

# Dialogue of Continents

## *The End of Abundance, The Birth of Resilience*

*Fifth Edition* - November 28, 29 - Paris, France



2022  
Report

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***"The last G20 meeting of this year shows that major world economies are refusing to enter an era of war, global governance is indeed in search of a new model."***

Marc Uzan, RBWC and  
CEP Paris



**Marc Uzan** is the Executive Director of the Reinventing Bretton Woods Committee in New York and the Center for European Policy in Paris. He launched the "Dialogue of Continents" forum five years ago.

"It was a great pleasure to reconvene the Dialogue of Continents Forum after two years of hosting this event mostly online. We were also delighted to return to Paris, where the first edition took place. We are living in historical times not only for the global economy but for the world at large. The last G20 meeting of this year showed that major world economies are refusing to enter an era of war and that global governance is in search of a new model. Is it capable of reinventing itself? How should we proceed? The questions closely mirror the theme of the fifth edition of Dialogue of Continents:

### **The End of Abundance, the Birth of Resilience**

In the context of a tension between abundance and resilience, it seems important to ponder where the world economy might be headed. In light of the geopolitical tensions and the instability of global governance, we must closely examine the economic health of the world. Will the year 2023 be characterized by recessions? Does the succession of global crises, pandemics, political tensions, signal a shift of era for the global economy and international relations marked by chronic shortages, persistent inflation, friendly shoring, and even the economic decoupling of the free world from the authoritarian world? Is the European Union, in the tumult of history, capable of meeting all the challenges it will face?

Can Eurasia, a region that in 2022 manifested its desire to emancipate itself from Russia and China, find a way to continue its rapprochement to the west? How can connectivity with the European Union be improved, especially in this context?

I am immensely grateful to all the speakers and participants who accepted our invitation to join us for Dialogue for Continents to help us tackle these important questions and other related issues. The two days of conversation that we engaged in were vibrant and highly stimulating. This report tries to encapsulate and synthesize the most salient ideas and issues that emerged.

I also want to thank the co-host for this event and all our partners. Without them Dialogue of continents 2022 could not have taken place."





# ABOUT DIALOGUE OF CONTINENTS

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[Dialogue of Continents](#) is now in its fifth edition. The forum was launched in 2018 as an initiative spearheaded by the Reinventing Bretton Woods Committee. The objective was to create a new platform to discuss from broad and varied vantage points the major factors affecting the global economy. From the beginning, the goal was to confront views emanating from different poles across the globe and to do so in an intimate, open, and non-partisan setting. Gathering **high level speakers and world leaders along with new voices and stakeholders** has been, since the beginning, key to the success of this forum and the quality of the discussions it generates.

This year more than 100 people were involved in a conversation that took place over two days and solicited the views of 56 panelists who gathered in Paris to discuss the following 11 topics, all anchored around the title of the conference “The End of Abundance, The Birth of Resilience”:

Multiple Systemic Shocks: Resilience and Policy Responses

The Geopolitics of Energy and Climate Change

Rebuilding Ukraine and the Economic Consequences of the War

The Future of European Integration

The End of Abundance

Cross-Border Payments: A Common Public Good?

The Shifting Geography of Connectivity

Weaponization and Reshoring: Toward a Fragmented Global Economy?

Greater Eurasia: Building Dialogue in the Age of Uncertainty

Global Alliance of Leaders for Nuclear Security

Ushering a new age of Resilience

This year's edition was **co-organized** by The Reinventing Bretton Woods Committee, The Center for European Policy Network, and The Economic Research Centre, Intesa Sanpaolo Group (SRM).

**Lead Partners** for this year's edition were: Institute of World Economics and Politics (IWEP), The Friedrich Naumann Foundation, and Astana Club supported.

Other **partners** included: Frenkel-Zuckerman Institute, the Council of Europe Development Bank, Accenture, AIFC and IEC International.

***"We live in a time of uncertainty coupled to low productivity, high interest rates, and unprecedented inflation rates."***

Didier Borowski,  
Amundi Institute



French President Emmanuel Macron declared **"the End of Abundance"** last August, while Jeremy Rifkin announced **"the Age of Resilience"** in November. The 5th edition of Dialogue of Continents, was organized with these ideas in mind. The event held in Paris on November 28 and 29, 2022 invited 56 speakers to intervene across a dozen of thematic sessions each focused on addressing a different aspect of the edge between abundance and resilience that is supposed to characterize our era.

**But what does this edge between abundance and resilience mean exactly?**

If we trust various speakers from the conference, it first means that we are experiencing a period of crises in its original Greek meaning: **a moment of transition between two eras, a time of death and birth opportunities, a time of "uncertainty"** as Didier Borowski, Head of Macro Policy Research at the Amundi Institute, put it. According to Jakob Frenkel, Former Governor of the Central Bank of Israel, this period of uncertainty is "becoming nothing more than a timeframe between transition periods", in the same way that previous periods were also described as transitional. This uncertainty triggers an "unpredictability" of events and, as a consequence, an incapacity to understand what needs to be done to prepare for the future, Jeanette Süß, European Affairs Manager from the Friedrich Nauman Foundation asserted. **Indeed, the crest line between abundance and resilience sounds to be a most dangerous one.**

Where does this unpredictability come from? According to various conference speakers, it is rooted in new trends shaping the future of the world's economy in so-far-unknown ways: **(1) the replacement of globalization by deglobalization as a main trend for the global economy** according to Massimiliano Castelli, Managing Director at UBS Asset Management; **(2) the emergence of "friendshoring"** leading to revamping existing trade relationships and routes as well as global value chains, assumes Baur Bektemirov, Chief Economist at the ASTANA International Financial Centre; **(3) the increased importance of climate change mitigation and adaptation policies** which could trigger adverse effects on price stability and economic growth, if the related investments remain suboptimal, i.e., trigger a durable staglatory crisis, as mentioned by economist and CEO of Roubini Macro Associates Nouriel Roubini; **(4) the return of forms of authoritarianism**, in Europe, in the US and elsewhere, which could affect the current economic liberal status-quo inseparable from democracy, as demonstrated by Tereza Novotna, Fellow at the Korea-Europe Center of the Free University of Berlin.

Today 40% of world leaders do not share European ideals and systems of governance.

Hence, the end of abundance would cut the “globalization dividends” melancholically praised by Mr. Castelli, and guide countries back to less liberal forms of government, while **the start of resilience would accelerate the energy and ecological transitions** – and their potential stagflationary effect – and could put trade and investments on track towards friendshoring to avoid strong interdependencies leading to economic weaponization. All this would in occur in an unknown fashion.

Besides, **an unprecedented situation in terms of fiscal and monetary policies** is developing in parallel to these trends, as durably high-interest-rate environments are back but this time with massive amounts of public and private debts, currently about 350% of the world's GDP, which will reduce public and private investments in the future. According to Boris Vujcic, Governor of the Central Bank of Croatia, this situation is not expected to change, as the US – for instance – is using massive public investments to get out of its current macroeconomic situation with the “Inflation Reduction Act”. But high levels of interest rate may soon prevent governments from borrowing as they wish to, while **“zombie companies” may massively default**, contributing to fear and a long-lasting recession, Mr. Roubini warned. Therefore, the end of financial abundance reinforces the relevance of the concept of resilience, i.e., the capacity of Humanity to overcome any hurdles in any contexts.

**But can resilience occur without a global unified response mechanism?** Indeed, all these challenges should urgently be put on the agenda of functioning global institutions. But they are nowhere to be found. This is why Carlo Monticelli, Governor of the CEB, vividly urged world leaders to take responsibility to rebuild a new global system based on understanding and cooperation. **“International institutions created after the Second World War do not fit their purpose anymore”**, Urban Rusnak, Ambassador of the Ministry of Foreign Affairs of the Slovak Republic regreted. Similarly, Ariel Cohen, Director of Energy, Growth and Security Program ITIC longed for an “international law” which has “enforcement mechanisms and instruments” in the context of nuclear security. But **international law remains absent** and international institutions are silent.

*“We live in a G0 World”, Mr Roubini argued. “What is left is only the geopolitical confrontation between the US and China” which undermines any multilateral attempt to solve the world's problems. According to Mrs Süß, since the “European Union seems unable to*



***“We live in a G0  
World.”***

Nouriel Roubini,  
Roubini Macro  
Associates



**"On global issues like climate change, countries will be tempted to think for themselves first."**

Raekwon Chung,  
Ban-Ki Moon  
Foundation

*“speak a language of power”* needed to balance this opposition, every country will eventually need to take sides in a new sort of fragmented world – or live on their own. In fact, on global issues like climate change, in the absence of real global governance mechanisms, **countries will be tempted to think for themselves first**, waiting for the two competing superpowers to agree upon a method of action, admitted Raekwon Chung, Board Member from the Ban-Ki Moon Foundation. **This might lead to a failure of both mitigation and adaptation policies**, as suggested by Mr. Roubini. If no global coordination is organized, led by the US and China, the short-term costs will always prevent the long-term benefits to prevail, as the human race is wired to discount the future too much. Finally, to add to this turmoil, massive migration waves from the Global South to the Global North are expected in the next decades, mostly because of the failure of climate change mitigation and adaptation policies. These movements will likely contribute to increased geopolitical tensions.

