Nueconomy

Navigating Greenfield FDI in 2026:

Key Risks & Implications for Location Strategy

A Practical Perspective for Investment Promotion Agencies (IPAs) and Economic Development Organizations (EDOs)

Curated & Prepared by Nueconomy

ABOUT NUECONOMY

Nueconomy is an independent advisory firm that works at the intersection of corporate location strategy, investment promotion and economic development. We partner with multinational companies on their global footprint decisions and, at the same time, we help forward-thinking IPAs and EDOs design strategies that actually convert announcements into operating factories, labs and data centres. Our edge comes from spending most of our time inside corporate real estate, strategy and expansion teams — we see first-hand what makes a board approve (or kill) a greenfield project long before it ever hits a public announcement.

Why We Produced This Report

2026 will be a pivotal window for re-industrialisation. Governments have committed hundreds of billions in subsidies and incentives, yet the majority of announced greenfield projects still fail to reach final investment decision or break ground on schedule. Macro headlines dominate the conversation (trade wars, tariffs, geopolitics), but in our daily work with corporates we repeatedly see projects lost because of micro-level frictions: a six-month visa delay for 15 Korean engineers, a 40 % electricity price spike that wasn't in the teaser, or a permitting timeline that quietly slipped from 9 to 22 months. These are the risks that corporate boards actually vote on.

That is why Nueconomy deliberately shifted the lens from macro trends to the 12 firm-level risks that will most often determine success or failure in 2026. Our goal is simple: give IPAs and EDOs a short, honest checklist they can hand to investors — and, more importantly, use internally — to remove hidden blockers before they become deal-breakers.

The report is structured in three parts:

- A concise executive summary of the five macro forces everyone already knows about.
- The 12 micro risks that actually move the needle, presented in the exact sequence a corporate project team experiences them (from talent planning to post-launch operations).
- Sources and acknowledgements.

We hope this becomes a practical working document rather than another shelf report.

EXECUTIVE SUMMARY

As we navigate 2026, greenfield foreign direct investment (FDI)—new facility builds abroad—confronts an increasingly turbulent macro environment shaped by deepening geopolitical realignments, evolving trade barriers, and mounting economic pressures across both developed and emerging markets. Drawing on comprehensive expert surveys and forward-looking analyses from fDi Intelligence, McKinsey Global Institute, the World Bank, and other leading research institutions, we've identified the five most critical macro risks poised to disrupt investor confidence, reshape capital allocation strategies, and redirect investment flows across regions. These interconnected risks could collectively suppress global greenfield FDI by 3-11% annually, according to recent UNCTAD and ECB estimates, casting a shadow even over projections of modest recovery from the subdued levels of 2024-2025. For investment promotion professionals, the implication is clear: macro risk assessment has shifted from background analysis to front-line intelligence—ignoring these patterns means working with outdated assumptions about where and how capital moves.

Geopolitical Disruptions

Persistent conflicts and power shifts, including US-China rivalries and potential escalations in Ukraine or the Middle East, will create frequent shocks to global stability, weaponizing economic interdependence and prompting "friend-shoring" where firms prioritize allied nations for investments.

With 73% of fDi survey respondents ranking this as the top risk, it could reduce cross-bloc FDI by 20-30%, leading to abandoned projects in high-tension zones, higher insurance premiums, and a shift of $30-50 billion in annual flows toward neutral hubs like Mexico or Eastern Europe, ultimately slowing re-industrialization efforts in vulnerable sectors like semiconductors.

Trade Fragmentation & Protectionism

Rising tariffs (e.g., US rates up to 60% on China) and non-tariff barriers will fragment global value chains, accelerating de-globalization as countries enforce local content rules and export controls to protect domestic industries amid re-industrialization pushes.

This could realign 30% of global trade by 2030, per McKinsey, causing 40-50% drops in emerging economy inflows and forcing firms to reroute $100-200 billion in supply chains, with greenfield delays of 6-12 months and capex hikes of 15-25% in affected sectors like EVs and electronics.

Economic Volatility & Inflation Pressures

Resurgent inflation from AI supply bottlenecks, commodity spikes, and high government spending will erode corporate margins, compounded by currency fluctuations and overcapacity in industries like steel or EVs.

Ranked second in fDi surveys at 41%, this risks a 10-15% erosion in FDI ROI, prompting 20-25% project abandonments in capital-intensive areas and shifting investments to stable currencies, potentially exacerbating downturns in China or Europe with broader knock-on effects on global growth.

Geopolitical Fragmentation in FDI Flows

Increasing "blocs" (e.g., Western vs. Eastern) will drive friend-shoring, with FDI favoring geopolitically aligned partners, as seen in euro area outflows tilting to the US post-IRA and Chinese pivots to Europe/MENA.

ECB models show a 3% annual dampening of global greenfield FDI (€30 billion), with euro area losses up to €14 billion; this heightens dependency on few investors (e.g., 80% of inflows from 3 MNCs in small economies), risking stranded assets and uneven development in future industries like data centers.

