



fgs global radar

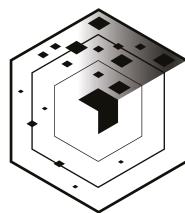
Accelerated
Pessimistic
Divided

2026: A Rewired World
Shifting
Atomized
K-shaped



“The postwar rules-based order is fragmenting into spheres of influence, with transactional relationships and ‘strongman’ leadership supplanting shared values.”





fgs global radar

2026

A Rewired World

Methodology

The FGS Global Radar 2026 is based on **175 in-depth interviews** with very senior leaders and policy experts from the worlds of business, politics, academia and media. Verbatim quotes from these interviews are featured throughout this report. To compare these expert perspectives with the views of the public, we conducted wide-ranging nationally representative polls in the US, Canada, the member countries of the European Union, UK and Japan: **~20,000** in all.

Throughout the report, unless otherwise stated, percentages showing the views of the public are the average across all the markets that we polled, weighted so that each component (country or bloc) is assigned the same statistical significance in overall results, to ensure that no single country or region disproportionately influences the findings.

Radar is unique in scale. It doesn't provide us with a crystal ball, but it is a reflection on some of the key themes of 2026 - where there is division, where there is debate and where there is consensus. 



Stakeholders we interviewed

 <p>Rick van Aerssen Global Managing Partner Freshfields</p>	 <p>Rob Clark Chief Communications Officer & Chief of Staff Xcel Energy</p>	 <p>Anthony Gooch Gálvez Secretary General European Roundtable for Industry (ERT)</p>
 <p>Ed Balls Former MP & Broadcaster Political Currency & GMB</p>	 <p>Sean Connolly President and CEO Conagra Brands</p>	 <p>Elizabeth Gibson General Counsel and Group Vice President Toyota NA</p>
 <p>Jan Peter Balkenende Former Dutch Prime Minister; Associate Partner FGS Global</p>	 <p>Lewis Crofts Editor-in-Chief MLex</p>	 <p>Olivier Guersent Former Director General of Directorate-General for Competition European Commission</p>
 <p>Dietrich Becker Partner and President Perella Weinberg Partners</p>	 <p>Tim Davie Director-General The British Broadcasting Corporation</p>	 <p>Rene Haas CEO ARM Holdings</p>
 <p>Carsten Berrar Partner and Co-Head of Global Capital Markets Group Sullivan & Cromwell LLP</p>	 <p>Rodney Davis Former Member of Congress and Head of Government Affairs US Chamber of Commerce</p>	 <p>Darrel Hackett CEO BMO Financial Corp</p>
 <p>Clément Beaune Commissioner for State Strategy and Planning French Government</p>	 <p>Ruben Dijkstra Managing Director for the Benelux Orsted</p>	 <p>Jane Hartley Former Ambassador to the Court of St James US State Department</p>
 <p>James Bennet Columnist and Washington Bureau Chief The Economist</p>	 <p>Mathias Döpfner CEO Axel Springer</p>	 <p>Sir Jeremy Hunt MP Former Chancellor of the Exchequer HM Government</p>
 <p>Adrian Blair CEO Trustpilot</p>	 <p>Sir Oliver Dowden MP Former Deputy Prime Minister HM Government</p>	 <p>Greg Jackson CEO Octopus Energy</p>
 <p>Jennifer Blanke Former Chief Economist The World Economic Forum</p>	 <p>Elizabeth Falcone Chief of Staff Office of U.S. Sen. Mark Warner</p>	 <p>Adam Jentleson Author, Founder & President The Searchlight Institute</p>
 <p>Roland Busch President and CEO Siemens AG</p>	 <p>Philipp Freise Partner, Co-Head of European Private Equity KKR</p>	 <p>Scott Jennings Republican strategist and Sr. Political Commentator CNN</p>
 <p>Lord David Cameron Former Prime Minister HM Government</p>	 <p>Dan Frumkin CEO Metro Bank</p>	 <p>Eliana Johnson Editor in Chief The Washington Free Beacon</p>

Other stakeholders we spoke to include:

Aubrey Allegretti, Ali Azimi, Andy Baldwin, Tim Bale, Matthias Berninger, James Bethell, Simon Blake, Olivier Blanggaard, Lane Bodian, Larisa Brown, Joanna Bryson, Katarina Wallin Bureau, Daniela Stawinoga Carrington, Eva Christiansen, Bryony Collins, Andrew Cole, Nick Davies, Sophie Davis, Patrick Diamond, Caroline Dinenage, Nancy-Ann DeParle, Penny East, Nick Eyre, Mike Feldman, Gina Foote, Christoph Gebald, Sarah George, Gary Gibbon, Chris Giles, Christian Gisy, Adrian Gore, Jane Green, Deb Greenspan, Jochem de Groot, Rene Haas, Chris Hall, Tom Harrison, Mike Iger

	Alison Kay VP and Managing Director for UK and Ireland Amazon Web Services		Xavier Piechaczyk President of the Managing Board RTE		Richard Tice MP Deputy Leader Reform UK
	Bob Kocher Former Obama Administration Advisor and Partner Venrock		Martin Reitz Former Vice Chairman Global Advisory Rothschild & Co		Chuck Todd Former Chief Political Analyst on Meet the Press and Host The Chuck Toddcast
	Taneli Lahti Director for Global issues European External Action Service (EEAS)		Jonathan Reynolds MP Parliamentary Secretary to the Treasury of the United Kingdom HM Government		Camilla Tominey Associate Editor The Daily Telegraph
	Karel Lannoo CEO CEPS		Laura Richardson Former Army General & Commander U.S. Southern Command (Ret.)		Laura Trott MP Shadow Education Secretary HM Government
	Kirsten Ludowig Deputy Editor-in-Chief Handelsblatt		Taavi Rõivas Former Prime Minister Estonia		Emma Tucker Editor-in-Chief The Wall Street Journal
	Emily Maitlis Host The News Agents		Amber Rudd Former Home Secretary HM Government		Baroness Shriti Vadhera Chair Prudential plc
	Andrew Marr Editor-at-Large The New Statesman		Stephanie Ruhle Senior Business Correspondent and Host MSNBC's 11th Hour		René van Vlerken CEO Euronext Amsterdam
	Ross McEwen Director BHP Group		Anthony Scaramucci Former Communications Director The White House		Dhara Vyas CEO Energy UK
	Georg Meck Editor-in-Chief FOCUS		Christian Sewing CEO Deutsche Bank		Andrew Cole Deputy Global CEO FGS Global
	David Miliband President and CEO, International Rescue Committee; former UK Foreign Secretary		Goli Sheikholeslami CEO Politico Media Group		Klaus Welle Academic Council Chairman Wilfried Martens Centre
	Sir Trevor Phillips Presenter Sky News		Rory Stewart Host The Rest Is Politics		Baroness Sharon White Head of Global Affairs, CDPQ; Former Ofcom CEO

Kim James, Sajid Javid, Joel Johnson, Amanda Keating, David Kennedy, William Klein, Martin Klotz, Ed Kronenburg, Aaron Kwittken, Inigo Lambertini, Jenni LeCompte, Bryan Locke, Jennifer Loven, Alan Mendoza, Liz Micci, Rick Nieman, Michelle O'Neill, Richard Partington, Jean-François Pasquier, Gavin Patterson, Franck Petitgas, Nedra Pickler, Karen Pierce, Paul Poteet, Steve Race, Paul Rogers, Gregg Rothschild, Erik Salz, Tom Scully, Joe Shalam, Duncan Shaw, Charles Smit, Menno Snell, Joni Smith, Katrin Suder, Justin Webb, Susanne Wiegand, Matt Whittaker, Morgan Wild, Anna van Zoest

Introduction

A Rewired World

In previous FGS Radar reports the defining themes have been disruption, volatility and uncertainty. These will remain constants in 2026, but our main finding this year is that the world has been rewired – and is now more defined:

- The multilateral consensus in place since World War II — largely guided by international institutions and liberal democracies — is being rewritten.
- Those institutions are being weakened with ‘strong leaders’ increasingly calling the shots, particularly in their own perceived spheres of influence. Donald Trump’s ordering of US forces to capture Venezuela’s Nicolás Maduro is already a case in point this year.
- The USA and China are now in direct competition to achieve dominance in everything from trade to a new space race. Gray zone conflict will be common.
- The rest of the world is having to align accordingly, navigating constantly shifting sands.
- Influence is now increasingly “atomized” with traditional pillars like mainstream media and political parties continuing to lose strength in the face of a myriad of competing and noisy stakeholders.
- Technology and the acceleration of AI will be constant drivers of significant change.
- In democracies, systems and governments that appear analog in a digital world and fail to deliver better outcomes will increasingly be challenged, with voters drawn to disruptors.

To survive and prosper within this rewired world in 2026, leaders will require both a deep-rooted, realistic strategy and the agility to deal with constant disruption.

Another wake-up call

This year's FGS Global Radar is also a further wake-up call to business leaders and politicians across developed democracies.

It reveals that in many countries the gap between the views of leaders and experts and the broader public is deepening and widening. Quite simply, most people are profoundly pessimistic, feeling failed by governments and institutions.

This hasn't happened abruptly. People have been losing confidence and trust in leaders and institutions for years. But the mood of pessimism and negativity has intensified – now reaching a scale that represents a crisis point.

This is particularly acute in Europe, Japan and Canada, where there is a collapse of public confidence in the ability of governments and institutions to bring about change that works.

Even if they opposed what Donald Trump is doing, many people we spoke to admired the fact that he is a disruptor, unarguably driving change, and believe other governments could and should be willing to act with similar boldness.

Polls are commonplace, but ones that probe public attitudes in depth and breadth across 27 major democracies are rare.

We didn't go looking for pessimism – our poll presented people with as many positive propositions as negative ones. The deepening sense of pessimism that we report is real and cannot be ignored by leaders.



In *all* of the 27 countries we polled – the United States, UK, Canada, Japan and almost all of the European Union – a substantial majority of people believe that:

Life will be harder for the next generation

73%

My country feels divided

76%

68%

The political system in my country is failing the people and needs fundamental reform



74%

The political system in my country serves the interests of a rich and powerful elite, rather than the interests of ordinary working people

In *almost all* of the 27 countries most people say that:

Our national identity is disappearing

62%

My country's public institutions are mostly wasteful, ineffective and badly run

with Denmark the only country polled where this is not the majority view

57%

In isolation some of these findings may not seem surprising. But pessimism on this scale, replicated across democracies, is not normal and may not be sustainable.

Divides and widening gaps

2026 is expected to be characterized by multiple divides. Many stakeholders see these gaps widening and reinforcing each other this year, further separating lived realities and fueling political instability and populism.

The fault lines include:

Elite vs Public Opinion

The most fundamental divide between experts and the public is on the solutions to some of the major policy challenges covered in this report.

Many of the policy options that are judged necessary and logical by experts are roundly opposed by voters. Many of the consequences that experts regard as inevitable are deemed unacceptable by voters.

Experts often describe unavoidable trade-offs in resolving key policy questions, but voters are frequently reluctant to accept that such trade-offs are unavoidable. In the current mood, the public is highly susceptible to populists encouraging them to believe trade-offs don't need to be faced, proffering simple answers to complex problems. In our poll, most people agreed with the proposition that "there are clear and easy solutions to the big challenges facing the country, if only we had better political leaders."

On a range of key issues experts and leaders have very different expectations and perspectives from the public.

- On AI: experts expect major gains by 2026, but the public is far more skeptical: only 35% foresee a positive transformational impact. As a result, most voters strongly favor strict regulation and high taxation, while experts largely prefer a lighter regulatory approach.

- On government spending: Most experts acknowledge that taxes will need to rise, yet 66% of the public believes a competent government could meet voter expectations without raising taxes.
- On incentivizing businesses: Experts favor incentives that encourage entrepreneurship, while most of the public supports higher taxes on successful businesses and a greater commitment to redirecting those funds to employees or lower prices.



Old vs Young

This divide between older and younger generations is underscored by the fact that each thinks resources are skewed in favor of the other.

