**Headline:** How Corporations Are Fueling Geopolitical Tensions and Global Conflicts in the 21st Century

**Teaser:** Multinational corporations with global reach are increasingly getting entangled in conflicts and geopolitical rivalries by supporting multiple sides. As the U.S.-led global order faces challenges, their influence as transnational actors will only increase.

By John P. Ruehl

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**[Article Body:]**

Shortly after the outbreak of the Israel-Hamas War and the beginning of the widescale destruction of Gaza in October 2023, McDonald’s executives in Chicago found themselves inadvertently entangled in the conflict. Local owners of McDonald’s restaurants are given significant autonomy over profits and operations, and franchisees had begun taking sides. Social media posts by McDonald’s in Israel highlighted the provision of [free meals to Israeli soldiers](https://www.reuters.com/world/middle-east/free-meals-israeli-soldiers-divide-mcdonalds-franchises-over-israel-hamas-war-2023-10-17/), causing [McDonald’s franchises](https://www.aljazeera.com/economy/2023/10/20/mcdonalds-franchises-in-middle-east-at-odds-over-israel-hamas-war) across the Middle East to collectively pledge millions of dollars to support Palestinians in Gaza.

McDonald’s has since attempted to minimize commenting on the franchisees and navigate its way through the controversy. In April 2024, McDonald’s Corporation announced it [would buy back 225 of its restaurants](https://www.foodmanufacturing.com/consumer-trends/news/22892457/mcdonalds-buys-israeli-restaurants-after-costly-boycotts) from Alonyal Limited, the Israeli company that manages McDonald’s in the country, for an undisclosed amount. Expected to be finalized over the next few months, the deal will keep McDonald’s busy as the company tries to [reverse the decline](https://www.reuters.com/business/retail-consumer/mcdonalds-records-first-sales-miss-nearly-4-years-slow-international-business-2024-02-05/) in regional sales and stock price caused by the affair.

The incident demonstrates how multinational corporations with global footprints and decentralized operations can rapidly find themselves fueling opposing sides of conflicts. While McDonald’s top executives did not plan to show support for either Israel or Palestine, profit incentives have occasionally driven companies to support multiple sides in conflicts, often in more meaningful ways. The Iran-Iraq War from 1980 to 1988 saw Western weapons manufacturers [directly and indirectly](https://www.cia.gov/readingroom/docs/CIA-RDP85T00283R000500120005-5.pdf) supply both sides with arms, capitalizing on the shifting Western government support for Iraq and Iran [throughout the conflict](https://warontherocks.com/2023/02/the-iran-iraq-war-and-the-lessons-for-ukraine/).

However, as multinational companies have expanded their international operations amid increasing globalization and strains on the U.S.-led global order, they are now challenged with maintaining business dealings with both the U.S. and countries hostile to American interests. Additionally, these companies are becoming more entangled in fueling opposing sides of civil conflicts within other countries, directly and indirectly, in ways that can prolong or escalate violence.

The war in Ukraine has exposed how multinational corporations have become less willing to fully comply with the directives of any single government, including the U.S., when it conflicts with their financial interests. Despite Russia’s annexation of Crimea and instigation of a proxy war in Ukraine’s Donbas region in 2014, numerous Western companies continued operating in both countries, providing the Russian government with tax revenue, technological expertise, products, and employee knowledge, easing the Russian government’s efforts to support its war efforts. However, after Russia’s full-scale invasion of Ukraine in 2022, many Western companies faced the dilemma of complying with sanctions by exiting Russia or retaining access to lucrative government contracts and a 145-million-person consumer market.

Yet while most departed Russia due to public pressure and sanctions, [other companies remained in the country](https://theconversation.com/western-firms-still-doing-business-in-russia-finance-the-war-heres-how-to-recoup-the-huge-cost-to-taxpayers-210475), citing expensive exit costs. Others which officially left Russia or declared their intention to do so [continue to operate](https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain) in Russia and have proven essential to the Kremlin’s ability to reduce the impact of sanctions. Meanwhile, even China, Russia’s most important partner, had its largest commercial drone company, DJI, emerge as the [largest drone provider](https://www.npr.org/2023/03/21/1164977056/a-chinese-drone-for-hobbyists-plays-a-crucial-role-in-the-russia-ukraine-war) for both Russia and Ukraine, showing the powerful allure of profits and how international markets allow the flow of products to war zones regardless of geopolitical alliances.