Rising Debt and Financial Constraints

Ballooning global debt-to-GDP ratios (over 100% in major economies) and maturing bonds amid high interest rates will strain corporate financing, with political pressures challenging central bank independence and amplifying budget crises.

This could trigger a 2026 credit crunch, per investing.com risks, hiking debt servicing 25-35% and forcing greenfield downscales; in FDI, it exacerbates realization uncertainties (60-80% historical rates dropping further), diverting $50-100 billion from emerging markets and prioritizing resilient sectors like renewables.

We deliberately shifted the lens from macro trends to the 12 firm-level risks that will most often determine success or failure in 2026.
Our goal is simple: give IPAs and EDOs a short, honest checklist they can hand to investors—and, more importantly, use internally—to remove hidden blockers before they become deal-breakers.

-Kavan Bhandary | Founder & Director: Nueconomy

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WHY NUECONOMY FOCUSES ON MICRO-LEVEL RISKS:

A CORPORATE LOCATION STRATEGY PERSPECTIVE

While macro risks set the global stage and dominate policy discussions, Nueconomy focuses squarely on micro—or firm-level—risks because these granular factors directly determine investment outcomes on the ground. From scouting economically viable industrial clusters and assessing infrastructure capacity to navigating complex regulatory environments, securing specialized talent, and managing supply chain dependencies, these operational realities separate announced projects from operational facilities. By identifying and addressing these micro risks proactively through targeted interventions, investment promotion agencies (IPAs) and economic development organizations (EDOs) can deliver tangible competitive advantages—tailored support that helps multinational firms optimize costs, compress timelines, and build operational resilience. In 2026's fragmented investment landscape, competitive advantage belongs to locations that solve execution challenges, not just those that survive macro volatility. IPAs that master micro-level intelligence can turn operational friction into differentiated value propositions.

FIRM-LEVEL RISKS TO GREENFIELD FDI IN 2026

To ensure a logical progression, these 12 critical micro risks are sequenced from early-stage planning (talent and sourcing) through regulatory hurdles, financial execution, trade exposures, and operational security—mirroring the typical corporate location strategy lifecycle from site evaluation to post-launch adaptation.

EXPATRIATE VISA BACKLOGS FROM POLICY SHIFTS

In a re-industrializing 2026, US and EU visa caps will tighten further amid border security debates, delaying expatriate engineers and managers essential for greenfield setups; processing times could extend to 4-7 months as geopolitical tensions prioritize domestic labor, affecting knowledge transfers in tech-heavy projects like semiconductors. Implications: Deployment delays could cascade into quarter-long setbacks, boosting relocation costs by 20-30% via extended interim staffing and housing; this disrupts AI/EV integrations, reduces first-year output by 15-20%, invites operational errors, and exposes firms to penalties from unmet timelines, potentially redirecting investments to more agile markets.

LOCAL SOURCING MANDATES IN JVS

Amid 2026's re-industrialization drive, hosts like France and the EU will enforce 40-60% local content in JV greenfields, mirroring recent China-France EV pacts, to build domestic resilience; this forces firms to qualify untested suppliers under tight timelines, amid supply chain de-globalization.Implications: Supply overhauls mid-build could hike capex 15-25% through rigorous audits and quality fixes, with vendor inconsistencies causing 10-15 day halts; this squeezes margins in cost-sensitive industries, heightens defect risks by 20%, damages reputations via non-compliance, and limits scalability, fostering dependencies that erode export edges.

TARIFF-DRIVEN SOURCING DISRUPTIONS

US tariffs potentially reaching 60% on Asian imports in 2026 will mandate rapid rerouting for components in electronics and autos, disrupting greenfield chains as re-industrialization emphasizes "friend-shoring" and bloc alignments. Implications: Stockpiles could balloon 30-40%, straining cash during ramps and cutting margins 10-15%; this delays breakeven by 4-6 months, amplifies price volatility exposure, leads to downstream bottlenecks, lost share, and investor scrutiny in a year of 1.6% global trade dip.

TECH TRANSFER OBLIGATIONS IN HOST APPROVALS

Re-industrialization policies in the EU and US will link 2026 greenfield nods to IP sharing in JVs, as in France-China models, to accelerate local tech adoption; firms must disclose processes in semiconductors, risking exposure amid de-globalization. Implications: IP dilution of 10-20% could extend talks 6-9 months, inviting imitations that undercut pricing; this boosts legal costs 15%, triggers home-country restrictions, weakens innovation, and deters high-tech commitments, constraining follow-ons in strategic sectors.

FID DELAYS FROM EVOLVING TRADE REVIEWS

National security audits like US CFIUS and EU de-risking will escalate in 2026 for Asian-sourced greenfields, probing ties amid re-industrialization's focus on critical tech, often prolonging reviews. Implications: $500M+ commitments idle 6-12 months, accruing 5-10% opportunity costs; this induces paralysis, forex losses, 20-25% abandonment, erodes confidence, and shifts funds to less scrutinized regions.

