The rules-based world order under pressure - challenges for the West and Switzerland

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Major General Thomas Starlinger, ***Military Representative of Austria to the EU and NATO,*** opened his presentation with a memorable statement by Joseph Borrell, EU Minister for Foreign Affairs and Security Policy, which he gave on the occasion of the EU Ambassadors Annual Conference 2022: *"We suffer the consequences of a process that has been lasting for years. In which we have decoupled the sources of our prosperity from the sources of our security. Our prosperity has been based on cheap energy coming from Russia and the access to the big Chinese market for exports and imports, for technological transfers, for investments, for having cheap goods. So our prosperity was based on China and Russia - energy and market. On the other hand, we delegated our security to the United States. While the cooperation with the Biden administration is excellent and the transatlantic relationship has never been as good as it is today, who knows what will happen in the future?"* "The current state of the EU could not be described more aptly," said Thomas Starlinger, adding that the negative effects of past financial crises, Brexit and the aftermath of the Covid crisis and its impact on the economy and society have not yet been digested. The war in Ukraine is also causing negative effects worldwide in the most diverse and unexpected ways. We are looking to Israel with concern and hope that a conflagration does not break out there. And, last but not least, the climate crisis is already having a drastic impact in many areas. Thomas Starlinger added: "These crises have not come as a surprise, they have simply taken our societies by surprise." This is due to the fact that they were not taken into account and no corresponding long-term strategies were developed. And where strategies had been drawn up, the "Threats" quadrant was often barely assessed in the SWOT analyses, or only in one dimension. The lack of these strategies and the inadequate threat analyses were hardly noticed. Crisis prevention and resilience have been pushed to the sidelines by just-in-time production lines, profit maximization and prosperity. All of these crises are now influencing each other. Developments that have been with us for decades are being reinforced and accelerated in both positive and negative ways. "We are also confronted with the changes in the world order and its various participants," summarized Major General Starlinger.

Three world orders

Thomas Starlinger then tried to categorize the world into three world orders and started to elaborate the first one of them: the multilateral world order, or the **global West**. In other words, those who want to continue the status quo. The USA definitely has the leading role in this and we find nations such as the UK, Australia, South Korea, but also the EU. And I think Switzerland would place itself in this one.



In this world order, the fundamental principles of the current international legal order should be protected and preserved. But we must also be open to appropriate reforms, to a more inclusive and effective system.

The second world order that is currently emerging is the **Global East, the revisionists**. China certainly wants to take the leading role. It also includes nations such as Russia and Iran. In this world order, the international legal order, which these countries regard as US-led, is to be overthrown and replaced by a power-based multipolar system.

And the third is the hedging world order or the **global South - the reformists**. Here we find countries such as India, the Arab gas/oil-producing countries, African countries with their rich reserves of raw materials, Brazil and Argentina, but also Turkey, which is playing to its particular geostrategic importance, which has increased enormously with the wars in Ukraine and the Middle East in the last decade.



In this world order, the international system is to be reformed in terms of the economic development and voting power of these countries. These countries are not interested in taking sides in the global power struggles. The peace conference in Switzerland on the Bürgenstock was emblematic of the last group of these hedging world leaders, all countries that have now not signed the final statement, such as Brazil, India, South Africa, Colombia, Mexico, Indonesia, Thailand, Armenia, Libya, Bahrain, Saudi Arabia and the United Arab Emirates. Incidentally, the same countries also took a clear position on the last UN resolution (on Israel's war against Hamas) underlined their increasingly stronger position in the decision making processes of international organizations.

In addition to the three world orders, there are also three global megatrends that harbor additional potential for conflict, as Thomas Starlinger explained:

Megatrends exacerbate the crisis

The first megatrend: **from cooperation to competition**. It is characterized by the dysfunctionality of multilateralism, which leads to multipolar disorder, power politics and the normalization of the use of force, paralysis of the United Nations and a growing lack of respect for the existing legal framework. The impunity of military action leads to an arms race, nuclear threats and the use of economic dependencies as a weapon. To paraphrase Clausewitz: a war by other means.

The second megatrend: **polarization and fragmentation**. Characteristics of this are the increasing disputes between the USA and China, democracies versus autocracies, the "Global South" and BRICS+ versus the G20, combined with economic sanctions and counter-sanctions, friendshoring and onshoring, as well as free trade versus protectionism.

And the third megatrend: the **acceleration of global developments**. Climate change, new disruptive technologies combined with a lack of international standards in areas such as artificial intelligence and biotech. Added to this is the failure of the United Nations Sustainable Development Goals (SDG). There are 17 goals. One of them, for example, is *available and affordable energy for everyone*. Most of these 17 SDGs are red in the Sahel region and those that are orange are moving towards red. UN Secretary-General Antonio Guterres said: *The further a country is from achieving these goals, the more that country is in crisis*. That was still a diplomatic way of putting it, Thoms Starlinger pointed out. You could also say that the less SDGs a country fulfills, the closer it is to a failed state.

