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When Businesses Become Strategic Assets: The Rise of Corporate Geopolitics

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Introduction

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The boundary between business and geopolitics is becoming increasingly difficult to distinguish. Companies are no longer viewed simply as engines of economic growth or private commercial actors. Today, they are shaping strategic industries, controlling critical technologies, securing supply chains, and influencing international relations in ways that directly affect national security and foreign policy. At the same time, governments are relying more heavily on businesses to strengthen economic resilience, reduce strategic dependencies, and compete in an increasingly

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fragmented global economy. As geopolitical competition intensifies, corporate decisions on where to invest, manufacture, source materials, or develop technology are no longer driven by commercial considerations alone. They are increasingly influenced by sanctions, export controls, industrial policies, political alliances, and strategic rivalries.

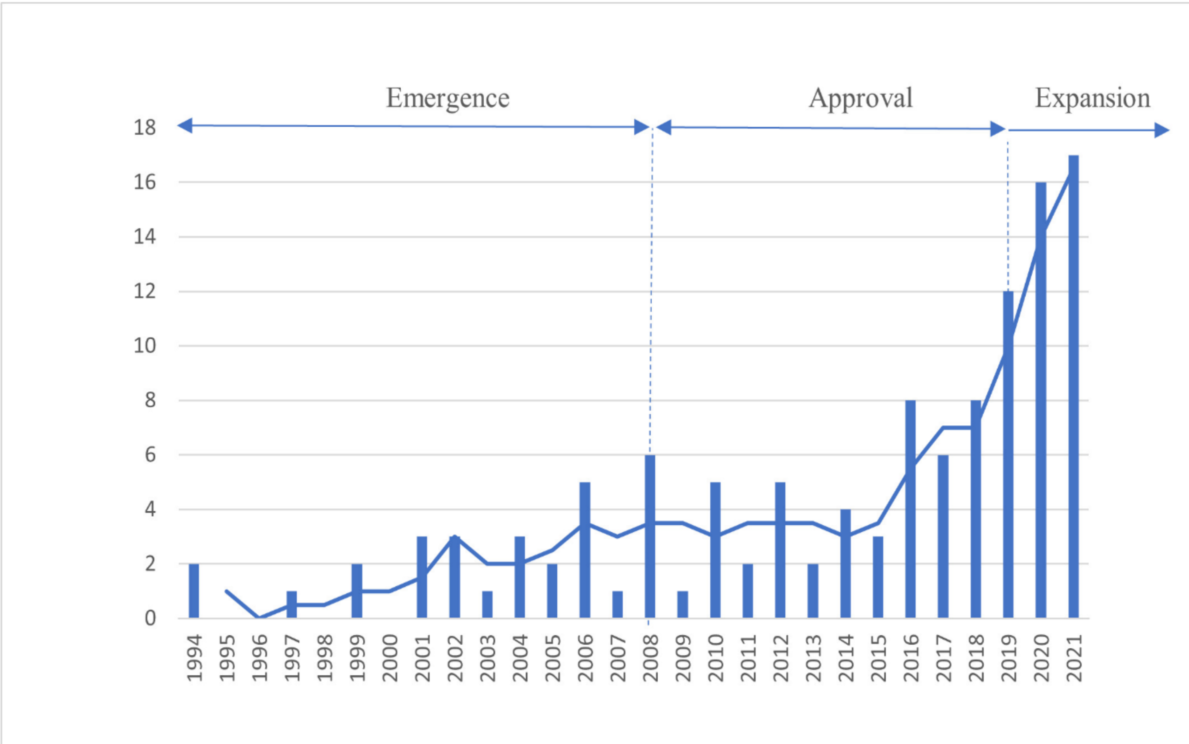
This changing landscape is transforming the relationship between states and businesses. Corporations are becoming strategic assets, while governments are treating economic capabilities as instruments of geopolitical influence. This shift is giving rise to a new era of corporate geopolitics, where boardroom decisions can carry significant international consequences. Understanding this transformation is essential for policymakers, businesses, and researchers alike. This commentary explores why companies are emerging as key geopolitical actors, how states are leveraging corporate capabilities to advance national interests, and what this evolving relationship means for the future of global politics, economic security, and international competition.

