ILLUSTRATION: DAVID PLUNKERT

Questions for EUROPE

No less than the future of competition law is at stake in a confused and shifting political terrain, says Brunswick's SIR JONATHAN FAULL.

THREE INTERRELATED THEMES DOMINATE EU politics so far this year: the European Parliament elections in May and subsequent appointment and confirmation of senior EU leaders, Brexit, and the future direction of competition (antitrust) policy.

Not long ago we would have said with some confidence that 2019 will be an interesting year, but no more than that. Certainly, there will be European elections and appointments of new leaders in the European institutions. The Brexit negotiations will be finalized and the UK will leave the EU but remain closely tied to the European single market. The European Commission's DG Comp will continue to be the pre-eminent competition authority in Europe, secure in its role at the center of a mature system of law and policy, buttressed by a stable body of case law.

We can no longer be sure of any of that. Brexit has turned into a nasty, protracted drama and no-one can say today with any degree of certainty what will happen.

Meanwhile, the decision to prohibit the Siemens-Alstom merger has sparked great controversy and added fuel to the fires already burning in contemporary European politics about Chinese competition, growing protectionism in the US and loss of faith in markets, globalization and multilateral institutions.

We are not talking here just about a threat to the established order posed by populist upstarts. The French and German governments are calling for a new European industrial policy and fundamental reform of European competition law. Unsurprisingly, they reach for their own national models, the German *Ministererlaubnis* political override and the French *politique industrielle volontariste*. Is price the main criterion for judging competition or is innovation, particularly in digital services, just as or more important?

This crystallizes a debate that has been waxing and waning for decades and in which British influence played a major part: What is the purpose of competition law and by what criteria should it judge corporate behavior and mergers? The negotiation of the EU's merger regulation in the late 1980s saw all of these issues aired extensively. The regulation as enacted in 1989 bears some traces of the arguments that raged at the time.

Nevertheless, the final text of the regulation and the way it has been applied ever since are rightly seen as predominantly competition-based to the exclusion of other policy concerns. Many in Europe viewed that outcome as an espousal of British views and a victory for the competition Commissioner at the time, the late Sir Leon, later Lord Brittan. More broadly I think it is fair to say that the influence of British lawyers, academics, officials and politicians on the development of EU merger law over the last three decades has been considerable.

That era is about to come to an end. What we have taken for granted is open to debate and up for grabs. European elections will take place in May. A new President of the Commission will be designated and the Parliament will question him or her about many things. Competition policy is bound to be one of them. A competition Commissioner will also be designated and face questions in Parliament. You can imagine the scene and some of the questions. "Will you undertake to propose amendments to the merger regulation? If so, what will they say? Do you agree with this or that Government's position? Do you think Siemens-Alstom was rightly decided? Should there be an overriding public interest test to assess mergers? What will you do to promote and defend European champions? Do you think you have the right law and policy to put Europe in the forefront of the digital economy?"

Remember, there will probably be no Brits in sight, and there will be many honorable (I hope) members from new parties or ones outside the traditional European framework of Christian Democrats, Social Democrats, Conservatives, Liberals and Greens.

So the challenges of 2019 are enormous—including nothing less than to determine the future direction of EU competition law. Will the Commission's DG Comp remain the main enforcer and guiding spirit it is today? Will it be hived off and become an independent agency? Which bits of it? Only mergers? All antitrust? What about state aid?

> SO THE CHALLENGES OF 2019 ARE ENORMOUS—INCLUDING NOTHING LESS THAN TO DETERMINE THE FUTURE DIRECTION OF EU COMPETITION LAW.

SIR JONATHAN FAULL is Chair of Brunswick's European Public Affairs team and is based in Brussels. He was a senior official of the European Commission.

Will the Council be given powers to overrule Commission decisions? Or will all this blow over as the New Hanseatic League (a bloc that includes Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands and Sweden) replaces the UK as the bastion of competition and free trade, while the Franco-German machine stalls again?

The Commission without DG Comp would be a much diminished institution, with far less impact on the European economy than it has today. This diminution could take place in a wider context in which the Commission is downgraded to a less political, more technocratic body, as some member states want.