So what are the effects of the changing world order and the intensifying megatrends? Thomas Starlinger made it clear: "A growing confrontation between the USA and China. From 2027 on, China may not be able to occupy Taiwan, but it will be able to cut the island off decisively. Over 50% of global trade in goods passes through the Taiwan Strait. It is therefore clear what kind of leverage China has to influence global trade. Additionally, the Ukraine conflict is an ideal live experiment for China to recognize the different political and economic consequences." By way of comparison, Thomas Starlinger recalled the accident in the Suez Canal with the blocked container ship. The European economy felt the effects for over a year. For four months now, there has been almost no shipping traffic in the Red Sea due to the Houti rebels. Previously, around 300 ships passed through every day, but now there are only 30 and the rest go around South Africa.

Institutions such as the UN and its subsidiary organizations are increasingly losing their global effectiveness in the context of conflict prevention and resolution. Organizations such as the BRICS are emerging as a counterweight to the G7. There is also a new military alliance in the East - the Shanghai Cooperation Organization. It includes China, Russia, India, etc., but also a NATO member, Turkey.

In addition, the world's financial stability has been thrown into disarray by sanctions and counter-sanctions. Climate action has suffered repeated setbacks, meaning that the climate targets will hardly be achievable. At the same time, dramatic climatic changes are already underway, such as the melting of the poles, which are irreversible.

Cyber security and the use of space are becoming increasingly important. There are currently more than 53’000 satellites in orbit, 5’500 of which already belong to Elon Musk. His plan: to install 50’000 satellites in the next 15 years - so it is clear that global companies also have a major influence on economic and therefore security policy developments.

But that's not all, let's also take a look at global trade. The Boston Consulting Group has published an interesting analysis. The BCG has determined that the volume of trade in

the Asia region will increase to around 1,000 billion US dollars by 2030. A comparative figure: trade between Europe and Russia will decrease by 300 billion US dollars in this period. This makes it clear where global world affairs and the main interests of the main global players are shifting.

What should be done now? Definitely the development of strategies. However, the potential risks must also be taken into account. We need to set up appropriate national and supranational early warning systems in order to recognize the approach of a crisis in good time and take the appropriate measures as early as possible. Brain power is one of Europe's great advantages. However, we must also use it accordingly in order to stay ahead.

A better understanding of our strategic supply chains and the risks we have exposed ourselves to is also of central importance. It is therefore essential to build resilient supply chains and diversified production sites. Ursula von der Leyen recently said on the subject of China that the biggest mistake now would be to break off all trade relations with China; the trick is diversification! Assessing and anticipating risks is essential in all areas. Let's take the example of energy supply again. What has Europe done with it? We have swapped cheap Russian natural gas for expensive, fracked US gas. Europe should therefore be honest with itself in all areas. We must quickly and relentlessly learn the lessons from the geopolitical, climatic and other challenges mentioned above. However, we must also be careful in all of this so that the multipolarization of our society, which has already begun, does not progress further and that we will thereby be thrown off course.

The world in upheaval - Ukraine war as a geostrategic turning point

Dr. Markus Mäder, *State Secretary for Security Policy,* also spoke plainly: "We are all aware that international relations are in a state of upheaval and tensions are intensifying worldwide, with new conflicts breaking out. On the one hand between major powers, but also between regional powers and, of course, within different states. Africa, especially the Sahel region, the Middle East, Gaza, Syria, Iran, Israel, Armenia, Azerbaijan - I could go on for a few minutes. But one conflict stands out in particular: Russia's war of aggression against Ukraine is a **geostrategic turning point** because it has significantly accelerated and intensified a worrying trend in international relations that has existed for years and is thus shaping a development that raises fundamental questions about the future of the world order." This changing world order is not an abstract construct, but a reality that affects us directly, Markus Mäder continued: "We, Europe, Switzerland and Austria are both affected and involved. Allow me to give you a few thoughts on what this means for Switzerland."

Bürgenstock Conference - a microcosm of geopolitical disputes

Russia's aggression against a sovereign neighboring state in violation of international law and the high-level conference for peace in Ukraine, which took place on the Bürgenstock, exemplify the current struggle to shape the international order. **There are obviously different ideas about this order.** The two-day exchange between heads of state and government, as well as ministers and national security advisors from a hundred states and international organizations, was to a certain extent a microcosm of the ongoing geopolitical disputes over the enforcement of current rules and the future of the international system.



One of the indicators of the different concepts of world order is which of the invited states were present at the conference and, even more tellingly, which states deliberately stayed away or only sent an observer despite being invited. Of course, the primary aim of the meeting was to take a first step, or at least provide an impetus, for a possible peace process between Russia and Ukraine. However, the conference also showed that many states are seriously and fundamentally concerned about the state of international relations. For many states, holding and supporting this high-level meeting was also part of their efforts to commit to the current rules-based world order. The focus was explicitly on the participating states' commitment to the UN Charter and international law. The states' votes were full of references and terms such as "rules-based world order", "international law", "UN Charter" and "sovereignty and territorial integrity of all states". These states also committed themselves to these principles in the Joint Communiqué,

the final declaration of the Bürgenstock Conference ("Bürgenstock Communiqué"), which was co-signed by around 80 states and organizations.

