

US CFOs are pricing geopolitical risk as if it originates elsewhere — Beijing, Brussels, Kyiv. The more consequential risk is closer.

The New Continental Risk Map

What CFOs are missing about sovereignty, supply chains, and strategic drift.

North America is not a stable backdrop for your capital plan. It is the risk. The operating environment is being reshaped by great-power rivalry, energy nationalism, Arctic access, US fiscal pressure, Canada's sovereignty assertions, and Japan and Europe's search for secure supply. This is about how the US behaves under strategic stress — and how that behavior affects capital allocation, supply chains, regulatory exposure, and asset values.

WHY THIS MATTERS NOW

Five accelerants are compressing the timeline: the Yen carry trade unwinding alters global liquidity; China's industrial dominance is hardening in critical minerals; US fiscal strain is entering a visible phase, increasing the likelihood of coercive economic policy; Japan and Europe are repositioning toward North America; and the Arctic is opening, creating new strategic routes and vulnerabilities. CFOs who wait for clarity will be reacting to events rather than shaping their exposure to them.

Historical Pattern Recognition: How Great Powers Behave Under Stress

Great powers under fiscal and strategic pressure tend to consolidate their periphery. This is not prediction — it is pattern recognition. Rome tightened control over grain routes as its finances weakened. Britain centralized its imperial periphery during industrial strain. The US repeatedly intervened in the Caribbean and Central America during periods of domestic stress. The modern expression is different — regulatory pressure, capital control, security integration — but the underlying logic is the same: when strategic inputs are at risk, great powers secure them first and negotiate later.

"In this environment, sovereignty is not philosophical. It is a balance-sheet and infrastructure reality."

The Perception Gap

Two worldviews are colliding. The US Continentalist view holds that North America is a single strategic unit; Canada and Mexico are infrastructure dependencies; in a crisis, continental resources will be secured regardless of treaty language. The Canadian and allied view holds that sovereign optionality is real; diversification into Asia and Europe is legitimate; rules-based frameworks will hold. This gap doesn't matter in calm conditions. It becomes decisive under stress.

The Risk Framework: Three Zones

Left Tail — High frequency, manageable: Regulatory shifts, export controls, tariff volatility, sanctions spillover, forced reshoring. Manage operationally. These events generate noise without requiring strategic repositioning.

Center Mass — Moderate probability, high strategic impact: Coercive continental integration, US-driven industrial alignment, capital controls on China exposure. These are structural. They require repositioning, not just operational response.

Right Tail — Low probability, high consequence: Temporary US physical presence at key continental nodes — ports, airports, border crossings, Arctic infrastructure. Not prediction — pattern recognition. Build optionality against this scenario.

The Tariff Lesson: Distinguish Structure from Noise

During the tariff waves of 2018–2024, companies spent months recoding systems and remapping SKUs — but most tariffs were temporary, reversible, or politically driven. The opportunity cost was enormous. The lesson: CFOs must distinguish structural shifts from political noise. Most organizations cannot make that distinction without a framework.

Five Questions Every CFO Should Be Asking Now

Are your long-term investments in Canada or Mexico stress-tested against coercive integration scenarios? Is your China exposure structured to withstand capital-control escalation? Do your supply chains have infrastructure dependencies that could become US leverage points? Are you building where US strategic interests align — or where they conflict? Are you pricing regulatory risk as a tail event — or as an embedded cost of doing business in North America?

KEY TAKEAWAYS

- North America is not a stable backdrop for capital planning. It is the risk — reshaped by great-power rivalry, energy nationalism, and US fiscal pressure.
- Great powers under stress consolidate their periphery. The modern expression is regulatory pressure, capital control, and security integration — not military action.
- The perception gap between the US Continentalist view and Canadian/allied view doesn't matter in calm conditions. It becomes decisive under stress.
- Distinguish the three zones: left-tail operational noise, center-mass structural repositioning triggers, right-tail low-probability high-consequence scenarios.
- Build a Continental Risk View into your capital plan — not a forecast, but a set of scenarios with markers that tell you which path is unfolding.

PLATEAU STRATEGY

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