

The Nine Global Forces Reshaping Business

In talking to CEOs these days, it's clear that navigating a complex global landscape continues to rise as a topic of attention and concern. For decades we took increasing peace, stability, and globalization for granted. For nearly the past decade, we've seen trends heading in the opposite direction.

But while the change in direction may be clear, the forces within it are not. Private sector leaders must find their footing amid geopolitical tensions and economic instability. They must recognize that the same force can have widely varying impacts across their business and that capabilities such as scenario planning, adaptiveness, and resilience have grown in importance.

My colleagues in BCG's Global Advantage practice outlined [nine forces reshaping the world](#) right now and ways in which business leaders can adapt. Below is a quick recap of these forces and their high-level implications.

The Rise of the Global South. This region, made up of many African, Asian, and Latin American countries, will keep growing in population and stature, representing [a larger portion of the global economy every year](#) and acquiring greater influence on world affairs. The expansion of BRICS means that group of countries now controls more than 40% of the world's oil production, making it an important international actor.

China's Dynamics. Even with a slower anticipated incremental GDP rate of around 3%, China's GDP in 2030 is projected to be around \$5 trillion greater than in 2022, surpassing the expected rate of ASEAN, South Korea, Japan, and the EU combined. But because of China's complex regulations and tough domestic

competition, companies need to carefully consider the role the country will play in their portfolios.

Asia's Trade Shifts. Over the coming decade, [trade involving India and ASEAN](#) will grow by 6.3% and 4.1% per year, respectively, compared with projected global trade growth of 2.8%—making both markets attractive investment locations for companies looking beyond a China base. ASEAN will be the hottest spot of global trade, with \$1.7 trillion in additional trade flowing in and out of its member countries.

War in Ukraine and the Middle East. Progress toward resolution in both conflicts is at a stalemate. The war in Gaza is deepening divisions everywhere, while widening tensions in the region threaten global trade. Meanwhile, the future of Western aid to Ukraine is uncertain, the frontline remains static, and reconstruction efforts are expected to cost around \$1 trillion.

A Year of Voting. The biggest election year ever is underway. Upcoming elections in India, South Africa, Mexico, the EU, and the US could dramatically reshape the globe. New leadership in the US, for example, could result in major changes in foreign, economic, and climate policy.

The Rise of Green Industrial Policies. Governments are developing low-carbon industries to fight climate change, strengthen domestic manufacturing, and reduce reliance on offshore suppliers of components and critical minerals. Big money is on the table. The EU's Green Deal Industrial Plan and the Inflation Reduction Act in the US are influencing companies as they seek to remain "carbon competitive." Such policies will also likely have an impact on global supply chains.

The Geopolitics of AI. As the technology evolves, a range of regulatory approaches to AI is emerging. Navigating this growing patchwork of policies across borders will be challenging for global companies as they also aim to innovate.

The Race for Global Talent. Many countries are navigating complex migration patterns while actively attracting top entrepreneurs, engineers, and researchers. These sought-after professionals are fast becoming essential in the quest to reach AI goals, shore up tax bases, and drive green industrial policy.

High Interest Rates. Sustained higher rates have raised hurdles for capital investments and reduced activity in M&A, private equity,

and venture capital. On the plus side, higher rates in the US haven't triggered systemic debt crises in emerging markets.

How can leaders adapt to these nine forces? In short:

- Diversify manufacturing, supply, and operational footprints.
- Prepare for continued price volatility.
- Build the capabilities, talent, and flexibility needed to thrive in a fragmented world.
- Learn what it will take to be carbon competitive as trade and climate agendas increasingly intertwine.
- Build geopolitical savviness among company decision makers.

By keeping geopolitics front of mind, leaders can better understand the world in which their companies operate and be prepared for a context that continues to evolve.

Until next time,



Rich Lesser
Global Chair

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