There are contradictory arguments swirling around. Some say the Commission has to choose between being political and enforcing the law; it can't be both. The stability and growth pact in support of the euro has been a fertile terrain for this debate: Is saying "France is France" to explain breaches of the pact sensible politics or failure to uphold the rules? We live today in a world where the Commission broadly holds the ring between big and small member states, the pure letter of the law and practical politics, east and west, north and south.

It's not textbook stuff, but would any textbook writer invent the European Commission as it is today? And what would Europe look like without it? We should think carefully about where changes might lead before embarking on them.

The Brexit saga illustrates this convincingly. The current settlement of affairs in Europe, however hard to describe using the traditional categories of political science, may be better than plausible alternatives and is certainly a marked improvement over previous European dispensations.

Meanwhile, look at the uncertainties in the UK revealed by the Brexit debate and then think about the future direction of British competition law. What will Britain do and how will it interact with EU law in cross-border situations? From the unilateral throwing open of borders advocated by some within the Conservative Party, to the much more regimented economy favored by Jeremy Corbyn and his allies in the Labour Party, there are many policy options open to the UK.

Further afield, will US antitrust law be caught up in the Trump administration's way of dealing with the rest of the world? Many of these issues have been aired before, only for passions to subside as the difficulties of fashioning alternatives proved insuperable. No one can be sure where we will end up, but we should all be prepared for a mighty debate. ◆

ANNE-MARI VIROLAINEN, Finland's Minister for Foreign Trade, talks to Brunswick's **ROBERT MORAN** about "the spaghetti bowl" of trade rules.

"Slowbalization"

As recently as 2017, Finland's economy was described as "sickly" and "shrinking"—stubbornly smaller than before the Great Recession nearly a decade earlier. Today, as the country wrestles with domestic challenges including welfare reform and healthcare, the economy is slowly growing. Anne-Mari Virolainen, the country's Minister for Foreign Trade and Development since 2018, speaks about the role trade plays, as it accounts for about 76 percent of Finland's GDP.

Trade is increasingly non-material—the so-called "three Ds" of data, design and digital entertainment. How will trade policy adjust?

In Finland, we've seen the importance of trade in services grow, one reason being the growth of cross-border trade in IT services. From the trade policy perspective, trade rules are flexible and technologically neutral. There is no need for major legal changes due to the emergence of 3D printing. From a practical point of view, however, goods would be replaced by services due to 3D printing.

This means rules concerning trade in services would become even more relevant. There are a few issues concerning the rules of trade in services we should keep in mind, like data flows: 3D printing relies on data. If we expect 3D printing to become increasingly important in cross-border trade, ambitious rules on data flows in trade agreements become crucial. The EU is currently negotiating on digital trade (including data flows) with Australia and New Zealand, for example. This spring, 76 WTO members are preparing to start WTO e-commerce negotiations.

When you look at the rise of economic nationalism and populism, what future scenarios do you see today?

The Economist wrote a while ago about "slowbalization," that is, globalization advancing slower than before and in a more restrained way. A study commissioned by one of our business associations found that value chains were becoming more regional, and digitalization will accentuate that evolution. This fragmentation will come at a price, though. Creating semi-identical supply chains in different parts of the world will add to cost of production. It will raise barriers, create additional layers of bureaucracy, and add to the spaghetti bowl of trade rules. It will shut countries and people out. And it will not help in resolving problems that we need to address globally, such as climate change or tax avoidance. Globalization has brought immense benefits to the world. It has not been without flaws. These need to be addressed. The right response is not "slowbalization."

Finland was the first EU country to form an official strategy on artificial intelligence in 2017. How do you think others will approach AI trade policy?

It's worth remembering that, despite all the hype around AI, from the trade rules perspective it is ultimately just like any other technology. Again, trade rules are, in principle, technologically neutral. Many concerns regarding trade policy and AI are similar to the ones that concern more or less all digital services.

One of the key concerns relates to data—data is, after all, a fundamental ingredient of AI. Therefore, trade agreements should tackle unjustified restrictions on data flows, such as requirements to locate, use or store data in some particular country. But there are other important elements to consider. Trade rules should, for example, ensure that governments do not mandate access to proprietary information (such as source code) or require forced transfers of technology as a condition of market access. Overall, cybersecurity issues should not be regulated in trade agreements. ◆

PHOTOGRAPH: COURTESY OF THE MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

FINLAND SNAPSHOT

POPULATION: 5.5 million

GDP: $251 billion

At its peak, Nokia represented 4 percent of the country's GDP.

