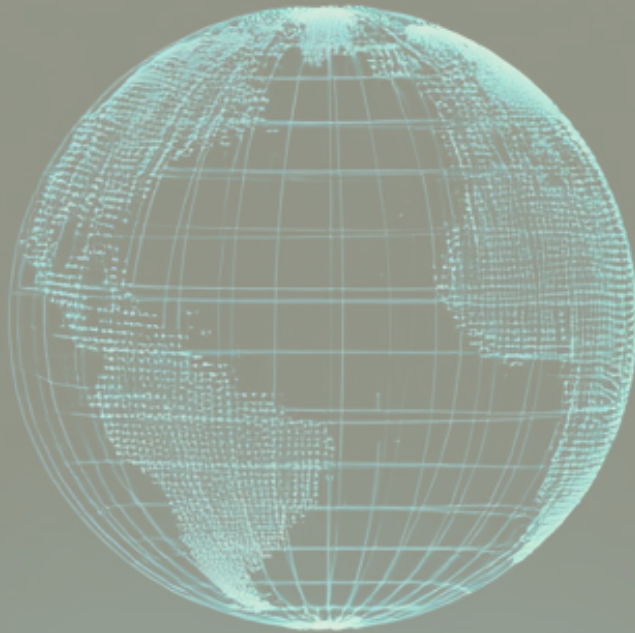




APCO

Geopolitical Radar

**The Global Operating
Environment for Business**

Year-End 2026



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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 issues for Year-End 2026 and was published in September 2026.

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

Headlines from Around the Globe

United States & Canada

Trade uncertainty and the U.S. midterm election, which is poised to alter the balance of power in Washington, are dominating the conversation across North America, with concerns around data centers and AI safety also growing rapidly.

Latin America

As U.S.-China competition sharpens, Latin America's regional governments are seeking to maximize economic opportunities with both markets while navigating an expanding U.S. security agenda, the global AI race and a crowded diplomatic calendar.

Sub-Saharan Africa

Countries across Sub-Saharan Africa are confronting mounting political and economic pressures as a dense election calendar, growing competition among global powers for influence, energy market volatility, youth unemployment and shifting investment patterns test both governments' resilience and the business environment across the region.

Western & Central Europe

Europe is approaching winter with limited energy and fiscal buffers. Trade diversification, contested EU budget negotiations and the UK's renewed focus on devolution all suggest market access will increasingly require local presence and visible local benefit.

Russia & Eastern Europe

As the Russia-Ukraine war settles into a protracted stalemate, mounting domestic pressures, escalating attacks on commercial infrastructure, waning U.S. support for Ukraine and Kazakhstan's efforts to deepen U.S. ties and attract foreign investment underscore the conflict's growing economic and geopolitical ripple effects across the region.

Middle East & North Africa

MENA faces persistent maritime disruption, wider proxy activity and an increasingly multipolar Gulf security order. While conflict levels vary across the region, companies should plan for longer-lasting volatility across logistics, energy, technology access and government-backed investment flows.

Multilateral Institutions & Forums

The UN General Assembly session beginning in September will decide the UN's new leadership, agenda and budget for its next chapter. A heavy sustainability calendar will be met by restrained agendas, selective U.S. participation and narrowing non-governmental participation.

China

Resilient exports, competitive energy costs and its rare-earth leverage are allowing China to absorb higher U.S. tariffs ahead of three potential meetings between Presidents Xi and Trump in the final months of 2026. Weak domestic consumption continues as the biggest impediment for businesses in the China market, while shifting geopolitical ties make market access increasingly dependent on a company's home market.

South Asia

South Asia is navigating growing trade and economic uncertainty as the effects of the Iran conflict, heightened U.S. scrutiny of regional trade flows and shifting global supply chains reshape the region's competitive position. Energy volatility, compliance pressures and a greater premium on supply chain resilience are increasingly influencing investment, trade and growth prospects across the region.

Asia Pacific

As interdependence and just-in-time supply chains are increasingly viewed as strategic vulnerabilities, countries across the region are seeking to secure critical inputs and strengthen economic resilience, even as rising powers such as Indonesia and Vietnam reshape the region's economic balance.

Spotlight: The New Geography of AI Sovereignty



PAMELA PASSMAN

Global Chair,
Corporate Advisory



EVAN KRAUS

President and Managing
Director of Operations

As governments seek greater control over AI infrastructure, data and governance, companies will need to navigate an increasingly complex landscape of regional AI ecosystems.

Artificial Intelligence is accelerating a broader shift already underway in the global technology landscape. As governments place greater emphasis on technology sovereignty, supply chain resilience and strategic competition, AI is becoming a focal point for decisions about control, dependency and national competitiveness.

Governments around the world increasingly view AI as a strategic asset tied to economic competitiveness, national security and geopolitical influence. This shift is driving the rise of “AI sovereignty,” or the ability of countries to shape how AI is developed and deployed through control over infrastructure, data, models, talent and governance.

