
Adapting to Geopolitical Disruption
What Governments and Companies Must Do to Stay Competitive

Geopolitical hotspots beyond Europe

Uncertainty

A Transformative Moment in History

- The international system is not just being tested; it is being fundamentally reshaped. This challenge extends beyond the European and global security order, profoundly impacting the global trading system as well.
- The future is not predetermined, but a space we can navigate with strategic foresight and actively shape with our actions.
- To be safe and competitive in this new reality, we must first acknowledge that our world is being reshaped and that the "holiday from history" is definitively over.

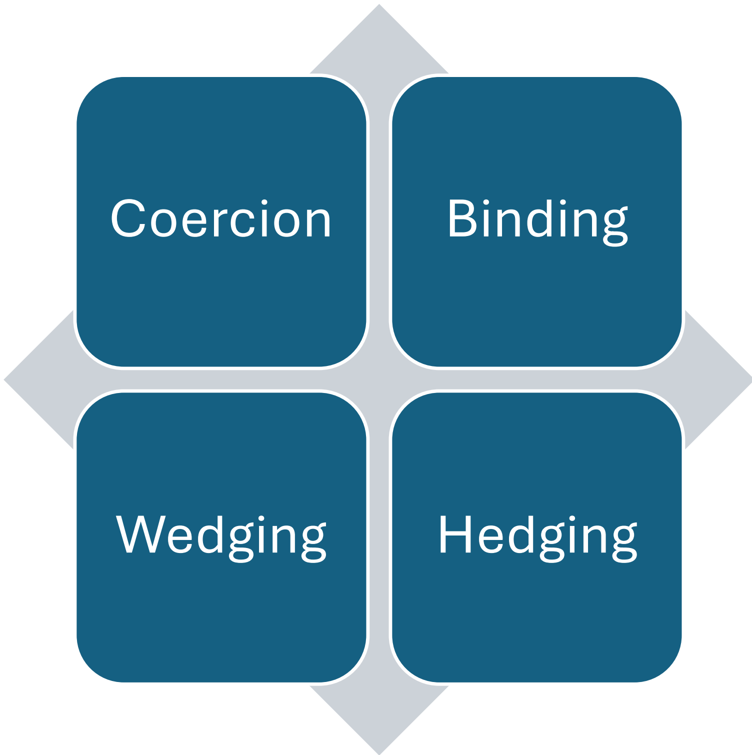
The Rise of Geoeconomics

- The use of economics to advance political (strategic) goals
- Economics and security thinking becoming interwined
- The norms and rules governing the international economy uprooted

Trends that shape the global economy

- Weaponization of the economy
- Economic Security as a new norm
- The crumbling rules-based trading order
- Balkanization of the global economy?

Geoeconomic Tradecraft



Tools of Geoeconomics

- Tariffs impact international trade
- Sanctions alter economic relations
- Export controls regulate sensitive goods
- Strategic corruption undermines stability
- Economic and industrial espionage steals critical innovations

Tools of Economic Security

- Inbound and outbound FDI screening
- Data localisation regulations
- Science and technology cooperation restrictions
- Critical infrastructure protection regulations
- Reshoring subsidies
- New industrial policy
- Innovation policies adjusted toward defence and security

Consequences for businesses

- The golden age of globalization is over
- The separation between the state and business is over
- Access to markets, materials and resources, finances, talent and data at risk
- Reorganisation of global value and supply chains
- Companies as tools for state interest
- End of “neutrality” - pressure to choose sides

Key tensions

- The efficiency vs. resilience conundrum
- Neoliberal ideals and strategic capitalism
  - FDI screening
  - Industrial policy
  - Innovation policy
  - Subsidization
  - Public procurement
- Security versus competitiveness

What governments must do?