Eurasia is at the center of this turmoil. And with 45% of the world’s GDP, **“who rules Eurasia controls the destinies of the world”** as Nicholas John Spykman declared in 1944. With the war in Ukraine and the forthcoming challenges described above, geopolitical cards are being reshuffled and certain countries like Kazakhstan are tempted to get closer to the EU and the West. “Eurasia lives in the age of great volatility, uncertainty and threats”, Mr. Roubini declared. China, who sees Central Asia as a market opportunity, as explained by Lisa Curtis, Director of the Indo-Pacific Security Program at the Center for a New American Security, and Russia, who sees it as a historical backyard to take back according to one scenario developed by Antonella Mei-Pochtler, Senior Advisor at the Boston Consulting Group, could threaten to impose their choices in the region. This situation is combined with increasingly dangerous nuclear threats in the region – with Russia, China, Pakistan, Israel and maybe soon Iran having nuclear fire at hand. Angela Kane, Vice President of the International Institute for Peace, feared that with Russia abandoning nuclear control agreements that lasted over 60 years, **the race to nuclearization has started again**, with China following Russia’s footsteps.

With these gloomy perspectives that could characterize the “Age of Resilience”, **is there any hope for economies to deal with their** – as Benjamin Haddad, Deputy at the French National Assembly put it – **“opposite injunctions”**, i.e., their need to ensure long-term growth through improved productivity and efficiency while simultaneously looking for resilient solutions which would bear the least heavy costs for planet Earth?



Fortunately, during the conference many elements of solutions were evoked for putting Humanity on the path to resilience. They result in **a new global economic paradigm** that can help guarantee that we get to the next century with our unstoppable march toward progress, as Oded Galor, Professor of Economics at Brown University, professes.

When it comes to climate change for instance, Mr. Chung insisted that **the current energy crisis might be a catalyst to accelerate the ecological transition** by improving the funding of renewables projects. For him, it could be a way to “bridge” between short-term productivity considerations and long-term sustainability. This moment might also be the opportunity to improve the “interface” between the scientific community, policymakers and politicians, allowing the latter two groups, as argued by Phoebe Koundouri, Founder and Scientific Director of the Research Laboratory on Socio-Economic and Environmental Sustainability (ReSEES), to have a better understanding of the urgency of funding the needed transition as well as mitigation and adaptation projects. These enlightened decisions would also give more space to non-state actors, who have proven to be more successful in conducting climate-change-related projects. Furthermore, the government could learn from them via the creation of a **“super-ministry for environment”** that would supervise public actions, an idea proposed Enrico Giovannini, Professor of Economics at Tor Vergata University of Rome.

Regarding sobriety as a path to resilience, Myriam Maestroni, Founder and President of E5T, suggested that reaching net zero is impossible without the implication of everyone, which is why **education for energy efficiency and savings is vital** and can prove very successful – as the current European energy sobriety strategy shows. Henri de Grossouvre, Head of Foresight at Suez Group, agreed with this vision and complemented Ms. Maestroni’s point by emphasizing that **sobriety develops economic significance**, as companies are able to create value in certain cases by reducing, instead of increasing, consumption, essentially due to public incentives. It is difficult to imagine that sort of valuation without public assistance, but private actors might soon envision sobriety differently. Finally, Asgeir Jonsson, Governor of the Central Bank of Iceland, pleaded in favor of **“sober monetary policies”** – characterized by low levels of debt and leverage, strong external investment positions and strong currency, i.e., low inflation – a path to resilience taken by Iceland, a small-open economy that was in the past heavily financially dependent on foreign forces. Therefore, sobriety is not a useless word and can come in many varieties.

Given the current degraded financial situation described above, **creative funding solutions must be implemented to lead the**

***"The interface between the scientific community, policymakers and politicians should be improved to best fund and implement public solutions"***

Phoebe Koundouri,  
ReSEES





***"The EU should improve its regulatory framework for green bonds and invent a response to the American Inflation Reduction Act."***

Miriam Leuschner,  
German Bundestag



**world's economy to resilience**, i.e., sobriety and sustainability. According to Mattia Romani, Partner at Systemiq Earth, this could be eased by using the "excess profits" of the fossil fuel industry – 200 bn USD in 2021 – to help the Global South transition, given that their creditworthiness has been adversely affected by the pandemic and the war in Ukraine. This amount would not be enough to finance the 1 tn USD that are necessary each year to help the world transit to the net zero economy by 2050. This is why Bernard Snoy, President of the Robert Triffin Association proposes to **emit further Special Drawing Rights (SDR) to help southern highly indebted countries "pay their share of the climate change financial burden"**. For the EU, Miriam Leuschner proposes to use the 200 bn EUR from the NextGenerationEU funds that have not been used to finance energy transition programs. She also emphasized that European and global solutions should be found to improve the current green bond frameworks, in order to help finance the transition by the private sector, who should takeover about 70% of the costs involved.

On top of these efforts, public authorities will have much to do to help the world's economy transit to resilience. First of all, as Otilia Dhand, Managing Director of Teneo, pointed out, for the European Union, raw materials – like rare earths – and equipment for transitioning are so far scarce and their supply must be secured and widened as much as possible. Public authorities should develop appropriate strategies to address this situation. They should also **prevent oligopolies from forming again in the energy and "transition" sectors**. Otherwise it is not sure that the public sector would lead the transition all the way because its monopolistic nature could accentuate inflationary pressures and stifle innovation, Mattia Romani warned. More agile institutions will be needed, especially in the European Union, where unanimity at the Council should be overcome in most areas, especially for foreign affairs, while not giving up on democracy either, Tereza Novotna suggested. With these agile institutions, Yves Leterme, Former Prime Minister of Belgium, argued, **the EU should boost its role in the global arena to balance the confrontation between the US and China**, which could also boot back multilateralism and the currently paralyzed global governance. As Lassina Zerbo, Emeritus of the CTBTO, stated: "culture and soft power should dominate in the global partnership", not military confrontation.

Central banks will not be excluded from this effort. While they can choose paths towards resilience as demonstrated by Mr. Jonsson, they also have the duty to adapt their decision-making process to uncertainty as Martin Galstyan, Governor of the Central Bank of Armenia, discussed. Hence his central bank is currently shifting from usual macroeconomic forecast modelling to the systemic

establishment of alternative scenarios that might occur, should one or another event transpire. This allows for a better risk-taking strategy, in light of the growing number in past years of “black swans” – events that are so rare or even unique that they can never be anticipated. This is very resilient reasoning because **it puts central banks in a position to prevent crises, instead of just reacting to them.** As such, it represents a real paradigmatic shift.

Finally, if the rewiring of worldwide connections persists and friendshoring, as well as deglobalization, remain long-term trends, regional economic activity will reorganize itself around “connectors”, suggested Ekaterina Kozyreva, President of the IEC. She explained that connectors are countries linked both to other regional areas and surrounding countries. For instance, Kazakhstan could be a connector in Central Asia, especially after its decision to promote non-proliferation, disarmament and security in the region, as emphasized by Kairat Abuseitov, Kazakhstani Diplomat and Ambassador for the Nazarbayer Foundation. This regionalization and “global rewiring” will create losers and winners such that regional compensation mechanisms should be imagined. This can explain for instance why Tomas Bocek, Vice-Governor at the Council of Europe Development Bank (CEB), argued that Europe should organize massive support for Ukraine in the short, medium and long-term, and Alexander Rodnyansky, Advisor to the Ukrainian President Volodymyr Zelensky, pleaded in favor of a ministry for the reconstruction of Ukraine that would welcome external donations. Indeed, if Ukraine remains at the border of a new “geopolitical block”, it may need this support. Regional solidarity mechanisms might become more relevant in this new context. **This support will also help democracy survive, if not thrive,** and avoid a shift from one geopolitical block to the other.

Eurasia will be in the middle of this rewiring of global connections, but security issues might undermine its status. Overall, *“the taboo against nuclear weapons must be strengthened”*, Jonathan Granoff, President of the Global Security Institute, argued. If security is not an issue anymore, then, Eurasia has the resources to become a **new engine of the world’s economy.** The region will see the emergence of a large middle class in the next decades – 5.3 bn people should belong to this category in Eurasia by 2030, i.e., 88% of the world’s middle class, Elena Rovenskaya, Program Director of the International Institute for Applied Systems Analysis pointed out. This makes it a wonderful greenfield for economic growth, with many investment opportunities; but also because models predict the region will vastly be impacted by climate change, which makes it **a good place for transition investments** according to Mr. Chung.



