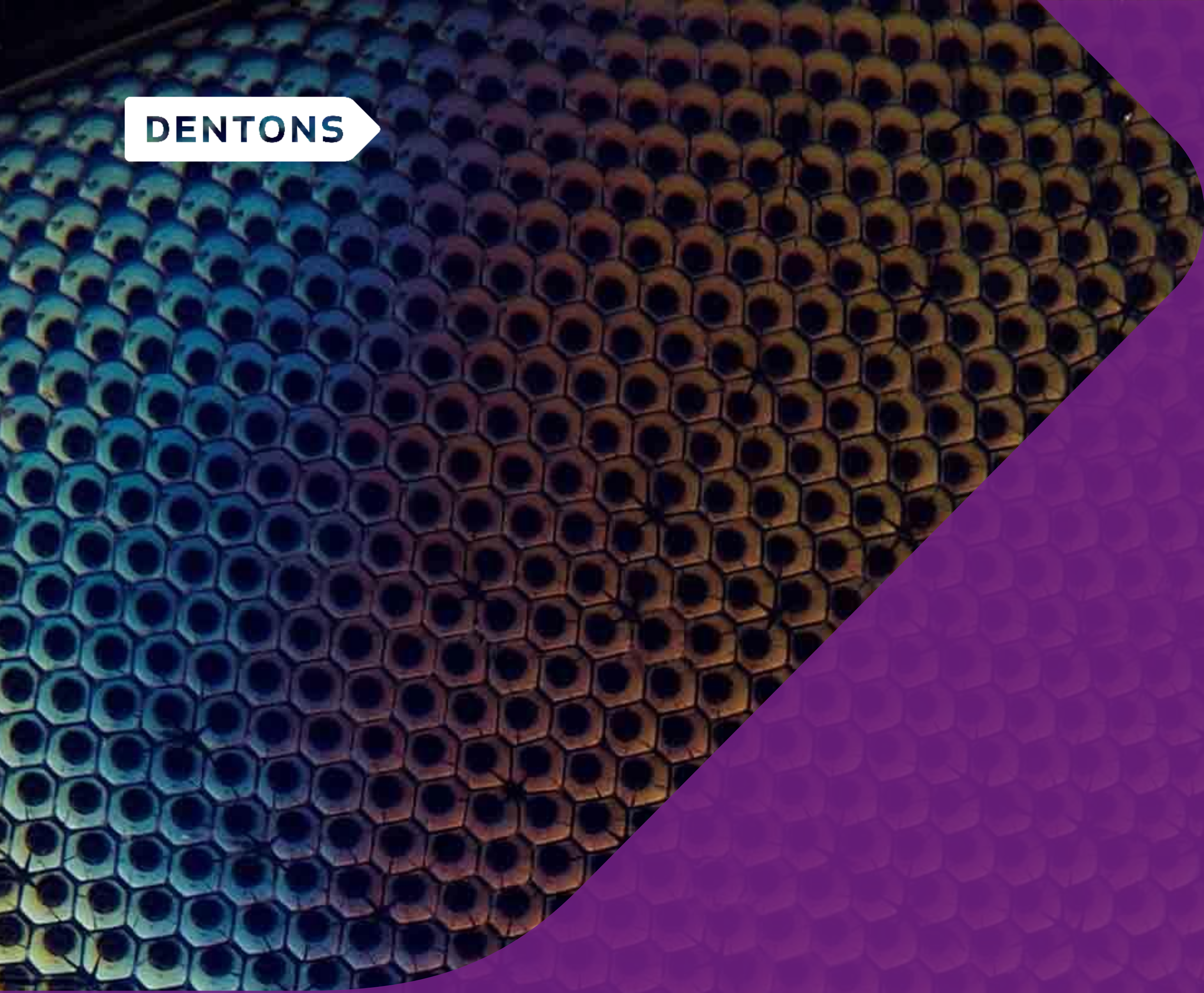


Global policy trends 2026

January 2026

Introduction

2026 is anticipated to open with a slower growth trajectory but a highly active public policy environment. Governments in 2026 will assert themselves as market shapers—using regulation, incentives, and trade controls as instruments of geopolitical strategy.