An important goal of the conference was that not only Ukraine's obvious allies took part, but also countries from all regions of the world, including the so-called "Global South". As we have heard, these are countries that are mostly non-aligned and are trying to balance their relationship with the geopolitical heavyweights. Many of these countries still maintain good relations with Moscow and have not imposed sanctions on Russia, although the war and its consequences are also causing them problems. The role of these countries should not be underestimated. At best, they can also help to initiate a dialog with Russia. From a Swiss perspective, the impressive number of participants and the balanced mix of countries from all regions was therefore an essential part of the diplomatic success. The high-level Bürgenstock Conference was also a clear confirmation that we are not alone in our concern about the current state of the international order. Numerous governments and their populations around the world share this concern and - like us - are looking for ways to preserve this order.

Were earlier world orders better?

My second topic. Why do we have the current, so-called rules-based world order at all, and what mechanisms does it use? Political philosophers also refer to the natural state of the international system as one of anarchy. This means that there is no overarching, supranational authority that can ensure a perpetual, stable order for the international community and the consistent enforcement of rules. At the same time, however, this does not mean that all states are constantly engaged in a bloody struggle for survival. Rather, it makes it clear that certain **principles of order and the powers** or blocs of powers **that stand behind them** are **essential in order to** guarantee stability and relativize the law of the jungle. Such principles of order must be negotiated, be in the mutual interest and be respected by all.

It is obvious that powerful states - due to their geographical, economic, demographic, cultural and military power potential - carry more weight and that these states also have more influence on the shaping of the international system, but should therefore also bear more responsibility. Switzerland, too, has always been shaped by geopolitical changes. For centuries, it has been a small state surrounded by major European powers. In a world without rules, in a natural state of anarchy, it would be an easy victim of the unbridled assertion of interests by major powers. Switzerland has had to experience this from time to time in the course of its history. **European history** in Switzerland's immediate vicinity has been **conflict-ridden and rather bloody for many centuries**. It is therefore impossible to overemphasize how fundamental an international order based on balanced rules and a functioning system of collective security are for peace, security and prosperity.

In the long-term course of history, the characteristics and also the guarantor powers of the international order have always changed. Order-giving hegemons and empires have come and gone, and their replacements have often been accompanied by periods of war. Fortunately, we currently live in a world order that is characterized by principles, multilateral conflict regulation mechanisms and rules of conduct. All states, large and small, benefit from this. But I believe that maintaining this system is even more existential for the small states. Nevertheless, the concept of a rules-based world order is interpreted differently these days. From a Western perspective, it stands for a system of norms and rules that are supported by international institutions and international treaties. If we want to curb the right of the strongest, then we need a system based on norms, human rights, international law and collective security that also respects the sovereignty and territorial integrity of all states.



And we know that the UN Charter, which was established in 1945 by the victorious powers of the Second World War under the leadership of the USA, is of course at the heart of this. And a key achievement of this UN Charter is the prohibition of the use of force, which is enshrined in international law. This means that war and aggression between states has been prohibited ever since, with the exception of individual and collective self-defense and coercive measures against a peace breaker, which can be decided by the UN Security Council.

These principles and the rules associated with them are increasingly under pressure today. Unfortunately, we are seeing more and more human rights being grossly violated and internationally recognized borders being blatantly disregarded, and even sovereign states being denied their right to exist. Might is once again threatening to take precedence over right, and the inhibition threshold for the use of military force has

obviously fallen significantly. Central guardians of order such as the UN Security Council are weakened and divided on key peace and security issues. And all of this undermines the system of collective security under the UN Charter.

USA as the primary guarantor of the current world order

Since the Second World War, the USA has assumed the main role of primary guarantor of this rules-based world order, and the vast majority of states play an active role in this concert. But the USA, which rose to become the global hegemonic power in the course of the Second World War, remains crucial to the maintenance of this system. This world order is anything but perfect, yet by historical standards it appears to be one of the most inclusive and liberal orders, enabling self-determination, stability and prosperity for a large proportion of states. **In view of current geopolitical developments,** however, it seems **uncertain whether the USA will continue to be able and willing to** assume this responsibility in the long term and to the same extent as before. This open question arises not only with regard to the outcome of the US presidential election this fall, but also in the context of the growing tectonic faults that we can observe in geopolitics, as well as the epochal social, economic and technological changes.

If there is a Western view of the international order, there are also others. Certain countries, such as China and Russia in particular, have their own ideas and interpretations of the current order and try to shape international institutions and rules in their own way. From their point of view, the current world order is shaped by the West, which they reject in many respects. We must therefore ask ourselves whether we are living in an era in which there is a fundamental confrontation at global level between open and liberal systems on the one hand and closed, autocratic systems on the other. In any case, there is much to suggest that **two such camps are emerging at global level**. Both camps are striving to shape the international environment as favorably as possible for the prosperity of their own model of state and society.