Its much-lauded education system features no standardized testing, and children start when they are 7 years old.

Along with New Zealand and Iceland, it has the lowest level of air pollutants of any country.

21ST CENTURY TRADE: Digital, Printed

While nations quarrel over sneakers and steel, trade policy is beginning to look beyond shipments of goods, say Washington International Trade Association's **KENNETH I. LEVINSON** and Brunswick's **ROBERT MORAN.**

August 2019 will mark the 500th anniversary of Ferdinand Magellan setting sail from Seville, a three-year voyage that would circumnavigate the earth and cost the explorer his life.

Fast-forward to today and this sentence could circle the globe in less time than it took you to read Magellan's name.

Five hundred years after Magellan's journey, most people continue to think of international trade in nautical terms. For them, international trade is moving atoms over oceans. But the old nautical frames for trade no longer hold. The digitization of goods means that we are increasingly shifting from moving atoms over oceans to moving data under the seas—moving information and digital commerce over transoceanic data cables.

In fact, the volume and velocity of trade in digital products is dramatically outpacing growth in physical products. This highlights one of two interrelated technological developments that will significantly alter international trade—digitization and additive manufacturing, also called 3D printing.

Let's use your child's athletic shoes as an example. The labels on most running shoes probably say they are "made in" China or Vietnam, but in reality they come from many different countries. From the soles (synthetics, made from oils from Saudi Arabia), to the rubber (Indonesia), to the leather uppers (Argentina) to the insoles (South Korea), the components of a simple sneaker come from across the globe. Those components move on container ships across vast oceans through even more countries for processing and assembly, until they are boxed and put on another container ship that moves across the Pacific, through the Panama Canal, to the port of Houston, and then on trains and trucks across the US to distribution centers, and finally to stores and customers.

That's the standard story of one sneaker that may have traveled more than 7,000 miles before you purchased it. That one simple sneaker, and its many duplicates in multiple sizes, probably employed hundreds of workers creating and assembling numerous components; supported by a wide array of service providers, such as customs brokers, truck drivers, container ship pilots, supply chain managers, lawyers and designers.

But that story is changing, making the trade routes Magellan would have understood obsolete. Today, a nearly identical sneaker can be created in a matter of minutes by one or two people either at a point of sale or at a nearby fabrication facility. How? By moving ones and zeros across fiber optic lines from a designer to an additive manufacturing device.

Companies such as Nike, Reebok, New Balance, Under Armour and Adidas are already using 3D-printing technologies—also called additive manufacturing—to create cutting-edge shoe designs that are available to consumers *today*. We are quickly moving from manufacturing and assembling a product in many places and shipping it around the globe, to designing a product in one place and printing it in many places.

In a "design once and print many" future, the economic value is embedded in the product designs. Design and printing technology, especially programmed controls on the number of copies to be printed, are absolutely critical.

Additive manufacturing technology is just one that is radically reshaping the way products are made, manufactured, distributed and sold. Artificial intelligence, robotics, blockchain, autonomous vehicles and many other technological advancements are reinventing trade—with the potential to disrupt supply chains around the world.

ILLUSTRATION: DAVID PLUNKERT

The good news is that trade policy (as opposed to trade politics) is beginning to take notice. The new trade agreement between the US, Mexico and Canada ("NAFTA 2.0"), as well as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership between 11 Pacific Rim countries, both have significant chapters dedicated to e-commerce and digital trade. In January of this year, over 70 nations decided to start negotiations that will establish new global trade rules on electronic commerce, under the auspices of the World Trade Organization.

While the trade debate between the US and China appears to be about things like soybeans, steel and shoes, it's actually about the next economy. Intellectual property is at the heart of the dispute, specifically Chinese efforts to use technology developed in the US and elsewhere to power their own technological leaps in areas critical to the new economy, such as artificial intelligence, batteries and robotics. Policymakers in the US fear that intellectual property theft could force investors to transfer technologies to their Chinese partners, not only fueling Chinese economic and technological dominance, but undermining US national security now and into the future.

