TOP 10 GEOPOLITICAL RISKS FOR BUSINESSES 2025

IF Insight Forward

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INTRODUCTION

Welcome to Insight Forward's top 10 Risks for 2025. This report is designed to outline what we believe are the most strategically important geopolitical risks for businesses in the coming year. At Insight Forward, we've made it our mission to help businesses navigate an increasingly complex and volatile global landscape by providing fresh perspectives and actionable insights.

In today's geopolitical climate, businesses are constantly faced with risks that can threaten their operations, investments, and long-term strategies. Although Geopolitics is widely recognized as one of the top concerns for businesses, we believe there is still a significant gap in how the commercial sector understands and prepares for these challenges. This report aims to bridge that gap by offering a broad, yet focused, look at the key global issues shaping 2025 and beyond.

At Insight Forward, we pride ourselves on seeing things differently. We were founded with the goal of offering new perspectives on long-standing problems and emerging risks. Sometimes, when you identify trends early, others may think you're off the mark—but in our experience, it's critical to be ahead of the curve, even if it means being unconventional.

We launched Insight Forward because we recognized the need for a geopolitical advisory firm that truly understands the unique challenges businesses face. The world is undergoing fundamental shifts in the international system, and this often makes global developments feel messy, unpredictable, and fraught with danger. But we believe that with the right frameworks and rigorous analysis, you can break down complex problems, understand what's really happening, and—most importantly—determine what it means for your business.

Impact Snapshot

Multinational corporations (MNCs) face significant geopolitical risks as great power competition intensifies, and trade barriers rise. Trade wars and sanctions, particularly between the U.S. and China, have led to increased tariffs and export controls, especially in high-tech sectors like semiconductors and AI. MNCs must navigate complex regulations and compliance, raising operational costs and disrupting supply chains. Additionally, retaliatory actions, such as market access restrictions or sanctions, pose further challenges, particularly in critical industries dependent on rare earth minerals or advanced technologies.

Political instability in regions like Eastern Europe and the Middle East creates supply chain vulnerabilities, as logistical disruptions, infrastructure damage, and production delays can significantly hinder operations. Nationalization, expropriation, and authoritarian government policies further heighten political risk, particularly in regions where U.S., Chinese, and Russian influence are at play. The rise of nationalism and democratic backsliding increases these risks, as governments impose arbitrary regulations, stifle innovation, and limit market access.

Technological decoupling, particularly between the U.S. and China, leads to fragmented markets and standards, limiting global interoperability and innovation. This decoupling also increases financial risks, as currency volatility, particularly in the wake of China's reduced reliance on the U.S. dollar, complicates financial planning for MNCs operating in multiple markets.

Beyond financial and operational risks, MNCs face reputational and ethical challenges, particularly in politically charged regions. Companies are forced to balance profitability with ethical concerns such as human rights issues, which are exacerbated by geopolitical conflicts. Reputational harm may also arise from partnerships with nationalist governments, while internal employee dissatisfaction may escalate as corporations take public stances on contentious political issues. Additionally, security concerns for employees, particularly expatriate or local staff in unstable regions, remain a pressing issue.

Finally, MNCs must contend with rising cybersecurity risks as the global internet becomes more fragmented, with varying standards of security enforcement across regions.

Risk is inherent in any business, but how you respond is what counts. We don’t just focus on how geopolitical events impact your operations—we help you understand how to adapt, mitigate risks, and capitalize on emerging opportunities.

At Insight Forward, we often say that “everything is connected.” The risks we’ve identified for 2025 are not isolated challenges—they are deeply intertwined. You will notice the common threads that run through the risks in this report, underscoring the importance of addressing geopolitical risk as a whole. Geopolitical issues cannot be compartmentalized, and their impacts on organizations must be considered within the broader, often chaotic, global system.

Our goal is to build a world-leading geopolitical advisory firm that understands how global risks affect businesses, and how businesses can thrive in the face of uncertainty. This report reflects our commitment to that mission, and we are excited to share our insights with you.

Ross Hill

Ross Hill - Founder & CEO

CORPORATIONS ARE GEOPOLITICAL ACTORS

Multinational corporations must now contend with an extremely complex geopolitical environment while facing a myriad of political, economic, and security risks. While corporations are taking geopolitical risks far more seriously, many continue to misunderstand both the risks and their role in geopolitics. As such, the most important problem for corporations is recognizing themselves as political actors, not just economic ones. They affect and are affected by geopolitics, and they are not just passive actors either. For good or ill, the international order is returning to an earlier version of the world as the illusion of expanding democracy, human rights, and capitalism due to the West's Cold War victory is now dead as powerful historical forces of nationalism, religion, and empire have reemerged. Multinational corporations today have more in common with the East India Company than their peers from the latter half of the twentieth century.

The history of the East India Company (EIC) offers valuable insights into how modern corporations may need to adapt to contemporary geopolitical risks. The EIC, established in 1600, was a British joint-stock company created to pursue trade with the East Indies (mainly India and China), focusing on trade, importing spices, textiles, tea, and other goods to Britain. It enjoyed a monopoly on trade between Britain and parts of Asia, which gave it vast economic leverage. By the mid-18th century, the EIC had transitioned from being purely commercial to a political power. It administered territories, maintained its own army, and directly governed large parts of India. Furthermore, the EIC negotiated treaties, engaged in diplomacy, and navigated conflicts between local rulers and rival European powers. The company's military victories, such as at the Battle of Plassey in 1757, allowed it to influence local rulers and establish itself as a de facto sovereign entity in India. It essentially became, as Edmund Burke put it, a "a state in disguise of a merchant."

Modern corporations, much like the East India Company, are becoming key players in the geopolitical landscape. They must adapt to rising geopolitical risks by enhancing their diplomatic engagement, managing supply chains, and dealing with regulatory hurdles in foreign markets. While corporations today operate in a more regulated and less imperialist context than the EIC, they still wield significant economic and political influence. As such, companies will need to behave with the same strategic foresight, flexibility, and risk management that the East India Company displayed, albeit in a more ethical and globally responsible manner. And there are several lessons for corporations today from the EIC operating in a dangerous geopolitical landscape.

Just as the EIC had to deal with volatile political environments in foreign markets, modern corporations face rising risks due to geopolitical tensions (e.g., U.S.-China trade wars, conflicts in the Middle East, or Russia's invasion of Ukraine). Companies such as oil and gas giants, tech firms, and even agribusinesses are becoming more involved in regional political discussions and, in some cases, need to offer "local solutions" to fit the political realities of the regions they operate in. For example, big tech companies must adapt to data regulations in China or Europe, while energy companies must manage relationships with governments in unstable regions like the Middle East or Africa. Then there is the issue of physical security, cybersecurity, and asset protection. Like the EIC, which maintained its own military, some modern corporations rely on private security forces to protect their interests in unstable regions. For instance, corporations today will hire executive protection agents or guards for assets to defend against threats, and they all have dedicated cybersecurity teams.

Most importantly, the direct relationship between corporations and the state has changed as companies are increasingly entwined with state interests. Companies like Apple, Google, and ExxonMobil are key players in their respective national economies, and their success or failure impacts national GDPs, employment, and even foreign policy decisions. Governments may intervene in their operations, or companies may need to align themselves with state policies (e.g., U.S. tech companies adhering to national security regulations, or energy firms lobbying for favorable trade terms).

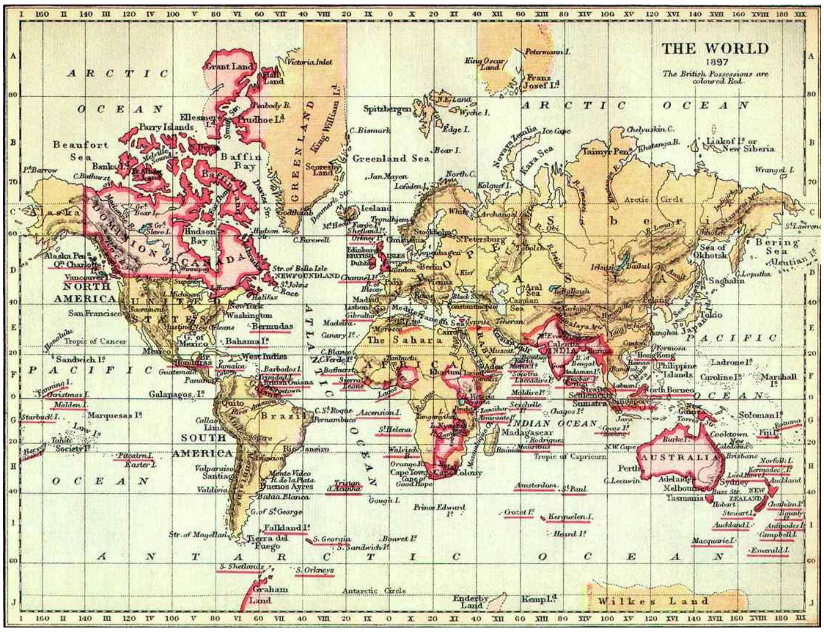
To help corporations manage the numerous risks from geopolitics, this report assesses the most significant ones that will impact multinational corporations in 2025. That foresight is what will allow corporations to apply the lessons from the East India Company and traverse the complex geopolitical landscape. Foresight improves financial and security decision making while simultaneously assisting with risk mitigation, business continuity, and investment opportunities. The risks listed in this report are exceptionally complex because they are all interconnected, which means corporations will have to proceed with increased caution to avoid negative or mitigate negative impacts. However, that same knowledge and insight can give corporations a competitive edge and improve their business operations.

