

Geostrategic analysis

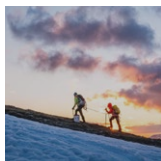
The EY-Parthenon Geostrategic Business Group's monthly analysis explores key geopolitical developments and their business impacts.

September 2026 edition



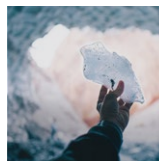
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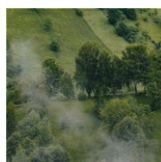
Top development:

BRICS and UNGA summits reflect growing middle power ambitions in a fragmented global order.



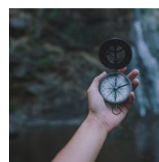
Sector in focus:

Infrastructure



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Brazil's elections, Middle East chokepoints and fiscal constraints in Africa.



Geostrategic indicator of the month:

Social unrest trends

EY-Parthenon Geostrategic Business Group (GBG)

Translating geopolitical insights into business strategy

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1 Top development

BRICS and UNGA summits reflect growing middle power ambitions in a fragmented global order.

What happened: As global governance becomes more fragmented, middle powers are acting to advance strategic interests wherever they can make headway. In addition to bilateral and alliance-based approaches (e.g., the recent Saudi Arabia-Türkiye-Pakistan agreement amid the conflict in the Middle East, covered in a later section below), multilateral forums increasingly reflect middle power ambitions. This month's BRICS (Brazil-Russia-India-China-South Africa) Summit¹ and United Nations General Assembly (UNGA)² offer the latest windows into how middle power approaches may evolve. Middle powers are not necessarily choosing BRICS over UNGA, or vice versa, but are instead operating across multiple forums simultaneously.

BRICS, a coalition of historically emerging markets formalized in 2006, expanded after 2023 from a five-member grouping into a broader coalition of 10 members and 10 partner countries. Despite debates about its effectiveness, the group's recent growth reflects an interest in optionality among new and potential joiners, all of which are middle powers. It gathers for its 18th summit on 12-13 September, in India, the current BRICS chair.

The opening of the UNGA remains the sole global forum in which all countries regularly participate, taking place between 8-22 September at UN Headquarters in New York. Middle powers have reiterated their support for the UN's multilateralism, if only out of self-interest as they push for reforms that would gain them greater influence within the institution. As the final UNGA meeting before the election of a new UN Secretary-General for the 2027-2032 term, candidates will be pitching for a role in the transformation of the UN to keep it relevant in the long term. Efforts such as 2024's UN Pact for the Future³ and discussions around AI governance and development finance provide middle powers with emerging opportunities to shape the UN's direction.

What's next: As middle powers pursue influence across multiple global forums, companies may face a less standardized global operating environment across finance, technology and economic governance.

First is finance and, especially, influence on capital flows. Within BRICS, the focus is on potential systems outside of the current financial architecture dominated by the US and the US dollar. Ongoing discussions include aspirations regarding new methods for cross-border payments and opposing unilateral sanctions (although UN-authorized sanctions are exempted). The UN track is more concerned with access to finance within pre-existing mechanisms, including loan terms, global tax norms and development finance.

Middle powers are also seeking to retain sovereignty around emerging technologies – mirroring efforts by the great powers. For BRICS countries, as elsewhere, a priority is to retain digital sovereignty and avoid dependence on foreign providers. BRICS is no unified bloc in this respect, as members differ widely in capability and China's lead in AI and compute complicates any shared push for independence. India illustrates the national-level response: its "Sovereign AI" initiative aims to expand domestic AI infrastructure and promote indigenous capabilities. Efforts at the UN are focused on a shared governance framework around AI and digital cooperation, both to ensure that middle powers do not get left behind in the AI race and to preserve flexibility around technology governance at the country level.

As trade rules, tax guidelines and economic institutions change, middle powers are seeking governance changes at the IMF, World Bank and WTO. The UN similarly prioritizes reform at multilateral financial institutions, indicating an ongoing push for more representation of middle powers in the new economic order.

