

Geopolitics: Six intersecting crises



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Companies are operating in an environment defined by global fragmentation, volatile power dynamics, and rapidly shifting economic and security priorities. In a recent exclusive session for non-executive directors, we explored six interconnected geopolitical crises – three geographic and three thematic – that define today’s geopolitical environment.

For boards, the implications are profound: the volatility we are witnessing – from conflicts and technology rivalries to trade fragmentation and state intervention – is not temporary noise but the structural context in which organisations now operate. This publication summarises the geopolitical issues to watch in 2026 and highlights practical questions directors should consider as part of strategic and risk discussions.

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Thematic lens

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Geographical lens

01 US – China competition

Foreign policy is now increasingly focused on resource security, hemispheric influence, and transactional diplomacy. Both the US and China are pursuing strategies that prioritise control of supply chains, critical technologies, and trade routes – creating a “zero sum” pressure on global businesses.

What boards should consider:

- Exposure to US–China strategic competition across supply chains, technology transfer, and market access.
- Scenario planning around possible shocks that could materially impact operations.
- The organisation’s strategic reliance on US or Chinese infrastructure, platforms, or regulatory environments.

02 Russia – Ukraine and Europe’s security reset

Recent public statements from intelligence services, including the UK’s, are clear that we are already operating in a greyzone, below threshold era of conflict. For business, the implications go well beyond prolonged energy instability. The UK and Europe are increasing defence spending at a time when public spending as a whole is under pressure, with notable social tradeoffs to follow. Whatever the eventual outcome of the conflict, instability will remain.

What boards should consider:

- Resilience against prolonged energy, commodity, and price volatility linked to global geopolitical instability.
- The speed at which supply chains can adjust to industrial and policy shifts, especially where inputs depend on European chemical, rare materials, or manufacturing bottlenecks.
- Longer term macroeconomic impacts of higher defence expenditure, including fiscal trade offs in major European markets.

03 Middle East instability

The Middle East remains the most volatile region on the planet, with the situation around Gaza continuing to be the epicentre of instability. A lack of progress on future governance, Hamas disarmament, responsibility for future security, realistic plans for reconstruction that can attract investment, and a viable route to Palestinian statehood prevent any durable settlement. Linked to this are the increasing tensions between the US and Iran over their nuclear enrichment, ballistic missiles and funding of regional proxies, meaning regional politics are tense and fluid and there remains the real risk of military confrontation.

What boards should consider:

- Exposure to Middle Eastern transit routes, insurance premiums, and maritime chokepoints.
- Scenario planning for supply chain rerouting, delays, or sudden increases in operating costs.
- Monitoring the geopolitical implications of regional realignments, such as shifting roles of the UAE and Saudi Arabia.

Thematic lens

04 AI sovereignty

Only the US and China possess near “sovereign AI” capabilities across the entire technology stack. This presents a dilemma for Middle powers, including the UK: which power can help you attain capability, the US or China? AI is not just an industry to regulate, it is a strategic capability and access to the best tools will be shaped by geopolitical alignment.

What boards should consider:

- Whether the organisation relies on infrastructure or models that could become subject to geopolitical pressure or export controls.
- How AI deployment intersects with national security, data governance, and operational resilience.
- Ensuring AI scenario planning includes geopolitical, not just technological, triggers (e.g., sudden access restrictions, compute shortages, regulatory divergence).

05 Energy transition pressure points

The energy transition – while aimed at reducing dependency on fossil fuels – has created new vulnerabilities centred on China’s dominance of the supply chain.. The US is responding through alliances, export controls, and strategic stockpiling. Boards must prepare for increasing bifurcation in clean energy supply chains.

What boards should consider:

- Vulnerabilities linked to rare earth elements and battery components, including single market or single country exposure.
- Participation in alternative supply arrangements, such as emerging plurilateral minerals partnerships.
- Alignment between sustainability strategies and geopolitical realities, particularly where net zero delivery depends on fragile supply chains.

06 Resurgence of terrorism and community tensions

Security agencies warn that the risks are rising sharply, particularly as the barrier to developing highly destructive capabilities – especially chemical and biological weapons – has fallen dramatically. At the same time, the rapid and sustained growth in global conflicts over the past two decades is fuelling deeper community level grievance. Together, these dynamics not only increase the likelihood of terrorist incidents but also leave societies significantly less resilient when such shocks occur.

What boards should consider:

- Whether organisational crisis and continuity plans reflect hybrid threats, including misinformation, data poisoning, or AI enabled attacks.
- Workforce, community, and reputational vulnerabilities in markets with rising polarisation.
- Board level oversight of social resilience risks, including their impact on operations, people, and brand.

Looking ahead

These six interconnected crises are becoming increasingly difficult to treat in isolation, and their links are only growing stronger. There are, however, some encouraging signs with the UK well positioned among middle powers. First, there is a growing recognition that we are living through a moment of rupture, and acknowledging this shift is essential – particularly for decisions on defence spending and wider national resilience. Second, the very technologies driving instability – AI and the energy transition – are areas where the UK is genuinely well placed, with deep expertise, strong research capabilities and meaningful roles in global supply chains. And third, even in an increasingly transactional world, the UK retains significant strengths: a long history of building trusted relationships and a considerable reservoir of soft power.

The task ahead—for both business and government—is to build the adaptability required to navigate these challenges, view the system as a whole, and commit to genuine long term planning.

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