No country can fully disentangle itself from the global networks of semiconductors, energy, capital, talent and data that underpin advanced AI. Advanced AI systems rely on internationally dispersed supplies of semiconductors, energy, capital, data and expertise.

Rather than eliminating dependencies, governments are becoming more deliberate about which parts of the AI stack they seek to control, which external partners they trust and where continued reliance remains acceptable. This has led to the emergence of distinct regional AI ecosystems built around different strategic priorities and an increasingly fragmented global AI economy. Five distinct approaches are beginning to take shape:

In the **United States**, AI sovereignty is framed around technological leadership and strategic competitiveness. The government pairs private-sector innovation with policies that expand the global reach of U.S. AI while protecting key advantages. The 2025 AI Action Plan emphasizes innovation, infrastructure and global leadership, while a related executive order promotes exports of U.S. AI technology across hardware, cloud services, models and cybersecurity. At the same time, export controls restrict competitors from listed countries' access to advanced semiconductors and computing technologies. Together, these measures position AI as a tool of economic and foreign policy, aimed at preserving U.S. technological leadership and expanding the global footprint of American AI firms.

The **European Union** is pairing regulations with a broader push for technological sovereignty. The EU AI Act established a risk-based legal framework for AI, but Europe's strategy now extends well beyond rulemaking. Through initiatives such as the AI Continent Action Plan, AI Factories and the European Commission's technology sovereignty package, policymakers are investing in the infrastructure and capabilities needed to support long-term competitiveness. The shift reflects a growing concern that Europe risks becoming dependent on foreign providers for critical AI technologies, even as it shapes the rules governing their use. As a result, the EU is increasingly pursuing a dual objective: establishing global standards for trustworthy AI while strengthening its own technological capacity and strategic autonomy.

China's approach emphasizes self-sufficiency and domestic ecosystem development. Investments in local models, computing capacity and technology providers reflect a broader effort to reduce vulnerability to foreign restrictions while accelerating domestic innovation. At the same time, China is seeking to influence international discussions on AI governance and cooperation. Its 2026 AI Cooperation and Development Action Plan encompasses data, computing power, industrial adoption, talent, standards and governance, demonstrating that Beijing's ambitions extend beyond building an inward-looking national system. China is developing an alternative ecosystem while also looking to shape how that ecosystem connects with overseas markets.

Spotlight: The New Geography of AI Sovereignty (cont.)

The **Gulf states** are using investment and infrastructure to build influence in a technology sector historically dominated by the United States, China and Europe. The UAE's National AI Strategy 2031 positions AI as a pillar of economic diversification, with objectives covering talent, research, data, infrastructure and governance. Abu Dhabi's 2025 to 2027 digital strategy goes further, committing AED 13 billion (approximately US\$ 3.5 billion) to an AI-powered government and targeting full adoption of sovereign cloud computing across government operations. The Gulf model shows that AI sovereignty can be an offensive economic strategy, allowing capital-rich and energy-abundant states to establish themselves as essential partners in the global AI value chain.

Meanwhile, **Southeast Asia** is pursuing strategic flexibility. Rather than attempting to replicate the scale of the major powers or align exclusively with one technology ecosystem, many governments are seeking investment and capabilities from multiple partners. The ASEAN Guide on AI Governance and Ethics emphasizes practical, interoperable and business-friendly governance, while its expanded generative AI guidance favors a coordinated but proportional regional response. Singapore's National AI Strategy similarly combines investment in domestic capabilities with an open, pro-innovation governance model. This approach could help the region capture investment while avoiding premature alignment in a deepening technology competition.

The rise of AI sovereignty is reinforcing a dynamic many companies already face, as technology can no longer be assumed to operate under the same conditions in every market. Companies face different requirements concerning where data is stored, which cloud providers can support sensitive workloads, how models are governed and whether technology partnerships create political or security concerns. Vendor selection and infrastructure decisions that once appeared primarily technical may increasingly affect market access, government relationships and corporate reputation.

The challenge is not simply to localize every AI system, which could create unnecessary cost and complexity. It is to determine where global scale remains viable and where geopolitical conditions require a different approach. Organizations should understand where their AI strategies depend on a narrow set of providers, jurisdictions or technologies, which markets may require more localized infrastructure and governance, and whether they can adapt as regulatory and political conditions evolve.

AI sovereignty will not eliminate technological interdependence. Instead, it will make that interdependence more selective, strategic and political. Governments are becoming more deliberate about which technologies they seek to control, where they are willing to rely on external partners and how they build influence through their own technology ecosystems. In this environment, success will depend not only on access to advanced technology, but also on the ability to deploy it across increasingly distinct regional ecosystems.

