

# Navigating Geopolitical Risk

Dutch Corporate Responses to the Russia-Ukraine War

# Today's Agenda

Background: Rising  
Geopolitical  
Tensions and Risks

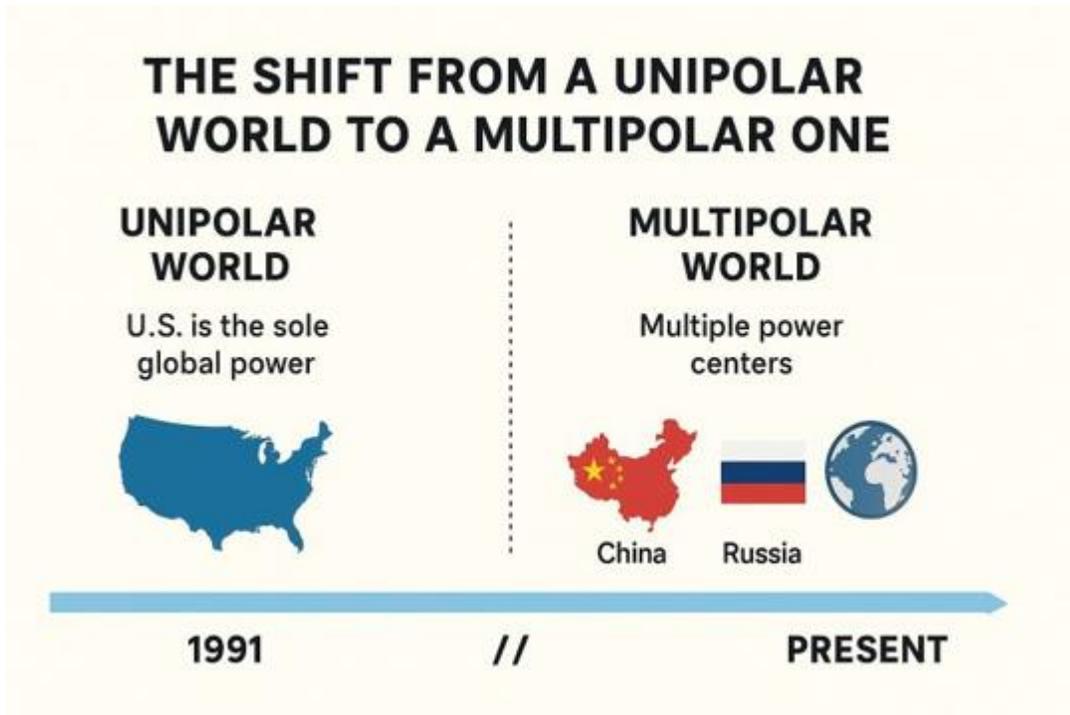
The Russia-Ukraine  
War as a Case

Discussion on  
Geopolitical Risk in  
Asia

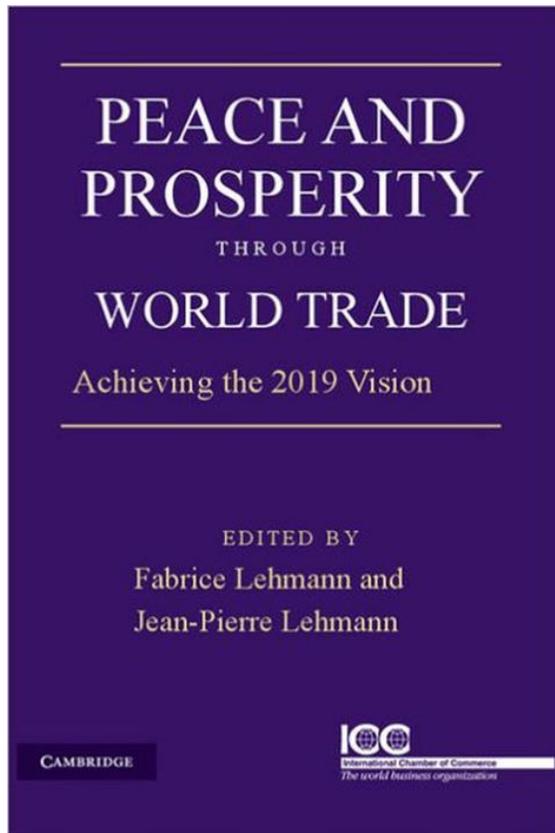
# Background

Rising Geopolitical Tensions and Risks

# Shift from a unipolar to a multipolar world



# Shift from a liberal to a realist paradigm





# Security-driven industrial policy - USA

## CHIPS & Science Act

America invented the **semiconductor**, but today produces about 10% of the world's supply – and none of the most advanced chips.

The new Act – worth nearly \$150 billion – will return manufacturing to the US, lowering costs, creating jobs, and strengthening supply chains.



# \$52.7B

for American semiconductor research, development, manufacturing, workforce development

### THE ACT INCLUDES

**\$39B**   
Manufacturing incentives

**\$13.2B**   
R&D, workforce development

**\$2B**   
Legacy chips used in automobiles, defense systems

**\$1.5B**   
Promoting, deploying wireless technologies using open, interoperable radio access networks

**\$500M**   
International information communications technology security and semiconductor supply chain activities

### THE ACT AUTHORIZES

#### \$10B INVESTMENT

in regional innovation, **TECHNOLOGY HUBS** across the country

#### INVESTMENTS

Expanding geographic, institutional diversity of research institutions and the students, researchers they serve, including supporting **\*\*HBCUs** and other minority-serving institutions, academic institutions providing opportunities to **HISTORICALLY-UNDER-SERVED STUDENTS**, communities

