Geopolitical Shift: Corporate America's Growing Focus on Global Risk

U.S. Chamber of Commerce Foundation

Geopolitical risks are no longer a distant concern for businesses—they are a top-tier strategic and financial challenge. From supply chain disruptions to shifting regulations and market volatility, global instability now shapes investment decisions, corporate strategy, and economic security.

Our latest analysis at the U.S. Chamber of Commerce Foundation confirms this reality. By leveraging AI-driven research on 10-K filings and earnings call transcripts from Fortune 250 companies, we've identified a sharp rise in corporate mentions of geopolitical risks, particularly since 2019. This signals a fundamental shift: geopolitics is no longer an external variable—it is a core business risk.

While technology firms have led these discussions, every industry—manufacturing, energy, finance—is confronting geopolitical uncertainty. Investors increasingly cite global conflict as one of the most significant risks to the economy. Businesses must move beyond a reactive stance and embed geopolitical risk management into corporate strategy, scenario planning, and investment decisions.

At the U.S. Chamber of Commerce Foundation, we are leading efforts to bridge the gap between business and government through our Global Threats Initiative. By strengthening public-private collaboration and equipping companies with risk assessment tools, we are helping business and government leaders navigate today's complex global landscape.

Economic security and global competitiveness depend on a proactive approach to geopolitical risk. Business leaders must engage strategically, working alongside policymakers to safeguard investments, strengthen resilience, and drive long-term growth. We hope this report provides valuable insights and invites further collaboration in securing our economic future.

To learn more about the Global Threats Initiative, please contact Pamela Wilson (ppwilson@uschamber.com) or Kelsey Margey (kmargey@uschamber.com).

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Executive Summary

American companies are talking about geopolitical risks more than ever before, according to a new analysis of corporate financial reports and earnings calls. By examining how Fortune 250 companies discuss global political challenges in their quarterly and annual reports, this study reveals a dramatic shift in how businesses view and communicate about international political risks.

KEY FINDINGS

- Companies across all sectors are reporting more geopolitical concerns in their investor communications since 2009
- This trend has accelerated sharply since 2019
- Technology companies show the highest levels of concern, though the increase spans all industries

The analysis used advanced text evaluation methods from Natural Language Processing to identify and track discussions of geopolitical issues in official company reports. The widespread presence of these discussions in mandatory financial disclosures signals that global political events are impacting corporate operations and financial performance throughout the American economy.

In response to these findings, the U.S. Chamber of Commerce Foundation is spearheading initiatives to help businesses work together—and with government partners—to navigate and manage geopolitical challenges more effectively.

Businesses of all sizes face mounting geopolitical challenges, requiring stronger government-industry collaboration to protect American prosperity.

Introduction

U.S. businesses operate in a world of evolving international policies and heightened geopolitical tension. As domestic politics has grown increasingly polarized, the ever-evolving landscape of U.S. foreign policy has exhibited abrupt shifts and unexpected convergencies. This coincides with an expanding web of international conflicts. The world of the early 2000s—when George W. Bush warned of the "Axis of Evil" and China's WTO accession was met with considerable optimism[1]—has become increasingly unrecognizable. The 2010s were marked by the failed surge in Afghanistan and the U.S. returning to Iraq because of the resurgence of ISIS. Terror attacks sprung in several corners of the world from the Boston Marathon to Paris, Norway, Brussels, Nice, and Manchester. Russia annexed the Crimea region of Ukraine in 2014 and launched a full-scale invasion in 2022, leading to protracted war in the country and conflict with the West. In 2023, fighting erupted after Hamas attacked Israel, which continues to threaten broader conflict in the world's most important energy-producing region. And as China has grown integral to the global economy, it increasingly competes with the U.S. to shape the international economic and political order.[2]

A tense and unstable world of geopolitics presents numerous challenges to businesses of all sizes. MSCI, a company that helps investors make decisions, found that when political tensions were high between countries, stocks tended to perform worse, and their prices became more unpredictable.[3]

Even firms with small global footprints confront supply chain challenges contingent upon international relations. Companies that sell, produce, or develop products and services internationally find their activities increasingly subject to pervasive and conflicting political pressures here and abroad.

