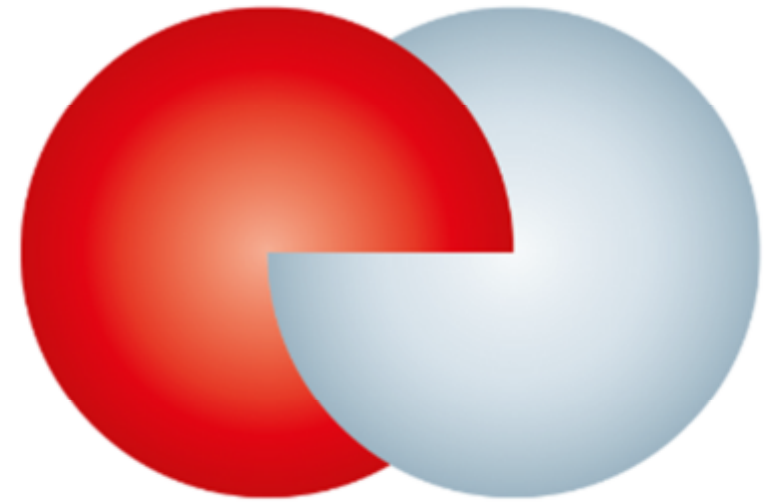


# AUSTRIA CONNECT UK 2025



STRATEGY & GEOPOLITICS  
**LONDON 30.04.2025**

## INTERACTIVE PRESENTATION

Why every Business needs a geostrategy

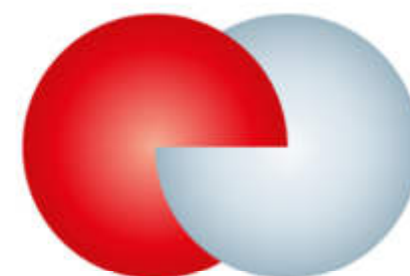




**OLIVER JONES**

EY-Parthenon Global  
Geostrategy Leader

Strategy & Geopolitics



**AUSTRIA  
CONNECT**  
UK 2025

# Why every Business needs a Geostrategy

Austria Connect UK Conference

30 April 2025



**Oliver Jones**  
EY Parthenon Global Geostrategy Leader  
London, UK



# 1

- Geopolitics yesterday, today and tomorrow...

# 2

- The uneasy relationship between business and geopolitics

# 3

- How to thrive amidst the turbulence

## Part 1

# Geopolitics today

## Slido question 1



To what extent are you concerned about the impact of geopolitics on your organisation's operations and sales in the next 12 months?

Extremely concerned

Very concerned

Moderately concerned

Slightly concerned

Not concerned



## Slido question 2

**Q** To what extent are you concerned about potential tariff increases affecting your organisation's operations and sales in the next 12 months?