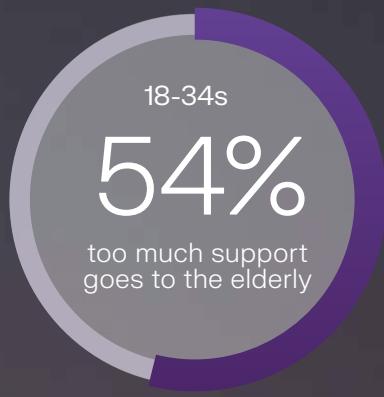
Many experts share this analysis and expect that the asset cascade from the boomer generation to their children (estimated to be the biggest wealth transfer in human history) will signpost a future in which economic success is defined more by inheritance than enterprise.

“Wealth has become concentrated amongst the Boomers, rather than hard workers.”

Despite the perception of our expert stakeholders, our polling suggests younger generations are more optimistic than older generations in the short term. 45% of Generation Z think they will be better off financially a year from now, compared to only 14% of Baby Boomers who say the same.

In all the 27 countries that we polled, the public - not just younger adults – believe by a wide margin that “*life will be harder for the next generation.*”





Engaged vs Disengaged

The sense of diminished economic opportunity felt by many adults reinforces political disengagement. Gen Z-ers and Millennials are much less likely than older generations to be engage with politics and the news. They are also twice as likely as Baby Boomers and the Silent Generation - to think that *“voting doesn’t make a difference.”*

Our data shows that the disengaged are much more likely than the engaged to feel that most people can't be trusted, that globalization has gone too far, and that climate change is exaggerated. Disengaged people are more likely to believe in conspiracy theories.

% choosing to spend more time on entertainment instead of engaging with current affairs

Gen Z

25%

Boomers

11%

Global North vs Global South

Our experts see a widening divide on the response to climate change between the global south, where its extreme consequences are increasingly tangible, and the global north, where economic pressures and the rise of populism have deprioritized it on the political agenda.

A clear majority of the public in almost all of the 27 countries we polled oppose their governments sending any money overseas, either to help other countries address climate change, or more generally to help other countries to develop.

Paradoxically, disruption from climate change will be an increasingly strong push factor in migration from south to north, and yet fear of further immigration drives the politics of the northern hemisphere.

A year of “strong leaders” and weakening institutions

Geopolitics will be at the top of business risk registers this year. There is a broad consensus that eruptions and black-swan events are inevitable. The US military action in Venezuela, seizing Nicolás Maduro and his wife, is a stark example of this point.

As one expert put it:

“The post-war rules based order is fragmenting into spheres of influence, with transactional relationships and ‘strong-man’ leadership supplanting shared values.”

% of the public agreeing each country
“is a major influence in the world”



There was consensus among our experts on two pivotal points:

1 Two countries – USA and China – are setting the pace

Their mutual determination to advance and protect what they regard as their strategic national interests will frame geopolitics in 2026. The US military action in Venezuela is a clear example of the country acting on its belief that it can and should take strong action in its 'sphere of influence'.

In 2026 their direct competition will manifest itself in more Gray Zone conflict: proxy battles over tech and trade, narrative warfare, and even an emerging space race.

The rest of the world is either struggling to adapt or constantly having to find new ways of aligning, as hedging between the US and China is becoming harder.

The public shares this view of both the US and China as being far more of *"a major influence in the world"* than any other countries, as our polling shows.

Across the markets we polled, most of the public are pessimistic about how relations between these two major influences will play out in 2026.



"With two big power blocs, jostling for dominance...Europe is struggling to find its place."



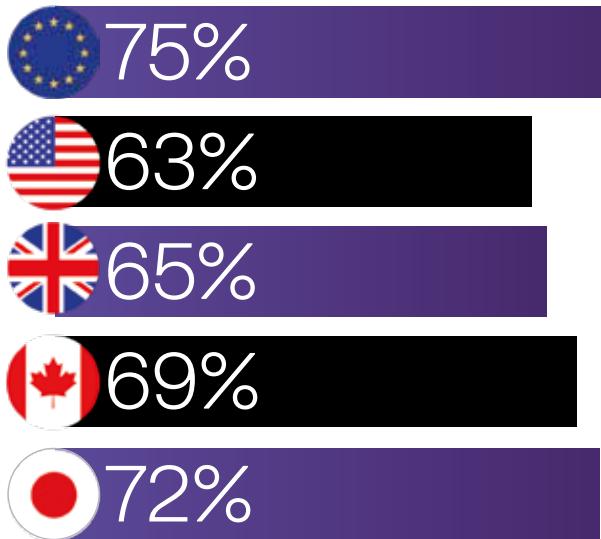
2 Decisions are increasingly being shaped by “strong leaders” rather than through institutions

“We’re shifting from ‘What are our shared principles?’ to ‘What can you do for me?’”

Many leaders interviewed challenged the competence and relevance of institutions previously perceived as sacred, though most tended to think the same institutions would ultimately weather the storm.

“America doesn’t have anyone’s back anymore.”

A large majority of the public, across the 27 countries we polled, think that *“strong leaders around the world have increasingly more influence on events than international institutions do.”*



Furthermore, in 26 of the 27 countries we polled (the exception being Japan) most of the public agree with the proposition that international institutions and laws have over-reached and interfere too much with the right of different countries to put their national interests first.

48% Agree

28% Disagree

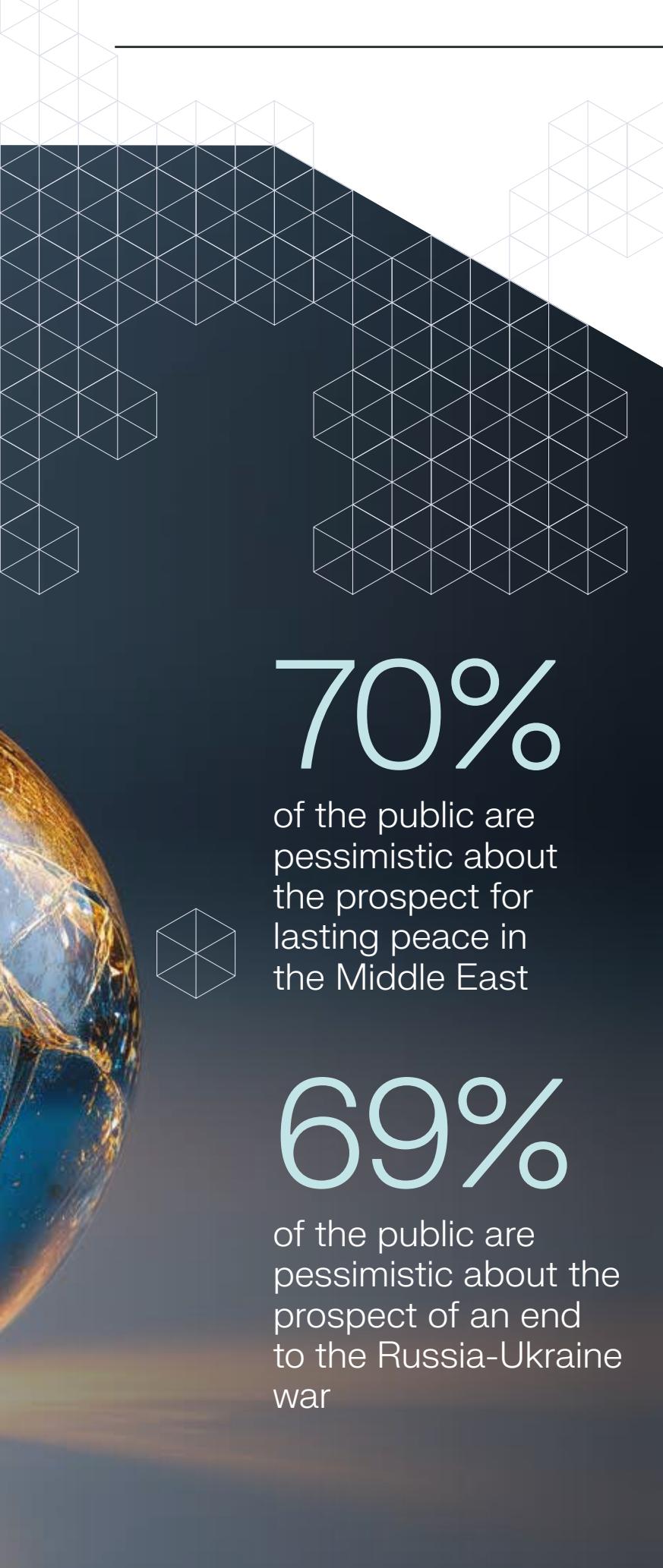
Among experts there is a consensus that multilateral institutions will continue to come under pressure. This is reflected in public opinion. Our polling finds seven in ten (69%) people wanting their country to be “more assertive of our national interests even if this creates friction with other countries.”

These nationalist viewpoints are at the heart of the US National Security Strategy launched at the end of 2025. Its core principle is that “the world works best when nations prioritize their interests” and that international institutions must be reformed “so that they assist rather than hinder individual sovereignty.”

“It’s like standing on a shattered piece of glass which hasn’t yet broken but it could... equally someone may be able to repair the glass before it shatters.”

“International institutions and laws have over-reached and interfere too much with the right of individual countries to put their national interests first.”





70%

of the public are pessimistic about the prospect for lasting peace in the Middle East

69%

of the public are pessimistic about the prospect of an end to the Russia-Ukraine war

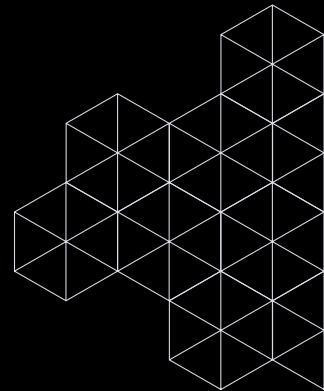
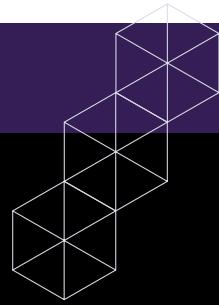
President Trump's decision to strike against Venezuela is a clear indication that America's newly minted National Security Strategy is not mere posturing. The removal of Nicolás Maduro shows that the US is ready to intervene unilaterally, over-riding previous international norms, wherever it sees its national interests challenged.

The Middle East conflict, where the consensus is that the battle between Israel and Iran – often played out in Gaza – is far from over, despite being contained for the time being. 70% of the public are pessimistic about the prospect for lasting peace in the Middle East.

Russia vs Ukraine, where Volodymyr Zelensky begins 2026 with the lifeline of an €90bn loan to sustain his war effort. However, there is a consensus that Putin is not ready for compromise and Zelensky will face growing pressure both from Trump and, perhaps, internally to cede territory to end the war.

The US National Security Strategy defining re-establishment of “*strategic stability*” between Russia and Europe as “a core interest”. The response of the UK and EU will have strategic consequences for Europe as well as Ukraine. The public don’t expect the conflict to be resolved in 2026. 69% of the public are pessimistic about the prospect for an end to the Russia-Ukraine war.

The non-military conflict between the US and China is viewed by many geopolitical experts as even more significant globally than the ongoing regional wars – and is a rare area of common ground between Republican and Democrat lawmakers in the US.



A tale of two economies

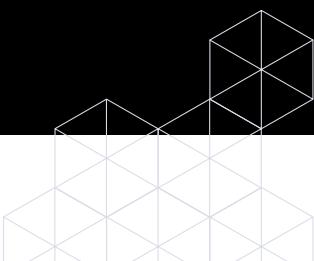
The debate over how the global economy will perform in 2026 was particularly intense among our experts.

On one side are the **cautious optimists** who argue that the world has proven itself to be remarkably resilient despite years of predicted gloom. They believe there's no reason to suspect that this won't continue to be the case and the "*muddle through scenario*" is the most likely.

They also point to the exceptional opportunities brought about by "*capital reallocation*" into defense, renewables and, of course, AI, with its enormous potential to boost growth.

The optimists also point to President Trump's plans to "*juice the economy*" in the run-up to the midterm elections and think that this will create positive ripples around the globe.

On the other side are the **pessimists** who argue the economy is on a precipice: that while we may not fall this year, a reckoning will come sooner or later.