For global businesses, the challenge is no longer just navigating rules—it's understanding how policy and policy uncertainty will define competitiveness in every major jurisdiction.

Corporate leadership in the policy century

2026 will reward organizations that treat policy as a strategic discipline. The convergence of law, politics, and market forces means the most resilient companies will:

- Integrate policy risk into enterprise planning and capital allocation and diversify sourcing accordingly.
- Develop multi-jurisdictional compliance systems adaptable to shifting regimes.
- Engage constructively with governments and regulators as partners in sustainable growth.

In 2026, public policy will be the most important driver of private-sector outcomes.

The interplay of regulation, industrial policy, and geopolitical tension will continue to test the agility of global business. Those who anticipate policy movements—and engage early in their design—will not only mitigate risk but help shape the rules of the decade ahead.

1. Low growth, high intervention: the new operating baseline

Global output is projected to expand by roughly 3 percent in 2026, according to the International Monetary Fund's World Economic Outlook (July 2025)—below the long-term pre-pandemic average of 3.6 to 3.8 percent recorded between 2000 and 2019, but more than the 2023 and 2024 global growth rate of 2.6 percent. This persistent gap underscores what the IMF describes as a "sub-trend growth era", defined by lower productivity gains, aging workforces in advanced economies, and heightened geopolitical and trade frictions.

For the private sector, that half-to-three-quarter-point difference translates into hundreds of billions of dollars in foregone global output each year. Slower growth is prompting governments—and particularly the government of the world's largest national economy, the US—to fill the gap with policy activism using regulation, subsidies and tariffs, and industrial policy to steer investment and employment.

2. Geopolitics impacting growth

The Russia-Ukraine and Israel-Gaza conflicts, US–China competition and instability in other areas of the Middle East and Caribbean will likely continue alongside the frequently changing economic policies of the US on tariffs, rolling sanctions and export-control updates.

These issues impact product prices through additional tariffs, new tax rules on goods, and bring general unpredictability and uncertainty to the global economy as fluctuations in government funding flip-flops on regulatory structures and policy priorities change for entire sectors (e.g. renewable energy) influence broader investment trends. Geopolitics and geoeconomics will have a significant impact on 2026 growth prospects.

3. Economic security and the supply-chain reset

Economic security doctrines dominate policymaking in North America, Europe, and parts of Asia. Governments are hard-wiring resilience into trade and investment frameworks:

- The 2026 USMCA review may reopen tariffs, rules-of-origin, labor, and energy-content provisions for the US, Mexico, and Canada, and require recalibration from their primary trading partners.
- The EU and UK are tightening foreign-investment screening and state-aid controls, while facilitating domestic use of subsidies and trade remedy instruments.
- The EU is decisively pursuing a reduction of the bureaucratic burden, reflected in the Commission's mid-December 2025 omnibus proposal, firmly setting a very different tone from the top for the upcoming years.
- Across developed economies and emerging markets, localization and critical mineral policies are expanding.
- India is negotiating trade deals with the US and EU to offset dependencies on China and Russia.

The old model of "cost-optimized global supply-chains" is giving way to redundant, policy-aligned supply-chains designed to withstand national security scrutiny, build resilience from shocks, and grow domestic economies.

4. Technology, AI and data infrastructure: five competing models

In 2026, global companies will operate within five distinct regulatory regimes for AI and data infrastructure:

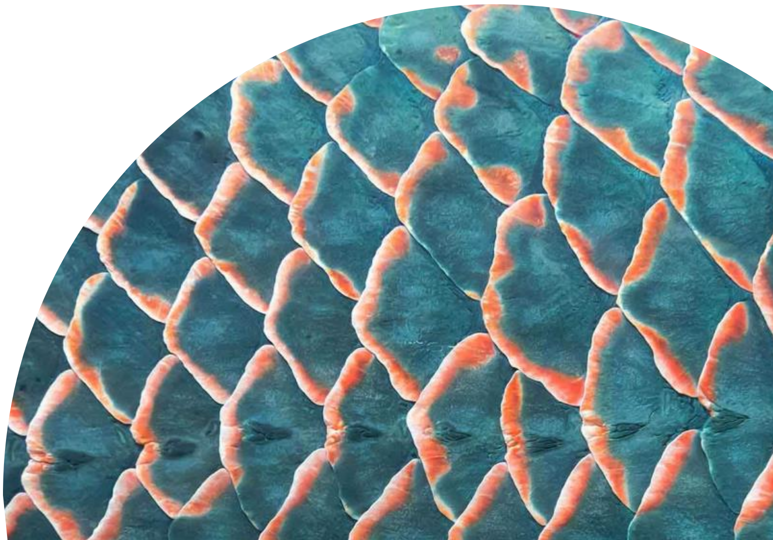
- United States: Innovation-first with burgeoning national direction, but fragmented by privacy and algorithmic-transparency laws passed by individual states.
- European Union / United Kingdom: Enforcement of the AI Act and Digital Markets / Services Acts, with expanding cross-border data restrictions and challenged by the US in trade negotiations.
- China: Algorithm governance and data-localization mandates embedded in national-security law.
- ASEAN & Middle East: Hybrid frameworks balancing investment attraction with digital sovereignty.
- India: New data regulations combine global principles with national interest setting the stage for further regulations on AI.

At the same time, the physical infrastructure powering/growing computing needs and AI—data centers—is expanding at record pace, driving its own wave of societal effects and corresponding policy responses.

While many local governments are clamoring for the potential high-paying, high-tech jobs that make announcements of large-scale investments data centers can bring, local residents are frequently pushing back against the detracting elements that can also come alongside them. From concerns about whether there's enough energy generation and water for both consumer and commercial needs, to "not in my backyard" issues of noise complaints and potential fire risks, the industry is being forced to navigate an increasingly complex landscape.

- Energy and environmental regulation: Governments are tightening siting, cooling, and emissions standards while racing to ensure sufficient grid capacity, and in some cases, mitigating the impact of computing demands on consumer electrical needs.
- Land-use and zoning: Urban and peri-urban jurisdictions are updating zoning codes to restrict where data centers and battery storage facilities can be built to mitigate concerns of neighbors, as well as to hyperscale and edge facilities.
- Cross-border data policy: Countries are classifying large-scale AI compute infrastructure as strategic assets, prompting new security and ownership reviews.
- Incentives and permitting: The EU, US, UAE, and Singapore have introduced and/or are designing data center incentive frameworks alongside semiconductor and AI-chip subsidies.

The intersection of AI policy and data infrastructure regulation will be a defining industrial-policy frontier of 2026. Compliance costs will rise, but so will opportunities for firms positioned as trusted, growth-generating forces in global economies.



5. Climate, energy and industrial policy in the new American era

The global climate landscape has shifted sharply following the inauguration of President Donald Trump, his adherence to campaign promises to pull the US out of the Paris Climate Accords and prioritization of energy expansion (across all energy forms, with less emphasis on renewables), and the passage of United States' One Big Beautiful Bill Act (OBBBA).

- Many of the clean-energy tax credits and grant programs introduced under the Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA) have been rescinded or scaled back, with stricter eligibility and shorter timelines.

- State and provincial governments in North America are partially filling the gap with localized incentives in some states, typically those that are solidly blue.

- Europe continues to advance the Carbon Border Adjustment Mechanism (CBAM) and other, more stringent ESG disclosures, slowly following by CO2 pricing in China and Latin American countries.

- With an energy matrix based on renewables, Latin American countries are creating incentives and regulation to promote their solar, wind, hydro and biofuels potential.

For investors, the implication is clear: the subsidy map has changed, and in many cases, has been eviscerated. Companies must now verify incentive eligibility—even for previously awarded grants and contracts—and manage potential claw-back risk, while strategy teams reassess where new funding windows are emerging abroad and in some US states.

