



ISRM

THE INSTITUTE OF STRATEGIC
RISK MANAGEMENT

W

CENTRE FOR THE STUDY
OF WICKED PROBLEMS

GLOBAL RISK REVIEW MARCH 2026

CONTENTS

| | |
|--|-----------|
| A Message from Dr David Rubens | 3 |
| Geopolitical Negotiations and International Security | 6 |
| Middle East in Flux: Rising Tensions and Strategic Shifts | 7 |
| U.S. - Iran Diplomatic Negotiations and Regional Dynamics | 8 |
| Prolonged Geopolitical Tensions and Global Security Risks | 8 |
| Sports Under Pressure: Governance, Security and Safety | 9 |
| Serbia's AI Path: Driving Innovation While Managing Informations Risks | 9 |
| Conflict, Governance and State Stability | 10 |
| Ukraine's Political and Operational Resilience Amid Ongoing Conflict | 11 |
| Ukraine Election Momentum and Emerging End-of-War Signals | 11 |
| Global Governance at a Crossroads | 12 |
| Structural Gaps in Global Crisis Leadership | 12 |
| From Leadership Gaps to Institutional Resilience | 13 |
| Political Polarisation and Public Trust | 14 |
| Global Risk Intensifies: Politics, Economy and Tech Under Pressure | 15 |
| North Korea's Strategic Uncertainty and the Imperative of Resilience | 16 |
| Power Plays and Electoral Uncertainty | 17 |
| Shifting Political Narratives and Expanding Accountability Efforts | 17 |
| Indo-Pacific Strategic Competition | 18 |
| Rising Political and Geo-Economic Risk Across Southeast Asia | 19 |
| Indonesia: Climate-Linked Economic Shock and Renewed Security Tensions in Papua | 20 |
| Nepal at a Political Crossroads Amid Global Climate Strain | 21 |
| Nepal at Risk: Artificial Intelligence, Market Volatility and Democratic Integrity | 22 |
| Indo-Pacific Tensions: Strategic Security Pressures | 22 |
| Political Realignment in Australia and Escalating Climate Variability | 23 |
| Community Tensions, Police Oversight and Border Change | 24 |
| Protests Rise as Policing and Social Unity Face Strain | 25 |
| Environmental and Climate Driven Systemic Risks | 26 |
| Planetary Boundaries and Emerging Systemic Risks | 27 |
| Political Shifts, Climate Reset and Governance Under Pressure | 27 |
| Climate Risks Realism and the Imperative for Strategic Adaptation | 28 |
| Western Balkans Under Pressure: From Climate Shocks to Political Accountability | 28 |
| Energy Security and Infrastructure | 29 |
| Serbia's Energy Shift Meets Environmental and Governance Tests | 30 |
| Western Balkans BOrder Disruptions and Escalating Climate Pressures | 30 |
| Concluding Remarks | 31 |

A MESSAGE FROM DR DAVID RUBENS

I opened my Foreword to the February Global Risk Review with the following.

‘The overriding themes as we look back at the opening section of 2026 are once again instability, uncertainty and a feeling that things are not going to get better.

We seem to have entered a time of never-ending wars, where conflicts reach a state of stalemate where neither side has a clear opening for victory but neither side has reached the stage where a genuine peace process can be triggered. Sudan, Somalia, Yemen, Ukraine, the Palestinian territories are all examples of that, and none of them seem to have any resolution on the horizon’.

Little did I know that by the time I came to write this Foreword, we would be seeing headlines of World War 3. On 28th February, Israel (‘Operation Roaring Lion’) and US forces (‘Operation Epic Fury’) attacked Iran, creating what was in effect the opening scene of what had at the time and until today the potential to escalate to a regional conflagration.

The Iranian Supreme Leader Ali Khamenei was killed in the first attacks, leading to a supposed gap in the senior leadership and a call by the US and Israel for not just another political appointment but a whole new approach, including calls for a public uprising against the regime. There was a clear attempt to destroy Iran’s command capability both in terms of military capacity and civilian governance. The issues associated with the fog of war were starkly demonstrated when one of the first incidents reported was airstrikes hitting a girl’s school in Minab, killing at least 165 people, mostly young students.

Iran responded with attacks on Israel and US assets across the region and then included within their target’s other states including the UAE, Saudi Arabia, Oman, Bahrain, Kuwait and Qatar. Iran apologized to those states for their actions but seemed to imply that it was in their power to influence US and Israeli activities, and that if the war continued, then all states within the region would be impacted.

The question as to whether this is a war or not is contested. If it is a war then under the US constitution, Congress would need to authorize that. President Trump has said that it is an ‘operation’, reflecting the language that he used in the much more contained attack in Venezuela that led to the capture of the Venezuelan President Nicolas Maduro, and also the language used by President Putin in Russia, who has continued to call the fouryear war against Ukraine a ‘Special Operation’.

There have been some immediate impacts from the attacks, whether political, economic or military.

As would be expected, the price of oil has risen significantly, putting additional pressure on already stressed economies around the world. With US mid-term elections due in November, it is almost certain that inflation and the cost of living will be a significant issue, especially considering the fact that the vast majority of Americans say that they are opposed to the war.

From a political perspective, there has been a reluctance to openly support the war efforts from Western allies. Mark Carney, Canada’s prime minister, initially supported the attacks but then pulled back. Sir Keir Starmer, the UK prime minister, took the opposite stance, and initially expressed reluctance to support the efforts (‘We don’t believe in regime change from the sky’), but later agreed to offer limited support from UK bases and other assets. Both Spain and Italy outright refused to join in supporting US efforts. One of the issues was the legality of the war, given that it is questionable if there was an imminent danger from Iranian attacks. Israel tried to make the case that this was a question of an existential threat, and the US made the case that their attacks on Iran were ‘pre-emptive defensive measures’, given that Israel was already committed to initiating the attacks that could have led to retaliatory strikes by Iran against US assets.

One of the immediate effects of the attacks was to knock other conflicts off the agenda, with Gaza and Ukraine being the obvious situations that were knocked so far down the news agenda as to be almost unacknowledged.

The question of where all this will lead is one that no one has the answer to. What does seem to be clear is that there is no well-defined strategic objective. The US talks about removing the threat from Iran's nuclear development, whilst Israel talks about destroying Iran's geostrategic capabilities, and has threatened to take out any future Iranian leader who doesn't accept those terms.

Trump has also said that he should have a say in choosing the next leader of Iran, though given that the successor has now been confirmed as Mojtaba Khamenei, the son of the previous leader and someone who has strong connections within both IRGC and the senior political and religious leadership, it is unclear as to how much that has been taken into account.

The situation as this report is shared is that the Middle East, as so often in the past, is characterized by instability, uncertainty and the ever-present possibility of significant escalations across the region.

At the end of the first briefing I was given on Lebanon, in 1981, the person giving the briefing finished off by saying 'If at this stage you think you have a good understanding of what is happening in Lebanon, I have given you the wrong briefing. The feeling you should have is that you have no idea of what is going on and whatever you do know can all change once again in the next few hours'.



David Rubens

Executive Director, ISRM

10th March 2026

KEY MESSAGES

U.S. – IRAN DIPLOMATIC CONFLICT

Indirect US –Iran talks mediated by Oman reported ‘significant progress’ with plans to resume technical discussions in Vienna. This ended with the US and Israel mounting a joint operation to attack Iran and its leadership on 28th February, resulting in Iran’s retaliatory attacks on other countries in the region leading to escalating regional conflicts. This has now led to significant increases in the price of oil and consequent global economic turmoil.