Extremely concerned

Very concerned

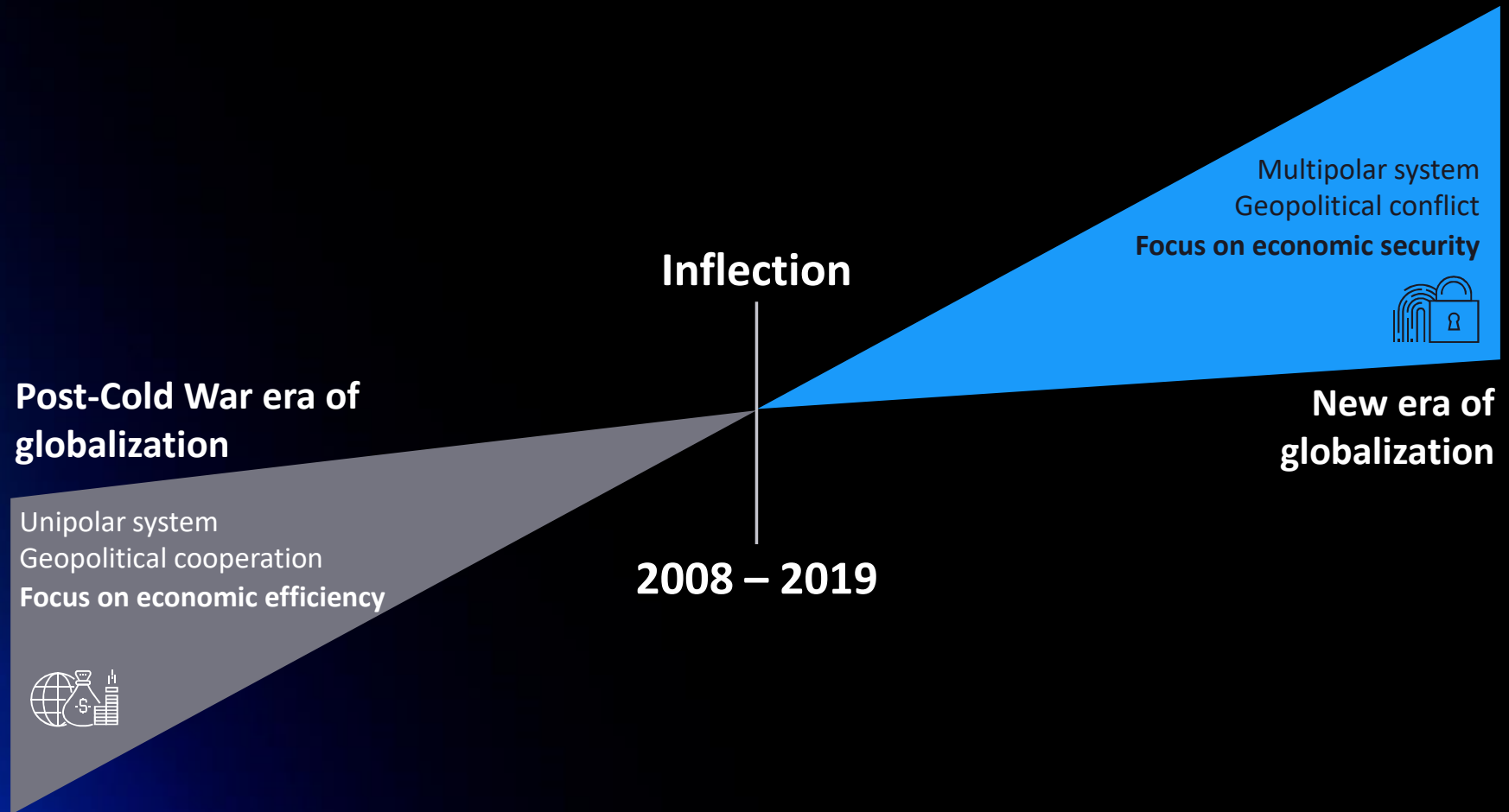
Moderately concerned

Slightly concerned

Not concerned



# A new era of globalization is here to stay:





## Three key trends define the geopolitical environment:

1

### Influence of populism on government policies

1. Taxation & Spending
2. Sustainability
3. Immigration
4. Deregulation

2

### Rise in economic competition and sovereignty

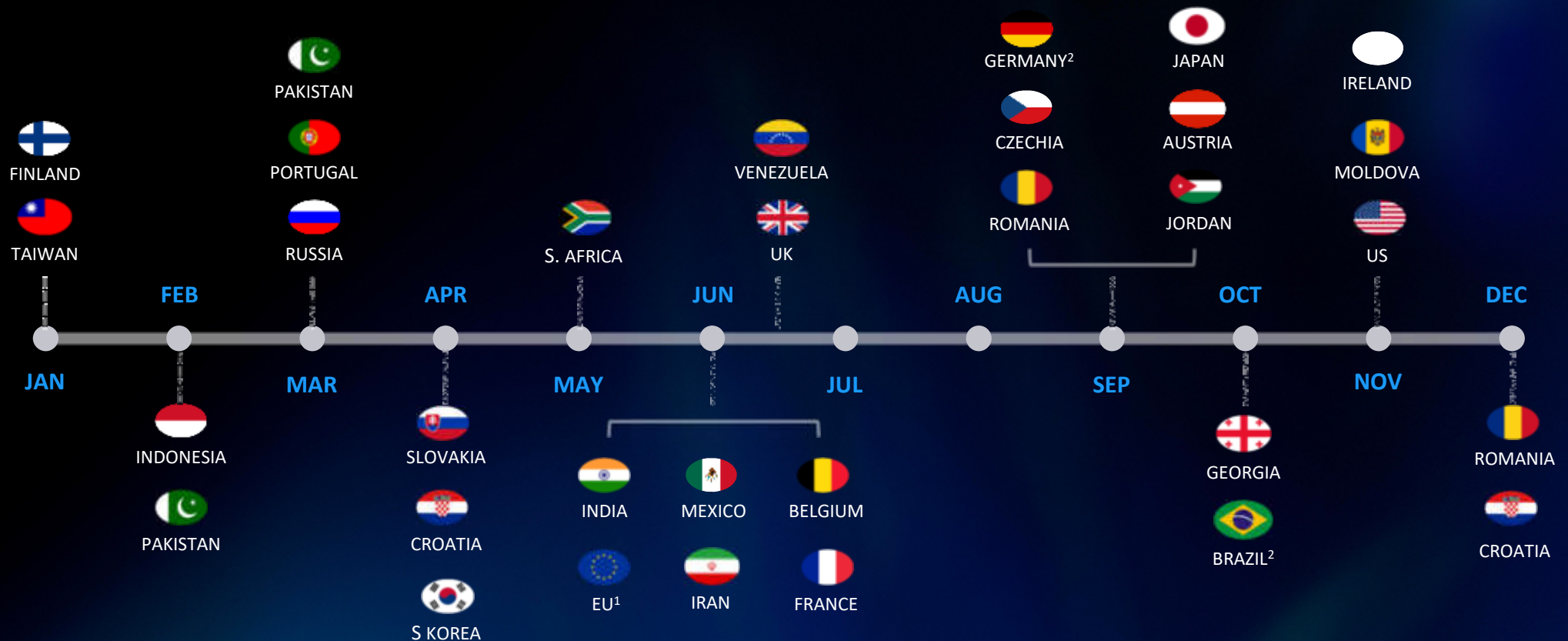
1. Nearshoring → Friendshoring → Onshoring
2. From strategic to non-strategic sectors