The Evolution of Corporate Geopolitics

For many years, governments and businesses had a clear understanding of their roles. Governments were responsible for security and foreign policy, while businesses focused on making profits through global trade and investment. As globalization expanded after the Cold War, companies spread their production across different countries in search of lower costs, larger markets, and greater efficiency. The more interconnected the world became, the stronger the belief that economic cooperation would reduce political conflict.

That assumption no longer holds true. Today, business decisions are increasingly shaped by geopolitical competition rather than market forces alone. A company can no longer choose where to build a factory, source raw materials, or invest in new technology based only on cost and profit. It must also consider sanctions, export controls, political alliances, national security concerns, and the possibility of conflict. In many industries, political stability has become just as important as economic efficiency.

This shift did not happen overnight. It was driven by a series of global shocks that exposed the hidden risks of globalization. The global financial crisis raised questions about excessive economic dependence. The COVID-19 pandemic revealed how easily global supply chains could break down. The growing strategic rivalry between the United States and China transformed advanced technologies such as semiconductors, artificial intelligence, and telecommunications into strategic assets. The Russia-Ukraine war further demonstrated that trade, finance, and energy could all become powerful geopolitical tools rather than simply channels of economic cooperation.[2]



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As a result, governments have started to view businesses very differently. Companies are no longer seen only as contributors to economic growth. They are now considered national assets that can strengthen a country's technological leadership, economic resilience, and geopolitical influence. Governments are investing billions of dollars to support domestic industries, protect critical technologies, and reduce dependence on geopolitical rivals. At the same time, they are imposing export controls, investment restrictions, and industrial policies that directly shape corporate decisions.[3]

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[2]Saul Estrin and Bob Hancké, "How Geopolitics, Geoeconomics, and New Organizational Models Are Changing the World of Business," Journal of International Business Policy (2026), https://doi.org/10.1057/s42214-026-00246-w
[3]McKinsey & Company, *When Geopolitics Becomes Strategy* (McKinsey & Company, 2026), https://www.mckinsey.com/featured-insights/themes/when-geopolitics-becomes-strategy

This changing relationship has given rise to what is increasingly known as corporate geopolitics. Businesses are no longer operating outside politics. Instead, they have become part of it. A decision made in a corporate boardroom can now influence diplomatic relations, supply chain security, technological competition, and even the balance of power between major states. In other words, companies are no longer just responding to geopolitics. They are becoming active participants in it.

The idea of "weaponized interdependence"[4] further explains this evolution. It argues that countries occupying central positions in global financial systems, digital infrastructure, and supply chains can use these networks as instruments of geopolitical influence. Consequently, multinational companies are no longer operating in a politically neutral environment. They must balance commercial objectives with national regulations, sanctions, export restrictions, and geopolitical expectations. This marks one of the most important transformations in the international political economy. Power is no longer measured only by military strength or diplomatic influence. Increasingly, it also depends on who controls the world's most important companies, technologies, supply chains, and resources. Understanding this evolution is essential because it explains why businesses have become strategic assets in an era of intensifying geopolitical competition.

Why Governments Are Increasingly Relying on Businesses

Governments are not relying on businesses simply because companies are economically important. They are relying on them because the foundations of national power have shifted. During much of the twentieth century, military capability largely depended on assets owned and controlled by the state. Today, many of the assets that determine strategic advantage are developed, financed and operated by private firms. Artificial intelligence, advanced semiconductors, cloud computing, satellite networks and critical digital infrastructure are overwhelmingly controlled by corporations. This has created a structural imbalance. States remain responsible for national security, but they no longer possess many of the capabilities required to guarantee it. As a result, governments increasingly pursue security through partnership with business rather than through the state alone.