FIVE EMERGING MODELS OF AI SOVEREIGNTY

- **United States:** Preserve leadership and export the American AI stack
- **European Union:** Combine trusted AI with greater technological autonomy
- **China:** Build self-sufficiency and expand ecosystem influence
- **Gulf states:** Convert capital, energy and partnerships into AI capacity
- **Southeast Asia:** Preserve flexibility through open, multi-partner adoption

Asia Pacific



HEADLINES

Iran conflict accelerates Southeast Asia's energy transition on China's terms

- The Iranian blockade of traffic through the Strait of Hormuz and Houthi activities in the Bab el-Mandeb Strait drove a sharp decline in tanker traffic to Asia, increasing shipping, insurance and fuel costs across Asia.
- China's solar, battery and wind industries are increasingly serving Southeast Asia's growing demand for alternatives to imported fossil fuels, while governments increasingly treat energy security as a key component to industrial competitiveness. Southeast Asian countries are accelerating investment in renewables, storage and EV infrastructure, and civil nuclear power programs are advancing in Indonesia, Vietnam, the Philippines, Malaysia and Singapore.

IMPACT TO BUSINESSES

Expect continued shipping and fuel-cost volatility while Gulf disruptions persist, but the bigger shift is structural: as Southeast Asia diversifies away from imported fossil fuels, exposure to Chinese solar, battery and EV supply chains becomes a growing commercial, regulatory and geopolitical consideration.



RISK HORIZON

Tariff enforcement and resource curbs redraw supply chains

- U.S. Section 301 forced-labor tariffs took effect on imports from 60 economies on July 24. Cambodia, Indonesia and Malaysia have a 10% rate and the Philippines, Singapore, Thailand and Vietnam are at 12.5%, with limited product exclusions.
- Washington is pairing tariffs with stricter rules-of-origin enforcement. Under the U.S.-Vietnam Agreement on Reciprocal Trade (ART), goods judged to be transshipped through Vietnam from third countries may face tariffs of up to 40%, increasing scrutiny of China-linked manufacturing networks across Southeast Asia.
- Resource nationalism will likely spread further as Indonesia curbs bauxite and nickel exports and China cuts dysprosium shipments to Japan by 82% this year.

Manufacturers should treat forced-labor due diligence and rules-of-origin documentation as increasingly important compliance requirements, while viewing the Malacca corridor's development as a long-term supply chain opportunity rather than a short-term mechanism to avoid tariffs.



AI arms race triangulates Southeast Asia between U.S. and China

- U.S. Commerce Department guidance in May closed a loophole letting Chinese firms buy banned Nvidia chips through Singapore and Malaysia-based subsidiaries, even as DeepSeek, Alibaba's Qwen and Moonshot captured roughly 30% of global AI traffic and overtook Meta's Llama in downloads.
- Malaysia, Thailand and Vietnam will push sovereign-cloud and data-localization mandates, while privileged access to frontier cyber-defense models is being granted to U.S.-allied economies such as Japan, South Korea and Australia, increasing pressure on Southeast Asian governments—so far denied comparable access by the U.S.—to secure comparable capabilities.

Enterprises should map exposure to both Chinese AI platforms and clean-energy suppliers, prepare for sovereign-cloud and data-localization mandates across Malaysia, Thailand and Vietnam, and expect regional governments to press hard for frontier model access as a matter of national cyber-defense strategy.



HEADLINES

Beijing feels it is in a strong negotiating position as tariffs rise

- Ahead of President Xi's September visit to Washington, the U.S. is expected to raise tariffs after its Section 301 overcapacity investigation, but Beijing appears willing to absorb any increase. The effective rate of IEEPA replacement tariffs will not exceed the 20% threshold set last year at the Busan meeting between the two presidents, and U.S. reliance on Chinese rare earths may limit U.S. appetite for escalation before the midterm elections.
- Both sides are nonetheless accumulating leverage. In August, China's Ministry of Commerce's countermeasures hit due diligence, standards and compliance companies that facilitate U.S. forced labor rules, while the U.S. has been expanding trade blacklist designations like the Uyghur Forced Labor Protection Act entity list, the Bureau of Industry and Security entity list and the Pentagon's 1260H list of Chinese military companies.

IMPACT TO BUSINESSES

A managed outcome remains more likely than a rupture, but companies should plan for volatility around the three leadership summits. Firms in apparel and electronics that depend on the supply chain auditing bodies now listed by Beijing face contradictory obligations across jurisdictions and should review their exposure.



RISK HORIZON

China's regional relationships diverge sharply

- Sino-Japanese relations have deteriorated steadily since November 2025 and show little prospect of improvement, affecting companies that manufacture in Japan for the Chinese market. Maritime friction with the Philippines persists.
- Some international ties are warming, supported by a pending free trade agreement expansion with South Korea and Canadian Prime Minister Carney's visit to China in January 2026. Brussels, meanwhile, has set an October deadline for China to make commitments to narrow its widening trade deficit with the EU or face trade retaliation.