Trade politics in America and around the world have focused for years on the plight of workers and farmers in the American heartland who are displaced by changes in trade, be it in steel, textiles, autos or agriculture. But the new economy is powered by services that are enabled by technological advances that are radically changing how things are made and where they are made.

What should governments and businesses in the US and around the world be doing to equip workers for these changes? The challenge is not only to transition older workers displaced by technology and changing supply chains, but to prepare a global workforce for a future where fiber optics, not shipping lanes, are the thread that knits the world together ◆

KENNETH I. LEVINSON is Executive Director of the Washington International Trade Association, Washington's largest nonprofit, non-partisan organization dedicated to providing a neutral forum in the US capital for the open discussion of trade policy and economic issues. He previously served as Senior Director for Global Government Affairs for AstraZeneca.

Nations & Partners

The UK Ambassador to Brazil tells Brunswick's **ROBERT MORAN** he is optimistic about future relations between the two countries.

Until 2016, Vijay Rangarajan was Europe Director in the UK Foreign & Commonwealth Office, responsible for work on the UK-EU referendum, associated negotiations, and wider EU positions, such as on energy, social security and foreign policy. In 2017, he was named Ambassador to Brazil, a country with over 200 million people and the world's ninth largest economy.

Brazil is poised for dramatic changes. The victory last year of presidential candidate Jair Bolsonaro presents new challenges and opportunities for Brazil's relationships with other nations, particularly with regard to the issues of trade. From the British Embassy offices in Brasília, the ambassador gives us his view on the outlook between the two countries and the implications for the rest of the world.

How is the Brazilian economy evolving?

After experiencing the worst recession on record, with an accumulated GDP contraction of 7.2 percent in 2015-16, Brazil resumed a 1 percent growth in 2017 and 2018. Agriculture was the main source of growth between 2016 and 2017. Last year, however, services was the main sector.

The previous government made important reforms to improve the business environment and fiscal situation. These included relaxing the 1930s labor legislation (aimed at reducing rising unemployment), establishing stricter governance rules for state-owned firms, reducing directed credit and local content rules, and introducing a cap to government spending (limiting growth in real terms for 10 years, to be revised thereafter). We are optimistic about the Brazilian economy, and the clear direction to open up, and reform, which President Bolsonaro and Paulo Guedes have set. For 2019, analysts estimate a GDP growth between 2 percent and 2.4 percent.

When we last met in São Paulo, you were hosting a large conference that included many young Brazilian business leaders. What was your takeaway from that?

Optimism. The human potential of Brazil is enormous and a large, diverse, educated, young democracy is a great place to work, and a great place for the UK to work with. Business is keen to seize the opportunities of opening up the Brazilian economy that the new government has set.

As the UK Ambassador to Brazil, what are your top priorities?

Four key ones: We want to work with Brazil on the transition we all face to a lower carbon economy—from technology (e.g., biofuels or offshore wind) to investments (e.g., green finance). We are also working to strengthen our partnerships with Brazil on innovation and science (underpinned by the Newton fund and fantastic joint research). We work on security and foreign policy (e.g., supporting the Lima group on Venezuela, or work on cybersecurity), and in multilateral fora like the UN. And a lot of our effort goes on the important task of boosting our trade and investment, including supporting Brazil to join the OECD.

What are your thoughts on UK-Brazil trade?

We believe the two economies are very complementary. Nowadays, I would pinpoint the following sectors as our trade priorities: Energy (including Oil & Gas, Renewables and Marine), Life Sciences, Education and Financial Services. We hope to increase investments of the UK in Brazil, and vice versa.

What can UK-Brazil trade tell us about evolving global trade patterns?

The UK and Brazil are both services-based economies (around 70 percent of both countries' GDP are services), but the bulk of trade between the countries is in the form of goods. The flow of services from the UK to Brazil has been increasing over recent years, which is reflective of global trade patterns. Services are becoming increasingly important. In that context, quotas and tariffs become less of an issue and regulations and standards become more important. We are working with Brazil to improve the regulatory environment and we cooperate in a number of sectors on best practices. Additionally, the WTO is starting new negotiations on issues such as e-commerce. Joining the OECD is a very important step.

