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Manufacturing Risk

Geopolitical Doxa and the Corporate World

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Abstract

The evolving power dynamics between the United States, China, and Russia are creating new geopolitical realities that businesses can no longer evade. Geopolitical risk has become unavoidable, yet many companies remain unprepared to navigate its complexities. Corporate leaders can no longer afford to overlook its implications.

To navigate these uncertainties, they can rely on a geopolitical doxa produced by key players of the "geopolitical risk market"—investment banks, specialized firms, and strategy or audit consultancies. This perspective—while extensive, well-documented, and useful—is built on a fundamental assumption: "Despite ongoing turbulence, globalization will persist." It tends to be linear, impersonal, and partial.

Understanding this doxa—or prevailing narrative—means grasping the mental frameworks that shape it. While it provides valuable insights into global trends, it often remains incomplete and primarily descriptive. The corporate world would benefit from complementing this perspective with a more intentional, embodied, and specific approach.

Résumé

La déformation du triangle stratégique États-Unis–Chine–Russie crée de nouvelles dynamiques auxquelles les entreprises ne peuvent se soustraire. Elles sont confrontées au risque géopolitique, sans forcément s'y être préparées. Leurs dirigeants ne peuvent plus l'ignorer.

Ils bénéficient d'une doxa géopolitique produite par les acteurs du « marché du risque géopolitique » : banques d'affaires, *pure players* et cabinets de conseil en stratégie ou en audit. Cette production, à la fois vaste, utile et documentée, leur propose une vision du monde qui s'articule autour d'un postulat central : « malgré les turbulences, la mondialisation perdurera ». Elle est linéaire, dépersonnalisée et partielle.

Maîtriser cette doxa, c'est comprendre les cartes mentales à l'œuvre. Bien qu'elle offre une lecture éclairante des dynamiques en cours, cette doxa reste parfois incomplète, souvent descriptive. Le monde *corporate* gagnerait à la compléter par une méthode d'analyse et de prévision du risque géopolitique, qui serait davantage intentionnelle, incarnée et spécifique.

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Introduction

"Appetite for geopolitical risk management is growing", read the *Financial Times* headline in May 2023.[1] In the face of economic interdependence and global power struggles, businesses can no longer afford to ignore "geopolitical risk".[2] As anticipated by Ifri,[3] a marketplace for geopolitical discourse has re-emerged in recent years, both globally and at the national level. The distortion of the triangular relationship between the United States, China, and Russia, and attendant effects on Europe, in particular with regard to energy, together with unforeseen disruptions—Brexit, the pandemic, military operations on the European continent…—have prompted a growing awareness of a shift in the material and ideological trajectory of globalization, making it necessary for businesses to adapt.

How does this marketplace function? In terms of demand, executives have questions that are as geopolitical as they are operational: "Should we really pull out of Russia?"; "What would push Xi Jinping to make a move on Taiwan?"; "Could the United States leave NATO?"; "What can we expect from India in terms of technology, the economy and geopolitics?".[4] Meanwhile, these businesses must build and leverage political capital by engaging with public authorities, international organizations and civil society as part of their ESG (environmental, social and governance) policies. On the supply side, the geopolitical discourse market is distinct from the competitive intelligence market. It takes a global approach broken down into sectoral strategies.

The market can be divided into three main categories: banks and investment banks in particular, dedicated consultancies, including firms featuring former diplomats or intelligence officials, and strategy consulting or audit firms. According to Kenneth Jacobs, Chief Executive Officer (CEO) of Lazard, this type of consultancy will never develop into a several-hundred-million-dollar market. It would be more of a niche providing "a form of dialogue" with businesses within a broader consulting framework.[5]

1. M. Rozen, "Appetite for Geopolitical Risk Management Is Growing", *Financial Times*, May 15, 2023, available at: www.ft.com.

2. T. Gomart and S. Jean, "Impossible Decoupling, Improbable Cooperation: Economic Interdependencies in the Face of Power Rivalries", *Études de l'Ifri*, Ifri, November 2023.

3. T. Gomart, "Le retour du risque géopolitique. Le triangle stratégique Russie, Chine, États-Unis", Paris: Institut de l'Entreprise/Ifri, February 2016.

4. Interviews with the author, first half of 2024.

5. Kenneth Jacobs, CEO of Lazard (2009-2023), as quoted in M. Rozen, "Appetite for Geopolitical Risk Management Is Growing", op. cit.

What do these actors produce? Indexes, reports and recommendations, more or less tailored to their clients' needs, would be the short answer. The definition of geopolitical risk varies from one expert to another, but it is generally understood as risk resulting from interactions between countries. From an academic perspective, the accepted definition is as follows: "the threat, realization, and escalation of adverse events associated with wars, terrorism, and any tensions among states and political actors that affect the peaceful course of international relations."[6] In other words, geopolitical risk resides between peace and war. Several indexes are used to assess this risk, including the BlackRock Geopolitical Risk Indicators, developed by the world's largest asset manager. Where consulting firms are concerned, guidance on how to structure geopolitical strategy within an organization must be distinguished from guidance on case studies. Additionally, general reports are regularly published to promote these services.

Taken as a whole, this output constitutes a geopolitical doxa tailored to the needs of the corporate world, a worldview shaped by a number of preconceptions, key figures and references, serving as a blueprint for an overarching goal: the continuation of globalization in spite of geopolitical fragmentation. This useful new doxa reflects a growing awareness of globalization's changing nature. Its aim is less to analyze and predict disruptions or divergences, and more to establish a consensus in favor of certain investment geographies or industries. It is a reflection of a "state of mind" ascribed to corporate executives at a given time, as described by historian Marc Bloch (1886-1944) on the subject of mercantilism.[7] It has mainly ideological value.

But what of its operational value? The question arises insofar as every business is, by definition, constrained by the geography of its own exposures. When faced with information overload, which the rapid growth of generative artificial intelligence (AI) tools has only exacerbated, one might argue that the main challenge presented by geopolitical risk is simply to "get things right", to quote Jamie Dimon, CEO of JPMorgan Chase.[8] In reality, the issue is much less straightforward than one might think.

Indeed, Donald Trump's return to the White House has made this question all the more relevant, as "alternative truths" appear to be central to his exercise of power. The 47th President of the United States purports to run his country like a business (with its suppliers and its clientele) and conceives of international politics as a succession of deals. Paradoxically, this ideological, business-minded approach has destabilized many European companies. They cannot afford to disregard, on the one hand, the impact of

6. D. Caldera and M. Iacoviello, "Measuring Geopolitical Risk", *American Economic Review*, Vol. 112, No. 4, 2022, pp. 1194-1225.

7. M. Bloch, "Le mercantilisme : un état d'esprit", *Annales d'histoire économique et sociale*, No. 26, 1934, pp. 160-163.

8. R. McLean, "JPMorgan CEO Dimon Expresses Concern over Geopolitical Risks", *Investopedia*, October 11, 2024, available at: www.investopedia.com.

the strategic rapprochement between China and Russia and, on the other hand, the current ideological collusion between the White House and the Kremlin. In other words, they are forced to analyze and anticipate the consequences of the new triangular configuration between Beijing, Moscow and Washington.