Business impact: Major sectors affected include Industrial Products, Consumer Products & Retail, Infrastructure, Banking and Capital Markets, Technology, and Private Equity.

As middle powers seek greater influence over trade rules, [tax norms](#) and global economic institutions, companies may face multiple operating contexts across markets. Industrial products, consumer products and infrastructure providers could face new requirements around market access, supply chains and investment. Business models should plan for shifting and multiple contingencies, including different operating structures.

The use of multiple forums to pursue changes to economic and financial markets governance could deepen existing fragmentation in the operating environment for banking and capital markets institutions. Discussions around cross-border payment systems and local currency settlement may create greater complexity in [treasury and cross-border transaction](#) planning. Leaders should assess how evolving payment systems, settlement mechanisms and sanctions regimes could affect cross-border operations and liquidity management.

Competing approaches to technology governance create complexity around AI governance and data management across jurisdictions. Technology firms and firms dependent upon digital platforms in different geographies may need to prepare for varying requirements around digital infrastructure and data security. And while localizing products and services adds inefficiencies, it opens opportunities for differentiation in key markets.

If governance outcomes become less centralized, private equity and multinational firms may find both strategic hurdles and opportunities. Fragmenting financial regulations may create process hurdles, but new development funding and financing mechanisms may alter investment destinations over time. As middle powers grow, they will offer growth prospects, but market entry issues are likely to become more location-specific and trigger new geopolitical exposure. Investors and businesses will need to perform geostrategic due diligence to assess and ameliorate risks to optimize these opportunities.

Companies will need to:

- Monitor regulatory initiatives discussed across multiple global governance forums rather than focusing on a single institution and work with industry groups to advocate for any policy preferences.
- Evaluate treasury, compliance and sanctions risks arising from an increasingly broad financial architecture.
- Conduct scenario planning around diverging standards in technology, data and digital governance.
- Assess which markets may require more localized operating models as governance frameworks become less aligned.

For more information, contact [Famke Krumbmüller](#) and [Karl Meekings](#).

Additional reading: [How to optimize your global strategy amid asymmetric globalization](#)

¹ BRICS 2026 | Government of India; <https://www.brics2026.gov.in/>

² Agenda of the 81st session | United Nations General Assembly; <https://www.un.org/en/ga/81/agenda/>

³ Pact for the Future | United Nations; <https://www.un.org/en/summit-of-the-future/pact-for-the-future>



Sector in focus: Infrastructure

Power access, sustainability requirements and regulation are reshaping the global data center investment pipeline.

What happened

The data center buildout trend remains strong, especially among leading AI markets in the US, Europe and China. The US leads with \$1.5t planned and \$393b under construction, versus Europe's \$602b pipeline and \$73b in execution; China has a reported \$295b plan for a data center grid in development, according to GlobalData and Bloomberg. Overall demand remains robust, with industry contractors and building materials suppliers reporting record earnings and order books in Q2 2026.

Energy constraints are now a driving concern. In many markets, demand for power is outpacing planned supply. With projected data center electricity demand approaching 1,000 TWh by 2030, accounting for over 20% of electricity demand growth in advanced economies, grid bottlenecks are increasingly constraining new capacity, according to the IEA⁴. In some localities, data centers have become a flashpoint in debates over power availability and electricity costs.

What's next

For AI data centers, securing reliable power access seems now more important than construction readiness. Financing and permits may increasingly depend on secure grid access, credible energy plans and strong sustainability credentials. Developers may need to secure generation and storage before construction; projects that cannot could face delays, phased deployment, relocation or cancellation. Secure energy supplies are all the more critical as geopolitical constraints force upward pressure on energy prices and threaten supply chains for batteries and renewables.

For more information, contact [Andrew Horstead](#) and [Shane MacSweeney](#).