At the same time, the "Global South", the reformers, a group of emerging and often populous states, are demanding more weight in shaping the international rules of the game. And many of these states deliberately do not want to be drawn into one camp or the other. Although it is a politically and economically heterogeneous group, parts of the **BRICS+ states** alone represent almost **half of the world's population and a third of the global gross domestic product**. So this is not the junior league; on the contrary, it is an economically and demographically powerful group of states that is increasingly making its presence felt on the world stage. It is understandable that these states are striving to play a greater role in shaping the global order. Large parts of the "Global South" were still colonized and marginalized when most of the components of today's international order were negotiated. As we see today, the West has only partially succeeded in integrating these countries appropriately since then. Instead of pursuing common interests and promoting the rules-based order, it is becoming increasingly clear that, on the one hand,

new actors are introducing their own ideas into the international system and demanding more room for maneuver, the "Global South", and, on the other hand, two fundamentally different spheres of influence are emerging: on the one hand, the West with the USA, Europe and other democratic and liberal-western states that want to maintain the current rules-based world order, the status quo.

On the other hand, a sphere is emerging with China, Russia and other, more authoritarian states that are challenging these rules and pursuing a revisionist agenda. The **strategic rivalry between** the established superpower **USA** and the emerging superpower **China** will remain the structurally **dominant element of global politics** for the **coming decades.** Economic relations, market access and supply chains will increasingly follow a power or security policy-driven logic. These developments are leading to a tendency towards bloc formation, which is beginning to have an impact on all areas of politics and life, including the economic and technological spheres. The basic consensus necessary for a stable, rules-based world order now seems to be crumbling along this geopolitical fault line, and we are experiencing this phase of upheaval and are likely to find ourselves in a transition to a world order that is - in our view - less westernized.

Soft and smart power of (small) Switzerland for a rules-based world order

My third thought: what does this mean for Switzerland? Switzerland is directly affected, but given the scale and complexity of these developments, it seems reasonable to conclude that we, as a small nation, are powerless in the face of the whims of these geopolitical storms. But are we really that powerless, and what can we do anyway? Of course, we cannot decisively influence the geopolitical power games. Nevertheless, **Switzerland** also has **certain levers that** it can use to maintain a rule-based order. This works most effectively **in cooperation with other states** and multilateral organizations, above all, of course, with states that stand up for the same values and principles. With its long-standing diplomatic and humanitarian commitment, Switzerland is committed to the rules-based order. Preserving this order is also a declared goal of Swiss foreign policy. However, this also means that we strive for reforms in international institutions, for example to better integrate the countries of the "Global South" and thus also win their support for this order.



Switzerland's security and defense policy is also adapting to this process of international change. On the one hand, Switzerland is contributing to UN-mandated peace missions within the scope of its possibilities and capabilities. On the other hand, the Federal Council has decided to strengthen our own defense capabilities and to intensify security policy cooperation with our Euro-Atlantic partners. This is, of course, a direct response to Russian aggression, which threatens the entire European peace and security order beyond Ukraine. In the Federal Department for Defence, Civil Protection and Sport (DDPS), we are working intensively to strengthen this defense capability again and to intensify cooperation with our international partners. In view of the war in our strategic environment, our national security policy has once again received a massive boost. This comes after almost three decades during which security policy has never been at the top of the agenda.

The Federal Council's decision to create a **State Secretariat for Security Policy** is also a consequence of this realization and the growing security policy challenges. More than ever, the situation requires a forward-looking, networked, holistic and politically and socially broad-based security policy strategy. We must create a robust security alliance at national level. At the same time, we must intensify cooperation with our international partners in order to stand up together for the maintenance of international rules. In doing so, we should take a holistic view of Switzerland's options for action. In terms of its territorial and demographic dimensions, Switzerland is certainly a small country that can project **little hard power.** At the same time, however, it has a great deal of **soft power - one could also say smart power** - that it can bring to bear in favor of a rules-based order. I am thinking here of our trade relations, our research and development, our innovative strength, our contributions to the stability of the international financial system, our economic and development cooperation and also our commitment to upholding international law and human rights. Admittedly, Switzerland alone cannot stop the erosion of the international order. But Switzerland can and must make a contribution.

And together with the contributions of numerous other countries, we are having an impact that should not be underestimated. It is therefore important that we are not just seemingly powerless victims of geopolitical upheaval, but that we work as stakeholders to preserve the rules-based order that is so essential to us.

Panel discussion:

In addition to the two speakers, Major General Thomas Starlinger and State Secretary Dr. Markus Mäder, other experts took part in the panel: Dr. Marcel Berni, Lecturer in Strategic Studies ad interim at the Military Academy (MILAK) of ETH Zurich, Dr. Urs Loher, Director of the Federal Armaments Office armasuisse and Dr. Wolfram Kuoni, Chairman of the Board of Directors of Ferrexpo AG. The panel was moderated by Fredy Müller, Managing Director of the SWISS SECURITY FORUM.



Past world orders were neither liberal nor democratic

Fredy Müller first wanted to know from State Secretary Mäder why today's world order is one of the most liberal.

Markus Mäder emphasized that this is of course our Western view and that various exponents with a different perspective would probably doubt this. But from a European, Western perspective - and if we review history in our mind's eye and think of all these hegemonies and empires that have tried to create order over the last 2000 years or so - what we have seen since the end of the Second World War is probably actually the most inclusive and liberal system. It's not perfect, as I said, but think of the British Empire, for example: the justice there towards non-British entities was certainly not extremely pronounced. Let's not even talk about the Nazi regime's ideas of order and Japanese militarism. But also the Ottoman Empire, the Holy Roman Empire of the German Nation or the Roman Empire: these were actually systems of order that were primarily based on

coercion, subjugation and tribute payments. I think that compared to these systems, the so-called "rules-based world order" - as understood by the USA and the "Global West" - is relatively benevolent and rule-based. And many countries actually participate in it voluntarily, to a certain extent. We can see this in the example of Ukraine. Since the end of the Cold War, Ukraine has been trying to leave the imperial sphere of the former Soviet Union and Russia - which was based on coercion and subjugation - and voluntarily enter the US hegemonic sphere.

