

Beyond the Playbook

How Asia Pacific business leaders see
geopolitical risk



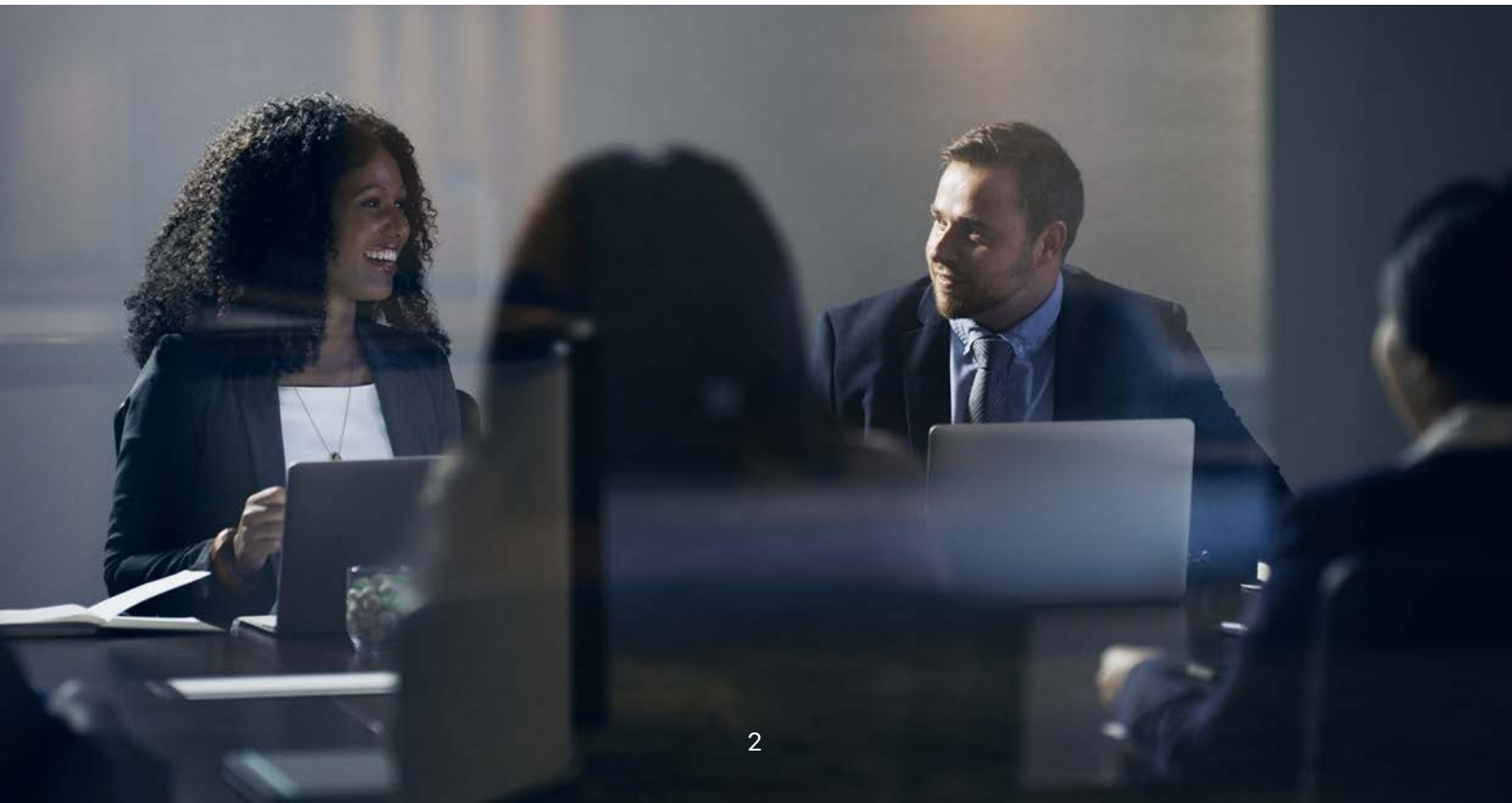
Geopolitical friction is no longer an episodic shock or an external anomaly. It has hardened into an enduring structural feature of global commerce. Across major economies, business leaders are confronting an operating environment defined by heightened polarisation, regulatory fragmentation, and the weaponisation of economic statecraft.