3

### Shifting geopolitical rivalries

1. Geo-energy power dynamics
2. Emerging market power
3. Wars and conflicts
4. Astro and ocean politics

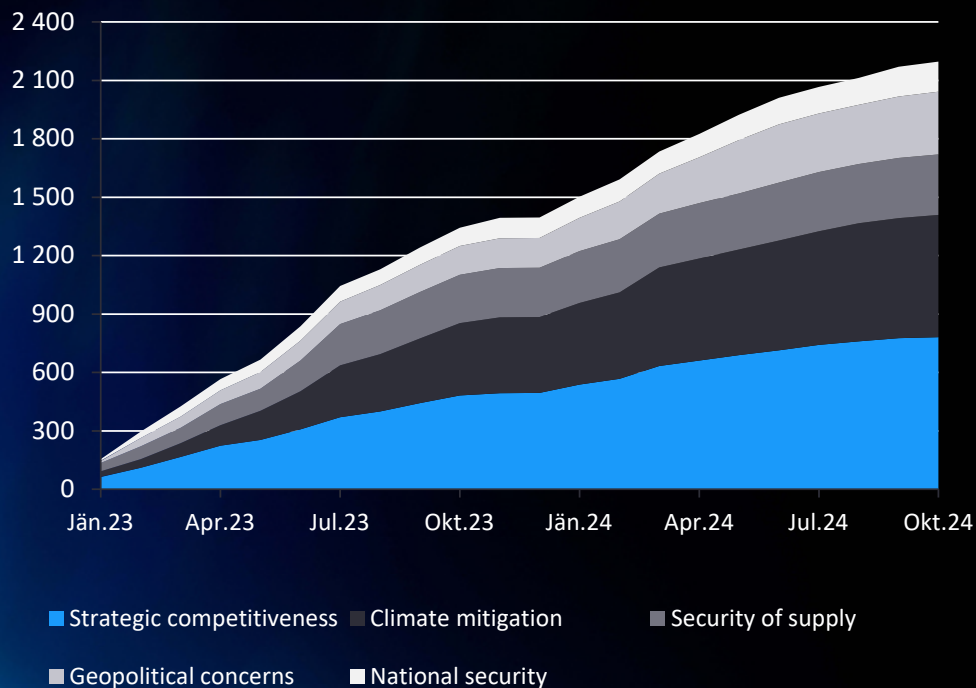
# 2024 election super cycle: +60 countries voted / scheduled to hold elections, ~50% of global population and ~60% of GDP



# Amid rising geopolitical tensions, governments are continuing to intervene in their economies through industrial and trade policies

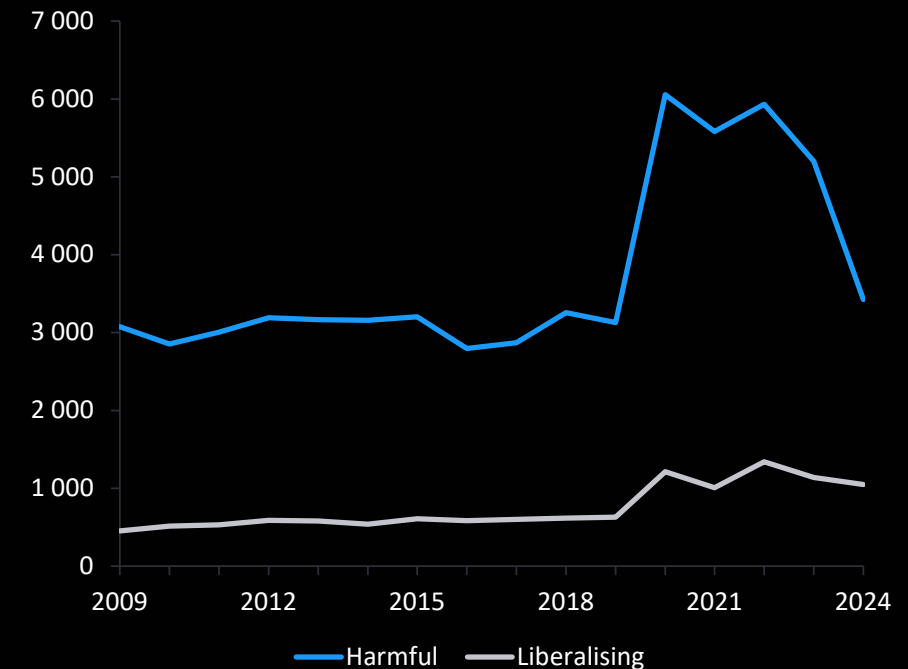
## Industrial policy is increasingly used to achieve political goals and address rising geopolitical tensions

New trade distortive industrial policies by rationale in 2023-24 (count)



## Global trade policies are increasingly diverting trade to nearshoring and friendshoring patterns

Number of new trade policy interventions per year



# The US focus on trade policy – especially tariffs – will accelerate global supply chain shifts, particularly in strategic sectors

## US trade policy goals

1

Reduce US bilateral **trade deficits**, with a focus on China, Mexico, Canada and the EU



- 20% across-the-board tariffs imposed on China on 5 February (10%) and 4 March (10%)
- Canada and Mexico tariffs
- Potential for “reciprocal tariffs”

2

Reshore or **onshore manufacturing** to the US, particularly in sectors that are seen as strategic



