

A large circular graphic on the left side of the page, featuring a stylized globe with a grid of latitude and longitude lines. The globe is overlaid with various data points, including small squares, crosses, and 'X' marks, in shades of blue, orange, and white. The background of the globe is a dark teal color with a subtle pattern of dots and lines.

APCO

# Geopolitical Radar

The Global Operating  
Environment for Business

Q4 2024



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**Welcome to the APCO Geopolitical Radar (AGR), an overview of geopolitical risks posed to corporations operating globally.**





AGR reflects our understanding of the regional risks facing businesses and how these risks come together at a global level. It is intended as a baseline from which to develop strategies that navigate and mitigate these risks. This report looks at emerging trends for Q4 2024 and was published in September 2024.

Our regional insights represent the best thinking of APCO corporate advisory practitioners. With more than 1,200 people across more than 30 global locations, our analysis draws on decades of experience and insights serving corporations that operate globally.



# Headline Risks

Acute     Transitory     Enduring 





## United States & Canada

- U.S. use of tariffs is likely to continue expanding under new administration 
- U.S. economic instability may emerge in late 2024 and early 2025 
- The next administration may reset the U.S.'s position on international conflicts 
- Election-related disruption persists and may increase 

## Latin America & Caribbean

- Venezuela's presidential election sparks international concern and regional division 
- Latin America is becoming a battleground for digital transformation, increasing regulatory uncertainty 
- Brazil is taking increasing leadership in global convenings 
- Change in regional political landscape puts friendshoring at risk 




## Sub-Saharan Africa

- Mpox outbreak exposes urgent need for global health system reform 
- South Africa shows democratic maturity but tensions remain 
- West Africa is facing the risk of political, economic disintegration 
- Growing instability for Wagner Group after ambush in Mali 

## Western & Central Europe

- Change in European Commission will set EU direction on business-critical policy areas 
- National political dynamics drive business and policy uncertainty in the EU 
- U.S. election casts shadow over European security and economic priorities 
- National approaches to Europe-China relations are fragmented at a time of trade tensions 

## Russia & Eastern Europe

- Ukraine's Kursk offensive increases fears about operational stability for both militaries 
- U.S. election outcome will determine future assistance to Ukraine 
- Growing political uncertainty and risk of authoritarianism in Russia's neighborhood 





## Middle East & North Africa

- Security tensions and superpower rivalry threaten critical infrastructure and global trade 
- Israel's clash with Iran and proxies perpetuates concerns about regional war 
- Regional economic slowdown spurs search for new growth drivers 
- Turkey, Azerbaijan and Palestine seek BRICS membership extending regional interest in bloc 





## China

- U.S. elections threaten China's export-led recovery 
- Disappointing economic data increases pressure for stronger policy stimulus 
- Compliance challenges continue for global firms 

## India & South Asia

- In India, Modi's coalition government focuses on policy continuity amid new constraints 
- Pakistan's new coalition government faces ongoing polycrisis and political challenges 
- Bangladesh's political upheaval and upcoming elections create uncertainty 
- Sri Lanka's presidential elections and IMF bailout prospects shape economic recovery 

## Asia Pacific

- Thailand's new prime minister inherits political and economic uncertainties 
- Japan seeks new leadership ahead of potential general election 
- Indonesia's Prabowo Subianto to take office amid uncertainties about his national economic agenda 
- Rising tensions between the Philippines and China in the South China Sea 

# Spotlight: Securitized Globalization

## 2024 SEES THE CORONATION OF A “SECURITY-FIRST” WORLD

As 2024 concludes, the argument that a more interconnected world reduces the risk of global conflict – a key belief that shaped the building of the post-WWII world – has become politically untenable across much of the world. Instead, growing belief in “de-risking” – a policy favored across much of the developed world–urges countries and companies to reduce their interdependence for the sake of national security and supply chain resiliency. The Munich Security Conference has called this new economic order “securitized globalization.” This new political paradigm means traditional business strategies focused on global integration and efficiencies are no longer sufficient.

## SECURITIZED GLOBALIZATION TRENDS

- **Restrictions.** Governments are increasingly deploying arsenals of tariffs, sanctions, capital constraints, blacklists, rule of origin mandates and other mechanisms that stop the businesses of geopolitical rivals from trading with and investing in their countries. U.S. tariffs on white goods, EU Foreign Subsidies Regulations, China’s Unreliable Entity List and India’s bans on Chinese mobile apps using its Information Technology Act are just a few examples.
- **Incentives.** Whether from politically left- or right-leaning traditions, newly empowered political leaders are subsidizing home market interest groups and companies from “friendly” nations. They are using tax breaks and procurement methods, underwriting research & development and urging public and private investment in what they deem essential national industries. These “essential industries” align with policy priorities (such as the green transition or defense) or are seen as pillars of future technological and economic development (such as AI, quantum computing and next-generation life sciences. Think the United States CHIPS And Science Act, Italy’s Superbonus energy efficiency tax credits, Argentina’s Incentive Regime for Large Investments and South Korea’s “K-Chips Act” for semiconductor investments.
- **Activism.** With public support, state agencies are employing a range of legal and rhetorical mechanisms that add roadblocks to cross-border commercial and investment activity, including antitrust reviews, foreign ownership limits, investigations and law enforcement raids, data localization mandates, standards requirements and normative screenings on topics such as human rights, social justice and climate. In the United States, these mechanisms include the Uyghur Forced Labor Prevention Act, Adobe-Figma and Intel-Towers Semiconductor acquisitions and the Committee on Foreign Investment in the United States (CFIUS) review of Nippon Steel’s attempted acquisition of US Steel acquisition. In Europe, the sale of The Telegraph newspaper and the EU’s Digital Markets Act are just two examples.