***"Regional economic activity will reorganize itself around connector countries."***

Ekaterina Kozyreva,  
IEC



Therefore, the future can seem gloomy, surrounded by the “Mega-Threats” described by Nouriel Roubini in his latest book, but **there are still many reasons to hope**. Creative solutions are currently being conceived and coordination issues are being sorted out to solve problems related to global commons like climate or globalization. The future might also hold tremendous geopolitical challenges, but, as Oded Galor claimed in his book “the Journey of Humanity”, **we can be confident in human ingenuity to live up to the coming challenges**. As Galor explained, the complementarity between skilled labor and technology keeps on improving thus creating great promises in terms of innovation for the next decades. According to him although “We can’t anticipate innovation in ten or twenty years he feels great techno-optimism regardless.. Mr. Galor reminded everyone that “Humanity was on the brink of extinction right before the invention of agriculture 12 000 years ago”. If, as he claimed, humans find best solutions in hardest times, we might have reasons to believe in a resilient and prosperous future.

***"We can be  
confident in  
human ingenuity  
to live up to the  
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challenges."***

Oded Galor,  
Brown University



# SESSIONS OVERVIEWS





***“Public debt has been elevated for a long period of time and doesn’t show any sign of coming down yet. The future (...) will hold in higher interest rates, not only temporarily.”***

Klaas Knot,  
De Nederlandsche Bank



The economic shocks created by the pandemic together with climate change, the geopolitical crisis generated by the Russian invasion of Ukraine and the consequent energy crisis have been having an unprecedented impact on the predictability of the global economy. Certainly, this is a time of uncertainty, which according to **Didier Borowski**, Head of Macro Policy Research at the Amundi Institute, who chaired the panel, has been coupled by **low productivity, high interest rates and unprecedented inflation rates**. These factors, together with structural issues such as migration waves and ageing population, are pressuring governments to develop effective political answers to stimulate more resilient and long-term economic growth.

Yet, for **Jacob Frenkel**, Former Governor of the Central Bank of Israel, current uncertainty is not transitional or exceptional. It is just the new normality. *“Since World War II, the world has been changing”,* and ***“uncertain times are becoming nothing more than a timeframe between transition periods”***. Since we live in times of no certitude, we need to adjust our economic systems and equip them with a good dose of flexibility and adaptability.

For **Klaas Knot**, President of De Nederlandsche Bank and Chairman of the FSB, negative economic trends are not over and chances for a recession are still on the table. However, considering the multiple economic and geopolitical issues, **the European economy is not underperforming**. Certainly, the European GDP is growing slowly, but to overcome inflation, weaker economic growth is needed. Without such a process, disinflation mechanisms will never work effectively. At the same time, the multiple crises that are affecting the European economies are a positive factor, to the extent that climate change for instance, is stimulating investment for greening the economy. This could work as a stimulus to boost new demands, develop more sustainable systems and create new jobs within the European market.

When it comes to the rest of the world, as **Boris Vujcic**, Governor of the Croatian National Bank, pointed out, **the US is escaping from recession thanks to massive state investments** done during the pandemic and because it has not been touched by the energy crisis caused by the Russian invasion in Ukraine. When it comes to China, the situation is more complex. While the zero Covid policy is downplaying economic growth, it is also resulting in social protests that could destabilise the status quo.

Beyond developed economies, in emerging markets, as highlighted **Martin Galstyan**, Governor of the Central Bank of Armenia,

the situation is not different. Indeed, any economic crisis felt by developed economies has much worse effects in emerging markets. Yet, since the most recent past crises, such as the 2007 credit crunch, **central banks in emerging markets have clearly understood the need to implement systemic approaches to be able to make sense of multiple scenarios** and provide consistent and coherent analyses and recommendations to governments as well as correct information to investors. In conclusion, all panelists agreed that the role of Central Banks is key not only to help governments overcome crises but also to prevent crises from happening. Yet, their role is often undermined by society as large. Indeed, the development of frameworks and structural policies to avoid financial crisis are often poorly communicated to the public, who only sees the manoeuvres implemented during the crisis. At the same time, governments are often short-sighted. Also, the implementation of needed structural reforms is often not politically convenient given that the positive effects will be felt in the long run, affecting a future electorate instead of the present one.

Moreover, **central banks have to face new challenges which will lead to a global evolution of monetary policies needed to adapt towards greater resilience for the future.** Martin Galstyan, Governor of the Central Bank of Armenia, provided an interesting solution suggesting a multi-scenario approach instead of a pure macroeconomic reaction function approach to deal with coming “black swans” – unknown dangers – and “grey rhinos” – known dangers against which nothing is done. Also the role of central banks in the energy and ecological transitions – indispensable to reach a real economic resilience – need to be further discussed given that investments in these contexts may not be very profitable thus discouraging private sector involvement. Adhoc programs elaborated in conjunction with governments might be a path to explore.



***"Central banks in emerging markets have clearly understood the need to implement systemic approaches to be able to analyse multiple scenarios."***

Martin Galstyan,  
Central Bank of Armenia





***"The strategy of the European Commission should lead to increase transition investments, mitigate more negative impacts of climate change, and secure key raw materials and equipment."***

Otilia Dhand,  
Teneo

The session "Geopolitics of Energy and Climate Change", chaired by **Henning Vöpel**, director of the Centres for European Policy Network, started with an intervention by **Raekwon Chung**, Board Member of the Ban Ki-Moon Foundation for a Better Future, who received in 2007 a copy of the Nobel Peace Prize given to the Inter-Governmental Panel of Climate Change (IPCC). Mr. Chung started by emphasising that **the concomitance of the energy and climate change crises could be a win-win situation**, if the energy crisis is used as a leverage to accelerate the energy transition. He also cheered the fact that all countries have a political statement for net zero, and many have made a pledge to net zero already. Nevertheless, he saw the Portfolio Decarbonation Coalition as a failure, i.e., the private sector has not succeeded in accelerating the financing of the energy transition. Furthermore, if the EU looks exemplary in the climate change case, we mainly observed a carbon leakage from the EU to Asia, and not a real carbon print reduction for the continent. What are the solutions? According to Mr. Chung, **a bridge should be made between short-term productivity considerations and long-term climate sustainability**, using consumer preferences. For instance, 48% of the Koreans are ready to pay more for electricity. Central banks could have a role to play here in helping finance the transition and not letting consumers bear all the costs in these circumstances.

For **Otilia Dhand**, Managing Director of Teneo, the current years are going to be characterised by an energy overhaul, at least in the EU, and the European Commission is doing more to tackle this question, starting already before the war in Ukraine, during fall 2021. **The strategy of the Commission should eventually address three points related to the geopolitics of energy and climate change:** (1) investments that the EU needs for the future, coupled to a sobriety strategy as both reduction of consumption and energy diversification are needed for transition, (2) mitigation of the negative impact of climate change in Southern countries and (3) focus on securing equipment and raw materials to reach decarbonisation targets.

**Mattia Romani**, Partner at Systemiq Earth, emphasised the fact that **the cost of climate action is still not taken enough into account**. Development and climate action are becoming the same phenomenon for Southern countries, but they need now one trillion USD per year to mitigate the impact. 70% of these amounts must come from the private sector. However, the creditworthiness of many developing and emerging countries has decreased since 2020, which in return increased the cost of capital for them. Furthermore, investors still favour productivity-enhancing opportunities although they are not evident in the context of the energy transition. An idea Romani submitted was to **use the large profits of the fossil fuel industries, especially since the start of the war in Ukraine**,

**to improve the financing of the transition**, as they had in 2021 200 bn USD in excess profits.

To complement the previous interventions, **Miriam Leuschner**, Chief Advisor to the Vice Chair for Energy, Climate and the Economy of the Parliamentary FDP at the German Bundestag, used Germany as a very good example to illustrate the current energy crisis. Hence, if alleviating the Covid crisis necessitated without any doubt state-and-EU intervention, this is less evident for this crisis. Intervention could be used as an accelerator for the German *“Energiewende”* (energy transition) even though adaptations to the current German strategy will be needed, including a revision and an addition of “frameworks” for investments to improve funding. Currently, due to bureaucratic hurdles, 18 years are needed to build a railway in Germany. The state must evolve fast to address the energy transition issue, especially as cheap Russian gas is probably out of sight forever. Furthermore, **a European response to the American “Inflation Reduction Act” (IRA) must be invented**, as this act and the tremendous amounts of budget it expects to spend will be reserved to American companies, preventing European ones from growing or accessing very promising markets. The 200 bn EUR left from the NextGenerationEU recovery fund should be used to compete with the American IRA.

To the question posed by Mr Vöpel about the shape of a possibly new modus operandi of international cooperation, Mr. Chung answered that more than ever every country was unfortunately putting itself first and that cooperation was infringed at a global scale. For Ms. Dhand, countries are indeed tempted to first protect themselves in the middle-term. Nonetheless, in a long-term perspective, most countries will imitate what leader countries like China and the US will propose. Romani emphasised the fact that **if global cooperation should succeed, it shouldn't yet favour the return of oligopoly in the energy sector**, especially because it could stifle innovation in a sector where it's most needed. Finally Ms. Leuschner reminded that there are large discrepancies in terms of energy cost, especially between the Middle East and Europe, and that this could have adverse effects on industries on the continent. Hence, global cooperation should make sure these discrepancies are taken care of and that competition is not sustainably distorted.