The global economy pessimists also believe:

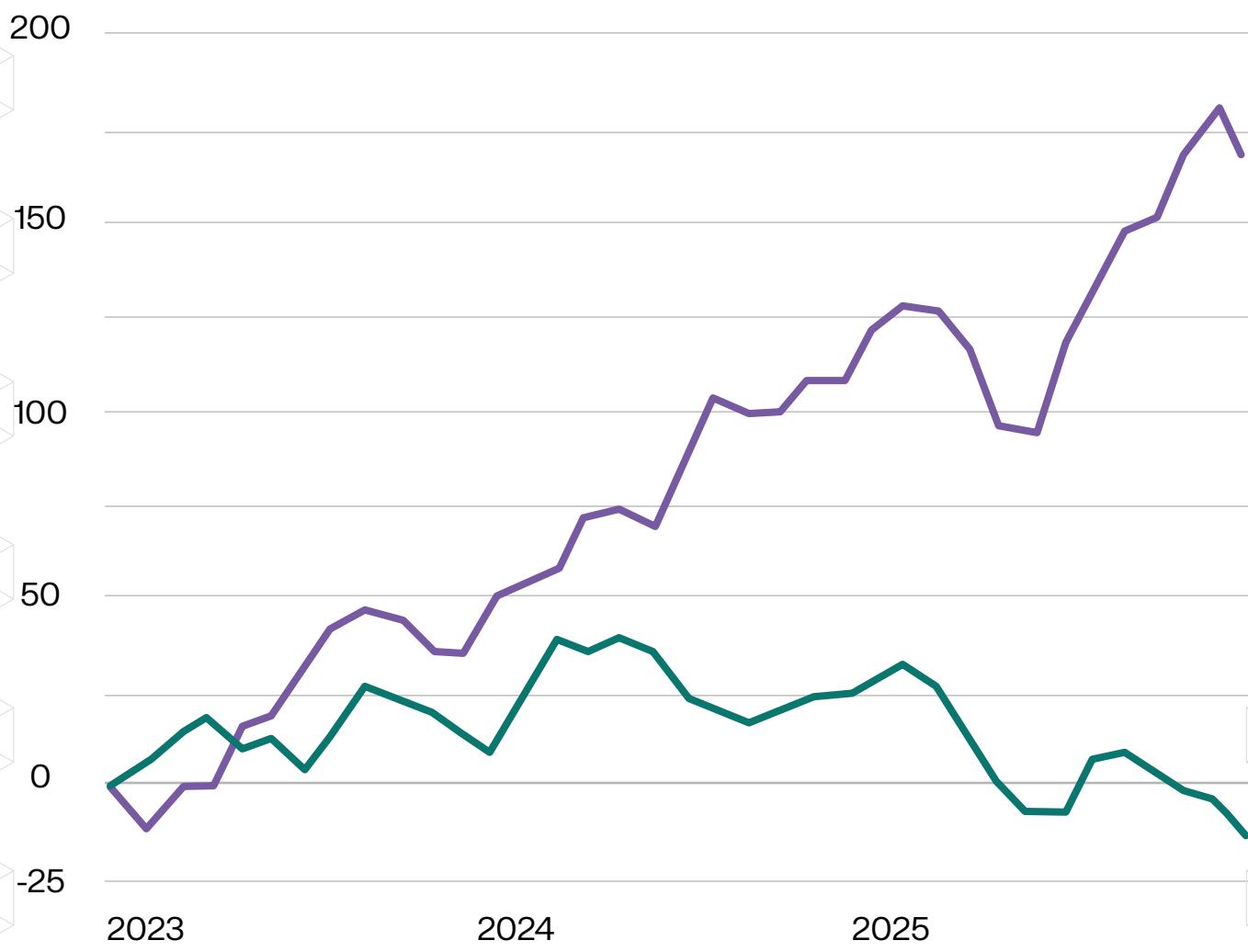
- The West is spectacularly over-leveraged, and that this is structurally unsustainable.
- Inflationary pressures are mounting
- The 'Magnificent 7' tech stocks [Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla] – which together represent a third of the value of the US stock market - are wildly over-valued:

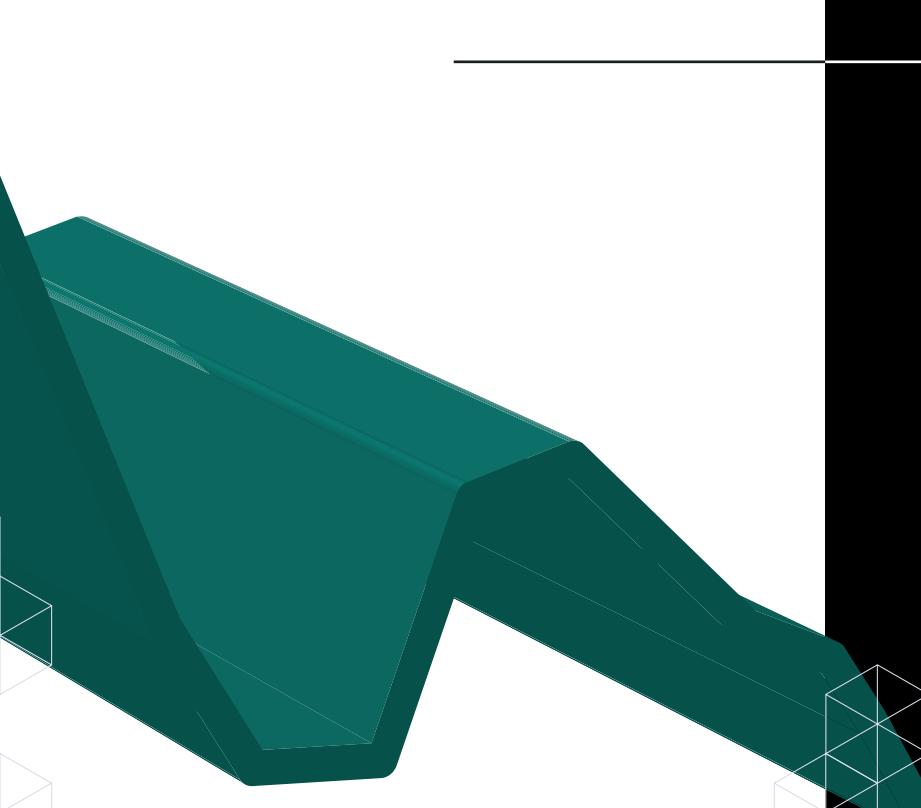
“Too much capital is concentrated in too few places.”

This graph shows the extraordinary growth in the Magnificent 7 stocks set against defiantly flat consumer sentiment:

Percentage change since November 2022

- Magnificent 7 composite*
- Consumer sentiment





There is a broad view among expert stakeholders that:

“There is a more than 50% chance of a significant correction in the equity markets.”

Among those who think that a market correction is probable, a few see this as a bubble bursting and major crash, but most believe it would be more like the *“inevitable churn”* that comes with a transformational new technology.

Reflecting the general mood of the public, our poll finds that 58%, including a majority of all the 27 countries we polled, are pessimistic about the risk of a global financial crash in 2026.

Whether or not there is a market correction in 2026, there is general agreement among experts that we are witnessing a tale of two economies.



“There is a more than 50% chance of a significant correction in the equity markets.”

The most important issues facing our country...



The salience of affordability feeds into public attitudes on tax, with large majorities in all of the countries we polled wanting more of the tax burden to be borne by business and the wealthiest.

“We’re in a gilded age [in the US]. There are people buying ten homes... and people that can’t afford rent.”

There is a consensus that many countries are experiencing “a K-shaped economy” where outcomes diverge, like the legs on the letter ‘K’. The winners are high-income earners and tech industries, while those on low-incomes and in certain more traditional sectors struggle.

This experience is reflected in our polling. Across Europe, America, Canada and Japan, half of the people believe that even as their economies grow, “*the benefits will be felt only by those who are already well off*” – a corrosive perception undermining political support for governments to take difficult decisions to spur growth.

Across the 27 countries we polled, more people expect their financial situation to worsen rather than improve over the next year. The United States, Canada and a few European countries are notable exceptions. In the US, nearly half of respondents (44%) anticipate being better off financially, while only 25% expect to be worse off.

With the cost of living seen as the most important issue for people in all but a handful of countries, high food and energy prices will remain a significant burden for most people in 2026 across generations and regardless of party-political affiliations. Affordability will remain a potent factor in politics. ↗

64%

The government should introduce a wealth tax

80%

Too much of the tax burden falls on working people and not enough on business

USA: The year of “no let up”

President Trump’s return to office brought the expected disruption – but surprised many observers with its speed and effectiveness. With midterm elections looming, most experts expect the pace of disruption to accelerate in 2026. As one Washington watcher noted:

“There will be no let up.”

After the intervention in Venezuela, the world is waiting to see where else President Trump is prepared to go.

Experts expect the administration to continue redefining, consolidating, and exercising executive authority on the domestic front too. One summarized the dynamic:

“[Trump] will continue to push past Congress wherever possible. He’ll even challenge the courts to press his agenda.”

As a result, the influence of Congress and the traditional policymaking process may be further constrained. Many experts believe strategic success for companies will depend on bringing the White House specific, transactional proposals that demonstrate immediate value.

CEOs now have unusually direct access to senior officials, and the C-suite will increasingly own the government affairs function on consequential issues.

International opinion on Donald Trump is notable for praise – sometimes grudging, sometimes bordering on admiration – for his leadership:

“He has shown the way for governments. You can get things done.”

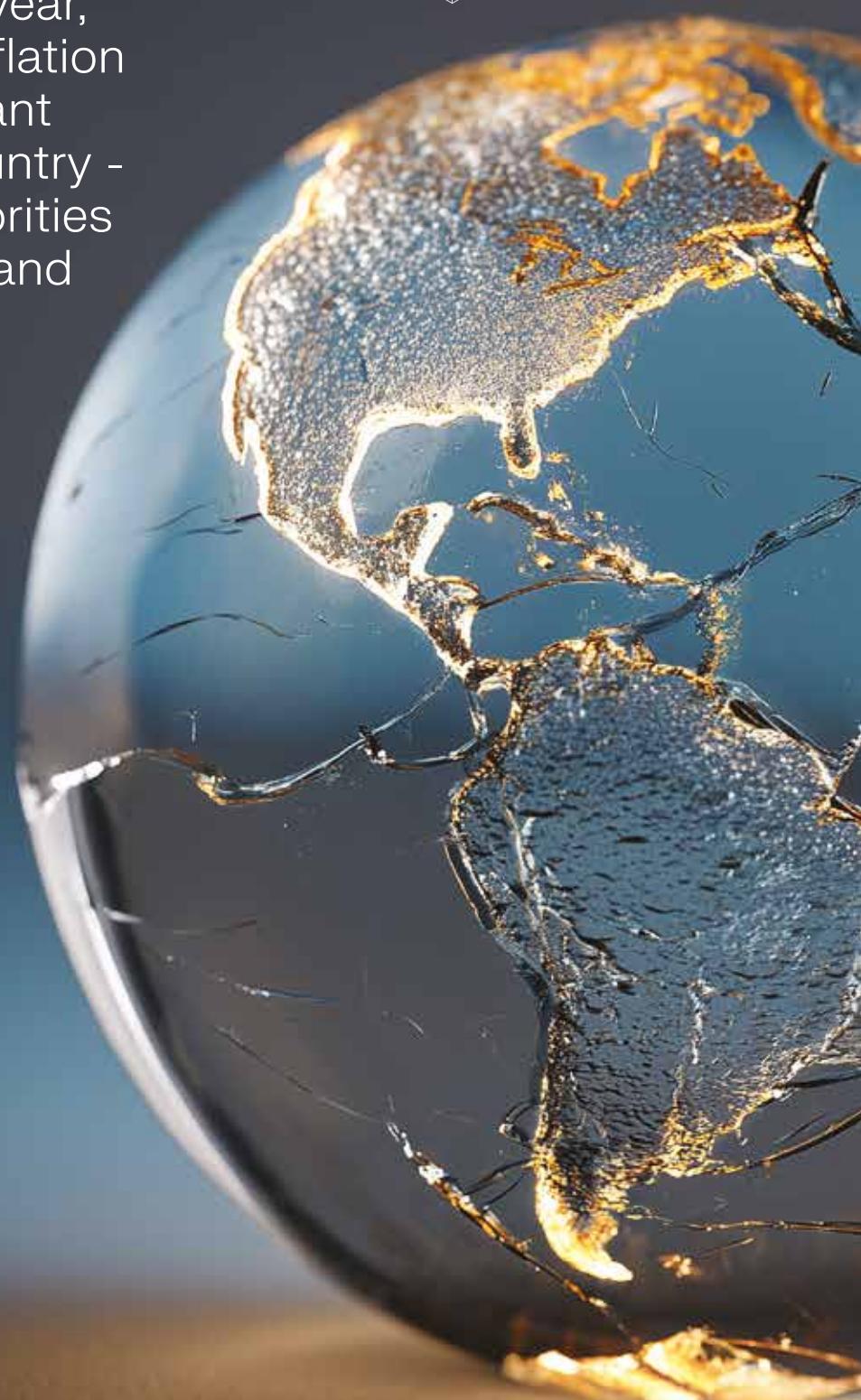
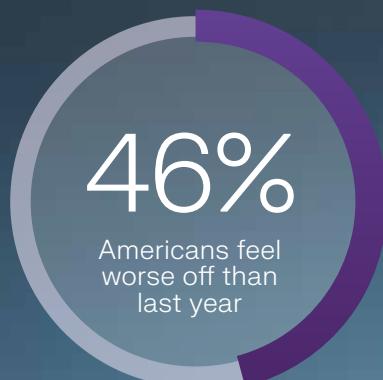
However, that is matched by widely held deep concern over his confrontations with institutions and departures from norms.

