

## MAURICE GOURDAULT-MONTAGNE

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Now I would like to move on to my friend Maurice, whom I have had the pleasure to work with in past years. He has been France's Ambassador in many countries – including Japan, China, Germany, and the UK – as well as Undersecretary General in France's Foreign Ministry. We have had a number of debates about whether the world is multipolar and about which one of the four scenarios that I described earlier is most likely to occur, so I very much look forward to your introductory statement.

### **Maurice Gourdault-Montagne**

Thank you very much for your presentation, which shows clearly that geopolitics are back on our agenda and that for the risk management, not just of states but also companies, we have to take these evolutions into account and set up the framing for our actions. We are in a time of war whether it will unfold into something tripolar or frozen forever, this period of war is sure to last for a while. We will go through the winter and see what will happen thereafter. Clausewitz, and I do not say that to show my erudition, had an expression that the culminating point of the battle has not yet been reached between the Russians and the Ukrainians. The culminating point means that there is a breakdown for reasons of morale, lack of equipment or external factors and regarding the external factors, there is still fatigue at this nine and a half months of war. We can see that in public opinion across the world and in the impact on this global world in terms of food security, pesticides, etc., and also in the change of majority in the House of Representatives in Washington. These are all factors that have to be included in our analysis. The uncertainty already existed before the war, with Covid, which gave us the awareness that there were unsustainable dependencies, and decisions had already been made to repatriate and relocate some industries, in the vaccines sector for instance. I would say that this was the preliminary, now, as Thierry was saying this morning, the war was an accelerator and what has happened shows that we will never go back to the past and the future will be different.

I recently read an article that quoted Morris Chang, the Founder and Chairman of TSMC. He said that globalization is over, there will be no more globalization. What does the world look like now? We have already talked a lot about it this morning, but we said there are blocs and in a certain way, there are blocs, one of which is certainly the US-EU and some other countries, in fact OECD countries, which are the ones that support Ukraine and that apply the sanctions. Then you have China-Russia, a very odd couple now with China ambiguous, supporting Russia verbally in all the aspects of this war being against the Western model.

However, it is totally in retreat regarding any support, whether technological, financial or military, so a very interesting position. Russia is like a besieged fortress and will remain that way for a long time because of sanctions after the war until there are negotiations. Russia is of major interest for the world and for many countries because of commodities, rare earths, energy, all kinds of products that this huge country still has. The point is that the whole world looks at China and Russia and that is how the world is reshaping itself, trying in a way to bypass the sanctions and regarding China, considering it as the platform for trade and a future for everyone. Let us keep in mind that China still represents about 20% of trade, even if the figures are slowing down and the consequences of the zero-Covid policy. China also represents one-third of global growth and that is important, as is how companies behave as regards that, as a block in a way but in very different ways.

I would like to come back to what Mr. Oualalou said this morning, which is multi-alignment. If we look at the world, the Indian Minister of External Affairs, Subrahmanyam Jaishankar, has said multi-alignment is the new behavior of countries. That means, you behave according to your own interests and India is a champion in that respect. One day India is at the outreach of the G7, the next the BRICS, at the third the Shanghai Cooperation Organization, the fourth having Vostok drills in the Pacific with the Chinese and Russians in front of Japan, and on the fifth being with the QUAD with the Americans on Indo-Pacific policy. That is what Mr. Jaishankar says, there are no more fluid alliances, and we must work according to our interests. Turkey is a member of NATO and is now applying to be a member of the BRICS. We have to take into account these new evolutions, which do not show that countries will betray you, but that there is some more agility in the world as it is.

Now, I would say the rest of the world is this swarm of middle-sized countries or smaller countries that are trying to survive because of inflation, security, pesticides, in Africa around 35 countries depend on grain imports from Ukraine and Russia. The UN Food Organization figures show that if you do not have pesticides in these countries, you will not get harvests next year, so what will that mean? This explains the visit made by President Macky Sall of the African Union to Moscow in June, and then President Widodo of Indonesia, the President of the G20 went to Moscow and Kyiv and came back saying that this war is not our war, we want to fight inflation and feed our people. Let us remember, that this is the direction of the world and most of the countries, between 130 and 140 countries, are following this pattern.

