

2020 and beyond: the changing dynamics of public affairs in EMEA

Prior to the pandemic, political environments were already becoming increasingly charged. The crisis has pushed public affairs further into the boardroom and to the heart of businesses. The dynamics of the profession are changing too as it strives to reach broadening stakeholder networks. The following are some insights from our public affairs leadership across EMEA on what defines policy and regulatory landscapes in their markets, our profession within these distinct contexts, and why we are well placed to provide critical support to companies facing complex multi-jurisdictional issues.



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COVID-19 has significantly altered the dynamics of public and private sector relations. Prior to the pandemic, FTI's 2020 Resilience Barometer™ had already concluded that global executives classified governments and regulators among stakeholders with the most impact on their business performance and strategic direction, second only to customers. This trend has accelerated and will continue to do so with increasing government involvement against the backdrop of the current highly politicised environment.

Any form of state investment in the private sector – from relief funding to strategic equity holdings, as well as

other forms of support, such as the temporary relaxation of competition and anti-trust rules – all come with considerable expectations, strict conditions, and risks. Companies will be subject to greater scrutiny from all stakeholders in all areas of business, with conditionality attached to government support and steep expectations about demonstrating strong governance and contributing meaningfully to environmental, societal, and national economic goals in the aftermath.

Companies able to combine evidence and political insight with their own genuine contribution will do best. It will be critical to reinforce business and advocacy strategies with better use of data, intelligence and evidence to gauge positioning, assess stakeholder sentiment and measure the impact of engagement; and to understand the changing political dynamic with insight born from a properly integrated cross-geographical perspective. Public affairs and government relations works best when integrated to provide that joined-up perspective and when integral in partnership with the wider business and stakeholders alike.

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Consolidating public affairs in the Middle East:

Developing public affairs and government relations strategies in the Middle East is still a daunting endeavour. The complex geopolitics, the absence of structured policymaking processes, and frankly the lack of an understanding of public affairs as a professionalised activity are all difficult to navigate, particularly for international companies. But these markets also offer tremendous opportunities, and it is precisely because of these challenges that there is an even greater need to have a dedicated and proactive strategy to understand and engage with local stakeholders at multiple levels. Heavily relying on the 'wasta' of a couple of individuals, or the ambition to become a 'trusted partner to government', without backing that stamen with relevant contributions, does not cut it anymore. As governments shift their focus to economic recovery to grapple with the deep impact of COVID-19 and the oil price drop, they will expect the private sector to do its part. A company's willingness to invest time and effort into public affairs can define whether these expectations will be a challenge or an opportunity for the business.

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The growing importance of public affairs in the U.K. boardroom:

After four years of providing a lot of Brexit related advisory services, 2020 is the year of public affairs coronavirus counsel. Advising clients on schemes, lobbying government on gaps in provision, working alongside colleagues in restructuring and financial services – we've done more integrated, cross-segment work than ever. London's role as a triple hub – financial, media and political – has never been more fruitful for professional services. As public affairs practitioners, we find ourselves in the boardroom more and more, counselling clients as members of the advisory suite alongside lawyers and management consultants. Meanwhile, in the U.K. both government and regulatory bodies become ever more interventionist and we continue to expand the portfolio of clients solely using us for public affairs – whether it be in one market or several. Our integrated cross-border work and exceptionally strong political experience in our teams means that 2020 has seen us grow even as sectors face unprecedented challenges.

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Sovereignty and sustainability leading on the French agenda:

Our clients consider France an increasingly attractive place for business, with the Macron administration having implemented an ambitious and rather successful plan to attract foreign direct investment. This was true in the Brexit context and should remain the case in the post-pandemic period. In parallel, France has also shown strong political activism to push forward a sovereignty agenda both locally and at the EU level, for example on tech issues like data protection, taxation of tech companies and copyright. Recent elections meanwhile have confirmed that the sustainability agenda is a rising concern for the French public and politicians: any player looking for public support must develop a very convincing case on how their organisation is contributing to these priorities. Public affairs work in France requires a structured and ethical approach, combining intimate knowledge of the national environment with understanding of the challenges and opportunities at stake at the European and global levels.



