

AGNÈS TOURAINE

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We hand the floor over to Agnès, who is going to talk to us about economic sovereignty and the related cyber risks.

Agnès Touraine

Thanks, François. I fully concur with what you have just said. We will not go back over the fact that this is the first pandemic in 30 years to hit every country in the world, and that it has demonstrated the key role of digital technology, but also exposed significant economic, political and even social vulnerabilities.

I will not go back over the benefits of digital technology; you have already covered that ground. What would we have done without Zoom and Teams? As you also said, data has become a gold mine. We already knew that, but it has definitely become a gold mine. Moreover, in business, data is really the key to value today.

It has also had a really big impact on vulnerability, first and foremost economic vulnerability. Allow me to remind you of the definition of economic sovereignty. Economic sovereignty means that an economy has control of its own strategic supplies. This brings me to the point I am trying to make.

We are clearly facing a shortage of chips and many raw materials. Will it last? Optimists say it will not and that it will have no impact on inflation. Others say that we have entered a new cycle. In any case, being dependent on foreign supplies of chips is fundamentally strategic for a country or a region.

Somebody ironically told me – and I hope it is fake news and will be taken as such – that there might not be enough chips to renew credit cards in 2022. If you are a telecom group, this leads you to put your payments on the phone.

However, this is something quite extraordinary that also applies to raw materials. As you know, the chip shortage has brought the automotive industry to a standstill, or almost. I remind you that every strategic industry guzzles up staggering amounts of chips. We must be very careful about knowing whether economic sovereignty is at stake or not. It obviously is.

We could talk about masks as well. Remember, during the pandemic we thought we could get a billion masks from China within 24 hours, so why stockpile them? I think that after the

pandemic, the question of strategic assets will come up and we will have to answer it. It is not just about chips and masks but many other things as well, including rare materials. It is hard to make most components without them. So the question comes up and the answer is by no means simple.

Today there is not one company that has not undergone a cyberattack. I am in a number of companies. It is hard to say who is what, but there are many attacks. Some are carried out by organized crime, others are not.

If you are familiar with the history of attacks, what happens on the dark web, etc., and if you see who is being negotiated with on the dark web, or who the companies or their insurers are negotiating with, it is quite telling and raises major political issues.

Getting back to economic vulnerability, there is the issue of the quasi-monopoly of platforms and networks. We can return to the impact of social media that evade many controls. I remind you, having been in the media and the press for quite a while, that if I slander any of my neighbors in the press, I am sued within 48 hours and have to answer for it in front of a judge. There is nothing like this on social media, which we all know, but to a point where the manipulation of content is still extremely worrying, especially during election campaigns, which happens in a number of countries.

Can we let the situation last? Can we let anonymity continue? This is a real issue that, once again, touches on economic sovereignty, when it comes to cyber, etc., political and obviously social sovereignty, since we also know that some social movements are strongly swayed by social media content which itself is strongly oriented by some countries.

We can be quite optimistic, and I think you can too. For example, Europe developed GDPR, which a number of countries now follow, showing that regulation is possible, whereas at the time everyone said it was utterly impossible and would never be followed.

But there is still a long way to go, and I agree with you that the issue of digital governance is still pending. It must be at least regional, in other words at least European as far as Europe is concerned, and it is important if we want to avert economic as well as political destabilization, a threat I believe can no longer be ignored.

Digital technology after Covid has huge benefits. Many good things are on the way, including new sources of growth and development. But they bring new political, economic, social and even, of course, strategic challenges that must be taken into account. I imagine we will talk more about the new wars in this area later. Thank you very much.

François Barrault

Thank you, Agnès. In fact, you say that in parallel to this, chip prices are soaring. I wanted to order a car in March. They told me it would be delivered in December, but now it is March. Raw material, wood, steel, rare earth, lithium, aluminum and shipping costs are skyrocketing. Here are two examples.



There is a company in my group where the price of a container unit has increased fivefold from \$4,000 to 20,000 in two years. At some point, this price rise must be passed down all along the value chain.

Christmas is coming, and I also have a toy company in my group. Let's take a simple example, something light and bulky, a teddy bear, that you want to buy for €80, not on Amazon, but in a toy store, hopefully ours. The freight and shipping costs of this teddy bear have risen from \$5 to \$40. What is going on? We are not going to make teddy bears. The teddy bears will stay there.

Post-Covid deglobalization is starting with an emphasis on eco-responsible short circuits. But everybody in our business, especially those in technology, is deeply concerned about skyrocketing raw material and delivery costs. I think at some point regulators will have to do their jobs.