Finally, **Bernard Snoy** from the Robert Triffin Association ended the conversation by emphasising the idea that **a new SDR allocation could occur to help the Southern countries finance “their share of the transition”** as they are already highly indebted. The panel did not reject this idea to manage the problem.

***“If global cooperation to accelerate transition should succeed, it shouldn't yet favour the return of oligopoly in the energy sector.”***

Mattia Romani,  
SYSTEMIQ Earth



**The geopolitics of energy and climate change is shifting in the context of the war in Ukraine** leading to strong inflationary pressures on energy prices and forcing most countries around the world to look for alternative solutions to Russian energy. This creates new dependencies with “friend” countries, like between Germany and Qatar, but it also accelerates the energy transition which could contribute to alleviate the adverse effects of climate change more quickly. Nevertheless, if plans like the American IRA or the European REPowerEU allow for such an acceleration, fossil fuel subsidies which increased massively in the context of the war in Ukraine should be withdrawn as soon as possible, and, ideally, “superprofits” from the fossil fuel industry should be taxed as suggested by Mr. Romani, to create the right incentives for households and firms to shift to alternative energy sources. It is time “bridge” short-term productivity considerations and long-term sustainability.

***"No government will be willing to reduce GDP in favor of climate (...) consumers are responsible for their own reduction of emissions."***

Raekwon Chung,  
Ban Ki-Moon  
Foundation





***"The war caused the most negative impact on the Ukrainian economy that already suffered a GDP fall by one third."***

Dominic Rohner,  
HEC Lausanne



Beyond large military casualties, the war in Ukraine has global economic consequences as well. **Marc Uzan**, Executive Director of Reinventing Bretton Woods Committee and of the Centre for European Policy of Paris, who chaired this panel, asked the speakers to assess the global impact of the war and share their thoughts on what the international community can do for Ukraine to compensate for its losses.

**Dominic Rohner**, Professor of Political and Institutional Economics at HEC Lausanne, drew attention to his recently released eBook "The economic consequences of the Ukraine war", where he explains the influence of the war on the global economic, financial and political order. He admitted that the war in Ukraine caused not only huge human and economic costs but also triggered a looming macroeconomic crisis. The impact of the sanctions imposed on Russia has varied greatly, with the sanction on high-tech products reaching desired results but the effect on sanctioned banks being very limited. Reducing energy sanctions, Russia still earns enough revenue from selling energy to finance the war. Importantly, **the war has significantly impacted developing countries due to connected supply chains**. There are risks of food shortages and food riots in the countries in the Middle East. Undoubtedly, the war has caused its most negative impact on the Ukrainian economy, which has already suffered a one-third GDP fall. Besides that, the long-lasting closure of schools may strengthen negative effects in the long run. Nevertheless, Dominic Rohner believes that the main task for European countries is to increase energy security and develop alternative energy sources.

**Moritz Schularick**, Professor of Economics at Sciences Po, admitted that the war in Ukraine does have global economic consequences and strong influence on the European energy market specifically. Positively, there are real possibilities of substituting Russian gas in Germany, which was more dependent on cheap Russian gas than other countries. **The transition is manageable and monetary and fiscal responses to shortages may address the consequences**. Fiscal stabilization tools used after the Covid crisis were extremely successful and they may be helpful in the war crisis as well. Moritz Schularick noted also structural shifts in the labor market and made positive predictions about inflation.

**Tomáš Boček**, Vice-Governor for Target Group Countries at the Council of Europe Development Bank, believes that **Europe should organize massive support for Ukraine in the short, medium and long term**. Since the availability of grants is limited, it is necessary to think about other forms of support. The main challenge for providing help is that Ukraine is not a member state yet.

EU Membership would allow the ECB to operate in Ukraine directly. Tomáš Boček insists that the main focus should be on supporting social infrastructure, reconstructing housing, and providing essential services such as education, and health. Investing in the integration of refugees is also crucial.

**Carlos San Basilio**, Managing Director at the European Bank for Reconstruction and Development (EBRD) noted that the EBRD has already been participating in the reconstruction of Ukraine. The EBRD has invested over 20bn in many projects in Ukraine. 15% of EBRD overall yearly investment goes to Ukraine. Moreover, over last years, there have been increased investments in Eastern European countries. San Basilio also supports the idea of strengthening food and energy security around the world.

**Alexander Rodnyansky**, Advisor to the Ukrainian President Volodymyr Zelensky, provided insights on the development of institutional design and stabilization mechanisms to help Ukraine recover. Possible models include receiving direct refunds for the creation of **an agency or ministry for the reconstruction and development in Ukraine**. Since Ukraine still faces the war, it must focus on short term economic recovery plans. The main priority is to reduce uncertainties and to provide necessary financial support for the functioning of the financial system. Regarding a medium and long term perspective, there is an infrastructural plan to modernize Ukraine, while cooperation with partners and reforms to enter the EU will be needed.

**On top of helping sustain the war effort of Ukrainians, longer term rebuilding Ukraine will require sustained monetary and fiscal support from the West.** The impact of the war on Ukraine's GDP is immense. This is why massive donations from friendly countries are needed to alleviate the downfall of the Ukrainian economy. Nevertheless, this collapse is to be expected under the circumstances and does not mean Ukraine is becoming a disorganized country. In contrast, officials have shows that many actions are being taken to lead the country toward EU adhesion. Public and private investments should continue to mobilizing to help this "hero country", including frozen Russian assets in the US and Europe. Without these, overcoming the economic consequences of the war will take much longer.



**"15% of EBRD  
overall yearly  
investment goes  
to Ukraine."**

Carlos San Basilio,  
EBRD



***"The EU seems  
unable to speak a  
language of  
power."***

Jeanette Süß,  
Friedrich Nauman  
Foundation

In the last years, the world has been assailed by multiple and asymmetric challenges. The Pandemic as well as the Russian war in Ukraine are just the most recent crises, which are changing the way we understand international relations and challenging the very concept of globalisation. As the "free world" is crumbling, disintegration, protectionism and international isolationism are emerging. **The new normal is characterised by unpredictability and the consequent incapacity to understand or predict the future.** Inflation is destroying economic growth, the war in Ukrainian is resulting in an energy crisis, along with security issues, which are shifting the balance of power at the very global level. With Russia isolated and the US competing with China in the global market, the EU is witnessing a process of dissolution of norms and a change of power structures.

According to **Jeannette Süß**, European Affairs Manager at the Friedrich Nauman Foundation, who chaired the panel, at the centre of such a scenario the EU seems unable to speak a language of power. The latter has come to be considered by many as a needed tool to secure the future of Europe and its integration process. Yet, according to **Petre Roman**, Former Prime Minister of Romania, since the EU's strengths rest on its democratic and liberal institutions, any European answers should be instead based on resilience.

From an economic point of view, the amount of pressure that European economies will have to face is unprecedented. According to EU statistics, in normal wintertime, a 10% rise of the energy price results in the 0.6% increase in national debts. Against this backdrop, it is evident that the cost of the energy crisis will be huge, challenging the long run competitiveness of the European economy and making it more vulnerable to external pressures.

**Strategic autonomy is certainly an adequate answer. Yet, the latter should not be confused with protectionism**, which has been already developed by many countries, such as China, but also by the US, which is subsidising many American companies. Strategic autonomy is also fundamental when it comes to European security. Yet, European countries did not agree on the development of an EU army, leaving the EU at large to be dependent on external power.

Against this backdrop, as **Yves Leterme**, Former Prime Minister of Belgium put it, "we are an economic giant, a political junior and a military dwarf." For this very reason, especially in such an unpredictable world, **the EU should reinforce its foreign policy in order to boost its role in the global arena** and build new alliances and strategic trade agreements.



For instance, the EU has no raw materials or natural resources, especially the ones needed in the near future. This is making its market dependent on a small number of countries, and notably on China. In order to avoid the same mistakes EU member countries made with Russian gas, a good strategy would be to reach out to and develop trade agreements with different countries, especially the ones who share our democratic values.

To do that, **the EU needs more agile foreign policy and institutions**, as pointed out by **Tereza Novotná**, Fellow at the Korea-Europe Centre of the Free University of Berlin. For instance, **unanimity in the decision-making process should be overcome**, while the European Parliament should have a more active role in the decision-making process, especially when it comes to foreign policy. While it is true that 40% of the world leaders do not share our ideals and the European system of governance, the EU should be aware that long-term geopolitical stability and sustainable economic development are both tightly linked to democratic institutions. In this respect, **democracy should be at the base of any decisions** both when it comes to internal issues, but also to external relations and it should be considered as the necessary tool to boost European integration.