A brief genealogy of geopolitical risk

The study of risk owes much to the work of economist Frank Knight (1885-1972), who drew a clear distinction between risk and uncertainty. The first is "a quantity susceptible of measurement", while the second describes a situation "which is not susceptible of measurement".[9] One contradiction must be noted: geopolitics, when understood as "ideology relating to territories",[10] has more to do with uncertainty than with risk. Even if it cannot be measured, it will always be leveraged.

Political instrumentalization

The instrumentalization of economic relations is nothing new. At the end of the Second World War, economist Albert Hirschman (1915-2012) theorized it when reflecting on the effects of substituting one commercial relationship for another.[11] In recent years, climate change and the increasing complexity and dematerialization of trade have combined to alter this landscape. As climate change drives a shift towards low-carbon production, geopolitical and geoeconomic concerns are being redefined. One obvious example is the restructuring of the European automotive sector around electric vehicles. As the pandemic unfolded, public opinion came to appreciate the sophistication, and therefore the fragility, of value chains. Intended to optimize economic and financial exchanges, they are increasingly serving as a battleground for competing powers.[12]

Many value chain segments can be directly affected by the relations between states and businesses, which are never set in stone. Weaponization also occurs through the increasing dematerialization of productive capital. Intangible investments account for a growing share of added value, in particular in the United States. This can be explained by advanced economies becoming more service-based, which increases the need for public investment and drives industry concentration. Decarbonization, growing complexity and dematerialization favor non-cooperative state strategies and corporate strategies that factor in global power dynamics.

9. F. Knight, *Risk, Uncertainty and Profit*, Boston: Houghton Mifflin Company, 1921.

10. T. de Montbrial, "La géopolitique entre guerre et paix", *La Pensée et l'Action*, Bucharest: Romanian Academy, 2015, p. 669.

11. A. Hirschman, *National Power and the Structure of Foreign Trade*, Berkeley: University of California Press, 1945.

12. L. S. Chen and M. M. Evers, "'Wars without Gun Smoke': Global Supply Chains, Power Transitions, and Economic Statecraft", *International Security*, Vol. 48, No. 2, 2023, pp. 164-204.

It is in this context that geopolitical risk must be considered. One word encapsulates geopolitical doxa for businesses: "fragmentation". Yet, until recently, the dominant analytical framework in business circles viewed globalization as an irreversible process of intensifying commercial and financial flows, with a consequent disregard for power dynamics, downplaying the role of the state and neglecting ideology. A sign of the times, the International Monetary Fund (IMF) identified this paradigm shift in April 2024.[13] It seems as if the economy has lost its hold on globalization.

Country risk

"Country risk" has long featured in all business school curricula. The World Bank has played a central role in developing the methodologies businesses use when considering two separate questions: what political risk is there in investing in a given country? And is this country solvent? Country risk is an assessment of a country's political situation and economic performance. Such a calculation is fraught with methodological difficulties, as it is impossible to determine the causality of any given phenomenon.[14] Countries also differ in their ability to adapt to the convergences or divergences of different forms of capitalism, depending on their individual priorities and constraints. This leads Jonathan Story, professor emeritus at the European Institute of Business Administration (Insead), to the following conclusion: "Country risk analysis cannot be scientific in the way that the physical sciences are. It must learn from the toolkit of the historian, and of the opinion pollster."[15] In essence, the analysis of a country's trajectory is fundamentally dependent on the chosen timeframe. Evaluating risk over a quarter is one thing; evaluating it over a decade or a century is quite another. The strategic and operational conclusions will be profoundly different. What's more, country risk, which draws on multiple indicators such as current account balances and foreign direct investment, struggles to measure the consequences of political interactions with other nations. How, for example, could one forecast the trajectory of a country like France without factoring in Franco-German relations?

In 1986, after the Chernobyl nuclear disaster, Ulrich Beck (1944-2015) published Risk Society, in which he argues that risk has become the measure of action.[16] In his opinion, risk is not to be confused with new technical or industrial threats, but stems from the disappearance of what economists refer to as "externalities". In other words, threats and risks no longer originate outside of society, but are generated by it. In the 1980s, risk "experts" began to appear, purporting to help organizations escape the

13. G. Gopinath *et al.* "Changing Global Linkages: A New Cold War?", *IMF Working Paper*, No. 76, 2024, pp. 1-26.
14. J. Story, "Country Risk Analysis: More than a Postmodern Discipline", *Politique étrangère*, Vol. 79, No. 2, Ifri, Summer 2014, pp. 125-138.
15. Ibid., p. 137-138
16. U. Beck, *La Société du risque. Sur la voie d'une autre modernité*, 1986, Paris: Flammarion, 2008.

fatality of uncertainty, which, let us not forget, cannot be measured. At the same time, the media played a key role in manufacturing risk, ever more present in political discourse. The live broadcasting of attacks, such as those of September 11, 2001, for example, leads the general public to perceive catastrophes as more likely to occur.[17] Since then, this fundamental theoretical examination of risk has been supplemented by countless publications, often written by former diplomats and military leaders, who draw on their own experience to offer advice on how to manage risk.[18] Such transfers would suggest that businesses might be able to adopt public authorities' risk management practices, even if they are of a profoundly different nature. States act out of concern for their security; businesses act out of concern for their profits and losses.

From economism to geopolitical risk

For businesses, the analysis of interstate relations still bears a strong "economistic" influence, that is to say, a belief that economic considerations dictate states' behavior, over and above ideological or strategic factors.[19] This bias can be explained, on the one hand, by the perceived objectivity and predictability of econometric tools and, on the other hand, by the sense of rationality often associated with economic reasoning.[20] In retrospect, it is striking to note how little attention many economic actors paid to the sharp increase in military spending that took place between 2001 and 2022—a trend that has not abated—treating it as if it were only a sectoral issue. An arms race is always a response to historical grievances and strategic ambitions. And it has been accompanied by a significant increase in sanction regimes.

Corporate interest in geopolitical risk coincides with a reexamination of "economism", which can be explained through a number of factors. Firstly, there is widespread agreement that the post-war global governance system is in decline. For years, it seemed to reside in international organizations that had become truly universal by expanding into new areas, but that "mirage" only lasted a decade, between the fall of the Union of Soviet Socialist Republics (USSR) in December 1991 and China's entry into the World Trade Organization (WTO) in December 2001.[21]

17. S. Perret and J. P. Burgess, *Géopolitique du risque. De la possibilité du danger à l'incertitude de la menace*, Paris: Le Cavalier bleu, 2022, pp. 18-19.
18. See, for example: C. Rice and A. B. Zegart, *Political Risk: How Businesses and Organizations Can Anticipate Global Insecurity*, New York: Twelve, 2018; Gen. S. McChrystal and A. Butrico, *Risk: A User's Guide*, London: Penguin Business, 2021.
19. T. Gomart and S. Jean, "Impossible Decoupling, Improbable Cooperation", op. cit., p. 8.
20. P. Allard, "Economism in international relations: An unbearable levity", *Politique étrangère*, Vol. 88, No. 3, Ifri, Fall 2023, p. 142.
21. G. Papaconstantinou and J. Pisani-Ferry, *Les Nouvelles Règles du jeu. Comment éviter le chaos planétaire*, Paris: Seuil, 2024, p. 19.