"THE HUMAN POTENTIAL OF BRAZIL IS ENORMOUS AND A LARGE, DIVERSE, EDUCATED, YOUNG DEMOCRACY IS A GREAT PLACE TO WORK, AND A GREAT PLACE FOR THE UK TO WORK WITH."

What are the alternative scenarios for global trade and trade policy further out in the future?

Future trade will move away from goods-based trade to services, investment and more innovative areas. The rules-based international economic system will shape the global economy—and it is important to get the rules and institutions right. That is the reason why the reform of the WTO matters, and Brazil's application to join the OECD too. The UK is in favor of free trade supported by the right rules and regulations. And obviously much of this will be digital: a very fruitful area for UK-Brazil joint work.

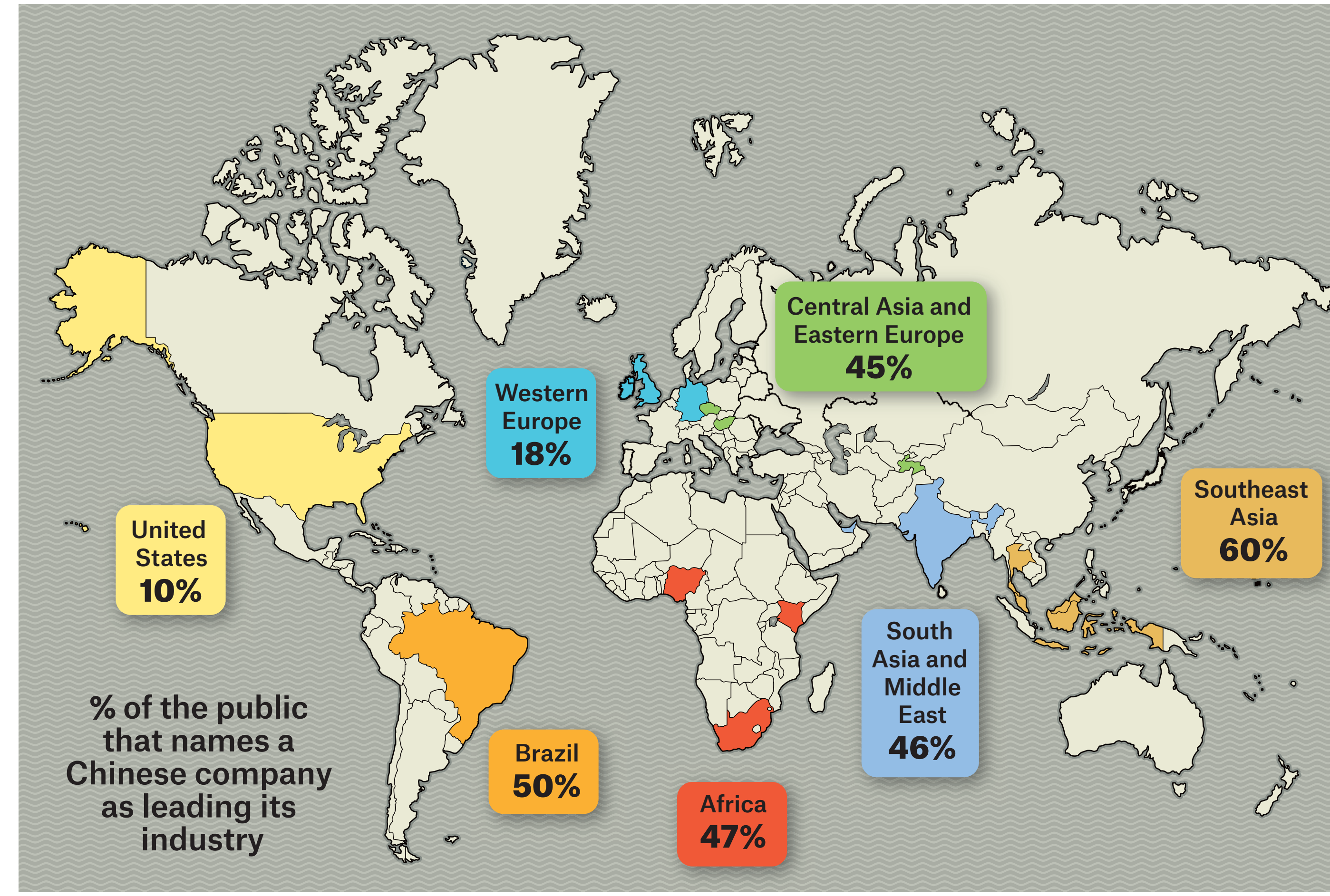
Can you tell us about partnerships that already exist between UK and Brazil?

