

Address by the French President of the Republic at the World Economic Forum in Davos.

Thank you very much, Larry, for your words.

Your Majesties, Distinguished Heads of State and Government, President Lagarde, Ministers, Ambassadors, Business Leaders, Ladies and gentlemen, I'm extremely happy to be here, and it's great to be here, as the Financial Times would say. And it's a time of peace, stability, and predictability. So let's try to address a key challenge of this world in a few minutes' time, but it's clear that we are reaching a time of instability, of imbalances, both from the security and defense point of view and the economic point of view.

Look at the situation where we are. I mean, a shift towards autocracy against democracy, more violence, more than 60 wars in 2024, an absolute record, even if I understood a few of them were fixed, and conflict has become normalized, hybrid, expanding into new demands, space, digital information, cyber, trade, and so on.

It's as well a shift towards a world without rules, where international law is trampled underfoot, and where the only law that seems to matter is that of the strongest, and imperial ambitions are resurfacing. Obviously, the Russian war of aggression against Ukraine, which will enter into its fourth-year next month, and conflicts continue in the Middle East and across Africa. This is as well a shift towards a world without effective collective governance, and where multilateralism is weakened by powers that obstruct it or turn away from it, and rules are undermined.

And I can multiply the examples of international bodies weakened or left by the key economies. And when we look at the situation, it's clearly a very concerning time, because we are killing the structure where we can fix the situation and the common challenges we have. Without collective governance, cooperation gives way to relentless competition, competition from the United States of America, through trade agreements that undermine our export interests, demand maximum concessions, and openly aim to weaken and subordinate Europe, combined with an endless accumulation of new tariffs that are fundamentally unacceptable, even more so when they are used as leverage against territorial sovereignty.

And competition from China, where massive excess capacities are distortive practices threatened to overwhelm anti-industrial and commercial sectors. Export control has become more dangerous, new tools destabilizing global trade and the international system. And the answer in order to fix this issue is more cooperation and building new approaches, and it's clearly building more economic sovereignty and strategic economy, especially for the Europeans, which is for me the core answer.

In this context, I want to exclude two approaches. The first approach would be to passively accept the law of the strongest, leading to vassalization and bloc politics. I think accepting a sort of new colonial approach doesn't make sense. All the heads of state and government and business leaders which would be too complacent with such an approach will take huge responsibility. The second would be to adopt a purely moral posture, limiting ourselves to commentary. That path would condemn us to marginalization and powerlessness. Faced with the brutalization of the world, France and Europe must defend an effective multilateralism because it serves our interests and those of all who refuse to submit to the rule of force. And for me, the two answers are, on one side, more sovereignty and more autonomy for the Europeans. On the other side, an efficient multilateralism to deliver results through cooperation.

Obviously, France and Europe are attached to national sovereignty and independence, to the United Nations and to its charter. And it's not an old-fashioned way to live multilateralism. It's just not to totally forget what we learned from the Second World War and remain committed to cooperation. And this is also because of those principles that we have decided to join the mutual exercise in Greenland without threatening anyone, but just supporting an ally in another European country, Denmark.

Facing this order and this new situation, this year France holds the G7 Presidency with a clear ambition to restore the G7 as a forum for frank dialogue among major economies and for collective and cooperative solutions. Trade wars, protectionist escalation, races towards overproduction will only produce losers. This is why addressing global economic imbalances is our key priority. And if we look at the situation, the current imbalances are due to some key phenomena and we all have to deliver our own agenda. This includes American overconsumption, Chinese underconsumption and overinvestment, and European underinvestment and lack of competitiveness. These imbalances are also reflected in development gaps, by the way, and we can no longer settle for aid that neither delivers sufficient results nor enables countries to escape poverty.

So our objective through the G7 is to demonstrate that the world's major powers are still capable of reaching a shared diagnosis of the global economy and committing to concrete actions. Cooperating is not about blaming others, it is about assuming one's share of responsibility and contributing to solutions. So the objective of this G7 will be to build this framework of cooperation in order to fix the roots of these imbalances and restore efficient convergence and cooperation through multilateral frameworks. The other objective is as well to build bridges and more cooperation with the emerging countries, the BRICS and the G20, because the fragmentation of this world would not make sense. Here, this point is for, I would say, the global agenda and how we see our G7 agenda.

On the other side, we have the European answer. And for me, Europe clearly has to fix its key issues. The lack of growth, the lack of GDP per capita growth, and the three pillars of our strategy in order to deliver more sovereignty, more efficiency and more growth would be based on protection, simplification and investment. Because the diagnosis is well known, European competitiveness still lags behind that of the US and in the current global order, facing precisely the Chinese approach, we have to react.

So first, protection. Protection doesn't mean protectionism. But today's Europeans are too naive. This is a unique market open to everybody without checking global playing fields. Nobody can access the Chinese market as people are accessing the European market for sure. But even if you take the US and a lot of other countries, the level of protection does exist for investment and trade. And the Europeans are the only ones not to protect their own companies and their own markets when the other countries don't respect the global playing field. This is why we have to be much more realistic if we want to protect our chemical industry, our industry from the automotive sector to a lot of others because they are being literally killed by the lack of respect of a normal framework and level playing field.