Recent surveys suggest that the business community has grown increasingly concerned about geopolitics. In Oxford Economics' July 2023 Global Risk Survey, business leaders pointed to geopolitical tensions as the most significant global economic risk over the next two- and five-year periods.[4] A year later, capital funds managers surveyed by Bank of America listed geopolitical conflict as the most significant tail risk to the investment outlook over the next six months, topping concerns over higher inflation, a U.S. recession, and an AI bubble.[5] Moreover, investors believe geopolitical uncertainty is becoming a "feature, rather than a bug," of the global economic environment, suggesting that such concerns will persist in the foreseeable future.[6]

Despite this volatile landscape, U.S. businesses have demonstrated remarkable resilience in managing geopolitical risks. As shown in the Chamber Foundation's 'High Stakes' report, companies across sectors have pioneered sophisticated approaches — from diversifying supply chains to integrating risk management teams into core operations. Far from passive observers, U.S. businesses are developing strategies that both protect their interests and help stabilize the markets they serve. This report extends those findings by examining their strategic focus on geopolitical challenges.

[1] Gertler, "What China's WTO accession is all about," China and the WTO, 2004.
[2] Gerwitz, "China, the United States, and the Future of Rules-Based International Order," Brookings, 2024.
[3] MSCI. (2024, August 30). Understanding geopolitical risk in investments. Retrieved October 25, 2024, from https://www.msci.com/www/blog-posts/understanding-geopolitical-risk/04906200027.
[4] Oxford Economics, "Businesses now see geopolitical tensions as key global threat," Research Briefing, August 1, 2023.
[5] Kollmeyer, "The biggest risk to markets is no longer inflation, say fund managers," MarketWatch, July 17, 2024.
[6] The China Show, "Investors Becoming More Concerned About Geopolitics," Bloomberg, June 6, 2024.

While we can confidently say that individual business leaders and investors increasingly voice concern over geopolitics, we know less about the extent to which such concerns permeate business organizations and investment in practice. Have companies increased their discussion of geopolitics in the quarterly and annual reports that investors rely on to gauge business health and trajectory? And have such increases been particularly prevalent in specific sectors?

Answering these questions is essential for at least two reasons. First, it is possible that while business leaders and investors are individually concerned about the business ramifications of geopolitics, these concerns may not systematically reach the organizational structures that develop actionable and coordinated responses. And second, if concerns over geopolitics are so deep that they are increasingly reaching official business communications, such patterns would highlight the importance of developing risk management strategies that are broad enough to be relevant in diverse contexts yet specific enough for companies to readily incorporate them into their practices.



Overall, Businesses Increasingly Discuss Geopolitics in Quarterly and Annual Reports

To track discussion of geopolitics in quarterly and annual reports, the U.S. Chamber Foundation first worked with FiscalNote, a technology company specializing in policy and global intelligence, to compile data. FiscalNote provided a data set containing every sentence from the quarterly and annual reports of U.S. Fortune 250 companies from 2009 to mid-2024. Additionally, analysts at FiscalNote used their domain expertise to compile a list of terms that are typically used when firms discuss geopolitics.

One of the challenges to tracking discussions of geopolitics over time is that the lexicon of geopolitics is constantly in flux: the terms and topics that we use to discuss geopolitics change over time, which makes it difficult to formulate a time-independent measure of geopolitical content. For example, compared to previous years, geopolitical discussion in the 2020s might be particularly likely to include terms associated with pandemics, artificial intelligence, or the Russia-Ukraine war. If the list of terms that we use to gauge geopolitical content were to include such terms, and we were to simply count the usage of those terms across years, any increases in prevalence might simply be due to a recency bias in our measurement instrument, rather than a substantive rise in geopolitical discussion.

