

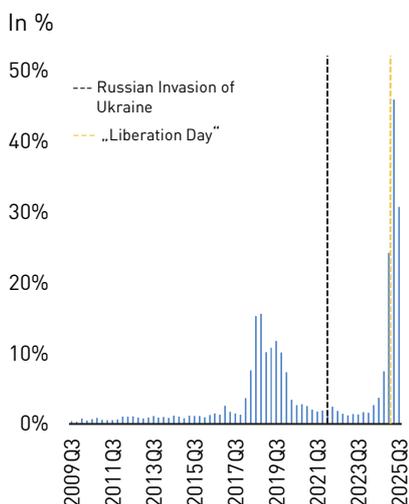
Chart of the Week

Firms Under Geoeconomic Pressure

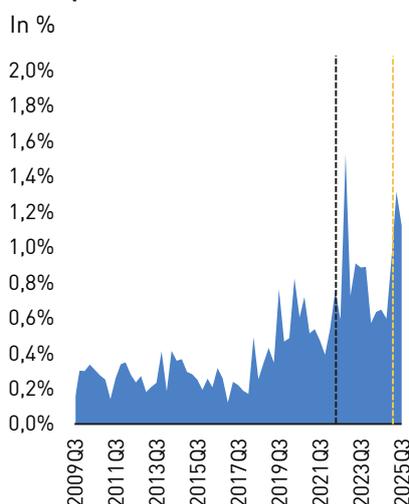
Geopolitical tensions were omnipresent in 2025. In particular, the extensive use of tariffs by the United States and export controls on rare earths imposed by the Chinese government led to significant disruptions in international economic relations. The strategic deployment of geoeconomic instruments is no longer a new phenomenon, but has evolved into a central tool of political power in recent years. Since 2019, the use of sanctions has more than tripled, while export restrictions on strategic raw materials critical to advanced technologies increased fivefold between 2009 and 2023. Clayton et al. (2025) demonstrate that geoeconomic instruments predominantly affect firms negatively, with tariff policies most recently exerting the strongest impact. In the second quarter of 2025, around 45% of the analysed firms worldwide were affected by tariffs.

Geoeconomic instruments are putting increasing pressure on firms

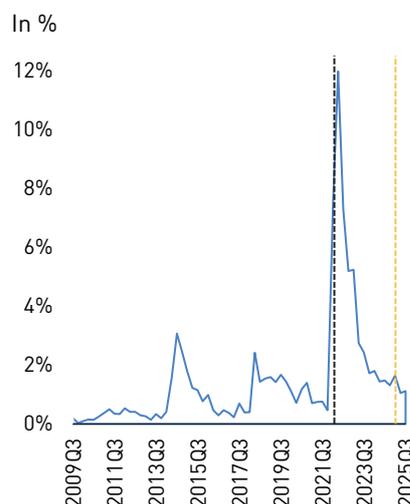
(1) Tariffs



(2) Export Controls



(3) Sanctions



Source: Clayton et al. 2025; Geoeconomic Monitor.
Note: The charts plot the percent of quarterly earnings calls in which it is mentioned that the firms's business or decisions are being affected by tariffs, sanctions, and export controls.

Geoeconomic pressure triggers different corporate responses, such as the reconfiguration of supply chains, increased investment in research and development in response to export controls, and price adjustments driven by higher input costs resulting from tariffs. Overall, the findings underscore that geoeconomic pressure has a structural impact on corporate decision-making and that firms are increasingly becoming directly affected players in geopolitical conflicts. Strategic adaptability is becoming a decisive competitive factor.

TAKE: The systematic and large-scale use of geoeconomic instruments is increasingly reshaping the conditions of international competition and placing pressure on Europe's open economies to adapt. A geostrategic response requires a coordinated trade policy that strengthens existing partnerships, secures new agreements, and diversifies both import and export markets. At the same time, EU member states hold significant autonomy in deepening and expanding the Single Market, which must be advanced rapidly. Strategic autonomy further entails strengthening European value creation in key strategic sectors, without compromising cooperation and open supply chains.



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