BLOG POST

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Elvire Fabry,
Director of the Programme "Trade and Economic Security"

Nicolas Köhler-Suzuki,
Advisor, Trade and Economic Security

Trade, Supply Chains and Geopolitics: Perspectives from Policy and Practice

Inaugural event of the Jacques Delors Institute and Paris School of International Affairs trade policy series.

The Jacques Delors Institute and the Paris School of International Affairs (PSIA) opened their new joint series on trade policy with a conversation that took up one of the questions defining this decade for Europe: how does a continent built on open exchange operate in a world where supply chains have become instruments of statecraft?

The panel brought together three perspectives that rarely sit at the same table. **Thierry Mayer**, professor of economics at Sciences Po and scientific advisor to CEPII, gave the academic reading. **Patrice Bergamini**, Senior Vice President and Diplomatic Advisor to the CEO of CMA CGM, spoke from inside the world's third largest shipping group. **Laurent Saint-Martin**, until recently France's Minister Delegate for Foreign Trade, offered the political view. The discussion was moderated by **Nicolas Köhler-Suzuki** (Jacques Delors Institute), who will chair the series throughout the academic year. The full recording is embedded above.

I • A diagnosis: trade as a tool of coercion

The opening round began with the news cycle. The Turnberry agreement bundled tariffs together with defence and Ukraine. Washington and Beijing reached a truce on rare earths only after months of brinkmanship. In the Netherlands, the seizure of Nexperia by the Dutch government halted chip deliveries to European factories within days. These shocks now move through commercial supply chains at the speed of a press release.

For Saint-Martin, the shift is structural rather than episodic. The United States, he argued, has decided to use trade not simply as an economic instrument but as a tool of power, with each negotiation calibrated to a different demand: immigration with Mexico, defence with Europe, energy purchases with India, critical materials with China. The European Union, by contrast, was built as a single market and a trade actor. The Turnberry deal gave European business the clarity of a fixed tariff envelope, with the bulk of trade settled at around 15% and some exemptions for aeronautics. But it also showed, in his reading, that the Union is not yet equipped to wield trade as a strategic instrument when negotiation fails. He treated the moment as a wake-up call rather than a verdict.

Thierry Mayer placed the WTO at the centre of his answer. The multilateral system, he reminded the audience, exists precisely because large economies have a unilateral incentive to impose tariffs in the range of 15 to 20%. Once retaliation is factored in, the Nash equilibrium reached by the United States, China and the European Union climb toward 50%, an outcome that would be catastrophic for all three. GATT and then the WTO were the device by which great powers tied their own hands. The rules-based system also performed a second public good, less often acknowledged: it protected smaller economies that lack the leverage to play the same game. His verdict on the institution was clinical rather than fatalistic: on life support, but worth saving.

II • Anticipation as a commercial function

Patrice Bergamini brought the business reality into sharp relief. In October 2023, days after the Hamas attacks, an Israeli operation targeted an Iranian official aircraft taking off from Damascus. While peers in the shipping industry treated talk of a possible Red Sea crisis as speculative, CMA CGM modelled the scenarios immediately: longer routings via the Cape of Good Hope, the additional vessels required to maintain customer schedules, the fuel and insurance implications, the option of naval escort through the Bab el-Mandeb. When the Houthi attacks materialised, the company was ahead of its competitors.

His broader argument was that contingency planning has become a core commercial function for any global firm, not a luxury reserved for the security adviser. Diplomacy and business have begun to share a vocabulary of risk that did not exist a generation ago.

III • Solutions: coalitions, conditions, and the question of who pays

When the conversation turned to what Europe should do, Thierry Mayer pointed to a recent proposal from the Kiel Institute: a coalition of the willing comprising Canada, Mexico, Japan, South Korea, Australia, possibly New Zealand and the European Union, taking WTO-compatible, proportionate and temporary measures against US tariffs. The economic modelling suggests the impact would have been an order of magnitude greater than the bilateral path each capital eventually chose.

The proposal was not taken up, partly because individual governments rushed to Washington, partly because security considerations around Ukraine were folded into the calculus. The idea, he suggested, deserves revisiting before the next round of tariff brinkmanship.

Saint-Martin's recurring formula was that Europe should be "open but not naive". Being open while remaining naive comes for free; being open without being naive comes with a bill that consumers, firms and taxpayers will all have to share. He pointed to the cognac episode with China as a reminder that retaliation has political costs European capitals have not yet learned to absorb. On Chinese investment, he advocated a more assertive version of the model China itself once imposed on European firms: welcome the capital, but condition it on technology transfer, local content and joint ventures, particularly in batteries and semiconductors. Selective openness, in his framing, is the pragmatic condition of European production, innovation and sovereignty rather than a contradiction of them.

IV • Security, sustainability and competitiveness

The third round addressed the triangle that has dominated European industrial policy debates since the Draghi report. Mayer warned against the temptation to flip-flop, sacrificing climate objectives now that security has moved up the priority list. The Inflation Reduction Act, he noted, generated a substantial wave of clean-technology investment in the United States that is now being unwound. Persistence of policy matters more than the initial level of ambition, and this is a domain where Europe could quietly outperform.

Bergamini described CMA CGM's twelve-billion-dollar commitment to alternative fuels, beginning with LNG and moving to green methanol, with ammonia and even small modular reactors under active consideration. His frustration, articulated through an anecdote about a June 2021 letter to the Commission from the four largest European shipping lines that remains unanswered, was the absence of strategic guidance from European institutions. The industry is willing to invest on a scale, but it needs a credible signal as to which technology pathways the public authorities are prepared to back.

Saint-Martin closed the round on the Carbon Border Adjustment Mechanism. CBAM, he argued, must be implemented with surgical attention to WTO compatibility, like-for-like carbon accounting, and a transitional ramp-up that gives partners time to adjust. The lesson of the electric vehicle tariffs was that European unity broke under pressure, with some member states travelling to Beijing to describe the measure as a French initiative. If Europe cannot hold the line collectively, the next CBAM dispute will resemble the next cognac dispute. Mayer added a constructive footnote: France's reform of the bonus écologique eco-score, which conditions consumer subsidies on the carbon footprint of production, achieved both environmental and industrial objectives at the same time, and is a model the Union could usefully adopt.

V • A new normal

A student asked, in the Q&A, whether the current disruption is an anomaly or a more permanent reordering. Mayer's response was that the Republican Party in the United States has moved from being a free-market party to a protectionist one, and that this is more than a single presidency. What is genuinely unprecedented, he suggested, is the erosion of the rule of law inside the United States itself, which will spill into the rest of the world for some time to come.

He closed with a paradox that economists are only beginning to formalise. Reducing dependence on a potential adversary also reduces the shared interests that have historically made conflict less likely. Diversifying supply chains across many smaller partners, rather than concentrating them on a single critical hub, may be the most thoughtful way of managing that trade-off, and it requires a more imaginative European trade diplomacy than the EU has so far displayed.

Institut Jacques Delors

Penser l'Europe • Thinking Europe • Europa Denken
17 rue d'Antin 75002 Paris, France
www.delorsinstitute.eu • info@delorsinstitute.eu