- “America First Trade Policy and America First Investment Policy focused on US production and economic security
- Sector-based tariffs (e.g.. Steel & Aluminum)

3

Generate **government revenue** by introducing new tariffs



- Campaign proposal for blanket 10% tariff on all US imports

4

Achieve **other policy objectives** via deals to delay/reduce tariffs (e.g., border security, allies’ military spending)

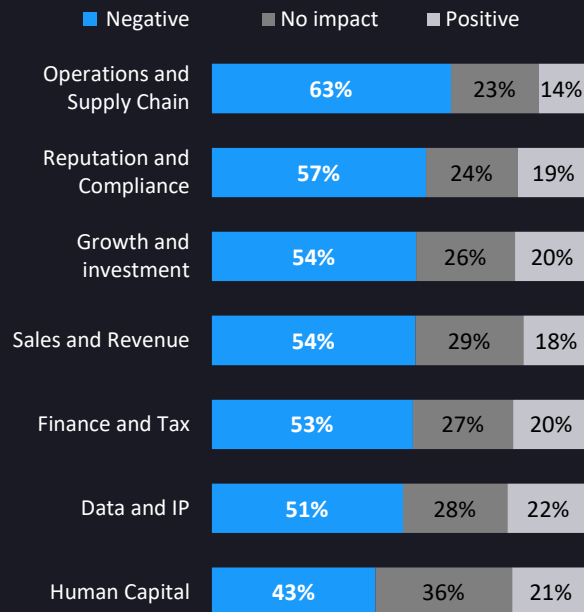


- Mexico committing troops to secure US-Mexico border to delay 25% tariffs
- Canada appointing a fentanyl czar to delay 25% tariffs

# Political risk is having a material impact on companies...

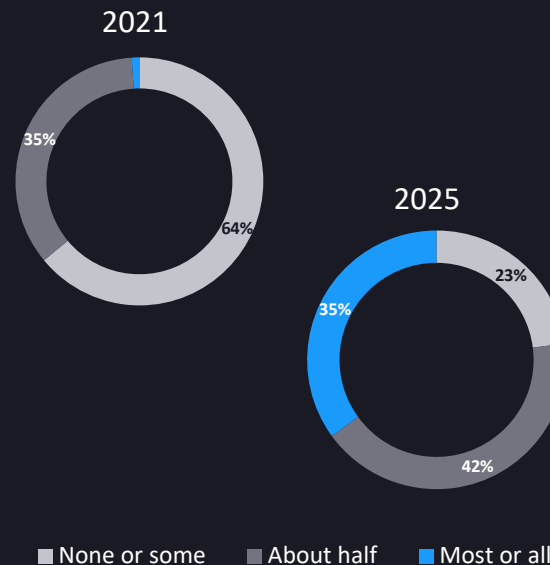
Political risks have had overwhelmingly negative impacts on companies...

**Q** Over the past 24 months, to what extent have the following areas of your business been impacted by political risks?



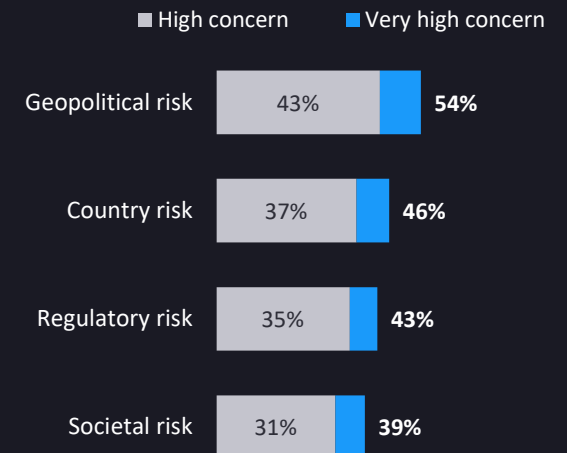
... and global executives are increasingly surprised by the political risks that impact them...

**Q** Of the political risk events that impacted your company over the past year, what proportion of them were unexpected?



... contributing to executives' elevated concerns about political risk over the next two years

**Q** Over the next 24 months, how concerned is your organization about the following types of political risk?



25% of executives have high or very high concern for 3+ types of political risk in 2025, compared to only 13% in 2021.

# The uneasy relationship between business and geopolitics

## Slido question 3

**Q** How confident are you in your organisation's ability to understand geopolitical trends, understand its impact on your organisation, and formulate an evidence-based response?

Extremely confident

Very confident

Moderately confident

Slightly confident

Not confident





## Slido question 4

**Q** As a result of political risks over the last 24 months, have you made any of the following alterations to your strategic investment plans?