The year ahead could be the administration’s last opportunity to exercise full control of Washington, and there is a clear sense of urgency around executing its priorities. One political observer said:

“Trump will never let himself appear a lame duck – but he may become one – particularly if he loses control of the House and/or Senate.”

Entering 2026, the countdown to midterms – and voter concerns about affordability – will dominate politics. Expert stakeholders and the American public share the perception of a widening divide between elites and middle-class and working-class Americans. A majority of the public across parties believe the economic system favors the wealthy.

The strain is evident:
46% of Americans feel
worse off than last year,
and 66% identify inflation
as the most important
issue facing the country -
including large majorities
of both Democrats and
Republicans.



In an election year, the administration's focus on cost of living pressures to strengthen consumer confidence going into the midterms is likely to override competing policy commitments.

Experts expect the administration to prioritize visible price reduction measures, following the pattern of swift reversal on food tariffs after voter backlash in the November 2025 elections.

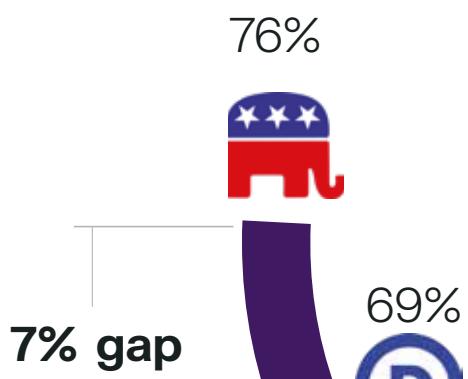
On trade, Trump is expected to pursue high-profile "deals" in the coming year. As one expert put it: *"I don't want to say the substance is secondary, but they do want to show they've negotiated a deal that benefits the United States."*

Businesses will also closely watch the leadership transition at the Federal Reserve. Any perception of politicization of monetary policy risks undermining market stability. As one economic observer warned:

"We could have turbulence at the Fed that we've never had before. That could have massive business implications."

On the crucial and divisive issue of Trump's tariffs, there will be uncertainty until the Supreme Court resolves the question of Presidential authority in this area. Some believe the ruling could curb executive economic authority and trigger refund claims. Others caution that a decision invalidating the tariffs may offer limited clarity: *"He can just impose tariffs another way that's more complex and slower."*

Most US voters oppose tariffs, with a stark political divide: 76% of Republicans believe tariffs strengthen the economy and make America more secure, a view shared by only 22% of Democrats.



"AI and automation will destroy more jobs than they create."

Against this backdrop, the 2026 midterms will function as a referendum on whether Trump-era governance delivers tangible economic gains for working- and middle-class Americans. The outcome, which looks finely balanced, will shape the administration's operating room in 2027 and beyond.

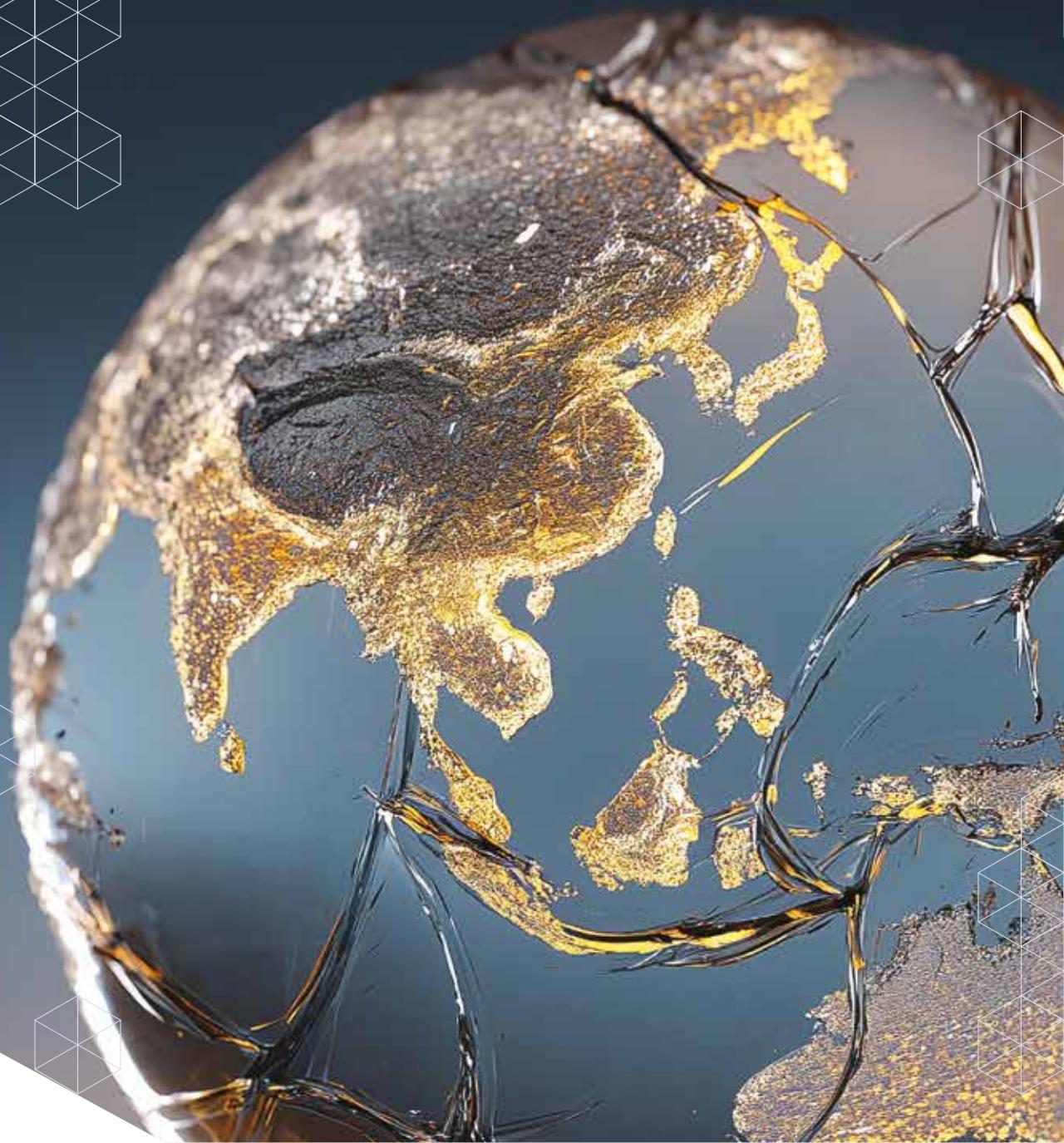
- If Republicans maintain or expand control of Congress, many experts expect the current centralized, transactional model to intensify through 2027–2028, with executive authority further expanding into policy areas traditionally shaped through legislation.
- If Democrats capture one or both chambers, heightened partisan conflict and gridlock are likely, with oversight, investigations, and appropriations battles dominating Washington's agenda. Companies closely aligned with the administration may face greater scrutiny.

- Business leaders should plan scenarios for multiple political outcomes, including the need to effectively engage with both parties after the midterms.

Regardless of the electoral outcome, experts agree that tensions between economic "winners" and "losers" will persist. Companies should prepare for potential protests, boycotts and employee activism focused on corporate political alignment, pricing and executive compensation.



China asserts itself in 2026



In last year's FGS Radar, a consensus formed that Chinese power was waning as its economy dramatically slowed. This year the opposite view prevails: China is back and expected to continue to show its muscle in 2026, consolidating its position as one of the two global superpowers.

Three overarching points emerged from our interviews with China experts:

- Structural weaknesses remain: a population that is “*getting old before it gets rich*”, a shrinking workforce and a huge gender imbalance are long-term strategic drags. An oversupply of housing has created ghost cities and collapsed a sector that had been a major driver of growth.
- Xi Jinping is compensating and course-correcting, principally through intense focus on AI, robotics and renewables. China has shifted from a technology imitator to a technology innovator. Its trade surplus is set to continue growing, driven in part by becoming an increasingly significant net exporter of electric vehicles.
- China has emerged stronger from the tariff face-off and has used US foreign policy as an opportunity to strengthen strategic ties with other countries, including India. In 2026 China will look to consolidate these alliances. As one observer put it: “*Trump has been great for China.*” As another said: “*I think they're looking abroad, flummoxed, but also not quite believing their luck about how divided the West is.*”

“Russia is a hurricane; China is climate change.”

Most experts also regard China as far and away the most significant strategic threat to the West:

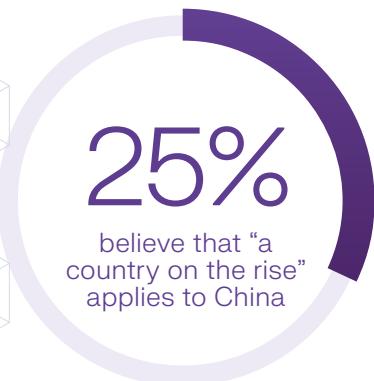
The public shares this view. Our polling finds clear majorities in most countries agreeing that “protection from the security risk that China represents is more important than seeking to benefit economically from deals with China”.

NET % agreeing that security should take priority over economic benefits in dealings with China



Our experts expect Xi Jinping – in an unprecedented third term and with term limits now abolished – to tighten domestic control alongside a more assertive stance globally.

Our polling finds that China is more widely perceived to be “a country on the rise” than any other nation. Across the 27 countries that we polled, 25% believe China is “a country on the rise”, ahead of 22% for India, 16% for the UAE (and, for comparison, 15% for the US and 7% for the UK).



25%

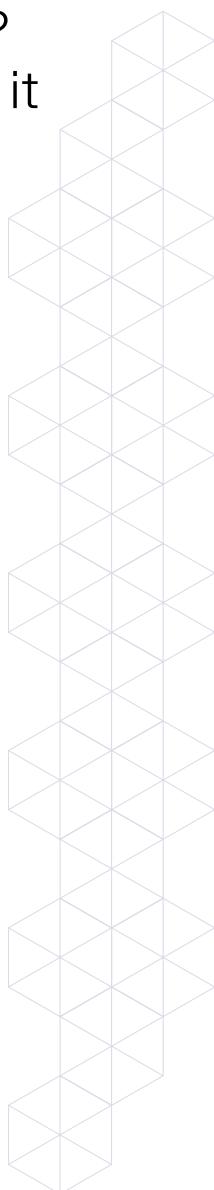
believe that “a country on the rise” applies to China

Stakeholders point to China’s strategy of developing a parallel AI ecosystem as setting up a potential global divergence over the next decade, with huge consequences for the balance of economic and political power.

China is widely felt to hold clear advantages when it comes to two of the three key enablers of AI’s potential to transform economies – abundance of energy and speed of infrastructure – but is at a disadvantage on the third, in its dependence on the West for microchips.