#### STEM EDUCATION

New and expanded investments in **SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM)** education and training from K-12 to community college, undergraduate, graduate education

#### \$1B RECOMPETE PILOT PROGRAM

at the Department of Commerce's **\*EDA**, **ALLEVIATING PERSISTENT ECONOMIC DISTRESS**, supporting long-term comprehensive economic development, job creation in the most distressed communities

ILLUSTRATION: ADOBE STOCK

\*Economic Development Administration / \*\*Historically Black Colleges and Universities  
Source: <https://bit.ly/US-CHIPS-Act>

# Security-driven industrial policy - China



## Made in China 2025

On May 8, 2015, China's State Council unveiled its first 10-year national plan for transforming China's manufacturing, entitled "Made in China 2025". The plan is designed to put China on a new path to industrialization, with greater emphasis on innovation, expanded use of new-generation information technology, intelligent manufacturing, consolidation of the industrial base, integration of industrial processes and systems, and a robust multilayer talent development structure. Measures taken in this respect will facilitate China's transformation from a manufacturing giant with a focus on quantity to one with a qualitative edge.



2015年5月8日，中国国务院正式印发《中国制造2025》，成为中国实施制造强国战略第一个十年的行动纲领。文件中透露，“中国制造2025”的总体思路是，坚持走中国特色新型工业化道路，以促进制造业创新发展为主题，以加快新一代信息技术与制造业深度融合为主线，以推进智能制造为主攻方向，强化工业基础能力，提高综合集成水平，完善多层次人才体系，实现中国制造业由大变强的历史跨越。

### The three-step strategy “三步走” 战略

Step 1: Shifting China from a big manufacturing country to a strong one by the year 2025

第一步：到2025年，迈入制造强国行列



Step 2: China being able to compete with developed manufacturing powers by 2035

第二步：到2035年，我国制造业整体达到世界制造强国阵营中等水平



Step 3: Transforming China into a leading manufacturing power by the year 2049

第三步：建国一百年时，制造业大国地位更加巩固，综合实力进入世界制造强国

### Ten key sectors 十大重点领域



New information technology  
新一代信息技术产业



Numerical control tools and robotics  
高档数控机床和机器人



Energy saving and new energy vehicles  
节能与新能源汽车



Power equipment  
电力装备



Aerospace and aeronautical equipment  
航空航天装备



New materials  
新材料



Ocean engineering equipment and high-tech ships  
海洋工程装备及高技术船舶



Biological medicine and medical devices  
生物医药及高性能医疗器械



Modern railway equipment  
先进轨道交通装备

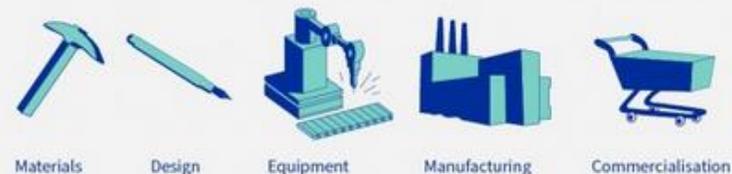


Agricultural machinery  
农机装备

# Security-driven industrial policy – EU

## Why do we need the EU chips act?

Chip production comprises over **1 000 steps**.



**Many actors around the world** are involved in manufacturing chips. They collaborate and trade products, often within complex and vulnerable supply chains. Specific technologies and activities are concentrated within a limited number of companies and regions.

Disruptions to chip production can **cause shortages** and may have major consequences.

### *The EU chips act aims to:*

- ensure **large-scale capacity building** and **innovation** within the EU
- ensure that the EU is **self-supplying** to a much greater extent
- ensure that the EU can **react quickly** in the event of supply crises



