Starting with G, geopolitical and geoeconomic risk: The greatest strategic challenge to the transatlantic business community is a “decoupling” between the US and China on the political, economic, military and technological level. This first battleground of the decoupling process is technology. Blacklisting of leading tech companies in both China and the US is an indicator of the renewed nationalization of key technology areas like AI, 5G and quantum computing. In the US, the Committee on Foreign Investment in the United States (CFIUS) has increasingly restricted tech investments from China. We also have observed a significant rise in rejection rates of work visas at leading US semiconductor and internet platform companies, which reflects rising barriers to Chinese nationals seeking work authorization in the US.

Strategies to reduce the dependency on China

In China, foreign companies have faced increased local content requirements, effectively disrupting the value chain of American and European premium products, which rely on cutting-edge technology. The social credit rating system based on big data has scared many. And Beijing’s global influence and ambitions have grown by the day following the Made in China 2025 strategy. This requires European companies to assess their priorities and the plans of the Chinese government and Communist Party more thoroughly and — where appropriate — engage in closer dialogue with Beijing. On the other hand, strategies to reduce the dependency on China should be developed for worst case scenarios, for example, by regional diversification in Asia as recommended by the German BDI.

Equally important is a thorough analysis of Washington’s geopolitical agenda to deeply understand what is being discussed in the White House, Congress, Pentagon, and Treasury and Commerce Departments regarding China. The tough stance of the US toward China is based on a broad consensus in Washington, which is likely to continue even after Donald Trump’s time in office. At the same time, the US will remain Germany’s key trading partner given the historic alliance, a robust rule of law, strong capital markets and America’s innovation power.

Drawing up the guidelines for investment criteria

On the E-level, the transatlantic community is witnessing a reorientation and shift of business models toward the guiding principles of ESG. In the US, “inclusive capitalism” is in full swing as reflected in the self-commitment of 181 American CEOs to treat the interests of stakeholders equally to those of shareholders. In Brussels, the regulatory efforts on the EU Action Plan for Financing Sustainable Growth are gaining traction. The EU is currently drawing up guidelines for investment criteria with significantly higher requirements for sustainable/green projects and businesses, known as a “taxonomy.” Valdis Dombrovkis, Vice President of the European Commission, calls these projects the most important policy initiatives for the EU.

To navigate these GET challenges, transatlantic business leaders should think in 2030 scenarios for their industry and key markets, quantify GET risks and their impact on the balance sheet and — ideally — hire a CGO as chief GET officer for their company.