Geopolitics – the value of integrating local perspectives in the HQ strategic decision-making process

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From local insight to strategic advantage

DCBF members of all sizes increasingly recognise the strategic importance of geopolitical risk but often lack structured mechanisms for managing it. This Brief is part of a broader DCBF initiative offering practical frameworks to help companies embed geopolitical considerations in strategic decision-making, strengthen risk awareness and support more informed business decisions.

Executive summary

- China-based teams should no longer be viewed solely as implementers of global or local strategy. They can provide essential early warnings concerning regulatory, market and geopolitical developments.
- Local insights create value only when HQ has established clear channels through which they can reach senior management and the wider organisation. Informal dialogue between group executives and senior management in China remains important but is insufficient on its own.
- Companies increasingly face conflicting or overlapping requirements across the EU, the US and China. Compliance, public affairs, legal, supply-chain and business teams therefore need an integrated information channel – but different business units may have different needs. Local insights may add perspectives on implementation levels and leeway.
- Senior leadership should provide clear institutional backing and appropriate safeguards for colleagues responsible for politically sensitive matters.

The DCBF Brief is based on discussions in DCBF Focus Groups and meetings held according to the Chatham House Rule. This Brief is written by DCBF thus DCBF-members are not responsible for any of the contents.

Introduction: From obtaining signals to disseminating knowledge

China is becoming both more important to global competitiveness and more difficult to manage through a standard multinational operating model. Many DCBF members describe highly localised China operations, including local R&D, production for the Chinese market and close co-development with Chinese customers. However, regulatory divergence, trade restrictions and national-security considerations increasingly connect local operations with HQ-level decisions and the group's wider global exposure. The strategic task is therefore not simply to obtain more information from China, but to build an organisational system that converts local signals into timely decisions at HQ and, where relevant, across other international subsidiaries.

Having said that, the question of dual loyalty concerns is a factor which needs to be considered and organized after. It is important to understand which types of information may be difficult to discuss at e.g. Town Hall Meetings or meetings between the company in question and e.g. local (tax?) authorities - where it might be more appropriate for HQ to handle the matter due to the potential dual loyalty issue. It is also important to understand the risks a company faces and whether they can be covered within a given setup. On one hand you definitely need to trust your Chinese colleagues, but on the other hand you also need to maintain a realistic sense of the political context in which they operate.

Why the local perspective matters more

Many Danish companies now operate in China with predominantly or entirely local teams. This can strengthen access to customers and authorities but may also create blind spots when sensitive issues require challenge, escalation or firm negotiation. Local expertise therefore needs clear mandates, senior sponsorship and direct access to HQ decision-makers.

Where China is material to group revenue, earnings or innovation, sustained C-level attention is essential. It enables timely decisions on emerging opportunities or new competitors and ensures that local developments are assessed against the company's wider exposure. A passive 'wait-and-see' approach risks weakening oversight precisely when conditions are changing fastest.

At the same time, growing regulatory regionalisation is testing global operating models that many companies have established. Common product platforms, systems and compliance standards are increasingly being challenged, and companies need to reconcile global consistency with market-specific requirements. Similarly, but on a higher level, China has expanded its economic-security toolkit. New rules concerning industrial and supply-chain security (State Council Decree 834) and the countering of foreign extraterritorial jurisdiction (State Council Decree 835) and on Outbound Investment (State Council Decree 837) give Beijing additional legal means to respond to conduct what China considers harmful.[1] These developments point towards the heightened tensions in the trade relations between EU, US and China. Early signals from the China organisation may add perspectives on implementation levels and leeway in the implementation from the Chinese side.

At the same time, due diligence and global internal communications also require careful localisation as these topics may viewed as sensitive in a Chinese context and can put the Chinese colleagues in a precarious situation. In such cases, it is important that senior leadership provide clear institutional backing and appropriate safeguards.

The organisational gap

The central organisational challenge is not the availability of insight from China, but the consistency with which that insight informs HQ decision-making. Information may flow through public affairs, business units, legal functions, the China CEO or personal executive relationships. Without a common process, however, important signals may be diluted, delayed or fail to move from individual business units into corporate strategy.

China-based public-affairs and management teams should therefore be regarded as strategic intelligence partners, not merely as local problem-solvers. The strongest operating model combines local access and interpretation with global oversight.

SIX STEPS FROM LOCAL INSIGHTS TO STRATEGIC ADVANTAGE

1: Sense locally – Create a disciplined China-monitoring rhythm across public affairs, legal, compliance, supply chain, R&D and commercial teams. Track concrete implications by business line, not only headline geopolitical events.

2: Translate for HQ – Convert local developments into enterprise language: revenue at risk, operational dependencies, regulatory conflicts, decision deadlines and ownership. Separate verified facts from scenarios and judgement.

3: Decide through clear forums – Establish a recurring cross-functional forum with a named executive sponsor. Define which issues remain within the China organisation, which require global functional review, and which must reach executive management or the Board.

4: Use scenarios across markets – Test how action in China, the EU or the US could change conditions elsewhere. Scenario planning should identify triggers and options, not attempt to predict a single outcome.

5: Protect people and access – Do not expose individual Chinese colleagues to unnecessary personal or professional risk when they handle sensitive supply-chain or government matters. Where appropriate, use paired local and international teams, while recognising that their access to and credibility with Chinese stakeholders may differ.

6: Close the feedback loop – Tell China-based teams how their input influenced a decision. This improves the quality of future reporting and signals that local expertise is part of strategy rather than a reporting obligation.

Questions for executive management and boards:

- Which signals from China could materially change our investment, product, sourcing or partnership decisions?
- Where could EU, US and Chinese requirements place the company in an impossible compliance position?
- Are insights from China compared across business units and incorporated into portfolio and scenario discussions?
- How do we safeguard employees who are asked to investigate or represent the company in sensitive matters?

References and further reading

1. MERICS, "China is 'securitizing' its economy", 23 April 2026

DCBF, "EU–China Update: A looming trade war", June 2026; and DCBF Briefs on geopolitics, strategic partnerships and Chinese AI, March–June 2026.

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See, e.g., Geopolitics, risk and corporate decision-making

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