Risk Management and Opportunities of Cross-Border Mergers and Acquisitions in the Background of Deglobalization

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Abstract. With the intensification of the US-China tariff war, the fragmentation of supply chains in various regions, and the industrial return of sovereign countries, the phenomenon of anti-globalization is becoming increasingly apparent. Based on the analysis of cross-border mergers and acquisitions cases under the background of anti-globalization, this article has found that against the anti-globalization trend, cross-border M&A faces heightened risks. Economically, market fragmentation and rising interest rates amplify financing costs and valuation volatility, while supply chain disruptions threaten synergy realization. Politically, expanded foreign investment reviews (e.g., the Committee on Foreign Investment in the United States, CFIUS) and protectionist industrial policies, where competition law merges with national security, significantly increase regulatory uncertainty and sovereign risk. Operationally, nationalist sentiments complicate post-merger integration. Conversely, new opportunities appear. Financial volatility creates chances for contrarian investments and acquiring divested non-core assets. The recombination of the supply chain drives M&A for nearshoring and technological autonomy. Political risks can be mitigated by focusing on deals within geopolitical alliances, transforming regulatory barriers into strategic certainty. Ultimately, deep localization and preservation of local brand value transform integration challenges into opportunities for long-term growth. Success hinges on sophisticated risk management and strategic agility.

Keywords: Risk management and opportunities, cross-border mergers and acquisitions, deglobalization.

1. Introduction

The early 21st century has witnessed Globalization and the proliferation of multilateral free trade agreements, which have led to an unstoppable surge in cross-border mergers and acquisitions, along with the development of an integrated supply chain and the adoption of advanced technology. But the 2008 global financial crisis meant that the worldwide expansion of capitalism was blocked. Since then, the ability and willingness of developed capitalist countries to promote globalization have continuously decreased, leading to the formulation of anti-globalization policies aimed at alleviating domestic conflicts and reversing the international situation [1]. Significantly characterized by trade protectionism and strengthening regulatory review. Those reshaped and affected international business expansion, transforming pure business and financial operations into exercises with complex political and regulatory risks.

The failed attempt by China's Anbang Insurance Group to acquire US insurer Fidelity & Guaranty Life (FGL) in 2017 stands as an obvious example. Internal issues, such as illegal operations and false capital injections in Anbang, have caused a direct regulatory takeover in China. State insurance regulators argue about whether a company taken over by Chinese regulators can properly manage a US insurance business. Ultimately, Anbang's $1.6 billion deal failed due to heightened national security concerns in the United States, particularly because Anbang can easily get sensitive financial data of American citizens, and the connection between Anbang and the Chinese government should not be ignored. Facts prove that it is inevitable to be skeptical about whether other governments regulate foreign investment in key industries. Similarly, in 2022, the British government intervened in China's acquisition of Newport Wafer Fab (NWF), which was interpreted as originally a purely commercial-oriented technology acquisition being dragged into the regulatory review and ultimately failed under the coordinated intervention of the United States and the United Kingdom. The Anbang

FGL and YMTC cases illustrate the dynamics of anti-globalization, particularly how strengthened regulatory barriers can rapidly disrupt even reasonable commercial transactions. They also demonstrate that political risks and legal barriers have replaced market logic as the main variables determining the success or failure of transactions.

Thus, it can be seen, this phenomenon of 'Politics higher than Markets' has become the biggest challenge for current and future international business expansion [2]. This trend is reflected in the increase of tariff and non-tariff barriers, the tightening of foreign investment security reviews, and the shift of global supply chains from pursuing efficiency to emphasizing security and resilience. Therefore, the analytical framework based on market logic and financial lineage in traditional merger and acquisition theory urgently needs to incorporate the perspectives of geopolitics and institutional theory [3]. This article uses methods of literature analysis, and supplemented by case analysis, aiming to summarize the main risks faced by cross-border mergers and acquisitions under the background of deglobalization, explore effective risk management strategies, and deeply find the opportunities within it.

2. Literature Review

Cross-border mergers and acquisitions, as the top-level strategic, help enterprises to achieve global strategic expansion, has an inherent logic of optimizing resource allocation through globalization, which is in opposition to the current trend of de-globalization. This fundamental value conflict is reflected in the fact that the business logic of enterprises pursuing efficiency maximization and market globalization is constantly being challenged by the political logic of countries emphasizing security priority and industrial sovereignty return [4]. Therefore, the most important issue that needs to be addressed now is how multinational corporations can be re-evaluated and effectively manage the non-market risks in cross-border mergers and acquisitions in an increasingly complex regulatory review, while identifying and seizing new opportunities hidden in anti-globalization.