[4]Henry Farrell and Abraham L. Newman, "Weaponized Interdependence: How Global Economic Networks Shape State Coercion," International Security 44, no. 1 (Summer 2019): 42–79, https://doi.org/10.1162/isec_a_00351

This also explains why governments around the world are abandoning the traditional belief that markets should operate with minimal state intervention. Instead of asking whether governments should intervene in the economy, policymakers are asking which industries must be protected because they determine future geopolitical influence. The objective is no longer simply economic growth. It is to ensure that strategic technologies remain available during crises, cannot be exploited by geopolitical rivals and continue to strengthen national competitiveness. Industrial policy has therefore returned not because globalization has failed completely, but because geopolitical competition has fundamentally changed the purpose of economic policy

The global semiconductor industry provides a clear example of this transformation. Advanced semiconductor chips are essential for artificial intelligence, telecommunications, defence systems, healthcare, and modern manufacturing. Recognizing their strategic importance, governments have introduced large-scale industrial policies to strengthen domestic chip production and reduce dependence on foreign suppliers. The United States passed the CHIPS and Science Act to expand semiconductor manufacturing at home, while the European Union, Japan, South Korea, and China have also increased public support for their semiconductor industries.[5] This demonstrates that governments no longer view these companies simply as commercial enterprises. They see them as strategic assets that directly affect national competitiveness and security.

This growing partnership is changing the role of business in international politics. Companies are increasingly expected to support national priorities while continuing to compete in global markets. Their investment decisions, technology development, and supply-chain strategies can influence diplomatic relations, economic resilience, and geopolitical competition. In many cases, governments now depend on businesses because they possess capabilities that states cannot easily create on their own.

How Companies Are Changing Their Strategies

Companies are no longer changing their strategies only to improve profits. They are changing because the global business environment has fundamentally changed. In the past, the main goal was efficiency. Companies searched for the cheapest labour, the lowest production cost, and the

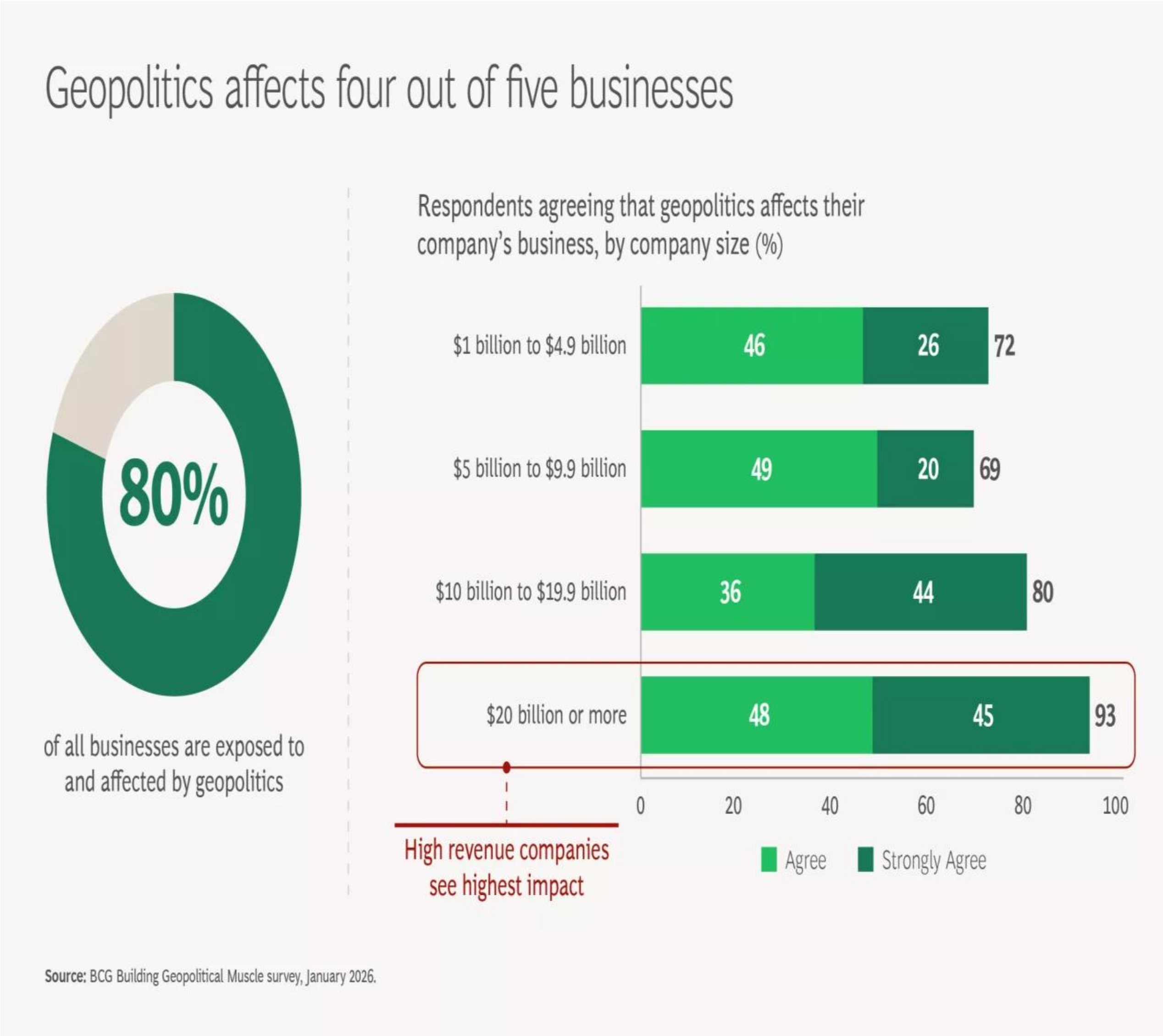
[5]Sujai Shivakumar, Charles Wessner, and Thomas Howell, A World of Chips Acts: The Future of U.S.-EU Semiconductor Collaboration (Washington, DC: Center for Strategic and International Studies, August 20, 2024), https://www.csis.org/analysis/world-chips-acts-future-us-eu-semiconductor-collaboration