Regulatory responses are emerging but diverge by market. Ahead of Climate Week NYC, governments are recognizing power availability as a binding constraint. As a result, they are increasingly using regulations and sustainability to determine how that constraint gets managed. The US is accelerating approvals and co-located generation (but with political headwinds growing), Europe is tightening sustainability requirements, and China is directing compute towards power-rich regions. Regulations covering emissions, electronic waste and community impacts are also affecting the conditions for data center investment.

Business impact

Obtaining and retaining access to power is paramount. Investors are expected to increasingly evaluate projects based on grid access, sustainability and efficiency, and power permitting readiness. As compliance and grid connection risks become more material, sustainability metrics should be embedded into project design, capital allocation and financial forecasting. Decision-grade data on power, water, emissions, renewable additionality and equipment lifecycles should increasingly shape investment decisions. In the next phase of the data center buildout, credible reporting may prove as important as construction execution.

Analyzing risk and regulatory awareness may separate winners from stranded development pipelines. Investors are expected to increasingly price power access, permitting certainty and community consent into returns. Projects designed to account for regulatory shifts, connection delays, phased energization and power cost volatility should be best placed to convert pipelines into operating assets.

Additional reading: [Six actions to turn soaring energy demand into lasting prosperity](#)

⁴ AI and energy security | International Energy Agency; <https://www.iea.org/reports/energy-and-ai/ai-and-energy-security>

3 Other issues we are watching

Brazil's elections, Middle East chokepoints and fiscal constraints in Africa

Brazil's elections offer diverging policy paths, but structural constraints limit change

Brazil's October general elections take place amid a polarized⁵ electorate, modest growth but rising affordability concerns, and shifting ties with the US and China. The headline presidential race between incumbent Luiz Inácio Lula da Silva ("Lula") and Senator Flávio Bolsonaro is close. Lula, part of the left-wing Workers' Party, is expected to continue policies that emphasize social programs, an active role for the state in strategic sectors, and Brazil's tradition of geopolitical autonomy.

Bolsonaro represents the right-wing Liberal Party and is the son of former President Jair Bolsonaro, who remains influential in Brazil's conservative movement despite being imprisoned following a conviction related to an attempted coup against Brazil's democratic institutions. His time in office featured deregulation, closer alignment with the United States, and a confrontational governing style. Bolsonaro's campaign has focused on deregulation, stronger alignment with the US, public security and fiscal discipline.

Business impact: Polarized rhetoric offers diverging social and political visions, but Brazil's broader economic trajectory likely remains relatively stable. Domestically, Brazil's fragmented Congress requires coalition-building across multiple parties, limiting the scope for major policy shifts by either administration. Fiscal constraints, with debt at 79% of GDP, may restrict the introduction of significant new spending initiatives. Both candidates are seeking to grow Brazil's infrastructure, albeit via public spending (Lula) versus private sector participation (Bolsonaro).

Looking abroad, Lula is expected to continue engagement with a broad number of countries and multilateral forums, such as BRICS and the UN. Tensions with the US could persist, presenting ongoing uncertainty for tariffs on Brazilian products. Bolsonaro favors closer alignment with Washington, including on regional security and critical minerals, marking a shift from Lula's strategic autonomy that could improve the odds of US tariff relief. Still, the fundamentals of Brazil's economy are likely to remain intact. China's position as Brazil's largest export partner (28% of all exports) and a top source of investment limits a major geopolitical realignment. Neither candidate is expected to fundamentally alter the growth dynamics of major exports, such as agriculture, mining and petroleum.

Brazil's structural strengths point to long-term investment attractiveness: agricultural production, critical and strategic minerals, a diversified energy sector with large oil and gas reserves, a large domestic market and infrastructure growth.

For more information, contact [Adam Barbina](#) and [Shauna Steele](#).