Accelerated a planned investment  
Relocated operational assets  
Entered or expanded business in key markets  
Delayed or paused a planned investment (e.g., M&A)

Delayed or paused a planned investment (e.g., M&A)  
Cancelled a planned divestment  
Cancelled a planned investment  
Exited business in key markets  
Delayed or paused a planned divestment (e.g., spinoff)  
Accelerated a planned divestment





## The business community was late in spotting this changing world...



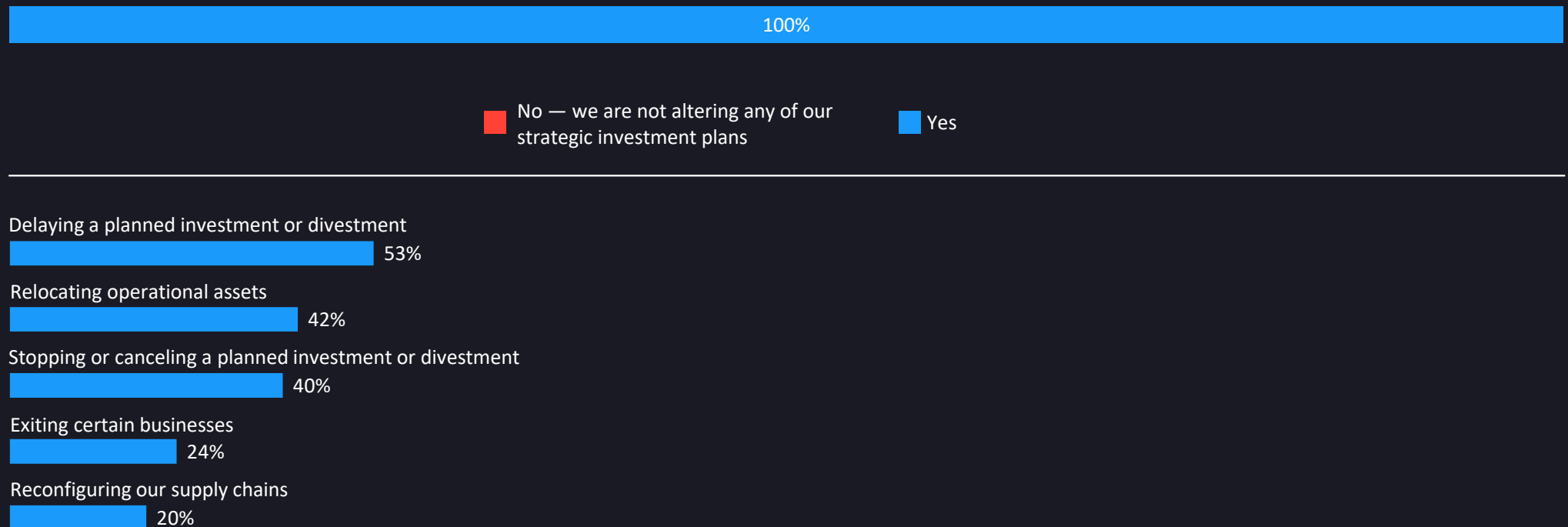
Sources: GeoQuant, from BMI, a Fitch Solutions Company; Alphasense.

Note: The terms included in the count of company event transcripts include geopolitical risk(s), geopolitical, geopolitics and political risk(s). This data is presented as a rolling three-month average.

# Is there a danger of over-reaching?

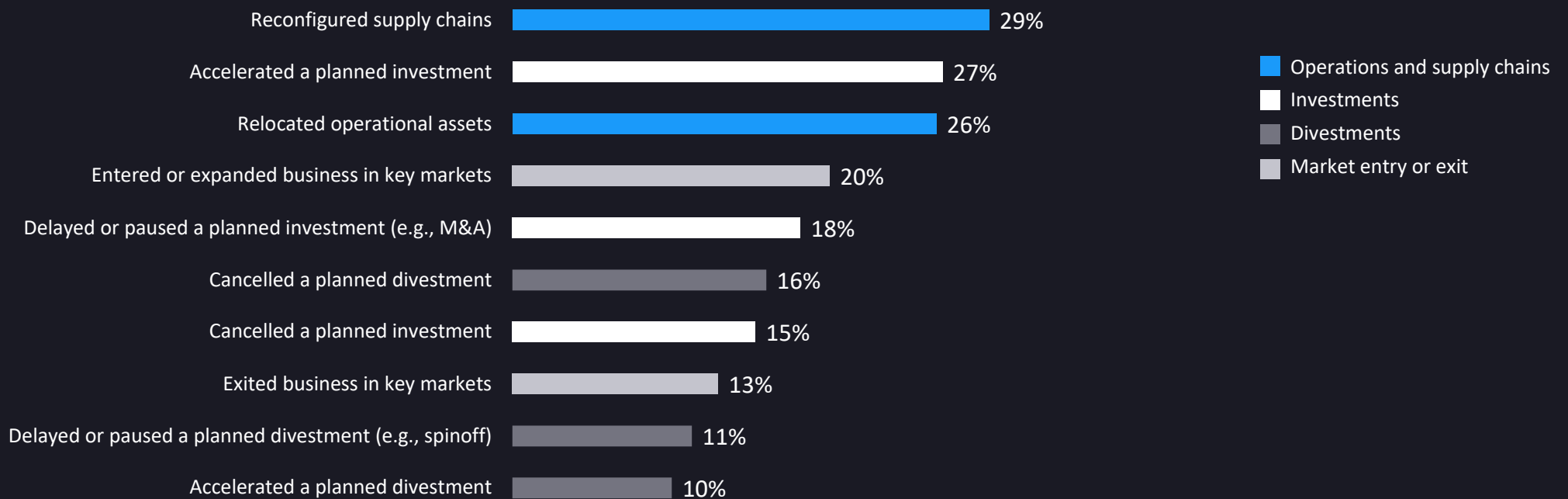
As a result of geopolitical challenges, are you making any of the following alterations to your strategic investment plans?