U.S. DOMESTIC TENSIONS: THE ISRAEL-PALESTINE CONFLICT DEEPENS SOCIETAL AND DIPLOMATIC POLARISATION

Heightened rhetoric and legal disputes illustrate widening divides within democratic societies and global alliances.

UK COUNTERTERRORISM DESIGNATIONS SPARK LEGAL AND POLITICAL DEBATE

The proscription of Palestine Action as a terrorist organisation raised questions about the boundaries between activism, national security and judicial neutrality.

SOUTHEAST ASIA FACES RISING POLITICAL AND GEO ECONOMIC RISK

Elections, constitutional changes and unresolved trade tensions contribute to instability across Thailand and Indonesia.

UKRAINE’S POLITICAL AND OPERATIONAL RESILIENCE

Ukraine shows strengthened national cohesion and improved operational readiness despite ongoing conflict.

LEADERSHIP CREDIBILITY UNDER SCRUTINY ACROSS EUROPE

Concerns grow over a gap between strategic vision and effective execution among European political leaders.

ENVIRONMENTAL DEGRADATION DRIVES LEGAL AND ECONOMIC UNCERTAINTY

Severe flooding and government asset seizures in Indonesia highlight the intersection of climate risk, governance and investor exposure.

ENVIRONMENTAL BOUNDARIES BREACH ELEVATES GLOBAL SYSTEMIC RISK

Exceeding seven of nine environmental thresholds threatens ecosystems, food security and geopolitical stability.

GOVERNANCE DISCONNECT INCREASES SYSTEMIC VULNERABILITY

Growing distance between institutions and populations contributes to fragmentation and long-term risk exposure.

GEOPOLITICAL NEGOTIATIONS AND INTERNATIONAL SECURITY

MIDDLE EAST IN FLUX: **RISING TENSIONS AND STRATEGIC SHIFTS**

The most consequential development this week is the war between the U.S. and Iran. After heightened speculation regarding potential military escalation, the shift toward diplomatic engagement was abandoned by the U.S. in favour of attacks on Iran and its leadership. This immediately escalated into a regional conflict with Iran attacking neighbouring countries who have U.S. military bases within them.

In North Africa, Egypt continues operations in the tri-border region with Libya and Sudan, targeting elements linked to the Rapid Support Forces while openly backing the Sudanese Armed Forces. The conflict in Sudan remains a major humanitarian concern, with regional actors increasingly drawn into its trajectory.

Reports have been circulated of Israeli warnings directed at Egypt regarding military strengthening have circulated, though without formal confirmation. If substantiated, such messaging would add strain to an already sensitive regional balance.

In Libya, the reported assassination of Saif al-Islam Gaddafi in Zintan underscores ongoing fragmentation and internal vulnerability. The incident highlights the enduring role of internal rivalries and betrayal in shaping Libya's unstable political landscape.

Separately, agreement between the United States and the United Kingdom to maintain long-term rights to have military bases on the Chagos Islands, while transferring sovereignty to Mauritius, reflects the enduring strategic importance of Indian Ocean positioning.

In the United Kingdom, calls to designate the Muslim Brotherhood as a terrorist organisation illustrate the continued intersection of foreign policy debates with internal political dynamics.

In conclusion, these developments reflect a region marked by entrenched conflict and heightened political polarisation, reinforcing the volatility of the current geopolitical environment.



U.S. – IRAN DIPLOMATIC NEGOTIATIONS AND REGIONAL DYNAMICS

Recent indirect talks between the United States and Iran, mediated by Oman, concluded with official statements highlighting ‘significant progress’ and a plan to resume discussions in Vienna. This was shortlived however, with joint US - Israeli military action against Iran commencing on the 28th February.

In retaliation to the attacks and the death of its leader during early military action, Iran mounted a campaign against the UAE, the Kingdom of Saudi Arabia, Qatar and Kuwait resulting in the death of seven American service many and other civilians in the first 8 days of what has become a war in the region.

Prior to the outbreak of war and at the time of negotiations between the US and Iran, analysts noted that these talks were occurring against a backdrop of heightened military deployments in the Middle East and unresolved debates over the scope of negotiations, particularly whether discussions should extend beyond nuclear constraints to include missile programmes and regional influence.

Civilian and diplomatic tensions continue to be pronounced with broader regional implications for energy markets and strategic stability. This evolving situation remains fluid, with the outcome of diplomatic engagement and its potential to avert further escalation unlikely.



Photo by Atiyeh Fathi

Unsplash

PROLONGED GEOPOLITICAL TENSIONS AND GLOBAL SECURITY RISKS

Current global security dynamics reflect a highly volatile and interconnected set of geopolitical pressures. The ongoing conflict in Ukraine exemplifies the risks associated with protracted regional wars, with implications for broader European stability and international security. Contested territories in the Donbass region remain a central point of strategic contention, with continued military operations signalling the potential for extending the conflict timeline into 2027. Control over these key urban areas has significant implications for territorial sovereignty and security of neighbouring countries.

The situation underscores the vulnerability of smaller states in Eastern Europe and the Baltics, which face persistent threats from expansionist agendas and regional power ambitions. The conflict also highlights the broader challenge of balancing national defence imperatives with international diplomatic engagement, as nations navigate alliances, economic dependencies and strategic deterrence measures.

Parallel to the Ukraine crisis, global political uncertainty is further amplified by the internal dynamics of major powers, including the United States, Russia and China. Political divisions and the concentration of power in certain countries add further risk. If democratic norms weaken, governance systems shift or key leaders make major decisions unilaterally. This could increase global instability and put additional strain on international cooperation and multilateral institutions.

These overlapping tensions create a precarious environment for international security, economic stability and conflict management. The persistence of high-stakes regional disputes, coupled with the absence of robust preventive mechanisms, elevates the risk of unintended escalation. This context emphasises the need for proactive diplomacy and strengthened institutional frameworks to mitigate the potential for widespread disruption.

SPORTS UNDER PRESSURE: GOVERNANCE, SECURITY AND SAFETY

The International Olympic Committee faces mounting scrutiny regarding its handling of athlete participation linked to the conflict in Ukraine. The situation presents a difficult balance between upholding sporting neutrality and responding to acts of aggression against a sovereign state. Broader implications include consistency of precedent and the message conveyed to athletes previously sanctioned under political circumstances.

A recent school shooting in Canada has reignited debate around public safety and violence prevention in educational settings. Historical incidents in the United Kingdom, including the Hungerford massacre and the Dunblane massacre, significantly reshaped national firearms legislation. However, contemporary concerns have increasingly focused on knife-related violence within schools, contributing to growing calls for enhanced security measures.

Proposals such as controlled entry systems, screening measures and increased on-site security personnel raise challenging questions regarding civil liberties and community cohesion. Any substantive policy shift is likely to generate public debate, yet the imperative to ensure safe educational environments remains paramount.

In conclusion, these issues underscore the difficulty of navigating security and freedom of expression within both international sport and domestic public safety frameworks.



SERBIA'S AI PATH: DRIVING INNOVATION WHILE MANAGING INFORMATION RISKS

Serbia is building a national AI ecosystem to boost innovation, education and international competitiveness. This pioneering project is going to support startups, research and the development of Serbian-language models. Educational initiatives, such as an 'AI sparring partner' for teachers, aim to enhance pedagogy through virtual simulations and structured feedback without replacing educators.

