

Discours du Président de la République à l'occasion de la session plénière de clôture de la conférence Global dialogue sur le thème : « le futur de l'Europe dans un monde multipolaire ».

Thank you so much. Thank you very much for welcoming us, dear Lars-Hendrik, and ladies and gentlemen.

I don't want to deliver a long speech, and I think it's much more important to have an interaction and try to confront our point of view. But let's say that for me, the EU has, in order to face this multipolar order that you mentioned, has to deliver his own agenda. And I think the big challenge for the EU, Mario DRAGHI just issued a report, I delivered a month ago, a speech.

And the tone of these approaches could seem very pessimistic. The EU could die and we are at the verge of a very important moment.

I think this is quite true. We are at risk. I think we delivered very concrete and positive results during Covid-crisis vis-à-vis the aggression war launched by Russia in Ukraine. But when you look at the picture, what is at risk is a growth model of our countries and the fact that EU has to deliver more autonomy and we are obsessed by that and this is the agenda we put at the Versailles Summit and which is now core for the European Union.

But we have to deliver climate change, AI, defense and security agenda and we have completely to reshape our own growth model because the situation is the following. On these key items, we are lagging behind both the US and China. They invest much more, they are much more in advance. And when you look at growth and growth per capita, if you take the past 3 decades, the US delivered an increase of 60 %, we delivered an increase of 30 % and it's not sustainable with the social model we have. And you cannot adjust just on the social model because it's unbearable for your people and the existing democracy.

So I just want here to share some key ideas I have in order for our Europe to deliver this agenda. I'm definitely incomplete and we will follow up. I will not speak about the crisis of our democracy and cover a lot of topics of the international agenda. I hope we will revert during the discussion, but if we want clearly to be more competitive and have our place in this multipolar order, first, we need a simplification shock. This is the first point.

Why ? Because we are at the technological border in terms of regulation and you cannot deliver such an agenda alone. And today there is a desynchronization with the US and China. So we need a big simplification shock is to be discussed. We have to discuss about, even some very recent regulation which can kill our business, and clearly we have to depend the single market because simplification is normally the DNA of the EU. But we didn't deliver following this DNA during the past few years and this is a big issue. But on health, energy, data sectors, we need clearly to build an actual single market, because on these key sectors we need an actual European market. And it's critical if we want speed and scale for our lead, for our startups and our business leaders, because this is the only way to have a domestic market of more than 400 million customers, where today we have 27 domestic markets in these sectors.

So simplification, deepening of the single market and simplification regarding some new regulations. The second point is about trade and trade aspects. We lived in a world during decades where everything was based on trade, in an open market, complying with WTO regulations. This is over. Let's be clear. 25 years ago, we thought that China joining WTO, they will comply with the rules. It is not the case. But the big change is that in 2022, the US decided not to be compliant with WTO, with the Inflation Reduction act. And I have a suggestion, when both US and China don't respect the rule, we should not be the only one in the room to just buy the book, because it doesn't fly. This is why I don't suggest to become protectionist, this is an awful word, but at least to be fair, with our industry, with our farmers, with our people, meaning we have to preserve the level playing field. And when you deal on the same market with people competing with you, with such a level of subsidies, which completely makes the market unbearable for your own player, you have to correct it. This is why I do support the Commission on electrical vehicles with China. And this is why, more broadly, I think we have to protect the level playing field in all the different sectors of our industry. Otherwise, we will be today, let's be clear, we are the adjustment factor in a lot of industries for global players, from steel to carmakers and so on, they make arbitrage with the European place, but they just prefer the places where they are much more helped. And the level playing field is killed by the current landscape. So we have to correct it, either by building the same instruments.

December 2022, I did advocate for a European IRA, we didn't deliver. We were too slow, too fragmented, and there's not the right scale of subsidies. But second, we have to restore the level playing field in all the sectors impacted by subsidies, either Chinese or American. And this development would be incomplete without a strong, coordinated European response, as well to the environmental, digital and security changes we have to face. And this is why, in order to deal with that, we need a coordinated industry policy.

My third point is precisely, we need a better coordination between industrial and environmental policy. The EU must become clearly the first continent to achieve carbon neutrality by 2050 with a European industrial base. But both, I don't suggest to do it by killing our industrial base and I don't suggest to preserve our industrial base by renouncing our climate commitments. So this is a demanding commitment for the environment and sustainable development. But if it is well coordinated, it's also a tremendous opportunity for European businesses.

That's why we need to continue along the path opened by the Green deal, the Net Zero Industry Act and the Border Carbon Adjustment Mechanism, but not with additional regulations. By focusing ourselves on very simple things which can help us to deliver this agenda. More investment, I will revert on that, because on climate change and clean energy, we invest less than the US, definitely, and by having and building more energy autonomy based on technological neutrality. And this is as well for me a matter of simplification and efficiency, but if we want to deliver our climate agenda, we need to be much more neutral in terms of technology, on mobility, on energy production and so on. And this is a very good Franco-German debate.