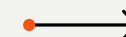
Companies should assess risk exposure based on their home market, not just by sector. European and Japanese-linked firms carry the greatest exposure, particularly if Brussels adopts measures to protect its industries and Beijing retaliates. Canadian and Korean businesses should expect a more receptive environment.



Weakening consumption broadens beyond industries supported by subsidies

- Retail sales contracted in May for the first time in years, with no meaningful recovery in consumer spending in June or July. The steepest sales declines have been in automobiles and home appliances, where national subsidies have lapsed.
- Weakness is also broadening, with apparel sales falling 3% in July. A soft property market and cautious household sentiment continue to weigh heavily on discretionary spending.

Stimulus remains piecemeal, and a durable rebound is unlikely absent comprehensive measures. Everyday purchases may remain resilient, but households are likely to defer major purchases.



South Asia



HEADLINES

Hormuz disruption raises South Asia's operating costs

- The blockade in the Strait of Hormuz shows little sign of resolution. Maritime traffic remains well below pre-conflict levels, while Gulf-to-Asia freight costs are roughly four times their historical averages. For South Asian economies reliant on imported energy and Gulf trade routes, prolonged disruption will lead to a sustained increase in transportation and input costs, while increasing exposure to supply chain disruptions.

IMPACT TO BUSINESSES

Companies should treat elevated freight, fuel and insurance costs as medium-term realities rather than temporary disruptions. Businesses dependent on Gulf shipping routes may need to diversify suppliers, maintain inventory buffers and reassess logistics assumptions through early 2027.



RISK HORIZON

U.S. scrutiny clouds India's manufacturing ambitions

- The White House has identified India as a leading manufacturing alternative to China while also highlighting concerns about transshipment, in which goods are routed through third countries to avoid tariffs.
- A recent U.S. report flagged India, alongside Mexico, Vietnam and other third-country manufacturing alternatives to China, as part of a broader network of suspected tariff-evasion routes. While no new tariffs have been announced, increased U.S. scrutiny could complicate India's efforts to attract China-plus-one investment.

Companies using India as a manufacturing or export hub should expect greater U.S. customs scrutiny, particularly for industrial and engineered goods. Businesses may need to strengthen origin documentation and supply chain compliance as authorities more aggressively assess whether products are genuinely manufactured in India or merely assembled there.



Regional exporters lose tariff advantages in U.S. market

- The expiration of temporary U.S. emergency tariffs has flattened tariff differentials across much of South Asia, reducing advantages some exporters briefly enjoyed over regional competitors.
- As of September, India, Pakistan, Bangladesh and Sri Lanka face broadly similar tariff treatment by the U.S., while sector-specific exemptions and planned textile quota programs remain in place. As tariff gaps narrow, competitiveness is likely to be shaped increasingly by cost, reliability, compliance and supply chain performance.

The narrowing of tariff differentials may shift buyer attention toward factors such as delivery reliability, energy availability and compliance standards. Companies should continue monitoring tariff-rate quota programs and sector-specific exemptions, while recognizing that effective tariff exposure can vary significantly by product classification and market.



Middle East & North Africa



HEADLINES

Maritime chokepoint disruption hardens into structural trade risk

- Ongoing disruption in the Strait of Hormuz, combined with security risks in the Red Sea around the Bab el-Mandeb chokepoint, continue to pressure Asia-Europe routing and Gulf export reliability. Regionally, Iran-aligned groups are extending the conflict's commercial impact to cyber activity, infrastructure threats and pressure on airspace and critical systems.
- Shippers, energy exporters, insurers and governments are treating chokepoint instability as an increasingly enduring operating constraint rather than a short-term disruption.

IMPACT TO BUSINESSES

Operational resilience now extends beyond physical security to cyber, data, export-control and technology-governance risk. Companies face elevated freight, insurance, inventory and contingency-planning costs. Firms able to reroute through alternative ports, secure flexible supply contracts or localize logistics capacity are increasingly competitive in their ability to absorb the impacts of disruption.



RISK HORIZON

Gulf emerges as focal point in AI competition and technology localization

- Gulf states are becoming increasingly important battlegrounds in the U.S.-China technology competition as states are pushing localization requirements, with evolving export control frameworks, investment screening mechanisms and selective easing of restrictions shaping access to advanced AI infrastructure including relaxed U.S. export controls for advanced chips.
- Sovereign investment vehicles and regional technology champions are directing significant capital toward data centers, AI models, semiconductor partnerships and strategic technology assets, with Abu Dhabi's MGX securing a \$49 billion AI fund.

While there are growing opportunities in AI infrastructure, digital services and advanced manufacturing, companies must navigate an increasingly complex web of localization requirements, export controls, technology partnerships and geopolitical scrutiny surrounding strategic technologies.