**The future of European integration depends, as always, on the political will of its major member-States**, starting with France and Germany. The dangers surrounding the European project are significant: the rise of authoritarianism, the depressing effects of the war in Ukraine, the weakness of European multilateralism, and finally the risk of "disintegration". This is why a reform of EU institutions is needed to help make the EU "more agile and allow it to better defend its interests abroad, including promoting European values like democracy and rule-of-law. We are on the cusp of a decisive moment, with quite likely Europeans succeeding in overcoming current dangers: only crises like those we face today can lead to real advancements in the European project.

***"40% of the world  
leaders do not  
share our ideals  
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governance."***

Tereza Novotná,  
Free University of Berlin



**"Deglobalization could indeed amount to higher and durable levels of inflation, but it could also trigger a strong reaction from central banks."**

Massimiliano Castelli,  
UBS Asset Management



After a brief introduction by **Henri de Grossouvre**, the Head of Foresight at Suez Group, **Oded Galor**, Professor of Economics at Brown University, developed his theory, detailed in his book "The Journey of Humanity", which stipulates that **homo sapiens were able to escape the Malthusian trap in the 1800s because the population was sufficiently restrained, and resources sufficiently abundant**, for people to get a good education. This education in turn allowed for groundbreaking technological progress – especially the steam engine –, which eventually allowed our species to grow without a strong need for unskilled labor, as was the case before. In these conditions, since Humanity could grow without strong natality, births declined, **the education level of people dramatically improved and the Era of Abundance was born**. Mr. Galor does not assume it is over: even though we may have touched planetary limits to human expansion, good complementarity between increasingly skilled labor and technology will ensure large technological progress in the future, which could allow for Humanity to overcome its current challenges – climate change, resource scarcity, etc. *"We cannot envision progress in ten, or twenty years"*. According to him, just before the invention of agriculture, Humanity was on the brink of extinction because of intensive warfare between rival tribes. Hence, **he is confident "in human ingenuity" to solve the problems of our times**. He finished his presentation by emphasizing the fact that increased levels of human diversity within societies might be good to stimulate this ingenuity, as the US has proved over the last centuries.

**Massimiliano Castelli**, Managing Director at UBS Asset Management in Zurich, rebounded on Mr Galor's intervention by emphasizing the idea that, despite the "unstoppable" march of progress, we might still be facing a historical moment as **deglobalization could replace globalization as the dominant global trend**. According to him, this would have ambiguous effects on the level of "abundance" in our economies. If we benefit from "globalization dividends" in the form of low prices for many goods and services, deglobalization could indeed amount to higher and durable levels of inflation, but it could also trigger a strong reaction from central banks to adopt sustainably high interest rates, making labor and capital paradoxically more available in the long-term. Given the low level of investments we observe today at the world level, it might be a trigger for a new wave of large investments in regions which initially suffered from globalization, creating the roots for a new "local abundance".

**Myriam Maestroni**, Founder and President of E5T, a fund dedicated to energy savings and efficiency, claimed that an **energy abundance**

**which remains a condition for economic abundance, is possible** if an effort is made to improve both energy efficiency and energy savings at every level. For her, a first step is to compel providers to improve their energy supply efficiency given that 20% is lost on the way to the consumer. A second step is to individually adopt a more sober approach to energy consumption, also by improving the energy efficiency of housing – hundreds of millions of houses should be renovated, according to her. Indeed, the main energy consumption today is linked to heating systems (two thirds of households' consumption today). But the lack of skilled manpower to renovate is a big problem today, unfortunately. A smart grid technology could also be useful to find new ways of improving both efficiency and savings. But this is not enough: innovation must be encouraged everywhere to provide new solutions. **Energy efficiency and savings education must be improved everywhere** too, not only targeting young people, but also older ones. *"There won't be a net zero without the implication of every people".*

Henri de Grossouvre concluded the conversation by emphasizing the idea that **it is difficult to be "paid more by providing less"**, although this is exactly how Suez starts to be remunerated for its water management in certain countries and cities: it earns more when water is better managed, i.e., less consumed. This is a way to value environmental efforts. Therefore, if sobriety starts to be economically valuable, abundance might take another meaning, as the most sober societies will become the richest.

**The end of abundance might be either permanent ... or just temporary**, depending on the approach we take. Focusing on the last decades, it seems that the world has reached a tipping point, where deglobalization will replace globalization, where energy – and other resources – will become increasingly scarce – and, as a consequence, expensive –, and where debt levels could stifle global growth in the long-term. Nevertheless, considering a very long-term perspective, Humanity has never been so well positioned, according to Mr Galor, to produce groundbreaking innovations that will allow our species to overcome the challenges of our century. This is why the question mark should remain: are we at the end of abundance? Let's wait and behold.



***"There won't be a net zero without the implication of absolutely everyone."***

Miriam Maestroni,  
E5T Fund





***"The coming global macroeconomic setup could be unheard of, with massive debts and strong inflation at the same time."***

Nouriel Roubini,  
Roubini Macro  
Associates

During this fire-side chat, economist and CEO of Roubini Macro Associates LLC **Nouriel Roubini** talked about his vision of the coming challenges the world will face, which he has coined as "Mega-Threats". **"We live in a GO World"** he likes to say, stressing the fact that the international order is not under the rule of one single hegemon anymore, i.e. the United States, which was until recently in a position to provide for a global public good with the help of its allies. The US was also the key to global governance and, more generally, global solutions to help the world move forward. Hence, with the increasingly dangerous confrontation between the US and China, no clear hegemon can rule and **the world is heading to friendshoring and deglobalization**. These phenomena regard investments (capital), labor, other migrations, technology, and information.

On top of decoupling, **the threat of debt default may go global** as the amount of public-and-private-debt-to-GDP has lately reached about 350% at the world scale. With the recent surge in central bank policy rates all around the world, companies, whose business model was only sustained by continued borrowings – zombie companies –, could start to massively default soon. As the BIS points out, the world might be in a debt trap right now, which could stifle growth for decades. The worst is that additionally a **stagflationary crisis is coming**, essentially due to decoupling and the ecological transition, which would disanchor inflation expectations in the long-term and create wage-price spirals.

Furthermore, if countries increase their security spending to face a new sort of cold war between the US and China, or worse, a hot war between them, this could also lead to large public deficits, further fiscal dominance, and inflation. Finally, states, as is the case in Europe, could also be incentivized to spend more public money to counterbalance increasing inequalities due to the technological bias of growth, i.e., the fact it remunerates people who have capital or can be complementary with the capital, usually characterized by technological investments. Therefore, the coming global macroeconomic setup could be unheard of, with massive debts and strong inflation at the same time. Nonetheless, it must be pointed out that strong inflation could help reimburse debts more rapidly.

Besides, despite the efforts led by public and private actors in the context of the ecological transition, **Nouriel Roubini does not believe in mitigation**, as a real net-zero path with the current technological level would lead to negative growth and social unrest. The average global carbon tax to incentivize economic actors to move away from greenhouse-gas-based activities should reach 200 USD per ton today, but it is about 2 USD per ton in the US and 5 to 6 in the EU (considering all GHG emissions).

**He does not believe in adaptation either** so far, as it is very costly. In the case of Manhattan for instance, it could cost more than 170 bn USD to move the population to a place safe from the waters nearby. Democracies like dictatorships are not well equipped to face this global challenge as **the costs are all short-term although the benefits are spread over the long-term.** And we discount too much the future as we think technologies will be able to rule out the problem in the middle-to-long-term.

What is left is only the geopolitical confrontation between the US and China, and this Thucydides' trap could hardly lead us to find a solution to all the global problems the world faces. In contrast, **it will increase competition technology-wise,** as exemplified by the October 7th 2022 US decision to forbid, among other things, Americans from working for Chinese technological companies - with competing 5G/6G-Internet-of-Things-AI ecosystems. The geopolitical divide might finally be best illustrated by the technological divergence to preserve in certain sectors each one's technological edge over the other.

It will probably get worse before it gets better. The G20, World Bank, IMF and WTO will keep on dysfunctioning. But major catastrophes might eventually be what will lead the US and China to work together to solve the ecological crises and provide for a global public good that works for all.

Whatever happens, as Mr. Frenkel, Former Governor of the Central Bank of Israel, concluded by quoting Voltaire, **"uncertainty is a very awkward situation to be in, but certainty is ridiculous"**. The world will have to cope with the currently high levels of uncertainty, and resilience might be one concept which will help it succeed in overcoming the situation.

Mr. Roubini, and it has always been his "claim to fame", is not optimistic about the immediate future of the human species, which according to him is facing a series of "mega-threats". **His warnings, especially about global governance and climate change, do find echoes in the latest international developments,** as countries seem unable to coordinate, with a US-China confrontation in the background.

***"Uncertain times  
are becoming  
nothing more  
than a timeframe  
between  
transitions  
periods."***

Jacob Frenkel,  
Central Bank of Israel



***"Bringing innovation to payments is needed to create an effective cross-border payment infrastructure. In doing so, we should go through 3 phases: desirability, feasibility, and viability."***

Daniel Eldan,  
BIS



Today, cross-border payments systems demonstrate many inefficiencies, take a long time and are costly for banks and businesses. **Ousmène Mandeng**, Payment Innovation Advisor at Accenture, who chaired this session, pointed out that the international community has recently admitted a need to address these insufficiencies. Mandeng currently works on different projects using central bank digital currencies that follow a peer-to-peer approach. Especially the reliance only on a small number of currencies - indeed, over 90% in foreign exchange turnover take place in dollar - is a part of the problem. For him, **convenient solutions are possible due to increasing competition and innovations coming from the crypto sector**. Besides, Mr Mandeng sees the informational function of blockchain as an advantage because it allows for a tracking of transactions.

