



# Event Report - Top Risks 2026: Impacts and Opportunities for Brazil

Date: January 28, 2026

Venue: CEBRI Headquarters and Zoom

## **EXECUTIVE SUMMARY**

- In 2026, the international system is increasingly fragmented and power-driven, reflecting the erosion of the rules-based order and rising geopolitical and policy uncertainty.
- The global structure is best described as weak bipolarity, with the United States and China as the only comprehensive powers, combining strategic competition with continued economic interdependence.
- The United States has emerged as a key source of systemic risk, particularly in the Western Hemisphere, increasing geopolitical pressure on Latin America and reinforcing the need for strategic hedging by regional actors.
- The inward turn of major powers has reduced global leadership, creating both higher volatility and greater strategic space for middle powers.
- Brazil holds underleveraged strategic assets, notably its low-carbon energy matrix, critical minerals, and diplomatic capacity, that can be translated into greater relevance if aligned with national strategy.
- To navigate this environment, Brazil should align foreign, economic, and industrial policies, leverage clean energy and critical minerals to integrate into low-carbon value chains, adopt a sector-by-sector hedging strategy between the US and China, integrate climate and technology governance into national security and development planning, and strengthen its role as a convening middle power, particularly in climate governance and development finance.

## **CONTEXT**

The international system in 2026 is marked by the accelerated erosion of the multilateral, rules-based order and by a shift toward greater unilateralism and

power politics. This transformation is being driven primarily by the United States, where the concentration of executive power, increased interventionism, and the expansion of industrial policy signal a move away from institutional restraint and cooperative governance. Despite frequent references to multipolarity, the global order is more accurately described as a weak bipolar system, with the United States and China far ahead of all other actors in economic, technological, and strategic terms. At the same time, both powers are increasingly focused inward, creating a paradox in which systemic competition coexists with a degree of pragmatic stability in US-China relations, particularly in trade flows and critical minerals.

These dynamics have direct implications for Latin America and for Brazil's strategic positioning. Washington's renewed focus on the Western Hemisphere, under an expanded interpretation of the Monroe Doctrine, has elevated regional issues such as Venezuela and organized crime within US priorities, while structural trends, including the energy transition, the rapid diffusion of artificial intelligence, and the materialization of climate risks, are reshaping global value chains and security calculations. In this context, Brazil emerges as a middle power with both constraints and opportunities: while its foreign policy remains largely shaped by a multilateral order in decline, its relatively low-carbon energy matrix, diversified energy sources, and role in critical mineral supply chains provide assets that could enhance its relevance in a more fragmented and competitive international environment.

## **EROSION OF THE INTERNATIONAL ORDER AND THE UNITED STATES AS A SOURCE OF SYSTEMIC RISK**

The consolidation of executive power, the weakening of institutional checks and balances, and the politicization of key state functions have reduced predictability in US policymaking and undermined confidence in the country's long-standing role as a guarantor of international stability. This internal transformation has been accompanied by a more interventionist economic agenda, marked by expanded industrial policy, selective protectionism, and direct state involvement in capital allocation, which has reinforced uncertainty in global markets and trade regimes.

On the foreign policy front, the US has adopted a more assertive and transactional posture, increasingly relying on coercive tools and power-based diplomacy. The expansion of the Monroe Doctrine into a broader hemispheric strategy, often described as the "Donroe Doctrine"<sup>1</sup>, signals a renewed emphasis on US supremacy in the Western Hemisphere through political, economic, and, where necessary, military means. This approach has contributed to heightened tensions with allies, particularly in Europe, and to a growing perception of

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<sup>1</sup> A fusion of "Donald Trump" and "Monroe Doctrine".

strategic unpredictability, as traditional commitments are subject to abrupt reversals. Collectively, these dynamics have accelerated the decline of the multilateral, rules-based order, weakened institutional mechanisms for conflict management, and increased the likelihood that global risks will emerge not from isolated crises, but from the cumulative effects of systemic fragmentation and overextension by major powers.

## **WEAK BIPOLARITY AND REGIONAL PRESSURES: US-CHINA RELATIONS AND LATIN AMERICA IN 2026**

Despite frequent references to a multipolar international order, the global system in 2026 is more accurately described as one of weak bipolarity, in which the United States and China remain the only actors with comprehensive economic, technological, and strategic capabilities. All other states operate at a significant distance from these two poles. Unlike the Cold War, however, this bipolarity is not defined by rigid blocs or ideological containment, but by asymmetric competition and selective cooperation. This configuration, while increasing systemic volatility, paradoxically provides greater strategic space for middle powers like Brazil and India compared to the more rigid Cold War framework. It limits the likelihood of confrontation while amplifying systemic uncertainty, as both superpowers retain the capacity to disrupt global markets, supply chains, and institutional arrangements.

Within this framework, US-China relations are expected to remain broadly stable and functional throughout 2026. Despite ongoing technological rivalry and mutual concerns over strategic dependencies, both sides have demonstrated a preference for managing competition rather than escalating conflict. Tariffs and trade restrictions have had a limited impact on China's export-led growth model, while China's central role in global manufacturing and critical mineral processing remains largely intact. As a result, economic interdependence continues to act as a stabilizing factor, even as industrial policy and national security considerations increasingly shape bilateral economic relations.