Gulf security realignment challenges U.S. legacy of unilateral leadership

- Gulf states are increasingly hedging against exclusive reliance on U.S. security guarantees through diversified defense partnerships and regional security initiatives, including Saudi Arabia's "Mecca Pact," growing defense coordination with Türkiye and Pakistan and Pakistan's enhanced diplomatic profile following its role in facilitating U.S.-Iran engagement.
- China's role in facilitating diplomatic engagement around U.S.-Iran negotiations, Pakistan's enhanced profile in mediating the U.S.-Iran conflict, the Saudi-Pakistani-Turkish defense pact and the UAE's broader defense procurement, including public interest in Ukrainian advanced counter-UAV and air-defense capabilities, all point to a more fragmented regional suborder.

Shifting defense, technology and investment relationships may open new market-access channels, but companies will need stronger screening processes for sanctions, export controls, reputational risk and partner due diligence as regional alignments become less predictable.



Sub-Saharan Africa



HEADLINES

Dense election calendar strains governance and contract continuity

- Sub-Saharan Africa is navigating a dense election calendar with key upcoming contests spanning the Gambia, Cameroon, Zambia, South Africa and Kenya, among others. Youth unemployment, high living costs and corruption fatigue are shaping voter sentiment across these contests. In fragile Sahel states, stalled transitions risk fueling instability.
- Through 2027, a wave of contests will test electoral institutions, as pre- and post-election periods are expected to accelerate some project announcements and spur renegotiation of predecessor governments' commitments.

IMPACT TO BUSINESSES

Economic reform is a top agenda item for both incoming and re-elected governments, widening the opening for public-private partnerships as African states lean on private capital and expertise to close infrastructure and service delivery gaps. This creates viable windows of opportunity for companies willing to engage early with new administrations' reform priorities, particularly around infrastructure and financial services.



RISK HORIZON

Shifting investment priorities reshape the geopolitical positions of African nations

- The United States, United Kingdom, China and Gulf states are competing for strategic access to Sub-Saharan Africa's critical minerals, energy infrastructure and trade corridors through trade preference programs, grant financing, equity partnerships and port investments.
- In the United States, the African Growth and Opportunity Act (AGOA) faces an uncertain future as major economies reassess trade preferences, critical minerals access and compliance standards, while South Africa is contending with separate tariff-related scrutiny. China maintains dominant extraction positions in the Democratic Republic of Congo and Angola, while the United States and United Kingdom are pivoting toward downstream mineral processing partnerships. As the U.S. retreats from climate finance, China and Gulf states are increasingly filling the infrastructure gap.

Companies with African supply chains, investment positions or market access tied to AGOA may face policy discontinuity risk in the next year. Businesses operating in critical minerals, logistics or energy infrastructure may face both growing opportunities and heightened geopolitical scrutiny from multiple major powers.



Iran conflict drives uneven energy shocks across Africa

- Oil price increases linked to the U.S.-Iran conflict and near-closure of the Strait of Hormuz are having uneven consequences across Sub-Saharan Africa. Energy-importing countries including Kenya, Ethiopia, Uganda and Tanzania are absorbing rising fuel costs that are driving inflation, stressing government budgets, accelerating subsidy removal and worsening food insecurity.
- Energy exporters including Angola, Nigeria and Mozambique are capturing windfall revenues and export premiums, although structural constraints limit their ability to increase production. Red Sea rerouting is also elevating East African ports as strategic logistics hubs, attracting new private investment in port and bunkering infrastructure.

Companies with African operations dependent on fuel, logistics or imported inputs may face near-term cost escalation. Firms in port infrastructure, alternative energy and liquefied natural gas (LNG) supply chains may benefit from a first-mover advantage as rerouting reshapes regional logistics networks.



Russia & Eastern Europe



HEADLINES

Deadlocked front lines and growing domestic struggles in Russia and Ukraine lead to expanded airborne campaigns

- The front lines of the conflict remain largely frozen, with Russian forces making extremely slow, costly marginal gains in eastern areas of Ukraine. However, Ukraine has been increasingly successful in its long-range drone campaign on Russian economic infrastructure, successfully worsening its internal strain.
- In Russia, economic pessimism continues to simmer. While dissent remains suppressed, Ukrainian strikes on major logistics hubs and warehouses are fostering more public resentment over resource scarcity. In Ukraine, a domestic scandal over the firing of a popular defense minister, as well as continued anti-corruption raids on administration officials, have blemished Ukrainian President Volodymyr Zelenskyy's popularity.