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ESG picking up pace in Europe's corridors of power:

Fundamental changes to the way society operates are becoming increasingly evident, from digitisation to thinking about a sustainable way of producing, consuming and working. In the European Union, COVID-19 is acting as an accelerator, with the institutions driving these themes forward in its policy. The core priorities of the Von der Leyen Commission, that took office late last year, have of course shifted due to the pandemic but are squarely focused on firstly, the need for (joint) economic recovery, secondly, using that recovery to make the shift to a sustainable economy and society and thirdly, harnessing the power of digitisation while controlling the risks that come with it. As these changes take shape amidst more fractured politics in nearly all Member States, as well as at a global level, it is obvious that corporates will need to be forward thinking, proactive and engaged.



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Grappling with the pertinence of South Africa's late 20th century history:

To mitigate the economic fallout from COVID-19, companies must ensure they play a part in driving the economy forward and form effective partnerships with government. Public affairs is especially important and strategic during times of change and especially so in South Africa, a country that has undergone some of the most drastic political changes in the late 20th century. The more democratic political environments are, the more it forces companies to be more aware of important political constituencies and potential policy changes. Public affairs therefore is increasingly important especially with the continued realisation that it can't just be the government that takes responsibility for economic welfare. It is equally critical for companies to play their role. For this reason, having a public affairs strategy and engaging with government is essential.



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Ireland's new place in a post-Brexit EU:

Ireland is facing a unique combination of challenges like no other country in Europe. Following a strong recovery after the 2008 global financial crisis, Ireland was, in advance of COVID-19, already facing economic uncertainty due to Brexit and resolving the issue of remaining an EU Member State while avoiding a 'hard border' with Northern Ireland. COVID-19 has layered on many other challenges including a broad collapse in economic activity and global restrictions on air travel. Ireland is the most connected country in Europe, relative to its size; and is the only English-speaking country in the EU post-Brexit making it a gateway between the US and the EU, and the European home to many US multinationals. A new three-party coalition Government – which includes the Green Party – is also generating a range of challenges, most notably on environmental and sustainability issues. The increased disclosure requirements and reputational challenges of the new decade will heighten the need for public affairs advice among large companies and state organisations in Ireland, as it has done in other markets.



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Public affairs gaining traction in Spain:

Public affairs practice is a novel but growing field in Spain. Companies are starting to tap into its potential, whether it is through coalition building, lobbying or advocacy programmes, as they prepare to operate in the post-pandemic era. The crisis has profoundly disrupted the EU's economy and the Spanish Government is working towards a new industrial revolution by creating sustainable jobs, combatting climate change and promoting the circular economy. Like all other economies, the country requires large-scale recovery programmes based on increased public spending and investment plans supported by regulatory frameworks. While health and economic recovery are at the centre of legislative action, digital regulations and decarbonisation policies will remain key priorities for the Government moving forward. At this time, the private sector has an opportunity to be better aligned with the objectives of the green transition and join new initiatives such as the Green Recovery Alliance to support Spain's vision of a post-crisis green transition.



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High stakes and high pressure to deliver on Germany's ESG vision:

Germany is currently experiencing enormous socio-political upheavals. Issues such as the pandemic, climate change, social inequality or good corporate governance present managers with enormous challenges. The roles of state and politics in the economy are being rearranged for a longer period, while the pressure on companies will continue to increase, especially regarding sustainability and socio-political positioning. Companies in Germany are increasingly focusing on environmental, social, and governance objectives (ESG), making the abstract goal of sustainability more concrete and more measurable. Not only the financial markets but also consumers and politicians expect convincing answers. This discourse will become even more important in the coming years and will play a decisive role in the success of companies.

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