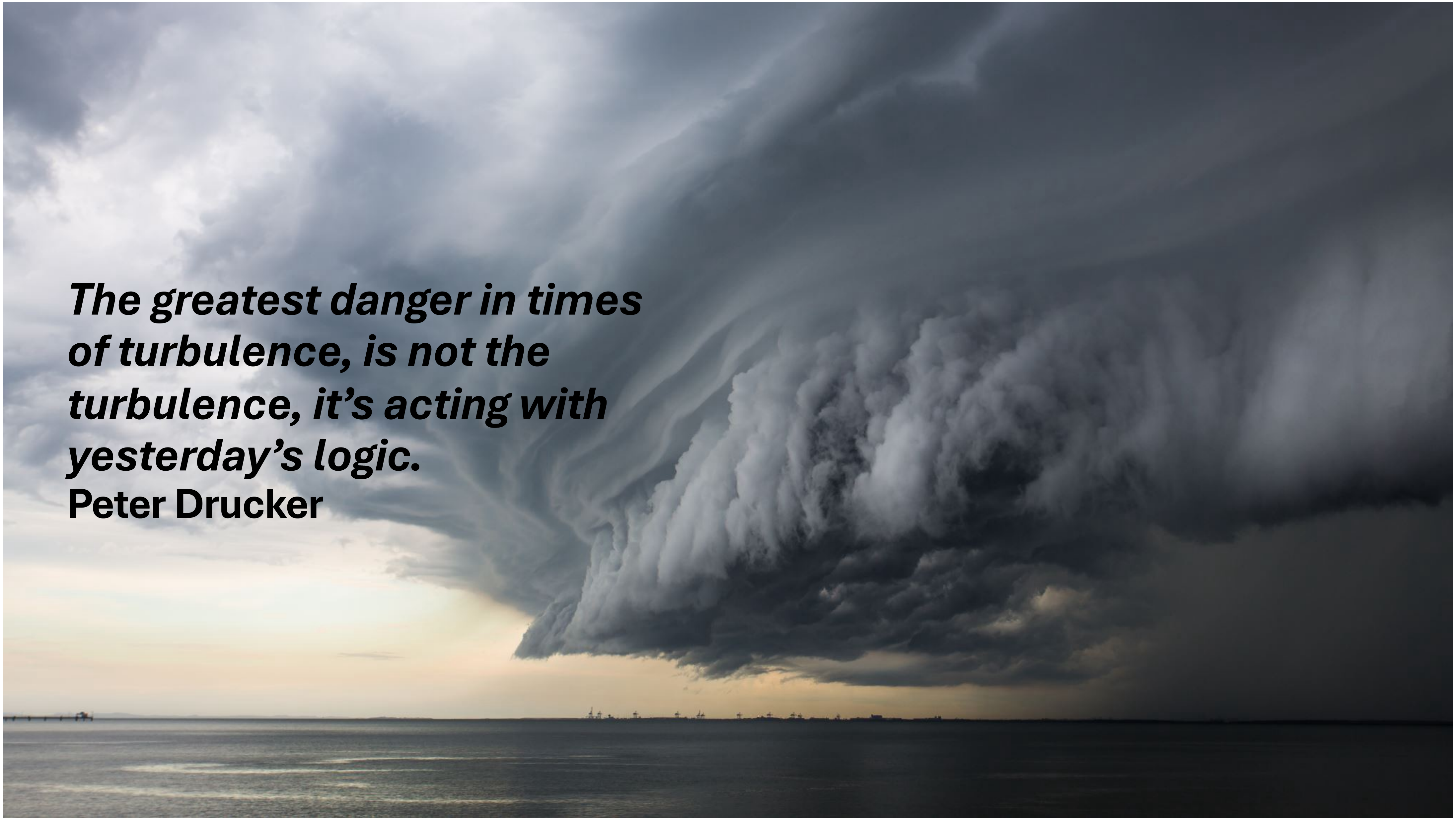
Find balance between competitiveness and security, efficiency and resilience, neoliberalism and strategic capitalism

Security is imperative, but do need industrial and innovation policies for e.g. AI?

Leverage economic statecraft and security, whilst avoiding protectionism

What businesses must do?

Rethinking	Think	Improve	Establish
Rethinking globalization era strategies, integrate geostrategy (risk vs opportunity)	Think more strategically about resilience, going beyond “bouncing back”	Improve the understanding of dependencies and vulnerabilities in the supply chain	Establish geoeconomic agency, actively shape and influence government policy where possible


The greatest danger in times of turbulence, is not the turbulence, it's acting with yesterday's logic.
Peter Drucker