

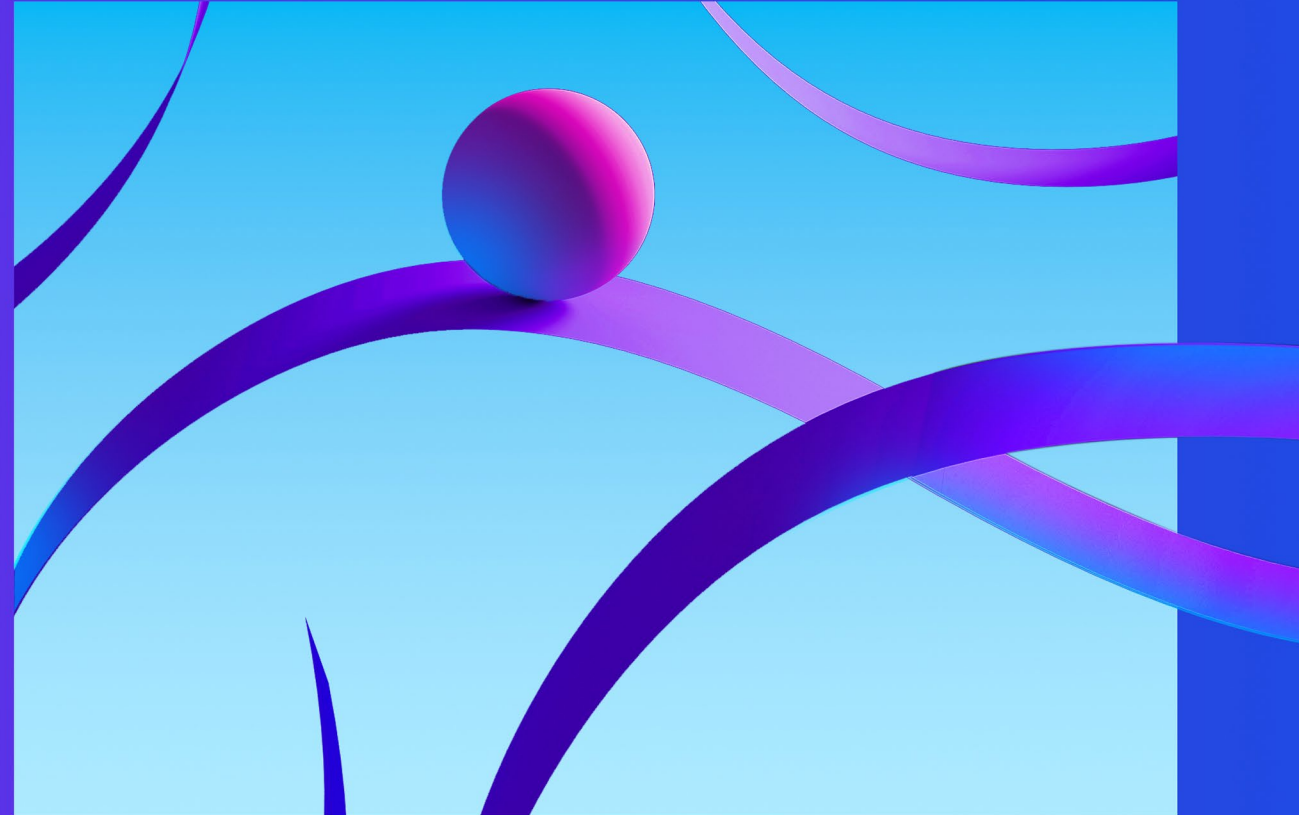


Top geopolitical risks 2025

Executive summary

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Understanding the intricacies of a world that is interconnected yet increasingly divided highlights the critical importance of recognizing and managing geopolitical risks for global businesses. The [Top Geopolitical Risks 2025](#) report by KPMG aims to provide a comprehensive analysis of pressing geopolitical challenges that organizations face in the near term. The report is intended for independent boards of directors and senior business executives, particularly Chief Executive Officers, Chief Risk Officers, and other key decision-makers responsible for strategic planning and risk management within their organizations.

Top geopolitical risks for 2025

Risk	Impact	Opportunities
<p>1. Tectonic shifts in power, economic centers and trade</p> <p>New trade alliances and investment hubs are redefining global power dynamics. The US is imposing tariffs, eliciting retaliatory responses, while new economic 'nodes' are emerging outside of traditional investment centers.</p>	<p>Investment decisions, supply chains and global footprint under pressure.</p>	<ul style="list-style-type: none">• Pivot to new regions, 'friendshoring' and localizing• Expand in both existing and new geographies, exploring new investment sources and adapting to new regional alliances.• Reshape end-to-end supply and value chains
<p>2. A complex, fragmented regulatory and tax environment</p> <p>Regulations and tax are evolving at different speeds in different geographies, while the US government is rolling back many regulations, especially regarding ESG. Minimum global tax is becoming adopted by many countries, while others are withdrawing from multilateral tax policy.</p>	<p>Global sourcing and supply chain economics are in flux, and regulatory and tax compliance has become more complex and costly. Investment in the green transition under question.</p>	<ul style="list-style-type: none">• Understand performance levers to embed capacity to adapt and respond• Treat tax and regulatory compliance as a source of competitive advantage, to increase resilience and attract consumer and investors• Continue to harness the potential of the green transition, despite occasional setbacks• Monitor regulatory and tax developments.