Secondly, economists have begun to note the extent of the "geopolitical contagion" affecting their areas of research.[22] "Geopolitics extends far beyond the economy", according to Olivier Blanchard, former chief economist of the IMF (2008-2015). In a discussion with him, Barry Eichengreen, professor of economics at the University of California, Berkeley, added: "Trade and economic competition are key factors, but they do not explain everything."[23]

Thirdly, the relationship between policymakers, economists and public opinion is currently strained. The crisis of democracy is often boiled down to a single word, "globalization", which serves as a description and a definitive explanation. "Globalization" has resulted in the considerable expansion of the scope of large corporations' activities. Yet it now seems necessary to look past economic considerations to reveal the political structure of societies because, as historian and philosopher Marcel Gauchet reminds us: "The heart of the problem lies in the tension between the dynamics of a liberalized economy and the political structures to which a significant and growing segment of the population remains attached, whether for the protection it expects from them, or as a means of exercising control over a collective destiny from which it feels dispossessed."[24]

In such a context, once interdependencies are perceived to be imposed rather than chosen, "neither national political leaders nor foreign policy strategists are willing to entrust the management of interdependence to economists".[25] In a way, it is in this space, now revealed to economists, that the geopolitical risk market is developing.

22. Ibid., p. 62.
23. O. Blanchard, B. Eichengreen, and G. Tett, "Le métier d'économiste au temps de la géopolitique : Tee, Blanchard, Eichengreen", *Le Grand Continent*, January 12, 2025, available at: www.legrandcontinent.eu.
24. M. Gauchet, *Le Nœud démocratique. Aux origines de la crise néolibérale*, Paris: Gallimard, 2024, p. 21.
25 . G. Papaconstantinou and J. Pisani-Ferry, *Les nouvelles règles du jeu*, op. cit., p. 110.

The geopolitical risk market

Perhaps the perfect symbol of globalization, geopolitical risk tops the list of concerns for leaders and experts when asked to rank the major types of risk. The 2024 Future Risks Report,[26] for example, published by Axa, ranks "geopolitical instability" in second place behind "climate change" and ahead of "cybersecurity risks".[27] Notably, geopolitical risk has featured amongst the top three risks since 2018.

Megatrends

The World Economic Forum (WEF) plays an important role in risk prioritization through the annual publication of the Global Risks Report, which organizes risks into the following categories: economics, environment, geopolitics, society and technology. In 2024, the risk of interstate armed conflict ranked fifth in a two-year projection (a technological risk, misinformation and disinformation ranked first). While these rankings are of little use at the operational level, they do help prioritize corporate discourse.

Alongside this, the WEF formed the Network of Global Future Councils, bringing together 700 experts (invited for a two-year term) from academia, business, government, international organizations, and civil society to form an ad hoc, real-time think tank to address interdisciplinary topics such as energy transition and food innovation.[28] Some of its reports are co-authored with consulting firms.[29]

This network also includes The Global Future Council on the Future of Geopolitics, a group of twenty experts tasked with analyzing geopolitical turbulence and identifying opportunities to revitalize cooperation mechanisms, arguing that "ongoing global challenges demand collaborative solutions". To this end, it published a brief report in January 2024 examining "global security" issues, emphasizing the diplomatic role of middle powers, "climate change", noting that the "Global South" should benefit from technology transfers, and "technologies" that should be used to build trust between actors. The stated goal is to work toward "re-globalization".[30]

26. *Axa Future Risks Reports*, Axa, Vol. 11, 2024.

27. Subsequent risks included: "AI and big data", "Social tensions and movements", "Natural resources and biodiversity", "Energy risks", "New security threats and terrorism", "Pandemics and infectious diseases" and "Financial stability risks".

28. The current term runs from March 2025 to December 2026. More information on the Network of Global Future Councils (WEF) is available at: www.weforum.org.

29. "GFC Publications", WEF, available at: www.weforum.org.

30. "Shaping Cooperation in a Fragmenting World", *White Paper*, WEF, January 2024.

Much of the geopolitical market directed at businesses relies on leveraging global trends, often referred to as megatrends. The Pentagon's model, with a 10-15 year outlook, often serves as a template for identifying twelve trends: climate, digitalization, inequality, demographics, urbanization, health, green economy, sustainable finance, multipolarity, governance, civilizational developments (diversity, gender…), and migration.[31] The production of global trends fuels a sector whose job is to "report on the future today", a sector born out of a demand for insight into the future of public policy: "The more a given political sphere is perceived as opaque—international affairs being the prime example—the more pressing this demand becomes."[32] To respond to this demand, experts use a range of indicators to compare countries or regions. These indicators are then pooled to identify general trends over a given period, and these trends then serve as the basis from which a narrative about the state of the world can be produced. It is also worth noting how the United Nations has drawn on global trends to set the 17 Sustainable Development Goals (SDGs) presented in 2015 in its 2030 Agenda.[33]

The United States is home to a thriving prediction ecosystem with a range of visions for the future. As a whole, this output tends to minimize or even reject the idea of its relative decline.[34] The Global Trends reports produced by the National Intelligence Council (NIC) set the tone for the prediction market. Established in 1979, the NIC serves as a bridge between the intelligence community and political circles. Since 1997, it has published its reports every four years, with the seventh edition published in March 2021. Taken as a whole, they paint a much more coherent picture of the United States' international stance than the erratic nature of its foreign policy would suggest.[35]

The output of strategy consulting firms

Strategy consulting firms like McKinsey and the Boston Consulting Group (BCG) are now turning their attention to the geopolitical risk market, offering a "practice", that is, a specific service offering.

31. B. M. Kuhn and D. L. Margellos, *Global Perspectives on Megatrends: The Future as Seen by Analysts and Researchers from Different World Regions*, Stuttgart: Ibidem, 2022, pp. 27-28.
32. A. Colonomos, *La Politique des oracles. Raconter le futur aujourd'hui*, Paris: Albin Michel, 2014, p. 62.
33. B. M. Kuhnn and D. L. Margellos, "The Role of Think Tanks in Megatrends Analysis and Future Research", *Open Journal of Political Science*, Vol. 13, No. 4, 2023, p. 400.
34. Mr. Burrows, "How the US Does Foresight: The United States' Difficulty in Accepting Multipolarity", European Union Institute for Security Studies, March 31, 2021.
35. M. Briens and T. Gomart, "Preparing for 2050: From 'Foresight' to 'Grand Strategy'", *Politique étrangère*, Vol. 86, No. 4, Ifri, Winter 2021, p. 26.

McKinsey

When presenting this practice, McKinsey explicitly refers to a joint interview given in October 2023 by the heads of the Five Eyes[36] intelligence services, in which they warn Western multinationals, paraphrasing Leon Trotsky (1879-1940): "You may not be interested in geopolitics, but geopolitics is interested in you."[37] The firm advises organizations on how to create dedicated geopolitical risk units within their organizations in order to transition from a reactive to a proactive stance. This corresponds to a need expressed by executives (67% of respondents) in a survey conducted by McKinsey in conjunction with the World Economic Forum in January 2024.[38] It all comes full circle.