The recent partnership that has been very active is our Infrastructure and Capital Markets Task Force. Through meetings and workshops, we are bringing together the private sector and government, both Brazilian and British, to discuss ways in which we can share best practice and highlight opportunities for cooperation and investment in both our markets. A session of the Task Force focused on capital market investments was held in Brasília last week.

Do you have any examples of the results of these partnerships?

A good example is the engagement we have been doing through Prosperity Fund. Two core areas of this work are Green Finance and Future Cities. In Recife, an important city in northeast Brazil, we have signed an agreement with the local sanitation company to study and implement alternatives for water loss management in the water supply systems of Recife's metropolitan area. In São Paulo, we are working on a project to improve traffic flows, improving the quality of life for poor communities, and reducing negative impacts on Brazil's economic development in the city of São Paulo. Both projects will have the Prosperity Fund as funder and the World Bank as an implementer. But these partnerships span so many areas: from tax cooperation to intellectual property, cooperation to increase the efficiency of ports, to sharing expertise on energy challenges. ◆

ROBERT MORAN is a Brunswick Partner based in Washington, DC, and leads Brunswick Insight, the firm's global public opinion, market research and analytics function.



CHINA'S GLOBAL AMBITIONS

Through the World's Eyes

Brunswick Insight's **PETER ZYSK** and **RACHAEL LAYFIELD** on China's growing influence.

In October-November of 2018, Brunswick Insight surveyed 7,500 members of the public across 18 countries where Chinese businesses have significant investments and ambitions, with an eye toward public views of Chinese leadership. Globally, nearly half, 44 percent, named a Chinese company as a leader in its industry. Technology companies led the pack, especially Alibaba, Huawei and Xiaomi.

We also surveyed 300 business leaders at Chinese companies with either a presence or aspirations abroad. Nearly all of them, 94 percent, say that international acquisition has become a more important focus for their business over the past year and, while they see opportunity growing in the China market, nearly half, 49 percent, report exports and sales outside of China have become much more important.

Read the complete "New Perceptions on China Going Global Report" online, including the survey results and Brunswick's analysis. ◆

PETER ZYSK is co-lead of Brunswick Insight's Asia practice. Both he and **RACHAEL LAYFIELD** are Directors in the firm's Beijing office.

ILLUSTRATION: PETER HOEY. STATISTICS: ENGAGE.BRUNSWICKGROUP.COM/CHINAGOINGGLOBAL

TECHNOLOGY SECTOR
Companies in the tech sector, such as Alibaba, Huawei and Xiaomi, are most frequently cited as industry leaders.

44

% OF THE PUBLIC
Almost half of the those surveyed named a Chinese company as leading its industry.

EMERGING MARKETS
Recognition of industry leadership is the highest in emerging markets, especially Southeast Asia.

TECHLASH

A new partnership is being proposed between technology, public policy and society. **LIAM BENHAM,** IBM's Vice President for Government and Regulatory Affairs in Europe, maps the future for Brunswick's **NICK BLOW.**

As the internet turns 30, criticism is mounting of how it is being exploited by some technology companies. Concerns of abuse of market power, privacy, fake news and tax avoidance seem to have engulfed the technology sector in what appears to be a perfect reputational and increasingly regulatory storm.

Brunswick Insight's online consumer polling shows a majority of European and US informed consumers view the contribution of technology companies to society as positive. They do however have a much more negative view of social media companies. Conversely, while their social media use is increasing, they do want platforms to be liable for content that they host and be more transparent about how their personal data is used.

In the absence of a unified response from tech, these concerns draw the attention of regulators—of particular concern for companies whose business is spread over many regulatory jurisdictions. In a white paper published in April, for instance, the UK's Department for Digital, Culture, Media & Sport and Home Office, backed by Prime Minister Theresa May, proposed significant penalties against companies that ignore the spread of harmful content as they focus on growth.