fastest supply chain. This model worked well during the peak of globalization because political risks were relatively low and global trade was becoming more open. Today, that model is proving increasingly fragile. Rising geopolitical competition has made efficiency alone an unreliable business strategy. As a result, many companies are replacing efficiency with resilience. Instead of depending on one country or one supplier, they are spreading production across several locations. This strategy helps reduce the risk of major disruptions caused by conflicts, sanctions, export controls, or diplomatic tensions. Although operating in multiple locations is often more expensive, companies increasingly see this additional cost as an investment in long-term stability rather than a financial burden.

Supply chain strategy has also undergone a major transformation. Rather than building the longest and cheapest supply chains, many companies are creating shorter and more diversified networks through approaches such as friend-shoring, near-shoring, and regional manufacturing. According to McKinsey, global trade continues to grow, but an increasing share of that trade is taking place between geopolitically aligned partners rather than between strategic rivals.[6] This suggests that political trust is becoming an important factor in determining future trade relationships.

Statistics also demonstrate how seriously companies now view geopolitical risk. A 2026 survey by Boston Consulting Group found that 80 percent of global business leaders expected geopolitical tensions to have a significant impact on their companies over the next five years. However, only a small portion of people believed their organizations were fully prepared to manage those challenges.[7] This gap shows that many companies recognize the changing environment but are still adapting their strategies to meet it.

[6] McKinsey Global Institute, Geopolitics and the Geometry of Global Trade: 2026 Update (2026), https://www.mckinsey.com/mgi/our-research/geopolitics-and-the-geometry-of-global-trade-2026-update.
[7] Boston Consulting Group, From Crisis Reaction to Strategic Geopolitical Response (2026), https://www.bcg.com/publications/2026/crisis-reaction-to-strategic-geopolitical-response.



