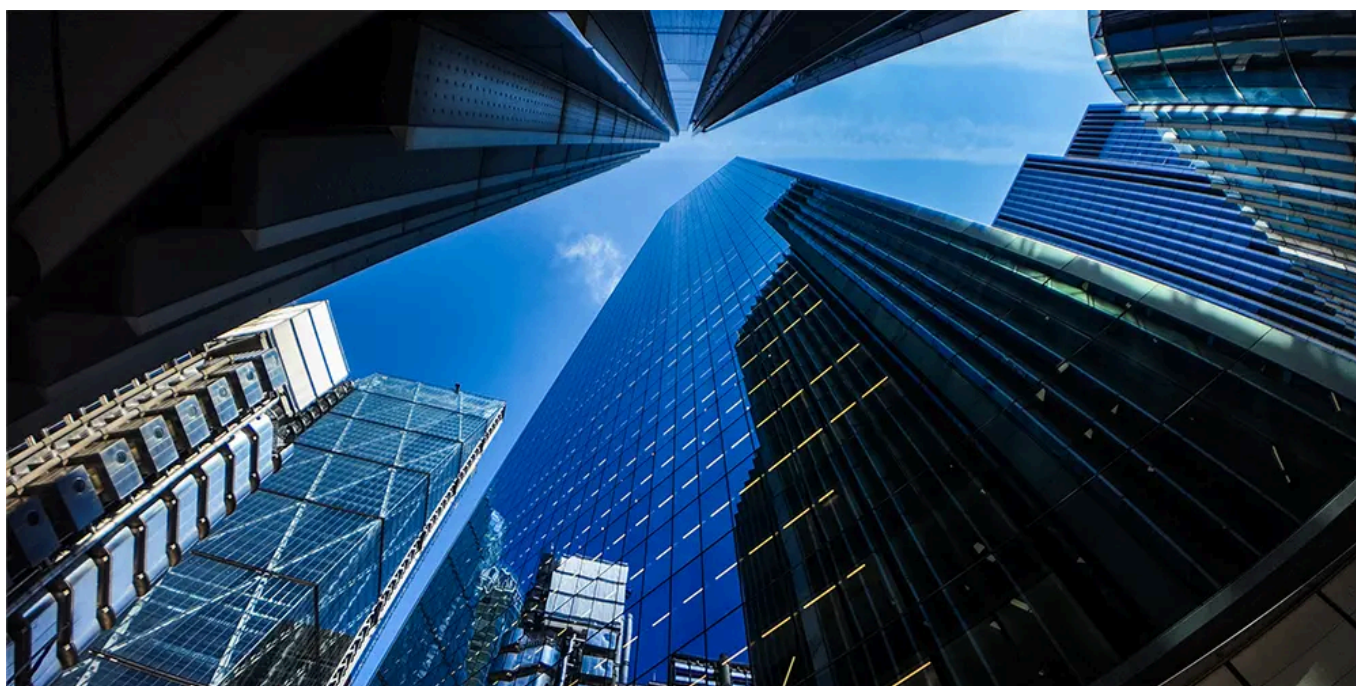


The end of the Nato firm

By Håvard Halland, Knut Anton Mork and Adam Robbins / 24 September 2026



Risk management should take lessons from climate

Fifteen years ago, a US technology firm was essentially a Nato firm, in the sense that it could raise capital from investors across the transatlantic alliance and the wider Organisation for Economic Co-operation and Development, and expect to deploy that capital across the same footprint. Beyond Nato, capital still moved freely: US institutional capital into Chinese venture funds and Chinese money into US startups.

US policy-makers have now prohibited investment in sensitive Chinese sectors, while seeking to extend export restrictions through allies. Within Nato, policy-makers are implementing market incentives and applying political pressure to bring technological innovation as close to home as possible through instruments such as the European Union's Scaleup Europe Fund and the Savings and Investments Union. China's 'three anti' regulations put strict restrictions on the cross-border activities of firms operating in China, including foreign ones.

The weakening of US commitment to Nato has coincided with a dramatic shift of capital into sensitive sectors; in particular, artificial intelligence, semiconductors, critical minerals and the

electricity to power AI. European defence, security and resilience startups raised a record [\\$8.7bn](#) in 2025, according to the Nato Innovation Fund. Silicon Valley has become [increasingly intertwined](#) with defence and national security, and it is precisely in strategic sectors that geoeconomic fragmentation is most pronounced, as reflected in the IMF's [analysis](#) of Foreign Direct Investment data.

The politicisation of capital affects public and private markets in different ways. Flows into large, listed companies such as Apple or Microsoft remain mostly unimpeded. Disruptive technologies are concentrated in a small number of mostly privately held firms which selectively control access to their capital structure. Where those firms source their capital has become a material security question for their host governments. Consequently, both the product and the investor base have become strategic.