REFINANCING PRESSURES ON CAPEX LOANS

Maturing bonds at 5-7% rates in 2026's credit crunch (30% of financing) will challenge greenfield funding, especially for AI/energy amid re-industrialization's $2T capex surge. Implications: Service jumps 25-35%, prompting downscales or dilutions diluting value; this delays procurement, risks breaches, and caps ambitions, heightening defaults in volatile rates.

CRITICAL MATERIALS SHORTAGES FROM US-CHINA TENSIONS

2026 curbs on rare earths/semiconductors will spike shortages for EV/chip greenfields, with 30-40% price jumps as re-industrialization strains supplies.Implications: Pauses extend 20-30%, stranding investments and inflating holds; this disrupts forecasts, fosters black market reliance, defaults, and erodes positioning, deterring tech bets.

SOURCE COUNTRY OVERCONCENTRATION VULNERABILITIES

Reliance on Japan/South Korea in 2026 will expose greenfields to currency swings and outflows limits as these prioritize home re-industrialization.Implications: Delays 20-30%, forex losses 10-15%, diversification scrambles weaken power, heighten tensions, incomplete rounds stall builds, limit scalability in batteries.

IP LEAKAGE IN HIGH-STAKES AI SETUPS

Cyber probes on JV algorithms peak in 2026, exploiting construction vulnerabilities amid EU tech pacts and re-industrialization's data focus. Implications: Compromises 10-20% value, hikes premiums 25-30%, fines; undermines edges, distrusts partnerships, diverts focus via litigation, caps outputs, returns.

SECTOR OVERCOMPETITION WITHOUT CLUSTER SUPPORT

IPAs' pursuit of AI/EV in 2026 sans ecosystems fragments greenfields into unsupported sites lacking density. Implications: Scouting costs up 18-25%, abandonments 20-30%, isolated ops with 15% logistics overheads, underperformance perpetuates, deters repeats.

ESCALATING ELECTRICITY COSTS IN RE-INDUSTRIALIZATION HUBS

As global re-industrialization surges in 2026, firms in energy-intensive greenfields will confront rising electricity prices—projected 18% hikes in the US from record demand (4,305 billion kWh), 30-40% wholesale jumps in Europe, and UK non-commodity adds of £200k-£450k for industrial users—driven by AI/data center booms, EV scaling, and grid strains amid affordability pressures. Implications: Operational costs could surge 15-25% for high-usage sites, eroding margins in manufacturing and forcing energy hedging that ties up 10-15% more capital; this risks shutdowns in volatile periods, reduces employment by 2% per 10% price rise in intensive sectors per ECB estimates, amplifies budget overruns, and deters expansions, ultimately shifting investments to lower-cost regions and undermining re-industrialization goals.

PERMITTING DELAYS IN KEY MARKETS

In 2026's re-industrialization wave, complex permitting in the US (NEPA reviews for data centers), Europe (EU directives with grid saturation), and UK (infrastructure approvals missing deadlines by over a year, up to 1,242 days) will bottleneck greenfield nods, exacerbated by calls for binding timelines in energy projects amid industrial bottlenecks. Implications: Approvals stretch 6-18 months, inflating holding costs 20-30% and risking 20-25% cancellations; this idles capital, invites activist challenges, strains timelines for AI/renewables, leads to offshored jobs/emissions, and perpetuates underinvestment, eroding firm resilience and regional competitiveness.

SOURCES & REFERENCES

Source	Description	Link
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ECB Economic Bulletin (2024)	Analysis of geopolitical fragmentation's negative effects on greenfield FDI.	https://www.ecb.europa.eu/press/economic-bulletin/focus/2024/html/ecb.ebbox202407_01~f5d9608296.en.html
McKinsey Global Institute Report (2025)	FDI trends and risks in future industries, highlighting geopolitical volatility and realization uncertainties.	https://www.mckinsey.com/mgi/our-research/the-fdi-shake-up-how-foreign-direct-investment-today-may-shape-industry-and-trade-tomorrow

PREDICTABILITY IS THE NEW PREMIUM

Money buys announcements. Operational readiness delivers facilities

A final note from our Director, Kavan Bhandary

The consensus focuses on geopolitical fragmentation dampening global FDI. But fragmentation creates asymmetric opportunity for locations that solve execution gaps while competitors chase headlines.

The pattern is clear: jurisdictions pursuing semiconductors, AI, and EVs without ecosystem density are fragmenting greenfields into isolated sites—inflating total costs 18-25% and guaranteeing chronic underperformance. Meanwhile, locations that answer operational questions with numbers instead of aspirations are converting announcements into ribbon cuttings.

The questions that matter: How fast can you process visas—3 months or 7? What's your actual permitting timeline—9 months or 22? Can your grid handle incremental load, or will prices spike 40% mid-build?

Macro risk happens to everyone. Micro risk happens to your project. One generates conference speaking slots. The other generates cancelled board approvals.

In 2026's fragmented landscape, competitive advantage belongs to locations that solve execution challenges systematically. Predictability compounds. Uncertainty kills.

Choose accordingly.

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