As tensions between the West and China have also intensified over recent years, Western companies have faced mounting pressure to sever ties. U.S. tech giants like [Google, IBM](https://theintercept.com/2019/07/11/china-surveillance-google-ibm-semptian/), and [Cisco](https://www.wsj.com/articles/SB10001424052702304778304576377141077267316) have come under fire for aiding the development of China’s security capabilities, albeit ostensibly for domestic use. [In 2019](https://www.sbnation.com/nba/2019/10/8/20904450/nba-china-fallout-lakers-vs-nets-broadcast-streaming-tencent), comments by NBA officials over China’s response to pro-democracy protests in Hong Kong drew severe financial repercussions for the NBA’s operations in China, and [drew a response](https://www.usatoday.com/story/news/world/2019/10/24/pence-blasts-chinas-response-hong-kong-protests-blasts-nba-nike/4077238002/) from the White House criticizing companies that had “kowtowed to the lure of China’s money and markets.”

Yet Beijing continues to try to compel foreign companies to take a separate stance from their home governments on divisive issues, or at least ensure neutrality. [Many U.S. companies](https://observer.com/2023/01/china-population-drop-american-company-impact/) already generate larger revenues in China than domestically and are not willing to ostracize the world’s second-largest economy and largest consumer market.

While multinational companies have historically operated under deference to the U.S. during the last few decades of neoliberal globalization, the [challenges to the U.S.-led international order](https://www.ft.com/content/b42c62f7-57e6-4899-affe-a376cc568d3d) have made many reconsider their positions. This dynamic, coupled with globalized supply chains and markets, appears to have emboldened some multinational corporations to believe that they can support multiple sides in geopolitical confrontations with relative impunity, while their products and services will likely find their way to desired destinations and partners regardless of government directives.

Instead of marching in lockstep with Washington, companies appear more willing to try to maintain ties to the U.S. while simultaneously maintaining and building ties with countries hostile to it. This approach risks aggravating geopolitical tensions and undermining the coherence of the U.S.-led global order, as the profit motives of multinational corporations diverge from the foreign policy objectives of the governments where they are based.

Importantly, as globalization has advanced, multinational corporations have become increasingly involved in civil conflicts and regions with fragile governance. In some cases, they have actively exacerbated tensions by supporting rebel groups and governments. Chiquita Brands International S.à.r.l., one of the largest agricultural companies in the world, admitted to paying money to both the [FARC](https://goodauthority.org/news/chiquita-farc-auc-colombia-guilty-jury-deaths-banana-multinational/) rebel group and [right-wing paramilitary groups](https://earthrights.org/case/doe-v-chiquita-brands-international/) in Colombia in the 1990s and 2000s to ensure the safety of operations.

This practice of companies supporting multiple sides in conflicts is particularly evident in Africa, often to secure access to resources. [In Nigeria](https://platformlondon.org/oil-companies-gave-cash-and-contracts-to-militants-and-warlords-in-nigeria/), U.S. companies Shell and Chevron have paid insurgent groups to safeguard their oil and gas interests, while also providing tax and developmental funds to the Nigerian government. Similarly, mining companies like Afrimex (UK) Ltd. and Belgium-based Trademet SA have made payments to rebel groups operating in the [Democratic Republic of Congo](https://www.globalwitness.org/en/campaigns/democratic-republic-congo/faced-gun-what-can-you-do/) (DRC), as well as working with the DRC government.