Partnerships between technology startups, the venture capitalists that back them and large pools of capital, such as sovereign and pension funds, have enabled AI champions to stay private and exert control over their capital base. The political relationships of founder-controlled firms are nimbler and more personality-driven and potentially better suited to navigating geopolitical challenges.

Building resilience across divergent futures

Regulation has not kept pace with technology, leading to sporadic government [interventions](#) driven by near-term political and security priorities. Firms must therefore anticipate policy-makers' responses to their own innovations. The disruption extends well beyond technology; tariffs and industrial policy now affect most tradable sectors. Access to the US market may [foreclose](#) access to the Chinese market, and vice versa, with penalties possible from either side. On climate and ESG, what wins praise in Brussels may invite [opprobrium](#) in Washington.

So, what are firms to do? Some have looked to previous periods of deglobalisation. In the [interwar](#) period from 1918 to 1939, several large multinationals strengthened foreign subsidiaries and devolved operational power to regional managers, becoming, in effect, federations of national firms. More recent approaches include [dual listings](#) and [friendshoring](#) of global value and supply chains along geopolitical lines. Other firms, faced with uncertain regulation, have sought to [build](#) financial and strategic alignment with governments, or have even become [part of](#) government.

Another strategy is to follow the practice developed for handling climate risk. Markets have learnt to price it, regulators to govern it and boards to oversee it, all supported by the scenarios developed collectively by central banks and supervisors through the [Network for Greening the Financial System](#). Investors will increasingly need to take a similar approach to geopolitical risk, permitting them to work out alternative portfolio designs that can hold up across a range of geopolitical futures. The same discipline applies to non-financial firms, which will need scenario-specific strategies for supply chains, capital allocation, and market entry.

Specialist firms such as [Verisk Maplecroft](#), [Eurasia Group](#) and [Control Risks](#) produce geopolitical risk assessments, and multilateral bodies such as the [IMF](#) and the [Bank for International Settlements](#) have [published](#) substantial analysis on geoeconomic fragmentation. European supervisors have gone further: In January 2026, the European Central Bank and the European Systemic Risk Board jointly [published](#) a framework for monitoring financial-stability risks from geoeconomic fragmentation and the ECB has made resilience to geopolitical risk a [supervisory priority](#) for 2026–28. In July, the ECB went further still, publishing the [results](#) of a reverse stress test in which each of 110 supervised banks designed its own geopolitical scenario severe enough to deplete its core capital ratio by 300 basis points.

It is an open question whether this work will coalesce into a shared scenario framework, similar to the way climate analysis converged around the [NGFS scenarios](#), as regulators move from climate risk disclosure regimes towards comparable expectations for geopolitical risk.

The burden of adaptation

The immediate burden falls on boards and management teams. While geopolitical risk analysis is available from specialist providers, its interpretation is a board matter that cannot be outsourced. Firms can no longer make tacit assumptions about the geoeconomic foundations their activities rest on. These must instead be explicitly specified. Boards and management teams need to decide on the geopolitical scenarios that their capital allocation must survive, which markets are sufficiently strategic to hold through periods of disruption, which are candidates for exit, which geostrategic [choke points](#) the firm is exposed to, which [payment systems](#) it relies on, and which political, financial, and commercial alliances the firm must actively cultivate.

Geopolitical risks and opportunities now shape firms' strategy, capital base, product and even branding decisions and must be incorporated into business processes.

Håvard Halland is Professor and Chair of Sustainable Finance at Heriot-Watt University's Edinburgh Business School, Knut Anton Mork is Professor Emeritus at the Norwegian University of Science and Technology, and Adam Robbins, is Partner at New York venture firm Collective Global.



INVESTED

The new and improved podcast from OMFIF with insights from experts and economists. **Listen now.**

[Interested in this topic? Subscribe to OMFIF's newsletter for more.](#)

Latest

COMMENTARY



The missing variable in the imbalances debate

ON DEMAND



Decoding the AI gender gap

MEETING



The future of financial intermediation and stablecoins with or without the Clarity Act

REPORT

OMFIF
The Bulletin

OFFICIAL MONETARY AND FINANCIAL INSTITUTIONS FORUM | OMFIF.ORG | SEPTEMBER 2026



Money & WAR

Financing
defence in
a world of
combat



JOIN TODAY

Connect with our membership team

✉ CONTACT



Subscribe

Select topics and stay current with our latest insights

Subscribe

Who we are

Become a member

Media and editorial enquiries

Careers

Contact us

Privacy policy

Cookie policy