Conflict in the Middle East affects new chokepoints as uncertainty drives regional alignments

The conflict in the Middle East continues to shift toward uneven disruptions rather than open conflict or lasting peace, even as intermittent diplomatic efforts continue. Maritime risks have expanded beyond the Strait of Hormuz to include the Gulf of Aden, Bab al Mandeb and the Red Sea, increasing exposure across energy, shipping and logistics corridors. Mainstream tanker transits through Bab al Mandeb dropped by over 40% the week after Houthi forces in Yemen blockaded

Saudi Arabian exports, according to Lloyd's List. At the same time, the Saudi Arabia-Türkiye-Pakistan defense agreement⁶ signals a willingness among regional states to explore alternative security arrangements. The forthcoming Israeli general election reduces the likelihood of reaching political settlements in Gaza or Lebanon. Taken together, security risks are elevated as the diplomatic track remains deadlocked, while greater GCC unity is elusive. Companies should prepare for longer-term fragmentation and an ongoing operationally complex environment.

Business impact: Elevated maritime insurance risk premiums and the ongoing rerouting of energy exports continue to put pressure on supply chain costs across sectors. The risk that this embeds beyond the Strait of Hormuz and into the Red Sea exposes sectors such as energy, chemicals, aviation, industrial products and logistics, with reduced capacities and transit delays. Businesses should distinguish between [short-term disruption management](#) and [longer-term resilience planning](#). The Saudi Arabia-Türkiye-Pakistan security pact may create opportunities in defense, cyber, infrastructure and sovereign investment cooperation. Accordingly, businesses should reassess regional stakeholder engagement, compliance, political risk and market entry assumptions.

For more information, contact [Tahir Khan](#).

Fiscal constraints impact strategic ambitions in Africa

At a time when many African economies require structural reforms to support growth and resilience, rising debt-servicing costs and political pressures are eroding governments' capacity to implement them. In Kenya, debt-service costs are crowding out development expenditure, while Senegal and Mozambique face difficult choices around debt restructuring, IMF-backed reforms and public spending. Alongside these fiscal constraints, political resistance is intensifying. Pension reform protests in Mauritius in July and anti-fuel subsidy cuts and cost-of-living-related "Festival of the Oppressed" protests in Nigeria in August highlight the shrinking political space. As debt obligations absorb larger shares of public resources (with Oxford Economics estimating that debt service costs are peaking at 11.1% of national revenue for emerging markets - the highest level in two decades), governments are increasingly likely to defer capital expenditure, scale back subsidies and slow long-term development initiatives.

Business impact: Rising debt-servicing costs are likely to negatively impact publicly funded infrastructure projects, government payment capacity and public procurement opportunities. Fiscal pressures are likely to accelerate public-private partnerships, privatization and alternative financing models. Kenya's increasing reliance on private sector financing for [infrastructure](#) is emerging evidence of opportunities in that sector, with other potential growth in energy and public services. In the meantime, politically sensitive reforms, including subsidy cuts, pension changes and tax increases, may increase policy uncertainty and operational disruption. Businesses should strengthen [sovereign-risk](#) monitoring, reassess exposure to government-dependent revenue streams and build greater flexibility into investment, supply chain and market entry strategies.

For more information, contact [Angelika Goliger](#).

⁵ Amid foreign interference, Brazil's election kicks off with a whimper | The Economist; <https://www.economist.com/the-americas/2026/08/06/amid-foreign-interference-brazils-election-kicks-off-with-a-whimper>

⁶ Saudi Arabia-Türkiye-Pakistan defense agreement | Saudi Press Agency; <https://www.spa.gov.sa/en/w2649227>