*[The respondents were allowed to select multiple responses]*



# International business continues to make substantive changes in response

As a result of political risks over the last 24 months, have you made any of the following alterations to your strategic investment plans?

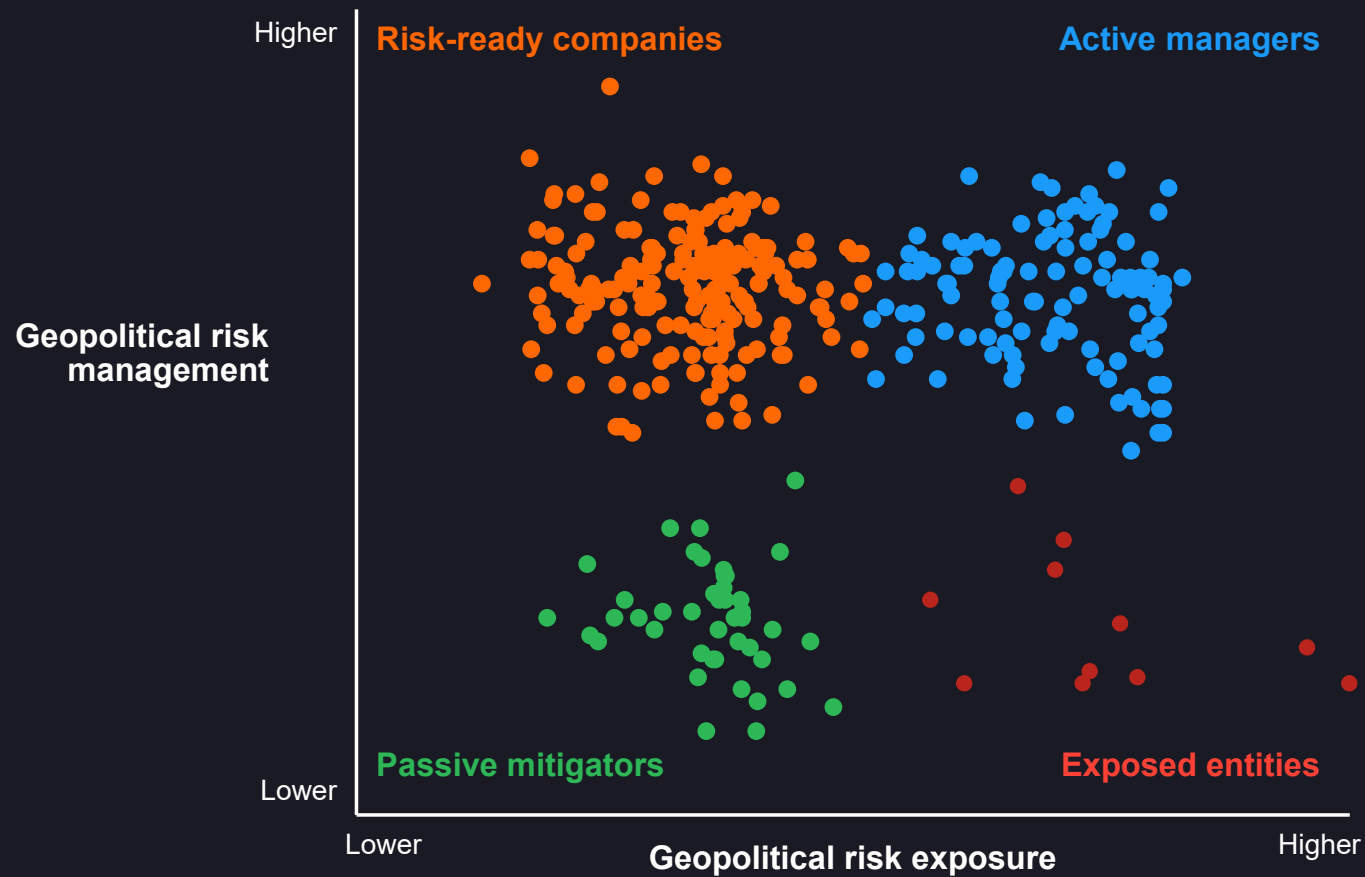


Source: EY Parthenon Geostrategy in Practice Survey – January 2025, EY Insights analysis

## Part 3

# How can I **thrive** amidst the turbulence?

## The balance of risk v. reward should be a strategic decision:



Note: Analysis of 356 companies. The majority (85%) reported revenue of US\$1 billion or more. Each metric is on a scale from 0 (lowest) to 100 (highest). Across all companies on this matrix, political risk exposure ranged from 26 to 67; political risk management ranged from 28 to 88. For visualization purposes, the minimum and maximum values for each axes are set to illustrate variation between companies.