Ukraine's allies search for decisive aid and sanctions packages in the face of shifting U.S. engagement

- The Trump administration demonstrated limited interest in resolving the war in Ukraine or providing military assistance to Ukraine, depriving it of highly effective U.S.-made Patriot missile interceptors. Russian attacks on the energy grid mean Ukraine may face another potentially severe winter.
- In the meantime, the EU has continued to pledge additional support to Ukraine, despite member state disputes over how best to provide such support while prioritizing their own domestic needs. Southern European nations like Greece, Italy, Spain and Portugal have shown reluctance to implement the most aggressive sanctions proposals. Meanwhile, the UK, led by new Prime Minister Andy Burnham, has recently signed an AI and battlefield data-sharing partnership with Ukraine and provided British-made drones.

Kazakh oil gains global importance, as the nation cultivates U.S. ties and foreign investment

- Kazakh crude has become particularly important to destabilized global energy markets, as Middle Eastern supplies remain constrained by the Iran war. U.S. oil majors Chevron and ExxonMobil both own large stakes in the Caspian Pipeline Consortium, Kazakhstan's main oil export route and in related western Kazakh oilfields.
- A damaging campaign of Ukrainian strikes on ships carrying Kazakh oil in Russian ports was halted in August, after U.S. Vice President J.D. Vance's outreach to President Zelenskyy. Observers believe this was a result of Kazakh efforts to cultivate a deeper relationship with the Trump administration, as well as U.S. concern over the harm to markets and U.S. majors.

IMPACT TO BUSINESSES

Securing victory is growing dire in the face of mounting political pressures. As a result, private commercial infrastructure, both foreign and domestic, is now considered fair game for drone and missile strikes in the conflict. As domestic pressures rise, so will strike capability. This will lead to significant consequences for global food pricing, energy transshipment and commercial business operations in the region.



The EU's strict 65% domestic-sourcing rules lock U.S. defense and tech firms out of European-funded procurement contracts. Meanwhile, the lack of agreement over future sanctions expansion creates a murky regulatory outlook.



Kazakhstan's tenge has become the top-performing currency in Europe and Asia in 2026, largely thanks to foreign investors buying the country's domestic debt. International investment looks set to continue to be courted by the Kazakh government as it looks to diversify beyond oil (not least due to the large share of profits going to foreign oil companies) and become a transit hub for China-Europe trading routes.



RISK HORIZON

Western & Central Europe



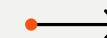
HEADLINES

Europe locks in trade diversification regardless of U.S. midterms

- The latest U.S.-EU trade agreement took effect on July 1, capping most U.S. tariffs on EU goods at 15%. Some metals remain excluded, however, and remain at 50%, pending a separate negotiation.
- Washington's subsequent rupture with Canada has reinforced European concerns about the durability of any U.S.-EU settlement. A year-end deadline to bring metal tariffs under the 15% ceiling is a near-term signal of whether the agreement will hold. However, Brussels is likely to continue its efforts to diversify trading partners, regardless of the outcome of the U.S. midterm elections in November.

IMPACT TO BUSINESSES

Metals, automotive and defense suppliers continue to face the sharpest transatlantic exposure. Businesses without EU production or local partners will face increasing friction as procurement and subsidy criteria tighten around European supply chains.



RISK HORIZON

Exhausted energy policy buffers leave Europe exposed as winter approaches

- Business and consumer sentiment across Europe has shown tentative improvement in the wake of the Iran war shock as energy prices eased. But Europe's economic recovery remains fragile and is reliant on a sustained Middle East truce that could break at any moment.
- Europe has few tools left to absorb another shock. The European Central Bank raised rates by 25 basis points again in September, following a June increase, despite weak growth. Government deficits are increasing, leaving them with little room to subsidize another shock.

Energy-intensive manufacturers should assume elevated and volatile input costs, with relief increasingly contingent on politics rather than markets. Negotiations over the upcoming EU Multiannual Financial Framework, expected to be completed by year-end, will determine what competitiveness and energy support is available to industry.



Burnham rewires the UK's economic engine to the regions

- Since taking office in July, Prime Minister Andy Burnham has paired fiscal devolution to England's regions with a more interventionist economic model and a procurement overhaul that will weight bidders on local jobs and skills.
- The upcoming UK Budget and the release of a devolution white paper in late October will test whether Burnham's vision fits within the current fiscal rules inherited by the previous Labour government. Another critical test is an expected decision on whether to approve two North Sea oil and gas projects, a move which may divide the Labour Party and alienate left-leaning voters returning to Labour from the Greens.

Bidders for UK public contracts should prepare for greater scrutiny of their local investments when aiming to secure new projects. Approving one or both North Sea projects is likely to come with conditions and unlikely to shift the government's broader Net Zero obligations.