Moderator: As you have explained, international institutions are central to the functioning of the rules-based world order. However, the UN is known to be weakened. The question therefore arises as to what extent reforms are possible? Should new countries from the global South be admitted to the UN Security Council? Or will only another war make new solutions possible?

Thomas Starlinger: We already have the wars. The Western world has given in to the illusion that if we do good, it will spread by itself. There is one thing we have not taken into account and we need to take a self-critical look at our own development: It has taken us a good 200 years - since the French Revolution - to establish our rules-based order. And with a certain Western arrogance, we have tried to impose this development on other cultures within decades. If we look at the African continent, Europe has already played its part in the disorder that prevails there and we are now confronted with its consequences. The big question is, can the UN be changed in an evolutionary way or does it need a revolution? Let's take the UN Security Council. The veto, which emerged from the Second World War, worked more or less well for decades. That should now be put aside.

Let me make a second point. There is an obvious imbalance in aid to Ukraine. The EU has so far invested around 150 billion in Ukraine in the military sector - including bilateral support - and the same has been added in the form of economic aid. During this time, the African continent has received a few million euros. The African side therefore rightly says: "If it affects you Europeans directly, then you do something. If it affects us Africans, you usually wait and see."

And the question ultimately arises as to whether a reorganization of the decision-making mechanisms within the United Nations can be brought about through evolution or whether it will require a revolution.

Global South crucial for the continuation of a rules-based world order

Marcel Berni: I also note that the double standards of the West in the Ukraine war are currently also being used in the Global South. But the perception there is different. These countries argue that it is no more than fair that they should finally be able to benefit from cheap Russian oil, gas, coal and so on. It is therefore important that we do not succumb to a completely Eurocentric perspective. We must also realize that this war has found

many profiteers or free riders in the global South who want to decide one way or the other. They are trying to make a profit from this war, as can now be seen in the Middle East. This is all based on the argument that the global South has been exploited by the West for centuries. The Ukraine war is not just a war in Eastern Europe, but a war with global implications, also with regard to the aforementioned bloc confrontation.

Markus Mäder: It is not the case that the "Global South" and Africa in particular are completely homogeneous. At the Bürgenstock Conference, we also held talks with African countries that are very concerned and have exactly the same thoughts. They say that, as small states, they are dependent on international rules being adhered to. Territorial integrity and sovereignty are for everyone and must be respected, and they also have problems with the effects of the war, for example on food prices and supply chains. So of course there are also profiteers, as has already been mentioned, but there are also states in Africa that say quite emphatically that they have an interest and a responsibility to help resolve this crisis, this war.

Moderator: The Bürgenstock Peace Conference is a good example of how Switzerland can make a valuable contribution to preserving the rules-based world order. Should Switzerland continue along this path and form an alliance with "interested" countries in Africa and the global South? We succeeded in doing this within the framework of the World Bank when Switzerland quickly recognized the former Soviet republics diplomatically in 1991 - after the collapse of the USSR - and was then able to form its own group with them within the World Bank.

Wolfram Kuoni: I think Switzerland should also know its limits in this respect and the blockade in the UN Security Council is too big for us. But there is the WTO in Geneva, which is dysfunctional today. The West really needs to take itself to task here, as Western states and the USA in particular have not appointed any new judges for dispute settlement for years. As a result, there has been no dispute settlement for years and the deterrent effect of the WTO rules has also disappeared. In the current trade war, the WTO is no longer being used as an argument. Trump for example argued with national security interests when he imposed the punitive tariffs against China in 2018, particularly in the steel sector. Biden has now sharply increased tariffs on Chinese EVs. The EU is at least still within the WTO framework and argues that these import tariffs would compensate for illegal state subsidies. They are still trying to act in a WTO-compliant manner. In short, the WTO would be a construction site where Switzerland could make a difference.

Sustainability and a functioning economy are a prerequisite for world peace

Moderator: Another important topic is the UN's Sustainable Development Goals - as already mentioned in the presentations - and the associated climate problem, which is now affecting many regions and countries around the world.

Thomas Starlinger: We must succeed in finding sustainable solutions together with the governments and regimes there. In doing so, we probably cannot avoid not always pushing our Western values to the fore in favor of these developments and looking for solutions together with these countries. Furthermore, we haven't even talked about the demographic development on the African continent. This comes on top of the climate crisis. In the next 25 years, the population there will double from 1.2 to 2.4 billion. Against this backdrop, fundamental questions arise in the West as to how we want to deal with Africa and how the climate and demographic problems can be alleviated before even greater flows of refugees rush to Europe.