At the same time, AI expansion raises governance and security challenges. Automated tools have amplified disinformation, including Russian-aligned narratives on the Ukraine conflict, increasing polarisation and complicating public trust. Legal systems are grappling with the authenticity of AI-generated media, as courts face difficulties verifying digitally manipulated evidence.

Serbia's dual reality—AI as a driver of growth versus a source of risk—underscores the need for strengthened digital literacy, transparency and regulatory safeguards. It is important to stress that coordinated policy and institutional oversight are essential to ensure AI advances societal progress, without destabilising information or governance systems.

CONFLICT,
GOVERNANCE
AND STATE
STABILITY

UKRAINE'S POLITICAL AND OPERATIONAL RESILIENCE AMID ONGOING CONFLICT

Ukraine continues to demonstrate strengthened national cohesion and operational readiness in the context of ongoing conflict. Political dynamics have shifted following the removal of several controversial officials, enhancing institutional stability and public confidence. Civic engagement and recruitment for defence efforts have increased, particularly among younger populations, reflecting a unified societal commitment to national defence.

Recent reports indicate that logistical and infrastructure challenges, including water supply and military equipment distribution, have been largely resolved, contributing to improved daily functioning in conflict-affected areas. Observers noted that wartime elections scheduled for May are unlikely to significantly disrupt governance, given the consolidation of competent leadership and the removal of prior corrupt elements.

In the end, the combination of political consolidation and operational improvements suggests enhanced resilience and capacity to sustain governance and defence activities under sustained conflict conditions.

UKRAINE ELECTION MOMENTUM AND EMERGING END-OF-WAR SIGNALS

Ukraine's decision to prioritise presidential elections in May aligns with broader national positioning amid the ongoing conflict. The current political environment reflects limited visible opposition, with leadership cohesion remaining largely intact. Emerging younger political figures are viewed as capable of sustaining strategic continuity while contributing fresh momentum to governance and reform efforts.

International recognition has also surfaced, with a nomination for the Nobel Peace Prize proposed for President Zelenskyy. The nomination was publicly redirected as recognition of the Ukrainian nation as a whole, reinforcing a narrative of collective national resilience rather than individual distinction.

Notably, discourse within Ukraine has shifted from rhetorical discussions toward more substantive consideration of the war's potential conclusion. This change in tone suggests evolving diplomatic or strategic dynamics occurring behind the scenes. Consequently, the Munich Security Conference is underway amid extensive security measures, reflecting the high level of geopolitical sensitivity relating to current negotiations and international engagement.



Photo by Margarita Marushevska

Unsplash

GLOBAL GOVERNANCE AT A CROSSROADS

The rapid expansion of global data infrastructure—fuelled by digitalisation, AI and cloud computing—alongside intensifying geopolitical realignments is reshaping the international order and redefining economic power. The surge in data centres mirrors volatility in global financial markets, underscoring deeper structural shifts in governance, capital flows and technological influence.

While the post-Second World War multilateral system was designed to promote cooperation and sustainable development, recent withdrawals from key agreements such as the Paris Agreement have exposed its limitations. Developing nations, despite contributing least to historical emissions, continue to bear disproportionate climate impacts, raising concerns about accountability and equity.

Large-scale national infrastructure projects further highlight tensions between sovereign development goals and shared environmental stewardship. At the same time, emerging blocs and regional alliances signal a move toward a more multipolar order, challenging traditional centres of influence.

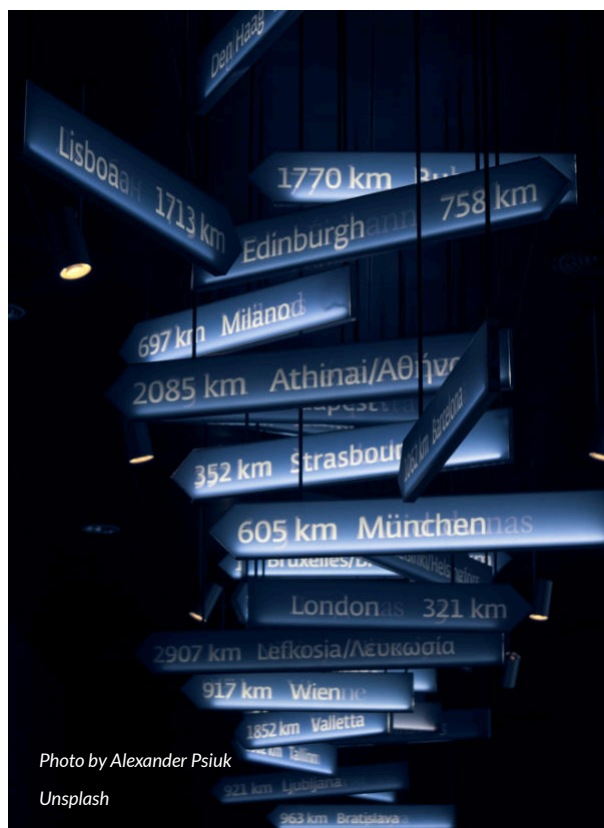
The more geopolitical tensions, climate stress and technological expansion converge, the more there is the need for inclusive, transparent and coordinated governance. The trajectory of global cooperation—whether toward reform and resilience or deeper fragmentation—will shape the stability and sustainability of the international system in the years ahead.

STRUCTURAL GAPS IN GLOBAL CRISIS LEADERSHIP

Ongoing global crises have intensified scrutiny of multilateral institutions and their capacity for timely, decisive action. While bodies such as the UN and WHO are designed to coordinate responses to transnational threats, their reliance on member-state consensus, funding commitments and last but not least, political alignment often constrains rapid intervention, as seen during the Ebola outbreak.

Similar structural limitations appear in broader governance contexts, including the EU's response to financial crises, where collective solutions were tempered by internal divisions and national risk calculations. Across regions, strategic interests in trade, energy and security frequently override multilateral coordination.

The result is a fragmented global order in which institutions carry broad mandates but limited operational independence. Strengthening alignment between national interests and shared principles and at the same time improving institutional agility, will be critical to restoring confidence in cooperative global governance.



FROM LEADERSHIP GAPS TO INSTITUTIONAL RESILIENCE

Recent reflections highlight growing concern over a perceived leadership deficit across Europe, characterised less by structural weakness than by a disconnect between strategic thought leadership and effective executive implementation. While intellectual capital and policy analysis remain abundant, the absence of integrative figures capable of translating vision into operational impact is viewed as a core vulnerability.

Despite broader pessimism regarding geopolitical and institutional direction, research indicates that social cohesion and cooperative behaviour can strengthen during periods of uncertainty. This dynamic offers a counterbalance to prevailing narratives of decline and suggests latent resilience within societies.

Within professional risk and resilience communities, attention is shifting from diagnosis to execution—from identifying systemic vulnerabilities to building actionable frameworks. The upcoming Dutch International Resilience Symposium on 25 November will serve as a platform to advance this agenda, including the operational launch of the ISRM Benelux chapter. This initiative aims to position the Benelux region as a potential catalyst for renewed European strategic coherence and cross-sector collaboration.

In parallel, broader geopolitical analysis encourages examination beyond immediate political cycles. Applying long-term strategic frameworks—such as multi-horizon models—may offer alternative perspectives on current leadership dynamics and global power transitions. Overall, the discussion underscores the necessity of aligning intellectual capital and institutional purpose to move from systemic risk awareness toward durable resilience.