Risk

Impact

Opportunities

3. A fast-moving and politicized technology landscape

Shifting alliances (based upon national security concerns) and fragmented regulations add to complexity, while the emergence of new Gen AI players challenges US dominance. Regulators are struggling to keep pace with new Gen AI solutions, and a rolling back of regulations could leave AI models out of control. Geopolitical competition in AI and other technologies (i.e. quantum computing) is creating technological blocs around the US and China, thus jeopardizing international cooperation and access.

National security concerns are influencing decisions over technology partners and suppliers, and challenging the notion of a global IT infrastructure. Intellectual property and data security are under threat from malicious national actors. Unregulated digital and Gen AI solutions could harm ethical reputations. Lack of global leadership makes it hard to achieve globally harmonized regulatory standards. Companies will have to self-regulate to address the risks that may arise as they rush to adopt AI solutions to boost productivity and protect margins.

- Create modular, adaptable IT infrastructure.
- Consider geopolitical risks when making decisions relating to a company's IT infrastructure footprint. This might force companies to cluster platforms, data centers and other tech to avoid regulatory and security issues.
- Harness Gen AI by building trust through respecting local sensitivities.
- Boost cybersecurity and invest in energy-efficient, green energy-powered AI, and strengthen critical infrastructure and enterprise systems.

4. Multiple threats to supply chains, assets and infrastructure

Geopolitical rivalries, trade protectionism, conflict, competition for resources, cyberattacks, and climate events place severe strains on globally exposed businesses. Wars and tensions pose rising threats to key shipping choke points. Countries are adopting protectionist measures to safeguard and diversify their supply chains, including energy, food and critical minerals.

Supply chains are under pressure, and companies face shortages of key resources, including battery components. It's increasingly tough to secure access to food supplies.

- Rethink supply chains and manufacturing by developing alternative sourcing strategies.
- Create circular supply chains to reduce dependency on raw materials.
- Embrace efficient, green energy to reduce vulnerability to volatility in price and availability.
- Protect assets and infrastructure against climate change.

Risk

5. Demographic, technological, and cultural pressures on workforces

Aging populations, mass retirement, falling birth rates (in developed markets), changing worker preferences, culture wars, AI integration and reskilling bring major workforce challenges. US government pushback on diversity and remote working could force companies to respond and face worker opposition.

Impact

Companies face an escalating talent shortage in mature economies, and must also adapt to changing work preferences of younger generations. At the same time, we see a rise in anti-immigration policies around the world that could complicate global mobility and talent sourcing. There are challenges in adopting AI, exacerbated by a dearth of technology skills. In an increasingly polarized environment companies, are faced with a need to be explicit about “social” issues.

Opportunities

- Shape a dynamic and adaptable workforce through upskilling, virtual learning and organizational redesign.
- Create a balanced, hybrid work environment, with a rebooted employee value proposition.
- Keep mobile employees safe to attract and retain talent in areas affected by geopolitical events.
- Integrate AI and humans to bridge the talent gap.

Sectoral heat map analysis of top geopolitical risks for 2025

The sectoral heat map provides a comprehensive overview of how the top five geopolitical risks might affect key sectors.

	Tectonic shifts in power, economic centers and trade	A complex, fragmented regulatory and tax environment	A fast-moving and politicized technology landscape	Multiple threats to supply chains, assets and infrastructure	Demographic, technological and cultural pressures on workforces
Consumer & Retail	High alert	High alert	Moderate impact	High alert	Moderate impact
Energy, Natural Resources & Chemicals	High alert	Moderate impact	Moderate impact	High alert	Moderate impact
Financial Services	High alert	High alert	Moderate impact	Moderate impact	Moderate impact
Industrial Manufacturing & Automotive	High alert	High alert	Moderate impact	High alert	Moderate impact
Infrastructure & Transport	High alert	Moderate impact	Moderate impact	High alert	Moderate impact
Life Sciences	High alert	High alert	Moderate impact	High alert	High alert
Technology, Media & Telecom	High alert	Moderate impact	High alert	Moderate impact	Limited impact



About Top geopolitical risks 2025 report

Top geopolitical risks 2025 aims to provide a comprehensive analysis of what KPMG believes are the most pressing geopolitical risks businesses will face in 2025. The report presents insights derived from extensive research, data analysis and case studies, including interviews and workshops with more than 100 KPMG professionals working across many global sectors and with clients of all sizes. Our secondary research includes KPMG reports, literature, academic papers, industry reports, and intergovernmental organization publications. The content was reviewed and validated by authors and contributors. This report should make essential reading for independent boards of directors and senior business executives, particularly Chief Executive Officers, Chief Risk Officers, and other key decision-makers responsible for strategic planning and risk management within their organizations.

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