To address this challenge to measuring geopolitical discussion, we used two strategies. First, we worked with FiscalNote to ensure that our list of geopolitical terms did not contain words that were clearly bound to the international context of specific years. Second, rather than counting the frequency at which geopolitical terms were mentioned, analysts at the Foundation leveraged word embedding techniques from the field of Natural Language Processing (NLP). This strategy involves training a neural network to map every word in our data set of quarterly and annual reports to a high dimensional vector that corresponds with the word's meaning.[7] By measuring the distance between these vectors, we were able to identify words and passages that were used similarly in different periods.[8]

To identify geopolitical discussion in the quarterly and annual reports of U.S. Fortune 250 companies, we measured the semantic similarity between our list of geopolitical terms and each sentence of all reports since 2009. Then, we manually compared different similarity thresholds until we found a level above which companies were reliably discussing geopolitics. We categorized any sentence that passed that threshold as "geopolitical."

[7] Specifically, we used the word2vec variant of word embedding techniques, which performed well in identifying substantively geopolitical passages across years.

[8] For example, a useful word embedding model might measure a word like "SARS" as semantically closer to a word like "Covid" than it is to a word like "aardvark." It would thus be more likely to measure sentences discussing SARS and Covid as semantically similar, even if those sentences did not use the same words.

To get a sense for some of the ways that geopolitical discussion manifests in company reports, we can investigate a small random sample of the sentences from quarterly and annual reports that passed our model's geopolitical threshold.[9] Two of the sentences that we sampled are below:

> The occurrence or threat of future terrorist attacks, military actions by the United States or others, contagious disease outbreaks, natural disasters such as earthquakes and severe floods or similar events cannot be predicted, and their occurrence can be expected to negatively affect the economies of the United States and other foreign countries where we do business.
>
> —Firm in the consumer discretionary sector, 2019

> Credit ratings may also be influenced by other factors, some of which are outside the company's control, such as recent and anticipated economic trends, geopolitical risk, legislative and regulatory developments, including implied levels of government support during a crisis, environmental, social, and governance considerations, and litigation, as well as changes to the rating agencies' methodologies, among others.
>
> —Firm in the finance sector, 2024

Note that in both sentences above, the firms frame geopolitics as one of a litany of exogenous and uncontrollable business risks, a theme that is present in many of the geopolitical passages we identified.

Compared to the passages above, others discuss geopolitical costs in terms of more concrete sets of events and policies that affect specific company divisions or activities. The following two sampled sentences exemplify this theme:

> The division's performance and relevant exchange rates are also impacted by the current geopolitical environment, including the political uncertainty in the United Kingdom surrounding "Brexit."
>
> —Firm in the consumer staples sector, 2019

> Further, trade and/or national security protection policies may be adjusted as a result of the COVID-19 pandemic, such as actions by governments that limit, restrict or prevent the movement of certain goods into a country and/or region, and current U.S./China trade relations may be further exacerbated by the pandemic.
>
> —Firm in the technology sector, 2020

[9] We sampled 10 sentences for this report and include six of those sentences here verbatim. The four sentences that we did not include were substantively similar to the ones discussed here.

Finally, while all the previously presented passages focus primarily on international economic policies and trade, it is important to note that firms also link geopolitical issues to the domestic political economies of the countries in which they operate. The final two passages in our random sample of geopolitical sentences from quarterly and annual reports highlight this pattern:

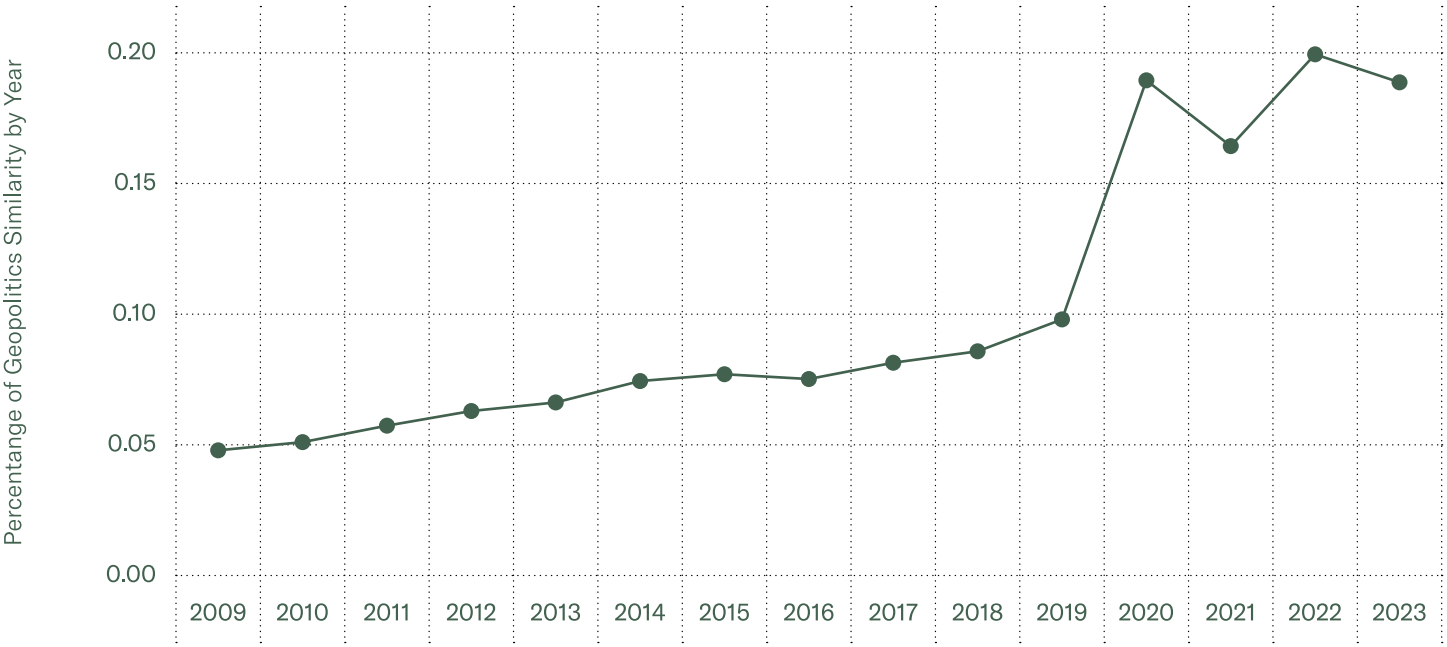
> Our international operations are subject to a number of additional risks and potential costs, including changes in foreign medical reimbursement policies and programs, unexpected changes in foreign regulatory requirements, differing local product preferences and product requirements, diminished protection of intellectual property in some countries, trade protection measures and import or export licensing requirements, difficulty in staffing and managing foreign operations, political and economic instability.
>
> —Firm in the healthcare sector, 2015

> We are subject to a number of risks, including: foreign currency fluctuations; changes in government preferences for software procurement; international and regional economic, political and labor conditions, including any instability or security concerns abroad; tax laws (including U.S. taxes on foreign subsidiaries); increased financial accounting and reporting burdens and complexities; unexpected changes in, or impositions of, legislative or regulatory requirements; changes in laws governing the free flow of data across international borders; failure of laws to protect our intellectual property rights adequately; inadequate local infrastructure and difficulties in managing and staffing international operations; delays resulting from difficulty in obtaining export licenses for certain technology, tariffs, quotas and other trade barriers; the imposition of governmental economic sanctions on countries in which we do business or where we plan to expand our business; costs and delays associated with developing products in multiple languages; operating in locations with a higher incidence of corruption and fraudulent business practices; and other factors beyond our control, including terrorism, war, natural disasters and pandemics.
>
> —Firm in the technology sector, 2016

These final two passages highlight an important point: while geopolitics may affect broader economic conditions and trade policies, it may concurrently shape challenges to production and consumption in the international markets on which these firms rely.

Our word embedding model identified all the passages above as geopolitical content. But since annual and quarterly reports summarize the general state of firms, we would expect such content to constitute a relatively small fraction of the material in reports. Indeed, since 2009, we found that geopolitical passages accounted for only about 0.1 percent of the sentences of quarterly and annual reports of U.S. Fortune 250 companies. Importantly however, we found that the portion of reports that contain high levels of geopolitical discussion has been rising over time, as shown in the plot below:

Figure 1: Geopolitical References in 10-K Filings and Earnings Call Transcripts, 2009–2023.