These trends can be expected to intensify given continued geopolitical rivalries and a rising tide of nationalism (and protectionism) across the developed world – and increasingly in certain Global South countries as well. Prolonged political uncertainty, new tariffs and a tit-for-tat dynamic could significantly impact the U.S.-China-Europe trilateral relationship. As many European – particularly German – companies continue to invest heavily in China, they will likely need to respond quickly to emerging economic security measures. At the same time, uncertainty regarding future U.S.-European relations can be expected to affect defense cooperation within NATO, further catalyzing European nations’ need to enhance their own security and defense – which is also a priority of the new European Commission.

As policymakers turn inward, new barriers to trade designed to enhance national and domestic resilience may result in “policy-led geoeconomic fragmentation” affecting economic growth and future prosperity.

# Spotlight: Securitized Globalization

## WHAT DOES IT MEAN FOR COMPANIES?

- **Operating in the Grey Zone**

In a security-first world, geopolitical “redlines” will inevitably render some markets irretrievable for companies from rival offshore jurisdictions. This is particularly true of highly sensitive sectors such as defense and telecommunications. Apparent “white spaces” will exist for global companies in the most benign of industries. But for most, the era of security-centric globalization will be defined by commercial “grey areas” that require agile navigation and astute advocacy.

- **No Escape from National Identity**

The era of being a “global” company without a clear national identity is over. Companies are increasingly defined by their home country, making them targets for geopolitical scrutiny – whether fairly or unfairly. Businesses can no longer avoid being perceived through the lens of their home nation’s policies and foreign relations.

- **Diminished Corporate Influence**

Business voices are losing ground to ideological and security-driven agendas. Traditional lobbying and engagement strategies with governments are proving ineffective as national security concerns dominate policymaking. Companies must reinvent how they advocate for their interests in a world where business often takes a backseat to political and security priorities.

- **Guilty Until Proven Innocent**

National security concerns are increasingly invoked with little need for clear evidence or justification. Many security-related laws and measures are broad and open to interpretation, giving governments significant latitude to impose restrictions on trade and investment. Businesses need to understand and be prepared to respond to national security claims around their own operations or their industry, even when the evidence is unclear or minimal.

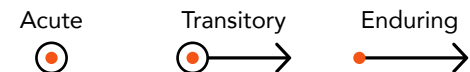
- **The Tech Divide**

Geopolitical tech rivalry is splitting global markets. The U.S. and China – and increasingly their allies – are prioritizing national security and are building distinct, incompatible technology ecosystems. For multinationals, this means the old strategy of leveraging both markets for their relative advantages is no longer viable. The need for duplicating operations, restructuring business units and reshoring will also come with increased scrutiny from both sides.

### To succeed in this security-first global landscape, businesses must:

- Actively assess and mitigate security risks across their supply chains, investors and partners.
- Leverage local incentives and align with national priorities to secure market access.
- Develop multi-local strategies, including parallel operations, to adapt to varying geopolitical conditions.
- Focus on agility and strategic positioning to navigate the complexities of this new era and capitalize on emerging opportunities.
- Stay proactive, avoid complacency and be ready to pivot as geopolitical dynamics evolve.

# Asia Pacific



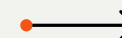
## HEADLINE RISKS

### Thailand's new prime minister inherits political and economic uncertainties

- Peatongtarn Shinawatra, 37, has become Thailand's youngest prime minister amid political turmoil after the Constitutional Court ousted previous PM Sretta Thavisin.
- The new PM's father, Thaksin Shinawatra, is widely expected to exert significant control from behind the scenes, demonstrating the Shinawatra family's influence in Thai politics but also deepening existing political divisions between royalist-military elites and pro-Thaksin populist reformists.
- Expectations are low for Paetongtarn to overcome the economy's structural issues. Investor sentiment is fragile, marked by market volatility; and key government projects, such as the digital wallet system, are facing significant legal and financial challenges.

## IMPACT TO BUSINESSES

- Companies should be prepared for continued instability due to unresolved tensions among Thailand's political elites and growing support for the progressive opposition party.



### Japan seeks new leadership ahead of potential general election

- Prime Minister Fumio Kishida will not seek re-election as leader of Japan's ruling Liberal Democratic Party (LDP) amid low approval ratings and corruption allegations. The LDP will vote on a new leader in September, with 43-year-old Shinjiro Koizumi and political veteran Ishiba Shigeru considered to be leading candidates.
- The LDP leadership race overlaps with international events including the United Nations General Assembly. The next Prime Minister is expected by many to call a general election in October or November.
- The next government will face economic struggles, China tensions, and a new U.S. administration, though major policy shifts are unlikely.

- Businesses should prepare for political shifts, a temporary pullback of Japanese participation on the global stage and delays in key policy decisions. The expected general election later this year adds unpredictability.



### Indonesia's Prabowo Subianto to take office amid uncertainties about his national economic agenda

- President-elect Prabowo Subianto is set to take office in October amid rising concerns of democratic backsliding and patronage politics. He is expected to broadly continue current President Joko "Jokowi" Widodo's economic politics, including keeping ministers and advisors from Jokowi's recently reshuffled cabinet.
- However, since being elected Prabowo has made unscripted and often inflammatory statements, such as blaming foreigners for Indonesia's domestic issues (including recent student-led protests), dismissing democratic concerns and supporting more economic self-sufficiency.