“If you have a giant new AI infrastructure project, do you choose the West or do you choose China? China is just going to do it a lot more quickly”



Most experts expect China’s strategic response to be rapid investment in “a vertically integrated solution from chips all the way up”, which as some stakeholders noted, would create a new global market reality, with geopolitical ramifications:

“Having the world split in half technologically is an inevitability, but that isn’t great for the West”

The stance of the Trump administration in this scenario is set out bluntly in the US National Security Strategy: “*to ensure that US technology and US standards*” prevail “*particularly in AI*,” deploying a “*suite of inducements*” to achieve this.



Most experts we spoke to expected China to continue to “*play the long game*” on Taiwan, with a consensus that a flare-up in 2026 is unlikely. However, the unilateral US intervention in Venezuela could change that calculus – potentially emboldening President Xi to make a move vis-à-vis Taiwan he has long hinted at, towards what he defines as ‘reunification’.

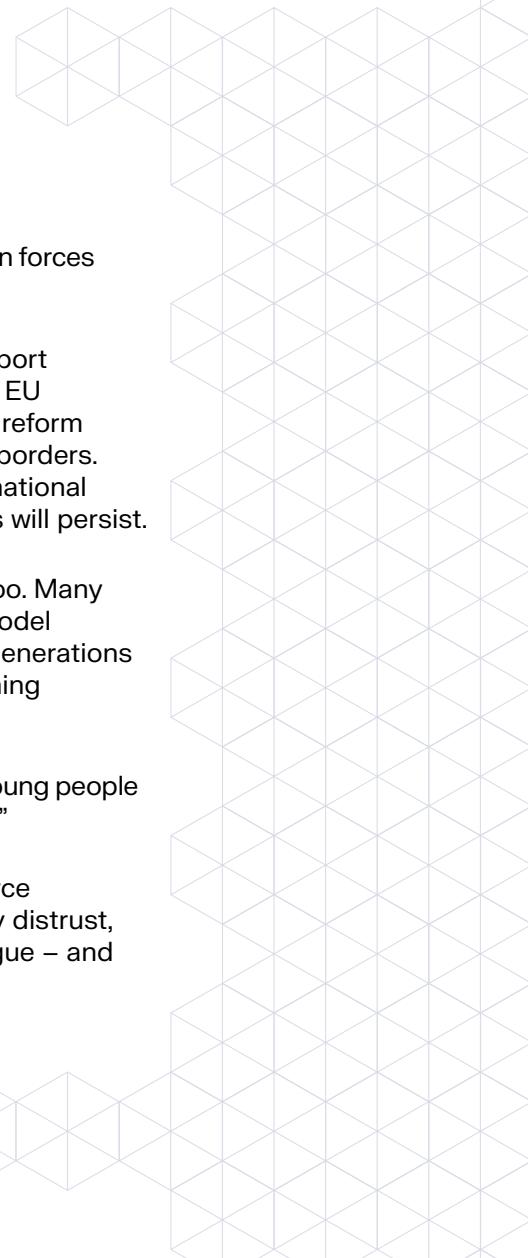


The European Union – a pivotal year



The direction of the European Union is a dominant concern among business leaders, economists and media across Europe. The EU is widely admired for its stability, but many are increasingly anxious about its competitiveness and geopolitical relevance. The overarching message is clear: The EU is not in a full-blown crisis – but it is not in control either. 2026 will be a pivotal year.





A minority of experts remain upbeat:
“There’s so much we get right. The sense of decline is massively overdone.”

But even optimists recognize Europe’s weakened position: *“If Trump and Xi are talking, Europe isn’t even at the table.”*

The US National Security Strategy represents an explicit challenge to the EU. It prioritizes *“cultivating resistance to Europe’s current trajectory,”* demands the *“opening up”* of European markets to US trade, and asserts a US strategic interest in European countries changing immigration policies to *“regain civilizational self-confidence.”* How these positions play out will be a major factor for Europe in 2026.

Many experts see Trump’s approach as both intensifying Europe’s vulnerability, but also representing its opportunity.

“Unpredictability in Washington forces Europe to finally grow up.”

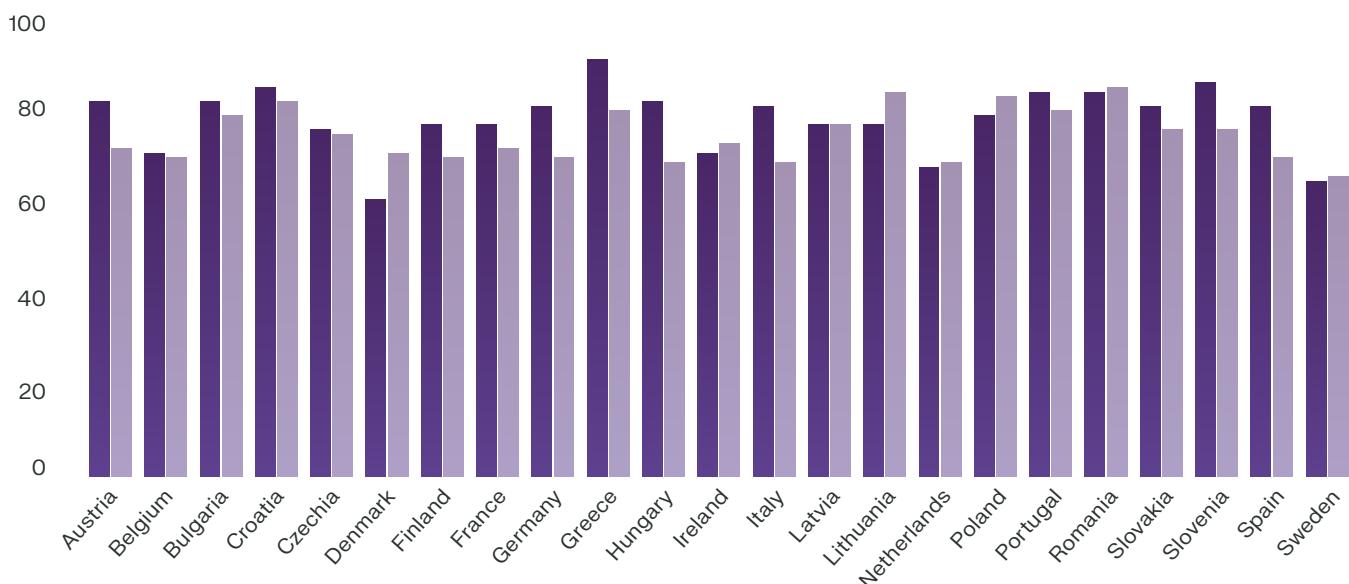
Our poll finds overwhelming support among the public in every single EU member state for both major EU reform and stronger control of national borders. These underlying pressures on national governments and EU institutions will persist.

Social pressures are mounting too. Many argue that Europe’s economic model disproportionately favors older generations while younger people face declining prospects.

“Policies were made against young people — they won’t tolerate it forever.”

Populism will remain a potent force across Europe in 2026, fueled by distrust, stagnation, and institutional fatigue – and

- The EU needs major reform
- The EU needs to allow member states much greater control of their own borders, so that countries can better manage immigration



potentially by the Trump administration's stated aim to intervene in European countries to help "patriotic" political parties.

Most Brussels experts expect moderate global growth in 2026, powered by US strength, technology diffusion and investment cycles; Europe will benefit — but passively.

"You can never short the US. Europe grows in its wake, just by less."

This feeds directly into Europe's growth paradox. The Draghi and Letta reports offer the most coherent reform roadmap in years — but implementation sits at only around 11%.

One central question, repeated by different expert stakeholders, was: *"Can Europe deliver growth without taking on more debt?"*

Many stakeholders argue that it can — if the European Union finally uses the tools at its disposal. The most powerful is the internal market, described as its *"biggest untapped engine,"* with deeper integration in services and capital markets equivalent to

removing tariffs of 45% on goods and 110% on services.

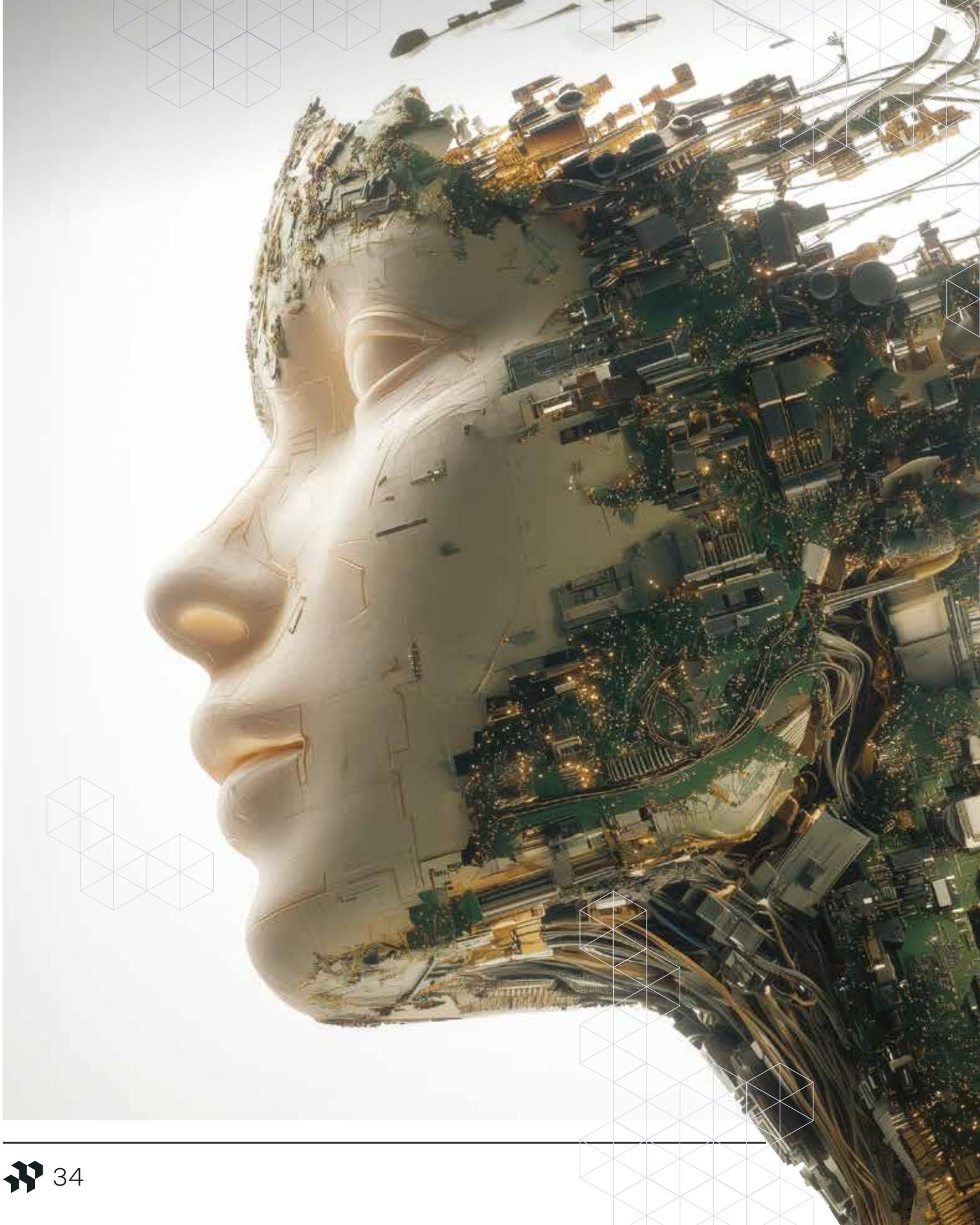
Interviewees stressed that the EU has the advantage of political clarity, a far stronger shared understanding of the challenge, and a much sharper sense of the cost of inaction than in the past.