Dr Treston Wheat - Chief Geopolitical Officer

#1

GREAT POWER POLITICS IN 2025 AND BEYOND

Great power competition has returned to the zeitgeist of geopolitical risk analysis, and it has permeated the strategic thinking of all major institutions. During the Trump administration, the National Defense Strategy recognized great power competition as a "fully acknowledged, dominant paradigm of interstate relations in 2017 after a 25-year absence from mainstream thinking." The Biden administration even agreed with the centrality of great power rivalry in their 2022 National Security Strategy. Besides the executive branch, the Congressional Research Services issued a report explicitly on great power competition's impact on legislative issues (see here and here). Even the recent academic literature has recognized this reality with the publication of major works like Allison Graham's *Destined for War* and Rush Doshi's *The Long Game*. The invasion of Ukraine by Russia, proxy competition in Africa, the development of the Quad in Asia, and shifting alliances are all recent examples of its domination of the international system.



Map of the British Empire – 1897: Great power politics is nothing new, but its current iteration is causing several risks.

Historically, great power politics has revolved around strategic competition for influence, resources, and security, often leading to conflicts, alliances, and geopolitical maneuvering. The rise and fall of great powers can lead to shifts in global alliances and tensions. For example, the Cold War was defined by the rivalry between the U.S. and the Soviet Union, each seeking to expand their ideological and political influence. Older examples include the Napoleonic Wars and Concert of Europe, the "Great Game" between Britain and Russia, Habsburgs verses the Ottomans, and Japanese expansion in the early 1900s. Major powers compete for influence, economic dominance, and military superiority, which manifest in trade disputes, military posturing, proxy conflicts, and treaties. Furthermore, great powers often form alliances or engage in balancing strategies to counter rising threats. This can involve military pacts like NATO, Quadruple Alliance,

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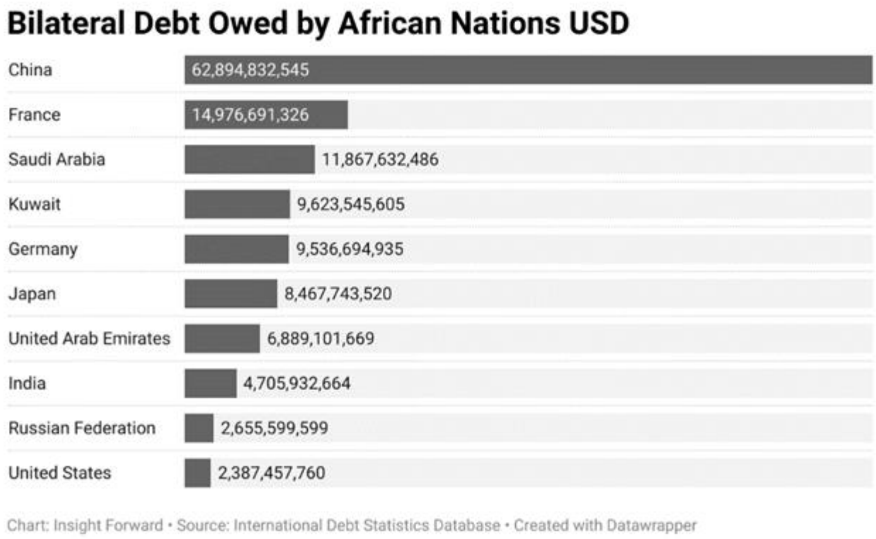
and Triple Entente or economic partnerships/ trade blocs like Hanseatic League, EU, and ECOWAS.

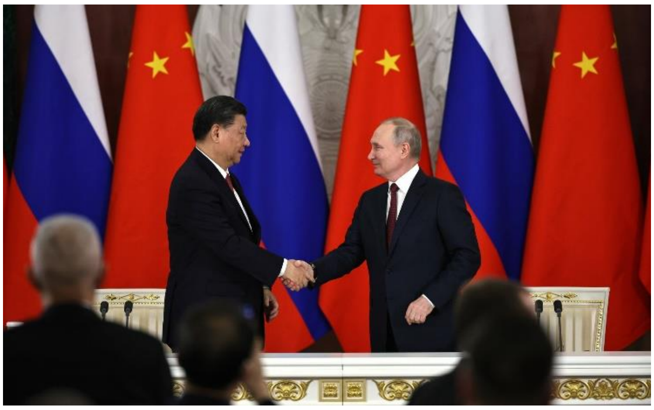
The African continent represents the many facets of how great power politics will unfold and impact everyone, including corporations. First, Africa is absolutely essential to the global economy because of its abundant and diverse natural resources, and China is assiduously focused on increasing its trade and investment relation with strategically important countries. For example, China's Belt and Road Initiative is investing billions of dollars to develop infrastructure, which will also allow China to extract critical resources. China has invested heavily in African mining, including a $1.9 billion purchase of a copper mine in Botswana and an acquisition of Zambia's Lubambe copper mine. Second, counter-terrorism, irregular warfare, and proxy wars will also be important for great power competition, and these are already occurring in Africa. Russia's Wagner group is operating in multiple conflicts in Africa to support authoritarian governments and allow Putin to have a greater foothold on the continent.



The United States and other Western countries are being pushed out of Africa and have missed opportunities to counter influence from rivals like Russia and China by not focusing more on regions like Africa and fragile states. This is evidenced by Russia's growing influence in the Sahel and China's dominance in resource-rich Congo. Niger removed both the U.S. and France's militaries, and Western companies are leaving the continent. Unilver, Nestle, Diageo, Bayer, GSK, and others are leaving because the business environment is not "conducive," but that is allowing countries like Russia and China to fill the gaps. Because the West is capitalist, this means corporations are at the forefront of economic influence, but without appropriate investment and trade relationships, those businesses do not see the continent as profitable.

Deeply related to great power politics will be the multipolar world as great powers must consistently balance against each other. Indeed, a central element of Russia's foreign policy is promoting and seeking multipolarity. This is done because Russia knows it is not capable of challenging the United States or Europe by itself. Rather, Russia will need the support of regional powers, such as the military juntas in Africa, to compete more effectively. On the other hand, China has to be more careful in how they promote and handle multipolarity as rising powers are more likely to balance against the Middle Kingdom. Several potential and current middle powers in Asia, such as India, the

Philippines, Japan, South Korea, Thailand, and Vietnam, all have the potential for conflict with China over territory, trade interests, and general security. Not only does China need to be concerned with those balancing against them, but they will need to be concerned about being drawn into a conflict by countries they try to use against regional competitors. For example, Pakistan could very well bring China into a war with India, or arbitrary brinkmanship could reignite war on the Korean Peninsula. China was successful in managing multipolarity before, e.g., opening with the US to balance against the USSR. But that was when they were a rising power, not the one seeking hegemony.



Putin and Xi meet in Moscow - Presidential Executive Office of Russia CC BY 4.0

How the United States decides to handle multipolarity will also be essential to forecasting global events and impacts to corporations. Similar to China, the U.S. historically managed multipolarity as a rising power. It was not until after the Cold War and the unipolar moment that the US stood above all others. The unipolar moment, though, was just that: a moment. By the second George W. Bush administration (2005-09), America was already facing the rise of BRICS, peer competition with China, failures in military interventions, and a difficult global financial crisis. Both Obama and Trump attempted to shift US strategy to a multipolar approach (Pivot to Asia and 2018 National Defense Strategy, respectively), but they faced problems that prevented a full shift. Regional powers, such as Brazil, Saudi Arabia, Egypt, Nigeria, and Indonesia will all have their own views and approaches, too. Regional institutions like the EU and AU will also impact how multipolarity plays out over the coming decades. Multipolarity is coming back, which is to be expected, but the critical questions surround how great and middling powers will respond as an unbalanced international order promotes conflict and chaos.

As John Mearsheimer notes in his seminal text on the subject,

> *"There are no status quo powers in the international system, save for the occasional hegemon that wants to maintain its dominating position over potential rivals. Great powers are rarely content with the current distribution of power; on the contrary, they face a constant incentive to change it in their favor."*

It is that pursuit of hegemony that makes great power competition potentially dangerous for those navigating the international order. By shifting alliances, creating economic partnerships, investing in military power, or raising trade barriers to secure their strategic positions, **great powers will inevitably cause direct and indirect harm to multinational corporations.** Most importantly, it is great power politics that influences most issues in the international system, including several other risks in this list. That is why it is the top risk to corporations.

Implications for Corporations

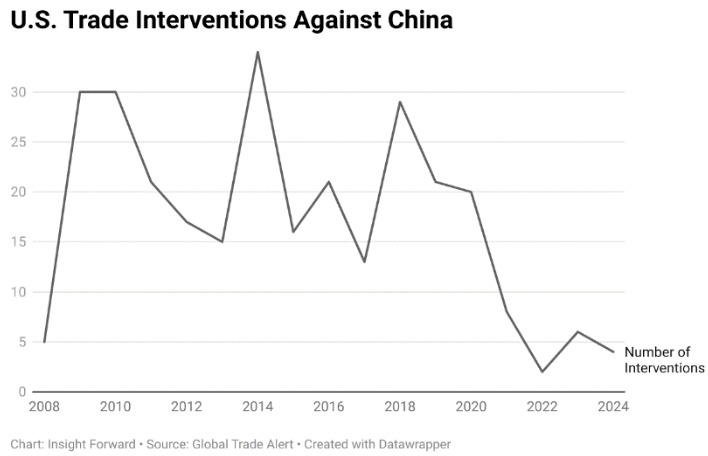
Trade Barriers	As powers engage in trade wars or impose sanctions, MNCs may face barriers like tariffs, quotas, or restrictions in key markets. The U.S.-China trade war, for example, led to increased tariffs, forcing many companies to rethink their supply chains.
Sanctions and Export Controls	MNCs may be restricted from doing business in certain countries due to sanctions imposed by great powers. This can lead to loss of access to key markets or critical raw materials.
Supply Chain Disruption	Global supply chains rely on stable international relations. Geopolitical tensions between great powers can lead to disruptions. For instance, conflict in Eastern Europe, particularly between NATO countries and Russia, has caused energy supply issues for European MNCs.
Political Risk	MNCs operating in regions influenced by great power competition may face political risks, such as nationalization, expropriation, or government pressure. Companies operating in the Middle East or Africa, where powers like the U.S., China, and Russia are vying for influence, must navigate political instability.
Technological Decoupling	Technological rivalry between powers, especially the U.S. and China, could force MNCs to choose between markets or adopt different standards. For instance, some technology companies face challenges when countries adopt different 5G standards or when there are bans on key components like semiconductors.
Currency and Financial Risks	Currency fluctuations and financial instability often result from geopolitical instability. MNCs exposed to multiple currencies must manage exchange rate risks, particularly in times of economic sanctions or devaluation of a nation's currency.
Reputation and Ethical Dilemmas	Doing business in politically charged regions can also lead to reputational risks. MNCs must balance profitability with ethical considerations, such as human rights issues, which are often highlighted during geopolitical conflicts.

