

## SPEAKERS DEBATE

### **Nikolaus Lang, Managing Director and Senior Partner at Boston Consulting Group and Global Leader for Its Global Advantage Practice Area**

I will do a quick Q&A here with the group before we open to the room – and maybe, Nicolas, one question. We heard a lot about scenario planning, about thinking about the future, about being prepared. Of course, you work in highly geopolitically shifting environments, so could you offer a quick view of two or three key lessons you have gathered by reacting to geopolitical shifts in the past?

#### **Nicolas Terraz**

What I would say, the first lesson is that risks can materialize where you do not expect it. Three years ago, we had, for instance, a large pandemic scenario and we are doing exactly what Jay described – this risk mapping with likelihood; severity, etc. I do not think we had a major pandemic very high in our risk-mapping. I do not think we expected what happened in Russia. I am not sure we expected what happened in Israel and Gaza.

I think the second thing we learned for sure is that our principle to limit capital allocation in one country is a good principle.

I think the third thing we have learned, and certainly that we still need to improve but we are learning, is the importance of communication and explaining what we are doing, and why we are doing it.

#### **Nikolaus Lang**

Very good. Thank you. Penny, you alluded earlier to Biden 2.0. Now, I have to ask the question, what is your view on trade if someone else wins this election?

#### **Penelope Naas**

I think, in general, what I would say is, where we are at the moment on trade – and I think it is a little like the climate change issue. I mean, the climate has changed and the best we can do at this point, on climate, is to keep what we have today. If we stop, it is almost impossible to go back to the climate all of us had as children.

I think the same is true on trade. I look at the trade environment, both with Biden and with potential Trump, as what we have today may be the best we can hope for – particularly for those that are adherent to more traditional trade and trade instruments.

I think both may look at a second term as opportunities to continue on the trajectories they have been on. Trump has already talked about a 10%, potentially 35%, flat tariff, depending on whether you are with a free trade partner or not. Biden has talked about several other things.



I think, and having talked to the two individuals being rumored by both to be the USTR in a second administration for both, I think that where we are today and where we may be is something we need to watch.

One thing I wanted to just follow up on super-quickly is, I think one thing that is really important coming out of the conversation that we have had is how important transparency has become in companies and maybe digitalization will help with this.

However, going to the risk point, I think that many people are aware of the carbon footprint; the human rights of your supply chain; and a lot of other issues. Transparency around your operations has become incredibly important and is incredibly hard to do. That is something that digitalization may provide some opportunities for in the future, but I see that as something companies will continually need to plan for moving forward.