Photo by Joshua Hibbert

Unsplash

POLITICAL POLARISATION AND PUBLIC TRUST

GLOBAL RISK INTENSIFIES:
**POLITICS, ECONOMY
AND TECH UNDER PRESSURE**

Global political and economic landscapes are increasingly shaped by interventionist policies, regulatory shifts, and geopolitical uncertainty, amplifying systemic risks across markets. Protectionism, trade barriers, and unpredictable regulations are weighing on growth, investment sentiment, and cross-border commerce. The collapse of the proposed Glencore–Rio Tinto merger illustrates how geopolitical and market volatility can disrupt major strategic deals.

Technological transformation, particularly AI and advanced data infrastructure, offers growth potential but also raises capital, environmental, and governance challenges. Overreliance on emerging technologies highlights risks for labour markets, institutional practices, and societal structures.

Overall, political, economic, and technological forces are converging to create a complex global risk environment, underscoring the need for adaptive risk management, resilient governance, and strategic foresight in an era of heightened uncertainty.

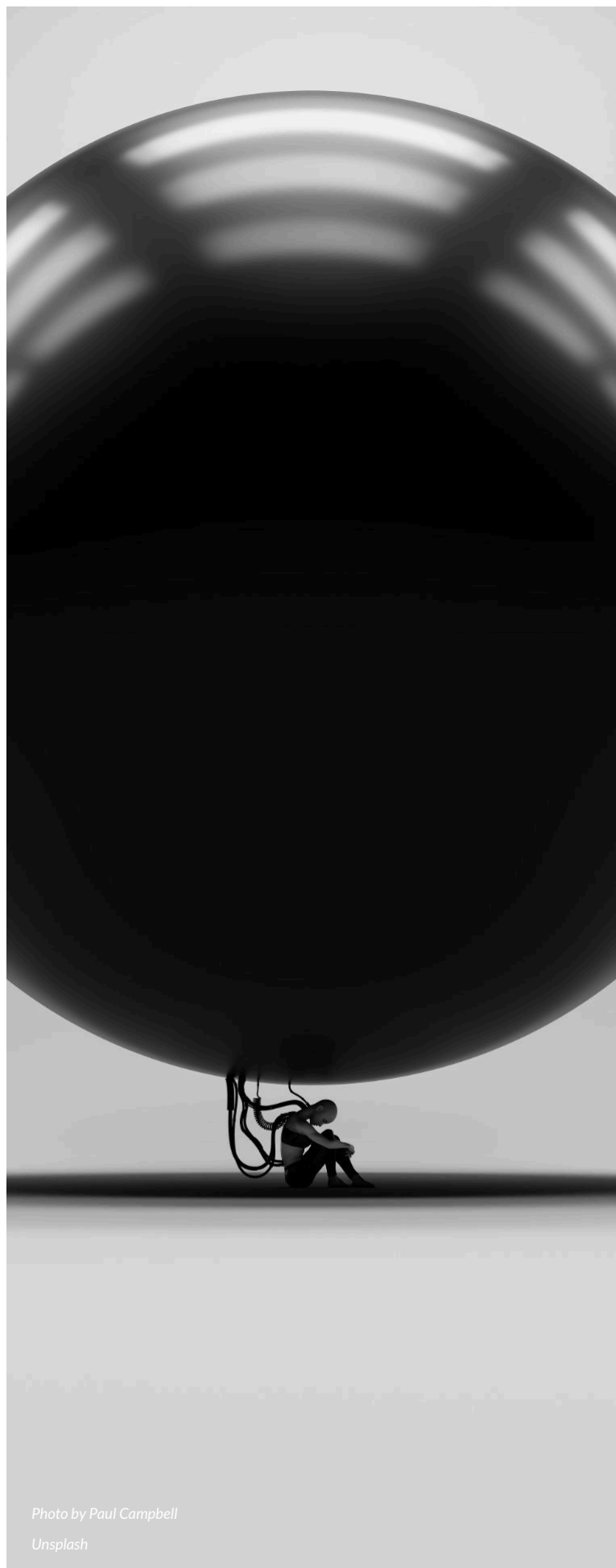


Photo by Paul Campbell

Unsplash

NORTH KOREA'S STRATEGIC UNCERTAINTY AND THE IMPERATIVE OF RESILIENCE

North Korea remains one of the few states with the potential to pose direct strategic challenges to the United States, although information regarding internal developments and military activities is limited and often uncertain. While missile testing and publicised demonstrations of capability have fluctuated, the vague nature of the regime complicates risk assessment and global monitoring. Periods of reduced activity may reflect operational pauses, media coverage gaps or deliberate strategic signalling, highlighting the difficulty in interpreting real-time developments from available intelligence.

The broader context underscores the complexity of global security dynamics, where unpredictable state behaviour intersects with the strategic priorities of major powers. Historical approaches, such as the U.S. engagement strategy during previous administrations, demonstrate the challenges of crisis management that combine diplomatic negotiation with demonstrative posturing. These patterns emphasise the importance of continuous vigilance and measured risk evaluation in managing security threats arising from isolated or opaque actors.

Amid these uncertainties, economic resilience and entrepreneurial innovation are increasingly viewed as critical mechanisms for mitigating broader systemic risk. Cultivating self-reliance, proactive engagement and informed decision-making allow individuals and communities to adapt to rapidly evolving geopolitical and economic conditions. Strengthening adaptive capacities at both local and national levels supports market stability, encourages sustainable growth, as well as providing a counterbalance to external shocks driven by geopolitical volatility.

The current landscape highlights the dual necessity of maintaining strategic awareness regarding high-risk state actors. At the same time, it is crucial to foster internal resilience through innovation, informed civic participation and economic adaptability. This combined approach enhances the capacity of societies to navigate a rapidly changing global environment marked by uncertainty and asymmetric risks.



POWER PLAYS AND ELECTORAL UNCERTAINTY

Canada and France have announced the opening of consulates in Greenland, a move widely interpreted as a diplomatic signal following renewed U.S. attention toward the territory. The step underscores Greenland's growing strategic relevance within Arctic geopolitics and broader transatlantic positioning.

In Thailand, forthcoming elections are being closely monitored, particularly in light of recent political instability and an ongoing border dispute with Cambodia. Questions remain as to whether the reform-oriented People's Party can alter meaningful governance dynamics or whether entrenched conservative and institutional forces will continue to exert decisive influence behind the scenes.

Preliminary U.S.- Iran discussions concerning a framework for formal negotiations have also drawn attention. Iran were reportedly seeking to confine dialogue to nuclear matters, while the United States wanted to expand the agenda to include ballistic missile capabilities and regional proxy networks. All diplomatic efforts ceased on the 28th February when a US – Israeli coalition commenced attacks against Iran.

Debate also continues around the classification of certain activist groups and the broader definitional ambiguity of terrorism across jurisdictions. Inconsistent application of such designations raises questions about legal coherence and political influence in security policymaking.

In conclusion, the session underscored the interplay between strategic signalling and the boundaries of legal and executive authority in an increasingly complex global environment.

SHIFTING POLITICAL NARRATIVES AND EXPANDING ACCOUNTABILITY EFFORTS

Current political dynamics reflect cyclical shifts within a prolonged strategic landscape. In Ukraine, leadership positioning has consistently emphasised national identity and collective resilience rather than individual prominence. However, a notable shift in rhetoric is emerging, with renewed focus on the human dimension of conflict—highlighting individual lives and lived realities rather than abstract political narratives.

In the United States, recent congressional hearings related to trafficking investigations have similarly reframed discussions around personal impact and accountability for victims, rather than financial or institutional abstraction. This personalisation of complex issues signals a broader trend toward human-centred narratives in political and legal arenas.