#2

U.S. CHINA DECOUPLING

The primary relationship that matters for great power competition is that between the United States and China. While they are competing politically and militarily, they are simultaneously decoupling economically, which will impact how corporations must navigate both markets. **The economic decoupling between the United States and China refers to the process of reducing interdependence between the two countries, particularly in the areas of trade, investment, technology, and supply chains.**

For decades, the U.S. and China were highly interconnected economically, but geopolitical tensions, trade disputes, and concerns over national security have led to efforts by both countries to untangle their economic ties. The U.S.-China trade war, which began under the Trump administration in 2018, marked a significant step toward decoupling. The U.S. imposed tariffs on hundreds of billions of dollars' worth of Chinese goods, and China retaliated with tariffs on U.S. products. Importantly, this has continued through the Biden administration that proudly proclaimed they were “protecting American workers” by challenging China’s “unfair trade practices.”



Technology has become one of the main battlegrounds for decoupling, as the U.S. restricts China’s access to critical technologies like semiconductors, AI, and 5G infrastructure. (See below for balkanization of technology.) For example, the U.S. government blacklisted Huawei, one of China's largest tech companies, limiting its ability to buy American-made chips and software, such as Google’s Android system. In addition, the U.S. has expanded export controls on advanced technology, particularly in areas like AI, quantum computing, and chipmaking equipment, to prevent China from gaining an edge in strategic sectors. China is trying to financially decouple from the U.S. to protect itself from these trade restrictions, including developing its own digital currency and payment systems like UnionPay to reduce reliance on Western financial systems like SWIFT and Visa/Mastercard. The U.S. is wary of these developments, fearing that China’s digital currency could challenge the dollar’s dominance in international trade.

Stanford’s Center on China’s Economy and Instutions has pointed out in research that China will use non-tariff barriers to similar effect. According to their research, “Non-tariff barriers, like administrative hurdles, inspections, or quotas, were responsible for

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50% of the overall reduction in China's imports from the U.S. during the height of the U.S.-China trade war in 2018 and 2019." This is all still having an effect, and a diverse array of U.S. corporations are leaving or have left the Chinese market, such as Blizzard Entertainment, Nike, Hasbro, and LinkedIn. Even Walmart has now redirected investment from China exiting JD.com's ecommerce platform.

A 2023 survey of 325 American companies found that 40% wanted to redirect investment from China, and this is direcly impacting the supply chains as U.S. companies are relocating parts of their supply chains to countries like Vietnam, Mexico, and India to reduce reliance on Chinese manufacturing. The U.S. has also incentivized reshoring, encouraging American companies to bring manufacturing back home, particularly for critical goods like pharmaceuticals, medical supplies, and microchips. **Corporations should expect further trade barriers (tariffs and non-tariffs) in 2025 along with much greater decoupling between the U.S. and China.**

Implications for Corporations

Increased costs for businesses	Multinational companies are facing higher costs as they adjust their supply chains and navigate new trade restrictions. Setting up new factories or finding alternative suppliers in places like Southeast Asia, India, or Mexico takes time and resources. While this provides more control and reduces geopolitical risks, it often results in higher labor and production costs compared to China.
Delayed Production	Shifting supply chains can result in production delays, causing disruptions to product launches and delivery schedules. This impacts industries like tech (e.g., smartphones, semiconductors), where just-in-time supply chains are critical.
Export Controls and Investment Scrutiny	U.S. companies face strict export controls, particularly on advanced technologies like semiconductors, AI, and 5G equipment, when doing business with Chinese firms. This restricts sales to China and increases compliance costs. In addition, investments in Chinese firms are being scrutinized or blocked under laws such as the U.S. Foreign Investment Risk Review Modernization Act (FIRRMA).
Trade Barriers and Retaliatory Action	Even beyond the tech sector, the ongoing trade war has led to tariffs on consumer goods, agricultural products, and industrial equipment. Chinese authorities may retaliate against U.S. businesses operating in China by imposing sanctions or restricting access to essential resources. For example, China controls a significant share of the global supply of rare earth minerals.
Currency Risks	Decoupling may lead to greater currency volatility, particularly if China moves to reduce its dependence on the U.S. dollar in international trade. This could complicate financial planning for corporations doing business in both countries.

#3

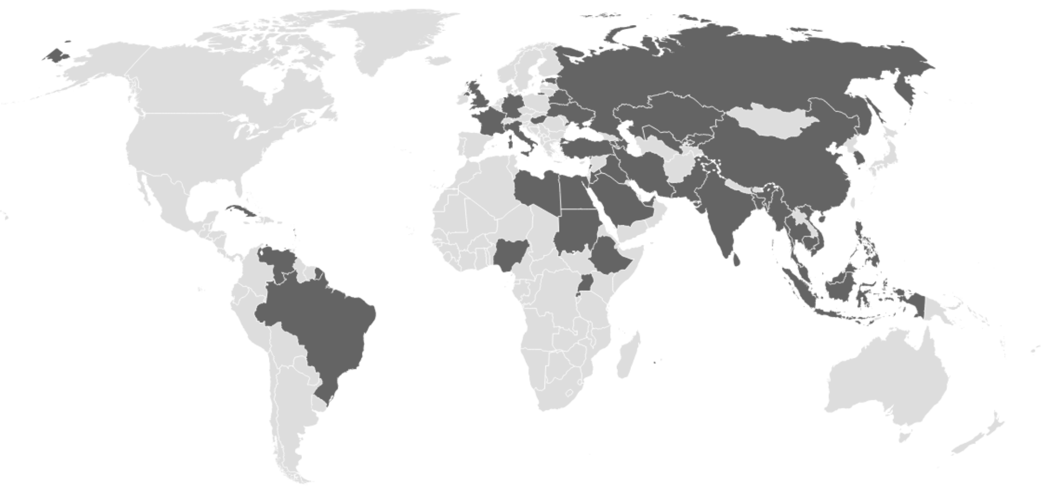
BALKANIZATION OF TECHNOLOGY

The balkanization of technology refers to the fragmentation of global technological systems and the internet into separate, often incompatible, regions or standards. This term is derived from the historical fragmentation of the Balkan region and is used to describe the growing trend of national or regional divisions in the tech world. It occurs when governments or organizations create distinct, isolated ecosystems of technology, driven by political, economic, or security motivations. **This began primarily with the U.S. and China as the two used technology as a weapon in their geopolitical competition, but the situation has only worsened over the past few years.** Governments like China, Russia, and India implement stricter controls over internet access, social media, and data flow, leading to the development of isolated tech ecosystems. As authoritarian countries, both China and Russia started the process by cutting off access to major parts of the internet for their citizens to prevent them from learning information and ideas that would undermine the regimes. For example, China's "Great Firewall" controls internet access and blocks major Western platforms like Google and Facebook, and Russia's "sovereign internet" seeks to create a domestic internet system insulated from global infrastructure. (This is sometimes referred to as the "splinternet.")

Internet Controls in 2023

At least on instance of Social Media, Communications Platforms, and ICT Networks Blocked; Political, Social, or Religious Content Censored,

■ Blocked Platforms and Censored Content



Map: Insight Forward • Source: Freedom House • Created with Datawrapper

The U.S.-China tradewar (see above) has only made this problem worse, with the U.S. establishing trade restrictions on Chinese companies like Huawei, barring them from accessing U.S. technologies like semiconductors or operating within certain markets. This has led China to invest heavily in its own technological infrastructure and chip

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production to reduce dependence on Western technology. In May 2024, China set up its third state-backed investment fund for semiconductors worth $47.5 billion, though the country is struggling and far behind in the fabrication of leading-edge logic chips. This competition between the U.S. and China has led to direction competition in the technology space. China's BeiDou satellite navigation system competes with the U.S.-based GPS, with many Chinese technologies moving to BeiDou to avoid reliance on foreign systems. Beidou already has almost twice as many satellites in orbit as GPS and more than ten times the number of monitoring stations. In addition, Huawei's HarmonyOS is an alternative to Google's Android operating system, driven by restrictions on Huawei's access to U.S. tech, and has become the mainland's second-biggest mobile OS.

