

BACK TO THE FUTURE: HOW INVESTING IN EUROPE'S COMPETITIVENESS CAN SPUR A NEW EUROPEAN RENAISSANCE

Announcer 00:09

Please welcome the panel on "Back to the Future: How Investing in Europe's Competitiveness Can Spur a New European Renaissance," moderated by Petra Freddi, managing director, Europe and Middle East, Milken Institute.

Petra Freddi 00:57

Good afternoon, everyone. It's a pleasure to welcome you to this important conversation on Europe, at a pivotal moment for global investment. Over the past few years, we have seen something quite striking—a meaningful increase in investments flows into Europe, and that is despite geopolitical uncertainty, supply chain realignments, and rapid technological shifts. Europe has begun to emerge as one of the few markets offering both scale and stability—a place where both long term and short term investors can deploy their capital. This rise in interest has been a catalyst for us at the Milken Institute, which is why we have launched a new initiative called 'Investing in Europe's Competitiveness', which brings together investors, innovators and policy makers like yourself together and brainstorm around how we can channel capital toward opportunities in Europe. And today's panel takes this mission forward. For investors in this region Europe represents a compelling opportunity, but that cannot be approached without partnerships and the theme of the Milken conference is advancing meaningful partnerships. So, that's what we'll be looking at in this conversation. How can we partner with key investors in Europe and access some of these opportunities? So without further ado, let's begin. I would like to first go to Her Excellency, Lucie Berger, who's the ambassador of the European Union to the UAE. And Lucie, you would—if you could set the scene and tell us a little bit more about the Draghi report that all of us Europeans are so familiar with. We

just incentivized the Milken Institute to start this initiative, and also how partnerships between the UAE and the EU work.

Lucie Berger 02:41

First of all, good afternoon, everyone and thank you very much for inviting me to this really interesting discussion. I love discussing Europe as a matter of the future and not of the past and that brings me actually to the Draghi report. Since it was published, there is a lot of discussion about the lack of competitiveness in Europe because we identified it as a weakness in the European Union, something that we want to improve. But I think it's important to remind ourselves that we are the 16 percent of the global economy, or that the countries that joined European Union in 2004 have seen significant economic growth thanks to being part of this largest single market. For example, Poland and Maltese economies more than doubled over that period. So, I think it shows that we have a lot to offer and even though I do believe, as the panel suggests, that we are experiencing renaissance in Europe, the starting point is not something that is very much behind. When it comes to attracting investments and strategic partnerships. If you look at the United Arab Emirates, where I am based, they're one of the top 10 Investment Partners for the European Union, and I think when you say UAE and investment, it's usually a good thing. They're pretty strategic. They know where the good investments are, so if they're investing in Europe, it's already really good, and it is because we are transparent, we are predictable, we are open for business. We have 50 free trade agreements covering 70 countries globally, and this all is actually helping us to channel investments. You might also have heard that in April, we announced the negotiations of the bilateral trade agreement with the United Arab Emirates, and this is exactly where we see the future of attracting targeted investments going. We are targeting sectors. We are trying to be more strategic in what we want to nurture in European Union. I'm sure it's not going to be a surprise if I name green transition, digitalization and artificial intelligence, and most recently, also defense.

Petra Freddi 04:55

Excellent. Well, thank you so much for setting this theme from—scene from a policy perspective. I'd like—that leads me to Andrea, who oversees half a trillion as the Group CEO of M&G. From an investor perspective, looking at the large scale of investments that you invest in Europe, you told me you have \$100 billion US dollars in private assets in Europe, and \$250 billion in balance sheet. Where do you see the opportunities?

Andrea Rossi 05:21

Thank you, first of all, for being here. It's interesting—I mean, I've been in financial services for 30 years. I've been trying to sell Europe for 30 years. In the last 18 months, every time I had a meeting with big institutional investor, the first question is, say, Andrea, speak about Europe. So, there is definitely some sort of renaissance in Europe, and it's not because we have wonderful cities, we have probably the best food in the world, great history. No, I think—there is down to three things. The first is—there is a different commitment now in Europe, commitment from, as the ambassador said, from governments to speed up, to do joint projects. We will talk later on about defense. We talk about infrastructure. AI. I think Europeans are joining up much more, and obviously the Draghi report—the implementation of the Draghi report is