Marcel Berni: I think the main issue at the moment is balancing the current system. It is important to find out who makes which concessions, because important natural resources and access rights are also at stake. If you think of the Chinese One Belt, One Road Initiative, for the West it is a matter of strategic balancing. During the Cold War, the countries of the global South were still non-aligned and positioned themselves one way or the other. Even today, many of these countries in the global South remind me of this constellation. I am convinced that it would be best to bind the majority of these countries to each other or at least to the rules-based Western world order. Otherwise we risk losing them.

Moderator: What does it take to win these countries over to the rules-based world order?

Thomas Starlinger: It certainly requires patience and foresight. That is something very important, because in our western world, when we talk about strategies, we usually only look at them in the short term. Take China, for example, which has a clear strategy for 2045 and beyond. Patience is therefore important, because we will simply have to take note of various processes and developments that are being initiated now. Above all, we should meet the Global South on an equal footing. If we want to have these countries on our side, we need respect and recognition.

Markus Mäder: The so-called "Global East" and the "Global West" are the two forces that are trying to shape and dominate the world order. The countries in the "Global South" see what suits them best. They are legitimately doing this in order to catch up and correct developments that have not always worked in their favor in the past. In other words, we have to accept that the European/Western path is not the only way to achieve the goal. We know this from military peacebuilding projects in Africa. We see time and again that certain European countries try to explain to African security forces how they should organize a mission. The Europeans come with their concepts, try to implement them and are then amazed that it doesn't work as it should. I think humility is also required to a certain extent, and we have to accept that African players have a different solution in mind that is better suited to the local conditions. It's about developing solutions together. We call this local ownership. If we want to support projects successfully, one

of the assessment criteria is always to allow local ownership so that solutions are also more sustainable.

Battle for "hearts and minds"

Moderator: When we talk about the rules-based world order, Russia's attack on Ukraine was a clear breach of the rules, a turning point. How much has the Russian attack also shocked countries in the global South, all the more so because world trade was also affected. Wasn't that an eye-opener for these countries?

Markus Mäder: Partly, partly. I don't think these countries are homogeneous and there are different perceptions. At the moment, the battle for the "hearts and minds" of these countries is in full swing. Putin and his foreign minister Lavrov regularly travel to Africa to win certain countries over to their side. The Euro-Atlantic community is doing the same. And this shows that there is not one global South with one opinion. This was clearly evident at the Bürgenstock Conference. There are countries that share the world order and its rules. Then there are others that were not invited or did not come because they tend to share the world view of Moscow and Beijing.

Wolfram Kuoni: In the area of trade, the African countries were also able to replace the lost and missing agricultural supplies from the Black Sea region, primarily with suppliers from Latin America. This has shown how important functioning markets are. It was an excellent example of how global markets can balance out such a local conflict.

Moderator: As mentioned, the economy also plays an absolutely vital role in the continued existence of the rules-based order.

Thomas Starlinger: In a geopolitical test of strength, the winner will be the one who can win over the Global South. Let's take India as an example. Its population is now larger than that of China. The West therefore needs a strategy on how to deal with this, also with regard to the BRICS countries. What is emerging there is an absolute counterweight to the G7 and the Western economic world. Such considerations will be the key to success.

Marcel Berni: That's right. In addition to patience and mutual trust, we also need proof that economic cooperation with the West can lead to prosperity. That would be the best advertisement and a good reason to stick with the system.

Wolfram Kuoni: The global South in particular shows that the agricultural market is the perfect example of how global markets work. Global trade has doubled in the last 30 years. Agricultural trade has even increased sevenfold. Agricultural trade is therefore a prime example of the fight against poverty and hunger in the global South. We should use arguments like this. Because in the current geopolitical struggle, we should not only say what we did wrong in the past as colonial states, but also stand up and emphasize the advantages of our system and our values.

The Taiwan road - the Achilles heel of global freight transportation

Moderator: China is playing a dominant role in the current trial of strength over the existing or a new world order. How should the West deal with this challenge?

Markus Mäder: Dealing with China is very different from dealing with Russia, because China plays a completely different role and has a different weight, especially economically. I was at the Shangri-La Dialogue in Singapore a few weeks ago, where the focus was on Asia-Pacific security and its impact on Europe and other regions of the world. There we can observe how difficult it is for the countries in the region to be between the USA and China. For them, the USA is the guarantor of security and China is their most important trade and economic partner. You need both, and the moment when you have to choose sides is something you want to avoid as much as possible. And I think the situation is quite similar for Europe. Diversification is something you have to keep in mind so that you don't become unnecessarily dependent or as little dependent as possible on Chinese supply chains, institutions and behavior.

Thomas Starlinger: From a global perspective, the next big tsunami to hit us is the crisis that is developing around Taiwan. There will certainly not be a conventional war like the one we are seeing in Ukraine today, i.e. China destroying Taiwan. Two thirds of the world's semiconductors and over 83% of microchips, which are essential for the automotive industry, are produced in Taiwan. So it's not just a question of seizing Taiwan for historical reasons, but whoever owns Taiwan also has the world's semiconductor production in their hands. China is preparing for this conflict. There are also parallels with the years leading up to Russia's invasion of Ukraine. Think of the constant Chinese military exercises. The intensity is increasing. In the Taiwan Strait, China will be able to significantly restrict trade from 2027 on. And we as Europeans must ask ourselves what we do in such a situation. Diversification is a sensible approach, but cutting diplomatic relations with China would certainly be the wrong way to go.