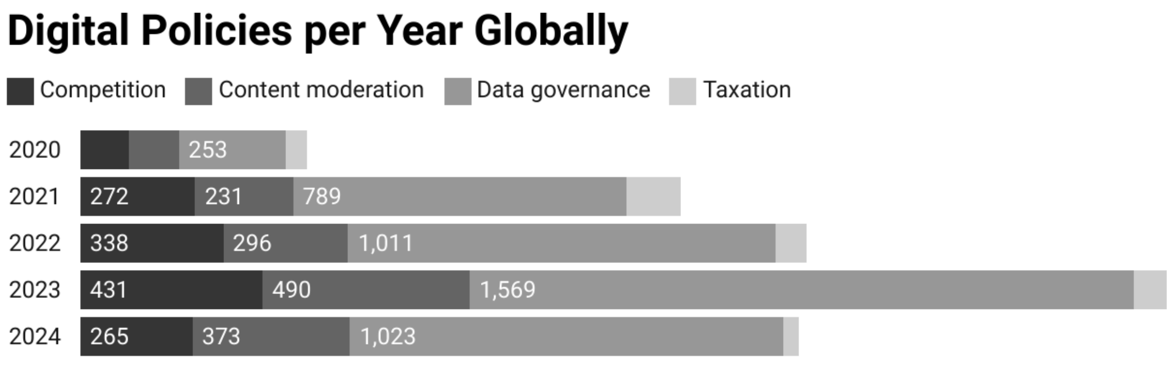


Chart: Insight Forward • Source: Global Trade Alert • Created with Datawrapper

Balkanization occurs not only with the "security" of the internet, trade restrictions, and different technologies. Regulations are also essential to the splintering of technology. As governments create different legal frameworks for data privacy, security, and intellectual property, it leads to regional standards that are often incompatible, and the Europe Union is actively trying to separate itself from the United States. The EU's GDPR, Digital Services Act, and Digital Markets Act all set extremly strict regulations on technology companies, and the EU is wiedling these regulations punitively against technology companies. Because of these arduous and burdensome regulations, Apple has delayed AI-feature in Europe and Meta will not offer multimodal AI models there either. Some U.S. lawmakers advocated pushing back against the EU as well, and this is likely to grow as a cause in 2025. Of course, this is not only occuring with Europe. In Brazil, both Meta and X (formerly Twitter) are suspending certain operations because of their regulations.

As different regions pursue divergent paths, there is a risk of losing unified global standards in areas like 5G, AI ethics, and cybersecurity protocols. This division could hinder technological innovation and collaboration, as companies are forced to navigate multiple regulatory frameworks and incompatible systems. **Despite the easily recognizable problems that will come from the balkanization of technology, corporations must recognize this will become worse in 2025 and beyond.**

Implications for Corporations

Reduced Global Interoperability	Technologies and platforms that work in one country may not be compatible in others.
Increased Costs for Companies	Companies must navigate different regulations, compliance rules, and infrastructure in different regions, raising operational costs.
Stifled Innovation	Fragmentation will slow the pace of technological advancements due to limited global collaboration.
Heightened Cybersecurity Risks	Even beyond the tech sector, the ongoing trade war has led to tariffs on consumer goods, agricultural products, and industrial equipment. Chinese authorities may retaliate against U.S. businesses operating in China by imposing sanctions or restricting access to essential resources. For example, China controls a significant share of the global supply of rare earth minerals.

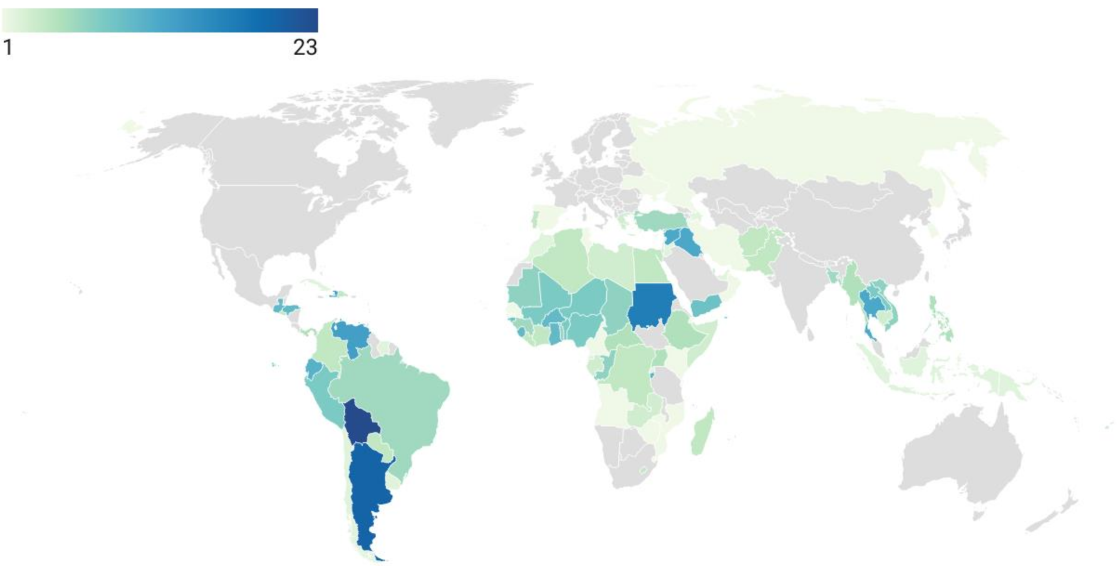
#4

INSTABILITY IN THE GLOBAL SOUTH

Instability in the global south is extremely likely to increase in 2025 as the last few years has shown an increase in coups, internecine conflict, and authoritarianism. A report by International IDEA, a democracy watchdog based in Stockholm, revealed that 2023 marked the most significant drop in global free and fair elections in nearly 50 years. This marked the eighth consecutive year of global democratic regression. Of the 158 countries surveyed, 47% experienced a decline in key democratic indicators over the past five years, with notable setbacks in Africa's Sahel region—where Niger, Gabon, and Burkina Faso experienced coups or attempted coups in 2023—as well as in parts of Central and South America like Guatemala, Peru, and Uruguay. In 2024, there have been coup attemps in the Democratic Republic of Congo (DRC) and Bolivia.

Global Instances of Coups: Successful and Failed

1950-2023



Map: Insight Forward • Source: Powell, Jonathan & Clayton Thyne. 2011. Global Instances of Coups from 1950-Present. Journal of Peace Research 48(2):249-259. • Created with Datawrapper

Following the July 2024 elections in Venezuela, the results were flawed and lacked transparency. The National Electoral Council (CNE) quickly announced Nicolás Maduro as the winner without providing any evidence or publishing vote tallies, which undermined the credibility of the outcome. In contrast, the opposition released 80% of vote tally sheets from polling stations, showing that Edmundo González Urrutia won by a large margin. In response, the Maduro government implemented punitive measures, arrested protesters, and forced the opposition leader to flee the country. Besides Venezuela, Ecuador is also facing major problems, including assassinations and prison escapes.

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Victory march by protesters after the resignation of Sheikh Hasina in 2024. Rayhan9d, CC BY-SA 4.0

In August 2024, Bangladesh's Prime Minister Sheikh Hasina resigned and fled the country after weeks of protests over a controversial quota system for government jobs escalated into widespread unrest, challenging her 15-year rule. The protests after her departure left hundreds dead with significant destruction to property (private and government). In Africa and the Middle East, there are several significant conflicts occuring in the Sahel and Central Africa. Burkina Faso is fighting a deadly conflict against al-Qaeda-linked JNIM, and Niger is facing problems after the United States officially left the country. There are also ongoing civil wars, rebellions, and/or insurgencies in Sudan, Myanmar, Syria, Yemen, Ethiopia, and Mali. Libya is facing constant political battles over oil production, and the DRC faces a major threat from CODECO and M-23.

Altogether, the global south will likely face many political and security problems that will destabalize countries and regions, though the causes and problems will be unique for each state. Corporations will find it more difficult to operate in the global south as instability creates untenable operational risks.

Implications for Corporations

Operational Disruptions	Conflicts and political unrest can lead to infrastructure damage, supply chain breakdowns, and shutdowns of production facilities. For example, widespread protests or armed conflict may lead to road blockages, damaged utilities, or forced closures of factories, disrupting operations and delaying deliveries.
Supply Chain Vulnerabilities	Corporations reliant on raw materials or manufactured goods from unstable regions may face delays or shortages. Political instability can disrupt ports, logistics, and communication networks, creating ripple effects through global supply chains.
Financial and Investment Risks	Authoritarian governments may impose sudden trade barriers, sanctions, or tariffs, particularly in response to geopolitical tensions. Corporations could lose access to crucial markets, reducing revenue streams or forcing shifts in global strategy.
Security Concerns	Violent conflict and authoritarian crackdowns often heighten risks to employee safety, especially for expatriate staff or local workers.
Market Access Restrictions	Authoritarian governments may impose sudden trade barriers, sanctions, or tariffs, particularly in response to geopolitical tensions. Corporations could lose access to crucial markets, reducing revenue streams or forcing shifts in global strategy.

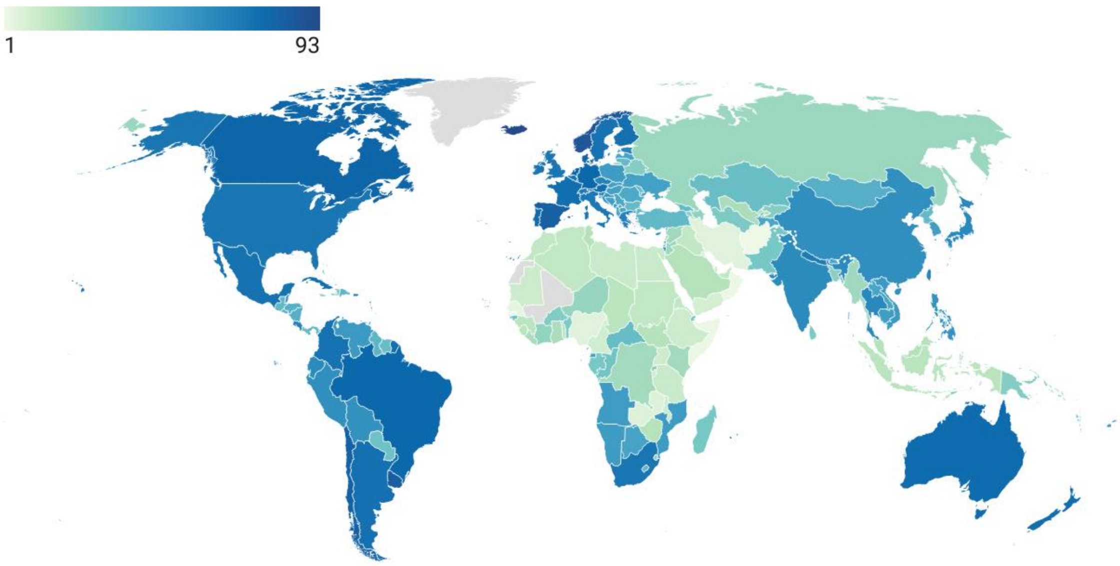
#5

ANTI-LIBERAL BACKLASH IN AFRICA AND THE MIDDLE EAST

Postmodern liberalism with its secular values increasingly stands in direct opposition to the values, principles, and beliefs of the Global South, especially the Middle East and Africa. While Western Europe and a large part of the United States have abandoned traditional religion and values, regions like Africa and the Middle East maintain devotion to these values. That is now leading to increasing geopolitical risks for corporations as the world is moving towards nationalism and deglobalization. In comparison, competitors to the West are using religion to bring African countries closer to them. For example, Russia has used the Orthodox Church to increase Christian connections in Africa and spreading influence. **There is also a resentment against the West for their imposition of modernist and secular values onto African countries.** Ugandan journalist Haggai Matsiko specifically noted "this resentment has revealed itself through a range of issues (LGBTQ+ rights and human rights, aid, democracy, climate change and the war on Ukraine, are particularly topical examples) on which the West interacts with the region."