# Rising Geopolitical Tensions



# The Russia-Ukraine War as a Case

Dutch Corporate Responses

# Rising geopolitical tensions before 2022



## 2018 OPCW Cyber Attack



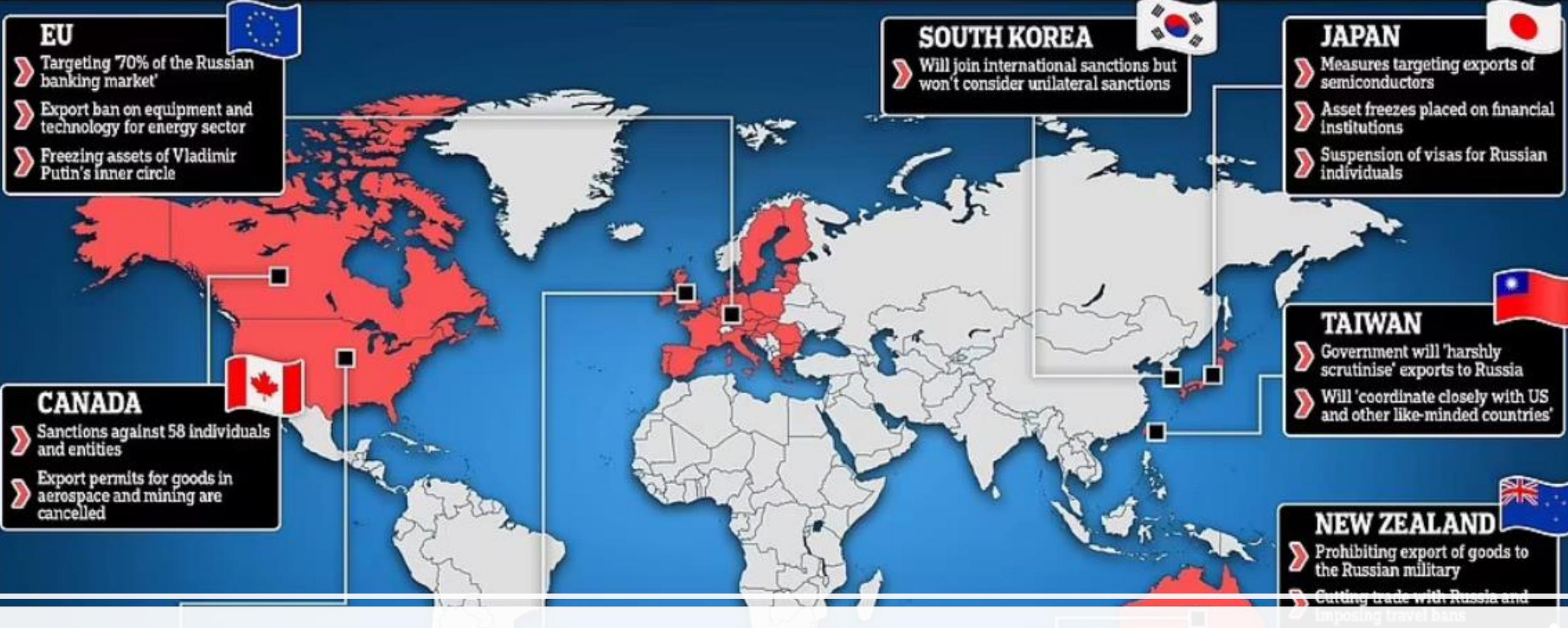
## Flight MH17



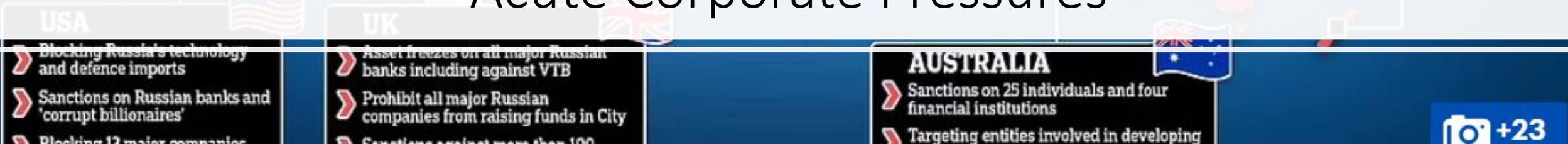
From rising tensions to conflict



# SANCTIONS PLACED ON RUSSIA BY GOVERNMENTS AROUND THE WORLD



Acute Corporate Pressures

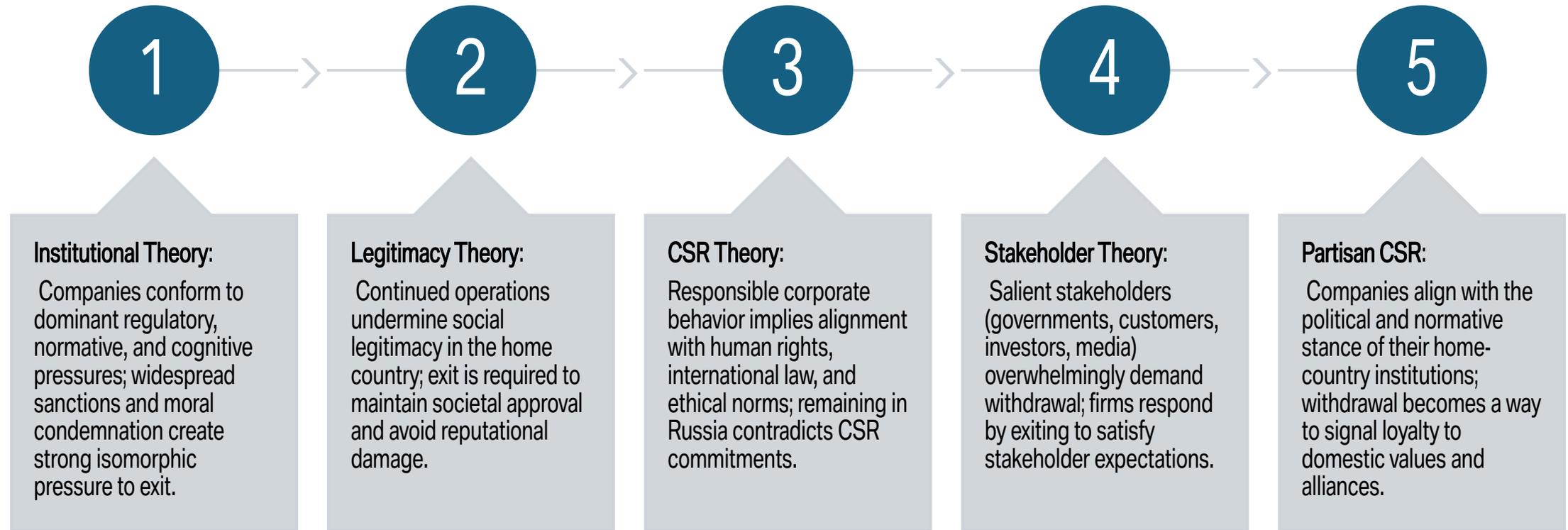


# Acute Corporate Pressures

## **Societal Pressures**

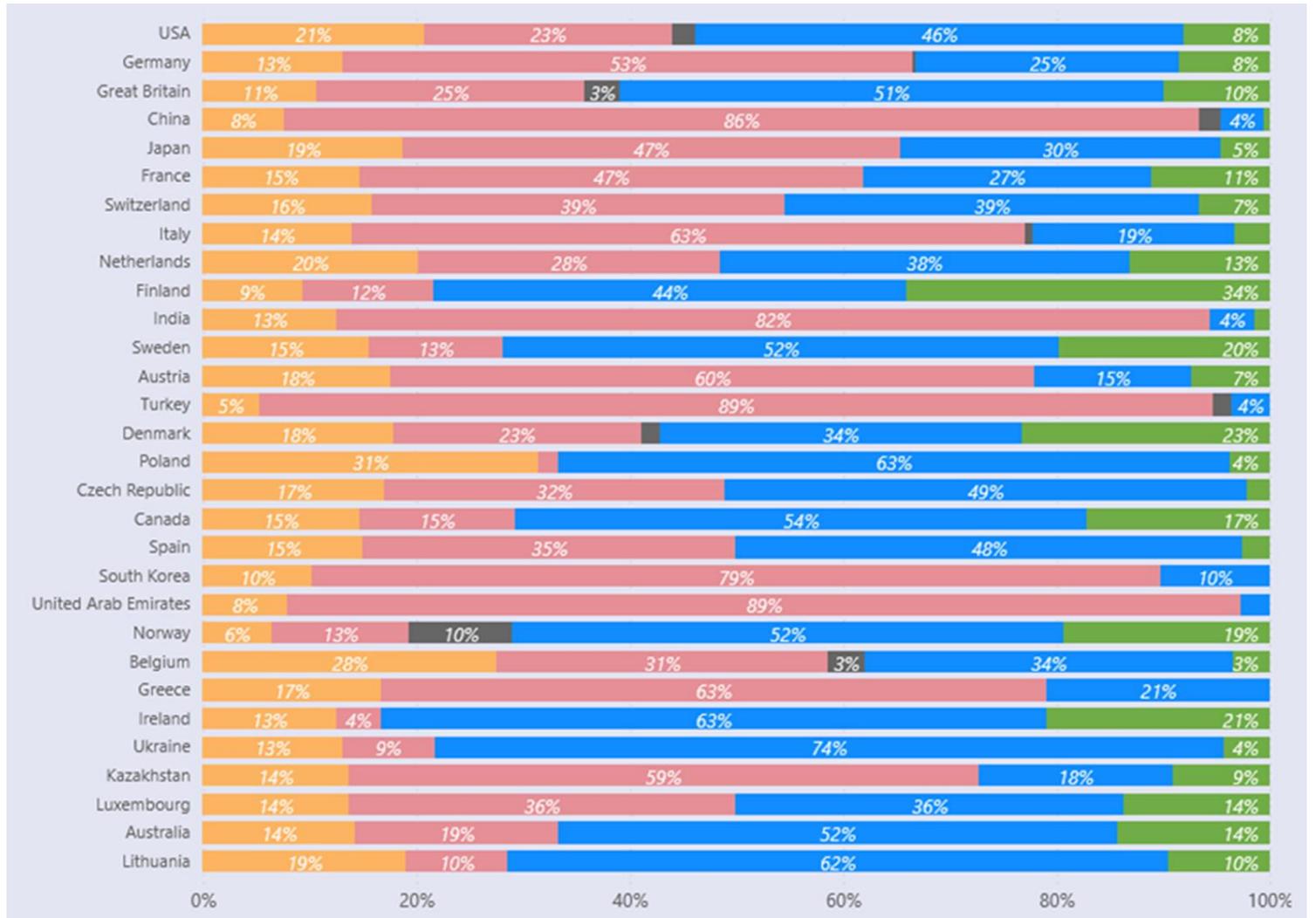
