

How to Face Rising Geopolitical Risk

The post–Cold War era of free trade and global cooperation is over, forcing CEOs—especially those of international companies—to confront a fragmented world that echoes back nearly 100 years to the time between the two World Wars.

The cost and risks associated with fractured global supply chains and slowing global trade have been well reported. Other significant risks and realities receive less attention:

- **Shifting Balance of Power.** The Global South is rising, as evidenced by the expansion of the BRICS nations to include Egypt, Ethiopia, Iran, the UAE, and potentially Saudi Arabia. Thailand and Malaysia recently announced their desire to join, as well.
- **Electoral Uncertainty.** More than 70 countries representing half the global population have already or will go to the polls this year in elections that put the economy and nationalist policies in the spotlight. The rematch in the US and upcoming elections in France and the UK could further change the economic and political order.
- **New Forms of Protectionism.** Protectionist policies have expanded beyond trade to foreign direct investment, altering global operating footprints. Thirty-one OECD nations screened inbound investments in 2023, up from thirteen in 2010.

Four Potential Scenarios

CEOs do not have a tested playbook for this fraught and fragile global landscape, but they do have tools to navigate the future. It starts with scenario planning.

My colleagues at BCG's newly created [Center for Geopolitics](#) have created four scenarios for what the world may look like in the 2030s:

1. **Back to the Future.** A return to the old world order of global cooperation and minimal military conflicts
2. **Proliferation of Regional Conflicts.** An era of increasing military conflicts, declining influence of major powers and global institutions, and commodity price volatility
3. **Multipolar Rivalry.** The emergence of several regional blocs of countries, a rebalanced global dynamic where major powers avoid direct conflict, and the redrawing of trade lanes
4. **Global Escalation.** A crippling scenario of economic and military confrontations, powerless global institutions, and rising cyberattacks and AI weaponization

Currently, scenario three—multipolar rivalry—is the one with the greatest momentum behind it. But that could swiftly change.

Anticipating the Future

The point of scenario planning is preparation more than prediction. By understanding these scenarios, CEOs and their teams can minimize disruption and take advantage of opportunities, such as commodity price swings, that less geopolitically savvy companies might miss.

To be prepared, CEOs need to build geopolitical muscle, for example in the form of an in-house team to monitor geopolitical events and change direction when warranted. This team should likely have specialists in international relations and global policy, risk management, and other relevant disciplines.

The team can tailor scenarios to its industry and specific company context and develop signposts that serve as early indicators—such as escalation in regional military conflicts, protectionist legislation, or the appointment of a new powerful policymaker. This team can also create plans to respond swiftly.

As Louis Pasteur said, “Chance favors only the prepared mind.”

Until next time,



Christoph Schweizer
Chief Executive Officer

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