Equality Index

rating from 0 to 100 (with 100 being the most equal)



The legal rights and public attitudes towards LGBTQ+ people in each region.

Map: Insight Forward • Source: equaldex • Created with Datawrapper

LGBTQ politics has become particularly salient for Africa and the Middle East's rejection of secular liberalism. Currently, more than 60 countries have laws that criminalize homosexuality, and almost half of these countries are in Africa. Western governments have reduced or ended foreign aid over laws that criminalize homosexuality. For example, the World Bank halted new loans to Uganda due to its 2023 law, which the international organization says contradicts its core values. If Western governments and international organizations punish countries that try to protect their traditional values, then those countries will be significantly less likely to collaborate with Western corporations that need access to natural resources. **Western corporations might have to choose between their cultural values and their economic interests.**

Geopolitically, Western governments are likely to face problems in winning over strategically and economically important countries that have more traditional values if they continue to promote LGBTQ rights. There is already compelling evidence of a "traditionalist" bloc forming in Africa against Western cultural values, and great powers like Russia are backing them. In March 2024, Russia designated the "LGBT movement" as an extremist organization, following a Supreme Court ruling from November 2023. This designation, managed by the Rosfinmonitoring agency, allows the government to freeze bank accounts of listed individuals and entities, which include various groups from Al Qaeda to Meta. This is a strong indicator that if Western corporations promote secular, liberal values, then they could be targeted and attacked by various governments. **As traditionalism increases in non-Western countries, this will significantly increase their political risks.**

Pro-coup protesters in Mali with Russian flags CC BY 4.0

Implications for Corporations

Backlash from Host Countries	In countries where LGBTQ rights are viewed negatively or even criminalized, companies that openly promote LGBTQ inclusion can face public backlash, including outright banning.
Social Media and Consumer Boycotts	Public campaigns against companies perceived as endorsing liberal views can gain traction on social media, leading to consumer boycotts.
Legal Liabilities	Companies that promote certain values could create legal liabilities. Russia's "gay propaganda" law, for example, prohibits public discussion of LGBTQ issues in a positive light. These laws can impose fines or lead to legal action, such as criminal charges, against the corporation.
Market Entry Barriers	Companies looking to enter or expand in regions with anti-liberal sentiment may face resistance from local regulatory bodies, limiting their growth potential. Governments could impose barriers to foreign companies that do not align with local norms, reducing market access.
Employee Safety	Promoting liberal and non-traditional values inclusion can put employees at risk in countries where LGBTQ individuals face legal persecution, violence, or social ostracism. This may deter LGBTQ employees from working in these regions or create safety concerns for expatriate staff.
Shareholder Activism	Shareholders may pressure companies to take a stand on social issues, even in challenging markets. If a company is perceived as compromising its values, it may face internal challenges from shareholders, potentially leading to management conflicts and public relations issues.

#6

CHANGING MONETARY POLICY

In July 2024, the Bank of Japan (BOJ) raised short-term policy rate to 0.25% from 0-0.1%, the highest level in 15 years. This occurred only months after the BOJ ended negative interest rates, which they had had for 8 years. In response, the Japanese Nikkei stock market index dropped 12.4%, marking its worst day since the 1987 "Black Monday" crash. The U.S. S&P 500 and Nasdaq also saw declines of 3% and 3.4%, respectively. The VIX index, which measures market volatility, hit 65, a historically high level. Despite the initial market shock, stock prices, including the Nikkei and S&P 500, recovered.

Interest Rates

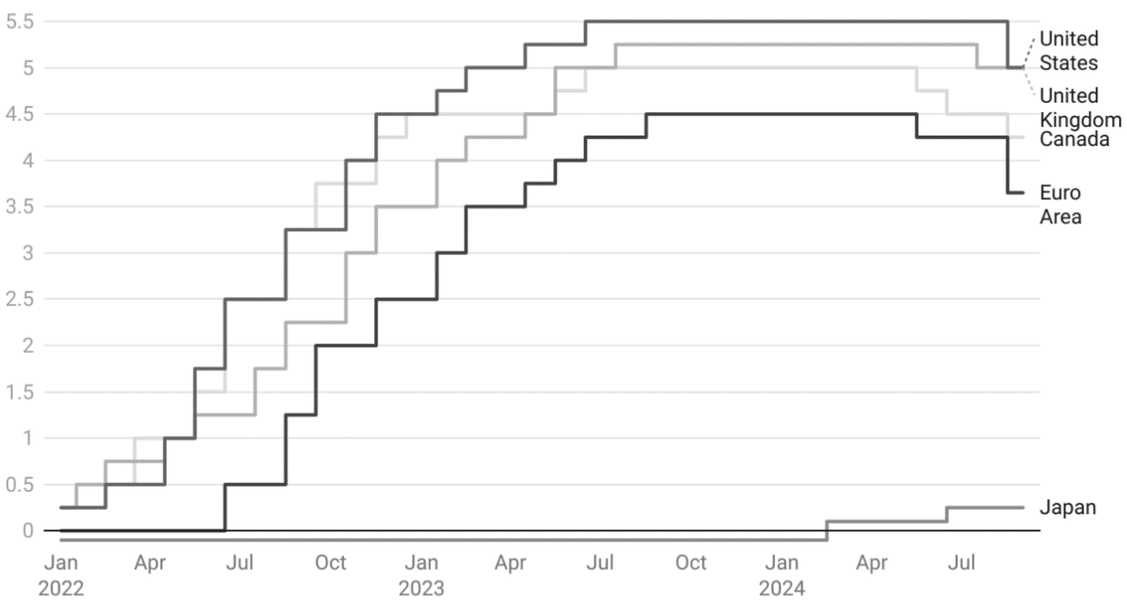


Chart: Insight Forward • Source: Central Bank Data • Created with Datawrapper

The market turmoil occurred because the interest rate increase triggered a yen rally and hurt hedge funds. At the time, the U.S. Federal Reserve hinted at a potential interest rate cut in September, and disappointing U.S. job market data increased expectations of a rate cut. That potential shift caused the yen to appreciate by 13% against the dollar, hurting the yen carry trade, a popular investment strategy that borrowed yen at low rates and invested in higher-yielding currencies.

The Federal Reserve did cut rates on September 18 by 50 basis points, seen as an aggressive move due to moderating inflation and a weakening labor market. The impact of these cuts on markets will depend on whether the U.S. economy enters a recession. Historically, stocks tend to perform better when rate cuts occur without a recession, with the S&P 500 gaining 14% in such cases, compared to a 4% decline during recessions. Bonds often perform well in recessions, and Treasury yields tend to fall after the first rate cut but rise as the economy recovers.

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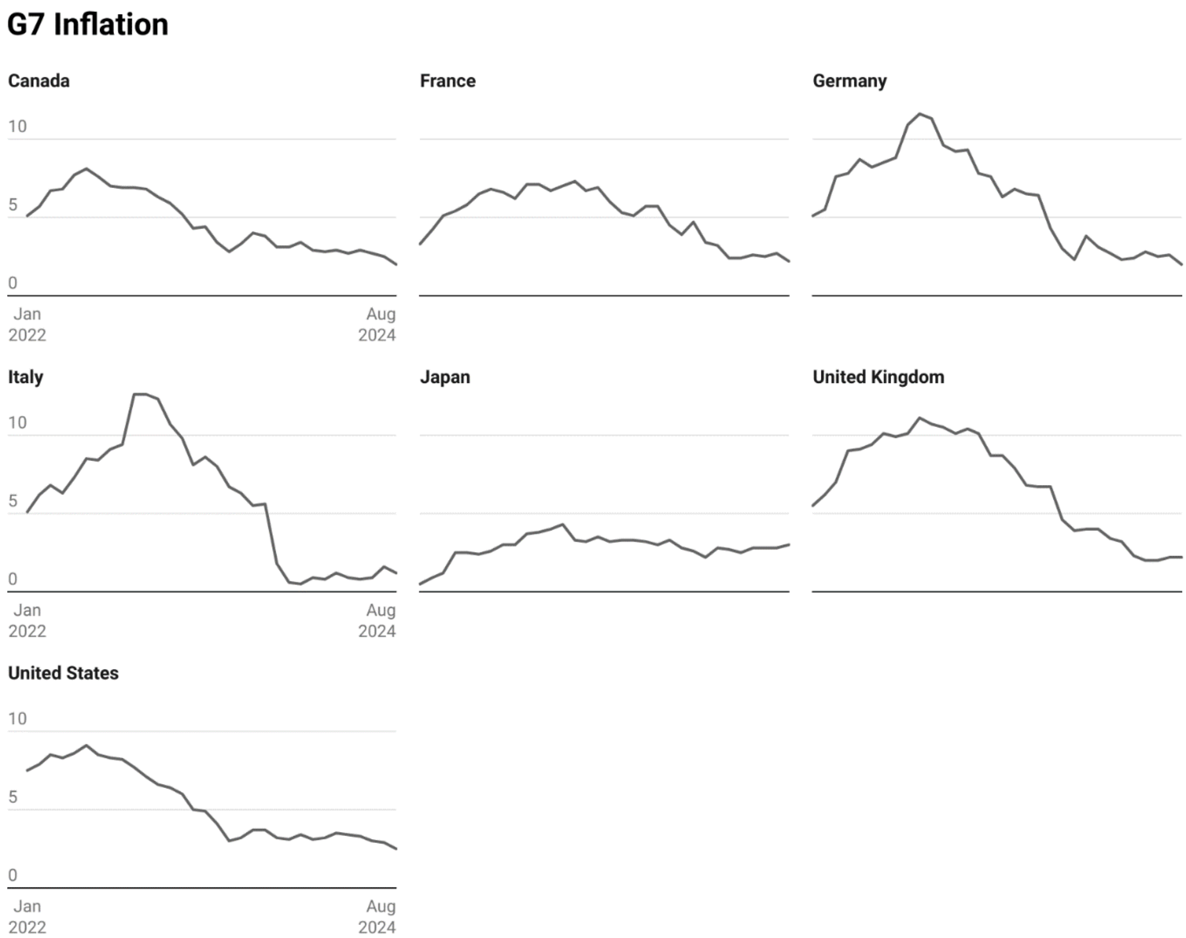

