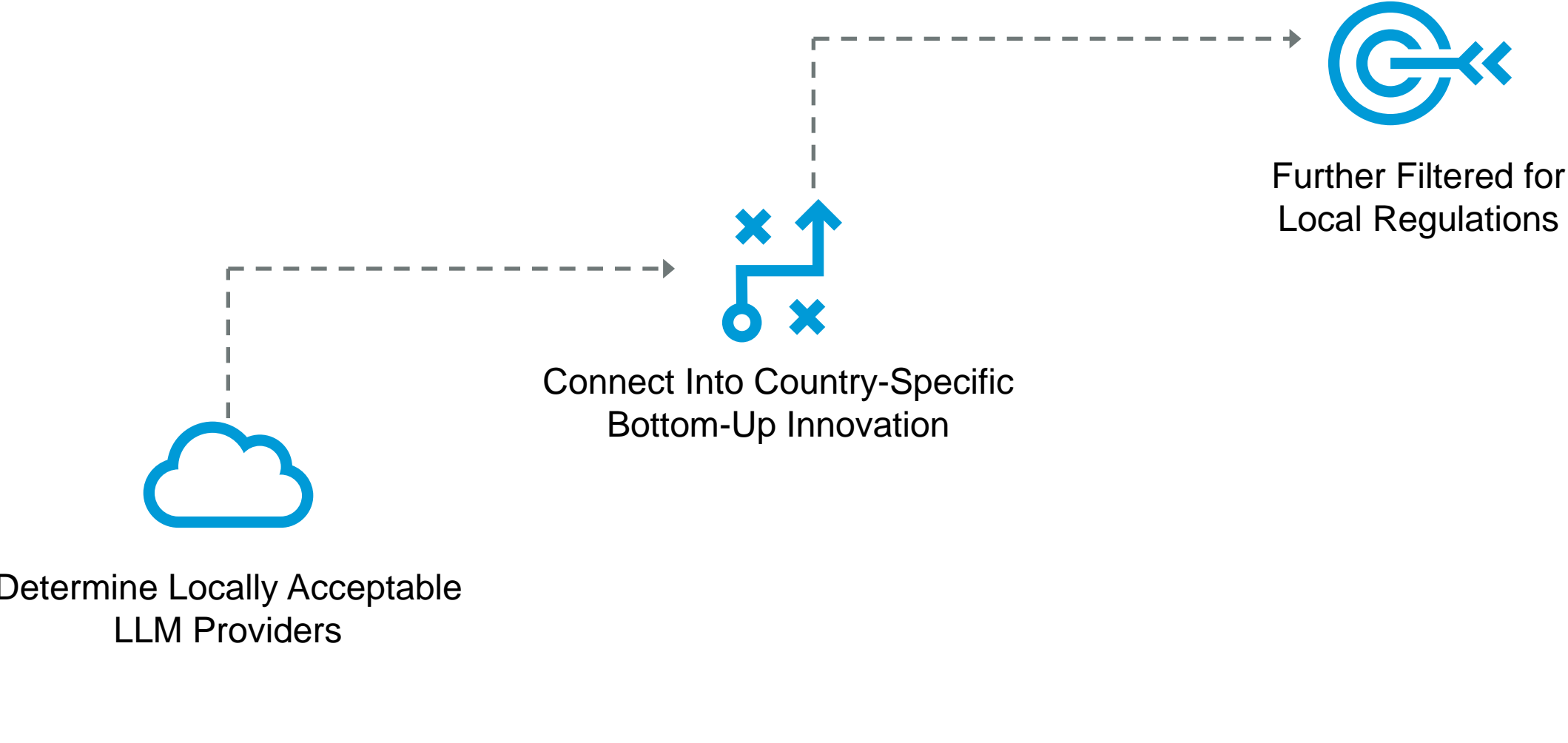




No Guarantee of Globally Consistent LLMs

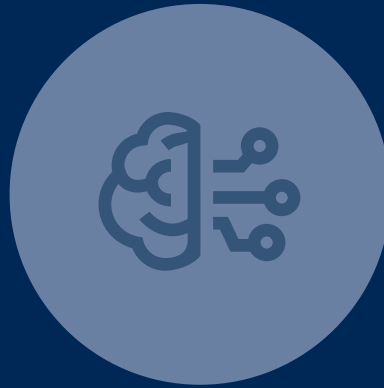


Potential Multinational AI Deployment Model





**Weaponization of
Interdependency**



**Balkanization
of AI**



**Depopulation
Bomb**

What's Happening to Working Populations?