- It will be important to closely monitor Prabowo's initial moves to forecast the level of continuity his administration will have with previous economic and business policies, as well as potentially to prepare for more ideological and nationalistic set of economic priorities.



### Rising tensions between the Philippines and China in the South China Sea

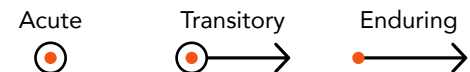
- The Philippines and China are experiencing heightened tensions in the South China Sea, with recent maritime clashes and aggressive posturing. Other countries across the region have been actively hedging between the U.S. and China, deprioritizing territorial disputes with Beijing by expanding relations with China directly or through multilateral channels, such as Malaysia and Thailand joining the BRICS+.
- This divergence in regional strategies further isolates the Philippines, deepening its reliance on U.S. support and potentially escalating regional risks.

- Growing tensions have increased the potential for a military miscalculation at sea leading to further escalation between China, the Philippines and potentially other regional actors including the United States. A regional conflict will significantly impact global supply chains and markets.





# China



## HEADLINE RISKS

### U.S. elections threaten China's export-led recovery

- Both candidates in the U.S. elections have promised to take a hardline approach to trade with China. Democratic candidate Kamala Harris has signaled that she intends to retain Trump- and Biden-era tariffs on Chinese imports and build a U.S. "opportunity economy" through robust industrial policy.
- Republican candidate Donald Trump has promised sweeping tariffs of 60% on all Chinese imports as part of a broader program of economic decoupling.

### Disappointing economic data increases pressure for stronger policy stimulus

- Recent data present a mixed picture of China's economy. While growth slowed in the second quarter, July's retail sales slightly beat expectations, partially offsetting weak investment and industrial output.
- However, despite clear signals from the Communist Party's Third Plenum convening and recent Politburo meetings to boost domestic demand, policies have not addressed fundamental issues like elevated youth unemployment and an underperforming capital market. The slowdown of household income will impact consumer confidence and likely lead to slower growth in Q4.

### Compliance challenges continue for global firms

- China's recently updated State Secrets Law and other relatively new security-related legislation, including the Data Security Law, the Counterespionage Law and the amended National Security Law, are vaguely written, allowing for broad and potentially ambiguous interpretation and discretionary implementation.
- The lack of clarity around compliance requirements creates the perception among some foreign businesses that these laws could be enforced arbitrarily or selectively in times of vulnerability, particularly during disputes with the government or domestic competitors.

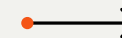
## IMPACT TO BUSINESSES

- Large-scale U.S. investments in its industrial capacity in combination with high tariffs on Chinese imports create a dual threat to China's exports, which have buoyed economic growth amid a property downturn and weak consumer spending. New U.S. trade barriers could invite retaliation from Beijing and further weigh on consumer sentiment in China.

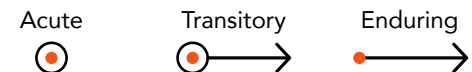
- Underwhelming economic performance raises questions about what the next potential drivers of growth will be. Meanwhile, recent government rhetoric offers little indication of substantial short-term consumer stimulus. With domestic demand staying subdued, growth in gross savings and a low propensity to spend will likely persist.

- Companies operating in China should continue to closely monitor enforcement trends around national security legislation and remain diligent about compliance. However, as China looks to restore its position as a leading destination for foreign direct investment, the government may take a restrained approach to enforcement.

## RISK HORIZON



# India & South Asia



## HEADLINE RISKS

### In India, Modi's coalition government focuses on policy continuity amid new constraints

- Prime Minister Narendra Modi's Bhartiya Janata Party (BJP) formed a coalition government after surprisingly failing to secure an outright majority in the recent national elections. Opposition parties have gained renewed strength and vigor in parliament.
- The new government is expected to focus on policy continuity, with emphasis on bolstering certain sectors including agriculture, AI, infrastructure and manufacturing. However, the lack of a clear majority limits the government's mandate for major reforms, as evidenced by the recent referral of major bills to parliamentary committees instead of securing outright passage.

### Pakistan's new coalition government faces ongoing polycrisis and political challenges

- A new coalition government led by the Pakistan Muslim League - Nawaz (PML-N) party has assumed office, but the country continues to face many crises.
- Pakistan is grappling with economic instability, a high external debt burden and inflation, while jailed former leader Imran Khan remains a significant political force.
- The government is expecting the approval of a medium-term IMF bailout package by September, a development that will bring much needed relief to the country's battered foreign reserves.

### Bangladesh's political upheaval and upcoming elections create uncertainty

- Bangladesh faces political upheaval, with Prime Minister Sheikh Hasina in exile and an interim military-backed government led by Nobel Laureate Muhammad Yunus.
- The government, navigating tensions among key political figures and constituencies, aims to restore peace while facing criticism for its treatment of minorities.
- Elections are likely to take place by the end of 2024 and the interim government's success depending on organizing free and fair elections and managing the currently fraught relations with India.

### Sri Lanka's presidential elections and IMF bailout prospects shape economic recovery

- Sri Lanka is set to hold presidential elections on September 21, 2024, with incumbent President Ranil Wickremesinghe trailing leftist Anura Kumara Dissanayake and centrist Sajith Premadasa in a close race.
- The current government has made progress stabilizing the economy, with the IMF reporting improvements in the debt situation.
- A possible IMF bailout package is on the horizon, with a staff-level agreement already in place, potentially providing much-needed relief to the country's economy.