Chart: Insight Forward • Source: Based on Central Bank Data • Created with Datawrapper

Both the European Central Bank and Bank of England cut rates in June and August, respectively, but now the two major central banks are assessing whether further cuts will take place and how. All of these central banks in OECD countries are facing different economic conditions, and this will create uncertainty when it comes to monetary policy and currency markets. The Bank of Japan raised rates in response to rising inflation, worsened by Japan's reliance on expensive energy imports due to its weakened yen and the shutdown of most of its nuclear reactors. However, inflation reduced in the U.S. and Europe, which is why they reduced rates (though by different amounts), but **these rate increases and decreases will likely create some market turbulence. Market turbulence could affect real-world activity, such as delaying IPOs and increasing corporate borrowing costs.**

Implications for Corporations

U.S. Dollar	The U.S. dollar's response to rate cuts depends on how other global economies fare. In non-recessionary periods, the dollar strengthens, but deeper cuts during recessions erode its value. If other central banks cut rates in tandem with the Fed, the dollar may remain strong, but a U.S. recession could weaken it further.
U.S. Treasuries	A Fed cut will likely positively impact global bond markets that often aligned with U.S. Treasuries.
Emerging Markets	Lower U.S. rates could allow emerging markets more flexibility to reduce their own rates and boost growth, with many already easing, particularly in Latin America and Europe.
Global Equity	A global equity rally could resume if U.S. rate cuts boost economic activity and avoid recession. Markets may see gains, especially in sectors like real estate and utilities, which benefit from lower rates.
Commodities	Precious and base metals like copper and gold could benefit from lower U.S. rates, driven by reduced opportunity costs. Gold may outperform other metals due to its inverse relationship with yields.

#7

RISE OF NATIONALISM

Part of the broader trend of geopolitics is the weakening of globalization, which includes the return of nationalism. Nationalism refers to an ideological orientation that prioritizes loyalty and devotion to one's nation and its culture and people. This rise in nationalism is occurring globally as well. **In Europe, a continent thought to have set aside nationalism with the EU project, there is a strong return of nationalism because the very project meant to abate this ideology is seen as oppressive by a large minority.** For example, the EU imposed rules and regulations that went against the principle of subsidiarity, such as farming policy, and many local customs, such as forcing Catholic countries to accept secular values.

Italian Prime Minister Georgia Meloni - Italian Government, CC BY-SA 3.0 IT

Voters in the United Kingdom chose to leave the European Union to gain greater control over their fiscal, regulatory, and immigration policies. Besides Brexit, nationalist shifts have taken place in the Netherlands with protests by farmers and the election of right-wing populists in places like Poland, Hungary, and Italy. Even the supposedly liberal countries of France and Germany are now having to contend with nationalist and right-wing parties, again due to the failures of the European project and the perception of governments unwilling to listen to their citizens. In Germany, the first far-right politician was elected since World War II in 2024.

European nationalism is invariably (and understandably) associated with war, conflict, and genocide. Whether it was the revolts of 1848 or the Serbian nationalists who started World War I by assassinating the Archduke or Nazism in Germany engulfing the continent in World War II or the ethnic cleansing in the Balkans with the breakup of Yugoslavia, nationalism has frequently been a critical variable and cause of war. While Europe is unlikely to descend into the same nationalist violence as before, the rise of nationalism across the continent does indicate that the EU and supranational organizations will likely decline over the medium term.

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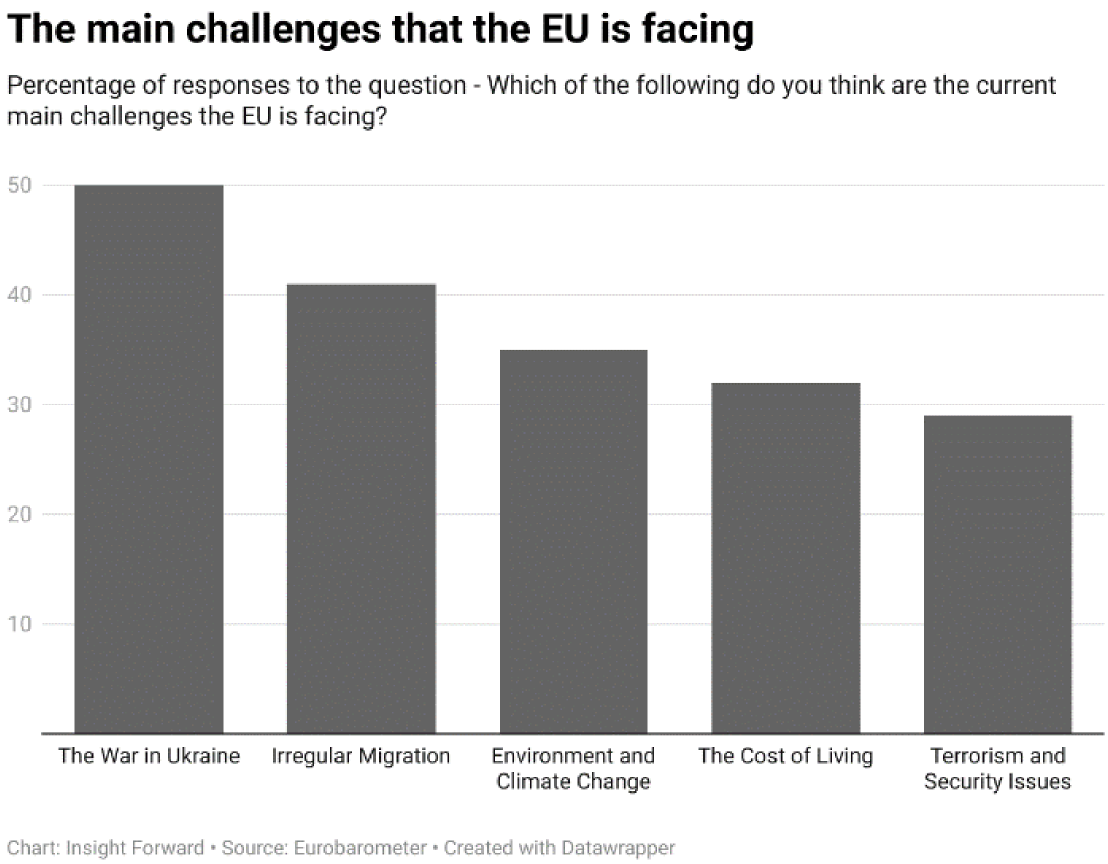

Nationalism is also increasing in the global south with countries like India choosing this path. Narendra Modi was elected to a third term as Prime Minister, and his Bharatiya Janata Party (BJP) is overtly Hindu nationalist. Hindu nationalism, often associated with the ideology of Hindutva, emphasizes India's historical and cultural ties with other countries that have Hindu or Dharmic influences (such as Nepal, Bhutan, and some Southeast Asian nations and non-state actors). This can lead to a foreign policy that seeks to strengthen cultural and people-to-people ties based on these shared civilizational roots.

In Latin America, there is the rise of nationalism in Brazil, Argentina, and El Salvador that saw right-wing leaders elected in those countries. **The United States is also experiencing populist nationalism with former President Trump taking over the Republican Party and his ideology permeating the institution.**

Nationalism's global revival, driven by economic and cultural anxieties, presents significant challenges for MNCs operating in increasingly protectionist markets. This shift marks a move towards a more fragmented and less globalized world, where national interests are prioritized.

Implications for Corporations

Democratic Decline	With the rise of nationalism, there is likely to be an increased democratic backsliding, which will impact policymaking and increase political risks. Authoritarian government typically have arbitrary policy making, nationalization of industries, and onerous regulations.
Reputational Harm	Corporations that are willing to work with nationalist parties and governments will likely experience some reputational harm, though their reputation will improve with the nationalists.
Employee Dissatisfaction	Employees of major corporations tend to vote liberal and left-wing, such as the majority of U.S. technology workers supporting Vice President Harris. Companies are likely to experience internal revolts or calls for action, which has happened at places like Google, Amazon, and Microsoft.
Value Opposition	Many major corporations take public stances on salient political issues, and nationalist governments will likely oppose those values. This could include everything from family and social policy to trade protectionism.
Access to Natural Resources	Resource nationalism could complicate company supply chains and reduce access to key materials

#8

THE POLARIZATION OF DOMESTIC MARKETS

Polarization has permeated the United States and Western world, and this has impacted businesses in several ways. Many corporations took notice of this **in 2023 during the Bud Light controversy when the company hired Dylan Mulvaney, a trans influencer. Right-wing critics were extremely upset with their preferred brand going against their values, and this led to Bud Light losing more than a quarter of its sales.** Even a year after the incident the company had still not recovered. Some thought that Bud Light was a unique case, but **more companies in 2024 experienced the backlash of supporting "woke" or left-wing values.** This has led them to pull back on policies like DEI (diversity, equity, and inclusion) as their customers view this as politically suspicious.