McKinsey recommends that a distinction be made between how it is taken into account by operational teams and by boards of directors.[39] Before Donald Trump's return to the White House, the latter was faced with three main questions. The first stemmed from the sanctions imposed on Russia, the world's eleventh largest economy, following its large-scale invasion of Ukraine: how should companies conduct business in China, the world's second largest economy? In other words, given that Russia's disengagement from globalization's Western flank has had such a major impact, what might happen if China were to be sanctioned or to impose sanctions itself? The second focused on how to develop a multi-decade investment strategy in a volatile geopolitical environment. This would require careful consideration of the nature of this risk and how it should be financed. The third question concerned the tension between restrictive national legal frameworks (export controls, sanctions, data localization…) and large corporations' ambition to expand their global footprint.

Using this framework, McKinsey focuses on three keywords: understand, monitor, and mitigate, which are then broken down into actionable questions: who, when, where, and how? The firm concludes by stating that most board members have been brought up in an era of hyperglobalization and that the fragmentation we see today "requires a mental shift and an effort to upgrade their capabilities".[40] It is worth pointing out this statement, as it focuses on the "mindset" of executives. The underlying goal is therefore to work directly with board members to adjust their analytical frameworks, as they are rarely called upon to seriously reflect

36. United States, United Kingdom, Australia, Canada, New Zealand.
37. Z. Haider, "Eye in the Sky: Launching a Geopolitical Risk Unit", McKinsey & Company, May 6, 2024, available at: www.mckinsey.com.
38. "Geopolitical Conflicts Loom Large", McKinsey & Company, January 16, 2024, available at: www.mckinsey.com.
39. Z. Haider, J. Huntsman, and C. Leech, "Geopolitical Resilience: The New Board Imperative", McKinsey & Company, August 8, 2023, available at: www.mckinsey.com.
40. Ibid., p. 6.

on geopolitical issues (let alone express their views, out of an abundance of caution) other than to echo conventional wisdom on globalization.

Boston Consulting Group

BCG, for its part, focuses on operational teams, encouraging executives to rapidly develop their organization's "geopolitical muscle" because "hoping for the best is not a strategy".[41] They should treat geopolitical risk with the same sense of urgency as digitalization, AI, or the climate crisis. Their geopolitical team should draw on an array of data and analysis to develop a system monitoring global, regional, and national events, enabling them to respond quickly to unexpected developments. In order to fit into an organization's strategic plan and know where to focus its analytical resources, there must be a shared vision for the future.

To achieve this, BCG recommends using a scenario-based approach, with teams developing scenarios based on their organizations' exposures. For illustrative purposes, it presents four broad reference scenarios for the 2030s:

- The first, entitled "Back to the future", imagines a return to a situation in which the major powers agree on the benefits of trade regulated by multilateral institutions.
- The second scenario, "Proliferation of regional conflicts", predicts an increase in regional confrontations in which the major powers would refrain from direct intervention. This scenario would result in high price volatility.
- The third scenario, "Multipolar rivalry", anticipates the emergence of a number of regional blocs, leading to new global dynamics. While the major powers avoid confrontation, each bloc builds its own system of institutions and norms.
- The last scenario, "Global escalation", involves military and economic clashes in multiple locations, with direct involvement from the major powers.

According to BCG, the third scenario best reflects the current situation. Based on this forecast model, the firm makes practical recommendations, listing key indicators such as growth, inflation, and oil prices, which should then be tracked by a dedicated team, because "geopolitical muscle" simply must become an integral part of any organization.

41. M. Gilbert and N. Lang, "Geopolitical Risk Is Rising: Here's How CEOs Can Prepare", Boston Consulting Group, May 21, 2024, available at: www.bcg.com.

In early 2025, BCG published a report stating that "geopolitics and economic security considerations are becoming the defining forces" of international trade.[42] This report projects global trade to grow on average by 2.9% annually, reaching $29 trillion in 2033 (up from $22 trillion in 2023).

In reality, what matters in terms of geopolitical doxa is the mental map that has been created to illustrate the trend towards the regionalization of globalization. The report thus divides the world into six major regions: North America, China, the Global South, the Association of Southeast Asian Nations (ASEAN), India, and the European Union (EU). The most significant change is the establishment of a North American "stronghold" and China's pivot, with the latter expected to slow down trade with the West in order to ramp it up with India, Russia, ASEAN, Africa, and the Southern Common Market (Mercosur). This new map comes with some recommendations for executives and their organizations: develop transparent and resilient supply chains; build geopolitical muscle; expand into growth markets; prioritize "nearshoring", i.e., locating production close to markets; and invest in regional differentiation. Donald Trump's statements regarding Canada and Mexico, made after publication, undoubtedly make the idea of a North American "stronghold" less compelling. They are just one example of Donald Trump's performative power, his every statement causing those affected to reevaluate their risks.

The output of auditing firms

Starting in the mid-2010s, the Big 4 (KPMG, EY, PwC, and Deloitte) gradually began to take geopolitical risk into account. The COVID-19 pandemic made geopolitics a nearly systematic element of their publications and analyses. For these firms, this product serves three objectives: providing businesses with geopolitical risk analysis alongside other services; mapping investment geographies; and identifying sectoral priorities.

EY

In January 2018, Mark Weinberger, then Global Chairman and CEO of EY, announced the creation of the Geostrategic Business Group, aimed at helping clients "navigate the geopolitical landscape". He stressed how companies needed to be persuaded to invest in this area: "Geopolitical and macroeconomic instability and risk are currently among the top concerns of EY clients around the world, yet many still need to take active steps to address the issues."[43]

42. P. Arbour et al., "Great Powers, Geopolitics, and the Future of Trade", Boston Consulting Group, January 13, 2025, available at: www.bcg.com.
43. "EY Geostrategic Business Group Launches to Actively Work with Businesses to Find New Growth Opportunities and Navigate Geopolitical Landscape", Press release, London: EY, January 16, 2018.

Since 2019, EY has published an annual report tracking geopolitical trends, its Geostrategic Outlook. The 2025 edition of this report describes a deteriorating international landscape, characterized by three main trends.[44] First, a reshaping of public policy as a result of the 2024 "elections supercycle". This post-election transition could lead to a rise in populist influences worldwide, higher taxes to contain sovereign debt, and challenging management of demographic imbalances. Second, growing trade fragmentation at the global level. This trend fits into a broader pattern of increasingly strict economic sovereignty policies, with protectionism on the rise. This approach would reflect a desire to both secure supply chains and strengthen digital, technological, and energy sovereignty. Finally, persistent geopolitical rivalries are identified as a major driver of change.

These rivalries would initially take the form of "geo-energy" policies aimed at reducing risks in supply chains, in particular in response to China's near-monopoly. This dynamic would "reinforce current competition and tensions between international blocs and alliance networks". Furthermore, EY stresses that the international governance system is being increasingly challenged by emerging actors, who are often underrepresented within multilateral institutions, thereby fueling geopolitical tensions. This could lead to the formation of alternative economic alliances and stronger ties between emerging markets, like the initiatives China has put forward, including the Forum on China-Africa Cooperation Beijing Action Plan. Finally, in 2025, these geopolitical rivalries could be exacerbated by an increase in both conventional and hybrid conflicts, with cyberspace emerging as the primary battleground between states. This overview suggests a shift towards "selective globalization", where alliances, both economic and otherwise, are being redefined.

EY reports emphasize the United States and Europe, whose relations shape globalization. The impact of the war in Ukraine is clear in this analysis, but here too, recent decisions by the Trump administration make it necessary to reassess this analytical framework. Other geographical areas have also been identified as priorities. China, the engine of global economic growth, enjoys a dominant position in strategic sectors such as rare earths, batteries, and certain digital technologies. ASEAN countries stand out as prime targets for foreign direct investment (FDI). Although of lesser economic importance, Africa and Latin America are presented as subject to growing Chinese influence, in particular via infrastructure projects.