Latin America



HEADLINES

AI boom puts pressure on energy networks and governments

- Mexico is emerging as a winner of the AI boom as it has become the world's second-largest exporter of AI-related inputs behind China; it is helping fuel the infrastructure supporting the global AI race. Together with Brazil, it is attracting a wave of new AI data-center investment as cloud providers look beyond traditional markets in search of cheaper land, computing capacity and lower construction costs.
- The AI boom is not arriving evenly. While Brazil and Mexico compete in the same race, many countries in the region are struggling with fragile power grids, regulatory uncertainty and limited digital infrastructure. As demand grows, governments will struggle to balance attracting investment against managing the infrastructure, energy and social costs that come with rapid AI expansion.

IMPACT TO BUSINESSES

Companies face rising energy and infrastructure costs from data-center buildout, a patchwork of emerging AI rules and reputational risk tied to AI-enabled disinformation around Brazil's election, while also navigating inconsistent enforcement and unclear compliance obligations as regulators in different countries move at different speeds.

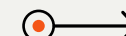


RISK HORIZON

U.S. security presence widens across Latin America

- Washington is expanding its regional security involvement through the Counter-Cartel Coalition, which Colombia's and Peru's right-leaning presidents have joined, while governments across Latin America face growing pressure to align with Washington's priorities on migration, organized crime and border security. Visa restrictions and sanctions targeting officials in Brazil, Colombia and Mexico are increasingly framing the region through a security lens amid a growing trend of misinformation that further polarizes political debates across the region.
- This agenda is likely to intensify ahead of Brazil's October elections and spill into the fourth round of reviews of the USMCA trade agreement in September, introducing security conditions into a traditionally economic negotiation, as the U.S. seeks to shape outcomes favorable to its regional interests and its domestic migration and security policies.

Companies face rising compliance and travel risks, possible trade friction if security conditions are attached to USMCA talks and reputational exposure tied to sanctioned officials, while companies in humanitarian, logistics or dual-use sectors should expect greater scrutiny of partnerships with local governments and quasi-state actors.



Summit season tests Latin America's balance between U.S. and China

- A dense calendar of summits, including BRICS in New Delhi, the G20 in Miami under U.S. leadership and the APEC Economic Leaders' Meeting in Shenzhen, will give Argentina, Brazil, Chile, Colombia, Mexico and Peru repeated opportunities to engage both the United States and China on the region's most consequential economic and technology issues.
- Governments will face pressure to signal alignment at each gathering, testing their ability to preserve pragmatic ties with both powers as regional views of China grow more favorable relative to the U.S., even as voters continue electing leaders who maintain close political and security ties with the U.S.

Companies should monitor official statements from each gathering for signals of shifting tariff, export-control or investment-screening positions, as summit outcomes will likely shape near-term trade and investment posture, especially for operations in Brazil and Mexico.



United States & Canada



HEADLINES

U.S.-Canada trade negotiations enter a deep freeze

- Bilateral negotiations remained derailed in mid September, resulting in U.S. imposition of Section 338 tariffs on tens of billions of dollars' worth of Canadian goods and reciprocal tariffs against U.S. exports.
- It is unlikely that a deal will emerge in the short term. However, should one occur, it could result in both governments claiming victory while leaving substantive areas of continued disagreement.

IMPACT TO BUSINESSES

A deep freeze in negotiations creates uncertainty for organizations on both sides of the border. Businesses should treat any announced deal as provisional, not a substitute for comprehensive USMCA renewal and should expect protracted volatility even if a deal emerges.



Midterm results could lead to intensified oversight of businesses

- Democrats could win control of one or both chambers of Congress in the November U.S. midterm elections, but a lack of supermajorities would mean executive actions by President Trump would be unlikely to be blocked by Congress.
- Regardless, congressional Democrats will ramp up oversight hearings, subpoenas and public rhetoric. Some scrutiny and pressure will fall on companies, especially those holding federal contracts or political ties to the Trump administration, in addition to administration officials and allies.

Companies should prepare for expanded subpoena and disclosure exposure tied to federal contracts and political giving. Pressures from executive actions like tariffs and regulatory action will diminish, regardless of which party controls Congress.



Data centers (and what they represent) become bipartisan issue in midterm elections

- Rapid data center and AI infrastructure development is colliding with growing backlash against big tech and powerful interest groups. Community concerns are tied to rising electricity costs, water use, land competition and economic incentives, and are increasingly fueled by growing fears about AI safety and resentment toward hyperscalers that are often seen as operating with limited accountability, vast resources and significant political influence.
- Expect this scrutiny to spread beyond data centers, as officials and activists apply the same playbook (moratoria, contested hearings, incentive clawbacks) to other large industrial projects that fail to win local support and address community concerns.

Delays and moratoria could threaten timely compute access for AI-reliant industries as much as developers. Companies should expect an uneven and unpredictable regulatory landscape shaped by local politics as much as technical review.