**Piero Cipollone**, Deputy Governor at the Bank of Italy, expressed his conviction that although much work has been done in the last 3 years to develop modern cross-border payments, **this issue should be set high in the international policy agenda**. The aim should be to make cross-border payments speedy, efficient and comfortable for consumers. Improving cross-border payments infrastructure isn't one of the priorities in the G20 report. Cipollone believes **it can be reached by removing obstacles due to regulatory inconsistency and standardizing communication**. For him, the necessary technology already exists and now is the time to focus on an appropriate regulatory and legal framework.

**Jean-Pierre Landau**, Former Deputy Governor in Banque de France, explained that competition between payments is special and it is necessary to protect the role of banks. However, non-bank solutions should not be suppressed. **Efficiency of payments is dependent on network effects**. In developing cross-border payments, not only do infrastructure investments matter but also risks stemming from technical damage and geopolitical conflicts should be ascertained.

According to **Daniel Eldan**, Advisor and Solution Architect at the Bank for International Settlements (BIS), bringing innovation to payments is needed to create an effective cross-border payment infrastructure. In doing so, **we should go through 3 phases: desirability, feasibility, and viability**. One of the goals is to resemble the P2P structure. Importantly, the blockchain is not needed for central bank digital currencies. Eldan has worked on projects that successfully tested cross-border payments. One of them is mCBDC-Bridge, a platform based on the distributed ledger technology that enables banks to exchange central bank digital currencies cross-border. However, **there is a need to address some regulatory issues to make cross-border payments work properly worldwide**.



In terms of next steps, he believes that the right strategy is to learn by doing, while technology's impact on regulation is closely examined. He welcomes the establishment of cross-functional teams of central banks with commercial banks and setting a realistic time horizon on innovation in this area.

**Marouane El Abassi**, Governor of the Central Bank of Tunisia, provided insights about the development of cross-border payments in Tunisia where **this form of payments takes up to 4,5% of Tunisian GDP**. According to him, remittances were the catalyst for financial inclusion. The Tunisian initiative on cross-border payments is based on blockchain and run by Fintechs. From the point of view of Central Bank of Tunisia, cross-border payments provide an opportunity for those living outside of the country to invest properly. Tunisia is creating a system for access to the national payment system for non-banks. To this end, the Central Banks of Tunisia and Libya jointly launched a regulatory sandbox that focuses on Know Your Customer (KYC) guidelines, crowdfunding, central bank digital currencies, and payments.

**Cross-border payment markets are at a crossroad:** central banks can coordinate to develop a public "new-generation" cross-border payment infrastructure – whose unit of account would likely be a central bank digital currency (CBDC) –or alternative solutions might come from the private sector, whose innovation level might offer more value to wholesale-payments and retail-payments users. So far, it is likely both types of infrastructures will be built as cross-border markets do show sufficient dysfunctions to allow for such alternatives to coexist. Nevertheless, public infrastructures, even though they would probably not encourage innovation, would have the advantage of complying with regulations all around the world, and could even be at the origin of a new type of international payment regulation framework. As such, in the current context of regulation discrepancies the "common public good" nature of cross-border payments might gain relevance.



***"Cross-border payments in Tunisia where cross-border payments take up to 4,5% of Tunisian GDP."***

Marouane El Abassi,  
Central Bank of Tunisia



***"The share of European and US middle classes will decrease to 22% globally."***

Elena Rovenskaya,  
International Institute  
for Applied Systems  
Analysis

According to **Michael Levystone**, who chaired the panel, when it comes to developing connectivity in the Eurasian continent, we need to adopt an asymmetric approach.

As **Elena Rovenskaya**, Program Director of the International Institute for Applied Systems Analysis, put it, while times are uncertain, **connectivity however is still key for economic growth**. Yet, in the next years, the connectivity path in the Eurasian region will be affected by many different factors.

First, because of climate change, **in the next 50 years we will foresee a new migration wave from the south to the north**, with areas that used to be not suitable for human life becoming more suitable and vice versa. This trend will leave up to 3 billion people outside a climate change border. Secondly, the geography of consumerism will change. Indeed, the size of the global middle class will reach 5.3 billion in 2030, with 88% being in Eurasia. China and India alone will represent 43% of the global middle class. In contrast, **the share of European and US middle class will decrease to 22% globally**. Thirdly, as the number of middle-class people will increase, rail transport will also grow, especially in Asia, bringing additional economic development, with limited environmental impact. Finally, to develop sustainable and long-term economic growth, considering the above issues, we will need to look at resilient economic systems more than efficient ones, in order to optimize solutions to face both demand and supply risks.

Indeed, the current times are underlining geographical and geopolitical shifts when it comes to trade and thus economic development. Those shifts need to be promptly addressed with new programs. The Covid-19 pandemic and the Russian-Ukrainian war resulted in a disconnected world, with supply risks and a demand crisis. Yet, the end of the pandemic did not result in the development of a new system to face the deconstruction of global trade.

Previously, global trade was based on a triangulation of exchange between the US, the EU and China, which was very efficient in economic terms. This global order has been destroyed, both by Covid and the Russian invasion of Ukraine, and a new order is developing based on political and geographical blocks, with countries acting as connectors between one region and another. In the case of the EU, as highlighted by **Ekaterina Kozyreva**, President of the IEC and **Baur Bektemirov**, Chief Economist at the ASTANA International Financial Centre, investing in connecting those connectors within regions would be a strategy not only to boost global economic growth but also to overcome inflation for instance, creating new jobs and building an alternative model to our prior one.

Yet, when considering EU foreign policy, it is not only about efficiency of alternative models, but also about shifting geopolitical relationships. Certainly, the strategy that Brussels is adopting is to reinvest in connecting to its neighborhood, especially the Mediterranean region because, according to **Ambassador Romana Vlahutin**, Former EU Special Envoy for Connectivity, the Russian-Ukrainian conflict has resulted in a shift from the west-east dynamic toward a north-south one. The EU is realizing that it needs to create new alliances and partnerships, but it also needs to take into consideration some criteria related to political governance, in order to avoid finding itself once more in the same trap, as was the case with Russian gas. *"We need to find a model for keeping democracy relevant, keeping the security dimension of infrastructure, and allowing for economic growth".*

***"The Russian  
Ukrainian conflict  
has resulted in a  
shift from the  
west-east  
dynamic into a  
north-south one."***

Romana Vlahutin,  
Former EU Special  
Envoy for Connectivity

**The war in Ukraine has triggered a strong reshuffling of global connections.** In today's context, connectivity should be reorganised around connector countries that will have relationships with other "regions" of the world. For instance, energy issues, especially in Europe, might be decisive in connecting the continent to Central Asia and Africa. Few connector countries could win as much new "connectivity" markets as Kazakhstan. Moreover, the connectivity strategy of China, the US, and the EU might also influence over the long-term the direction of human, economic, and capital flows. The North-South connectivity dynamic that emerges could give an advantage to China, which has beyond its BRI investments much more money to invest in connectivity, especially in the Eurasian space. The future of connectivity will be shaped by these two parallel trends, with strengthened trade and financial ties as objectives for participating countries.





***"There is an urgent need for global and regional powers to take responsibility in rebuilding a new global system based on understanding and cooperation."***

Carlo Monticelli,  
CEB



According to **Carlo Monticelli**, Governor of the Council of Europe Development Bank, while prosperity risks to be jeopardised by current multiple crises, the risk is that the global economy will be even more fragmented in the coming years. **There is an urgent need for global and regional powers to take responsibility for rebuilding a new global system based on understanding and cooperation** and China has to play a key role in this process, as maintained by **Yao Yong**, Dean of the National School of Development of the Beijing University.

According to **Karim El Aynaoui**, Executive President at the Policy Center for the New South, **if the aim of global cooperation is to build an anti-fragile world, new types of connectivity should be built**, especially between North and South in order to allow for better communication. For **Antonella Mei-Pochtler**, Senior Advisor for the Boston Consulting Group, beyond the COVID-19 Pandemic, the energy crisis and the Russian- Ukrainian war, other structural issues, such as an ageing population, the future of jobs and education, as well as new migration waves might well change global maps. In the 90s, the collapse of the Soviet Union resulted in "the end of history". Yet, the current Ukrainian conflict is pushing forward the beginning of a new history, whereby company leaders and governments need to understand how to build resilience, while maintaining cost efficiency, high quality services and growth. Against this backdrop there are indeed, four scenario that need to be taken into consideration.