Marcel Berni: President Xi wants Taiwan. No one can predict exactly when he will attempt an amphibious invasion. We don't know whether it will happen in 2027 or 2030. But he has instructed his armed forces to be ready by the end of the 2020s. And then we have a huge problem in Europe. The current war in Ukraine was just the prelude. If there is a conflict between China and Taiwan, no more semiconductors will be exported to Europe because Taiwan will have to fight for its national survival against China. The Americans will probably support Taiwan in the event of a war. Nobody knows what the outcome will be. The West must be aware of these dangers - economic, political, diplomatic - because this crisis is becoming increasingly apparent. And the impact will be far greater than that of the war in Ukraine.

Markus Mäder: That would indeed have massive global political repercussions, which we would then also clearly feel in Switzerland and throughout Europe.

Wolfram Kuoni: We can additionally see how US economic and industrial policy is already anticipating such developments.

Importance of the defense industry for a country

Moderator: Let's now turn to a very special part of the economy, namely the defense industry. In the wake of the massive rise in geopolitical tensions and the war in Ukraine, the issue of a country's ability to defend itself has increasingly returned to the public's attention. As we know, this also includes having an equipped army. Urs Loher, why is it currently difficult to quickly arm an army and be ready for an emergency?

Urs Loher. It's not particularly difficult for the Americans. For Switzerland it is, because we no longer have a traditional armaments industry and most of it is no longer important. We procure the large systems almost exclusively abroad. And if the need increases and there is excess demand and Switzerland wants to procure certain weapons, we are at the end of the queue because other countries want the same.

A good example of this is the ground-to-ground guided missiles that we wanted to procure. Just two years ago, the procurement period was assumed to be 24 months; at the moment we have to reckon with three to four years and the prices, especially for ammunition, are 50% higher than before. This means that the few resources we have will be halved again by the additional costs. Unfortunately, inflation was and still is high in some areas. If inflation is three to four percent and our procurement programs last five to ten years, we are quickly looking at 20 to 30 percent higher costs. If we also try to synchronize delivery times so that we have the systems and materials when we need them, it becomes difficult. Especially if we still have the feeling that we have until 2030, 2035 or 2040 to fully fund our army again.

Moderator: You have also said in interviews, shortly after taking up your post, that you are increasingly trying to work with partners, with your peers in Germany, France, etc. Could this be a promising approach if certain weapons systems are procured jointly?

Urs Loher: There are various factors that are key for us. The most important thing is that we also have something to offer that others want to procure. In other words, we have to be more assertive in negotiations, especially when war and crises have broken out and the ability to hold out is at stake. On the other hand, we can only do this together with other partners, whether through bilateral or multilateral channels. However, these require us to have a precise plan of what we need and when in order to build up our capabilities. And we would then have to compare this plan with the European or at least the Western countries in order to see where similar problems or similar needs exist.

On August 17, 2023, the head of the army presented his black book with his vision for the future of the army. However, given how quickly technology is developing, the army will probably no longer look the same in 2035 as it does today. And the train has more or less

left the station for Switzerland in terms of its own contributions. We will not be building our own tanks or any future fifth- or sixth-generation aircraft. We will try to expand assets where Switzerland has traditionally been strong together with the universities and colleges. The aim should be to transfer the products in demand from the universities to the army via SMEs and industry. I'm thinking in particular of drones, where Switzerland is very strong. But also in artificial intelligence, where we are in second or third place worldwide. Then there is the whole quantum technology, quantum sensor technology, where we are strong. I am also convinced that these will be the technologies of the future and we must now use the time to keep these technologies and the associated expertise that is available in Switzerland in Switzerland and incorporate them into the armed forces.

Thomas Starlinger: There is a range here from bilateral to multilateral cooperation. A good example where Switzerland is involved is Sky Shield. Sky Shield consists of systems with different ranges and defense systems. When developing this European air defense shield, it is important to procure systems that are interoperable.

Urs Loher: I think Switzerland must be careful not to disappear from the radar completely. We lost a lot of goodwill and trust at the beginning of the war in Ukraine, especially when it came to Gepard-ammunition. We are no longer seen as reliable, but as the weakest link in the supply chain. And if we don't try to change that, if we don't make progress there, then we will be completely eliminated. Then we will experience Switzerland's complete isolation.

Thomas Starlinger: I don't want to reopen an old wound here, but Austria has had this experience. In the 1980s, we canceled our cuirassier tanks, which were to have been delivered to Chile, at short notice. That was the first significant slump for the Austrian arms industry. Then we had a very good cannon, the Noricum, which was used by warring parties in the Iran-Iraq conflict. However, this was also discontinued due to Austrian neutrality. This was the end of an important Austrian arms industry. If you want to be neutral and go through with it, you are in an unfavorable position for your own arms industry. After all, you don't produce weapons for the museum or for military parades, but for emergencies, for wars. Everyone should be aware of that.

Iron ore company in Ukraine defies the war

Moderator: Let's make another thematic link to Ukraine. In Wolfram Kuoni, we have an expert among us who has traveled to the country often. What does Ukraine think about Switzerland?