ILLUSTRATION: DAVID PLUNKERT

In its 100-plus-year history, IBM has seen more than a few technological waves—and has led many of them. Leading government affairs activities for IBM in Europe, Liam Benham is at the center of the tech regulation debate and ideally placed to comment on the challenges that the sector faces. In our interview, Mr. Benham shares his view on trends and attitudes in tech and regulation and how IBM is responding.

Are the informed consumer views we're hearing in our polls a problem for social media alone or for the entire technology sector?

Your consumer polling reflects exactly what we are seeing. Technology—whether blockchain, quantum, internet of things or artificial intelligence—can transform all sectors of society for the better. Yet this digitization comes with responsibility. We've had the situation for some time now where playing fast and loose with people's trust, as some in the tech sector have done, is having an impact across the industry.

We would agree with the consumers in your poll: Platforms need to accept liability for the content they host. And they need to treat data more responsibly while being transparent about how they do it. Companies need to step up and take action to strengthen consumer trust. Your polling shows that use of social media is increasing—but will that be sustained if companies don't make meaningful changes to their behavior?

Our polling points to the fact that consumers don't want to give up their technology, but they do want to be protected from its excesses. Consumers continue to place data and privacy as their top concerns and want technology companies to be more transparent. What's your view?

Companies need to face a new reality. It is no longer enough to repeat "sorry" or say the issue is too complicated when there is yet another abuse of customer data. Principles and practices need to be put in place up front to demonstrate good data handling.

IBM has publicly declared principles on trust and transparency that we translate into the development and delivery of our offerings across our business. As a business-to-business company we have always believed that our clients' data is their own. We believe the unique insights derived from clients' data are their competitive advantage, and we will not share them without their agreement. We make clear when and why AI is being applied, where the data comes from, and which methods were used to train algorithms. These training methods must not only be transparent, they must be explainable.

Pressure from politicians for action on platform liability is growing. Indeed 76 percent of the consumers we polled in Europe agreed that technology companies should actively edit content, and remove fake news and hate speech from their platforms. Is existing regulation enough? Is significant change required?

Liability and transparency are at the core of this debate. Collectively, dominant online platforms have more power to shape public opinion than newspapers or the television ever had, yet they face very little regulation or liability. They are no longer startups that need to be shielded from liability in order to find their footing.

Some sort of regulation on consumer-facing technology companies is coming. But exactly what is less clear. Businesses have leverage when they negotiate for someone to use their data. Consumers don't, and that's where government may need to step in.

Regulators are also very wary of impeding innovation and competitiveness. Where is the balance between business freedom and excessive regulation?

To avoid excessive regulation, the onus is on companies to demonstrate that it is not necessary. For example, at IBM we are setting out our vision for a new partnership between technology, public policy and society. This is particularly timely as the European Union, under new leadership, will move to the next phase of the Digital Single Market.

We believe that for the DSM to be successful globally, it must focus on a digital future that is responsible, open and inclusive. This cannot be achieved only through regulation, but through companies themselves committed to changing their mindset, and focusing on actions that build trust.

> "BY USING A REGULATORY SCALPEL, NOT A SLEDGEHAMMER, GOVERNMENTS AND REGULATORS CAN FOCUS ON REAL PROBLEMS WHERE THERE IS HARMFUL BEHAVIOR, WHILE AVOIDING COLLATERAL DAMAGE."

That's not to say that regulation doesn't play a part. There are areas where precision regulation is warranted. Platforms that tolerate the dissemination of illegal content should not be shielded from liability. People also need to know who is behind the political messaging they see in their feeds.

By using a regulatory scalpel, not a sledgehammer, governments and regulators can focus on real problems where there is harmful behavior, while avoiding collateral damage.

Some in the sector say they don't need to change their business model or their lobbying tactics and cite healthy user figures and financials. How should technology companies be engaging with regulators?

First, regulators want companies to walk the talk on good behavior. Moving from theory and promises to tangible actions. I've referred to IBM's principles for trust and transparency, but we have also launched a service that brings greater transparency to AI decision-making—for the first time businesses will be able to "live" monitor AI for bias. We have also published "Everyday Ethics for Artificial Intelligence," a guide for designers and developers to help them embed ethics in their work.

