

*Think*

*new things*

*Make*

*new connections*

## Terms of Reference

**What does geopolitics  
today mean for  
business tomorrow?**

**21-23 April 2023**

**DITCHILLY**

## **What does geopolitics today mean for business tomorrow?**

**How can we achieve resumed global growth in contested times? Can China ever be again the driver for growth it once was as geopolitical competition becomes sharper? What does today's world of competition mean for companies spanning borders and their leadership and role in society?**

Global growth was sharply interrupted by the pandemic and, in response, governments around the world doubled down on the stimulus packages shaped to foster recovery after the great financial crisis of 2008. Now, the post-pandemic recovery has been interrupted in turn by the need to fight inflation. Some argue that the root cause of inflation is too much stimulus for too long. Others emphasise the sharp shock to the global economy from Russia's war on Ukraine and the resulting energy and food crises. Almost all agree, however, that controlling inflation must remain the priority until the job is done.

When inflation stabilises, we will all want economic growth back as quickly as possible to help ease government finances, to offer succour to hard-pressed citizens, and to build future prosperity. Where will it come from? What might stand in its way? How might it have to be different to growth in the past?

This Ditchley conference will bring together transatlantic leaders across business, government, national security, the media and civil society to discuss these issues at a private gathering at the Greentree estate on Long Island, New York.

### **Context and questions**

One of the major drivers of growth in the last twenty years has been China and, despite the geopolitical noise on both sides, overall trade with China continues to grow. But it is not at all certain that China will remain the engine of growth it has been, or that economic China will remain so open to western companies. Some headwinds will flow from western restrictions on the export of sensitive technologies, as with the recent CHIPS Act (Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022) banning the export of the most advanced chip technologies for AI. Other barriers to trade may come, however, from China itself in its pursuit of "dual circulation" and prioritisation of social cohesion above growth. And, of course, the picture could also be changed decisively by a conflict with Taiwan.

Will China continue to rely on the West for the most advanced products or be forced to turn to domestic alternatives? Does China have any choice but to use western dominated financial systems that could be turned against it and what would the impact of financial fragmentation on financial services? Will the Chinese leadership continue to allow Chinese businesses to invest abroad at the same level? Will economic pragmatism continue to outweigh ideological purity and will western business leaders still be welcome in China? How should western companies approach China in the years ahead and how do we build a cohesive approach across the Atlantic and with the Indo-Pacific democracies, that gives business a level playing field?

The implementation of technologies – automation, AI, cyber security resilience and sustainable energy – are going to be critical to the increases in productivity that will deliver growth. Chinese companies are going to choose Chinese versions of these technologies and American companies are going to choose American versions. But what are the choices for

the rest of the world in sourcing technology? Will companies have to choose one camp or the other? What are the options open to Europe, in particular, and how will this play out with legislation such as the Inflation Reduction Act on the American side, seen as protectionist by Europe, and possible carbon border adjustment taxes and technology market regulation on the European side, seen as protectionist by the US? Will there be a flight of American companies from Europe as some are predicting? Will European markets remain open to the US and vice versa, or do we risk a trade war between allies?

More broadly on technology, a more contested geopolitical world coincides with a fast acceleration in the automation of white-collar work, with large language model AI being deployed at speed in the market. Will these new technologies deliver more growth in aggregation across the economy or less? What will happen to the job market in the short- to medium-term, and what impact will that have on growth?

A third major change is underway on energy, driven by climate change concerns on the one hand and rocketing energy prices on the other, due to general inflation catalysed by the war in Ukraine. How soon will the increased short-term demand for fossil fuels in response to the current energy crisis be replaced by bolder and faster innovation and investment on alternative energy sources? Can the race to renewable become a driver itself of growth as often claimed?

If Chinese growth is faltering then what of the rest of the Indo-Pacific, Latin America and Africa as new sources of growth? Can African entrepreneurialism break free from the friction imposed by poor levels of governance in many countries? How can the industrialised countries, and especially the private sector, best seed and support growth in the developing world?

What will all these pressures do to how companies define and present themselves and the nature of private sector leadership as CEOs confront a need for faster decision making, combined with increasing uncertainty? Will all companies of size begin to feel pressure to be national or at least western champions? How can companies best cope with fragmenting and sometimes incompatible regulatory demands from different jurisdictions? Will companies have to define themselves as democratic, in a similar way to defining themselves as environmentally, socially and governmentally sound over the last few years? How will these changes impact on company leadership and how companies measure their performance, in addition to growth? What will happen to the trend for stakeholder capitalism and the ESG agenda and to its counterpart, the backlash on the right against “woke capitalism”?

For the middle part of the conference, we will split into three working groups to explore these issues in more detail from three perspectives, with the aim of reaching useful insights and recommendations for policy makers and private sector leaders. The specific themes for each working group will be defined nearer the time, as these Terms of Reference are drawn into sharper focus.