Sandpiper Public Affairs surveyed 473 senior executives across Asia Pacific to assess how the private sector is navigating this volatility. Our research reveals a corporate landscape under acute strain:

- **Geopolitical risk is the baseline:** More than half of corporate executives rate latent geopolitical risk to their business at 8 out of 10 or higher, with two-thirds (67%) anticipating that conditions will either hold steady or deteriorate further over the next 24 months.
- **The preparedness deficit:** Despite widespread awareness, an acute gap persists between threat perception and operational readiness. Only 11% of business leaders believe their organisations are fully prepared to navigate geopolitical disruption over the coming six months.

- **Policy as the core disruptor:** Geopolitical risk is manifesting primarily through assertive state power. Clashing regulations between major powers (49%) and physical supply chain chokepoints (46%) now represent the top operational threats to enterprise value.
- **The polarisation dilemma:** Domestic political volatility is challenging core corporate affairs strategy. Nearly nine in ten executives (88%) report heightened difficulty in selecting political stakeholders for alliance-building, while 87% struggle to secure investment for CSR and sustainability initiatives.
- **Decisive, fragmented reallocation:** Inaction has ceased to be an option as only 4% of businesses made no material change in response to geopolitical risk over the past year. Crucially, across Southeast Asia, 0% of respondents stood still, spearheading an aggressive capital reallocation away from the superpowers.

Traditional corporate affairs playbooks, built for predictable regulatory shifts and localised flashpoints, are no longer fit for purpose. Navigating this fragmented landscape requires corporate affairs leaders to move beyond reactive lobbying – anchoring their strategy directly to host-nation priorities, speaking the commercial language of the C-suite, and building durable institutional relationships long before crises strike.





The preparedness deficit

Corporate leadership has largely abandoned hopes of a return to geopolitical stability. Geopolitical risk has ceased to be treated as a tail risk; it is now the operating baseline. More than half of surveyed leaders place latent geopolitical risk in the highest tier of severity, at 8 out of 10 or above.

There are geographic nuances to this, however. Concern is concentrated most heavily in Southeast Asia's emerging production hubs: Vietnamese and Thai business leaders are the most concerned with an average of 97% and 81%, respectively. Open regional trading economies follow, with 56% in Singapore and 53% in Australia sharing that acute concern. By contrast, only 41% of mainland Chinese respondents selected the highest risk tier, while executives in Japan and South Korea are the most sanguine, recording the lowest average risk assessments.

More than half rate latent business risk from the current geopolitical climate at 8/10 or more



67%

... and most expect geopolitical risk to stay the same or increase in the next two years

11%

Only 11% say their businesses are fully prepared to navigate geopolitical turbulence over the next 6 months

Notably, perceptions of risk do not correlate strictly with geographic proximity to geopolitical flashpoints. Instead, they reflect an economy's structural vulnerability to the weaponisation of trade and regulatory conflict. While Thailand and Vietnam have been beneficiaries of supply chain diversification away from China, this has made them more vulnerable to secondary geopolitical shocks. Deep integration into intermediate goods imports from China coupled with increasing scrutiny from some markets over rerouted exports place these markets directly in the line of geopolitical friction. By contrast, mainland Chinese business leaders' lower levels of acute concern reflect domestic substitution policies, state-led industrial backing, and a large internal market which provides a buffer that shields domestic corporate sentiment.

Despite these geographic divides on risk perception, two-thirds of business leaders across all markets expect conditions to either remain at their current elevated level or deteriorate further over the next two years. No market saw a majority of business leaders expect an improvement of current risk levels. Yet this broad consensus on risk exposure has not translated into operational preparedness. Just 11% of executives say their business is fully prepared to confront geopolitical disruption over the coming six months.

