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Kazuto, you have the floor.

Kazuto Suzuki, Director of the Institute of Geoeconomics at International House of Japan, Professor at the Graduate School of Public Policy at the University of Tokyo

First, thank you very much for inviting me again to this wonderful World Policy Conference.

Following what Vladislav has discussed and Bertrand's proposition on how we describe the globalization of today, which is not globalization as we know it, I will propose the idea that this is the time of geoeconomics. I emphasize the geo part in geoeconomics because during globalization we assumed that the economy transcends geography, we are moving from one place to another without any controls, lower tariffs and regulations, a race to the bottom. There are countries that are competing to attract more investment, trade and everything and that was a driving force in globalization but today, geoeconomics means that there are geographically defined spaces, such as national jurisdictions, where it is becoming extremely important to protect their own people, culture and national wellbeing. I think this concept of the return of geography or the return of geoeconomics is actually what is happening in today's globalization.

I agree with Vladislav that globalization is not over, the movement of trade and capital is still going on but there are a number of countries that are taking certain measures driven by domestic concerns that globalization or free trade is actually harming their economy and society. 2024 was an election year with about 70 elections all over the world and in most cases the incumbents were the losers, largely because of inflation and dissatisfaction with their economic management. Free trade became increasingly an enemy and using tariffs and export controls, or other means to restrict trade, is becoming a fashionable way to weaponize the economy because we are trapped in interdependence. Interdependence was promoted during the period of globalization and many countries, including the United States and China, have been deeply engaged in it. So decoupling is not realistic. As Sébastien mentioned, the trade between blocs still continues because we are trapped by interdependence, but its contents are now changing, and it cannot easily be used for economic growth but rather for weaponization. Using this interdependence or the situation where the countries are trapped by it is now providing fertile ground for politicians like Mr. Trump as a tool to threaten other countries because no country wants to be left out, because that would be associated with a lot

of pain. For example, the economic sanctions against Russia are one of the ways to decouple or separate the Russian economy from the Western economy or the rest of the world, but in fact, it is getting harder. Although states are using the economic sanctions as a weapon to force Russia to change its behavior in Ukraine but, at the same time, for example, Japan is still buying Russian LNG, and many others are buying oil and diamonds. This is because interdependence during globalization is now creating a lot of pain for other countries when it comes to decoupling, so interdependence can be used as both a weapon and as a safeguard for globalization.

Again, globalization as we knew it is no longer applicable because there is no willingness among any countries to strengthen this interdependence and to create more vulnerabilities. That is why the idea of economic security comes into play, which is usually defined as the way to reduce dependency on other countries and to reduce vulnerability.

Finally, what is interesting about this situation is that Mr. Trump's policy of using tariffs as the economic coercion and measures does not restrict the movement of capital. There are sanctions against certain countries like Russia, North Korea or Iran, but most of the movement of capital between Japan and the Western countries are still available to anybody. If there are tariff barriers, they can be overcome by investing in the US jurisdiction and I think that this is now becoming a very interesting move because the tariff is no longer a measure of protectionism but an invitation to invest in the United States.

In conclusion, globalization as we know it is over, but I think globalization with the characteristics of geoeconomic competition is starting now.

Bertrand Badré

Thank you very much for highlighting the duality of interdependence, which I think is interesting.