In 2024, alongside its reports, the EY team published a practical guide offering advice on how to implement geostrategy in business: Geostrategy by Design: How to Manage Geopolitical Risk in the New Era of Globalization, a guide to corporate culture and strategy.[45] The authors' message to businesses

44. *2025 Geostrategic Outlook: How Geopolitics Is Driving Transformation*, EY, December 2024.
45. C. R. McCaffrey, W. J. Henisz, and O. Jones, *Geostrategy by Design: How to Manage Geopolitical Risk in the New Era of Globalization*, Washington D.C.: Disruption Books, 2024.

is simple: "You can't afford not to take advantage", urging executives to engage with political risks, and geopolitical risk in particular.

"Globalization isn't ending—it's evolving", according to the EY teams, who believe that this new phase of globalization will revolve around five pillars: multiplying and overlapping crises, the rise of populist and nationalist policies on the international stage, growing economic inequality, the reconfiguration of global trade, and technological imbalance between powers. For the first time since the end of the Cold War and the advent of economic liberalism, it is up to business leaders to manage geopolitical risk through geostrategy.[46]

"Geostrategy is a process, not a product." EY sees geostrategy as a tool for managing uncertainty in a new era of globalization. While most business executives are aware of this, few actually put it into practice. Rare are those with internal processes capable of leveraging political risk intelligence and capitalizing on these global transformations.[47] With this in mind, EY wants to turn geostrategy into a tool for decision-makers.

It recommends a two-step approach in order to foster such a "geostrategic culture". Firstly, a high-level leader must be identified. Ideally, the CEO should serve as the company's geostrategic compass, demonstrating "buy-in from the top" with regard to integrating risk into the company's strategic direction. Secondly, there should be an internal structure capable of (I) conducting detailed analysis of political risk in all its forms, (II) gaining an in-depth understanding of its impact on the company's business, (III) proactively managing these risks, and (IV) integrating geopolitical considerations into the company's overall strategy.

Beyond suggestions and ideas for organizational improvements—consulting and audit firms' bread and butter—EY's Geostrategy by Design report highlights a certain disconnect on the part of business leaders, who struggle to grasp the rapid and lasting changes which are rewriting the rules of the game in the international arena. The degree to which geopolitical risk is (not) taken into account at the strategic level reflects a failure to fully grasp and anticipate the risks associated with a rapidly changing geopolitical environment. Executives, most of whom learned their trade during periods of sustained growth, still see these risks as mere "temporary turbulence" rather than profound and lasting transformations.[48]

46. Ibid., p. 196.
47. Ibid., p. 19.
48. Interviews with the author, second half of 2024.

KPMG

After launching the Global Strategy Group, a branch specializing in due diligence, in 2015, KPMG committed to integrating geopolitical risk into corporate strategy, in particular through its partnership with Eurasia Group, announced in November 2017.[49]

In 2024, KPMG published its Top Risks Forecast,[50] a detailed breakdown mapping the interactions between different risks and their potential to escalate into crisis scenarios. This analysis was expanded upon in February 2025 with the publication of Top Geopolitical Trends 2025, an overview of major international dynamics and their economic implications in a context of "geopolitical recession".[51]

KPMG comes to the following conclusion: in a fragmented international system, the absence of clear leadership increases the risk of escalation. Multiplying conflicts drive up military spending and increase financial volatility for businesses. Globalization and the market economy are faced with the realities of geopolitics, as mounting trade restrictions disrupt trade flows and China and the U.S. drift apart, potentially causing this fragmentation to become entrenched. The new Trump administration is confirming this trend with its aggressively protectionist agenda, made all the more unpredictable by the potential weakening of the North Atlantic Treaty Organization (NATO) and a transactional approach when dealing with Russia and Iran. Some actors (India, ASEAN, Latin America) may stand to gain from this global reconfiguration, however.

While KPMG points to "endemic instability", the consulting firm draws particular attention to the U.S.-China relationship, highlighting the risk of a breakdown and unintended escalation. Europe is identified as a priority area due to its exposure to instability caused by the war in Ukraine. Europe is not only considered from a security perspective; its main risk being the challenge to European cohesion and resilience. KPMG observes that the West's central role on the international stage is being called into question. The firm identifies Iran's vulnerability as one of the symptoms of the weakening of its "axis of rogue states", which could further deteriorate. India, ASEAN members, and Latin America are highlighted as high-scoring regions, with strong investment, growth, and critical material resources.

49. "Corporate Partnership", Eurasia Group, available at: www.eurasiagroup.net.
50. *KPMG International Top Risks Forecast: Bottom Line for Business in 2024 and Beyond*, KPMG, May 2024.
51. *Top Geopolitical Trends 2025*, KPMG, February 2025.

Deloitte

Since 2014, the firm has offered "risk modeling" solutions, which include geopolitical risk.[52] In September 2020, Deloitte identified the major structural trends for the coming decade.[53] These megatrends include: (I) the impact of technological and digital acceleration, marked by the rise of AI and growing computing power, causing major transformations at the human, economic and societal levels; (II) growing fragmentation of the global order, arising from a shift in the geopolitical balance between major powers, in particular China, which translates into contentious multilateralism, with emerging powers such as India challenging the established order, particularly through trade competition; (III) economic and industrial models becoming more integrated, with environmental issues and CSR criteria playing an increasingly important role.

Four years later, it expanded on this analysis in its study entitled "Geopolitical Risk Management in Financial Services: Component Parts of a Comprehensive Approach", describing a world marked by intensifying competition between global powers, against a backdrop of digital transformation, hybrid threats, and growing climate and social pressures.[54] It breaks away from a geographical approach centered on five powers (U.S., China, EU, Russia, and India). For Deloitte, regardless of geography and focus, geopolitical risk is a persistent issue that must be addressed methodically, particularly for financial institutions.

PwC

PwC frames its geopolitical analysis by focusing on resilience when dealing with major international structural dynamics. The firm views the global environment as one in which risks are increasingly interconnected, requiring a holistic approach. The era of "permacrisis"[55]—characterized by constant disruptions in international interactions, exacerbated by the pandemic—is forcing businesses to make themselves more resilient in the face of successive systemic crises.

These upheavals are primarily the result of armed conflicts, particularly in Ukraine, which disrupt markets and supply chains.[56] They feed into a discourse that casts doubt on the legitimacy of international organizations and calls for strategic and commercial alliances to be redefined. This state of perpetual crisis is further exacerbated by mounting regulatory pressures and economic sanctions. Tougher international sanctions targeting several

52. "Risk Modeling", Deloitte, 2014, available at: www.deloitte.com.
53. "The World in 2030: Where on Earth Are We Going?", Deloitte, November 2020.
54. A. Spooner and D. Strachan, "Geopolitical Risk Management in Financial Services: Component Parts of a Comprehensive Approach", Deloitte, June 5, 2024, available at: www.deloitte.com.
55. *Global Crisis and Resilience Survey 2023*, PwC, 2023.
56. "The Next Test of Corporate Resilience", op. cit.

countries on the one hand, and the rise of protectionist policies on the other, make supply chain management increasingly complex. Finally, digital and cyber risks are emerging as one of the main threats to certain critical sectors and sensitive infrastructure, which are already at the heart of broader geopolitical issues. With all of this in mind, PwC recommends a "proactive approach" to risk management by implementing mechanisms to turn uncertainty into a competitive advantage and an opportunity for growth.