This 56-point gap between risk expectations and operational readiness underscores an acute strategic vulnerability. Awareness of the macroeconomic environment has not yet translated into operational readiness. To understand why, it is necessary to examine the primary drivers of disruption confronting executive teams.

On a scale of 1 to 10, please rate the level of latent business risk associated with the current geopolitical climate

	Low risk (1-4)	Moderate risk (5-7)	High risk (8-10)	Acute risk (10 only)
Vietnam	0%	3%	97%	16%
Thailand	6%	12%	81%	21%
Indonesia	0%	32%	67%	16%
Hong Kong	4%	35%	61%	15%
Singapore	2%	42%	56%	6%
Malaysia	21%	24%	54%	12%
Australia	8%	40%	53%	6%
China	11%	49%	41%	1%
Japan	30%	33%	37%	0%
South Korea	9%	59%	32%	2%

Policy as the primary disruptor

For decades, political risk was largely equated with localised physical instability or expropriation in frontier markets. Today, the primary disruption comes directly from major powers using regulation, tariffs, and industrial policy as strategic weapons.

Regulatory divergence between major powers tops the list of business risks, cited by nearly half (49%) of respondents. With major jurisdictions setting conflicting rules on data flows, carbon reporting, antitrust, and AI standards, multinationals face a zero-sum trap: complying in one market increasingly invites penalties or investigation in another.

Ranking second, physical supply chain and logistics chokepoints are cited as a top-three threat by 46% of respondents. After more than half a decade of rolling shocks – from pandemic-era breakdowns to transit links severed by Russia’s invasion of Ukraine – logistics anxieties were already deeply entrenched. Yet 2026 has injected acute new urgency into these concerns. Between heightened volatility around the Strait of Hormuz and recent Houthi advances tightening their grip on the Bab al-Mandeb, logistics fragility is no longer treated as a series of temporary disruptions.

Further, commercial and national security risks have become intertwined. High concern around techno-nationalism (44%), state-imposed trade curbs (41%), and cyber attacks (41%) reflects a reality where governments increasingly view corporate data, tech platforms, and supply chains as strategic national assets rather than private enterprise tools.

Business risks most frequently ranked among the top 3 by severity



The polarisation dilemma

Geopolitical conflict does not stop at national borders. As global rivalries intensify, international friction cascades into national debates, fuelling economic nationalism, ideological traps and culture-war scrutiny. For corporate leaders, domestic political polarisation (45%) is no longer separate from geopolitics. In this climate, virtually every corporate statement – or deliberate silence – is seized upon and scrutinised for partisan alignment.

Across Asia-Pacific, political polarisation is not an abstract reputational debate; it has become an immediate operational risk. The pressure is felt most acutely in emerging manufacturing and commercial hubs, notably Thailand, Indonesia, and Vietnam. Over half of business leaders in Thailand (58%) and Indonesia (54%), alongside 46% in Malaysia, cite securing investment for CSR and sustainability initiatives as a significant challenge.

Navigating political alliances proves equally hazardous in Malaysia (52%) and Thailand (52%) amid shifting domestic coalition politics. In Vietnam, the operational pressure is near-unanimous: a stark 81% find staying true to company values a significant challenge, and 75% struggle with remaining vocal on social issues. In economies where political goodwill can make or break a business, even routine public announcements carry real regulatory risk.

By contrast, more mature Asia-Pacific economies and regional gateway hubs take a more insulated, pragmatic approach. In Australia, only 17% of executives view securing CSR investment as a significant hurdle, while over a quarter (28%) report that it is not a challenge at all – the highest level of insulation recorded across the region. This reflects an institutional environment where sustainability reporting and governance have largely matured into commercial baselines rather than political flashpoints.