6. Corporate governance and ESG reporting requirements: fragmentation and pushback

In recent years environmental, social, and governance (ESG) criteria have become mandatory reporting requirements for publicly traded companies and both Wall Street analysts and consumers have increasingly evaluated corporate values against actions and outcomes. While ESG remains a global theme, it's diverging regionally.

- In the US, parts of the ESG framework face political rollback and litigation, as conservative factions of the country have equated ESG with "ideologically driven corporate behavior".

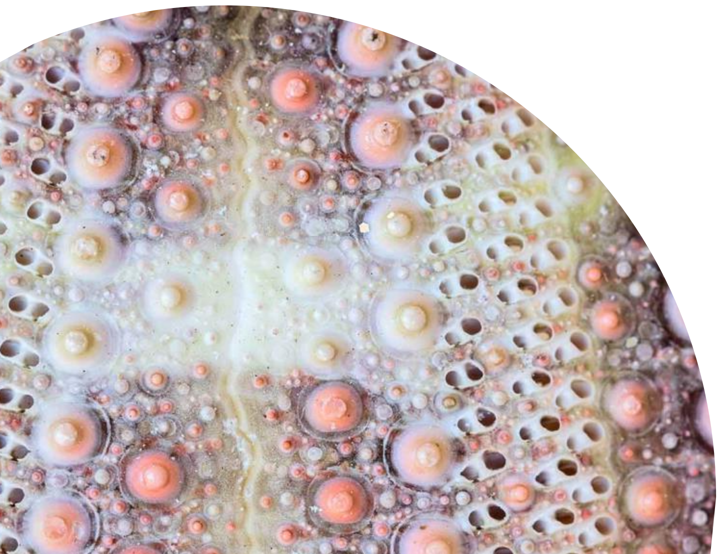
- In Europe, mandatory due-diligence laws and reporting directives and regulations are entering into force, albeit scaled back in scope, by the new tone from the top as manifested in the "omnibus legislation" proposals.

- In Latin America, mandatory ESG reporting regulations are emerging across different countries, with some coming into effect in 2026.

- India has implemented labor law reforms to boost FDI inflows and exports.

- Emerging markets are integrating ESG criteria into financing eligibility rather than stand-alone mandates.

The message for global business: ESG is not disappearing—it's splintering. Companies must be flexible enough to operate under both mandatory and voluntary regimes simultaneously, as well as to thread needles with messaging and compliance activities between different parts of their global audiences.



7. Political volatility and election cycles

2026 brings one of the densest election calendars in decades—US congressional midterm campaigns, state and local campaigns, leadership transitions in Latin America, and major parliamentary and presidential elections in several African economies. In the US, congressional primaries will be more important determiners of the balance of power, as increasingly gerrymandered districts in many states make primaries deciding races.

- Asia – recent state elections in India signal policy continuity and stability.
- Latin America – on the heels of the December 2025 Chilean presidential election, Brazil, Peru, Colombia, and Costa Rica are preparing for 2026 elections.
- US – midterm congressional elections in November 2025 gave insight into whether or not the policies of the current Republican Congress and White House—which have required a united party—continue.
- Canada – the likelihood of a 2026 election in Canada is decreasing, as the minority Liberal government has drawn several former Conservative members to cross the floor, bringing the Liberals within one seat of a majority.

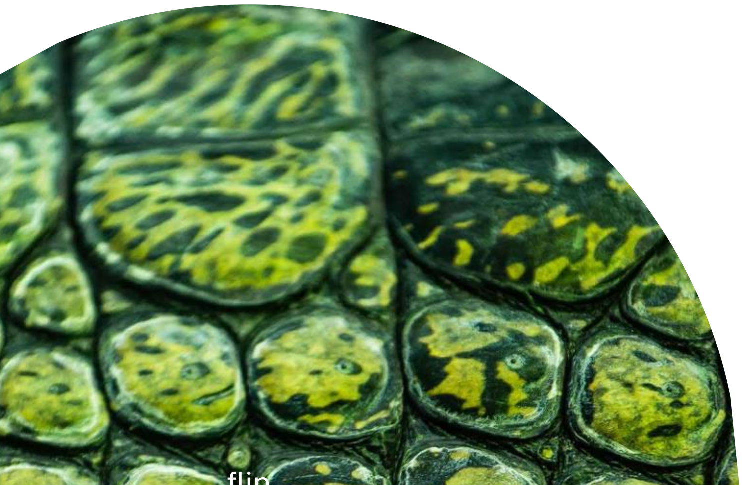
Policy stability will be episodic, and windows of opportunity for legislative influence will be limited. Businesses should time regulatory approvals, concessions, and investments to precede elections wherever possible and maintain contingency plans for post-vote regulatory shifts.