Regarding this core issue, the theoretical community has mainly proposed several solutions. Such as innovation in governance structure and risk hedging. To alleviate the security concerns of the host country and diversify risks, adopting more flexible transaction structures such as joint ventures, minority stakes instead of wholly-owned acquisitions, and introducing third-party financial investors (such as private equity funds) are considered effective strategies [5]. In addition, there is a localization and interest bundling strategy. Emphasis is placed on actively implementing deep localization after mergers and acquisitions, including retaining local management, increasing local R&D investment, and committing to creating employment, in order to build a "community of interests" and gain the trust of host country regulatory agencies.

In summary, existing research has fully revealed the severe impact of political risks on corporate mergers in the context of anti-globalization, and valuable countermeasures were proposed from the perspectives of evaluation tools, trading strategies, and operations. However, existing research still has certain limitations: the exploration of countermeasures is often too macro and generalized, lacking analysis for different industries (such as high-tech, traditional manufacturing) or differentiated research for specific investors (such as Chinese enterprises) Additionally, the exploration of opportunities is relatively weak, mostly staying at the theoretical level, lacking mechanistic research on how enterprises can transform risks into competitive advantages. Based on this, this article compares and analyzes cases under different risks, summarizes existing risks and response methods, and ultimately provides a set of strategic guidelines that combine theory and practice for enterprises' global layout in the new era.

3. New Risks of Cross-Border Mergers and Acquisitions under the Background of Anti-Globalization

3.1. Serious Expansion of Economic and Financial Risks

Market fragmentation and the obstruction of cross-border capital flows have significantly amplified exchange rate fluctuations and financing costs, which have transformed financial risks from an inherent aspect of M&A transactions into a critical threat that determines their success or failure under the background of deglobalization.

valuation volatility and rising financing costs trigger a reassessment of transaction structure. The increasing interest rate cycle has led to a general tightening of the corporate financing environment, and the high-interest rate environment has increased the cost of mergers and acquisitions, loans, and bond financing, particularly putting pressure on debt financing-dependent trading models, such as leveraged buyouts (LBOs) [6]. At the same time, macroeconomic volatility has led to increased uncertainty in valuing the target company. Disagreements between transacting parties over pricing mechanisms and adjustment clauses have become more frequent. These disagreements can lead to transaction delays or even breach-of-contract litigation. Consequently, designing fair risk allocation mechanisms within contracts has become essential.

The supply chain has always played an important role in cross-border business, and the risk of disruption highlights the legal responsibility during the integration stage. Geopolitical conflicts, increasing trade barriers, and external shocks such as the pandemic continue to disrupt the global supply chain, making it difficult to achieve synergies such as intensive procurement, production optimization, and global sales network integration. This not only threatens the value creation foundation of the transaction but may also trigger disputes over the seller's liability under the "representations and warranties" clause or expose previously undisclosed business continuity risks. Whether supply chain resilience is included in the assessment scope of legal due diligence, and how to reasonably divide risks and responsibilities in the post-transaction integration stage, have become the legal focus for determining whether there is a breach or significant negligence.

In summary, the current economic and financial risks have been deeply integrated into the legal framework and compliance management of cross-border mergers and acquisitions. This not only requires more careful arrangements for risk buffering and dispute resolution mechanisms in contract design but also places higher demands on lawyers' risk foresight abilities in transaction negotiations, due diligence, and compliance reviews.

3.2. Significant Increase in Political Risks

Under the trend of anti-globalization, the government of the host country has significantly strengthened its scrutiny and intervention in cross-border investment, especially in sensitive areas such as rare earth resources and high-precision technology, which means political risk has become the primary obstacle for cross-border mergers and acquisitions of enterprises.

The foreign investment security review, represented by the Committee on Foreign Investment in the United States (CFIUS), has had a significant negative impact on the success rate of cross-border mergers and acquisitions as its jurisdiction continues to expand and the review cycle is significantly extended.

Regarding jurisdiction, CFIUS has expanded from traditional defense and critical infrastructure areas to transactions involving critical technologies, sensitive personal data, and core infrastructure. For example, Foreign Investment Risk Review Modernization Act (FIRRMA) in 2018 puts emerging technologies and data rights in national security considerations, and even includes certain non-controlling investments and real estate transactions in the scope of review. This makes more cross-border transactions face mandatory declaration requirements, and those transactions that are not declared in accordance with the law may also be retrospectively reviewed or even rejected.