**Scenario 1** defined as "Back to the Future" foresees **major powers understanding the benefits of global cooperation and minimizing military conflicts**. In this framework, global trade would grow to historically high level, while Africa would increase its share of global supply chain. Moreover, cooperation would allow for energy transition and green tech to develop, while innovation and automation would push productivity. In **Scenario 2**, titled "Tripolar Competition", **Western and Eastern blocks would coexist in a new balance of power**, while "non-aligned" countries would seek for third paths. In this context norms and institutions would differ within and among blocks and while global trade would remain stable, trade corridors and connectivity would need to be redefined. Similarly, innovation would proceed within regional networks, and within strategic sectors, while consensus on global issues, such as climate change, would be difficult to find. **Scenario 3**, named "Limited Stalemate", predicts a **chronic conflict going on not just in Ukraine, but also in other non-NATO former Soviet Republics**. In this framework, China would keep political and diplomatic distance from Russia, whose economy would survive sanction shocks. Yet, in an increasing contested global disorder, western inspired institutions would struggle for relevance. Total global trade would remain stable, but regionalization shifts and intermittent supply shock would boost costs and prices.

With respect to innovation, cybersecurity would remain a top priority but there would be lack of consensus on energy transition and climate change. In **Scenario 4**, titled Global Escalation, **economic and military confrontations would erupt in multiple locations, disrupting trade patterns.** In this scenario, economic and military power would supplant institutional systems, undermining change for global cooperation or at least regional dialogue. Against this backdrop, while Scenario 1 is certainly the one everyone one should be looking at, it is also the most unlikely. Considering current uncertainty and shifting global dynamics, it is necessary for business and political leaders to implement sustainable, greener and convenient economic programs to build resilient systems where flexibility and not efficiency per se will become the new optimal choice.

As weaponization of economic interdependencies is already occurring, reshoring is a real threat to globalization as we know it. **There seems to be a spectrum of alternative scenarios, in which reshoring is increasingly relevant, with constant geopolitical tensions in the background.** The Global-North-Global-South divide will be more than ever relevant to understanding the evolution of this reshoring process. "Anti-fragility", i.e., resilience, will be characterised by a strong solidarity within each geopolitical block. Nevertheless, global welfare will be reduced by this new organisation of economies, which is why whatever happens, new global institutions will be essential to maintain necessary dialogue.



***"It is necessary for business and political leaders to implement sustainable, greener and convenient economic programs to build resilient systems where flexibility and not efficiency per se will become the new optimal choice."***

Antonella Mei-Pochtler,  
BCG



***"45% of the world economy belongs to Eurasia, therefore control over Eurasia means control of the world."***

Yerzhan Saltybayev,  
IWEP

The Chair of this session, **Yerzhan Saltybayev**, Director of the Institute of World Economics and Politics (IWEP), indicated in his introductory speech that the economic crisis caused by the Covid pandemic, war with Ukraine, and sanctions has led to geopolitical fragmentation. Indeed, trends on deglobalization and regionalism were recently discussed at the G20 summit. Saltybayev assumed that globalization may develop in a new form. **45% of the world economy belongs to Eurasia. Therefore, who has control over Eurasia controls the world**, as Nicholas John Spykman said in 1944. For him, we should investigate existing risks and opportunities to build an appropriate post-war security architecture.

**Peter Frankopan**, Professor of Global History at Oxford University, pointed out that **climate issues and dependence on Russian energy pose the most significant challenges for Eurasia**. Especially Kazakhstan experiences the most problematic neighborhood, since the country is surrounded by China and Russia. For Mr Frankopan, the course of deglobalization is only a political rather than an economic choice.

According to **Raekwon Chung**, Board Member of the Ban Ki-Moon Foundation for a Better Future, economic growth undermines climate action in the region. He sees it as problematic that climate change is not well addressed in Eurasia. Chung is convinced that **investment in climate mitigation should be a catalyst for economic growth**. He also emphasized a special role for Kazakhstan as a green bridge between Europe and Asia.

**Lisa Curtis**, Director of the Indo-Pacific Security Program at the Center for a New American Security, highlighted that Kazakhstan has acknowledged to be dependent on Russia and tries to balance between different interests. According to her, **China sees Central Asia as a market opportunity**. However, lack of transparency in Chinese lending does not allow for the establishment of stable business connections. Whereas the US stays prioritizes democracy and rule of law, Russia and China use hard power instruments. The peaceful coexistence between China and the US is nevertheless possible. The US intends to follow a strategic approach in competing with China, while also preventing conflict. For her, the main priorities in the policy toward Central Asia are to support intraregional cooperation and trade so as to build a more resilient region and to deal with interconnected challenges smartly.

For **Nouriel Roubini**, CEO of Roubini Macro Associates LLC, **Eurasia lives in the age of great volatility, uncertainty and threats**. According to him, there are 4 global powers that have their peculiarities.



One of them is Russia which tries to restore its empire using hard power and energy. Due to climate change, Siberia may be one of the most attractive regions to live in, which is why it is important for Russia to protect its territories. The weakness of Russia is a very limited commodities diversification. The second global power is China which built up a successful economy. Among the weaknesses of China are its current authoritarian policies, economic and financial instability, and the reduced importance of entrepreneurs. Moreover, China may become more aggressive whether it becomes stronger or weaker. The third global power is the EU, which follows the rule of law concept but whose soft power is not sufficient. **The EU has numerous weaknesses, including restriction of migration, dependence on energy imports, high energy prices, and reliance on support from the US.** The fourth global power is the US, the economic and energy superpower that provides security for Eurasia. However, the politics in the US are very polarized and populist and there is a great income-wealth inequality. Roubini believes that a balance between these major powers is needed.

"Greater Eurasia" was initially a Russian geopolitical project to unite the continent(s) under its rule, but **it has a new meaning in the today's context of strong geopolitical tensions in the region,** where China wants to develop its economic ties, Russia is still looking for security dominance, and Europe and the US are gaining economic and political significance, with less consistency for the former due to internal weaknesses. Unfortunately, **governance is lacking in the very fragmented Central Asian region to organize a response to this new geopolitical "Great Game",** echoing the confrontation in the region one century ago between the British and the Russians. More efforts and coordination will be required to start the kind of dialogue needed in this age of uncertainty. However the path to follow might impose itself as the region strives to ensure its resilience in the coming decades, and in particular with climate change and resource exhaustion jeopardize its development.

***"Climate issues and dependence on Russian energy pose the most significant challenges for Eurasia."***

Peter Frankopan,  
University of Oxford



***"Kazakhstan  
decided for  
nuclear non-  
proliferation,  
disarmament and  
security  
promotion."***

Kairat Abusseitov,  
Nazarbayev Foundation



Not only economic issues, but also international security is crucial for the dialogue of continents. To avoid a nuclear disaster, common global action is a top priority.

**Kairat Abusseitov**, Kazakhstani Diplomat and Ambassador from the Nazarbayev Foundation, who chaired this panel, started his remarks with the introduction of the Global Alliance of Leaders for Nuclear Security and A Nuclear-Weapons-Free World that brings together 87 prominent political leaders and experts. This initiative was launched in 2019 by the Nazarbayev Foundation for advancing an anti-nuclear agenda. Kazakhstan is a unique country in that in the past it possessed nuclear weapons and provided its territory for nuclear testing but has now moved to a denuclearization policy. In detail, **Kazakhstan decided for nuclear non-proliferation, disarmament and promoting security.**

**Angela Kane**, Vice President of the International Institute for Peace, talked about negative consequences of the war in Ukraine for Europe and International relations. The world has never experienced a situation like this before, therefore it is not clear what happens next. According to her, **there is a possibility for nuclear war or using bioweapons in the future** because Russia has abandoned army control agreements that had lasted for over 60 years. The tensions around Taiwan also raise concerns. For her, the focus should be wider than just military and security policy. The space for global dialogue should be safeguarded.

**Lassina Zerbo**, Emeritus of the CTBTO, noted that challenges seem to emanate from different parts of the world: the US, Russia, Iran, Israel and China. From his perspective, the world needs public support that is the center of gravity for nuclear security. Nuclear weapons give license for aggression. **Culture and soft power should dominate in the global partnership.** Zerbo pointed out that the situation is changing also in the African continent which is building up civil society following the European example. However, civil society is becoming increasingly politicized and is losing its initial power. For him, collective global action is needed, especially for increasing the level of education and understanding about decisions to minimize nuclear risks.

**Urban Rusnak**, Ambassador of the Ministry of Foreign Affairs of the Slovak Republic, reminded that Slovakia had experienced a Soviet invasion in 1968 and when some nuclear weapons were stored there. Slovakia is trying to support Ukraine, its neighbor country as much as possible. He noted that Ukraine was in a similar situation as Kazakhstan and it too gave up nuclear weapons. Rusnak asserted that **international institutions created after the Second World War do not fit their purpose anymore.**

For him, the world is too fragmented now to handle with nuclear security.