A similar detachment is evident in gateway hubs like Hong Kong, where just 13% of leaders face significant hurdles securing sustainability capital. Rather than navigating contentious social debates, corporate affairs strategies in these financial centres have largely stepped back from public advocacy, refocusing messaging almost exclusively on market connectivity, compliance, and enterprise value.

Challenges companies face amid increased polarisation and turbulence



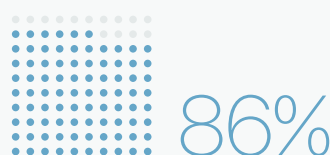
Find choosing which political stakeholders to build alliances with more difficult

Managing relationships with policymakers has become hazardous. Building ties with one faction carries immediate reputational or regulatory penalties when power shifts or scrutiny mounts. Further, shifting multilateral dynamics are raising questions about which global or regional fora still warrant engagement.



Find getting investment for CSR and sustainability initiatives challenging

Initiatives once seen as standard corporate citizenship are increasingly politically exposed. Nearly nine in ten executives report that securing investment for CSR and sustainability initiatives has become more difficult amid mounting politicisation. Whether seeking board sign-off or external capital backing, justifying investment in purpose-driven work now demands an explicit, commercially grounded business case that can withstand ideological pressure.



Find staying true to their company's values an increasing challenge

Mission statements and core ethical codes crafted in more predictable times are cracking under sudden regulatory pivots and partisan consumer backlash.



Find continuing to be vocal on issues that they care about an increasing challenge

Four in five leaders concede that taking public stances on social and governance topics – such as diversity and inclusion – has become an active business liability. The era of unexamined CEO activism has been replaced by calculated corporate discretion.

Beyond paralysis: How businesses are responding

Confronted by these compounding pressures, organisations have decisively abandoned a wait-and-see approach. A mere 4% of business leaders report making no material changes to their business over the past 12 months in response to geopolitical risk.

Yet while the imperative to act is clear, there is no shared consensus on the remedy. Instead, corporate responses are taking three distinct shapes: rewiring physical operations, stress-testing future shocks, and pulling back capital exposure.

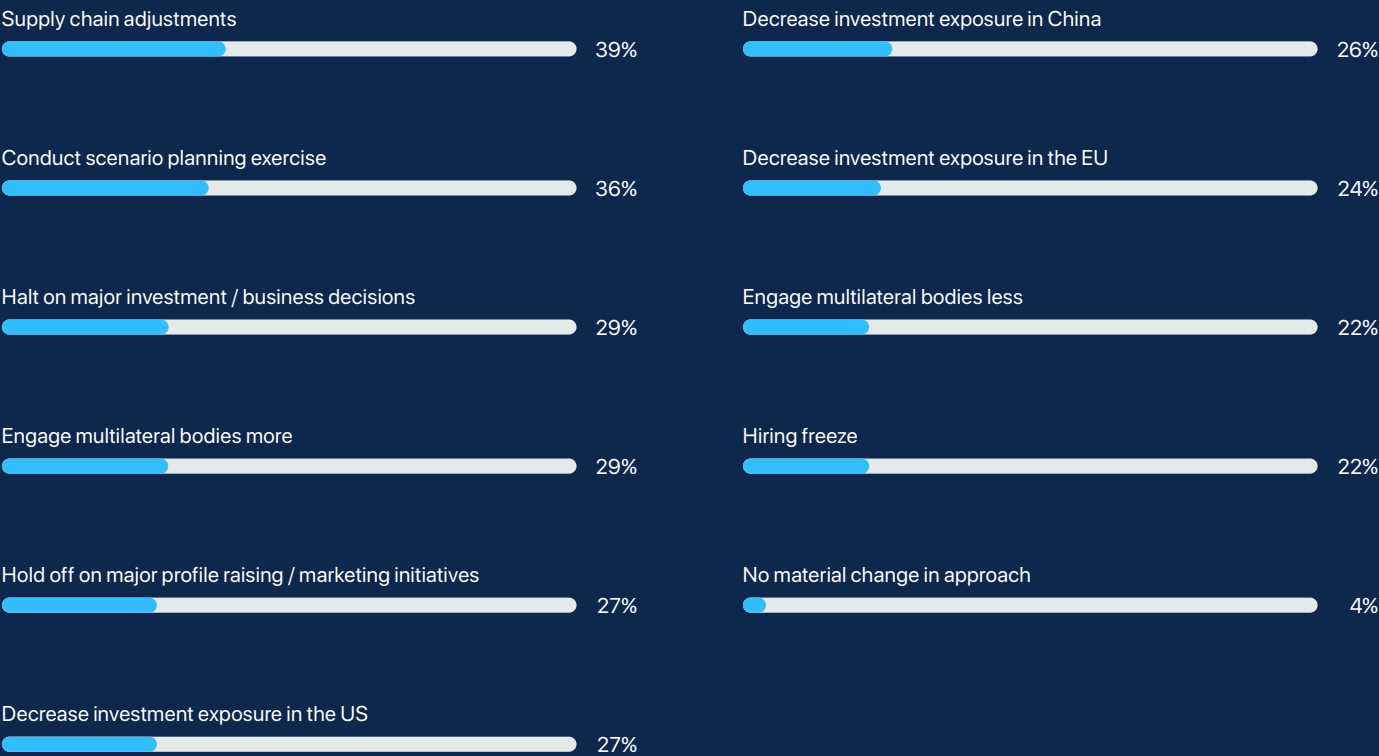
The single most prevalent response is structural supply chain reconfiguration (39%). To insulate operations from trade controls and transit chokepoints, organisations are pursuing nearshoring, friendshoring, and dual-track supply chains, intentionally absorbing higher operational costs to ensure continuity.