## IMPACT TO BUSINESSES

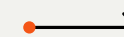
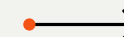
- Companies – particularly those in sectors targeted for policy and investment support – should monitor the outcome of upcoming state elections, the government's ability to navigate coalition dynamics and their implications for the government's economic reform agenda.

- There is ongoing uncertainty in the business environment, especially in sectors such as energy and those that rely on imports, as they remain vulnerable to policy and pricing volatility. While the government has floated a reform agenda to cut public spending, businesses should monitor the government's ability to execute these reforms, manage political tensions and navigate regional dynamics.

- Businesses should adopt a wait-and-watch approach, closely monitoring the political situation and the outcome of the elections. The treatment of minorities and the government's ability to maintain peace and stability will be key factors to consider before making any significant investment decisions.

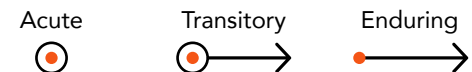
- Businesses should closely monitor the election results and the government's ability to secure an IMF bailout package, as these factors will shape the country's economic trajectory. The improving debt situation, as reported by the IMF, may create new opportunities for businesses in the medium- to long-term.

## RISK HORIZON





# Middle East & North Africa



## HEADLINE RISKS

### Security tensions and superpower rivalry threaten critical infrastructure and global trade

- The wider Middle East and North Africa region is becoming an increasingly multipolar environment, driven by U.S.-China competition and new memberships of the BRICS alliance. Both Saudi Arabia and the UAE recently aligned themselves with the U.S. on AI development and technology infrastructure, an indication of their position if pressed to choose sides.
- Israel's attack on the Houthi-controlled port of Hodeidah in Yemen underscores the vulnerability of critical infrastructure to targeted attacks amid ongoing tension between Israel and Iran's regional proxies. A direct Iran-Israel confrontation also raises the possibility of neighboring neutral countries' infrastructure being struck, accidentally or purposefully.

### Israel's clash with Iran and proxies perpetuates concerns about regional war

- Tensions have increased between Israel and Iran and its regional allies following suspected Israeli assassinations of top Hamas and Hezbollah leaders and a promised Iranian response, along with Hamas' killing of several hostages. Amid this state of alert, Israel continues negotiations of a Gaza ceasefire and hostage release deal with Hamas via the U.S. and regional parties.
- The U.S. has deployed a military contingent to deter regional war, while numerous foreign airlines have indefinitely suspended Middle East flights.

### Regional economic slowdown spurs search for new growth drivers

- The Israeli and Egyptian economies, among other regional powers, are experiencing slowing economic output and low growth forecasts due to the ongoing Gaza war and other tensions including Houthi attacks on Red Sea shipping.
- Gulf nations are seeking to mitigate the impact of security escalations on their economies and diversify growth engines away from petroleum, with Saudi Arabia passing new legislation to incentivize foreign investment, promoting non-oil revenue streams and a "Schengen-style" tourist visa to GCC countries.

### Turkey, Azerbaijan and Palestine seek BRICS membership extending regional interest in bloc

- Azerbaijan formally applied to join the BRICS economic bloc, following a visit by Russian President Vladimir Putin to Baku. Following this, Palestine announced intent to apply for BRICS membership at the bloc's October summit in Kazan, Russia.
- New interest in BRICS membership follows Egypt, the UAE and Iran's accession earlier in 2024, highlighting foreign policy diversification among regional powers who are drawing closer to non-Western powers amid a perceived strengthening of multipolarity in world affairs.

## IMPACT TO BUSINESSES

- Businesses should prepare operational continuity plans should war break out and key infrastructure such as internet, electricity, and water be disrupted. Regional investors should be prepared for intensified navigation of the U.S.-China rivalry and its pressures on decoupling operations, particularly in critical infrastructure and innovative technologies.

- The continued tensions raise the possibility of long-term suspension of flight routes and adverse conditions for the regional economic landscape. A miscalculation by one side leading to a full-scale war would likely see broad business disruptions in all involved countries and attempts to evacuate foreign nationals from conflict zones.

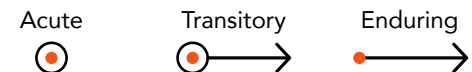
- A ceasefire in Gaza and the accompanying de-escalation of associated regional conflicts could spur rapid economic rebounds in affected countries, with incentives for business investment to renew investor confidence. Regional businesses can anticipate new opportunities outside of the oil and gas industry that align with well-articulated national economic diversification strategies.

- The addition of Turkey and Azerbaijan to BRICS may accelerate de-dollarization and open investment and trade opportunities for companies from BRICS member states, particularly India and China, at the expense of Western firms. Despite internal tensions, BRICS' growing influence signals a shifting geopolitical landscape, incentivizing businesses to align with this trend to remain competitive.