Europe has very strong tools now and we have to use them when we are not respected and when the rules of the game are not respected, by the way. The anti-coercion mechanism is a powerful instrument and we should not hesitate to deploy it in today's tough environment. We must also advance the principle of European preference. There is a North American preference in your market. There is no European preference today. We are progressively creating it and in the latest documents and decisions taken by the decisions, we do have the first examples of that. But this is extremely good and we are currently aligning closely with Germany to deliver an ambitious and simple framework. And this is a decisive project and I count on the European Commission to present a proposal by early 2026 with the highest possible level of ambition in order to deliver, I would say, across the different sectors, the principle of European preference. This is a necessity.

We must act on imports as well regarding this protection issue and in the context of escalating trade tensions and Asian overcapacities, Europe must strengthen its trade defence instruments, including measures to enforce regulatory standards and we must improve the quality and added value of foreign direct investments, targeting projects with strong export potential. And this is core for the rebalancing with China. China is welcome, but what we need is more Chinese foreign direct investment in Europe in some key sectors to contribute to our growth, to transfer some technologies and not just to export towards Europe some devices or products which sometimes don't have the same standards or are much more subsidized as the ones being produced in Europe. It's not being protectionist, it's just restoring this level playing field and protecting our industry.

So from safeguard clauses, to my work clauses, to European preferences and incentives for more FDIs, this strategy is absolutely key. And in parallel, protecting our economies will also require a resilient strategy on both imports and exports to de-risk supply chains, particularly for raw materials, rare earths, semiconductors, chips and to diversify our trade partners.

The second pillar of the European economy and European strategy should be simplification. And when I speak about simplification, we started with CSRD, CS3D and we have to do much more on different sectors and we did it during the past few weeks on automotive and we have to do it on chemical, digital, AI, banking and so on. And the core of this simplification is sometimes to get rid of some recent regulations when they desynchronize in a certain way the European Union in comparison with the rest of the world.

But we have as well to accelerate the deepening of the single market. On all these sectors, the 450 million inhabitants and consumers market should be the domestic market of all the EU companies. It's not yet the case as long as you have complexities. In doing so, we must ensure respect technological neutrality and non-discrimination within the European Union. This is another pillar, another point of simplification. Neutral approach in terms of technology and non-discrimination. We discriminate during such a long time between the different sources of energy. It's counterproductive for the Europeans themselves. Companies have a role to play and we must act and you must act. And clearly, you must help identify and concretely help us to simplify where it is needed. But for me, this agenda of simplification is not a matter of discussion but just implementation, speed and scale.

The third pillar of the European strategy for more competitiveness and more autonomy is based on investment and innovation. We have to invest much more. If there is a GDP per capita so different between the US and Europe, 65% to 70% of the explanation is due to the difference in terms of innovation. The US was much more innovative because of public and private investment. So in our budget for the months to come, because we will negotiate this year in Europe, we have to invest much more money in the critical sectors where the innovation will be made. AI, quantic, green tech, but as well defense and security. The size of our common budget is not the right one. We have to invest much more money in order to be much more credible and accelerate this innovation agenda.

But at the same time, if you look at the situation, we don't have sufficient private investment. And this is one of the main differences. We do have the savings as Europeans. Much more than the US, by the way. But these savings are overinvested in bonds and sometimes in equities, but outside Europe. So this is why the top priority should be the securitization program. It is prepared. We have to accelerate the implementation. And second, capital market union. Precisely in order to have more integration and simplification, but to have an efficient capital market union in order to invest much more money and use our savings to be invested on innovation and equity in Europe.

This agenda for me is our top priority. Both the global and the European one. And it is to be implemented in the months to come because everything is about acceleration. And France is committed to deliver this agenda. We work very closely with our key partner. And at the same time, our objective for France is to stabilize our results and our macro approach and to remain the highly attractive country we are. We've been the most attractive country of Europe during the past six years. And to consolidate our deep structural reforms and our key advantage.

And on top of the business framework we have, I want here to insist on the fact that we have a competitive, stable, low-carbon electricity supply. We exported last year 90 terawatt hours of electricity and a low-carbon one based on our nuclear model. We have world-class innovation and research capabilities and we will improve them. And we have one of the most vivid and active ecosystems in AI, quantum computing, energy transition, etc. And a lot of startups and unicorns and large caps of these sectors are with me in my delegation today.

And on top of that, let me insist, and I will stop here, on the fact that we have a high-quality infrastructure and large markets with strong purchasing power. And we have a place where rule of law and predictability is still the rule of the game. And my guess is that it is largely underpriced by the market. And beyond what you can do in terms of investment, what you can do in terms of strong ambitions, having a place like Europe, which sometimes is too slow, for sure, and needs to be reformed, for sure, but which is predictable, loyal, and where you know that the rule of the game is just the rule of law, it's a good place.

And I think this is a good place for today and for tomorrow. So, we will be committed during 2026 to try to deliver this global agenda in order to fix global imbalances through more cooperations. And we will do our best in order to have a stronger Europe, much stronger and more autonomous based on the pillars I just mentioned and based as well, and we can revert in the dialogue, but on more investment and commitments on defense and security, because we have to invest much more and invest much more. Because we do believe, and here in the epicenter of this continent, we do believe that we need more growth, we need more stability in this world, but we do prefer respect to bullies, we do prefer science to plotism, and we do prefer rule of law to brutality. So, you're welcome in Europe, and you are more than welcome to France.