4 Geostrategic indicator of the month

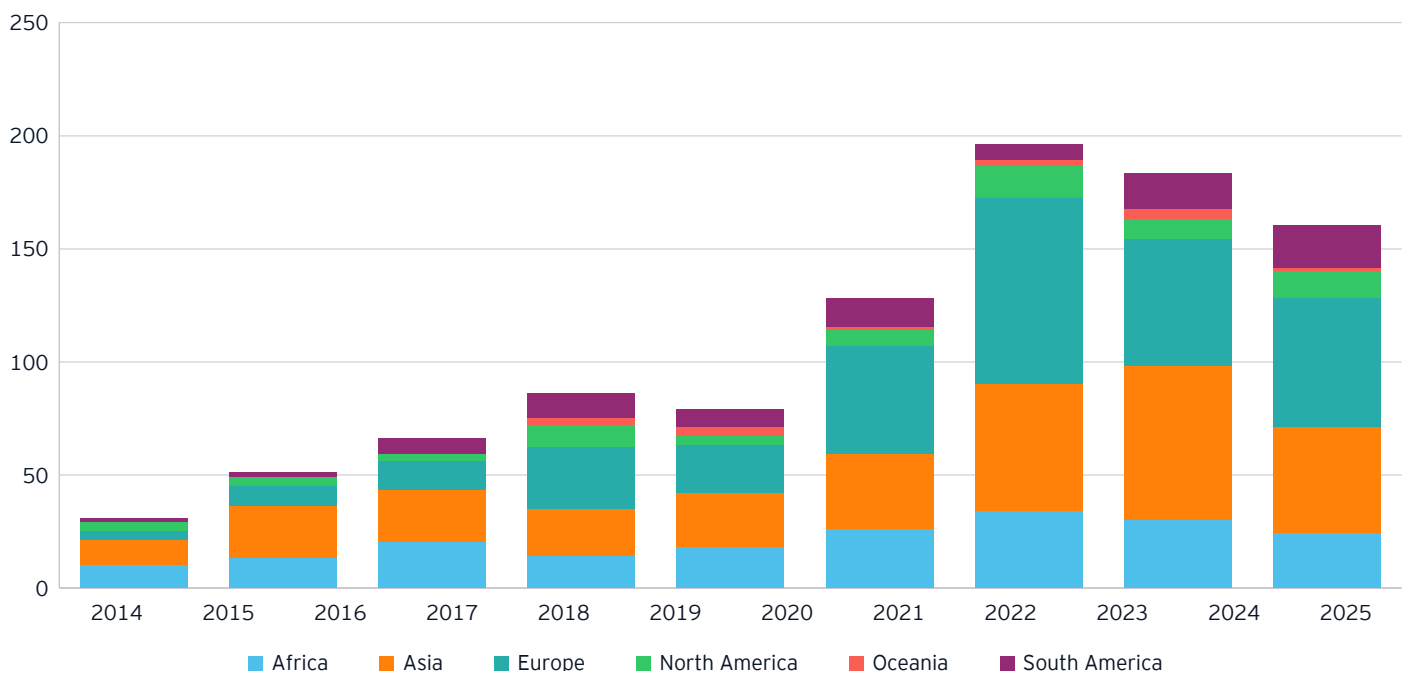
Social unrest trends

The indicator

Public protests have risen markedly since 2017, with the Carnegie Endowment Global Protest Tracker⁷ showing an outsized spike in protests in Europe and Asia since 2022. Complicating the ability of countries to resolve these protests are two factors: their geographic scope and the diversity of issues driving them. Recent anti-immigration demonstrations in Poland were held across 80+ cities, while 5,000 farmers across the EU protested the EU-Mercosur trade deal, and youth-led rallies in Nepal last year were nationwide and protested governance issues. As the world's largest democracy, where protest is a feature, India saw countrywide protests over the conduct of a national testing system, demanding accountability and reform of the examination process.

Public protests have surged globally since 2022, led by Asia and Europe

Number of anti-government protests across continents



Source: Carnegie Endowment Global Protest Tracker

Business impact: The protests' broad geography and variety of drivers increase the likelihood of business impacts. In India, the Parandur airport project was dropped after years of protests, prolonging a two-decade search for a second airport site in Chennai. Rising protest activity can impact investment timelines, [disrupt business operations](#) and affect workforce availability. It also raises the risk of disruptions across several locations at once, making proactive risk monitoring, geopolitical risk assessments, scenario planning and [supply chain resilience](#) important.

Additional reading: [How can CEOs turn AI productivity gains into lasting value?](#)

⁷ Global Protest Tracker | Carnegie Endowment for International Peace; <https://carnegieendowment.org/features/global-protest-tracker>

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