**Jonathan Granoff**, President of Global Security Institute, sees as a leading role for Kazakhstan to restore global nuclear security since it has good contacts with all global leaders. Although the initial aim of nuclear weapons was to provide security, now they are more developed and modernized, leading to less security at present. He believes that the **taboo against using nuclear weapons must be strengthened**. For him, humanity should be the overarching principle.

**Les Simms**, Director of the International Forum for Understanding, emphasized that nuclear security and sustainable development goals should be at the top of the global agenda. Especially younger generations should actively take part in the debate. According to him, **nuclear disarmament should be reached in all countries**, including Iran and North Korea.

**Ariel Cohen**, Director of Energy, Growth and Security Program ITIC, referred to the case study of nuclear reactors in war zones. For him, the international convention of physical protection of nuclear materials and international humanitarian law are key components of legislation to safeguard nuclear security. He noted that unprecedented complications in terms of climate change are caused by CO2 emissions. At the same time, nuclear reactions generate power with zero nuclear emissions. Therefore, it is in interest of all responsible leaders to maintain the security of reactors. According to him, Russia showed the world the example of the leader that failed in his responsibility. Residual materials in Chernobyl can cause a catastrophe again. **Regrettably, international law does not have any enforcement mechanisms and instruments to guarantee nuclear reactor security.**

On top of strengthening geopolitical tensions, a nuclear threat is resurfacing, especially after the withdrawal of Russia from nuclear disarmament agreements. **Eurasia is the first region jeopardized by this new race to nuclearization, in which at least Russia, Iran and China seem to be participating.** In this context, international institutions are needed more than ever to (1) reinforce the "nuclear taboo", i.e., the pressure to never use nuclear weapons regardless of the intensity of a conflict, (2) protect civil nuclear reactors which are increasingly needed in the context of the energy transition. A world of strong nuclear deterrence could lead to a new "Cuban crisis", scaring nations as in 1962. Again, only global institutions will be able to prevent such a turn of events.



***"There is a possibility for nuclear war or using bioweapons in the future because Russia has abandoned the nuclear control agreements that lasted over 60 years."***

Angela Kane,  
International Institute for  
Peace





***"We should create within each government a ministry which would be charged to investigate whether every public policy follows a sustainable track or not."***

Enrico Giovannini,  
Tor Vergata University of  
Rome

According to **Benjamin Haddad**, Deputy of the French National Assembly and chair of this session, resilience is a difficult concept as **economies are submitted to "opposite injunctions". There is on the one hand economic efficiency** – which suggests a global organization of the production and, hence, the creation of interdependencies – and economic resilience on the other hand, which favors a local organization of production. So how should we handle this impossible duo?

For **Phoebe Koundouri**, Founder and Scientific Director of the Research Laboratory on Socio-Economic and Environmental Sustainability (ReSEES) and a world-renowned environmental economics professor, we should first handle this age of resilience by improving the interface between science – especially environmental –, policymaking and politics. The 17 Sustainable Development Goals (SDGs) have not been realistically implemented so far, according to her, because of a lack of knowledge about the urgency of adapting economies to the current environmental challenges. Thus, for the right investments to occur in the context of ecological transitions, **politicians and policymakers must be taught what is precisely happening at a global scale environmentally speaking**. This is the only way to onboard enough people to design the right policy pathways adapted to different contexts. In her opinion, **governments should give more space to non-state actors, as they are the ones achieving the largest results regarding the ecological transition**, i.e., the one towards more resilience.

For **Enrico Giovannini**, Professor of Economics at Tor Vergata University of Rome, **the path towards resilience goes hand in hand with the one towards sustainability**. Those are "two sides of the main coin". And according to the recent update of the World3 model projections, the world is still on the brink of collapse, as its resource availabilities could soon be persistently below the aggregate demand level, leading to inflation and recession. For him, this situation should incentivize leaders to organize the path to sustainability, which will bring a lower level of global well-being for citizens, but still much greater than if a high level of development leads to a total collapse of the world's economy in the middle-to-long-term. A solution to tackle this very complex issue would be to create within each government a ministry that would be charged with investigating whether every public policy follows a sustainable track or not. That's how the public sector could become resilient.

Finally, **Asgeir Jonsson**, Governor of the Central Bank of Iceland, introduced his approach to the age of resilience by emphasizing the

the progress that his country made after the 2008 crisis, characterized by a currency collapse linked to an increasingly heavy external debt position – in a context of a post-Lehman dollar shortage. In the aftermath of this crisis, the level of debt was dramatically reduced, both for households and companies. Simultaneously, the country started to improve its external investment positions such that it went from deeply negative to positive by the end of the 2010s. Within a decade, **the country succeeded in erasing the crisis mostly by choosing sobriety and, hence, resilience, as a modus operandi.** It has become far less sensitive to external financing conditions (interest rates in the US) and now has the power to control its own destiny. On top of it, the central bank merged with the financial supervisory authority in 2019, creating a sweeping mandate for macroprudential policies in the country. As a result, credit creation and, among others, leverage ratios are under greater scrutiny now. Bonuses of the financial sector have been capped too, to avoid levels of risk-taking that are too high. **The path to a small-open low-risk economy for Iceland could eventually be one of long-term resilience,** especially as geopolitical tensions might increase risk levels on international markets.

A question posed to the panel focused on the cost of the new European sustainability and the related regulation for large European firms, which would have them bear a high compliance burden, unlike their external competitors in China or the US. The panel answered by emphasizing the fact these were only short-term tensions and that the world will follow on the path of resilience for the economy.

It seems that the coming new age of resilience will be characterized by a search for economic and monetary sobriety. It will also require increased understanding, cooperation and solidarity between scientists, policymakers, politicians, as well as firms and households, to engage the world's economy on a path which looks very different from the one we have experienced over the last two centuries. It will be a path where economic efficiency does not disappear but needs to adapt to resilience imperatives. **This is why the “opposite injunctions” that economies are facing can be dealt with, but this will require a societal effort that goes beyond anything we have experienced in the modern era.** Much sustained and difficult work is ahead of us.

***"The country succeeded in erasing the crisis mostly by choosing sobriety and, hence, resilience, as a modus operandi."***

Asgeir Jonsson,  
Central Bank of Iceland



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*In speaking order*

## **Multiple Systemic Shocks: Resilience and Policy Responses**

Didier Borowski (chair),  
Jacob Frenkel,  
Klaas Knot,  
Boris Vujcic,  
Martin Galstyan.

## **The Geopolitics of Energy and Climate Change**

Henning Vöpel (chair),  
Raekwon Chung,  
Otilia Dhand,  
Mattia Romani,  
Miriam Leuschner.

## **Rebuilding Ukraine and the Economic Consequences of the War**

Marc Uzan (chair),  
Dominic Rohner,  
Moritz Schularick,  
Tomáš Boček,  
Carlos San Basilio,  
Alexander Rodnyansky.

## **The Future of European Integration**

Jeannette Süß (chair),  
Petre Roman,  
Yves Leterme,  
Tereza Novotná.

## **The End of Abundance**

Henri de Grossouvre (chair),  
Oded Galor,  
Massimiliano Castelli,  
Myriam Maestroni.



*In speaking order*

### **Cross-Border Payments: A Common Public Good?**

Ousmène Mandeng (chair),  
Piero Cipollone,  
Jean-Pierre Landau,  
Daniel Eidan,  
Marouane El Abassi.

### **The Shifting Geography of Connectivity**

Michael Levystone (chair),  
Elena Rovenskaya,  
Ekaterina Kozyreva,  
Baur Bektemirov,  
Romana Vlahutin.

### **Weaponization and Reshoring: Toward a Fragmented Global Economy?**

Carlo Monticelli (chair),  
Yao Yong,  
Antonella Mei-Pochtler,  
Karim El Aynaoui.

### **Greater Eurasia: Building Dialogue in the Age of Uncertainty**

Yerzhan Saltybayev (chair),  
Peter Frankopan,  
Raekwon Chung,  
Lisa Curtis,  
Nouriel Roubini.

### **Global Alliance of Leaders for Nuclear Security**

Kairat Abusseitov (chair),  
Angela Kane,  
Lassina Zerbo,  
Urban Rusnak,  
Jonathan Granoff,  
Les Simms,  
Ariel Cohen.

### **Ushering a new age of Resilience**

Benjamin Haddad (chair),  
Phoebe Koundouri,  
Asgeir Jonsson,  
Enrico Giovannini,  
Marc Uzan.

## Organizers



The Reinventing Bretton Woods Committee (RBWC) is a not-for-profit organization that orchestrates an open dialogue among high-level stakeholders committed to redefining the global financial architecture and monetary system to better respond to the changing economic landscape.

RBWC was established in 1994 by its current Executive Director, Marc Uzan, and is US-based.



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## Lead Partners



Astana Club is a Kazakhstan based group that organizes conferences about greater Eurasia.



The Institute of World Economics and Politics is a Kazakhstan based institute under the Nursultan Nazarbayev Foundation.



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Based on the principles of liberalism, the Friedrich Naumann Foundation for Freedom offers political education in Germany and abroad. With events and publications, they want to help people to become actively involved in political affairs.

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