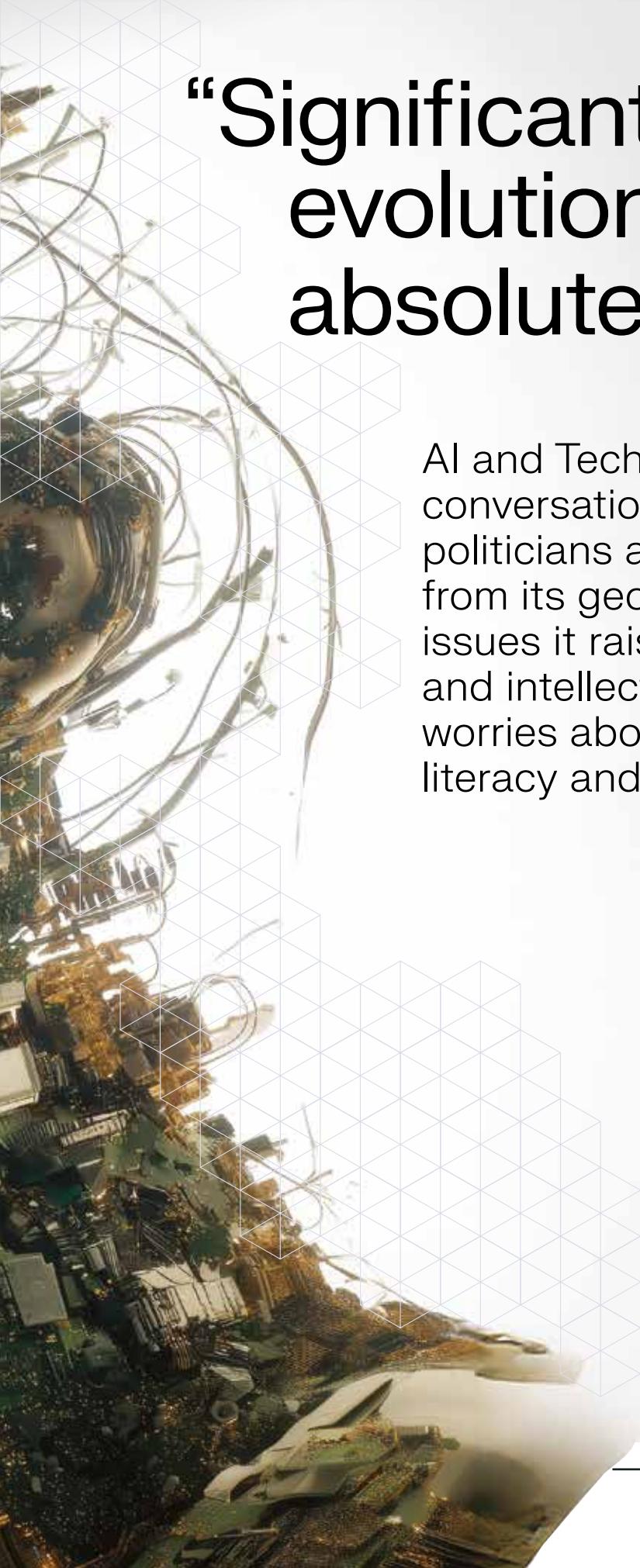
"This is a crucial moment for the European Union. A Special Envoy for Growth — someone like Mario Draghi — could embolden Member States and drive implementation with the Commission and Parliament."

Brussels insiders regard the EU Competitiveness Summit in February 2026 as a key moment. Many also expect deeper EU–China cooperation despite US pressure. ↗



3 AI & Technology





“Significant evolution not absolute revolution.”



AI and Tech dominated many of our conversations with business leaders, politicians and commentators – from its geopolitical impact to the issues it raises about sovereignty and intellectual property, as well as worries about its potential effect on literacy and the wiring of our brains.

In previous years our interviewees tended towards confidence that AI will be transformational but were unclear how it would be utilized and the pace at which its impact would be felt.

This year there was a consensus about its impact:

“Business will see significant evolution through AI, but not absolute revolution.”

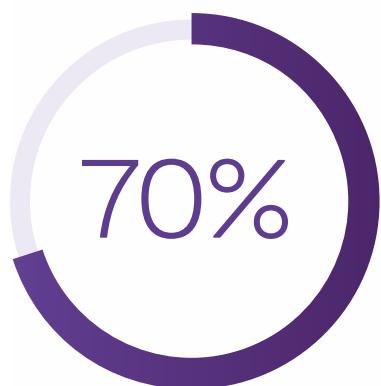
“There isn’t yet widespread cashing of the check quite yet...but the green shoots are clear. And that means a significant impact on the labor market.”

Large language models (LLMs) are now embedded in most businesses. Across our poll of 27 countries, more than one in eight people report using AI tools almost every day as a matter of routine; among Gen-Z one in four (23%) already do so.

There is considerable optimism among experts about the continued growth AI will have in 2026:

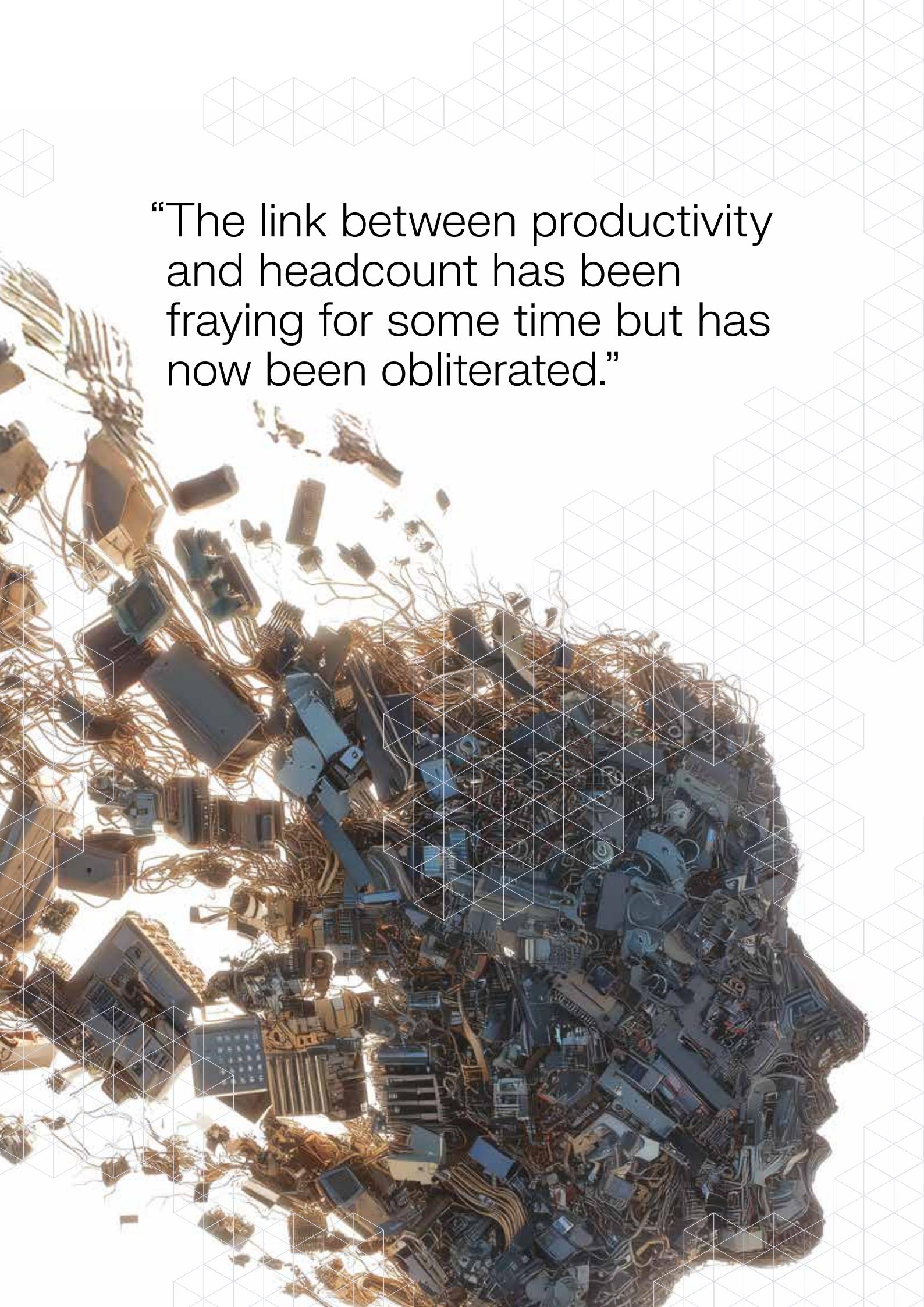
- Agentic AI, or autonomous systems pursuing goals with minimal human intervention, becoming commonplace, particularly in customer support, back-office functions, finance, HR, procurement and software development.
- LLMs becoming less text-based and more conversational.
- There will be step change in robotization and embodied AI (integrating it into physical systems like vehicles).
- Advances in medicine will become even more evident.

All of this means there will be more of a shift to practical implementation in 2026 with a focus on “*getting AI right*.” That means changing teams, workflows and services.



**believe AI will
destroy more
jobs than it
creates**





“The link between productivity and headcount has been fraying for some time but has now been obliterated.”

“AI is already replacing people at my workplace”

Some stakeholders express concern that in their haste to implement AI – meeting pressure to be seen to leverage its potential for efficiency gains – not all businesses have really worked through its role in their strategy.

Many conversations were dominated by the debate about the ultimate net impact of AI on jobs. Almost as many people (68%) believe AI companies should pay “significantly higher taxes to fund support for people whose jobs are replaced by AI.” While some were optimistic, more agreed with the idea that:

Most of the public share this view. While our polling found that people are optimistic about many potential implications of AI – particularly in the areas of productivity, healthcare and transport – overall 70% believe that it will “*destroy more jobs than it creates.*”

In the past, technological innovation has had a big short-term impact on the labor market, but also created new jobs. Expert stakeholders agree that this won’t be the case with AI:

“Broadly menial and easily replaceable tasks previously done by humans will go – not just in blue collar areas but professions like law and accountancy.”

39%
US

32%
across the EU

24%
Japan

23%
UK

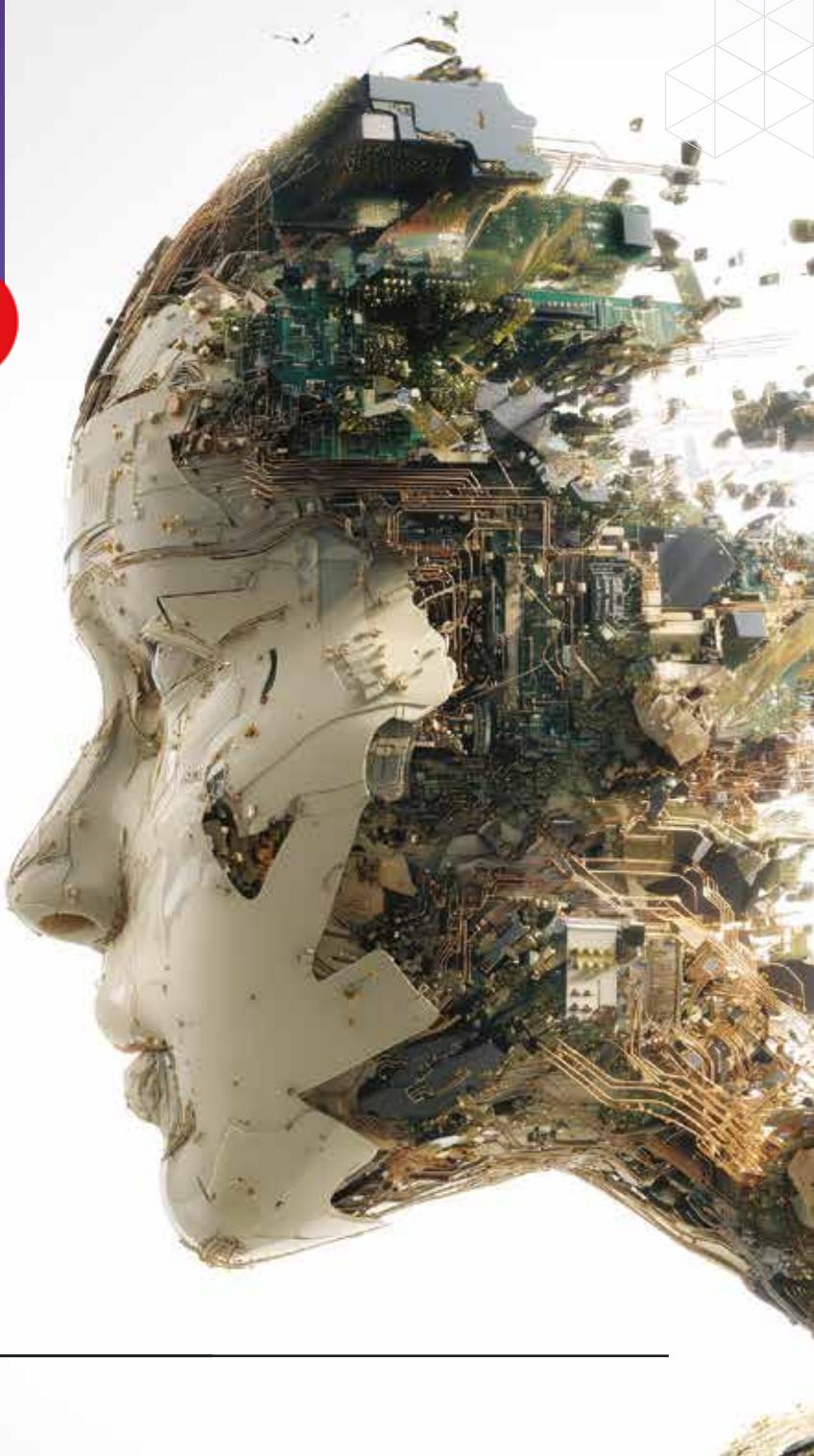
87% 83% 82% 86%



Many noted that another consequence is businesses being far more cautious about hiring young people.

