

**EBLC Northern Light Summit June 29-July 1, 2017**

## **The New World Disorder:**

### **How to save open societies and free markets?**

#### **EBLC Northern Light Summit 2017: Key takeaways**

*Organised by the European Business Leaders' Convention, the Northern Light Summit was held in Helsinki on 29 June – 1 July 2017 under the theme "The New World Disorder". The Summit gathered 140 participants to discuss current themes affecting business and politics. The Summit also included a pre-conference with a key question: Is the New Generation Ready to Lead? These key takeaways from the Summit do not aim to offer any definite conclusions but a basis for further reflection.*

**Are politicians and leaders coping with the New Disorder?** The transformations associated with the new generation and new technologies require a transformation of political leadership. The political consequences of the fourth industrial revolution will be much greater than that of the first. The New Disorder is a test to legislators as all the elements of the post-industrial world are currently challenged. How will policy-makers deal with transformations in production, consumption, ownership, and employment in an age of interconnectedness? Leadership still matters, especially when institutions are weak. Instead of national answers, politicians should look for global answers. Europe has real potential to take the third road and have governments collaborate with businesses.

**The future of Transatlantic relations.** The Transatlantic relationship is in deep trouble. Whether this will be temporary or permanent remains to be seen. However, neither side can afford to take a break from the relationship. Unless Europe and North America can provide predictability, a rules-based international system, and free markets, China will step forward. Although President Trump's skills and leadership style appear to be inconsistent with the realities of the presidential position, Europe should focus more on substance than on Mr Trump's style. Europe needs to take more responsibility for its own security but cannot be completely secure without the United States.

**Brexit and the future of the EU.** The future structure of the EU will be more flexible with a multi-track view on integration. Different categories for membership will be needed, but for short-term reasons, clear definitions for membership are necessary. The EU's current political momentum does not solve all the structural problems of the Union but enables it to go in that direction. The EU can team up with China in certain areas, but the real challenge ahead is creating stability in the European neighbourhood and Africa. From the EU perspective, Brexit is no longer the top priority; the future of the EU27 is. Consequently, the Brexit process will be seen through the lens of the EU's future. All Brexit options are currently on the table – hard, soft, or chaotic – although there has been increased pressure for soft Brexit since the British elections. Despite uncertainty over the outcome, businesses must prepare for a possible hard Brexit and ensure that both the British government and the EU hear their voice.

**Russia and the West.** The Russian economic environment is strongly affected by political uncertainty. However, foreign business engagement in Russia is fundamentally important – it is in Europe's interests that the Russian economy grows. Geopolitics places challenges to businesses, but businesses may also serve as drivers of de-escalation. There is cause for optimism for foreign businesses in Russia as there is increasing willingness by the Russian government to engage in constructive dialogue to attract foreign investment. Nevertheless, without fundamental changes in Russian national security and foreign policy, radical economic reform and an increase in foreign investment is impossible.

**China and the age of easternisation.** The most significant development of our lifetime and the coming decades is the rise of Asia or 'easternisation', which is also the background for the turmoil in the West. As rising powers are likely to clash with established powers, China is likely to clash with the US at some point. If China becomes the manager of the Near East conflict, this will cause major changes in the international system. President Trump's withdrawal from the TPP benefits China: if there will be a free trade area in Asia, it will probably be around China. European businesses should pay more attention to the RCEP agreement and push for things they want. The speed of innovation in China is of a totally different magnitude than in the West. Chinese consumers are also very willing to try out new things. Unless foreign companies have local resources in China, they are going to be too slow in the Chinese economy.

**Does your company need a foreign policy?** Geopolitical risk is one of the most difficult challenges for a company to manage. The US is stepping down as the guarantor of world peace and stability, and economic sanctions have become a commonly used tool for foreign policy. A geopolitical mindset is definitely needed. But is it possible for a company to have a "corporate foreign policy"? When thinking in (geo)political terms, businesses should focus on transnational risks but pay attention to the sub-national level as well. While trying to understand the dynamics and trends of a foreign region, they should not ignore domestic political risks either. Companies should not over-rely on their home country's foreign policy but instead diversify their political relationships. However, not everything is a macro-level trend – one must also be able to react to accidents in an agile way. Businesses must have political competency and an understanding of the geopolitical environment, but having the ability to assert foreign policy interests may not be possible. This is why it can be argued that foreign policy should be left to representatives of states.

**AI and robotics challenge everything we assume.** Artificial intelligence and robotics will challenge everything we assume and disrupt existing business models, but one aspect remains constant: humanity. Artificial intelligence exists for the benefit of human life, and the consumer or the citizen can and should be put at the centre of every product and service. AI and robotics are not about humans versus machines but about humans AND machines, a social team of humans and machines. The opportunities of AI and robotisation far outweigh the challenges. When discussing AI and robotisation, the focus should be on the *deployment* of technologies and what it means for security and transparency, for instance. Businesses will need to work closely with governments to enable the creation of an open society.

**Finland: A story of transformations.** Finland's 100 years of independence is a story of transformations. Both business and politics have been forced to adapt to new circumstances resulting from geopolitical and technological changes. The success of Finland shows how a sequence of unfortunate circumstances (civil war, world war II, cold war) can turn into strength, creating ability to transform and innovate. Through technological innovation Finland has managed to beat geography. Transformation has been supported also by the Finnish character, perseverance of Finnish "sisu", the gut, the Finnish culture of direct talk and the spirit of communal work. For the future Finnish business leaders hope that Finland offered more opportunities for talent, commitment for long-term policy-making, and an attitude of "doing more".

**What does the new generation want?** The New Generation does not want what the old generation assumes. This means that the measures of success and achievement will be dramatically different in the future. The new generation does not want to choose between doing well and doing good: They want economic, social, environmental, and technological benefits; a sense of belonging, control over their lives, fewer burdens, more opportunities, and less division. The next generation does not engage in traditional party politics but is very engaged in specific issues, focused on entrepreneurship and innovation. This forces all of us to rethink politics, democracy, and social change.