Over a third of companies (36%) have instituted formal scenario planning exercises. Rather than betting on single forecasts, executive teams are stress-testing cash flow, supplier dependencies, and public positioning against multiple political scenarios.

Defensive balance sheet management is widespread. Nearly three in ten companies (29%) have put major investment or expansion decisions on hold. Furthermore, capital reallocation away from major markets is accelerating: 27% have decreased investment exposure in the US, 26% in China, and 24% in the European Union.

Simultaneously, businesses are pulling back from visible public positioning. More than a quarter (27%) are actively holding off on major profile-raising and marketing initiatives, opting for a lower institutional profile to mitigate partisan crossfire.

Actions taken in past 12 months in response to geopolitical risk



Beneath regional headline figures lies a sharp, ground-level reallocation of capital. Business leaders in Southeast Asia's manufacturing and operational hubs report the most aggressive de-risking from major powers.

Fully 50% of respondents based in Vietnam report that their organisations decreased investment exposure in China over the past 12 months, actively disentangling operations from direct mainland exposure to mitigate secondary tariff and regulatory scrutiny. In Indonesia, the pivot points in the opposite direction: 47% of executives surveyed there report scaling back investment exposure in the United States – nearly double the amount reducing exposure to China (26%).

Crucially, across Malaysia, Indonesia, Thailand, and Vietnam, not a single respondent reported an unchanged approach; every business represented on the ground had actively overhauled supply chains, instituted scenario planning, or frozen capital commitments. This stands in stark contrast to Japan, where 16% of respondents reported no material change, reflecting an institutionalised resilience built over decades of managing regional geopolitical friction.



Strategic recommendations:

A geopolitical playbook for corporate affairs

Traditional corporate affairs playbooks were built for a more predictable, globalised economic order. In an environment defined by regulatory divergence, supply chain weaponisation, and domestic polarisation, transactional lobbying and reactive crisis PR are no longer sufficient.

Bridging the gap between awareness and resilience requires a more integrated, commercial approach anchored on three core disciplines:

1. Sovereign alignment and radical consistency

The most dangerous pitfall for a multinational today is attempting to play a double game – positioning itself as a patriotic national security partner in Western capitals while pitching as an uncritical domestic champion in emerging markets. In a transparent global environment, contradictory political positioning is quickly identified and penalised.