Multilateral Institutions & Forums



HEADLINES		IMPACT TO BUSINESSES	RISK HORIZON
UNGA81 sets UN leadership, agenda and budget for next chapter	- UNGA81 is the leadership-, agenda- and budget-setting moment for the UN's next chapter. This session will determine the UN's next Secretary-General and shape fiscal decisions that influence the organization's priorities, operations and partnerships for years to come. - The United States will remain a consequential player in determining the final Secretary-General appointment, even as its broader engagement across parts of the multilateral system becomes more selective and its withdrawal of funding is creating intense pressure on UN agencies' finances.	Companies that work with UN agencies, rely on international standards or participate in public-private partnerships should pay close attention to leadership and budget decisions. These choices will help determine where funding, procurement opportunities and policy attention are directed in 2027.	
Restrained agendas and fragmented U.S. participation threaten upcoming climate convenings	- The year will close with the heaviest sustainability calendar in recent years: COP17 (combatting desertification), COP31 (combatting climate change) and the UN Water Conference will all take place before December 2026. - While expectations for major new commitments remain modest, Washington continues to use institutions where it retains membership to influence negotiations and advance its policy priorities. The U.S. used its retained UNCCD party status to push gender, civil society participation and environmental agreements off the agenda at COP17 before negotiations even began. Far from abandoning the multilateral process, Washington is actively leveraging the system to temper the international climate agenda.	Companies should focus less on headline commitments and more on how major powers shape standards, implementation frameworks and policy priorities, as these decisions will increasingly influence regulatory expectations, reporting requirements and market conditions across jurisdictions.	
Shrinking space for stakeholders limits opportunities to influence multilateral decision-making	- As geopolitical competition increasingly shapes multilateral institutions, governments are placing greater emphasis on state-led decision-making and tighter control over who influences international policy discussions. Opportunities for businesses, NGOs and other stakeholders to participate directly are becoming more limited. - While access may be preserved for some stakeholders, state-centric approaches will likely further silo conversations that benefit from coordinated input from across government, business and civil society. It may also increase scrutiny of corporate access and influence which paradoxically have benefited from a more open stakeholder environment.	Multi-stakeholder platforms have historically provided companies with greater legitimacy in multilateral discussions and early visibility into emerging standards. As participation becomes more contested, companies will need to rely more heavily on direct government engagement, outreach to national delegations, host governments and issue-specific coalitions and credible local partnerships.	

Upcoming Global Events

SEPTEMBER

September 8

Opening of the 81st Session of the UN General Assembly, *New York*

September 12-13

BRICS Summit, *New Delhi, India*

September 13

Swedish Parliamentary Elections

September 16

State of the European Union Address, *Strasbourg, France*

September 17-18

SEMICON India, *New Delhi, India*

September 18-20

Russian State Duma Elections

September 20

State Elections, Berlin and Mecklenburg-Western Pomerania, *Germany*

September 24

Summit between Presidents Xi and Trump in *Washington, D.C.*

September 22-28

UNGA81 High-Level Week and General Debate, *New York*

September 27-30

Labour Party Conference, *Liverpool, UK*

OCTOBER

October

Cabo Verde Presidential Election

October

APEC Finance Ministerial, *Hong Kong SAR*

October 3

Latvian Parliamentary Elections

October 4

Brazil General Elections, First Round

October 3-5

Munich Leaders' Meeting, *New Delhi, India*

October 4-7

Conservative Party Conference, *Birmingham, UK*

October 6-7

AI Everything Abu Dhabi, *United Arab Emirates*

October 19-30

UN Biodiversity Conference (CBD COP17), *Yerevan, Armenia*

October 20

ASEAN Defense Ministers' Meeting and 13th ADMM-Plus, *Philippines*

October 25

Brazil Presidential Runoff

October 25

Bulgarian Presidential Election (runoff Nov. 1)

October 26-29

Future Investment Initiative, *Riyadh, Saudi Arabia*

October 26-30

Singapore International Energy Week, *Singapore*

October 27

Israeli Legislative Election

NOVEMBER

November 4

South Africa Municipal Elections

November 3

U.S. Midterm Elections

November 9-20

COP31, *Antalya, Türkiye*

November 10-12

49th ASEAN Summit, *Metro Manila, Philippines*

November 18-19

APEC Economic Leaders' Meeting, *Shenzhen, China*

November 25-26

Mexico Business Summit, *Mexico City*

November 28

Taiwan Local Elections

DECEMBER

December 3-4

OSCE Ministerial Council Sessions, *Lugano*

December 5

Gambia Presidential Election

December 6

Guinea-Bissau General Election

December 7-11

GITEX Global, *Dubai, UAE*

December 8-10

2026 UN Water Conference, *Abu Dhabi, UAE*

December 13

Haiti General Elections

December 14-15

G20 Leaders' Summit, *Miami*

December 20

Cameroon Legislative Elections

December 31

AGOA Expiration / Renewal Deadline

December 31

EU Deadline for U.S. Metals Tariffs to Fall Within Agreed 15% Ceiling



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 more than 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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