“We are using different tools to help make Europe and Europe’s economy and social life sustainable ... we are managing legal migration, without which we would not be able to have sustainable labor markets.”

— Dubravka Suica, Vice President,
European Commission

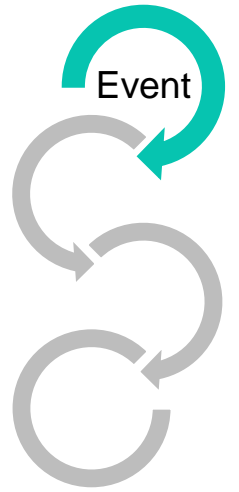


- Alternative for Germany (AfD) Polls as the Second Largest Party in Germany
- France’s Summer of Unrest
- Dutch Government Collapses Over Migration

China’s National Bureau of Statistics Announces a Drop of 850,000 People in Its Population



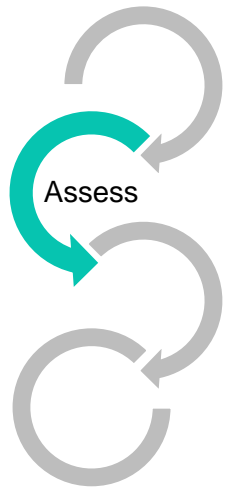
- **Lying Flat Movement**



A World Full of Senior Citizens



- Major economies have fertility rates well below the rate of 2.1 children per woman to maintain the population.
 - EU = 1.53; China = 1.28; South Korea = 0.84
- Conditions are becoming intolerable for working age populations across the socioeconomic strata.
- Population becomes a new aspect of geopolitical competition.
 - Student pathways to citizenship.
 - Remittances become a significant portion of the Latin American GDP.

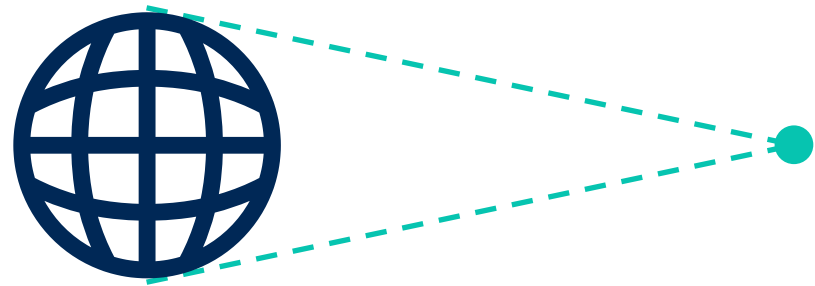




**The battle for human
resources accelerates.
Access to people matters
more than cost.**



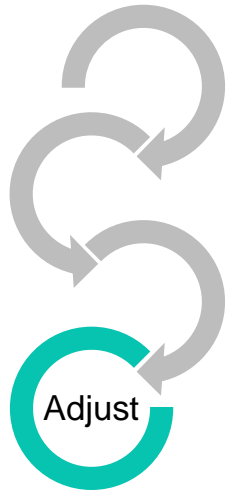
Corporate Inversions Shift From Tax to Population Advantages



Surviving Depopulation Requires:

- High volume of managed, legal migration
- Societies that can integrate diverse cultures
- Effective pro-natal policy

Multinationals must have a strong presence in those countries with these conditions.



Recommendations

- ④ Push for ongoing geopolitical risk assessment by leading with digital geopolitics.
- ④ Assess business continuity risk by monitoring the digital sovereign risk of your critical suppliers.
- ④ Run regular executive leader scenario planning sessions to create options for worst-case scenarios.

Recommended Gartner Research

- 🔍 [The Impact of Digital Sovereign Risk Must Be Assessed Relative to Your Digital Ambition](#)
Brian Prentice, John-David Lovelock and David Groombridge
- 🔍 [Geopolitics Is Shaping Generative AI \(and Vice Versa\)](#)
Tsuneo Fujiwara, Brian Prentice and Others
- 🔍 [What Forces Are Driving Digital Geopolitics and Where CIOs Should Focus](#)
Brian Prentice, Gavin Tay, David Groombridge and Tsuneo Fujiwara