- A Dutch national survey conducted by I&O Research in March 2022 showed that 84% of Dutch people held Russia responsible for the war in Ukraine, and 68% supported the Dutch government's response, even if that would harm the economy (I&O Research, March 2022).
- The Eurobarometer reported that over 70% of Europeans expressed sympathy for Ukraine, 75% blamed the Russian government, and more than 50% of Europeans were satisfied with the response of the EU, showing support for sanctions imposed against Russia (European Union, 2022).

# Existing Theory Predicts Uniform Exit from Russia



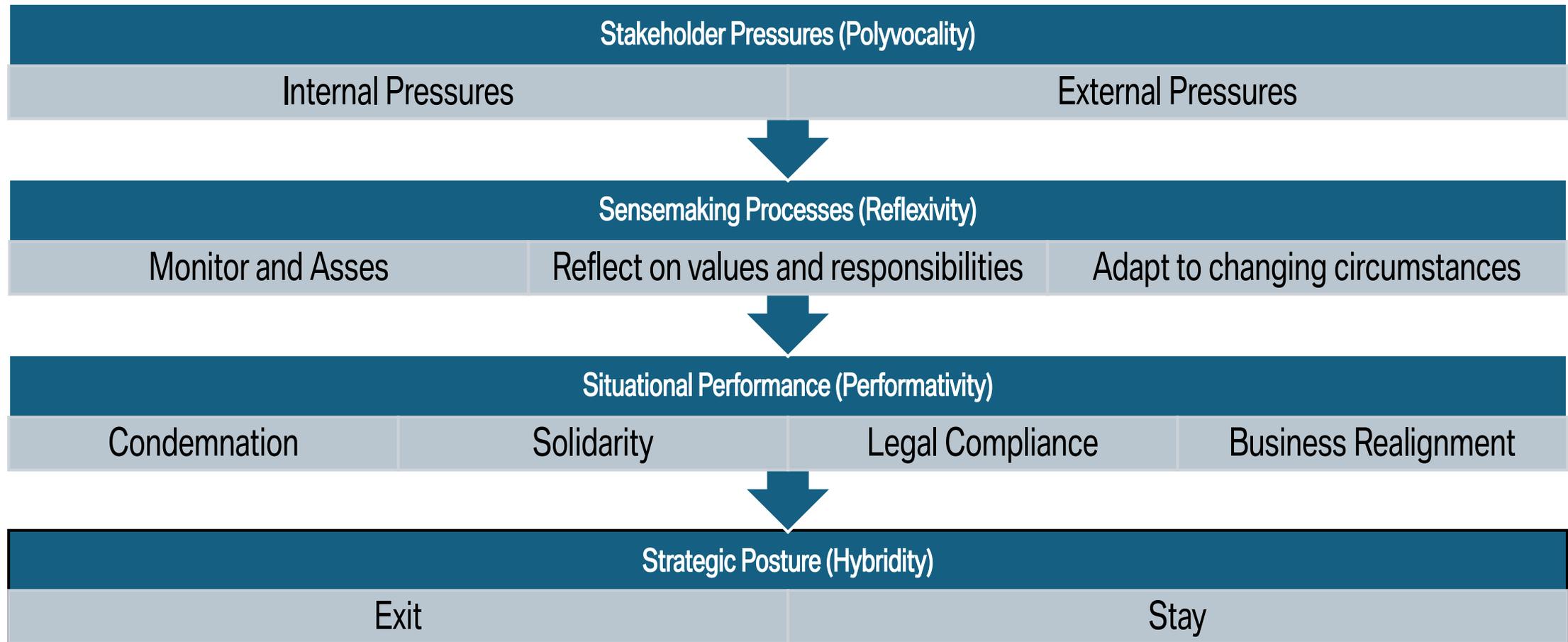
# Empirical Puzzle:

Discrepancy between theoretical prediction and societal expectations vs observed reality



Source: KSE, November 2022

# Explanation: Dutch Moral-Strategic Responsiveness



# Historical Tension Between Koopman vs Dominee

Moral Preacher

Pragmatic Merchant



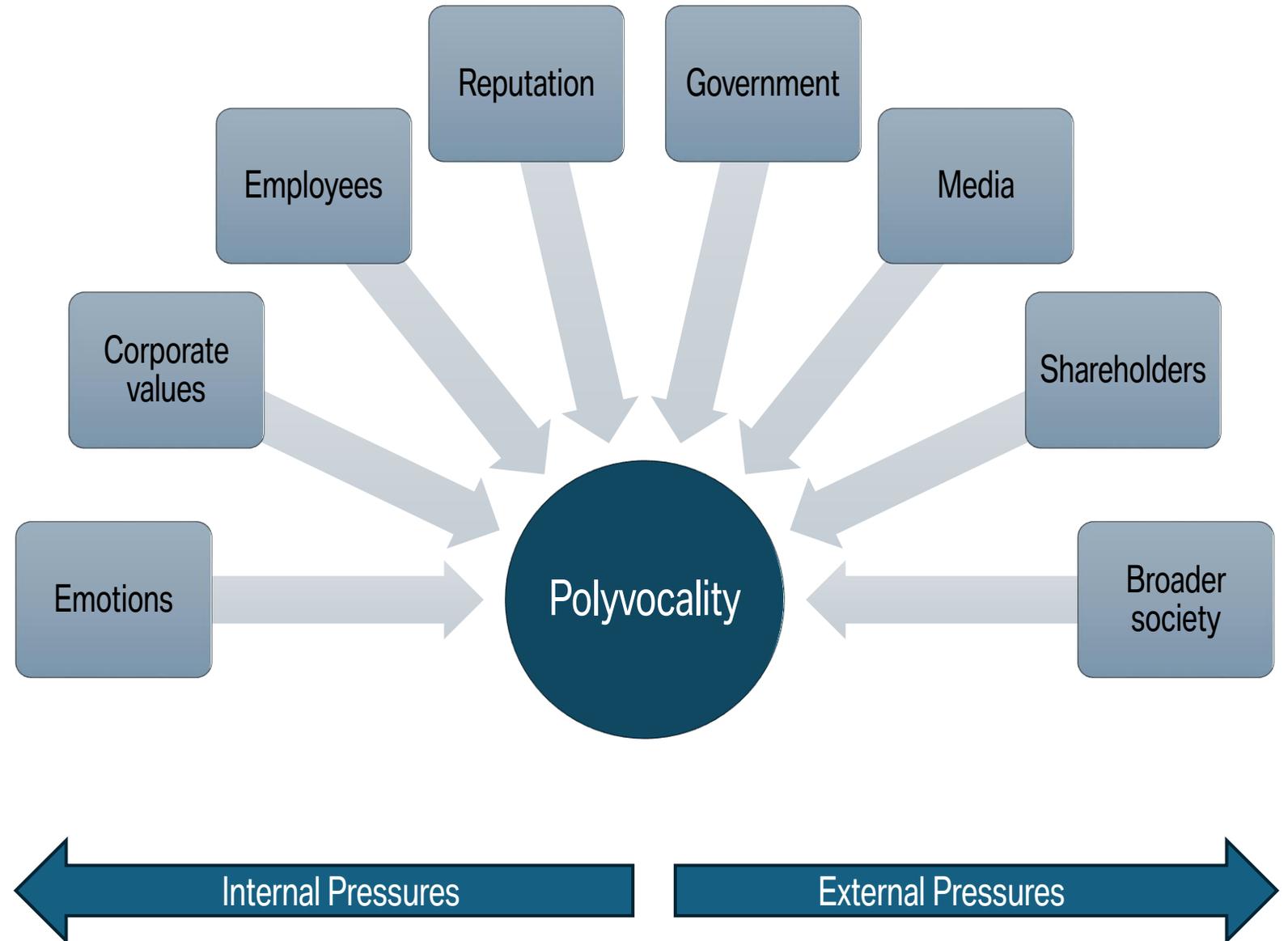
*"We stand firmly with the global community and believe unequivocally in freedom, in the right of all people to self-determination, to live their lives with optimism for the future, to be free from war, free from persecution and free from hatred."*