Additionally, the significant extension of review time has increased the uncertainty and execution costs of transactions. The initial review period for CFIUS is up to 45 days, but it can further enter into another 45 days for a formal investigation phase, and even more astonishingly some complex cases may be extended again due to White House intervention. Statistics show that in recent years, the proportion of transactions entering the investigation stage has significantly increased, and the overall review cycle often lasts for more than 90 days [7]. This kind of delay may not only lead to financing failure, the closure of market window, and loss of investor confidence, but also force trading parties to renegotiate or even voluntarily giving up cooperation.

Therefore, CFIUS review has evolved from a procedural regulatory measure to a key variable that can be substantially restructured or prevented from cross-border investment. The expansion of its scope and extension of time together constitute institutional risks that cannot be ignored in the formulation of international strategies for enterprises, which have a profound impact on global capital flows and technological cooperation.

3.3. The Hidden Rise of Sovereign Risks

The rise of industrial policies and protectionist measures has significantly intensified the sovereign risks faced in cross-border mergers and acquisitions. In order to maintain high-quality enterprises and strategic core industries, governments around the world are increasingly inclined to intervene or even prevent foreign mergers and acquisitions that are believed to weaken the international competitiveness of their own companies or affect technological leadership [8,9]. This trend is highlighted by the integration of anti-monopoly are under the consideration of industrial policy objectives and national security considerations, and then form a more interventionist and strategic foreign investment regulation.

In this context, the traditional merger and acquisition review criteria based on market competition efficiency have gradually been incorporated into broader policy objectives, including technological autonomy and controllability, industry chain resilience, international competitive status, etc. Therefore, even if some M&A transactions do not strictly constitute a monopoly, they may still be rejected due to being seen as a threat to industrial competitive advantage or critical supply chain security. For example, in multiple merger and acquisition reviews in strategic industries such as artificial intelligence, semiconductors, and new energy, jurisdictions such as the European Union and the United States have explicitly listed industry policy objectives such as "maintaining international technological leadership" and "preventing technology outflow" as review criteria.

The logic of using regulatory tools to enforce industrial policy is starkly demonstrated by the Bulgarian Train Tender case involving China's CRRC in 2023-2024. Although it is a public procurement case, it perfectly represents the logic of the EU's Foreign Subsidies Regulation (FSR) applied to M&A. CRRC, a state-owned enterprise, was presumed to have received foreign subsidies, allowing it to submit an unfairly low bid. Under intense scrutiny from the European Commission and facing a potential FSR investigation, the Bulgarian government ultimately canceled the entire tender.This case shows how the level playing field is now defined by the absence of state support, and how sovereign risk can manifest as the blocking of market access based on industrial policy goals rather than traditional competition law.

3.4. Enhancement of Operational and Integration Risks

The stage of integration stage after mergers and acquisitions faces greater challenges, especially the management complexity brought about by cultural conflicts and rising ethnic sentiment.

The wave of anti-globalization has fueled nationalist sentiment in host countries, making cultural integration, brand management, and employee morale improvement more difficult after mergers and acquisitions [10]. Cultural differences and local exclusion may hinder the smooth transfer of technology and management experience, as well as the synergistic effects.

4. New Opportunities for Cross-Border Mergers and Acquisitions under the Risks of Anti-Globalizationn

Despite the numerous risks, anti-globalization also provides new M&A opportunities for companies with strategic vision and risk management capabilities.

4.1. Opportunities under the Financial Risks

4.1.1. Contrarian investment and divestiture (under the valuation volatility)

Although the high-interest rate environment and macroeconomic fluctuations have lowered asset valuations and increased financing costs, they have also created a window period for contrarian investment. Anti-globalization has forced some multinational corporations to shrink their strategies and refocus on core businesses and local markets, providing impetus for the divestment of non-core assets and overseas businesses, generating a large number of opportunities for asset divestiture [10]. These divested assets are often of high quality, but are packaged and sold by the parent company, and buyers may obtain key technologies and market share at discounted prices. For strategic buyers with ample cash flow and low leverage, such as large industrial groups and family businesses, they can acquire high-quality assets that were previously unattainable due to overvaluation at a more reasonable price.

4.1.2. Supply chain reshaping and key technology autonomy(under the risk of supply chain)

One of the core manifestations of anti-globalization is the strategic contraction and restructuring of the global supply chain. The consideration of national security takes precedence over pure efficiency considerations, which has provided strong political and financial support for mergers and acquisitions aimed at security and autonomy. Their strategic value far exceeds traditional financial valuations, giving rise to a huge demand for mergers and acquisitions

Supply chain nearshore mergers and acquisitions: In order to transfer production capacity to politically and economically stable and geographically closer regions, companies will acquire manufacturers from target countries.

Independent mergers and acquisitions of key technologies: In order to break away from technological dependence on specific countries (such as semiconductors, new energy, and biomedicine), governments and enterprises of various countries will actively support or even fund mergers and acquisitions of companies with core key technologies, in order to achieve technological autonomy and controllability.