Parallel debates surrounding energy policy and fossil fuel expansion suggest underlying economic motivations, particularly where significant private capital investment is involved. Questions remain regarding the long-term strategic implications of accelerated extraction policies amid global climate pressures.

Across Europe, coordinated efforts to pursue justice in trafficking-related cases are intensifying. Multiple European states have initiated formal investigations, reflecting a growing commitment to cross-border accountability and victim-centred justice. The message emerging from these actions is clear: jurisdictional boundaries are no longer reliable shields against prosecution.

Overall, these events illustrate a period of recalibration in political messaging, legal enforcement and international cooperation.

INDO-PACIFIC STRATEGIC COMPETITION

RISING POLITICAL AND GEO-ECONOMIC RISK ACROSS SOUTHEAST ASIA

Recent developments across Southeast Asia highlight the continued convergence of political uncertainty, geo-economic competition and environmental risk. In Thailand, national elections scheduled for 8 February are accompanied by a constitutional referendum concerning amendments introduced in 2017. Analysts warn that the outcome could produce another fragmented government, potentially heightening political instability. More significantly, changes to the constitutional framework may alter the balance of influence among the monarchy, the military, as well as civil institutions—raising the risk of renewed public protest or civil unrest.

Geo-economic tensions remain a dominant regional theme. The World Economic Forum's latest Global Risks Report identifies geo-economic confrontation and geopolitical conflict as the leading global risks. Indonesia provides a current example: negotiations over a bilateral trade arrangement with the United States remain unresolved following tariff measures introduced last year. A reported U.S. request for Indonesia to deploy aviation drones over the South China Sea was declined, underscoring the intersection of economic leverage and strategic security interests.

Regional security cooperation is also evolving. The signing of the Indonesia–Australia Security Treaty during high-level meetings in Jakarta signals deepening bilateral defence alignment, with potential implications for broader Indo-Pacific stability. Meanwhile, localised territorial disputes persist. Ongoing tensions between Thailand and Cambodia over a contested border area demonstrate how seemingly limited territorial disagreements can sustain prolonged diplomatic friction and elevate regional risk.

Environmental risk continues to translate directly into economic and legal consequences. Severe flooding and landslides in Sumatra, attributed to deforestation and intensified climate-related storms, resulted in significant loss of life. In response, the Indonesian government has moved to seize assets from companies alleged to have contributed to environmental degradation, including a major British-owned asset company. The absence of prior judicial process in these actions introduces additional concerns regarding legal certainty, investor protection and risk exposure.

Overall, these developments illustrate the deep interconnection between political governance, environmental vulnerability and investment stability across the Asia-Pacific region.



INDONESIA:

CLIMATE-LINKED ECONOMIC SHOCK AND RENEWED SECURITY TENSIONS IN PAPUA

Indonesia is currently experiencing heightened economic and political risk following severe floods and landslides in Sumatra in late 2025, which resulted in approximately 1,200 fatalities. The disaster has been attributed, in varying degrees, to environmental degradation linked to mining, forestry and plantation activities. In response, authorities have seized the assets of 28 companies across these sectors, including entities connected to major international investors.

While framed as an accountability measure, the asset seizures have generated significant investor concern regarding regulatory predictability and potential expropriation risk. This has contributed to weakened economic sentiment and heightened political risk, illustrating how climate-related disasters can rapidly evolve into broader governance and market stability challenges.

On a separate occasion, security tensions persist in Indonesia's Papua region, where long-running separatist movements continue to conduct intermittent attacks. Recent incidents include assaults on a small aircraft and a convoy linked to operations near the Grasberg mine operated by Freeport-McMoRan, resulting in casualties among both security personnel and civilians. The violence follows previous high-profile events, including the extended hostage-taking of a New Zealand pilot.

These developments point to the intersection of environmental risk, resource governance and localised insurgency. Indonesia's operating environment remains complex, shaped by both climate-driven disruption and unresolved regional conflict.

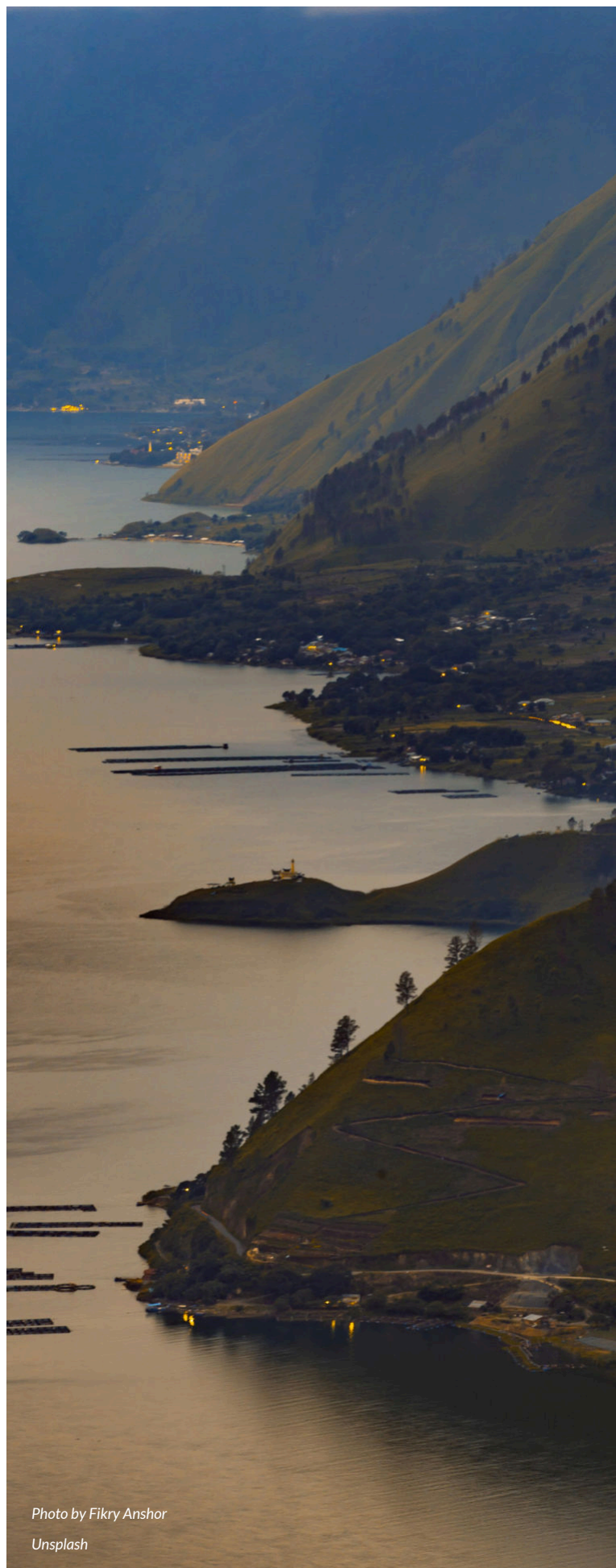


Photo by Fikry Anshor

Unsplash

NEPAL AT A POLITICAL CROSSROADS AMID GLOBAL CLIMATE STRAIN

Nepal is entering a pivotal period marked by political uncertainty ahead of national elections scheduled for March. Political parties are actively mobilising, presenting agendas and promoting emerging candidates, including a notable cohort of younger leaders seeking to challenge established political figures. Public expectations of transparency and accountability have intensified, particularly in the aftermath of violent unrest in September, prompting greater scrutiny of leadership credibility and institutional preparedness.