*"I'm an old-fashioned type of capitalist. I avoid making ethical and political decisions. If I start saying, I don't much like that government—and there are plenty of governments whose actions one might choose not to like very much—we wouldn't do business anywhere."*

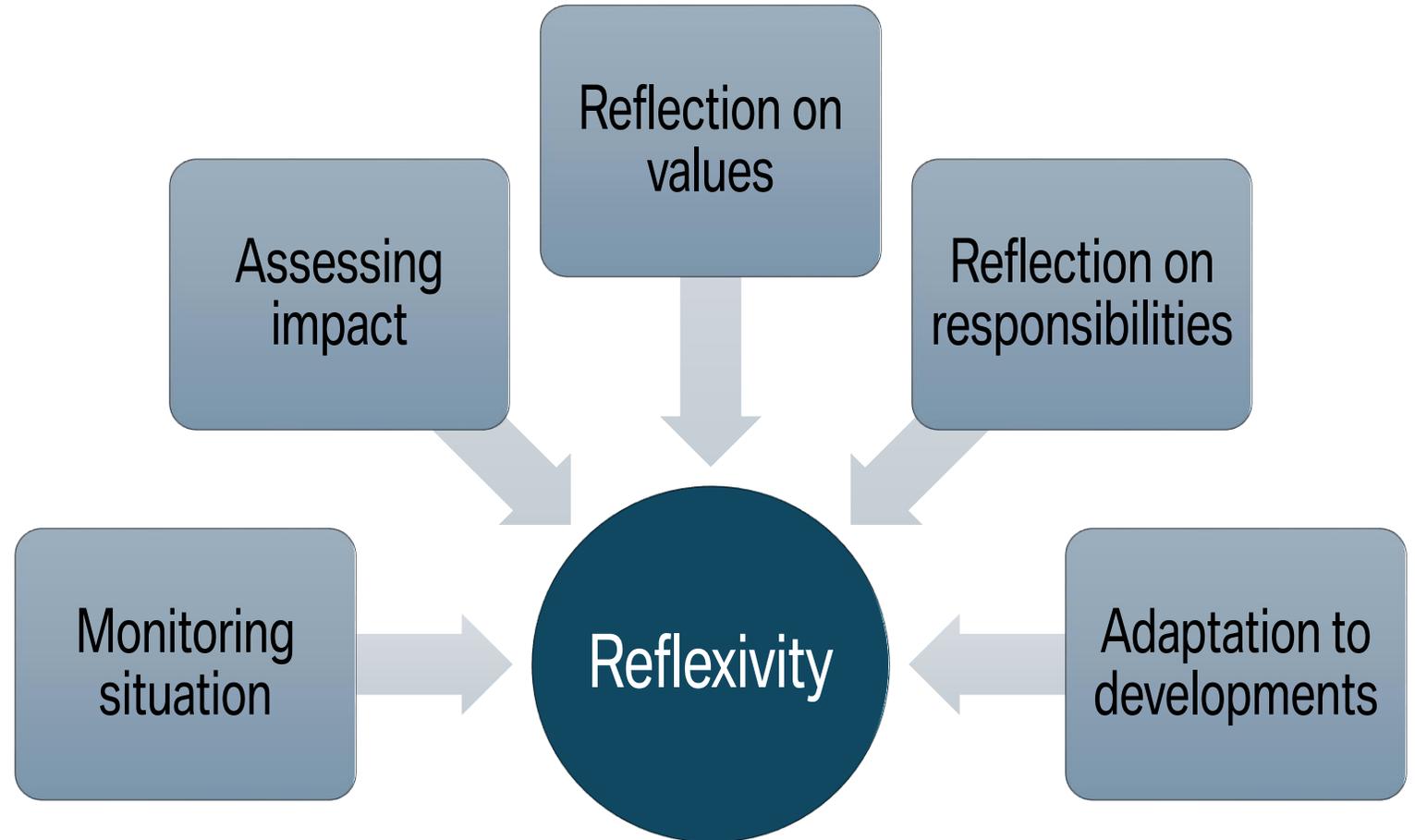
# Polyvocality:

Confrontation with multiple and often conflicting stakeholder pressures



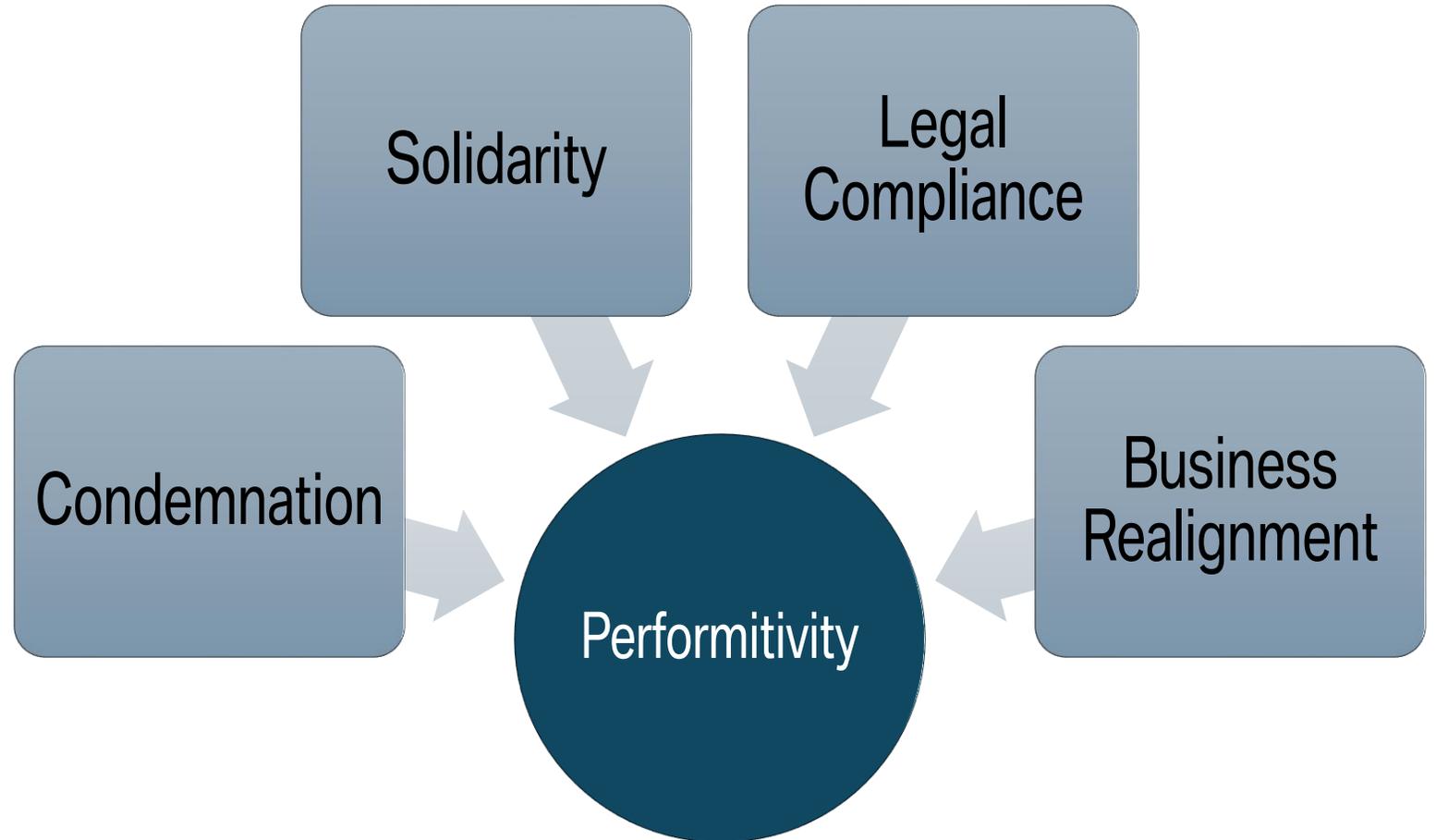
# Reflexivity:

Ongoing  
judgment under  
conditions of  
uncertainty



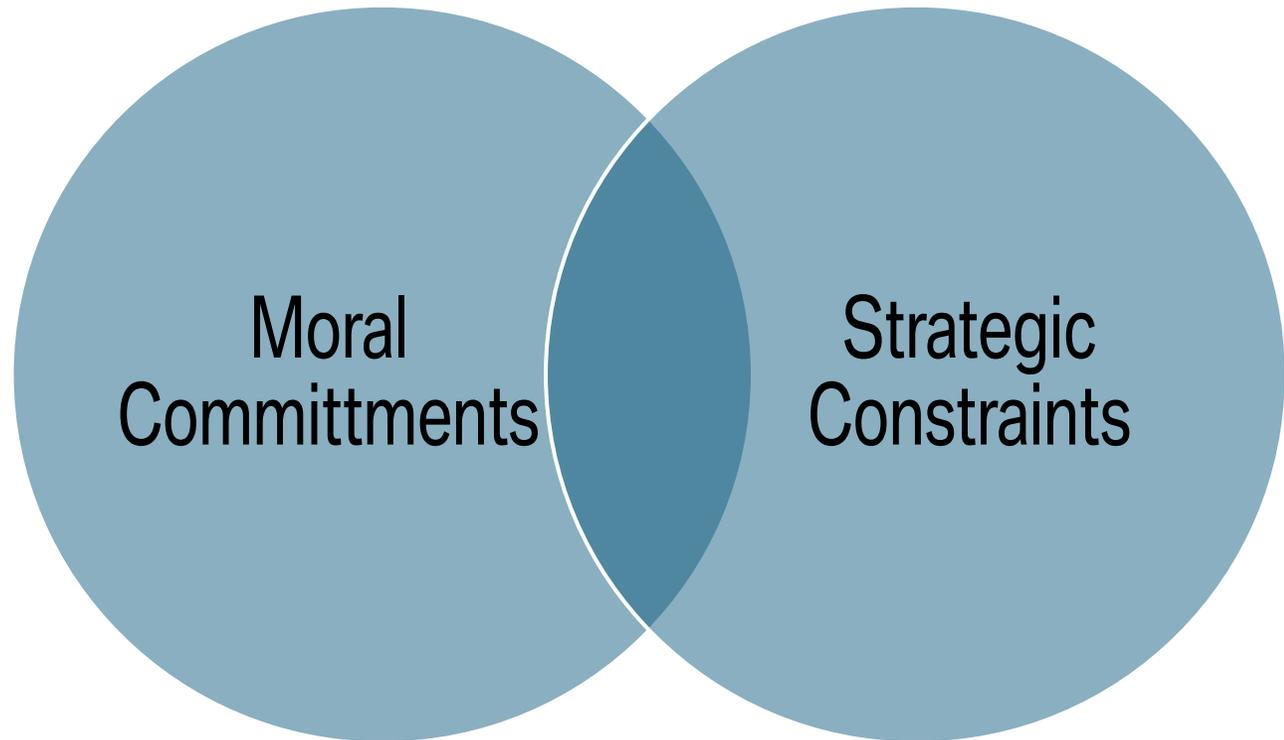
## Performativity:

Enactment of responsibility through visible action and communication



## Hybridity:

Integration of  
moral  
commitments with  
strategic  
constraints



# Hybridity

We are **shocked and deeply saddened** to watch the war in Ukraine continue to unfold and intensify.