These changes are creating wider implications for the global economy. Diversified supply chains can improve resilience but they also increase production costs and reduce some of the efficiency that characterized globalization. Companies are investing more in risk management, local production, and strategic partnerships, while governments are encouraging domestic manufacturing through industrial policies and financial incentives. Together, these developments are gradually reshaping global trade into a system where political alignment matters almost as much as economic competitiveness. The most important change is therefore not where companies manufacture their products but how they define business success. In the past, success was measured mainly by cost reduction and market expansion. Today, it is increasingly measured by resilience, adaptability, and the ability to operate successfully in an uncertain geopolitical environment. Corporate strategy is no longer driven only by markets. It is increasingly shaped by geopolitics.

Opportunities and Risks

One of the biggest opportunities comes from the return of industrial policy. Governments are investing heavily in strategic industries because they believe economic security now depends on technological leadership. This has created new opportunities for companies working in batteries, electric vehicles, renewable energy, and critical minerals. The battery industry clearly illustrates this trend. As countries compete to secure clean energy technologies, governments are offering large financial incentives to encourage domestic battery production. China invested about US$230 billion in the electric vehicle and battery sector between 2009 and 2023, while the United States introduced tax incentives through the Inflation Reduction Act, leading investment in batteries and critical mineral refining to more than triple.[8] Global investment in electric vehicle batteries and battery storage reached US$150 billion in 2023, while global battery manufacturing capacity more than doubled from 1.1 terawatt hours in 2021 to 2.5 terawatt hours in 2023.[9] These figures show how geopolitical competition is creating enormous commercial opportunities for firms operating in strategic industries. At the same time, the experience of Northvolt demonstrates that government support alone does not guarantee success. Although the Swedish battery manufacturer secured around US$15 billion in funding, including approximately US$5 billion in grants and loans from Canada, Germany, Poland, Sweden, and the European Union, the company filed for bankruptcy in 2024 because of management failures, technological challenges, and operational weaknesses.[10] This shows that industrial policy can create favourable conditions for business growth, but companies must still remain commercially competitive and technologically capable to survive.

This example shows that geopolitical competition is creating unprecedented opportunities for companies operating in strategic industries as governments increasingly direct investment toward sectors that strengthen national resilience. At the same time, it also highlights that companies face greater pressure to deliver technological innovation, operational efficiency, and strong governance

[8]Elena Lazarou, The Future of the European Battery Industry (Brussels: European Parliamentary Research Service, European Parliament, January 2025), 2–4, https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/767214/EPRS_BRI(2025)767214_EN.pdf
[9]Elena Lazarou, The Future of the European Battery Industry
[10] Ibid

because strategic importance alone cannot ensure long-term success. In the emerging era of corporate geopolitics, competitive advantage will depend not only on receiving government support but also on the ability to convert that support into sustainable commercial performance.

However, the geopolitical environment is also increasing business risks. Companies that depend heavily on one market or one geopolitical relationship are becoming more exposed to sanctions, export controls, and political restrictions. A clear example is NVIDIA. The United States imposed export controls on advanced artificial intelligence chips to China, limiting the company's ability to sell some of its most advanced products in one of its largest markets.[11] As a result, NVIDIA had to redesign certain chips to comply with government regulations while continuing to serve Chinese customers. This demonstrates that even highly successful global companies can no longer separate commercial decisions from national security policies.

The experience of Apple shows another important implication. For many years, the company concentrated a large share of its production in China because of lower costs and a highly developed manufacturing ecosystem. However, growing geopolitical tensions between the United States and China, together with disruptions during the COVID-19 pandemic, encouraged Apple to expand production in countries such as India.[12] This strategy reduces dependence on a single manufacturing location and strengthens supply chain resilience. At the same time, it also increases operating costs because production must be spread across multiple countries rather than concentrated in one highly efficient location.