In August 2024, Harley-Davidson announced that it discontinued its DEI program as of April. The company stated that ensuring a diverse workforce and a welcoming environment remains important but emphasized that it no longer maintains DEI functions, quotas, or supplier diversity goals. They did this in pursuit of "retaining our loyal riding community" following the drop in both stocks and sales. Only a month before this, John Deere announced it would no longer sponsor or participate in "social or cultural awareness" events and remove "socially motivated messages." Similarly, agriculture chain store Tractor Supply Co. stated it would eliminate its DEI programs. Jack Daniel's parent company Brown-Forman Corp. has also ended its DEI objectives and no longer participates in the Human Rights Campaign's corporate-equity index.

Source: X

Why did these companies end their DEI programs/objectives and stop supporting LGBTQ political events? Because their customers were primarily conservative, and the customers opposed these brands "going woke." While many corporations feel the need to appeal to certain liberal values because of their employees, they are noticing association with left-wing principles hurts their sales and brand**. Consumers are deliberately making political choices in their purchases, and corporations will have to keep that in mind for the medium term.** The 2024 Edelman Trust Barometer showed that 60% of respondents "buy, choose, or avoid brands based on my politics," which is a two percentage point increase from 2023. Research has shown that this polarization goes beyond direct political issues. Democrat and Republicans actually "overestimate the percentage of people in the opposing party who approve of widely

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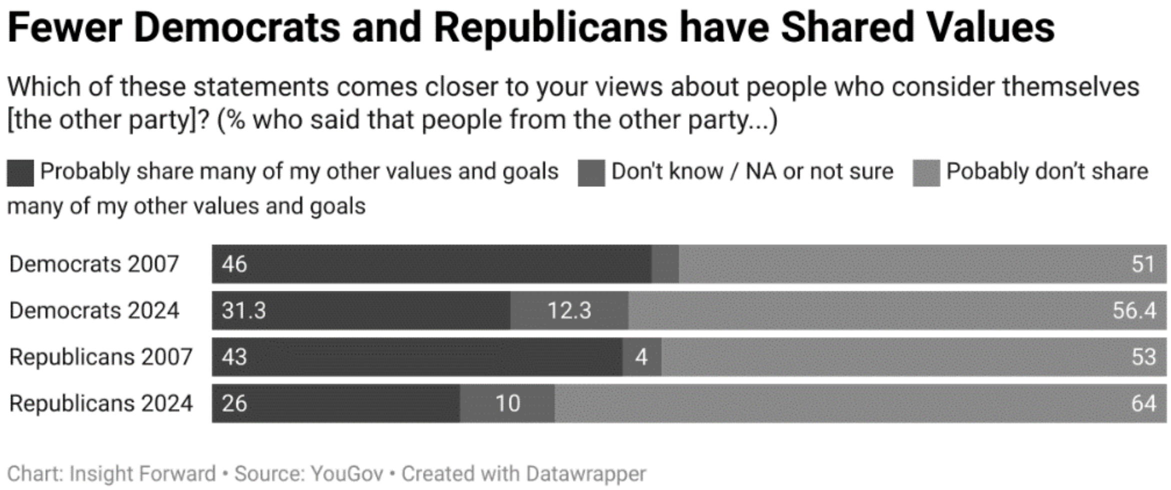
agreed-upon moral wrongs, such as theft or animal abuse...” They believe that the other side not only disagrees with them but actively supports evil.



Multinational corporations are increasingly facing internal and external pressures due to their involvement in political issues, particularly with contentious geopolitical conflicts like the Israeli-Palestinian situation. Companies are being held accountable for their business decisions and political stances by employees, stakeholders, and the public, creating both reputational and operational risks. Google, for example, faced internal protests in 2024 regarding a $1.2 billion contract with the Israeli government, known as Project Nimbus, which provides cloud computing services, including artificial intelligence and machine learning capabilities. The protests, led by a group called "No Tech for Apartheid," emphasized concerns over the project exacerbating human rights abuses in the occupied Palestinian territories. Google’s swift response, firing 50 employees involved in the protests, highlights the internal tension within companies navigating these issues. Similarly, the resignation of Web Summit Chief Executive Paddy Cosgrave in 2024, following backlash over his comments on Israel, illustrates the high reputational stakes for leaders speaking out on sensitive political matters.

Accusations of antisemitism against other prominent individuals who have criticized Israel underscore the polarized environment in which corporations operate. Companies must acknowledge that engaging in political debates, even indirectly, can lead to severe consequences, such as reputational damage and the loss of business partnerships. This risk is compounded by the actions of future workforce members. In 2024, anti-Israel protests spread across college campuses in the United States, with some expanding to Europe and the Middle East. These **protests, while primarily political, pose long-term risks to**

Gaza Solidarity Encampment at Columbia University CC BY 4.0

corporations as they reflect a growing trend among future employees who may bring these attitudes into the workplace.

Some companies have chosen to take a hard line, stating they would not hire students who participated in these protests, citing concerns about their alignment with company values. In contrast, Andrew Dudum, CEO of Hims & Hers, initially made headlines by offering to hire students expelled for their involvement in the protests, emphasizing moral courage over educational credentials. However, his stance led to an 8% drop in the company's stock price, highlighting the financial risks associated with divisive political positions.

Corporations operating in politically charged environments must be vigilant in navigating the internal and external pressures that arise from controversial government contracts or political stances. As seen with Google, Web Summit, and the student protests, reputational damage, insider threats, and financial losses are real concerns. To safeguard their brands, companies will need to carefully manage their public discourse, workforce culture, and external partnerships.

Implications For Corporations

Changing Market	Corporations will face a polarized consumer market significantly in 2025 following the U.S. presidential election and other major events.
Risk from Inaction	Risks will be present even for corporations that do not take overt stands on social and political issues because what will matter is perception.
Reputational Harm	Reputational harm should be expected for any corporation choosing to publicly support social and political issues, and they should expect a decline in sales and calls for boycotts.
Online and Employee Safety	Depending on the social and political issue, corporations should also expect harassment and threats made online, though violence would be extremely unlikely.

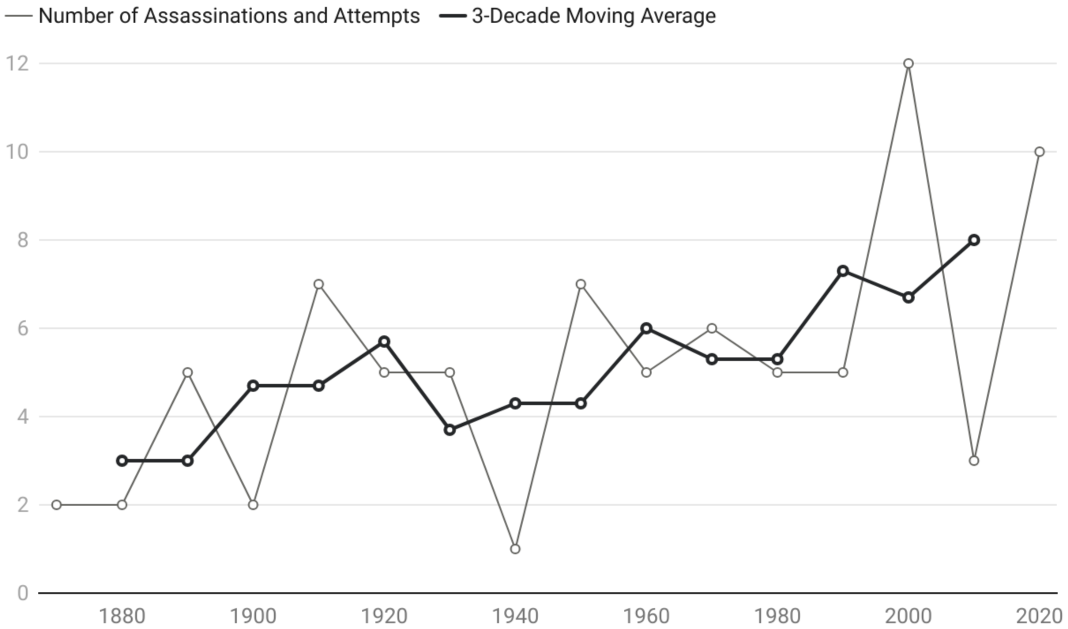
#9

ASSASSINATIONS: IMPLICATIONS FOR BUSINESSES IN 2025

Assassinations have reemerged as a significant tool for both state and non-state actors, driven by global political tensions, technological advancements, and state-sponsored actions. In recent years, there has been a notable increase in incidents, fueled by political polarization, conspiracy theories, and geopolitical rivalries. For businesses operating in politically volatile regions or sectors, understanding these risks is critical for strategic planning and risk management in 2025.

Politically motivated assassinations have a long history, often intensifying during periods of significant political or social upheaval. In the early 20th century, assassinations peaked in the 1910s and 1950s, driven by ideological conflicts and political rivalries. There was another resurgence in the 1980s and 1990s, influenced by Cold War tensions and the activities of both state and non-state actors. Although there was a slight decline in the 2010s, the early 21st century has seen an increase in politically motivated assassinations, characterized by the use of advanced technologies and more diverse methods of attack.

Assassination and Attempted Assassination Incidents Involving Heads of State



This data focuses specifically on serving heads of state and includes both successful and unsuccessful assassination attempts. It does not cover incidents involving heads of state who were killed during coups or revolutionary movements, which were more common during the Cold War era. Data is drawn from multiple sources and may be incomplete.