At the same time, the inward turn of both the United States and China has had important systemic effects. Domestic political pressures, economic restructuring, and social discontent have encouraged both powers to prioritize internal stability over sustained global leadership. This inward focus has reduced their willingness to underwrite global public goods and multilateral institutions, further weakening the rules-based order. Paradoxically, this dynamic has expanded the strategic space available to middle powers, which now operate in a less constrained environment than during the more rigid bipolarity of the Cold War, albeit at the cost of greater volatility and uncertainty.

For Latin America, this evolving configuration has translated into heightened regional pressures and increased geopolitical salience. The United States has elevated the Western Hemisphere as a strategic priority, framing the region through a combination of security concerns, economic leverage, and geopolitical competition. Issues such as Venezuela, Panama, organized crime, and efforts to curb China's expanding economic footprint feature prominently in Washington's regional agenda.

While direct intervention remains unlikely, the use of financial, political, and regulatory instruments has intensified, particularly toward countries with higher dependence on US markets and multilateral financing. Organized crime is noted as a major, underappreciated risk that threatens economic stability and governance across the region, presenting both a challenge and a potential area for cooperation with the U.S. For South American economies more closely integrated with China, this environment reinforces the need for strategic hedging and careful navigation between competing external pressures in 2026.

### **BRAZIL AS A MIDDLE POWER: STRATEGIC OPPORTUNITIES IN ENERGY, CLIMATE, AND TECHNOLOGY**

While Brazil has underperformed on the global stage in recent years, the current international backdrop is comparatively favorable, as major powers turn inward and multilateral leadership gaps widen. This environment creates opportunities for countries with scale, resources, and diplomatic capacity to increase relevance, provided they can translate structural advantages into strategic positioning. For Brazil, this requires reaffirming its role as a constructive but autonomous actor in a more fluid global order.

Brazil's energy profile represents one of its most significant strategic assets. The country's relatively low-carbon energy matrix, built on a longstanding hydropower legacy and increasingly diversified through wind and solar generation, positions Brazil favorably in the global energy transition. In a context where energy security, decarbonization, and industrial policy are increasingly intertwined, Brazil has the potential to act not only as a supplier of clean energy but also as a platform for energy-intensive industries aligned with climate goals. However, realizing this potential depends on regulatory stability, long-term planning, and the integration of energy strategy with broader industrial and foreign policy objectives.

Climate change, often treated as a long-term or secondary risk in global assessments, constitutes an immediate and systemic challenge with direct implications for national security, economic resilience, and international credibility. For Brazil, climate strategy is inseparable from its international positioning, particularly given the country's environmental assets and vulnerabilities. Aligning climate policy with diplomatic engagement can enhance Brazil's influence in global negotiations, unlock investment flows, and

reinforce partnerships with both developed economies and emerging markets. At the same time, failure to internalize climate risks within national security and economic planning could undermine Brazil's strategic autonomy and expose the country to external pressure and reputational costs.

Technological transformation, particularly the rapid advancement of artificial intelligence and digital infrastructure, adds a further layer of opportunity and risk. While AI poses challenges related to governance, labor markets, and disinformation, especially in an electoral context, it also offers pathways for productivity gains, innovation, and economic diversification. For Brazil, leveraging technological change will require coordinated action across the public sector, private industry, and research communities, as well as deeper engagement in international discussions on technology governance. In this domain, Brazil's ability to connect geopolitical analysis with sector-specific strategies will be critical to ensuring that technological transformation supports long-term development rather than reinforcing structural vulnerabilities.

## POLICY RECOMMENDATIONS

1. **Align foreign policy, economic strategy, and industrial policy:** strengthen coordination between the Ministry of Foreign Affairs of Brazil and domestic economic authorities to ensure that Brazil's foreign policy objectives are supported by coherent industrial, trade, and investment strategies in an increasingly interventionist global environment.
2. **Leverage Brazil's clean energy matrix as a strategic asset:** position Brazil as a reliable platform for low-carbon industrial development by promoting regulatory stability, long-term planning, and investment frameworks that integrate hydropower, wind, solar, and emerging energy technologies.
3. **Integrate climate strategy into national security and development planning:** treat climate change as an immediate strategic risk by incorporating environmental resilience, adaptation, and sustainability goals into national security doctrine, economic policy, and diplomatic engagement.
4. **Adopt a sector-by-sector approach to US-China competition:** engage pragmatically with both the United States and China by diversifying partnerships across critical sectors, such as critical minerals, energy, technology, and infrastructure, while avoiding excessive dependence on any single external actor.
5. **Strengthen Brazil's role as a convening middle power:** use Brazil's diplomatic capacity to foster dialogue among middle powers and reinforce functional multilateralism, particularly in areas where major powers show reduced willingness to lead, such as climate governance and development finance.

6. **Enhance resilience against technological and informational risks:**  
develop governance frameworks for artificial intelligence and digital platforms that balance innovation with safeguards against disinformation, electoral interference, and institutional fragility.
7. **Engage the private sector and knowledge community strategically:**  
deepen collaboration with the private sector and think tank community to translate geopolitical analysis into sector-specific insights, supporting informed decision-making and long-term strategic planning.