Let us now look a bit more at how things will evolve. As I said, we have this bloc of the OECD countries but if we look at the EU-US relationship it is more and more complicated for obvious reasons that you know. There is energy, which was raised this morning, the price of energy in the US will now be four times lower than in the EU, so industries and investments are already locating to the US rather than the EU. That has consequences in terms of jobs, employment, activity, as well as social and political consequences. Then you have the IRA, the Inflation Reduction Act on the green economy, hundreds of billions of dollars, which is in the American interest. However, all these possible subsidies given to the green economy will counter efforts in the EU regarding electric vehicles and other products. How will the EU react to that? I was listening to Commissioner Thierry Breton talking a couple of days ago and saying that if we go for tariffs on imports of American products, it will then be a commercial war and is this the best way? We must not kill free trade, so why not have a bi-European act, because we also have to react, and companies will have to adapt to these evolutions. Then there are defense issues



between the EU and the US. Now, because of the war, NATO is more consistent but 23 countries out of 27 EU member countries are now member countries of NATO, so where is the self-reliance, autonomy, sovereignty of the EU regarding defense in the future? There is a consequence of that if you look at the statement made after the summit held in Madrid by NATO member countries, which says, 'China has become a challenge to the security of the Euro-Atlantic zone.' That is important for the future, so we have to keep it in mind.

We can see very clearly that China is taking the lead in all these settings, the lead in the BRICS, the lead in the SCO and, as I was saying, countries are trying to bypass sanctions. There are new channels to import oil and they are trying to avoid sanctions, and secondary sanctions are a major issue that is not often raised, but makes many countries go off the Western countries. There are now compensation funds, rouble/rupee, or Turkish pound/rouble to enable trade and for instance tourism to Turkey regarding this second fund. A new issue that I think Mr. Al Mazrui may comment on, is electronic currencies. China sees electronic currencies as a way of trying to avoid sanctions in case the confrontation with the US becomes tougher and there are sanctions on companies working with China because they let avoid SWIFT transborder transaction processes with their central banks. This is something we have to follow very closely because, as has frequently been said, the intention is for China to buy crude oil from this region with yuan.

We now have three major zones that are rising. Of course, Asia with the competition on one side of RCEP, the Regional Cooperation Economic Prosperity Zone led by China with 15 other countries, ASEAN countries plus Japan and Australia. This is trans-Asian. On the other side is IPEF, which was mentioned today, Indo-Pacific Economic Framework, which will be more focused on supply chains, green economy and led by the US. This is the competition, but I would say that many things in the future will happen in that Pacific region and there will be norms and standards coming out from those regions. Another rising zone, your zone is rising, the United Arab Emirates, Saudi Arabia. If you look at the investments done in this region but also for instance at NEOM, this new capital of Saudi Arabia on the Red Sea and trying to project and deploy on Northern Africa, Egypt, Sudan, Eastern Africa, which is a key point for the dynamics of that region where with organization and a firm political will, there is the possibility of bright investment, which is also something we should keep in mind.

Then there is Africa, which Sam can talk about better than me. It is contrasted but these are zones of growth at which we must look very closely.

Just to finish with the challenges we have. As was said this morning, the first is to reorganize the world order to make the institutions and processes legitimate again. They do not work and are completely paralyzed, so we have to organize this disorder which will last for a while. Second, we must absolutely avoid bipolarization because most of the countries, this swarm of multi-aligned countries do not want to choose either the US or China, they want to continue their development and I would say that bipolarization would be an impediment to that in these rising zones and it would also be a major issue for the EU. These are issues we can talk about afterwards.

**Nikolaus Lang**

Thank you, Maurice. I gather from your statement that we are moving not only into a fragmented world but also into a multi-aligned world – and, of course, we will have a series of questions related to those observations.