Chinese mining companies are also alleged to have paid Nigerian militant groups [to access mineral reserves](https://www.mining-technology.com/features/arrests-and-attacks-tracking-chinas-illegal-mining-in-african-countries/) in the country, while simultaneously conducting business with the Nigerian government. In Myanmar, [various Chinese](https://jamestown.org/program/how-china-prolongs-myanmars-endless-internal-conflicts/) and [Thai firms](https://asia.nikkei.com/Spotlight/Myanmar-Crisis/Thailand-Japan-signal-policy-shifts-on-engaging-Myanmar-s-resistance) have pursued a dual-track approach of officially signing deals with the military junta while covertly engaging with ethnic armed groups controlling territories rich in natural resources.

Mining, logging, and agricultural companies also paid “[revolutionary taxes](https://www.nytimes.com/2004/10/20/business/worldbusiness/rebels-revolutionary-tax-adds-to-cost-of-business-in.html)” to the New People’s Army (NPA) and other insurgent groups in the Philippines, including companies like Lepanto Consolidated Mining Company and Philex Mining Corporation, prompting [public disapproval by Filipino officials](https://www.rappler.com/philippines/189154-duterte-mining-companies-npa-revolutionary-tax/). Louis Berger Group, an engineering consultancy, meanwhile [paid the Taliban](https://www.bloomberg.com/news/articles/2019-12-27/families-of-u-s-afghan-war-dead-say-contractors-bribed-taliban) and other groups in Afghanistan to protect supply convoys and construction projects, while serving contracts for the U.S. military.

Banks and payment processing networks are also indirectly facilitating or turning a blind eye to financing designated terrorist and criminal groups. The FinCEN Files, released in 2020, also revealed how banks like the UK’s Standard Chartered PLC [processed millions of dollars](https://www.icij.org/investigations/fincen-files/global-banks-defy-u-s-crackdowns-by-serving-oligarchs-criminals-and-terrorists/) for Arab Bank customers, despite Arab Bank being found liable in 2014 for knowingly transmitting money to Hamas.

The growing direct and indirect role of corporations in conflict zones, particularly in regions with weak state enforcement, is also being led by [private military and security companies](https://www.ippnw.org/wp-content/uploads/2023/03/MGSV7N2Selber.pdf) (PMSCs). These firms are often employed by other private actors to safeguard investments and personnel but have a natural tendency to manage and prolong conflicts rather than resolve them. [Across Africa](https://www.neglobal.eu/private-military-companies-continue-to-expand-in-africa/) in particular, PMSCs are present to serve private interests as well as governments. The [increasing use of PMSCs globally](https://www.consilium.europa.eu/media/66700/private-military-companies-final-31-august.pdf) has raised concerns about the ability of multinational corporations to swiftly shift their support between conflicting sides as their strategic interests evolve, potentially taking a far more active role in fueling and prolonging conflicts.

Governments, of course, regularly support rival actors in conflicts. Competing political factions, shifting interests, political expediency, economic motives, desperation, and a desire to promote instability. The Syrian Civil War saw [Pentagon-funded Syrian rebels](https://www.latimes.com/world/middleeast/la-fg-cia-pentagon-isis-20160327-story.html) fighting those supported by the Central Intelligence Agency. Meanwhile, the Syrian government itself was [paying the Islamic State](https://www.wsj.com/articles/islamic-state-steps-up-oil-and-gas-sales-to-assad-regime-1484835563) (IS) to buy back its own stolen oil and natural gas while [backing other rebel groups](https://www.ispionline.it/en/publication/syrias-militias-continuity-and-change-after-regime-survival-121931) to fight IS.

But the risk of corporations more actively supporting multiple sides in conflict zones and carving up their own territories and spheres of influence is a concerning prospect, akin to the Dutch East India Company which governed its own territories through military force and trade monopolies. While there are still waning expectations that multinational corporations pick clearer sides in interstate conflicts, there appears to be little stopping them from fueling and prolonging intrastate conflicts featuring non-state actors, as long as it serves their financial interests. Urgent action is needed to strengthen the regulation and accountability of PMSCs and multinational corporations operating in conflict zones, as their ability to shape conflicts appears set to continue growing.