“Skill obsolescence in specific areas is moving from the theoretical to the actual... and much faster than reskilling.”

More than three in ten people (31%) in our polling say that *“AI is already replacing people at my workplace.”* This varies across markets, from around one in four (39%) in the US, to around a third (32%) across the EU and a quarter (24%) in Japan.



Public support for governments regulating AI to prevent misuse

In previous years, our experts have often focused on the dangers of AI becoming super-intelligent and harming humanity. That debate is diminishing in 2026. Instead the focus is more on whether the social impact will be beneficial or destructive.

"I do think we're on the precipice of this entering into this post literate world... The twin aspects of reading less and writing less just mean that your brain becomes less sharp and functional."

While most stakeholders speak of the risk of over-regulating AI and thereby missing out on its transformational capability, many also feel that current regulatory regimes are *"not fit for purpose"* in areas such as copyright. Among the public there is much less ambivalence and broad support for greater regulation to prevent misuse.

Many experts point to a major fundamental challenge for the scaling up of AI: the vast amounts of energy to power these systems and volumes of water needed to cool them. In many countries planning laws also remain a serious hindrance. Optimists point to the prospect of Small Modular Reactors and circular cooling systems – but they won't be here in 2026.

The public strongly supports (71% across our poll of 27 countries) taxation of AI companies specifically to offset the impact of the huge amounts of electricity needed to power data centers on consumer energy bills. ►

Public support for people whose jobs are replaced.

71%
support for higher taxes on AI companies

To offset the impact of huge energy needs of AI.

68%
support for higher taxes on AI companies

4

Energy & Sustainability



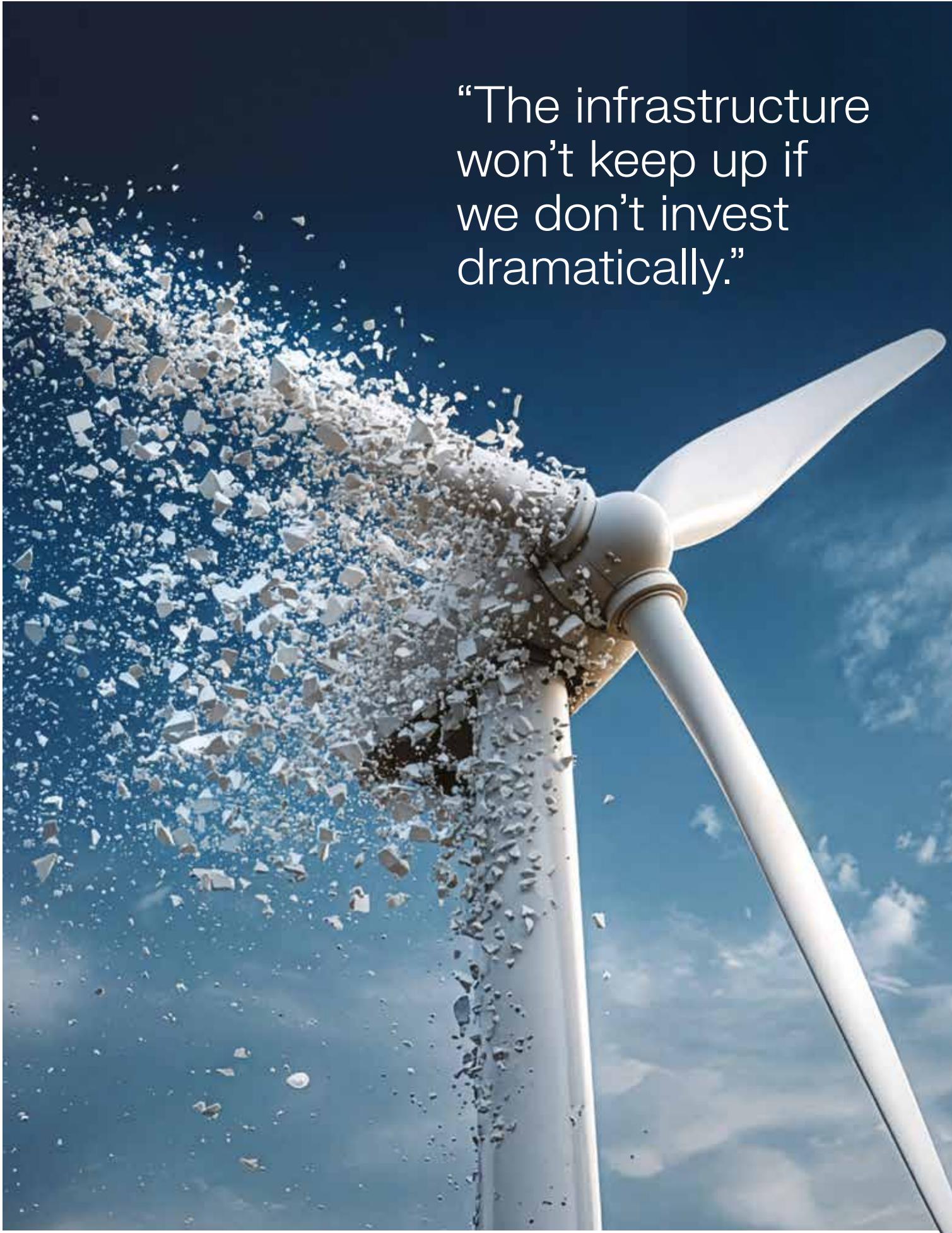
A fierce battle for the future

We spoke to both clean energy experts and fossil fuel advocates. Their consensus is that current systems to manage energy and climate change aren't fit for purpose. Experts want to go faster, but feel held back by out-of-date regulation, poor planning, inadequate infrastructure and red tape. The battle to change these will intensify in 2026.

Business leaders and politicians in developed countries look jealously at China's ability to move at pace on a massive scale and the competitive edge gained from its dominance of clean technologies.

The persistence of cost of living concerns and polarized politics, however, means governments will continue to prioritize short term expedience over long-term solutions.

Our experts argue that rising energy bills are also likely to create a public backlash against AI long before the technology's impact on jobs becomes a big electoral issue.



“The infrastructure
won’t keep up if
we don’t invest
dramatically.”

Boosting energy supplies

Most stakeholders agree that it takes too long and costs too much to build the energy infrastructure that economies need and that this is harming both public confidence and the ability of countries to compete internationally.

Solutions divide opinion. Some argue fossil fuels like gas have been unfairly demonized and should be deployed more aggressively to meet growing demand. Others doubt this will work, questioning whether the infrastructure is there. Large established energy companies are also criticized for moving far too slowly.

“There’s a five-year waiting list for gas turbines from the biggest manufacturers globally while the UAE is offering 24/7 electricity for data centers from solar and storage.”

Cutting emissions

Our experts agree that the falling cost of renewables and efficiency gains will change the energy system.

But several also warn that moving too fast has increased costs for consumers in developed nations, with the unintended consequence of a growing public backlash against the net zero agenda.

Our polling shows that public concern about climate change remains high. Across Europe, the US, Japan and Canada, between 68% and 75% agree that it is *“a serious urgent threat that requires major action now.”* Fewer than one in six thinks that the goal of carbon neutrality should be abandoned.

But, as some experts noted, most of those supporting progress to carbon neutrality also believe the transition should be *“at a slower pace to minimize the financial cost to people.”* Overall, that is the view of 50%, while only 17% want their country to progress to carbon neutrality “as quickly as possible even if it that means prices rise while we make the transition.”

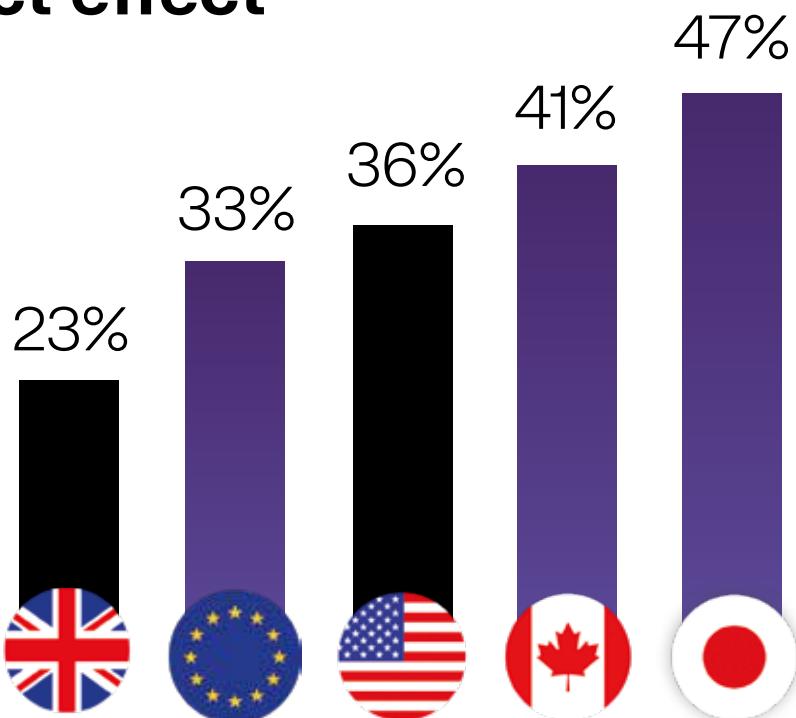


Support progress at a slower pace to carbon neutrality to minimize the financial cost to people





Percentage of people saying climate change is having a “direct effect” on their lives



Public opinion is likely to remain volatile. Across our poll, 36% of the public say that climate change is already having a direct effect on their standard of living today; almost half (46%) expect it will do so within five years, six in ten (59%) that it will do so within a decade. The politics of affordability could shift quickly.

Action from businesses and governments

The direct impacts of climate change are becoming financially significant. With the goal of keeping global warming below 1.5C or even 2C now very widely regarded as out of reach, the risks from extreme weather and the pressure this is placing on the food system will be taken increasingly seriously by businesses and governments.

Contrary to talk of retreat, many companies are pushing ahead – with target setting doubling globally in the past year.

However, there are significant questions about whether ambitious targets can be delivered.

“There’s a business case for us to continue cutting emissions – it’s just not strong enough for us to get close to net zero.”