We see that in the decade following 2009, **the percentage of geopolitical passages in quarterly and annual reports gradually increased, to the point where geopolitical passages comprised roughly twice as much reporting by 2019.** There was then a sharp increase in geopolitical discussion in 2020, with the percentage of geopolitical passages nearly doubling in just one year. This jump coincided with the onset of the COVID pandemic, but it is important to note that the list of terms on which our measurement instrument was based did not contain words related to the pandemic. In other words, to the extent that pandemic-related discussion explains the increase, it is because it occurs in the context of broader geopolitical discussion. Moreover, there were no significant drops in the years following 2020, suggesting that the elevated geopolitical discussion is likely to persist even as concerns over COVID wane.

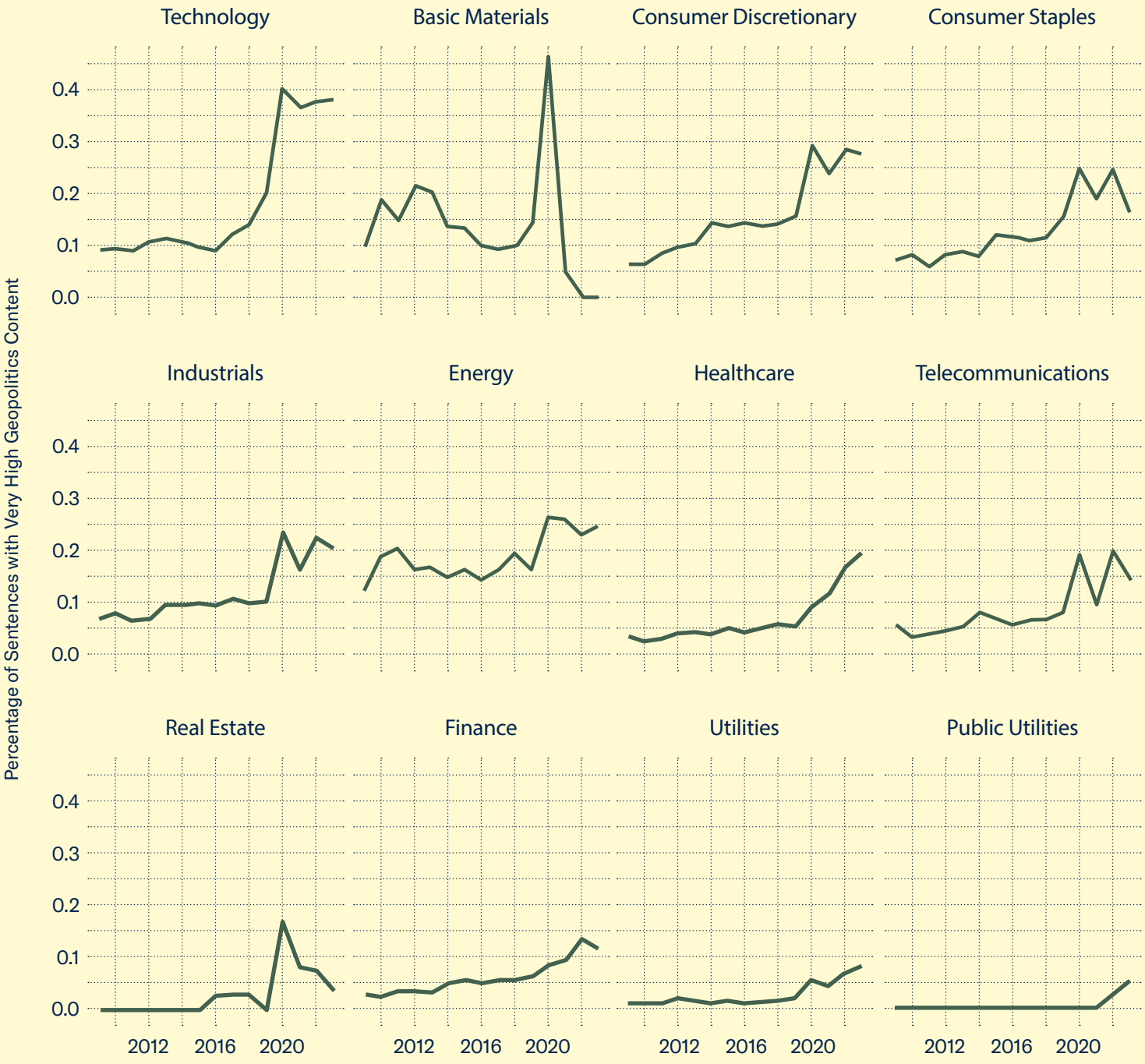
Considered together, **the main point is that while businesses report concerns over geopolitics in a variety of ways—from broad to specific, and focusing on both international policies and domestic political economies—they have been reporting these concerns more often as the years pass.**