- **Anchor on domestic priorities:** The only sustainable strategy is radical consistency rooted in the host government's core domestic agenda. Corporate strategies must demonstrate tangible alignment with national imperatives such as workforce upskilling, local job creation, domestic industry participation, and the energy transition.
- **Technocratic rigour over ideology:** In moments of acute geopolitical tension, corporate ideology can be an operational liability. The most defensible corporate affairs strategy is strictly technocratic: demonstrating total compliance with local laws while actively solving political or economic problems for host governments.

2. Financial literacy and operational integration

Public affairs and corporate communications functions can no longer operate in isolation from enterprise risk management, capital planning, and supply chain strategy. Soft sentiment metrics and general reputation scores are not enough to influence executive decisions.

- **Speaking the language of the C-suite:** To influence executive decisions, corporate affairs teams must translate geopolitical friction into clear commercial terms, showing exactly how policy shifts threaten profit margins, jeopardise major capital investments, or drive up borrowing costs.

- **Testing shocks before they happen:** Reviewing policies after a crisis hits is too late. Leadership teams should bring corporate affairs, legal, finance, and logistics heads together for regular rehearsals to test how alternative suppliers, cash flow, and operations would hold up against sudden trade barriers or sanctions before they take effect.

3. Banked institutional capital and ground-level engagement

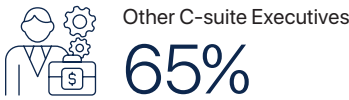
Influence cannot be improvised in the middle of a regulatory crisis. Navigating a fragmented landscape demands durable, institutional relationships that insulate the business before public friction or regulatory scrutiny occurs.

- **Pre-empting the audit cycle:** Companies must cultivate multi-track, cross-partisan relationships with civil servants, regulators, and civic stakeholders long before policy disputes arise. In volatile environments, banked reputational capital and trust are the primary safeguards against sudden regulatory intervention.
- **Shifting from global summits to regional technical groups:** While some multilateral institutions remain frequently paralysed, practical regulatory momentum has shifted toward regional frameworks. Across Asia-Pacific, initiatives such as the ASEAN Digital Economy Framework Agreement and cross-border payment connectivity networks are establishing the real operational baselines. Influence comes from embedding early in the quiet, working-level technical committees where rules are actually drafted.

In an operating environment where corporate neutrality is difficult to sustain and regulatory statecraft is the primary disruptor, public policy acumen is no longer a support function; it has become an essential pillar of corporate governance. Organisations that anchor their commercial strategies in sovereign alignment, deep financial literacy, and early technical engagement will be best positioned to protect their operations and build durable growth across volatile markets.

About the poll

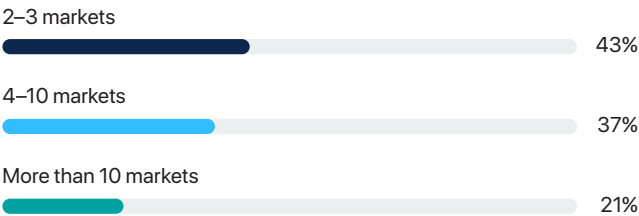
Respondents by seniority



Respondents by market

		Respondents
ASEAN (Indonesia, Malaysia, Thailand, Vietnam)	25%	141
Australia	10%	53
China	16%	89
Hong Kong	11%	54
Japan	8%	43
Singapore	9%	50
South Korea	8%	43
TOTAL		473

Markets the organisation operates in



Organisation size



1,000–4,999

5,000+

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As AI regulation continues to take shape market by market, staying ahead means understanding not just the rules, but the risks, relationships and reputations at stake. Sandpiper’s public affairs and research specialists help organisations navigate this with clarity. Get in touch through publicaffairs@sandpipercomms.com to talk through what it means for you.



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