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UNITED STATES

## Prepare to be stress-tested to the max

Remember the Leonard Cohen classic, First We Take Manhattan? We're only a week into the new year, and the US President has already taken Venezuela; he's got Greenland in his sights, Cuba's been mentioned, as has Colombia. Wild geopolitics is going to stress-test us to the max this year



### No gradual transition into the new year

Just when you were hoping for a bit of calm around the world and in the markets, in goes Donald Trump to Venezuela. So much for a gradual transition from the Christmas break. This is yet another signal of how deep we're into seismic geopolitical change. The next few weeks and months will show whether Venezuela will really be better off, as many think.

All students of international law, however, will continue to ask whether the end really justifies the means. In my personal view, the US military action was a demonstration of military and intelligence power, or as 'might' as the US President and others said during the press conference last weekend. It is therefore also far from certain that the US action will encourage countries such as Russia or China to follow the American example. The latest US military action not only sends a signal of military might to other Latin American countries but also to the rest of the world.

On top of that, what other 'mighty' adventures might upend the world order in 2026? Would the US really take Greenland? The very thought of it is making European leaders shudder. The bitter irony is that since 2022, the discussion has always centred on NATO's Article 5, which states that an armed attack against one member state shall be considered an attack on all members, triggering obligations to come to their aid. No one ever considered it might be one member attacking another. How our geopolitical times have changed.

### Europe can no longer be complacent

If anyone in Europe had thought that 2026 would bring some normality, this year's first few days have shown them just how wrong they are. This is no moment, no year, for European complacency. This is yet another wake-up call to the continent's leaders to take European strategic autonomy, security, and economic resilience seriously and to have them at the top of every single policy agenda for the rest of the year, probably for the next decade.

This week also shows that European resilience still has a long way to go, notably in the EU's largest economy, Germany. An attack on a power plant in Berlin left some 100,000 people in the dark. And while the power outage in Portugal and Spain last spring was resolved in less than 24 hours, it's taking more than five days and counting in Berlin. The two events are not linked. But they illustrate what can happen to a country, a region, a continent if basic functions and requirements of an economy and society are neglected for too long.

### A wild ride

One of the key calls in our [Global Economic Outlook](#) for 2026 was that the disconnect between geopolitics and the real economy will persist. It's not based on the assumption that geopolitical shifts will stop, but rather on the assumption that markets have grown numb, companies will adjust, and governments will offset any adverse geopolitical effects with fiscal stimulus.

And the call still holds, but in recent days, I'm getting that eerie feeling that the disconnect won't last forever and that at some point, something will have to give. So, brace yourself. This combination of wild geopolitics and benign macroeconomics is going to be stress-tested to the max once again this year.

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