Wolfram Kuoni: People are grateful for any support and understand Switzerland's special situation in terms of neutrality policy, especially in select circles. At the same time, the situation in Ukraine is very dramatic. I can explain this briefly using the example of our company, Ferrexpo. We are a major company, before the war we had 10,000

employees, today we still have 8,000. We are the only Ukrainian company listed on the London stock exchange and are responsible for three percent of Ukraine's exports. In Switzerland, we do all the marketing and all the financing. On the one hand, of course, we are affected in terms of our staff; ten percent of our workforce has been drafted in. We also have a lot of veterans who we are trying to reintegrate. We have incredible refugee movements, over 10 million people who are displaced, half of them abroad, the other half in Ukraine itself. To sum up, the situation is quite simply dramatic.

The second major challenge is logistics. Before the war, we exported 50% of our product via the Black Sea. From one day to the next, the Black Sea was closed. We had to reorganize the entire logistics chain accordingly and did this by no longer taking our rail wagons to Odessa, where we have a port, but to Ismajil, a small port on the Ukrainian side of the Danube. There we reloaded our goods, not onto the Panamax ships, which can transport 240,000 tons, as in Odessa, but onto barges, which can only transport 1.8 tons. We tied six of these together and sailed down the Danube and through the Sulina Canal in Romania, where we finally reached NATO territory, after which we went out through the Bosporus. So it was incredibly difficult, but we made it. I think the investments we made in logistics before the war paid off.

The third factor is energy, which is a huge issue. I wasn't at the Bürgenstock last week, but in Berlin at the Ukraine Recovery Conference, which was more about economic issues, and the most important topic in this regard is energy supply. Only around 20 GW of the 55 GW generation capacity is still operational. Last year, the Russians mainly targeted the transmission grids, which could still be repaired in a somewhat makeshift manner. Now it's all about the actual generation capacity. As a result, we have ongoing power cuts and power shortages with corresponding rationing.

People in the West have only known peace and prosperity...

Moderator: We hear dramatic reports every day, even every hour, from Ukraine, Gaza, Sudan and other war and conflict zones. Nevertheless, it is clear that politicians and the population in Switzerland - or should we say in the West - have not yet fully recognized the seriousness of the situation.

Markus Mäder: I believe that raising awareness is currently one of the biggest challenges. The generations after the Cold War have only known peace, prosperity and security in their adult lives. It is difficult to accept that another chapter is now beginning. Perhaps this is the normal state of history, that things are a little rougher and more conflict-ridden. But it's a balancing act to convey this to the population without causing panic and alarmism at the same time. I believe that in a system like Switzerland, no single institution or authority can take on this task alone. Rather, it requires constant awareness-raising by the various players, including politicians. In addition, this process must take place at various levels of government, but also in the form of events such as

the one we are holding today. I believe that it is extremely important to show people that the situation is serious, but that we can and must do something about it.

Moderator: Mr. Starlinger, did we keep the population ignorant and insufficiently informed? As Minister of Defense, you wrote a white paper and did a lot of educational work, which is now bearing fruit in retrospect.

Thomas Starlinger: The White Paper was - just as you described - a balancing act between educating the population and not creating panic. The question is, why is political education in schools and explaining such complex processes not a compulsory subject like math or German? This is of course a lengthy process, but the population needs and tolerates such information. All of us on this panel - with the exception of Mr. Berni - and large parts of the population in the West grew up in the golden age. In reality, however, the political and economic turnaround began a long time ago.

Moderator: Mr. Berni, you belong to the younger generation: how does your generation perceive the new threat situation?

Marcel Berni: I think the Belle Époque is definitely over and we have to keep reminding ourselves how incredibly privileged we have been over the last thirty or forty years and accept security as a value, including in our educational institutions. We are currently trying to develop the MILAK further; there is now a textbook for higher management training that makes the topic of security more tangible for schools. This will not be a process that succeeds overnight, but I also believe that the threat situation is doing its part and it would be foolish for us to let this window of opportunity pass us by.

Moderator: Wolfram, you have traveled a lot and know the economy very well. What is your suggestion as to how we can better educate younger people, or rather all people in general, about this topic?

Wolfram Kuoni: I don't think this topic is entirely new. Richard Nixon wrote a book in the 1970s entitled "The Third World War has already begun". It's similar today. However, I believe that the economy will be decisive and that makes me very confident, if I compare the gross national product per capita in America with Russia, it differs by a factor of six. If I look at Russia's military spending in 2023, it's 109 billion. NATO's is 473 billion. If there is the political will to face up to these challenges, then the economic means are there and that is why I believe we can do something here to create the necessary political awareness. Because the economic power is on our side. Why? Because I am naive enough to believe that a free, economic, rule-based society is ultimately superior to an autocratic one in the long term.

Urs Loher: I assumed that the great awakening would come at least with Russia's attack on Ukraine. It took a few weeks, but I think things have already returned to normal somewhat. The attacks by Iran on Israel were only covered for two days in the media. I

am convinced that Switzerland will only wake up when we ourselves are attacked and experience the personal disadvantages, only to realize that it is too late and that we should have done something sooner.



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