Bangladesh in the Age of Corporate Geopolitics

The rise of corporate geopolitics is creating both new opportunities and new challenges for Bangladesh. Today, multinational companies are no longer looking only for low-cost production. They also want countries that offer political stability, reliable infrastructure, and predictable policies. This gives Bangladesh a good opportunity to attract more foreign investment because of its large workforce, strategic location, and growing manufacturing sector. However, these

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[11] Stephen Nellis and Max A. Cherney, "Nvidia Details Advanced AI Chips Blocked by New Export Controls," *Reuters*, October 17, 2023, https://www.reuters.com/technology/nvidia-details-advanced-ai-chips-blocked-new-export-controls-2023-10-17/.
[12]Munsif Vengattil, "Apple Moving to Make Most iPhones for US in India Rather Than China, Source Says," Reuters, April 25, 2025, https://www.reuters.com/world/china/apple-aims-source-all-us-iphones-india-pivot-away-china-ft-reports-2025-04-25/

advantages alone are no longer enough. A good example is India's Gokaldas Exports, which postponed its plan to build a garment factory in Bangladesh after the political unrest in 2024.[13] Instead of making a long-term investment, the company decided to continue sourcing from Bangladesh through local manufacturers while waiting for a more stable business environment. This shows that companies now carefully assess political and geopolitical risks before making major investment decisions. For Bangladesh, the lesson is clear. The country is no longer competing only on lower labour costs or tax incentives. It is competing on stability, business confidence, and policy consistency. If Bangladesh can ensure these conditions, it can attract companies that are shifting their supply chains away from traditional manufacturing hubs. If not, those investments may move to countries such as Vietnam or India that are seen as more stable. Already Bangladesh has lost its second spot to Vietnam in global garments export.[14]

Bangladesh still needs to do more to become a strong player in the era of corporate geopolitics. Political stability remains one of the biggest challenges in the region, and Bangladesh is no exception. At the same time, the country is facing emerging security concerns, including insurgency and terrorism-related risks. Recent cases, such as the detention and return of Bangladeshi workers from Singapore over alleged links to extremist activities, can affect the country's international image and investor confidence.[15] These issues require strong and timely action from the government. Without a stable political and security environment, Bangladesh may find it difficult to attract long-term investment and become an important destination in the changing global supply chain. In today's world, companies invest not only where production is cheaper but also where they feel confident that their operations, employees, and investments will remain safe and secure.

[13] Pratik Parija, "Gokaldas Defers Bangladesh Apparel Unit Plan as Unrest Lingers," Bloomberg, August 19, 2024, republished by The Business Standard, August 20, 2024, https://www.tbsnews.net/world/south-asia/gokaldas-defers-bangladesh-apparel-unit-plan-unrest-lingers-920566

[14] Maeen Md Khairul Akter, "Bangladesh Loses Its 2nd Position to Vietnam: The Third Place Is a Warning, Not a Statistic," Textile Focus, July 27, 2026, https://textilefocus.com/bangladesh-loses-its-2nd-position-to-vietnam-the-third-place-is-a-warning-not-a-statistic/

[15] David Sun, "Singapore Cancels Work Permits of Two Bangladeshi Nationals for Extremist Posts on Social Media," The Straits Times, July 17, 2026, https://www.straitstimes.com/singapore/courts-crime/spore-cancels-work-permits-of-two-bangladeshi-nationals-for-extremist-posts-on-social-media

Way Forward: How Corporate Geopolitics Will Shape the Next Global Order

Corporate geopolitics is likely to become one of the defining features of the next global order. In the coming years, companies will no longer be seen only as economic actors. They will increasingly influence technological leadership, energy transition, digital connectivity, and critical infrastructure. As a result, governments and businesses will need to work more closely to address common challenges while ensuring that commercial interests do not undermine national priorities. At the same time, international cooperation will remain essential because many global challenges, including climate change, cyber threats, and supply chain security, cannot be solved by one country or one company alone. Businesses will also need to strengthen transparency, responsible governance, and ethical standards to maintain public trust as their strategic influence grows. For governments, the priority should be to develop clear and stable policies that encourage innovation while protecting national security and economic resilience. Small and developing countries should focus on building skilled human resources, modern infrastructure, and strong institutions so they can become trusted partners in global value chains. The countries that succeed will not necessarily be those with the largest economies or the biggest corporations. They will be those that can build strong partnerships between governments and businesses while remaining open, reliable, and adaptable in a rapidly changing geopolitical environment. In the next global order, cooperation, resilience, and strategic trust will become the most valuable assets for both states and corporations.