

Global instability rocked the tech industry in 2022 and risks loom large for 2023

Article

Looking back: Geopolitical instability over the past year has had profound implications for the tech industry.

- Russia's war in Ukraine heightened fears of [cybersecurity attacks](#) on critical infrastructure, dealt another blow to an already [crippled global supply chain](#), and triggered an [energy crisis in Europe](#).
- In addition to tech companies halting business operations in Russia and other drastic measures, **Big Tech companies also experienced financial losses due to the conflict's cascading economic fallout.**

Meanwhile, China's growing alliance with Russia intensified fears about how authoritarian leaders might control technology and wield it for belligerent purposes.

- The threat prompted the Biden administration to enact a [ban on advanced semiconductor exports](#) to Russia and China, [limit foreign investment](#) in US tech companies, and [scrutinize business deals](#).
- At the heart of the tension is an escalating tech cold war focused on a nationalistic race to be the leader in AI capabilities.

Looking forward: The war in Ukraine may be speeding up renewable energy adoption, but we can expect it to hinder global economic recovery until a ceasefire. And as the US federal government eyes more curbs on China's tech advancement, the tech cold war will press on.

- Although the US views the restrictions as necessary, **China could retaliate by invading Taiwan** in an attempt to take over the country's semiconductor manufacturing base.
- With Taiwan-based [TSMC tied to the fate of the global economy](#), the outcome could have devastating consequences.
- Even in the absence of a military show of force, a more subtle war involving cyberattacks and disinformation spread through social media is becoming the norm as an alternative to open warfare.

There may have been a time when technology companies were helping to foster a more connected world. But they're now caught in the middle of a growing rift, and in some cases contributing to it.

- **Social media platforms have been implicated in political instability and human rights violations.** However, the push for stricter content moderation is still butting up against those who [don't want such controls](#) in the name of free speech.

- In the case of **TikTok**, questions about content control, addictive algorithms, and ties to Beijing mean that it could potentially be banned in the US again.

What's at stake: Waning diplomacy and intensifying nationalism regarding technological innovation could unwind the decades of collaborative progress that has been integral to advancement in areas like AI, quantum computing, and [space exploration](#).

- **The building of geopolitical walls could eliminate the pooling of international tech talent and resources, resulting in siloed and stymied progress.**
- Growing factions could result in a global [splinternet](#) and make it more difficult for any one nation to procure materials for batteries and electronics.
- It could also make it more difficult for tech companies to do business internationally, which would curtail already declining revenues.

Expect to see continued geopolitical tension pose challenges for the global economy and the tech supply chain in 2023.

- A ceasefire in Ukraine in 2023 would allow the country to begin rebuilding, stabilizing global food markets and helping restore supplies of metals like copper and platinum, essential in tech products.
- But the diplomatic rift with Russia will persist, hampering global energy supplies, especially in Europe, which will keep industries vulnerable.
- Meanwhile, the US' semiconductor sanctions on China could expand to cover other technologies. Trade restrictions could backfire if other nations don't comply with the US' rules or if China retaliates.

Leading Challenges Creating Long-Term Economic Consequences in 2022 According to Financial Services Executives Worldwide

% of respondents

	Germany	UK	The Americas
Climate change	32%	21%	12%
Geopolitical disruptions	26%	24%	16%
Market inflation	18%	23%	31%
Conflict in Ukraine/Russia	10%	4%	4%
Supply chain	7%	16%	20%
Digital transformation	4%	1%	3%
Changes in consumer behavior	3%	6%	7%
COVID-19 effects	1%	4%	7%

Source: AlixPartners, "Preparing for the Storm: Insights from the 17th Annual Turnaround and Transformational Survey," July 19, 2022

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