But what we need in fact, is a low-carbon pilotable energy. What we have to create is an actual energy, I mean, single market. And what we did is exactly the opposite. Because by design, originally energy was not part of the single market agenda, fine, we have now to complete it. But even when we spoke about hydrogen during the past few years, we did it with the bias of our own domestic model. So we create discrepancies between renewables, nuclear, blah, blah, blah. That doesn't make sense. What you want to be sure is to produce low-carbon energy in any place of Europe. And we want to have your households and industrial players to be in a situation to buy the volumes they need with visibility. So we have to deliver this agenda of, I would say, free movement of low-carbon electrons. It should be feasible.

My fourth point beyond energy is that this industrial policy logic must prevail in all the sectors we identified: defense, critical raw materials, digital technologies, semiconductors, health and agri-food. This means stepping up our innovation efforts and beyond that, what we have to do in all these sectors and what we should do when we speak about industrial policy, which is now a necessity for Europe, is clearly to help our players to scale on our soil and our continent, and we have to accelerate their ability to innovate. And the main driver of the difference between US and Europe I mentioned earlier is the level of innovation. And part of the explanation was the level of concentration of the market and the capacity of big players precisely to finance innovation. Look at the telco business in US and Europe. Telco is much more fragmented in Europe, much more under pressure of the consumer, so it's good for the consumer, but less in the capacity to deliver a big investment and innovation agenda.

So, the result is that telco industry invested much more in terms of innovation and disruption in the US. And the result is in the productivity of your business and the capacity to innovate and create new players. This is why we have to set up common instruments to build the European industrial policy and strengthen the coordination of our national industrial policies. We have to accept to have European champions and not 27 European champions, and stop with a systematic geographical return and focus much more on our ability to deliver champions at the European scale. And we have to accept as well to be much more efficient in terms of R&D, innovation, and invest much more in innovation as a key component of this agenda. And it's true as well for the defense sector, we can revert on that. My last point is precisely about investment. When you look at the figures, we don't invest sufficient money.

And we have to do at least two things. One, we have to invest much more European money on these key sectors in order to build our resilience, our strategic autonomy, and this innovation agenda. The current budget is not sufficient. And look at the situation. During the past decade, in fact, we tried to correct the European budget with the JUNCKER Plan, 10 years ago. It was based on loans and guarantees, but it was 1,000 billion of loans and guarantees. And during COVID time with Chancellor MERKEL, we built a common agreement to have this big package to recover 750 billion of equities, grants, and 250 on loans. This is a signal that we are short in common public money. We should not revert to the national scale and give more flexibility because it will depend on the fiscal space and it's a killer for the single market.

We have to invest much more at the European scale, much more efficiently, focusing the money on some key players and key sectors, but on defense and security, climate change, I mean clean tech, and artificial intelligence, I would add, on top of that healthcare system. And this is a necessity to scale up our capacity to invest. And we have room to manoeuvre at the European scale. In parallel, we have to mobilize much more the private money. Our continent has much more savings at the US continent, but we have 3 big problems regarding these savings. Number one, they are invested in banks and insurance. And post-financial crisis, we killed the regulation — for good reasons — but we were the only one to implement the regulation. The US doesn't implement the regulation. 75% of the US economy is financed through capital markets, but even for the 25% remaining, they don't implement the same type of regulation we have. And with Basel III and Solvency II, we just killed the ability of this big player to invest in equity, meaning scaling our economy, investing in innovation. We have to change this regulation if we want to use part of this money on equity and growth agenda for Europe.

Second, we are too much fragmented. We need the European Capital Market Union. This is a necessity because this money is not allocated. All these savings are concentrated in some areas, but it's not properly allocated in some regions and some sectors. The only way to fix that is Capital Market Union. And the third point is the only way to make it competitive because a third of these savings just go directly to the US, and it's good for the US growth. I'm super happy, and the US players, but this is a stupidity.

So if we want to deliver our growth agenda, clearly on top of investing much more public money, we have to optimize the organization of a private market by changing the rules in order to invest a bunch of our savings, not just on bonds, but equity through the regulation of banks and insurance. And clearly, we have to finalize this Capital Market Union. The good news is that you have a Franco-German agreement on that. And in the Meseberg declaration a few months ago, this is what we delivered. And I'm very confident that we can deliver in the months to come. I don't want to be longer. I was definitely incomplete. But here were the key elements mirroring the DRAGHI report, which I do support. And I think we have to focus and clearly to rush in order to deliver this agenda because this is a matter of time. And we have to be very efficient if we want to have clearly an efficient Europe able to deliver more growth for preparing the future and investing on the key pillars I mentioned and preserving its social model. Thank you for your attention.