In its annual survey of its clients' CEOs, PwC identifies two major global challenges that are of particular concern to businesses: the generative AI race and the inability to adapt to the new realities of climate change.[57] One trend stands out, however, which has been dubbed "business as (un)usual": CEOs understand that international relations and commercial ties are deteriorating. Yet 60% of respondents believe they will benefit from global growth in 2025, a trend that is clearly on the rise (38% in 2024, 18% in 2022). Despite this survey's limitations, this report presents a very telling map of CEOs' perceptions of geopolitical risk. The closer a country is to a conflict, or the more dependent it is on strategic trade, the more its CEOs perceive risk to be high.[58] Conversely, greater distance from crisis zones and lower strategic commercial exposure appear to be reassuring factors.[59]

Quick summary

A sense of widespread instability is widely shared by the other members of the Big 4. Three major trends consistently emerge from these documents. The first relates to the proliferation of trade restrictions and customs duties, presented as a consequence of the deterioration in international political relations triggered by the COVID-19 crisis. The second trend is the race to develop disruptive technologies and advanced AI, considered from the perspective of the risk of industrial decline. Finally, the third major trend to emerge is the intensification of "geopolitical rivalries" and armed conflicts, understood in terms of value chain and supply chain vulnerabilities.

The shift toward geopolitical fragmentation has profound implications for business strategies. This is the conclusion consulting and auditing firms are reaching. Their various publications agree on the growing importance of geopolitical risk and the challenge it represents for businesses. Having diagnosed a situation of lasting instability, their reports emphasize the need to strengthen corporate resilience. They offer businesses services to improve their organizational structure and internal processes, with a twofold promise: to help them embrace change and capitalize on it.

57. *PwC's 28th Annual Global CEO Survey: Reinvention on the Edge of Tomorrow*, PwC, 20 January 20, 2025.
58. Saudi Arabia: 47%; South Korea: 40%; Turkey: 36%; Germany: 31%
59. United Kingdom: 16%; France: 15%; Canada: 14%; United States: 13%; Argentina: 7%.

From this perspective, businesses are on their own in an unstable international system, responsible for managing their own risks. This has the effect of downplaying interstate relations and the role of international organizations, even as companies encounter them in the course of their operations. Supply chain "resilience" is touted as a kind of universal remedy, essential advice no company can reasonably ignore. "Adaptability" and 'agility' are two other keywords employed to encourage organizational transformation.

This doxa mainly applies to large corporations, whose resources enable them to build it into their business plans. This is obviously much more difficult for mid-sized businesses. By definition, it does not plan for disruptive scenarios, so-called "black swans", a term popularized by Nassim Nicholas Taleb, referring to unpredictable events which upend existing models.[60] On a more fundamental level, in promoting this idea of geopolitical fragmentation, it implies that this is a uniform phenomenon. In reality, these processes of fragmentation and recomposition occur and unfold over very different timeframes depending on the region or issue in question: understanding these differences in timing is crucial to accurately analyzing geopolitical risks.[61]

Since 2023, consulting firms have been honing their strategy, promoting their geopolitical expertise to a more targeted and specific audience. One approach has clearly emerged: to succeed in the geopolitical risk market, the key is to engage directly with the decision-makers responsible for these issues within businesses. As a result, these firms are investing in specialized publications to achieve greater visibility. In 2023, KPMG highlighted its partnership with Eurasia Group in the sponsored article "A New Corporate Approach to Geopolitical Risk", published in The Atlantic.[62] In June 2024, Deloitte followed suit with a sponsored article of its own in the Wall Street Journal, entitled "Facing Off Against Geopolitical Uncertainty".[63] The latter urged business leaders to develop risk intelligence capabilities, using a "resilience planning" approach. In March 2025, EY also experimented with this strategy, partnering with Foreign Affairs to examine "How a Wave of Geopolitical Change Will Test C-Suites",[64] drawing on the main themes and suggestions of Geostrategy by Design.

60. N. N. Taleb, *The Black Swan: The Impact of the Highly Improbable*, New York: Random House, 2007.

61. T. Sollogoub, "La fragmentation géopolitique fait évoluer la grammaire du risque pays", Crédit Agricole, Perspectives, No. 24, February 15, 2024.

62. KPMG, "A New Corporate Approach to Geopolitical Risk", *The Atlantic*, 2023, available at: www.theatlantic.com.

63. Deloitte, "Facing Off Against Geopolitical Uncertainty", *Wall Street Journal*, 2024, available at: www.deloitte.wsj.com.

64. EY, "How a Wave of Geopolitical Change Will Test C-Suites", *Foreign Affairs*, 2025, available at: www.foreignaffairs.com.

“So what?”

In 2016, Patrick Pouyanné wrote: “For a group like Total, geopolitical risk has indeed been at the heart of our activities since the very beginning”.[65] This is due to the group’s history and the particular nature of its sector—energy—in which the relationships between private companies and public authorities have a greater impact than in other sectors on the scope of its activities. Much more recently, a banking executive, convinced of the pervasiveness of geopolitical factors in economic decisions, emphasized the crucial importance of a process of continuous reflection on Europe’s, and more specifically the EU’s, standing between China and the US, as well as on its internal cohesion and the attractiveness of its internal market, both for his group and for its customers.[66] Another executive, well-versed in international politics, concluded his analysis of geopolitical doxa by asking, “So what?”, underscoring its methodological limitations and the challenge of integrating it into the decision-making process.[67] Business leaders can no longer ignore geopolitical risk.

Sanctions as a gateway

At the operational level, it would appear that “business as usual” still prevails. While most multinationals now disclose their ESG ratings in collaboration with rating agencies, this is not yet the case for geopolitical risk. One bank economist sees this as “a refusal to acknowledge obstacles”, largely due to a lack of “actionable solutions”.[68] He points out that while listed companies have invested heavily in protecting their operations from country risk, they still avoid geopolitical risk because “it resembles systemic risk”. He also reports instances of “self-censorship” in analyses, in relation to certain geographies. One of his peers agrees that there is a disconnect between the geopolitical upheavals currently unfolding and risk analysis practices, a disconnect he believes reflects “intellectual complacency and strategic laziness”.[69] Both stress the importance of conveying the “seriousness and imminence” of a geopolitical risk without coming across as obstructing business opportunities. It remains difficult, however, to “convince executives, who do not believe the system will deteriorate in a lasting or profound way”.[70]

65. P. Pouyanné, “Préface”, in T. Gomart, “Le retour du risque géopolitique”, op. cit.
66. Interview with the author, February 2025.
67. Interview with the author, October 2024.
68. Interview with the author, January 2025.
69. Interview with the author, January 2025.
70. Interview with the author, January 2025.