We earlier announced that (Company) **stopped new investments and exports to Russia, ended the production, sale and advertising** of the (Company) brand, and announced that we will **not accept any net financial benefits or profit** from our business in Russia.

Following the previously announced strategic review of our operations, we have concluded that (Company's) ownership of the business in Russia is no longer sustainable nor viable in the current environment. As a result, **we have decided to leave Russia.**

In all circumstances we **guarantee the salaries** of our 1,800 employees will be paid to the end of 2022 and will do our utmost to **safeguard their future employment.**

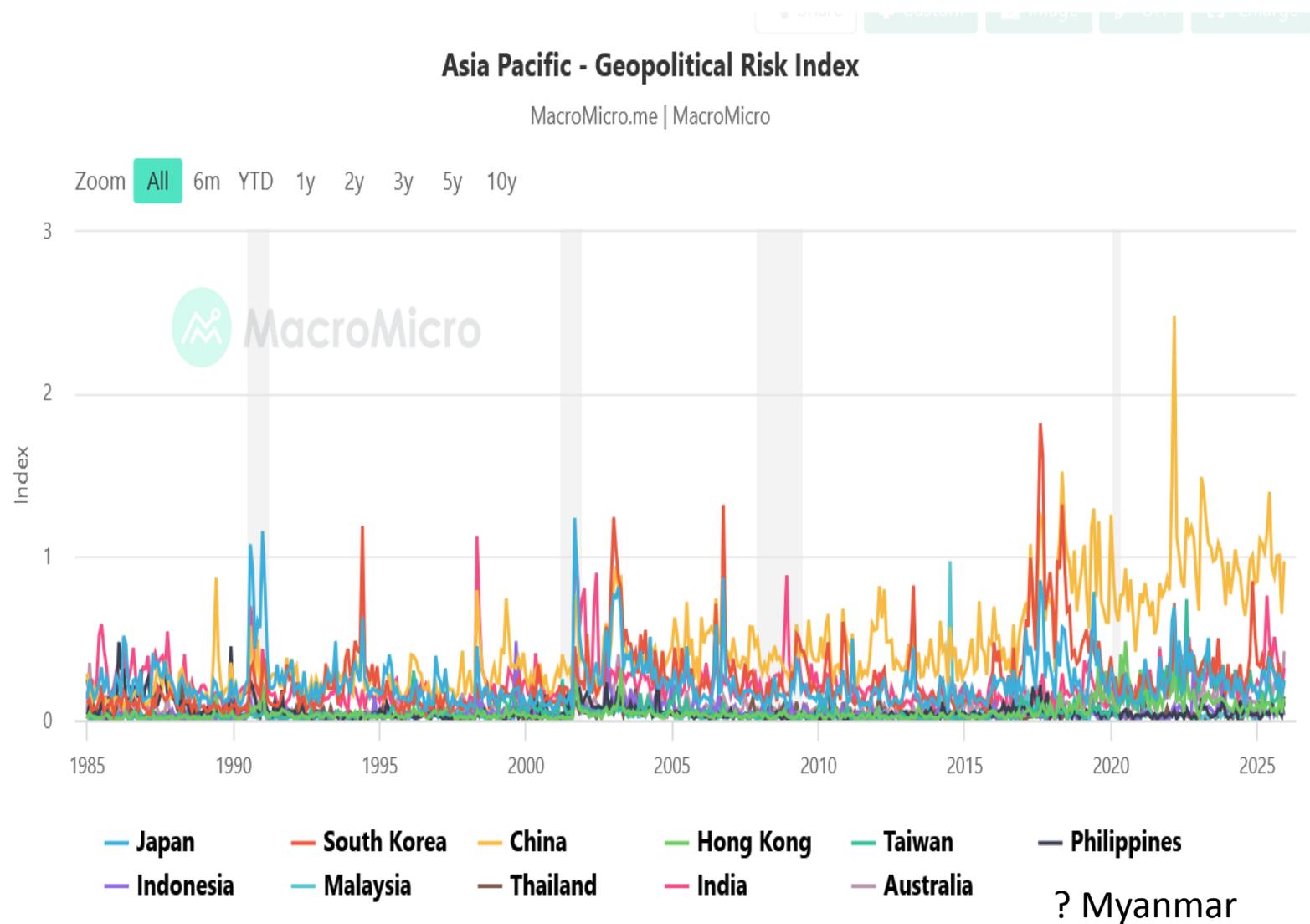
We aim for an orderly transfer of our business to a new owner **in full compliance with international and local laws.** To **ensure the ongoing safety and wellbeing of our employees and to minimise the risk of nationalisation,** we concluded that it is essential that we **continue with the recently reduced operations during this transition period.**

We will **not profit from any transfer of ownership** and we expect an impairment and other non-cash exceptional **charges of approximately €0.4 billion** in total.

# Discussion

From Russia to Asia

# Rising Geopolitical Tensions



# Geopolitical Risks in Asia

China-Taiwan

Thailand-Cambodia

Korean Peninsula

Myanmar

South China Sea

China-Japan (Senkaku/Diaoyu islands)

Kashmir

Thank You!