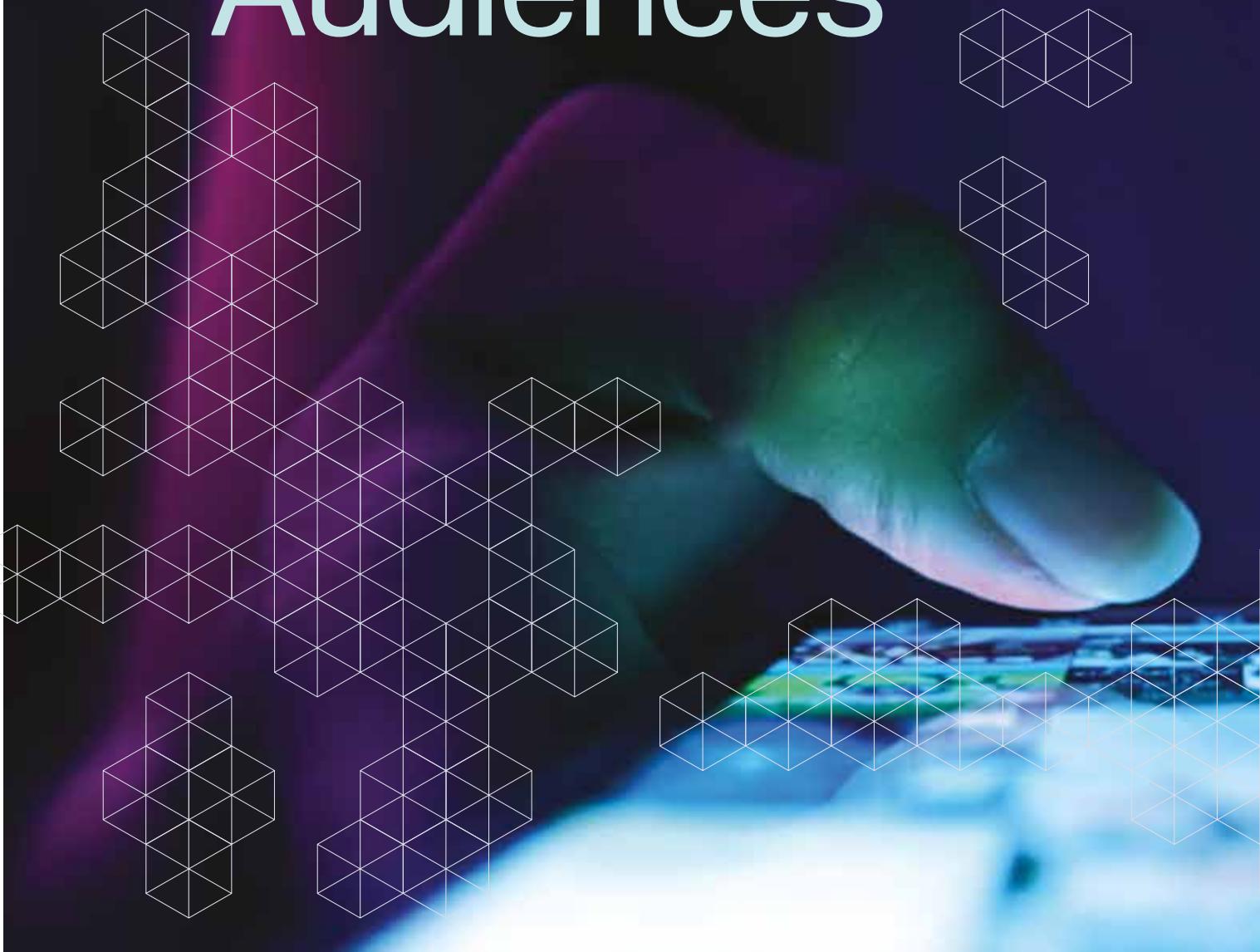
Our experts all acknowledge that the COP process is on life support. With multilateralism waning, *“new alliances are emerging led by players like Brazil and the UAE. The question is how quickly they can make an impact?”*

Experts expect a growing debate about best practice for companies and the consequences for governments of overshooting the 1.5C target to grow in 2026. ↗

A wide-angle photograph of a renewable energy facility. In the foreground, numerous solar panels are angled towards the sun. In the background, several wind turbines with white blades are visible against a bright blue sky with scattered white clouds. Several birds are captured in flight across the upper right portion of the image.

“New alliances are emerging led by players like Brazil and the UAE. The question is how quickly they can make an impact.”

The year of Atomized Audiences





The era of leaders being able to easily define and influence all their key stakeholders is over.

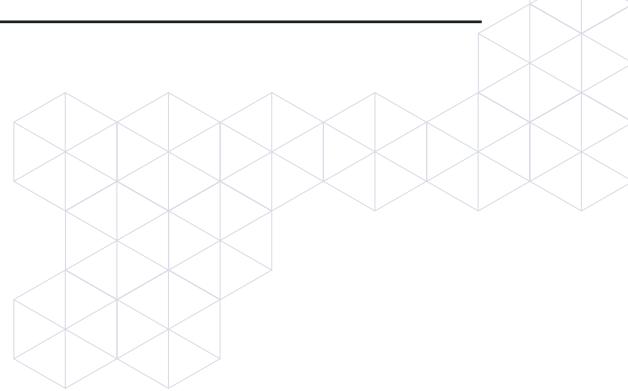
Influence now flows through atomized media ecosystems: decentralized trusted sources, peer-driven networks, targeted misinformation, amplified by algorithmic and AI-mediated information systems.

Mainstream media will continue to matter in 2026, but its influence will continue to weaken in the face of collapsing public trust:

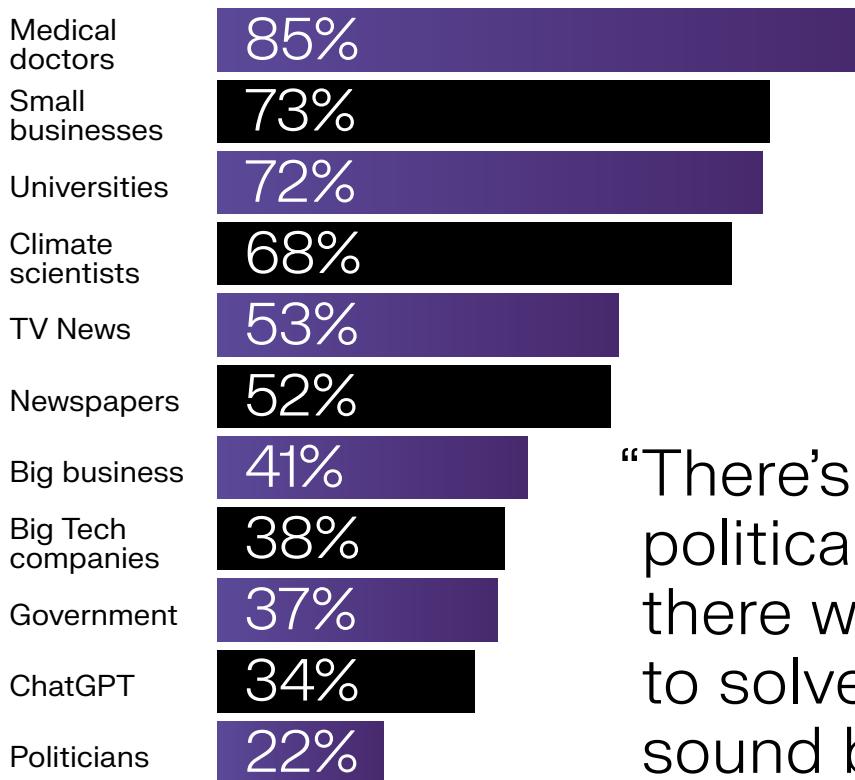
Of the 27 countries we polled, in only two – Denmark and Finland – do more people trust mainstream news media than mistrust them.

61%

Believe that mainstream news media have their own agenda and can't be trusted to report things in a fair and balanced way



Level of trust in information sources



“There’s a whole raft of political leaders out there who are trying to solve things by sound bites.”

Overall, only just over half of people in our polling say that they trust television news and newspapers, though within that average there is a spectrum, with trust levels in these media strongly positive in some countries. Politicians are the least trusted information source in every country, with even ChatGPT commanding more confidence.

Many stakeholders believe that political and business leaders need to take these low levels of trust more seriously.

“Governments and businesses are not paying enough attention to a loss of trust.”

The hierarchy of influence continues to be rewritten with the rise of large language models. In 2025, AI assistants like ChatGPT replaced search engines as the go-to source for information, reshaping how opinions are formed and reputations built – a trend that will only accelerate. With LLMs relying on sources like Reddit and Wikipedia, as well as select traditional media sources such as Reuters and Bloomberg, being visible in these gateways is now essential for influence.

More content than ever is competing for attention – from three-hour podcasts to ultra-short videos. Yet attention spans and engagement are declining. And a significant group is actively tuning out as self-protection. For some, news avoidance has become a mental health strategy, creating information deserts where people know less about the world around them while simultaneously feeling overwhelmed.

Businesses and governments have increasingly nuanced, complex messages to deliver, but the environment rewards simplicity, provocation, and tribal signaling.

Many of the experts we interviewed agree that the consequence of the atomization of the stakeholder economy is that there is much less of a common agenda. They describe a shift from a monoculture – where everyone coalesced around similar debates and views were rooted in commonly accepted facts – to a splintered landscape where people feel disconnected, literally and figuratively, and the agenda is defined in countless digital silos.



47% of people now report
feeling “disconnected from society”
around them.

Social isolation, which is a strong driver of populism, is on the rise. The disengagement runs deeper still.

When presented with the Matrix dilemma – a choice between the blue pill (a simulated, comfortable, safe world, but one that is false and unreal) and the red pill (reality: truth, awareness, knowledge but also complexity, risk and difficulty) – more than a quarter of people opted for the blue pill. This is more pronounced among younger generations: a third of Gen Z would choose blue, preferring comforting illusion to difficult reality.

Overall, 17% of people say that they consciously choose to spend more time on

entertainment content to avoid engaging with what's going on in the world. One in four Gen Z-ers say that they do this.

Our experts are clear that the ability to identify – in the atomized stakeholder universe – the voices that are gaining traction from those that are just noise, and then to distill a message and manage it across multiple channels, will be increasingly important determinants of business success.

The question for 2026 isn't whether this fragmentation is good or bad. It's whether organizations can adapt fast enough to thrive and prosper. ➔

A third of Gen Z would choose the blue pill, preferring comforting illusion to difficult reality.



Leadership in a Rewired World

There's a lot to unpack in FGS Global Radar 2026

Here are some conclusions, actions and watchwords for leaders:

1. Build a “reality function” to detect and interpret fractured environments

In a K-shaped world of splintered realities, leaders need systematic intelligence – not intuition – to understand how different groups perceive risk, fairness, and legitimacy.

2. Rebuild strategy for volatility rather than stability

With democratic pessimism rising and institutional processes weakening, policy and regulatory baselines can shift quickly.

3. Treat affordability and perceived fairness as binding constraints

Economic anxiety is no longer a sentiment issue; it is a strategic constraint shaping regulation, political pressure, and consumer behavior.

4. Treat AI adoption as both a capability and a social contract

AI now sits at the intersection of economic efficiency, workforce anxiety, and political scrutiny.

5. Lead as if legitimacy is constantly contested

In a pessimistic, polarized environment, legitimacy is not assumed; it is continuously earned and always vulnerable, making authenticity and strategic integrity more important than ever.

With all that in mind, what are the watchwords that will be needed for leaders in the noisy, fragmented, rewired world of 2026?

Strategy

Many of our experts started by underlining the difficulties of leadership at this time – and the need for perspective:

“I think these jobs are actually impossible in this totally polarized world, you’re never ever going to keep everybody happy...so you have to try to make good decisions, and be able to explain those decisions...”

Leaders we spoke to conclude that long-term strategy is more important than ever:

“If there’s a dissonance between what you say and what you do, that’s a big problem... Strategy really matters more than ever. If you haven’t got a strategy, you’re lost.”

Agility

Leaders across the board stressed the importance of agility:

“Agility is critical. You’ve got to be able to move fast, adapt your plans, adapt his strategy, embrace AI.”

One compelling analogy that came from our interviews was satellite navigation – the idea that leaders need to be clear on their destination, but accept that they will need to be flexible in how they get there:

“You need a North Star, but a bit like a GPS you are going to have to re-route... road-works, delays, traffic jams, Sat Nav has enabled you to replan your route the whole time.”

The constant impact of politics on the life of business leaders is clearly here to stay:

“You have to think all the time about the political environment in which you’re operating. You are permanently at risk of getting on the wrong side of a political argument or a moral argument...And so you’re going to have short term noise and long-term decisions...”

Authenticity

Another major theme was the need for authenticity:

“Authenticity by definition, is infinitely durable. You are what you are. If you can deliver in that way, then the current trends of the day don’t matter.”

Storytelling

Finally – the need to be a storyteller shone through:

“Storytelling is the single biggest thing. Social media divides us, hates complexity, kills concentration. Nothing sticks. Leaders must repeat their message relentlessly.”

Strategy.
Agility.
Authenticity.
Storytelling.

These are the hallmarks of the work we do here at FGS Global. We look forward to working with you on achieving them in 2026.

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