

3 political and social risks to watch out for in 2026

Coface

Tense elections, population discontent, changes in United States policy and geopolitical shifts: 2026 is shaping up to be a pivotal year, with no promise of greater clarity.

Political risk: a new norm for your business strategy

The outcome of political and social risk in 2025 is clear: according to the Coface index, [global political risk has reached a historic tipping point](#), reaching 41.1%. Far from being temporary, this trend is part of a structural dynamic, driven by two main factors:

- Deepening armed conflicts: the war in Ukraine and tensions in the Middle East are becoming entrenched;
- Violent internal unrest, which has increased, highlighting social protests that are shaking the established powers.

This new reality requires companies involved in global trade to incorporate political risk as a long-term parameter in their development strategies, hedging policies and investment decisions. In this turbulent environment, here are the three political and social risks that companies should prioritise in 2026.

Risk #1 - Electoral shifts and political instability: map your country exposures

In 2026, this structural instability will find its main expression at the ballot box.

In the [United States](#), after a year marked by the return of Donald Trump, the mid-term elections in November 2026 will be crucial. The complete renewal of the House of Representatives, 35 seats in the Senate and 36 governorships could redraw the balance of power.

In **Latin America**, the coming months promise to be just as decisive:

- In [Brazil](#), the October presidential election could mark a turning point, with President Lula seeing his popularity wane as he seeks a fourth term;
- In [Colombia](#), the 2026 presidential election will take place in an equally tense climate, as the outgoing left-wing president, Gustavo Petro, is unable to stand for re-election.
- In [Peru](#), general elections are scheduled for April 2026, following the impeachment of President Dina Boluarte last October.

Europe will enter 2026 in a context of political realignment marked by several decisive elections that will effectively redefine the political balance within the European Union:

- In [Hungary](#), the narrowing gap in the polls between Viktor Orbán and the opposition led by Péter Magyar opens up the possibility of a break after fifteen years of political continuity, illustrating more broadly the weakening of the European political centre in the face of the rise

of populist forces.

- This trend is echoed in [France](#), where the March municipal elections will serve as a barometer ahead of the 2027 presidential election, in a landscape where the Rassemblement National (extremist right-wing) has a strong influence on public debate.
- In [Sweden](#), the general elections in September will confirm (or not) the Sweden Democrats' position as the second political force, symbolising the growth of the protest vote in the region.

In **Africa**, the trend towards democratic decline remains marked:

- National elections will be held in [Algeria](#), Ethiopia, [Morocco](#), **the Republic of Congo**, [Uganda](#) and Benin, which was recently shaken by an attempted coup in December 2025.
- Several countries led by ageing presidents re-elected in 2025, such as [Cameroon](#), could enter a transition phase.

Finally, in **Asia**, [Bangladesh](#) will be one of the major points of attention. Two years after the student uprising that ended fifteen years of power, the country will hold legislative elections coupled with a constitutional referendum in February.

The electoral risk is not only related to the results, but also to the uncertainty and polarisation they generate. In this context, political changes of direction can affect trade agreements, industrial policies and budgetary decisions, forcing companies to consider these shifts.

Ruben Nizard, Head of Sector Research and Political Risk Analysis at Coface.

In 2026, young people and populations worn down by successive crises could once again be the driving force behind social mobilisation. Data from the Coface political and social risk index reveals an increase in the risk of political and social fragility in countries where young people play a major role in protests.

In **Asian countries**, protests and social unrest are on the rise:

- In [Nepal](#), it took just two days to secure the Prime Minister's resignation.
- In [Indonesia](#) and [the Philippines](#), young people rallied against reforms deemed unpopular and a political class perceived as corrupt.
- In Africa, the GenZ212 collective in **Morocco** has emerged as a key player in protests against the deterioration of public services, revealing deep socio-economic frustrations. In [Madagascar](#), several weeks of protests led to a military coup, illustrating the persistent political volatility in certain regions of the continent.
- In **Iran**, the new wave of protests since the beginning of 2026 confirms the growing pressure on a weakened regime. Repression remains particularly severe, but it is no longer able to contain the protest movement rooted in the economic, social and political crises of recent years.

The country has been shaken several times by large-scale demonstrations — whether movements against the high cost of living, the 2019 protests in or the "Woman, Life, Freedom" uprising in 2022-2023 — revealing a structural rather than cyclical protest movement.

The Coface indicator ranks Iran as the second most politically and socially fragile country in the world in 2025 (86%, behind Sudan), a level that reflects the accumulation of internal tensions and the regime's inability to meet the expectations of a young, precarious and increasingly mobilised population.

said **Anna Farrugia**, Coface economist.

In many **advanced economies**, social unrest is also gaining ground, with the EU-Mercosur free trade agreement causing significant tensions.

- In [France](#), opposition from farmers has led to protests denouncing what they see as unfair competition and distortions linked to environmental and health standards. Social unrest, already evident in the "Bloquons tout" ("Let's block everything") movement in September 2025, has weighed on confidence and investment.
- [Bulgaria](#) was shaken by Generation Z's mobilisation against corruption, a movement that led to the resignation of Rossen Jeliaskov's government as the country approached entry into the eurozone. [Italy](#) has not been spared: at the end of 2025, trade unions launched a national strike against the Meloni government's 2026 budget proposal. **Across the Channel**, debates on immigration and pro-Palestinian demonstrations are maintaining a fragile social climate.
- In **the United States**, tariff policy is weighing heavily on the domestic market, with 80% of the customs duty bill being borne by American entities (businesses or consumers), a factor likely to fuel discontent.

A common thread has been emerging for several years, both in advanced and emerging economies: growing frustration with economic and social conditions that are perceived to be in decline, and deep disenchantment among the population with the political classes in power.

Ruben Nizard, Head of Sector Research and Political Risk Analysis at Coface.

Risk #3 – Between challenges to American hegemony, power rivalries and persistent conflicts

The capture of Nicolás Maduro in early January showed, if further proof were needed, that the year is starting in line with the geopolitical volatility that has become the norm in recent years. This American stance comes amid global instability that is redrawing geopolitical and trade balances. The tariffs announced by Washington last April have pushed trade uncertainty to unprecedented levels. The challenge for 2026 will be as much legal as political: the US Supreme Court is due to rule on the legality and scope of the executive's tariff powers.

Added to this are long-running conflicts. The Russia-Ukraine war is now entering its fourth year, with no real prospect of resolution despite European and American diplomatic efforts. In the Near East, the situation remains just as precarious: the region continues to be marked by significant fragility, despite the ceasefire agreed between Israel and Hamas.

For companies engaged in global trade, this context requires a proactive approach and specific measures:

- strengthening political monitoring,
- geographical diversification of operations,
- flexibility of supply chains
- integration of country risk into strategic decisions.

The year 2025 ended in an in-between state, with resolution plans circulating but without producing real and lasting peace. 2026 begins in a world where geopolitics is no longer background noise but a structuring factor in companies' strategies.

Anna Farrugia, Coface economist.

Want to protect your business from political risks in the countries where you operate? [Contact our experts](#) near you to learn how!