Patterns of Geopolitical Discussion Vary by Sector

What explains the increased reporting of geopolitics in the quarterly and annual reports? While we cannot provide definitive answers to this question, analyzing patterns across sectors provides some hints.

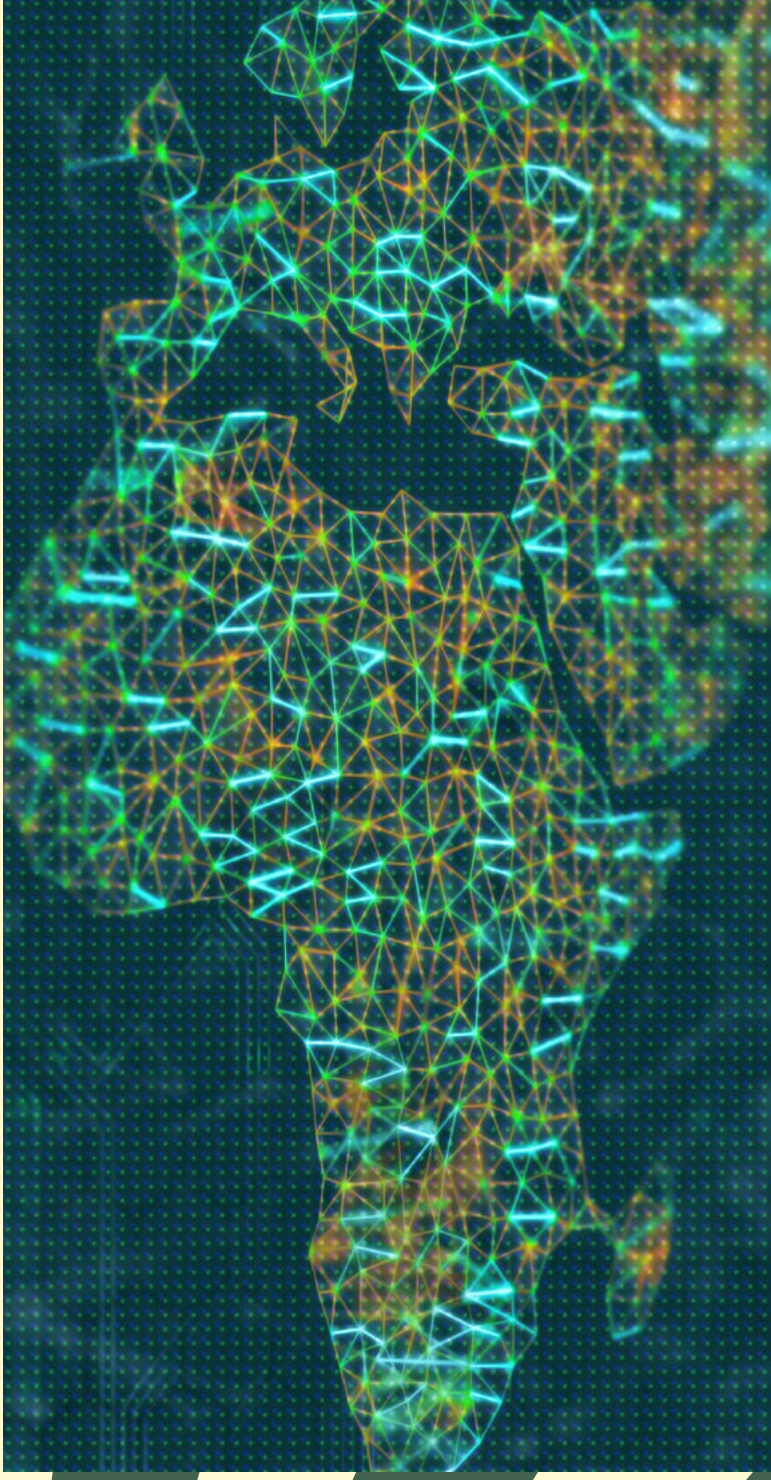
The plot below repeats the analysis presented in the previous section, but with companies grouped by sector:

Figure 2: Geopolitical References in 10-K Filings and Earnings Call Transcripts Across Sectors, 2009–2023.



The first point to note with this chart is that increases in geopolitical discussion are not confined to businesses in a small number of sectors. Rather, the annual and quarterly reports in each industry have experienced periods of heightened discussion of geopolitics. Moreover, in most sectors, the levels of geopolitical discussion have remained elevated in recent years.[10]

These points suggest that geopolitics is increasingly an issue that affects all sectors. However, note that technology stands out as a sector with sharp and sustained increases in geopolitical discussion, showing substantial increases from 2016–2019, an even steeper spike in 2020, and consistently elevated levels of geopolitical discussion since 2021. This is particularly noteworthy because the technology sector makes up a large portion of current U.S. Fortune 250 companies, which suggests that issues among those companies are particularly important to explaining the overall increases in geopolitical discussion in quarterly and annual reports.



[10] One exception to this trend is in the basic materials sector, where we saw a very sharp increase in geopolitical discussion in 2020 and then a drop to near zero in the years that follow. While this is a finding that warrants further research, it's also important to note that this sector contained only a small number of firms in the US Fortune 250, which may account for the unstable results.

Collaboration, Developing Best Practices, and the Role of Government

The analysis in the previous sections yields two key takeaways.

1. **First, discussion of geopolitics in the U.S. business community is not merely a reflection of the extemporaneous concerns of individual managers, board members, or investors.** Rather, geopolitics increasingly permeates the formal reports that companies present to investors. This suggests that geopolitical instabilities are increasingly shaping the financial and organizational vitality of the firms that drive the U.S. economy.

2. **Second, while heightened discussion of geopolitics is particularly prevalent in the technology sector—where firms are often at the forefront of global competition and conflict between governments—similar patterns are evident across all industrial sectors.** This suggests that even companies whose products and services appear less connected to international politics must increasingly contend with the effects of geopolitical instability.

While individual companies must tailor their responses to geopolitical risk, the business community might also coalesce to manage geopolitical risk better. As firms contend with the repercussions of geopolitical instabilities, they often leverage talent and reshape their organizations in innovative ways. Indeed, when the Foundation speaks with executives of large and small companies from across the economy, we are struck by the creative strategies companies use to assess and manage geopolitical risk.

At the same time, building effective practices often entails long and costly processes of trial and error within firms. Rather than attempting to respond to geopolitics in silos, the business community needs tools and structures that allow firms to disseminate perspectives and collaboratively develop best practices for managing shared risks stemming from geopolitical instability.

Finally, efforts to develop and improve best practices for geopolitical risk management must entail deep and sustained collaboration between the business community and government. Such partnership is mutually beneficial. On the business side, firms cannot effectively manage geopolitical risk without clear and actionable insights into how their activities fit into the government's efforts to protect national security. On the governmental side, as geopolitical competition increasingly hinges on complex and nebulous interactions between global firms, strategically partnering with U.S. companies will bolster a whole-of-society arsenal of tools and insights for foreign policy and diplomacy.

Executives are maneuvering their companies through a geopolitical landscape marked by unprecedented volume, volatility, and velocity of threats.[11] This report and other work undertaken as part of the Foundation's Global Threats Initiative suggests it will be necessary for government officials to sharpen the definition of "national security" so firms can focus on the most consequential threats while broadening their interpretation of critical elements of national power to include the engine of economic growth: American Business.

[11] World Economic Forum. *The Global Risks Report 2024*. Geneva: World Economic Forum, 2024. https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf.





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