To safeguard the electoral process, more than 80,000 personnel from the Nepal Army have been deployed nationwide. While logistical and security arrangements are expected to function effectively in the Terai plains and hilly regions, significant operational challenges are anticipated in the Himalayan zones. Harsh weather conditions and recent snowfall together with shifting climate patterns may disrupt access to high-altitude constituencies, including areas near the Mount Everest region. These environmental uncertainties raise the possibility of localised delays or procedural complications.

Furthermore, Nepal's strategic outlook is increasingly influenced by global climate governance developments. The withdrawal of the United States from the Paris Agreement has generated renewed uncertainty within the international climate framework. For developing countries and small island developing states, the decision signals potential instability in climate finance commitments and technology transfer mechanisms that were central to the 2015 agreement.

Developed economies have historically contributed the majority of cumulative greenhouse gas emissions. Consequently, expectations remain that these nations will provide financial and technical support to developing states to facilitate adaptation and mitigation measures.

The perceived retreat from multilateral climate obligations has raised concerns regarding accountability, particularly as global temperature targets—limiting warming to 1.5°C–2°C above pre-industrial levels—appear increasingly difficult to sustain.

In Nepal, climate variability is becoming more pronounced. The Terai region has recorded temperature increases exceeding 2°C in recent years, while seasonal patterns have shifted unpredictably. Winters are colder than anticipated in some areas, while rainfall and snowfall patterns have become increasingly erratic. Extreme weather events, including unseasonal flooding and landslides, have intensified with disruptions observed outside traditional monsoon periods.

In conclusion, these developments underscore a broader theme: governance systems—both national and global—are being tested by political transitions, environmental volatility and shifting power dynamics. The coming months will be critical in assessing Nepal's electoral resilience and the broader stability of multilateral climate cooperation in an era of geopolitical recalibration.



NEPAL AT RISK: ARTIFICIAL INTELLIGENCE, MARKET VOLATILITY AND DEMOCRATIC INTEGRITY

Nepal's political and economic landscape is increasingly shaped by the rapid expansion of AI, digital media amplification and global financial volatility. Ahead of national elections, digitally altered campaign imagery and selectively amplified online narratives are projecting exaggerated political support, creating a divergence between on-the-ground reality and the perception of popularity. This dynamic poses significant risks to electoral transparency, public trust, and informed decision-making.

The rise of AI-driven content complicates the ability to distinguish authentic reporting from curated or manipulated narratives, undermining confidence in media, institutions and democratic processes. Beyond politics, AI development carries environmental costs: energy- and water-intensive infrastructure adds strain to Nepal's already resource-constrained and climate-vulnerable environment.

Economic volatility further intensifies systemic risk. Sudden swings in commodity and stock markets, amplified by digital platforms, have exposed investors and households to financial losses, reflecting broader global instability driven by geopolitical tensions and speculative activity.

The convergence of technological disruption, environmental pressure and political uncertainty creates a reinforcing cycle of risk. Last but not least, strengthened regulatory oversight, improved digital literacy and coordinated policy responses are critical to aligning technological development with sustainable resource management and safeguarding Nepal's democratic and economic resilience.



INDO-PACIFIC TENSIONS: STRATEGIC SECURITY PRESSURES

The visit of Israeli President Isaac Herzog has generated planned counter-demonstrations in major Australian cities. Expanded policing powers introduced after the terrorist attack in Bondi are shaping the management of protest activity, highlighting heightened public order considerations.

At the regional level, the Indonesia – Australia security agreement underscores deepening bilateral cooperation. At the same time, Indonesia continues to pursue a balanced foreign policy approach, maintaining engagement with multiple major powers amid intensifying U.S.– China competition.

Diplomatic adjustments in Washington, including changes to Australia's ambassadorial representation, are viewed in the context of reinforcing AUKUS commitments. Nonetheless, uncertainty remains regarding long-term submarine delivery timelines and alliance reliability.

Overall, Australia's current position illustrates the broader challenge facing middle powers: managing alliance obligations, economic interdependence and domestic stability within an increasingly contested strategic environment.

POLITICAL REALIGNMENT IN AUSTRALIA AND ESCALATING CLIMATE VARIABILITY

Recent developments in Australia reflect notable political shifts and increasing climate volatility. Leadership changes within the federal opposition have drawn significant public attention, with internal tensions emerging between conservative and moderate factions. The One Nation, led by Pauline Hanson, appears to be gaining electoral traction, while the broader coalition structure between the Liberal and National parties faces internal strain.

The recent replacement of the opposition's first female leader after a brief tenure further underscores instability within party ranks. These dynamics are reshaping Australia's political landscape and may influence upcoming elections. Concurrently, climate-related developments continue to demonstrate increasing environmental variability. In central Australia, the Todd River, typically dry, is currently experiencing significant flooding, with water levels reportedly reaching up to five metres. Such events illustrate the intensifying and atypical weather patterns affecting regions historically characterised by arid conditions.

Collectively, these political and environmental developments highlight a period of transition and uncertainty within Australia, shaped by ideological realignment and the tangible impacts of a changing climate.



Photo by Nikolas Gannon

Unsplash

COMMUNITY TENSIONS, POLICE OVERSIGHT AND BORDER CHANGE

The visit of Israel's President in Australia prompted significant protest activity, in some cases exceeding attendance at official events. Incidents in Sydney involving the removal of individuals during permitted prayers, alongside allegations of excessive force, have led to public controversy and the establishment of a formal inquiry. While the Premier of New South Wales initially defended police conduct, video evidence and judicial commentary have intensified scrutiny.

Broader concerns regarding policing standards have resurfaced, echoing historical royal commissions into corruption across several Australian states. Current cases, including allegations of excessive force and misconduct involving senior officers, are contributing to debate over public confidence in law enforcement. Questions are emerging about whether policing practices are eroding community trust and whether institutional responses are sufficient to preserve legitimacy.

At the societal level, protests are increasingly framed not as causes of division but as symptoms of deeper fragmentation. Declining social cohesion—at both national and international level—appears to be linked to heightened political polarisation and more rapid recourse to violence, including a notable rise in knife-related incidents. Shifts in behavioural norms, particularly among younger demographics, suggest changing thresholds for confrontation and public disorder.

Internationally, governance bodies such as the International Olympic Committee face mounting difficulty maintaining neutrality amid a growing number of global conflicts. The challenge of separating sport from geopolitics reflects a wider trend affecting multinational institutions.

Additionally, new UK entry requirements mandating the use of British passports for dual citizens have created administrative uncertainty for families and travellers alike. These evolving border controls, while framed as procedural clarification, illustrate how regulatory changes can generate confusion and, in some cases, perceptions of exclusion.

Overall, these issues point toward an environment of increasing institutional strain and heightened sensitivity around identity, legitimacy and public trust.