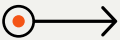
## RISK HORIZON



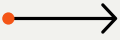
# Sub-Saharan Africa

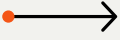


HEADLINE RISKS	IMPACT TO BUSINESSES	RISK HORIZON
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<p><b>Mpox outbreak exposes urgent need for global health system reform</b></p>	<ul style="list-style-type: none"> <li>The WHO has declared the mpox outbreaks in Congo, Burundi, Central African Republic, Kenya and Rwanda a global health emergency due to rapid spread, with over 14,000 cases and 520 deaths as of early September.</li> <li>This outbreak highlights the urgent need for international collaboration, rapid support and well-resourced health systems to prevent further spread, while addressing the broader challenges posed by climate change and future pandemics.</li> </ul>	<ul style="list-style-type: none"> <li>Businesses with relevant expertise, including healthcare and technology providers, should ensure they are aware of and responding to community, government and multilateral stakeholder needs in addressing this emergency. This outbreak, coupled with geopolitical tensions and inflationary pressures, threatens to further slow down global economic growth and stability.</li> </ul> 
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<p><b>South Africa shows democratic maturity but tensions remain</b></p>	<ul style="list-style-type: none"> <li>Following the May elections, South Africa is navigating a coalition government for the first time in the country's history. The African National Congress (ANC) lost its absolute majority for the first time since the end of Apartheid, in response to public discontent over lack of efficiency in delivering basic services and corruption.</li> <li>While the flourishing of new political parties that joined with the ANC to form a national unity government shows a healthier South African democracy than some expected, deep geographic, ethnic, tribal and political tensions remain. In particular, former President Zuma's expulsion from the ANC after backing and leading the MK party is a particular source of political tension that remains to be settled.</li> </ul>	<ul style="list-style-type: none"> <li>Markets and analysts see the unity government as a sign of stability and security for the country. Companies will find a degree of political continuity, yet economic progress like investing locally, engaging in corporate responsibility initiatives and maintaining ethical practices will be needed to ensure stability and stop the growing inequality and unemployment – currently over 60% among the youth population.</li> </ul> 
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<p><b>West Africa is facing the risk of political, economic disintegration</b></p>	<ul style="list-style-type: none"> <li>After Mali, Burkina Faso and Niger officially withdrew from the Economic Community of West African States (ECOWAS) in January 2024, the three countries convened for the first time in July for the inaugural summit of the Alliance of Sahel States.</li> <li>Members of the ECOWAS will try to persuade the three countries to remain in the regional political and economic union until their official departure in Q1 2025.</li> </ul>	<ul style="list-style-type: none"> <li>West Africa is a crucial region from the global perspective, but the small market size of many of its countries was already a barrier to foreign investment, which will be further discouraged by disintegration and political instability.</li> </ul> 
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<p><b>Growing instability for Wagner Group after ambush in Mali</b></p>	<ul style="list-style-type: none"> <li>In July 2024, Russian-backed Wagner Group mercenaries supporting Malian forces faced a devastating ambush by Tuareg rebels and al-Qaida affiliate JNIM in Mali. The coalition suffered losses, with 50 Russian and several Malian soldiers killed or captured. The attack highlights the instability in the region and the challenges facing Russian forces in Africa.</li> </ul>	<ul style="list-style-type: none"> <li>Russian-backed forces, particularly the Wagner Group, have historically been a significant military player in certain regions of Africa, but their influence has become increasingly unreliable. In countries such as Mali and the Central African Republic, the changing power dynamics from Wagner's weakness are contributing to broader unrest. Businesses operating in these areas may face heightened risks from localized militant activity, international scrutiny and sanctions which can disrupt operations and influence reputations.</li> </ul> 
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# Russia & Eastern Europe

Acute  
○

Transitory  
○→

Enduring  
●→

## HEADLINE RISKS

### Ukraine's Kursk offensive increases fears about operational stability for both militaries

- As of early September, Ukraine controlled more than 1,300 square kilometers and 100 settlements in Russia's Kursk Oblast and had captured over 500 Russian soldiers.
- An unexpected setback for the Kremlin narrative and military, the incursion indicates Russia has used up much of its military capital and lacks the resources to respond nimbly, thus increasing the likelihood of a new country-wide mobilization of troops.
- Ukraine also faces significant combat risk, as troop shortages across the neighboring Donetsk front have led to significant Russian gains westward.

### U.S. election outcome will determine future assistance to Ukraine

- Since February 2022, President Biden and his administration have forcefully denounced Russian aggression while providing more than \$175 billion in aid to Ukraine, making the country the largest recipient of American aid.
- Vice President Harris has indicated that she would continue Biden's policies of sending military aid to Ukraine and emphasizing the country's territorial integrity.
- Former President Trump has long expressed admiration for Russian President Putin but has also indicated his ability to secure peace in the conflict. Trump's running mate, JD Vance, led a charge to stop funding for Ukraine in the Senate.

### Growing political uncertainty and risk of authoritarianism in Russia's neighborhood

- Moldova's pro-European president, Maia Sandu, faces a strong challenge in her reelection bid from her pro-Russian predecessor, Igor Dodon, on October 20.
- Georgia faces parliamentary elections on October 26. The ruling Georgian Dream party is likely to win but threatens to ban opposition political parties and has passed legislation narrowing the civic space.
- Azerbaijan, which hosts COP29 in November, held elections in September which were boycotted by the opposition. Human rights and opposition activists have been increasingly harassed by police and security forces.

## IMPACT TO BUSINESSES

- Battlefield outcomes will continue to dictate Russian and Ukrainian responses, potentially lowering chances of peace as both sides continue to escalate. Companies must continue to comply with and navigate Ukrainian wartime policies amid the changing battlefield dynamics.

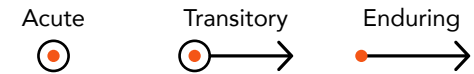
- The U.S. election results will influence funding for Ukraine's military and future economic recovery, impacting opportunities for partnership with the private sector and the potential outcome for the war.

- Oppressive measures, such as in Georgia and Azerbaijan, may create the illusion of stability in the short-term, but will also generate pressure on businesses to ensure that their own operations are not also part of the problem. Meanwhile uneasy local actors wonder whether the West or Russia is the better long-term bet.