Vertical integration of value chain mergers and acquisitions: In order to strengthen control over upstream raw materials and core components, companies will acquire suppliers from downstream; To get closer to the end market, people will acquire distribution channels and brands. This vertical integration can greatly enhance the resilience of the supply chain.

4.2. Opportunities under the Political Risks

4.2.1. The certainty of M&A within the alliance (under regulatory review)

Although strict foreign investment security reviews (such as CFIUS) have blocked many transactions, they have also created opportunities for leading companies that place compliance at the strategic core. Buyers who are proficient in host country regulatory rules and able to proactively design transaction structures to avoid review pain points (such as data isolation and technical governance solutions) will gain significant competitive advantages. More importantly, anti-globalization is not an absolute isolationism, but a reconstruction of the form of globalization, manifested as a shift from global multilateralism to regional bilateral/multilateral. Keen enterprises have responded to this trend by concentrating their M&A activities within geopolitical friendly "small circles", thereby transforming external political risks into internal deterministic opportunities. As a result, value - or security-oriented alliance economies have emerged, such as the USMCA and the

EU Single Market. Shifting the target of mergers and acquisitions from the global market to friendly countries or within regional economic alliances can greatly reduce the risk of political scrutiny.

Conversely, the failure of Applied Materials' acquisition of Japan's Kokusai Electric in 2023 serves as a stark warning of the geopolitical spillover effects. The deal, which required approval from all major jurisdictions, was ultimately canceled because it failed to obtain the approval from China's SAMR. This occurred against the backdrop of the US CHIPS and Science Act, which aims to restrict China's access to advanced semiconductor technology. Even though the acquisition itself might not have been directly blocked by US authorities, the heightened US-China tech competition has given China a strong incentive to withhold its approval as a strategic countermeasure. This case emphasizes that in a deglobalized world, a transaction's success is up to a complex web of geopolitical relations, making deals within allied small circles not just an opportunity, but a necessity for certainty.

Cross-border mergers and acquisitions within these alliances that share common values and similar regulatory frameworks will significantly increase the political certainty and success rate of transactions.

4.2.2. Responding to the hoster's industrial policies(under the sovereign risks)

The essence of industrial policy under anti-globalization is precise globalization, which means attracting high-quality resources from allied countries while controlling core links within the country. Foreign investors can transform sovereign risks into policy dividends by becoming a key link in the host country's strategic industrial chain through mergers and acquisitions. The interventionist policies adopted by the host country to maintain technological leadership and supply chain security not only create obstacles, but also create new investment channels for foreign investors. Including but not limited to the huge subsidies and policy support provided by various countries for the development of local strategic industries such as chips, new energy, and Artificial Intelligence. By acquiring companies in industries encouraged by the host country government, foreign investors can enjoy local subsidies, tax incentives, and policy protection, thereby reduce investment costs and obtaining endorsement of safe entry into the market. For example, a European car company acquiring a US battery factory may precisely meet the requirements of the US Inflation Reduction Act, thereby gaining market access and support from both the US and Europe.

4.3. In Depth Exploration of Localization Management and Brand Value(Under the Operational and Integration Risks)

Anti-globalization emphasizes local identity recognition. Successful integration is no longer about eliminating differences, but about respecting and utilizing those differences. The rising nationalist sentiment and cultural conflicts have increased the difficulty of integration, but they have also forced the acquiring party to abandon a simple conqueror mentality and adopt a truly deep localization integration strategy. This brings new opportunities for value creation:

Retaining and strengthening local brands: no longer rushing to replace acquired brands with globally unified brands, but retaining their deep local culture and consumer emotional connections as a tool to capture the market. This taps into the local value of the brand.

Creating the image of a "local excellent corporate citizen": After the merger and acquisition, promising to increase local investment, retain employment, and even export foreign exchange earnings, actively fulfilling social responsibilities, can transform a sensitive foreign investment merger into an investment that is welcomed by the local community, turning resistance into assistance.

This deep localization operation model is the core opportunity to maintain corporate legitimacy and create long-term value in the context of anti-globalization sentiment.

5. Conclusion

Cross-border mergers and acquisitions under the background of de-globalization present a dual characteristic of risks and opportunities coexisting. The increasing political, economic, and operational risks require companies to establish more professional legal teams, risk identification and control systems, carefully evaluate transaction feasibility, and strengthen compliance management. At the same time, new market opportunities also provide opportunities for companies with the conditions to achieve leapfrog development through cross-border mergers and acquisitions, and to formally achieve monopoly.

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