

DÉBAT

Nikolaus Lang, directeur général et associé principal, Global Leader for the Global Advantage Practice Area de Boston Consulting Group

Great. Thank you very much, Penny. We have another five minutes and I would like to open to the audience for a Q&A. We have here a very diverse panel. We have one question here. Maybe we can get the mic to the lady?

Marie-Roger Biloa, présidente de The Africa International Media Group et MRB Productions

Thank you for your very exciting panel. My name is Marie-Roger Biloa and I have a question especially for Professor Lang, but any of you can answer.

You mentioned the multipolar world and, as we know, the BRICS had their geopolitical moment a few weeks ago. They account for, what we hear, 40% of the world GDP. Therefore, do you consider the BRICS and the new doors they have been opening, like a common currency and a new world financial architecture, all these things, do you consider that a threat; or is it a very positive development for trade?

The second question is, what could become a danger coming from the BRICS? Thank you.

Nikolaus Lang

I will take another two questions, and then we will try to answer. There is a second question here; third one here, and then we will try to...

Jean-Claude Meyer, Vice Chairman International de Rothschild & Cie

Yes, a question to the Managing Director of Total. How do you anticipate the decline of oil consumption because of electric engines; and because of a green economy? How will it affect the oil prices?

Nikolaus Lang

Okay, thank you. That is the second question. Nicolas, there was a third question, and then we will start answering. I am just trying to manage time. Can we have the mic in the middle for the gentleman?

Jean-Michel Severino, président d'Investisseurs & Partenaires

Thank you very much for this exciting panel. I am speaking from the viewpoint of former and current member of several boards of large multinational companies, and I wanted to ask you whether you shared this observation that I am going to make and react on it.

Probably one of the most striking things when it comes to strategic risks in the past years has been the realization by very large multinational companies that they were not global companies working globally and freely, but they were belonging to a nationality. All Western companies suddenly had to give up their activities in Russia, for instance, and they realized that they have to abide to a certain camp.

Of course, they are making the same assessment with China and other areas of threat, and they are taking consequences out of the situation and shaping supply chains, the way they work, and making themselves more immune to those political risks, as you have advised.

Now, are they not, by doing that, creating a kind of self-fulfilling prophecy and paving the way for possible increased likelihood of conflicts by reducing, in a very concrete way, through the way they operate, increasing the possibilities of conflict?

Nikolaus Lang

Okay. Thank you very much. We will try to answer every question in one minute, to keep time. Nicolas, do you want to take the question on energy transition and oil production?

Nicolas Terraz, directeur général Exploration-Production et membre du Comité exécutif de TotalEnergies

Well, the decline in oil consumption, we do not have a crystal ball at TotalEnergies, but we expect the oil demand to reach its peak during this current decade; and then to decline to a level. To be Net Zero by 2050, the oil demand could be, let us say, 20%/25% of what it is today. There will still be an oil demand because there are some products that you cannot substitute, actually, particularly for petrochemicals – hence the need for compensation of this residual demand. The big uncertainty is the pace of the decline and how fast it is going to be.

Regarding the question on oil price impact of all this, what is important to have in mind is that an oil field is not producing flat overtime. There is a natural decline of the production, which is 4% to 5% per year. It means that if you stop investing in the oil projects, in 10 years from now, the production will have decreased by 40%.

Basically, in order to keep the oil price under control or at an acceptable level – and it is a question of affordability of energy – companies need to continue investing in new developments to offset the decline, or at least to offset the decline partly when the demand is decreasing.

I hope that answers the question.

Nikolaus Lang

Yes, very good. Thank you. There was a question about, by reshaping supply chains and by segregating supply chains, are we increasing the risk of conflict. Penny, 30 seconds; Tae-ho, 30 seconds – what is your view?

Penelope Naas, Non-Resident Senior Fellow du Conseil atlantique, ancienne présidente des affaires publiques internationales et du développement durable chez UPS

I think the question was also about nationalism and US companies reacting quickly on the Russian situation by pulling out. I think, in short, I would say yes. When I read Jake Sullivan's *Foreign Affairs* piece, there are things in there – they do not mention the word 'trade' – but there are other things in there that, to me, look like companies are becoming part of the



industrial national security strategy of the United States in a way that, I think, limits freedoms in some ways – and I do think it is something companies need to look at very, very carefully.

Nikolaus Lang

Thank you. Tae-ho, your turn?

Bark Tae-ho, président du Lee&Ko Global Commerce Institute, ancien ministre du Commerce de Corée

The companies are very quick in responding to these kinds of restrictions and many Korean companies are investing to have a stable supply chain into resource-rich countries, like Canada, Australia. There are lots of investments being made by Korean companies to establish a stable supply chain of critical minerals or raw materials.

Nikolaus Lang

And diversifying. Jay, before I answer on BRICS, what is your view on BRICS?

Jay Truesdale, directeur général de Veracity Worldwide

Yes, I would just say there are a couple of additional factors to watch out for. One is the incredible upwelling of interest amongst stakeholders that were very vocal in the case of the Russia pull-out, putting a lot of pressure on boards, a lot of pressure on executive teams through various means – direct engagement, social media, and through politicians. This was facilitated, in part, by active tracking by many organizations that were looking at how compliant individual companies were with the spirit of the need to move out of Russia.

In the case of China, one can easily imagine something similar happening, depending on what the scenarios are that we are talking about.

The other pieces, the sanctions regime that was put in place, not just by the United States, but also by the European Union, by the United Kingdom and others, was sufficiently broadly defined so as to encourage a conservative approach on the part of individual companies, so that they could ensure that they did not run afoul of sanctions compliance.

We can see that, although that makes it much more difficult to control if you are the sanctioning government, from a company perspective, it makes you want to listen to your lawyers who are telling you, 'Do not incur any risk when it comes to sanctions. Do the thing that is easiest', and, in many cases, it was just to leave the market.

Obviously, in the case of China, it will be a much more difficult conversation, given how embedded supply chains are; market considerations are, but it is definitely on the minds of corporate leaders.

Nikolaus Lang

Good. Thank you very much. I think, on BRICS, our view is that there is very positive potential in bringing that together. I think if you look both from a trade perspective, from a financial perspective, from an energy perspective, I think BRICS has hugely almost doubled its energy base by the expansion that was decided this year.

Therefore, from our perspective, I think it has much more to win than to be in any case a danger.



Yes, we have had a fast-paced discussion here on global trade. Penny, you said it is a force for good. I think we still believe in that.

I would like to thank my panelists for this very broad perspective, for you for your engagement, and I look forward to very interesting discussions over the next few days. Thank you.

Penelope Naas

Thank you.