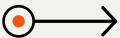
## RISK HORIZON




# Western & Central Europe



HEADLINE RISKS	IMPACT TO BUSINESSES	RISK HORIZON
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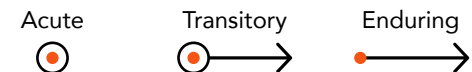
<p><b>Change in European Commission will set EU direction on business-critical policy areas</b></p>	<ul style="list-style-type: none"> <li>The reelection of European Commission President Ursula von der Leyen and a shift to the right in European and national elections set the stage for a new EU focus on competitiveness, reindustrialization, security, and defense.</li> <li>European Parliament members are expected to scrutinize and likely reject some Commissioner nominees in October. Commissioners in key portfolios like industrial policy, defense, and budget will shape critical policies. Mario Draghi's report on competitiveness is also expected to play a significant role.</li> </ul>	<ul style="list-style-type: none"> <li>The balance struck by the new European leadership between industrial policy and competition regulation is a key point of uncertainty and will depend in part on the personalities holding the relevant policy portfolios. Businesses should closely watch how the new Commission will respond to growing calls to allow more consolidation in key sectors in the pursuit of scale and global competitiveness.</li> </ul> 
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<p><b>National political dynamics drive business and policy uncertainty in the EU</b></p>	<ul style="list-style-type: none"> <li>Political upheaval has weakened the governments of France and Germany, the EU's most powerful states. After snap elections, France's divided parliament compelled President Macron to nominate Michel Barnier, a center-right figure, as prime minister, leaving any government reliant on far-right support.</li> <li>Germany's unpopular coalition narrowly avoided collapse with a controversial budget deal, though parliamentary approval remains uncertain. Populist and extremist parties are gaining ground, as shown by the far-right AfD's historic wins in Thuringia and Saxony's state elections on September 1.</li> </ul>	<ul style="list-style-type: none"> <li>Political uncertainty in key European countries will affect investment decisions, and EU leadership will be harder to pinpoint. As hard-right political groups gain influence, government affairs practitioners must adjust engagement strategies and navigate heightened sensitivities to maintain effective relationships in this evolving landscape.</li> </ul> 
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<p><b>U.S. election casts shadow over European security and economic priorities</b></p>	<ul style="list-style-type: none"> <li>European policymakers are focusing on joint defense procurement at NATO and EU levels, anticipating reduced U.S. support for Ukraine under a potential second Trump presidency and Germany's budget crisis.</li> <li>A Trump administration could raise tariffs and target the EU, increasing Europe-China trade tensions as Chinese companies shift focus to Europe. Additionally, Trump's leadership may challenge European unity, emboldening hard-right elements in some EU member states that had previously aligned with the political center.</li> </ul>	<ul style="list-style-type: none"> <li>A view that Europe should become less reliant on the U.S. for security is driving efforts to promote the European defense industry. Policymakers may favor strategic autonomy that limits non-EU business involvement. A Trump presidency could deepen political divisions within the EU, heightening business uncertainties and complicating the regulatory environment for international companies.</li> </ul> 
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<p><b>National approaches to Europe-China relations are fragmented at a time of trade tensions</b></p>	<ul style="list-style-type: none"> <li>EU-China relations are shaped by industrial probes into Chinese trade practices in strategic sectors and clean technologies. The European Commission has solidified its role as a trade enforcer, with a final vote on five-year Chinese EV import tariffs expected in October.</li> <li>While "de-risking" is gaining traction, countries like Germany, France and Italy still value Chinese investments and market share.</li> </ul>	<ul style="list-style-type: none"> <li>As Europe-China trade becomes more politically charged, companies must prioritize strong relations with government stakeholders to mitigate political, regulatory and reputational risks. These efforts are complicated by differing positions among EU member states and the growing influence of the European Commission, making it crucial to navigate this complex regulatory environment effectively.</li> </ul> 
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# Latin America & the Caribbean



## HEADLINE RISKS

### Venezuela's presidential election sparks international concern and regional division

- Latin America remains divided after Venezuela's presidential elections, with President Nicolas Maduro declaring himself the winner without an official breakdown of results and issuing an arrest warrant for opposition leader Edmundo Gonzalez. The Venezuelan regime has since intensified a crackdown on dissent, drawing widespread international condemnation and deep concerns from typically sympathetic regional partners like Colombia and Brazil.
- Venezuela's election outcome furthers democratic backsliding in the region while also drawing in other countries with vested interests. Geopolitical implications will include energy and security policies in the region, as well as the ongoing humanitarian crisis driving migration flows.

### Latin America is becoming a battleground for digital transformation, increasing regulatory uncertainty

- While Latin America has traditionally adopted a neutral position across geopolitical issues, the region is becoming a key proxy for superpowers vying for leadership in the digital and tech infrastructure space.
- The Cartagena de Indias Declaration on the governance and promotion of AI, signed by 17 countries in August 2024, underscores the region's growing role in the digital arena, as well as its attempt to maintain leadership and independence even as Chinese, U.S. and European AI frameworks jockey for control over infrastructure development, policies and cross-border payment systems.

### Brazil is taking increasing leadership in global convenings

- Brazil will be in the spotlight as host of the 2024 G20 in November, with high expectations on it to lead discussions on global challenges including governance, energy transition and social inclusion.
- A successful G20 could enhance Latin America's credibility and reputation ahead of COP30 climate negotiations in November 2025, also to be hosted by Brazil. It will also be the first in a series of multilateral fora that will be led by countries in the southern hemisphere, setting the stage for an agenda that will put issues key to developing nations first.