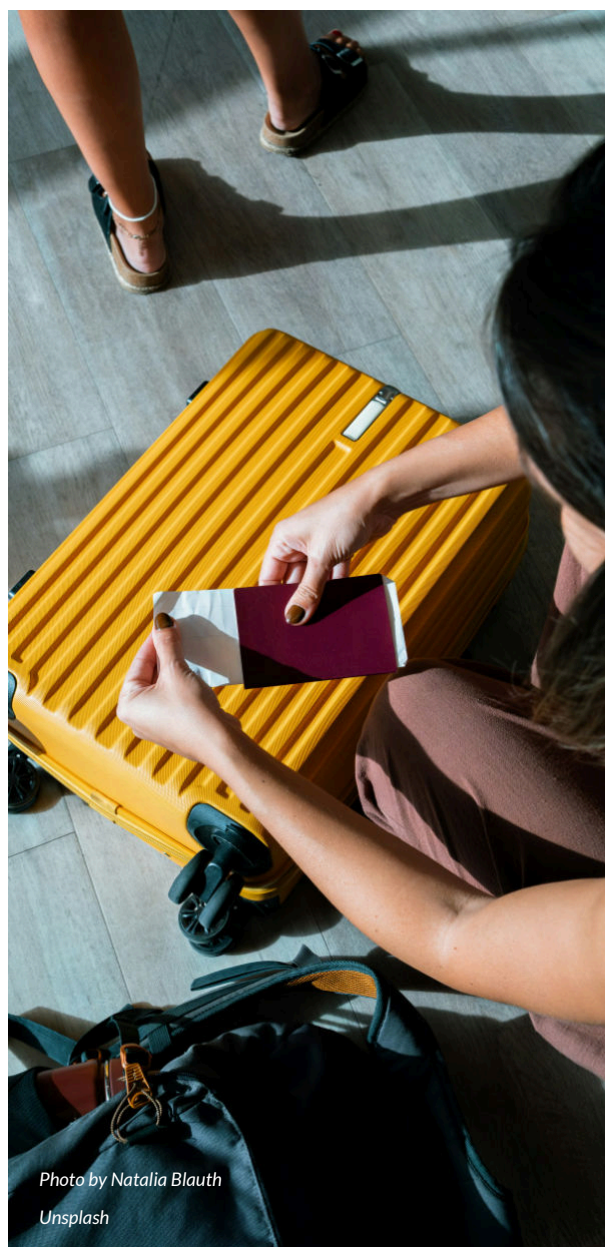


Photo by Natalia Blauth
Unsplash

PROTESTS RISE AS POLICING AND SOCIAL UNITY FACE STRAIN

Recent events in Sydney have highlighted tensions surrounding law enforcement, public demonstrations and political engagement. Video evidence from protests involving the visit of Israel's President Herzog has drawn scrutiny over police conduct, with complaints processes in New South Wales activated to assess the incident objectively. Alleged aggressive actions occurred on both sides, illustrating the complexity of crowd management and law enforcement accountability.

Historical context underscores the risks and costs associated with formal inquiries. Past experiences with the Fitzgerald Inquiry in Queensland have demonstrated that even well-intentioned submissions can provoke significant institutional pushback, placing both individuals and honest officers under strain. These lessons suggest caution in pursuing inquiries, given their potential to exacerbate organisational and personal challenges.

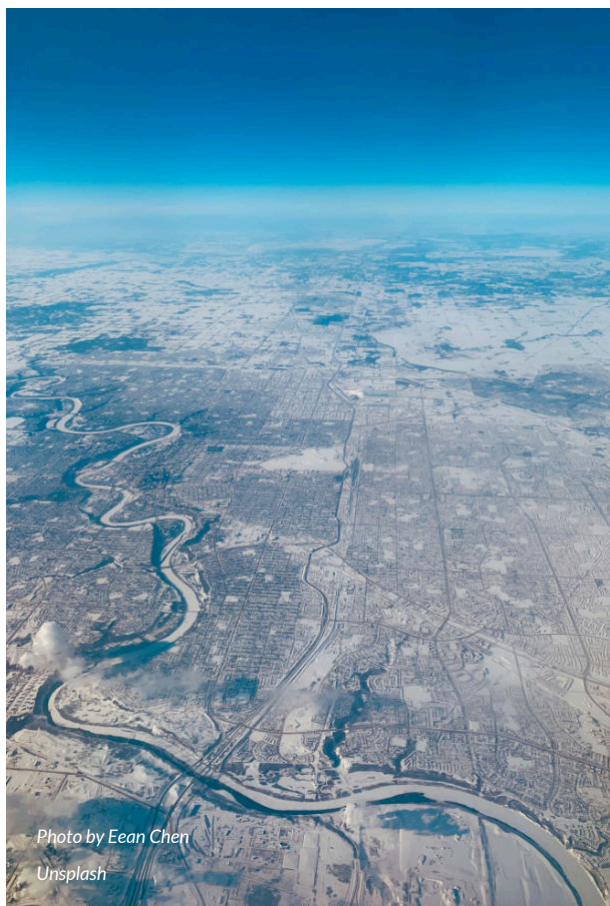
The presence of a politically active figure during a sensitive community visit has raised questions about the impact of leadership choices on social cohesion. Stakeholders have noted that alternative approaches, such as engagement with religious or community leaders, might have supported unity and mitigated tensions more effectively.

Overall, these developments highlight the ongoing need to balance law enforcement accountability, political neutrality and strategies to strengthen community trust and cohesion in times of heightened social sensitivity.



Photo by DJ Paine
Unsplash

ENVIRONMENTAL AND CLIMATE DRIVEN SYSTEMIC RISKS



PLANETARY BOUNDARIES AND EMERGING SYSTEMIC RISKS

Current risk assessments must account for environmental degradation as a primary concern. Exceeding seven of the nine planetary boundaries poses significant threats to ecosystem stability, food production and ultimately global security, potentially exacerbating geopolitical and socio-economic tensions.

Studies suggest that societal governance structures that are increasingly detached from populations contribute to fragmentation and systemic vulnerability. Historical precedents, such as international breaches of law, reinforce the importance of maintaining legal and ethical frameworks to manage complex global challenges.

Despite pervasive risks, observable instances of positive human behaviour provide insights into resilience and adaptive potential, highlighting opportunities for constructive intervention amid widespread uncertainty.

POLITICAL SHIFTS, CLIMATE RESET AND GOVERNANCE UNDER PRESSURE

Recent moves by President Donald Trump to step back from international climate agreements and roll back certain environmental rulings are part of a wider shift happening across Western economies. In the European Union and the United Kingdom, climate goals are also being reconsidered, as governments balance environmental ambitions with economic growth and rising living costs. There is growing debate about whether some climate targets are realistic and how they may affect household budgets.

In South Asia, the Bangladesh Nationalist Party has secured electoral success, with Tarique Rahman positioned as a potential incoming prime minister. This outcome is expected to contribute to greater political stability following a period of domestic turbulence. In East Asia, electoral developments in Japan have reinforced the position of the Liberal Democratic Party, supporting continued cooperation between Japan, South Korea and the United States. Market responses across Asia have reflected cautious optimism linked to perceived regional stability.

In the United Kingdom, renewed scrutiny surrounding the Jeffrey Epstein case continues to exert reputational and political pressure. Ongoing revelations have intensified public debate around ethics, accountability and standards in public life with implications extending to senior political leadership and institutional credibility. Upcoming by-elections and broader electoral contests add further uncertainty to an already sensitive domestic environment.

Overall, the interplay between economic pragmatism, ethical accountability and strategic stability will likely shape near-term political trajectories on a global scale.

CLIMATE RISK REALISM AND THE IMPERATIVE FOR STRATEGIC ADAPTATION

Long-term assessment of climate change trends suggests that current global trajectories align with projections once considered extreme. While recent reporting has highlighted marginal reductions in fossil fuel emissions in China, overall global emissions continue to rise, underscoring the widening gap between policy ambition and measurable outcomes. Earlier targets aimed at near-zero emissions by this stage have not materialised, reinforcing concerns regarding the feasibility of mitigation at the required scale.