8. Leadership in the policy century

2026 will reward organizations that treat policy as a strategic discipline. The convergence of law, politics, and market forces means the most resilient companies will:

- Integrate policy risk into enterprise planning and capital allocation and diversify sourcing accordingly.
- Develop multi-jurisdictional compliance systems adaptable to shifting regimes.
- Engage constructively with governments and regulators as partners in sustainable growth.
- Use geopolitical due diligence increasingly as a new corporate discipline.
- Assume that sanctions and export restrictions will evolve quarterly, not annually.
- Adapt to increased need of harmonizing approach between various areas of operations to regional differences across the globe in policy priorities and orientations on issues like climate change and energy.

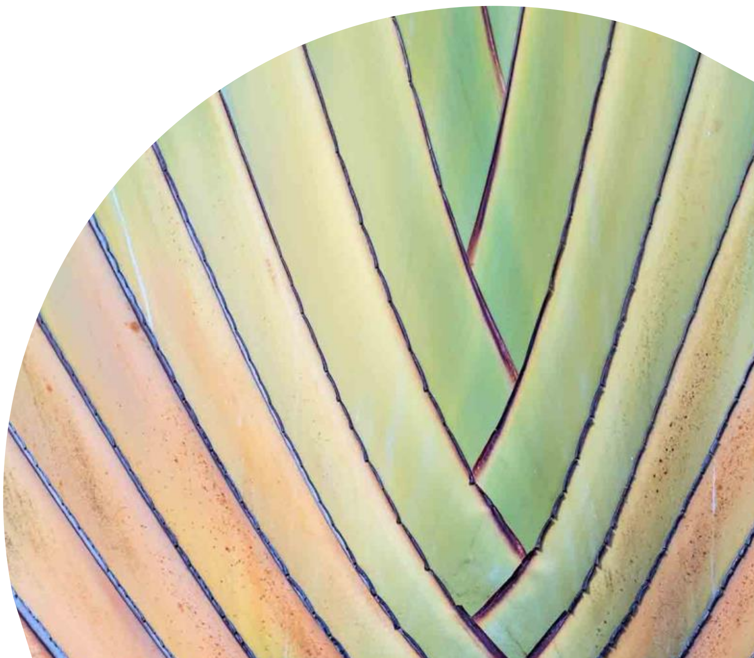
Expect more “national-interest” reviews of cross-border deals and supply-chain shifts as states prioritize economic security and domestic capacity. Trade liberalization is giving way to regulatory competition, where standards, tariffs, incentives, and investment-screening regimes serve as tools of industrial policy.



Conclusion

As global policy enters a new phase of assertiveness, 2026 will challenge corporations to operate with greater foresight, discipline, and adaptability. With the slower but more interventionist economic conditions anticipated in the year ahead, rapidly evolving geopolitical dynamics, and a fragmented regulatory environment across technology, climate, trade, and corporate governance, businesses will be forced to anticipate political movements. Companies that build themselves to see around corners, align operations with shifting national priorities, and build resilience into all facets of strategy, will be best positioned to seize the year.

Within this complexity also lies opportunity. Organizations that elevate public policy to a core business function will be best positioned to navigate volatility and shape outcomes in their favor. Success in 2026 will require cross-border situational awareness, proactive government engagement at all levels, and enterprises committed to gathering regulatory intelligence. Companies that invest in these capabilities will not only mitigate risk, but will help set the competitive rules of the policy century, positioning themselves as essential partners in driving economic growth, innovation, and stability in an increasingly contested global environment.



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