After the 2008 financial crisis, these executives became aware of geopolitical risk through the proliferation of sanctions. Sanctions hinder or facilitate operations relative to competitors, and require careful monitoring of public authorities' legislative and regulatory decisions. They seem to struggle, however, to see how these sanctions relate to broader geopolitical shifts. If we consider the discussions surrounding the sanctions imposed on Russia after the annexation of Crimea, they often come off as contingent, and rarely as a sign of a geopolitical shift that would at first affect strategic relations, with business following in its wake. For businesses, the debate centers less on the effectiveness of sanctions imposed by political authorities and more on their operational impact. Should they be strictly adhered to or circumvented? Should we prioritize reputation (and with whom?) or the continuity of our activities? The answers to these questions will vary.

It should be remembered that sanctions have long been inextricably linked to periods of war. Until World War I, economic sanctions were not imposed during peacetime. The founding of the League of Nations (LoN) marked a major turning point, as sanctions were seen, in theory, as an alternative to war. During the 1930s, they contributed to the escalation, as the Axis powers established spheres of influence to escape Western sanctions. Two approaches continue to coexist: the "Admiralty theory", where access to strategic goods is restricted, requiring diplomatic coalitions; and the "Treasury theory", which targets adversaries' financial flows using banking mechanisms.[71] They serve as a reminder that the use of sanctions, as it is practiced today, presupposes a form of Western hegemony, "both in terms of ideological justification and of material capabilities".[72] For executives, sanctions raise operational questions—how to maintain or halt operations in a sanctioned country—that require careful planning. There is a market dedicated to helping businesses navigate the administrative and legislative complexities of sanctions. They also give rise to speculation, not only about certain countries/markets, but also about the forms of hegemony being exercised. This is particularly true at a time when interdependencies are being weaponized.[73]

In addition to sanctions targeting states (embargoes, export controls, investment restrictions…), a growing number of "secondary sanctions" are now being imposed on third parties with ties to a sanctioned state: if you do business with Iran, you cannot do business with the United States, even if your country allows trade with Iran. As a direct consequence, European companies are no longer willing to invest, given that "geopolitical risk is an

71. N. Mudler, *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War*, New Haven: Yale University Press, 2022, pp. 209-211.

72. M. Brischoux, "Les sanctions entre libéralisme et capitalisme: Sociologie historique d'une pratique diplomatique", in J.-V. Holeindre and J. Fernandez (eds.), *Annuaire français de relations internationales*, Paris: Éditions Panthéon-Assas, 2023, p. 734.

73. H. Farrell and A. Newman, "Weaponized Interdependence: How Global Economic Networks Shape State Coercion", *International Security*, Vol. 44, No. 1, 2019.

inherent feature of the Iranian market".[74] Since the George W. Bush administration, there has also been a proliferation of individual sanctions, with more than 18,000 individuals and entities now affected.[75]

The sanctions imposed on Russia undoubtedly mark a turning point which businesses will need to learn from. The annexation of Crimea and the failure to implement the Minsk agreements led to individual and economic sanctions, though Western businesses did not truly break their ties. The February 2022 invasion led to much heavier sanctions, forcing many companies to leave Russia and sell off their assets there. Freezing Russian assets, including those of the Central Bank of Russia, was a further step aimed at financing Ukraine's war effort. While sanctions have not changed Russia's behavior toward Ukraine, they have, however, complicated its military resurgence. Vladimir Putin has, in fact, called for their repeal, which is proof of their impact. Donald Trump's return to the White House has resulted in a reversal of U.S. policy on Ukraine and raises questions about the future of various sanctions regimes. While sanctions advisory services have developed into their own industry, they can no longer afford to ignore geopolitical risk, which can change dramatically overnight.

Linear, impersonal, and partial

In order to improve how businesses take geopolitical risk into account, it is essential to examine the form of the geopolitical doxa that is presented to them. Simply put, it is linear, impersonal, and partial. Firstly, illustrations (tables, diagrams, graphs, key figures…) are given pride of place over text, which often concentrates on a few key points. These reports are full of useful statistics, whose interpretation may vary depending on the perspective taken or the confirmation bias sought. In terms of marketing, this strategy is very effective.

Next comes the principle of linearity, which is central to geopolitical doxa. It allows for conclusions to be drawn on the basis of broad trends, the surest way to erase national specificities and perpetuate the illusion of a global market and a universal society facing identical challenges. This approach should benefit from AI solutions, which would enable actors to identify new trends, particularly for marketing purposes, before they become apparent and are widely recognized.[76] It has the appearance of a global business plan. Reports based on megatrends provide aggregated data that can then easily be used to substantiate any particular line of reasoning.

74. L. de Catheu and E. Batmanghelidj, "Iran : face aux sanctions, les conséquences géopolitiques de la résilience industrielle", *Le Grand Continent*, April 3, 2024.

75. W. A. Reinsch, "The Story of Sanctions", *Commentary*, CSIS, March 2025.

76. B. M. Kuhn and D. L. Margellos, "The Role of Think Tanks in Megatrends Analysis and Future Research", op. cit.

It should be noted that leadership is rarely discussed, and internal dynamics and their relationship to the world are not analyzed: percentages erase personal decision-making and individual passions. They also favor certain mental maps over others: generally speaking, Africa and Latin America are largely unrepresented, except when it comes to mineral resources. The world is split into five major blocs: North America, China-Japan-Korea, ASEAN, the Middle East, and Europe. The geopolitical choices of certain reports are also noteworthy, referring to "Greater China" in order to sidestep the issue of Taiwan, even as it stands as one of the major current geopolitical risks. This observation highlights a kind of systemic underestimation of the risks posed by China and the United States, as if the two major world powers acted as guarantors to the stability of the entire system. This assumption would warrant much closer scrutiny before being applied to forecasts.

Finally, the lack of systemic consideration of illicit flows (drug trafficking, human trafficking…) and criminal behavior (tax evasion, corruption…) should be noted. This has the effect, on the one hand, of painting a misleading picture of globalization and, on the other, of obscuring forms of violence inherent to a country or region. One example among others: Mexico appears in this doxa as a "connecting country", playing a key role between China and the United States. Can its trajectory really be understood without serious consideration being given to the economic weight and political, even military, influence of cartels?

Intentional, embodied, and specific

For businesses, it is important to internalize this geopolitical doxa as it reflects corporate circles' prevailing "mindset" at a given moment in time. It is very valuable, but it is not sufficient. It is important to know how to analyze it, identify its biases and omissions, and place it in a broader context. Businesses would certainly benefit from combining this doxa with a more intentional, embodied, and specific method of analyzing and forecasting geopolitical risk.

This method should systematically integrate input from the strategic community, academia, and opinion leaders, as an understanding of the corporate "mindset" alone is not sufficient to arrive at an informed judgment. In a context of significant international turbulence, non-market strategy elements are growing in importance compared to core business. While businesses' top priority remains creating value for shareholders, they can no longer pretend to exist in a liminal space between territories and flows. They operate less than ever "in a political, geopolitical, generational, social, and ecological vacuum".[77]

77. J. Ghez, "L'entreprise face aux turbulences internationales", *Le Grand Continent*, February 7, 2024.

By building itself linearly, this doxa ignores the intentions of leaders, as though they had no plans or ambitions beyond economic efficiency. According to analyses published in late 2021 and early 2022, Vladimir Putin had nothing to gain from invading Ukraine (echoing the rhetoric peddled by Kremlin mouthpieces). Yet he did just that on February 24. Most analysts agree that Donald Trump has nothing to gain from weakening NATO, which has been one of the cornerstones of U.S. power since its creation in 1949. Yet he comes to a different conclusion, adopting the Kremlin's narrative on the causes of the war in Ukraine, at the expense of his European allies. This list could go on, not least in regard to Xi Jinping and Narendra Modi, for example. In other words, analysis and forecasting cannot neglect the intentions of those in charge, who have their own plans and projects. This requires an understanding of their worldviews and how they have formed over time. This requires understanding that geopolitical fragmentation is also the result of intentions more frequently being acted upon, leading to much more disruptive scenarios than those to which the corporate world has become accustomed.

