Mapping the geopolitical hot spots

Geopolitics is redefining risks, alliances and key business decisions.



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The degree to which a specific company or organization is impacted by today’s geopolitics depends partially on where in the world it is operating and the part of the global economy in which it is involved. Mike Rosenberg highlights the regions to watch.

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Eurasia

The Russia-Ukraine war is a continuing concern. U.S. attempts to reach some kind of accord to end the conflict remain elusive. Ukraine and most of its European allies are determined not to let Russia's annexation previously of the Crimean peninsula, and now potentially of four southern and eastern Ukrainian territories, be rewarded. The situation seems like a rerun of the infamous pact struck in 1938, allowing Germany to annex the Czech border region of Sudetenland in exchange for what British Prime Minister Neville Chamberlain believed would bring "peace for our time" — wishful thinking that history now regards as an ill-conceived appeasement that precipitated World War II. Russian drone incursions into Polish, Romanian and Estonian airspace are putting NATO to the test.

Gulf States

The ongoing war in Gaza, which Israel launched in response to Hamas's October 7, 2023, terrorist attack, has destroyed much of Gaza, resulting in the deaths of tens of thousands of Palestinians and the displacement of millions. The Arab League pronouncement urging Hamas to disarm and end its rule of Gaza, as well as the peace movement in Israel, are both encouraging moves.

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The broader question is what the future of the region will look like after the war and if, as some believe, Saudi Arabia joins the Abraham Accords normalizing relations with Israel, although Israel's strike in Qatar makes that possibility less likely. The Israel-Hamas war cannot be separated from the wider regional context, which involves Iran, its allies in Yemen, the new government in Syria, and a number of other complex ethnoreligious conflicts in surrounding countries, extending to northeast Africa.

The future of the region is also linked to the medium-term price of oil and gas. Many governments rely on energy revenues to fund not only their military capabilities but also their social programs that enjoy popular support. Today, much of the oil and gas from the Gulf region goes to China, which has been playing an ever greater role in regional diplomacy. If China and the West were to become serious about the transition to a low-carbon economy, the price of oil and gas would likely drop, complicating the efforts of Saudi Crown Prince Mohammed bin Salman to reform Saudi Arabia and quell regional tensions.

East Asia

China is working hard on the diplomatic front to build an alternative to Western-led institutions. One example is its BRICS membership; another is its leadership in the Shanghai Cooperation Organization. The first is about forging economic relationships across the Global South; the second is more focused on geostrategic issues. Both seem tied to the trade conflict between China and the United States, with China attempting to decouple its economy from that of the U.S. while at the same time seeking to grow its own sphere of influence.

Meanwhile, U.S. intelligence sources allege that China is preparing to occupy Taiwan by 2027 — a claim that Chinese President Xi Jinping denies, yet military exercises have ramped up around the island officially known as the Republic of China. Besides Taiwan, China considers much of the South China Sea to be its territory; Vietnam, the Philippines and several other Southeast Asian countries beg to differ.

South Asia

The future of India in the emerging world order is worth tracking. After a brief armed conflict in May 2025, India and Pakistan appear to have gone back to the cold peace that has characterized their relationship for the past 50 years. It is no accident that Indian Prime Minister Narendra Modi met Chinese President Xi Jinping immediately after India got hit by additional tariffs from the Trump administration for continuing to buy oil from Russia. Given

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that India has been working in parallel with the U.S., Japan and Australia to develop joint military capabilities in the Asia-Pacific region, it will be interesting to see how all these countries recalibrate their relations with each other.

Latin America

The rivalry between the West and China is playing out in the U.S.'s so-called "backyard" of Latin America, particularly Venezuela. The Trump administration's focus on "America First" stands in stark contrast with China's active involvement and investments in the region, although the returns for China have so far been limited.

The Poles — and beyond

In the Arctic region, Russia is far ahead in developing the infrastructure and capabilities to exploit the region's vast mineral wealth. In the Antarctica region, the question is whether international cooperation agreements involving dozens of countries will hold over the medium to long term. A similar question applies to outer space. While it may feel like science fiction, if the world does move to a period of intense rivalry between different blocs, then the sky will be no limit to that competition either.

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