### Changes in regional political landscape puts friendshoring at risk

- Friendshoring – particularly driven by the United States – has bestowed benefits for several Latin American countries, particularly in Mexico, due to its proximity to the U.S., the USMCA free trade agreement and recent investments in electric vehicle and renewable energy supply chains.
- However, the upcoming U.S. elections along with expected changes in key governments across Latin America (including Mexico, Chile and Ecuador) create uncertainty around the durability of friendshoring policies. The modest decline in foreign direct investment (FDI) in 2023 and potentially extending into 2024 will also create barriers to continued growth in friendshoring initiatives.

## IMPACT TO BUSINESSES

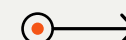
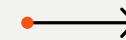
- Businesses face increased uncertainty in the region, potentially affecting investment confidence. Additionally, the focus on Venezuela may divert attention from other critical regional issues, decreasing the spaces where companies in Latin America can engage with stakeholders to build relationships and influence outcomes on issues that impact their sectors.

- Businesses in the region face uncertainty due to the lack of clear AI regulations on safety and security, responsible development and use and equity. To navigate this landscape, the private sector needs to closely monitor political developments, follow legal counsel and understand how superpower dynamics and regional governance influence decisions in local environments.

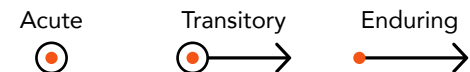
- Businesses should evaluate how their agendas intersect with the priorities of upcoming global events, with an eye on leveraging the opportunity for local and regional engagement to build strategic relationships. Timely and constructive engagement can support long-term investments in the region and the possibility to contribute to the policies that will be discussed.

- Regardless of the U.S. election outcome, companies will have to evolve their strategies in Latin America to respond to new regional dynamics, especially for Mexico and smaller economies, to capitalize on friendshoring opportunities and mitigate risks.

## RISK HORIZON



# United States & Canada



## HEADLINE RISKS

### U.S. use of tariffs is likely to continue expanding under new administration

- A new U.S. presidential administration will take office in January 2025, potentially bringing an expanded tariff regime. Harris has signaled that if elected she would incrementally build on Biden-era tariffs against China to protect industries vital to the health of U.S. manufacturing.
- If reelected, Trump stated he would use tariffs more broadly to strengthen U.S. domestic production and as a negotiating tool with adversaries and allies alike. The mandated review of the USMCA trade agreement ahead of 2026 offers a mechanism for renegotiation among North America's economies.

### U.S. economic instability may emerge in late 2024 and early 2025

- Cooling inflation and slower hiring will likely lead the Federal Reserve to reduce interest rates before the end of 2024.
- Possible strikes at major U.S. ports could disrupt supply chains and affect trade and logistics during the crucial holiday season.
- While the U.S. stock markets remain strong as of early September, market volatility may be triggered by election uncertainty, a punitive new tariff regime or the prospect of political interference in the Federal Reserve's setting of interest rates.

### The next administration may reset the U.S.'s position on international conflicts

- Harris would likely continue U.S. support for Ukraine but could eventually be stymied by opposition in Congress. Her administration would face pressure from some left-leaning constituencies to take a different approach to ending the Israel-Hamas war.
- Trump may limit U.S. aid to Ukraine or pursue a peace settlement more accommodating to Russia. Trump may also take a more hawkish approach to Israel-Iran tensions. Ending aid to Ukraine could give Russia an advantage and invite adversaries to test U.S. resolve in other regions, while a more confrontational approach to Iran could either raise the risk of conflict or deter one.

### Election-related disruption persists and may increase

- Iranian hacks into the Trump and Harris campaigns signal future cyberattacks, leaks and disinformation from adversaries such as China, Russia and North Korea.
- Many on the right continue to distrust the integrity of elections and are primed to contest results through the justice system and protests of varying intensity. Many voters believe the outcome of the election will have a seminal impact on the trajectory of American society.
- These factors, exacerbated by heated campaign rhetoric and foreign interference, may drive large-scale protests and potential violence before and after the November 5 election.

## IMPACT TO BUSINESSES

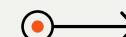
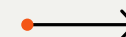
- The wide difference between a Harris and a Trump trade policy means that businesses should plan around several key scenarios and once the election outcome is known, engage with administration and Congressional stakeholders to offer input on future tariffs.

- As with policy uncertainty around the outcome of the U.S. election, businesses must prepare for diverging possibilities, including continued economic deceleration, supply chain shocks or stabilization in response to Federal Reserve actions.

- Regardless of the election outcome, businesses should expect additional volatility as these issues are likely to endure beyond the first few months of a new presidential administration and could tie up U.S. security interests and impact the economic relationship with U.S. allies.

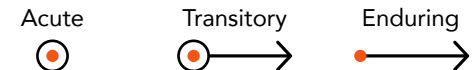
- Businesses should identify ways to foster civil engagement among politically diverse employees and customers; be ready to respond to election outcomes and a range of related issues and activism, including by developing contingency plans, messaging and materials; and actively monitor and respond to disinformation and unauthorized use of their brands and intellectual property.