Source: "Why a level head is needed to deal with geopolitical risk," EY website, [https://www.ey.com/en\\_gl/geostrategv/why-a-level-head-is-needed-to-deal-with-geopolitical-risk](https://www.ey.com/en_gl/geostrategv/why-a-level-head-is-needed-to-deal-with-geopolitical-risk)

# Implementing a Geostrategy puts you at a competitive advantage

**77%**

were surprised by more than half of the political risks that impacted their company in the last year

**53%**

of companies do not regularly or proactively conduct scenario analysis to identify risk mitigation measures

**39%**

of companies do not regularly or proactively quantify the impact of political risks on specific business areas

**52%**

of companies regularly or proactively conduct geopolitical risk due diligence when evaluating a potential transaction

**45%**

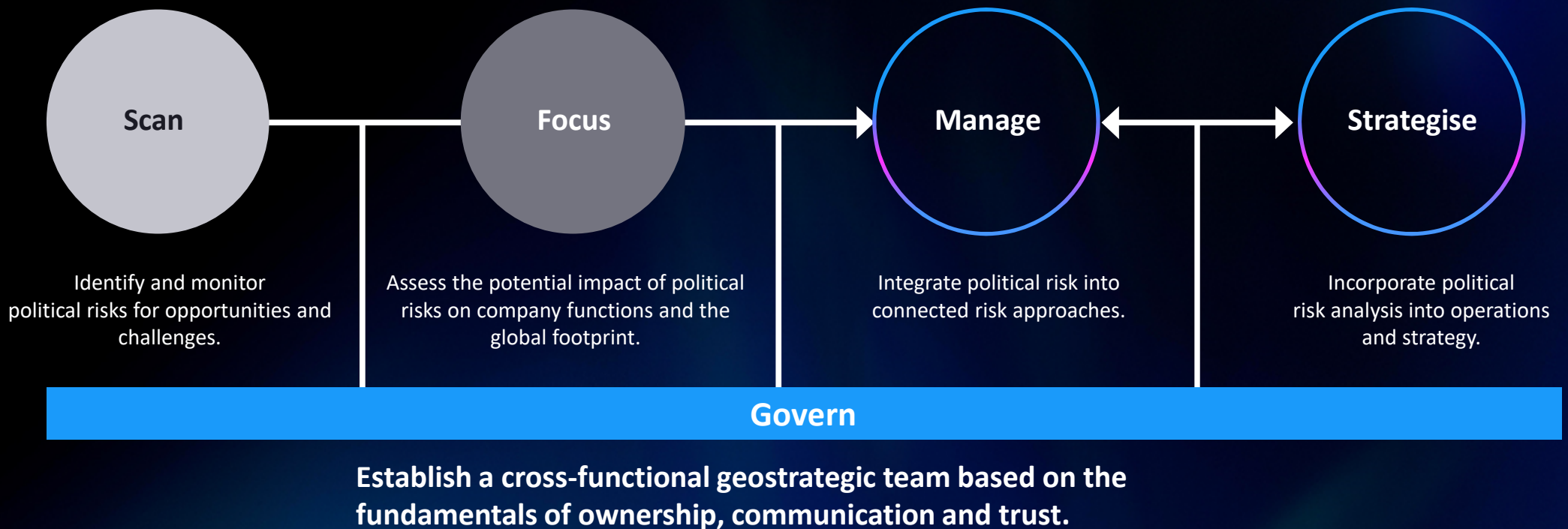
of companies clearly designate ownership of geostrategy to an individual, dedicated function or cross-functional committee

**55%**

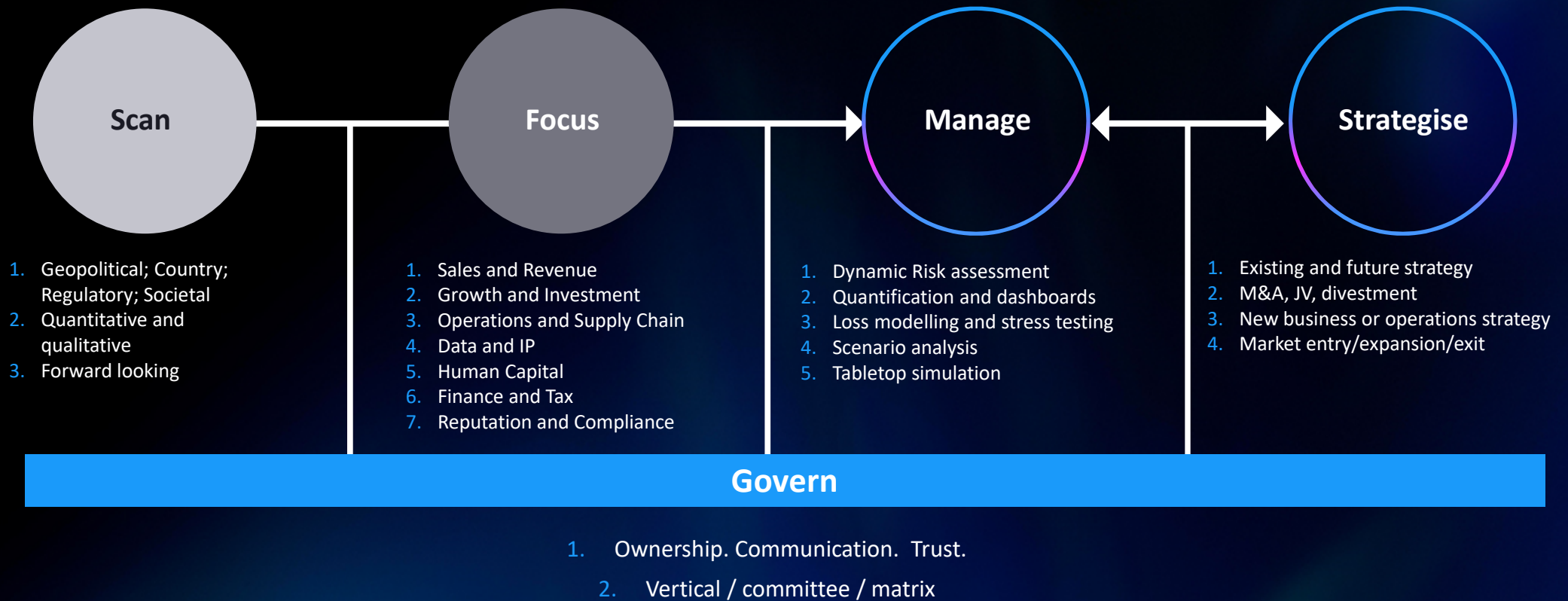
of Boards of Directors only include geostrategy on their agendas annually