There is growing recognition that adaptation and resilience planning must take precedence alongside, or in place of, mitigation strategies. Shifting weather systems—such as altered Atlantic pressure patterns affecting the United Kingdom—and increasingly volatile climate conditions across regions including Australia and China illustrate structural rather than anomalous change. These patterns are becoming embedded features of the global climate system.

Higher-end warming scenarios, though often described as lower probability, remain within the realm of possibility. Temperature increases in the range of 10–12°C would carry profound systemic consequences for infrastructure, food security, migration and geopolitical stability.

Policy recalibration in some major economies suggests that certain decision-makers may be prioritising economic and short-term strategic considerations over aggressive emissions reduction. This raises fundamental questions about whether global leadership is shifting from prevention toward damage limitation.

In conclusion, the discussion highlights a transition from mitigation optimism to strategic realism, with increasing emphasis on preparing for worst-case climate outcomes while acknowledging the narrowing window for meaningful intervention.

WESTERN BALKANS UNDER PRESSURE: FROM CLIMATE SHOCKS TO POLITICAL ACCOUNTABILITY

Recent developments in Serbia and the Western Balkans highlight intensifying pressures at the nexus of climate volatility, environmental degradation, energy security and governance accountability. This winter's erratic temperatures—from -19°C cold snaps to +10°C warmth—underscore growing climate instability, while rivers, forests and urban areas face escalating pollution, exemplified by repeated illegal dumping in the Drina River.

Structural governance challenges—including weak enforcement, corruption risks and limited cross-border coordination—impede effective environmental management. Energy security has emerged as a strategic priority, with Serbia navigating reduced reliance on Russian gas amid volatile prices, supply uncertainty and EU negotiations, while balancing domestic economic and heating needs.

Governance concerns have intensified following the cancellation of a controversial luxury development in Belgrade tied to the Trump Organisation, highlighting legal, heritage and transparency issues. As alternative projects shift investment to neighbouring countries, Serbia's responses to these overlapping pressures—climate, environment, energy and accountability—may set critical precedents for regional governance and resilience.



Photo by Alexander
Unsplash

ENERGY SECURITY AND INFRASTRUCTURE

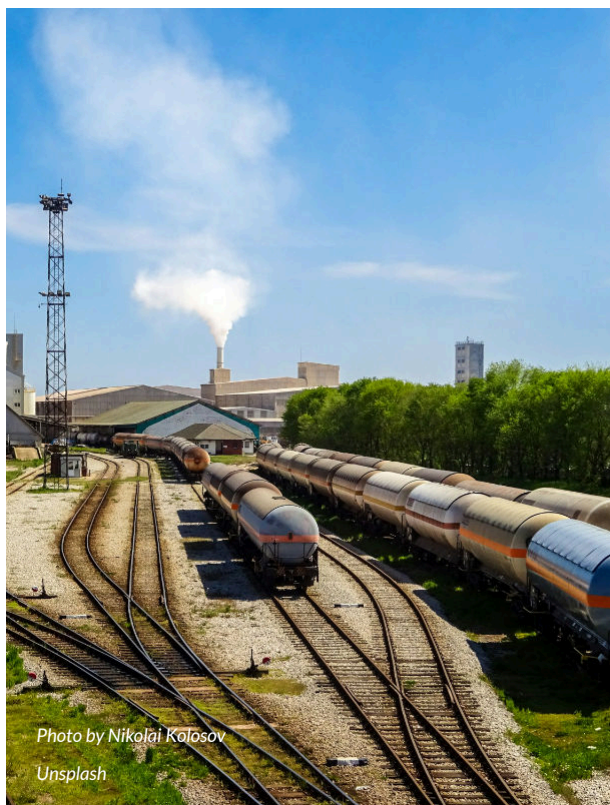


Photo by Nikolai Kotosov
Unsplash

SERBIA'S ENERGY SHIFT MEETS ENVIRONMENTAL AND GOVERNANCE TESTS

Efforts are underway to reduce reliance on Russian gas while exploring alternative energy partnerships within the EU and international partners. Simultaneously, environmental concerns are escalating, particularly along the Drina River, which spans Bosnia, Serbia and Montenegro. These regions are heavily affected by illegal dumping and waste management challenges. Unfortunately, cross-border coordination and enforcement remain slow, compounded by corruption and bureaucratic obstacles.

Governance and transparency issues have also come under scrutiny with the proposed construction of a Trump Hotel in Belgrade at the former General Staff building site. Public protests and legal proceedings against senior officials, including Serbia's Minister of Culture, highlight ongoing concerns regarding heritage protections and the enforcement of regulatory frameworks. These developments underscore the intersection of energy policy, environmental management and institutional integrity in the region.

WESTERN BALKANS BORDER DISRUPTIONS AND ESCALATING CLIMATE PRESSURES

Sustained border blockades by truck drivers across the Western Balkans have highlighted operational challenges arising from the European Union's new Entry/Exit System (EES).

While Serbia is not an EU member, visa-free short stays within the Schengen Area remain permitted. However, the transition from manual passport stamping to biometric registration—including digital passport scans, fingerprinting and facial imaging—has introduced significant implications for frequent cross-border operators.

Under the revised system, each entry contributes toward the 90-day limit within a 180-day period. For professional drivers crossing borders multiple times per week, cumulative stays may inadvertently exceed permitted thresholds, exposing individuals to fines, denied entry or other penalties. Although the EU frames the reform as a measure to enhance border security and prevent overstays, the policy has created logistical and economic friction for the regional transport sector.

Concurrently, the region is experiencing intensifying climate-related impacts, such as prolonged heatwaves, irregular rainfall, flooding and drought. These extreme weather events are affecting agriculture, water resources and infrastructure resilience. National adaptation efforts—such as green policy initiatives and infrastructure protection programmes—are underway, yet climate volatility has become a structural feature of daily life.

Together, regulatory transformation and environmental stressors are contributing to a complex operating environment across the Western Balkans.

CONCLUDING REMARKS

The Global Risk Review report reflects ISRM's continued advancement as a trusted convener and strategic voice in global resilience and risk management. Through high-level engagement with public institutions, security leaders, academic partners and major private-sector stakeholders, ISRM is strengthening its international footprint while translating insight into meaningful influence.

The discussions underscored the complexity of today's risk landscape from geopolitical realignments and climate pressures to governance integrity and institutional accountability, reinforced the importance of informed and cross-sector collaboration.

Equally, the Global Risk Forum episodes highlighted the value of disciplined operational coordination and inclusive leadership, recognising that sustainable impact depends on both strategic vision and effective execution.

As ISRM builds partnerships, expands its global chapter network and deepens executive dialogue, it remains committed to fostering rigorous analysis and practical solutions. The momentum generated across these sessions positions ISRM to continue shaping international discourse and advancing resilience in an increasingly uncertain world.



THE INSTITUTE OF STRATEGIC
RISK MANAGEMENT



Editorial Content:
Kleoniki Theodoridou

Design and Layout:
Majkl Velner

www.theism.org

Contributors:

Ahmed Khalifa
Andria Grosvenor
Andrew Blades
Andrew Brown
Bear Kirk
Bonnie Jenkins
Chris Miller
David Rubens
Dinesh Raj Bhattra
Frances Hudson
Gerry Moore
Guy Collyer
John Magee

John McGannon
Marija Popadic
Mark Lyphout
Martin Hassell
Matthew Porcelli
Meredydd Hughes
Milena Maneva
Nasser Bin Nasser
Nathan Allison
Nuha Eltinay
Oluwatosin Ajakaiye
Perin Bhatt
Zoe Juniper