## RISK HORIZON





# Multilateral Institutions & Forums



HEADLINE RISKS	IMPACT TO BUSINESSES	RISK HORIZON
<p><b>UN's Summit of the Future will transform strategies of multilateral organizations and regulation</b></p>	<ul style="list-style-type: none"> <li>The Summit of the Future in late September provides an opportunity for UN member states and stakeholders to transform the way international organizations address peace and security, financing sustainable development, innovation and digital cooperation, global governance and youth and future generations.</li> <li>Participants will adopt the Pact for the Future, an action-oriented declaration aimed at providing a comprehensive roadmap for effective multilateralism, much like the Sustainable Development Goals (SDGs) did for sustainability in 2015.</li> <li>They will also adopt the Global Digital Compact (GDC), which will establish principles for a secure digital future and guide international digital technology efforts. It will lead to new multilateral regulations, bodies and funds.</li> </ul>	<ul style="list-style-type: none"> <li>The Pact for the Future will guide private sector engagement with the UN and member states, serving as a roadmap for the organization's priorities, impacting national regulation. The GDC will greatly increase the engagement of the multilateral system in regulation of technology that will impact businesses across many vertical markets, particularly global AI and data governance.</li> </ul> 
<p><b>UN's new Cybercrime Convention will impact liability profile of firms</b></p>	<ul style="list-style-type: none"> <li>The UN finalized negotiations of a new convention against cybercrime, setting a global standard for processes involving multiple stakeholders. The Convention was widely criticized as harmful by the private sector and civil society due to privacy and human rights concerns.</li> <li>The Convention is expected to be adopted by the UN General Assembly later this year. Member states and their legislatures will have to engage in discussions on whether to adopt it at a national level, impacting the private sector, especially in technical assistance and capacity-building.</li> </ul>	<ul style="list-style-type: none"> <li>Businesses who receive law enforcement requests for data need to engage with policymakers in key markets and understand the implications the Convention will have in terms of their liability profile and how it will impact their business operations.</li> </ul> 
<p><b>Sustainability conversations will raise questions about the private sector's accountability</b></p>	<ul style="list-style-type: none"> <li>Corporate sustainability claims will experience multilateral attention as the Conference of the Parties for Biodiversity (COP16), Climate (COP29) and Desertification (COP16) occur, directly impacting the private sector.</li> <li>Discussions will include how to increase private sector finance for climate initiatives, the roadmap for businesses to accelerate the uptake of biodiversity strategies, and how the private sector will address desertification impacts on agriculture and water resources.</li> <li>The rise of conservative governments has led to concerns that many states will backtrack on their sustainability commitments.</li> </ul>	<ul style="list-style-type: none"> <li>Businesses should be ready to address increasing demands from civil society, governments, the finance sector and peers about what they will do to fulfill their green agendas. The private sector will face increased pressure to decide their approach to sustainability standards.</li> </ul> 
<p><b>U.S. election outcome will change multilateral engagement and stability</b></p>	<ul style="list-style-type: none"> <li>The 2024 U.S. presidential election will significantly influence multilateral organizations and policy discussions, impacting funding, credibility and public perception. The current challenges faced by international institutions in resolving conflicts and securing resources makes this more relevant than before.</li> <li>While a Harris administration would follow in the steps of President Biden and seek leadership in the multilateral space, a Trump administration would take a more adversarial and transactional stance, altering the global governance landscape thereby impacting international cooperation and its effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>The U.S.'s participation in or delegitimization of multilateral institutions may influence their roles as public-private conveners. Changes in U.S. participation could lead to shifts in regulations and standards, particularly in sustainability. This may alter the operational landscape for businesses, creating opportunities for some while posing challenges for others.</li> </ul> 

# Upcoming Global Events Q4 2024

## OCTOBER

### *October 1*

Mexico presidential inauguration

### *October 6*

Tunisia holds presidential elections

### *October 6-11*

ASEAN Summit, Vientiane, Laos

### *October 9-11*

G7 Health Ministers meeting

### *October 13-27*

Lithuania parliamentary election

### *October 15-17*

The Energy & Sustainability Forum 2024, Riyadh

### *October 20*

Moldova presidential election and European Union referendum

### *October 24-26*

Future Investment Initiative (FII), Riyadh

### *October 25-27*

IMF and World Bank annual meetings, New York

### *October 26*

Georgian parliamentary election

### *October 27*

Uruguay general election

### *October 30*

Botswana general election

## NOVEMBER

### *November 1-7*

APEC Summit, Peru

### *November 5*

United States presidential election

### *November 11-24*

COP29, Baku, Azerbaijan

### *November 18-19*

G20 Leaders' Summit, Rio de Janeiro

### *November 24*

Possible presidential runoff, Uruguay

### *November 24-December 8*

Romania presidential election

### *November 27*

Namibia presidential elections

### *November 30*

Mauritius general election

## DECEMBER

### *December 1*

Romania parliamentary election

### *December 2-13*

UNCCD COP16 conference, Riyadh

### *December 3-5*

UNESCO's Sixth International Conference on Learning Cities (ICLC 6), Jubail, Saudi Arabia

### *December 7*

Ghana general election

### *December 10-11*

Doha Forum

### *December 17*

U.S. electoral college votes for president and vice president

### *December (TBD)*

Croatian general election

### *December (TBD)*

South Africa takes over G20 presidency from Brazil



## About APCO

APCO is a global advisory and advocacy firm that helps clients navigate a complex world and create lasting impact. We partner with organizations to help them catalyze progress, act with agility and build reputations, relationships and solutions that enable success. APCO is an independent and majority women-owned business and has helped clients to grow, sustain and protect their interests for 40 years. Clients typically come to APCO with complex and unconventional problems that cut across jurisdictions and do not neatly match the competencies of traditional law firms, lobbyists, PR agencies, management consultancies or other legacy professional services firms.

## About Geo-Commerce

APCO's Geo-Commerce team advises clients whose interests intersect geopolitics, commerce and diverse stakeholder interests. The global team works across APCO's 30+ offices, combining cross-market insights and connectivity with knowledge of local networks and executional capabilities.

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