Secondly, companies can work with policymakers to develop alternatives to regulation. IBM and other companies worked with the European Commission for four years to develop the Cloud Code of Conduct. Companies that sign up to the independently governed code are committing to a gold standard of data handling in the cloud. We are also a member of the European Commission's Expert Group that developed recently published guidelines on AI ethics. Investing in being part of the solution pays off.

Thirdly, technology companies should accept that recurring bad behavior needs targeted regulation to root it out.

And finally, like-minded companies should also come together to engage with regulators. For example, IBM is a founder member of the Charter of Trust, a global cross-industry initiative centered around 10 cybersecurity principles designed to strengthen trust in the security of the digital economy. We are engaging with policymakers in Europe, US and Asia to help make high standards of security the norm across all sectors. ◆

NICK BLOW is a Partner in Brunswick's Brussels office, where he specializes in EU and international public policy and government relations.

BRUNSWICK REVIEW · ISSUE 18 · 2019

BETTER than EVER!!! Roast Beef of Old England

You wouldn't know from its current aspirational status that British beef not so long ago went off the menu worldwide, reports Brunswick's **JON McLEOD.**

THIS IS NOT A STORY FOR VEGETARIANS. IN 1996, in the United Kingdom, a metaphorical bomb went off in the UK beef farming industry when health and agriculture ministers confirmed the existence of mad cow disease, or bovine spongiform encephalopathy (BSE), in British livestock. Not just that—it was transmissible to humans and could cause a crippling degenerative disease, CJD, that ate away at the human brain and led to a terrible death.

British beef went off the menu worldwide. The industry faced total collapse. The Roast Beef of Old England, that most iconic of dishes, was literally toxic.

SO WHAT ARE THE LESSONS?

1. If your industry faces an existential threat, get to the heart of the problem and root it out whatever the cost.
2. In setting the road ahead, define change early and set up systems for independent verification that the change has taken place.
3. In your recovery planning, target your most vulnerable issues and communicate carefully and patiently about how you are addressing them.
4. Ahead of time, build relationships, especially with political, public affairs and influential stakeholder audiences for the long term.
5. Transform the product—make it aspirational once again.
6. Make your proposition relevant across global boundaries as well as within local markets.

Working with the industry at the time, I remember well the confusion and panic among beef farmers—and the difficult communications with government. I took a delegation into Whitehall to meet Ministers. We sat glumly in the waiting room with our cups of tea. A plate of "happy faces" biscuits stared sardonically back at us. A scrawny political adviser popped his head round the door to say hello. It was George Osborne, who went on to become Chancellor of Exchequer and now Editor of the London Evening Standard.

It was hard to see the road to recovery at that time—we only knew it would be long. And it would require resilience and commitment to get the beef industry back where it belonged. But slowly, progressively, the pieces fell into place. An independent public inquiry under Lord Justice Phillips looked into the circumstances regarding the spread of the disease and its scientific and zoonotic origins, as well as its impact on victims.

The discovery of how it happened hardly exonerated the industry. One culprit turned out to be that the industry was recycling offal—cattle brain and spinal cords—into animal feed, essentially feeding cattle parts to cattle.

Response was swift and intense. Measures were introduced for a controlled slaughter of more than a million cows. Those over 30 months old—the gestation period of the mad cow disease "prion"—were culled and their carcasses destroyed.

Abattoirs were reformed to ensure the careful removal of offal. To assure consumers, the industry tested its beef, ordered up independent audits of those tests and publicized the results. A consumer-facing Quality Standard Mark was launched, carefully outlining the traceability of the product.

Nothing about this approach was temporary. More rigid standards and a robust public-assurance campaign persisted. Only within the last year did two of the global holdouts—China and Japan—lift their BSE-related bans on British beef.

Today, British beef is once again an aspirational product. The 20-year-plus story of its recovery is one of resilience in the face of a catastrophic collapse of confidence. Other sectors and products have faced similar losses of trust. Think retail banking, social media or vaccines. Each bears the responsibility to demonstrate resilience in recovering its position.

Above all, be prepared for the long haul. True resilience is not just about surviving a crisis—it is about the journey back from it. ◆

JON McLEOD is a Partner and UK Head of Public Affairs in Brunswick's London office.

ILLUSTRATION: THOMAS FUCHS