# The evidence shows that organisations with a Geostrategy outperform their peers

## EY-P geostrategy framework



## EY's Geostrategy Framework in more detail:



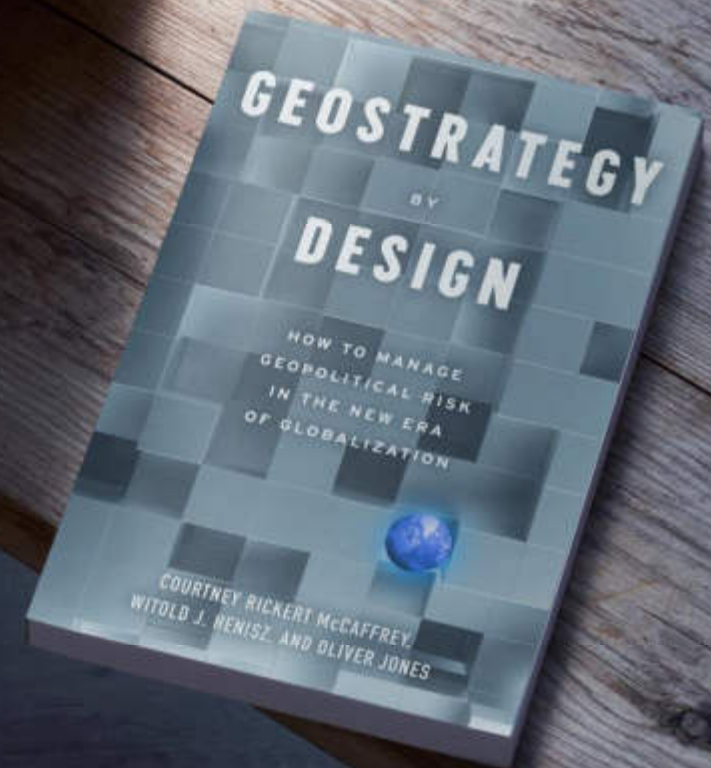


# Drawing from expertise and client work, Geostrategy by Design explains how to manage geopolitical risk in the new era of globalization

**A proven framework for the holistic and cross-functional integration of political risk management into broader risk management, strategy and governance.**

The book explores how to implement four distinct activities required for a proactive geostrategy — and how to create a governance structure that weaves them together for long-term effectiveness:

- Scan:** Identify and monitor political risks for opportunities and challenges.
- Focus:** Assess the potential impact of political risks on company functions and the global footprint.
- Manage:** Integrate political risk into connected risk approaches.
- Strategize:** Incorporate political risk analysis into operations and strategy.
- Govern:** Establish a cross-functional geostrategic team based on the fundamentals of ownership, communication, and trust.





How can you turn  
geopolitical risk

into a strategic  
opportunity?



The better the question.  
The better the answer.  
The better the world works.

**EY** Parthenon  
Shape the future with confidence

## Disclaimer

- This material has been prepared for general informational and educational purposes only and is not intended, and should not be relied upon, as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.
- Neither the EY organization nor any of its member firm thereof shall bear any responsibility whatsoever for the content, accuracy, or security of any third-party websites that are either linked (by way of hyperlink or otherwise) or referred to in this presentation.
- The views of third parties set out in this presentation are not necessarily the views of the global EY organization or its member firms. Moreover, they should be seen in the context of the time they were made.



## EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

### About EY-Parthenon

EY-Parthenon teams work with clients to navigate complexity by helping them to reimagine their ecosystems, reshape their portfolios and reinvent themselves for a better future. With global connectivity and scale, EY-Parthenon teams focus on Strategy Realized — helping CEOs design and deliver strategies to better manage challenges while maximizing opportunities as they look to transform their businesses. From idea to implementation, EY-Parthenon teams help organizations to build a better working world by fostering long-term value. EY-Parthenon is a brand under which a number of EY member firms across the globe provide strategy consulting services. For more information, please visit [ey.com/parthenon](https://ey.com/parthenon).

© 2025 EY Global.  
All Rights Reserved.

[ey.com](https://ey.com)