This is why geopolitical risk analysis would benefit from embodying the mechanisms of decision or indecision, identifying the influences at play and the different elements within a ruling group. This would only be made possible through the careful monitoring of these groups and of their interactions with their social constituency. For example, how can Donald Trump's decisions be anticipated without taking into account the trajectories of James David Vance and Elon Musk? How can Mark Zuckerberg or Jeff Bezos' decisions to align themselves with the administration not raise questions? This process of embodiment requires bringing competing interests to light by mapping out the forces at play. This effectively frames strategy as a "dialectic of wills", rather than as a business plan to be implemented free of any constraints. Strategies come into being by challenging one another. These conflicts never appear in geopolitical doxa, which presents relations as uncomplicated, unified in their pursuit of economic interests and efficiency.

Finally, there is a need for a specific approach, one that pays close attention to regional and local contexts and timelines. Here again, geopolitical doxa often appears detached from reality due to its deliberately global discourse, which obscures the heterogeneity of the international system. There is a persistent belief that economic exchanges inevitably lead to converging behaviors. While this may hold some truth in terms of consumption patterns, it is nowhere to be seen in political behavior, where social identities play a major role, which debates on globalization fail to appreciate. This is why geopolitical risk analysis must be specific, and give serious consideration to cultural, some might say civilizational, context.

From this perspective, the concept of area studies, which still prevails in academia, remains highly relevant to geopolitical risk. One cannot claim to conduct a serious analysis of countries like Russia or China without first gaining an understanding of their respective historical trajectories and conceptions of power. The same could be said about the United States, which European leaders are much less familiar with than they would like to believe. How many have a deep understanding of the United States, beyond the East and West coasts? To reduce geopolitical risk analysis to a SWOT matrix (strengths, weaknesses, opportunities, threats) is an exercise in futility. One should always bear in mind the relationship between geography and ideology. It makes sense of worldviews and helps to explain conflicts through geography, history, trade, and resources. In other words, geopolitical risk cannot be seriously assessed without taking into account the belief systems and experiences of relevant actors, whose motivations extend beyond business interests.

The term "de-risking", when used by European companies, reflects their awareness of their excessive dependence on China, which the pandemic brought to light. More recently, the concept of "economic security" has emerged, leading to a reexamination of the trade-offs between efficiency and security resulting from the integration of global supply chains.[78] Businesses are faced with a twofold problem: they are not necessarily familiar with all the links in their value chain, and their value chain also happens to be a chain of values, plural.[79] The latter spans multiple legal and regulatory systems, but also a range of beliefs, traditions, and practices: there is no common system of ethics throughout the chain. This is precisely what geopolitical risk analysis could serve to highlight.

Services provided to businesses in this area could evolve in two main directions. Firstly, some formats should offer the opportunity to address sensitive matters, depending on the nationality of some organizations' collaborators or their exposure, e.g., scenarios involving Taiwan or Iran. The EU's internal cohesion, and its possible breakup or restructuring as a result of the war in Ukraine, is also a sensitive issue, as is the concept of de-risking. The U.S. and China, for that matter, also want to reduce their risk. Secondly, it would be useful to offer a structured interpretation of a company's geography, as geography becomes once again a key strategic consideration. In addition to a description of a company's geography, it would be useful to provide global, regional, national, and local insights, highlighting key elements of its value chain, along with threats and opportunities associated with specific locations. Geopolitical risk, so often approached from an economic perspective, would benefit from being examined through the lens of geography, to bring us back to reality.

78. J. Pisani-Ferry, B. Weder di Mauro, and J. Zettelmeyer, "De-risking : la sécurité économique européenne dans un monde d'interdépendance", *Le Grand Continent*, June 27, 2024.
79. L. Picotti, "L'industrie et le droit face au démembrement des chaînes de valeur", *Le Grand Continent*, March 7, 2024.

Conclusion

On January 20, 2025, during his inaugural address at the Capitol, Donald Trump declared, “I was saved by God to make America great again”, before adding, “From this moment on, America’s decline is over.” The most striking aspects of this speech are its references, including to President William McKinley (1843-1901), and the shifts in tone, the 47th President of the United States saying, “It’s all about common sense”, then announcing, “We will drill, baby, drill” to restore prosperity. He then goes on to announce a grand vision: “Our power will stop all wars and bring a new spirit of unity to a world that has been angry, violent, and totally unpredictable.” These words capture the challenge of analyzing U.S. geopolitical risk. Much of this work will naturally focus on the consequences of the Trump administration’s statements and decisions.

The ability to anticipate future conflicts between ideology, understood as the beliefs and experiences of leading figures, and reality, will be a crucial skill. From the moment the world’s leading power abandons the alliances successive administrations had made their priority since 1945, transactional exchanges take precedence. Transactional arrangements inevitably raise questions concerning the independence of the judicial system, civil-military relations, and the relationship between the executive branch and the media. Any such uncertainty will have a direct impact on investors’ choices and risk-taking.

The concept of geopolitical risk is now factored into forecasts, including by the IMF.[80] This is a significant development, considering that businesses have long downplayed this risk relative to others. The core scenario remains centered on the idea of continued globalization despite geopolitical fragmentation. The geopolitical scenario, therefore, focuses on relations between the United States, China, and Europe, which account for more than 50% of global GDP. Paradoxically, the uncertainties associated with each factor are higher in isolation than when combined, as the threats to their respective models are primarily endogenous. This approach also marginalizes certain geographical areas.

For businesses, geopolitical risk assessment has several dimensions. The fundamental categories here, as elsewhere, are strategic, operational, and tactical. At the strategic level, concerns relate to foreseeable (or unforeseeable) trends in globalization, i.e., the growth of trade in all its forms. Operationally, they focus on geographical positioning, exposure and flows. This is the most complex level to analyze due to the interconnectedness

80. G. Gopinath et al., “Changing Global Linkages: A New Cold War?”, op. cit.

of value chains. In tactical terms, geopolitical risk factors are considered in the non-market strategy of a specific operation.

To adapt to this new geostrategic landscape, businesses need to improve their geopolitical risk analysis capabilities. Just as ESG has become a crucial factor, investment in geopolitical analysis may well become a priority, as pressure from investors, public authorities, and public opinion mounts. The first step will be to understand the geopolitical doxa aimed at them, as it defines the "mindset" to be adopted, while developing a sufficiently effective geopolitical knowledge base to help executives exercise sound judgment in any given situation.

But business-oriented geopolitical doxa may well be in the process of imploding. The Annual Threat Assessment of the U.S. Intelligence Community, published by the Trump administration in late March 2025, now ranks drug trafficking as the number one threat, with climate change nowhere to be found.[81]

81. *Annual Threat Assessment of the U.S. Intelligence Community*, Office of the Director of National Intelligence, March 2025.

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