Source: Compiled by Insight Forward from various sources including media, Statista, Benjamin F., and Olken, Benjamin A. Replication data for: Hit or Miss? The Effect of Assassinations on Institutions and War, Notre Dame Global Assassination Database • Created with Datawrapper

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Data indicates that since 2020, there have been ten politically motivated assassinations or assassination attempts targeting heads of state, a number higher than the historical average of about five per decade in previous periods.

The past few years have witnessed numerous high-profile, politically motivated assassinations and attempts, highlighting the diverse nature of these threats. For example, former Prime Minister of Japan Shinzo Abe was assassinated by an individual with a homemade firearm, motivated by personal grievances linked to a religious group. Additionally, there have been two assassination attempts against former President Donald Trump during the 2024 presidential election campaign. This resurgence has been characterized by a diversification in methods and targets, suggesting a broadening threat influenced by several interrelated trends:

- **The Digital Age and Political Polarization:** The proliferation of conspiracy theories, amplified by social media and digital platforms, has significantly expanded the threat landscape. For example, during the COVID-19 pandemic, pharmaceutical CEOs became targets of conspiracies, including baseless claims of microchipping through vaccines. An attempted attack on the residence of Canadian Prime Minister Justin Trudeau was conducted by a suspect angered by financial losses incurred because of government-imposed COVID-19 restrictions, who was also a conspiracy theorist.
- **State-Sponsored Assassinations:** Countries such as Russia, Iran, and India have been implicated in plots and targeted attacks against dissidents, opposition figures, and expatriates. For example, Russia used chemical weapons in assassination attempts, such as those on Sergei Skripal in the UK and Alexei Navalny in Russia. Iran has been implicated in plots to assassinate U.S. officials, including former Secretary of State Mike Pompeo, in retaliation for the killing of IRGC Commander Qasem Soleimani, and India is alleged to be targeting dissidents abroad, such as the assassination of Hardeep Singh Nijjar in Canada.
- **Modern Technologies:** Drones, 3D-printed weapons, and other innovations, including sophisticated explosive devices, are now being employed. These advances make access to improvised or homemade weapons easier, meaning that the threat is no longer limited by conventional weapon availability.

Assassinations and attempts have increased globally, driven by state and non-state actors exploiting political instability and social divisions. In Europe, politically motivated violence has risen, with attacks on politicians and bombings by radical groups. For example, Slovak Prime Minister Robert Fico survived an assassination attempt, and political violence has escalated in Greece, France, and Germany.

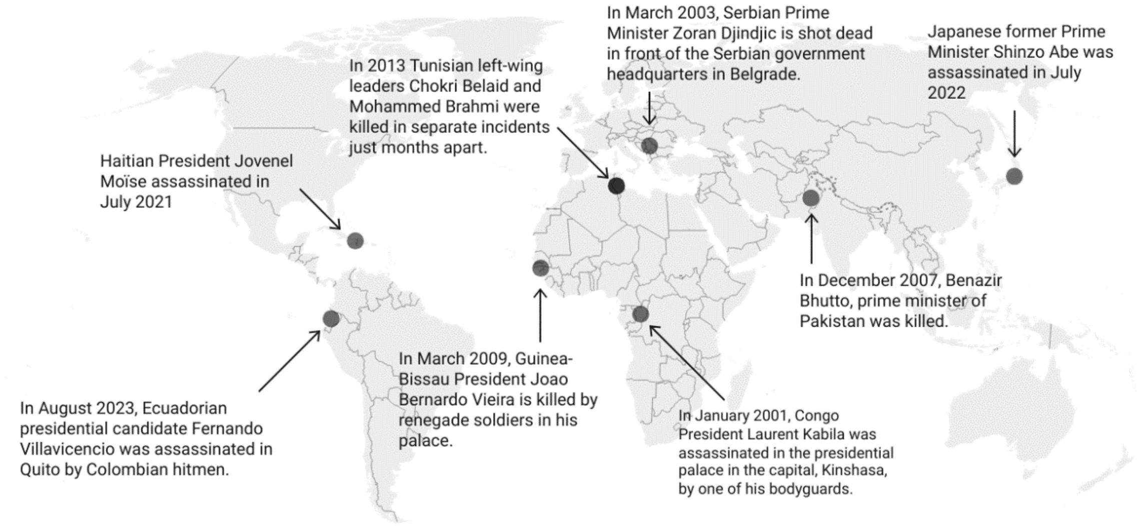
In Asia, a pipe bomb exploded near Japanese Prime Minister Fumio Kishida, and South Korean opposition leader Lee Jae-myung survived an assassination attempt. North Korea's history of assassinations includes the killing of Kim Jong-nam in Malaysia using a chemical weapon. In the Americas, Haitian President Jovenel Moïse was killed, and Ecuador’s election was marred by assassinations, including that of Fernando Villavicencio. In the

U.S., threats against public figures have risen, including attempts on former President Trump.

In the Middle East, Israel has used assassinations to disrupt Iran's nuclear program, while Saudi Arabia allegedly targeted journalist Jamal Khashoggi and other dissidents. Terrorist groups have also targeted leaders in Yemen and Saudi Arabia.

Coups and assassinations are also frequent in Africa. Mali's interim President Assimi Goïta survived an assassination attempt, and ongoing instability in the region suggests a high risk of further incidents.

Selected Assassinations since 2000



Source: Insight Forward • Created with Datawrapper

Implications for Corporations

The increasing frequency of politically motivated assassinations poses a serious threat to global security and corporate interests. As geopolitical tensions evolve through great power competition, political polarization, and ongoing conflicts, these incidents reflect a growing trend toward the use of assassination tactics by both state and non-state actors, particularly during periods of political or social upheaval. The threat is not limited to political and state actors—corporations are also at risk. Business leaders have been targeted by assassinations in the past, including Andy Hadjicostis (Cyprus, 2010), Alfred Herrhausen (Germany, 1989), and Georges Besse (France, 1986), all of whom were targeted due to their perceived political affiliations.

More recently, a plot to target the CEO of Rheinmetall, a German arms manufacturer, was reportedly orchestrated by Russian operatives to disrupt arms supplies to Ukraine. Although it was foiled by U.S. and German security services, the incident reflects the ongoing risk to executives from broader geopolitical dynamics. The risk is highest to businesses with exposure to volatile regions or politically sensitive sectors. Executives and personnel who are outspoken on political or social issues or whose companies are seen as having political affiliations are at heightened risk.

#10

AI-ENABLED CYBERATTACKS

Cybersecurity has come to the forefront for corporations as they realize the extremely costly nature of such attacks. **Cyberattacks, though, are only going to get more problematic as artificial intelligence (AI) will allow even novices to conduct significantly more sophisticated operation.** An AI-driven cyberattack employs AI and machine learning algorithms to execute malicious activities. These attacks utilize AI to automate and amplify traditional cyberattack methods, rendering them more sophisticated, targeted, and difficult to detect. **AI-powered cyberattacks can manifest in various forms, including phishing emails, malware, ransomware, or social engineering techniques.**

Some recent examples include using deepfake voice technology to impersonate a CEO, generating much more convincing phishing emails, identifying software vulnerabilities and evading intrusion detection through AI algorithms, and intelligence gathering through chatbots. **This will only get worse as the attack surface expands exponentially. The number of SaaS applications organizations use has now increased to more than 130, each one requiring vulnerability management and authentication protocols.** In addition, IoT devices have significantly increased, and the projection for 2025 is that there will be 41.6 billion such devices. Then there is the fundamental problem of the software and firmware needed to run these systems. E.g., a modern car has 100 million lines of code, and a June 2024 NIST report observed that it is "not unusual to have 1-25 bugs per 1000 lines of code for delivered software." That's a potential of 2.5 million bugs in just a car, and therefore statistically up to 75,000 attackable vulnerabilities (this does not mean every single one of those is actually attackable, though).

Not only is the attack surface growing, but so is the number of potential threat actors. In previous periods of cybersecurity assessments, it was only advanced persistent threats (usually meaning nation-state actors) with the resources and capabilities of writing the necessary scripts and possessing the time to search through codes for vulnerabilities. However, now anyone with access to ChatGPT or other machine learning algorithms can perform similar feats. **This means that corporations will not only have to prepare from attacks from hacktivists, nation-state actors, and**

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established criminal networks, but any budding threat actor now has the potential to cause tremendous damage.

McKinsey has noted that at “the current rate of growth, damage from cyberattacks will amount to about $10.5 trillion annually by 2025—a 300 percent increase from 2015 levels.” That is despite organizations spending more than $188 billion in cybersecurity in 2023. With the proliferation of AI-enabled cyberattacks and ever-expanding attack surface, corporations will face ever greater risks in 2024.

Implications for Corporations

Increased Security Costs	The cost for cybersecurity is already exorbitant, but corporations are extremely likely to need to spend more resources to protect their data and assets. This will include either purchasing or developing their own AI-enabled cybersecurity mechanisms.
Increased Risk of Attacks	As described, there will be a significant increase in the likelihood of attack, and corporations should prepare mitigation strategies and business continuity plans. Rather than hoping that they have enough security to prevent an attack, the emphasis will likely need to be on raising the barrier of entry for an attack and practice remediation efforts.
Direct and Indirect Costs	AI-powered attacks like ransomware can lead to significant financial losses through ransom payments, theft of funds, or disruption of operations. Loss of productivity, recovery expenses, legal fees, and regulatory fines can add to the financial burden. Also, prolonged system downtimes or compromised services can cause reduced sales and loss of business opportunities.
Legal and Compliance Risks	Corporations may face legal penalties if AI-enabled attacks result in data breaches that violate privacy laws like GDPR or CCPA. In addition, companies could be sued by affected customers, partners, or stakeholders for failing to secure their data, leading to long-term legal battles.
Loss of Proprietary Information	AI-enabled attacks may target trade secrets, patents, or R&D data, leading to a loss of competitive advantage. Stolen intellectual property could be used by competitors or cybercriminals for counterfeiting, further eroding a company’s market position.

Ready to take action?

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