fundamental, and that clearly attracts. We're going to talk about what that attracts, in terms of money. Also, institutions are changing their way as well. We have a lot of institutions who are allocating much more towards Europe, much more towards real assets, infrastructure, private credit, real estate, and this is also due to the fact that banks are retrenching a little bit their balance sheet in Europe. They have retrenched in the US already. So, there are more private assets players in Europe and elsewhere who wants to invest in Europe. And the other point as well there, when it talks about commitment, we have seen some significant deregulation also in Europe. People used to say Europe regulates the whole time, and what I would say Europe is sort of starting to deregulate a little bit. I'm sure other panelists are going to either agree or disagree on this. And of course, we're still committed to environmental, social, and governance (ESG) in Europe. This is something that on the other side of the Atlantic, or American friends have sort of let go a little bit. And that, of course, when you think about ESG and the commitment that many institutions have, in particular in Japan, in Asia, but also here in the region, the fact that we see projects on—that are ESG focused is great. So, commitment is the first reason. Second, is the scale of the opportunity in Europe. You know, the Draghi report requests roughly \$800 billion per year in order to sort of accelerate competitiveness. That's roughly \$400 billion infrastructure but the governments are fully indebted. Most European governments have their national debt over 100 percent over GDP, so there is not much money coming from the government. And the banks, as I said before, are retrenching. So, that's a great opportunity for private strategic capital to support and if you compare Europe to the US and we should compare Europe to the US—if you look at private equity, you look at venture capital, you've got private credit, the size of these markets in Europe are significantly, much smaller than in the US. So, you're talking half the size vis-a-vis GDP on both private equity and on private credits and on venture capital—it's a quarter of the size, so there's a great opportunity there to sort of support as well with strategic capital Europe. And then the third component, I would say, is valuations. I mean, Europe continues to be extremely attractive in terms of valuation. Public equities, it's been there for a long time, but if you look at European equities versus US equities, there is a significant difference. Yes, you might say US is more competitive than Europe, but at the end of the day, you invest for the future—maybe Europe will become more competitive. This is the time to invest in European equities. We had significant inflows into European equities in 2025. And obviously, when you look at the other private assets valuation, because it's a less crowded space, I would say you get better yields in Europe. Private credit is a great example. Private credit in Europe has been a better place for many years, actually, than in the US. So, a lot of interest into Europe. And of course, as a European asset manager, we've seen a lot of European institutions investing more in Europe, but more importantly, many American, Canadians, Japanese, Middle Eastern wanting to invest more in Europe. But the number one destination still remains the US, we should not kid ourselves. That's the reality. But we are attracting more interest. I think that's great, and we're all Europeans here, so we should be proud about it.

Petra Freddi 09:49

Absolutely. Thank you for making the investment case. So, it's about commitment, scale and valuations. So, how do we actually access this? And looking at the three sectors that the Milken Institute has identified as key to investing in Europe's competitiveness. We have here representatives from infrastructure, from defense and the tech side, and especially AI, as Mike Milken just said, AI will accelerate everything. So, starting with Vincent: Vincent Levita is the founder and CEO of InfraVia Capital Partners, which is a leading infrastructure investment firm at Europe with about \$20 billion AUM. Andrea just talked about all the positives, but we know it's not all roses and you're French, so you can talk also about the negative. So, tell us, what are the challenges you're experiencing in the infrastructure space?

Vincent Levita 10:36

Thank you. Thank you. First, I will try to start to agree with Andrea. Europe is a great place to invest. I can come to that in detail, certainly on infrastructure, but, let's start by the negative aspect which is a very European question. I would start, of course, by governance. I mean Kissinger used to say, Europe, what is the phone number? I think it is still true. So, governance is not completely clear. It means that it implies higher complexity and a more limited agility. It also means that scalability is more complicated. Honestly, I'm not sure that governance in the US or in China are so easy, but, let's say we've got our own challenges and—but we know how to address them. The second aspect is more industrial. Of course, we've got to build our competitiveness on energy, on technology and on supply chain, but that's something we know how to work on, and the consequence of that is a more limited growth. But, I would say, and I come back to that, we've got a good stability and so, certainly the weaknesses of Europe today can be turned into positive aspects when it comes to investment.

Petra Freddi 11:51

Thank you, and so talking about the strength, because obviously we want to make the investment case for Europe. Where are the opportunities, where you see an infrastructure? You can talk more specifically about sectors, sub-sectors, give us some examples.

Vincent Levita 12:04

No, the infrastructure. It's an easy sector because, of course, it has to be in Europe. So, you cannot compete an airport in Europe, does not compete with an airport in the US or in the Middle East. So, it has to be local. To build infrastructure, we've got what, what matters most. First is stability. So financial stability, liquidity as well, regulatory stability. We've got a political system which is actually stable, if not always very agile enough. And we are also quite wealthy, educated people. So, it means we've got a good industrial ecosystem to develop this infrastructure. So, at the end of the day, all and last, of course, macro elements, basically interest rate inflation and even GDP growth are stabilized. We can benefit from the positive aspect of our weaknesses, which is stability, reliability at financial level, political level, regulatory level and industrial level. So, it means now the investment is driven by basically necessity, and that's why it will happen, because we have to build on our sovereignty, on our resilience. It means we are investing a lot on energy. I mean—the Draghi report is giving us a playbook so that's on its—on this point quite easy. You, everybody has noticed that even the Germans put in place German bazookas. It means they are ready to waive the financial discipline to make sure we can invest in our sovereignty on defense, of course, but more importantly, and first, on energy. So that, for me, straight avenue. I mean, we have to invest on our energy. We are short of oil and gas, as everybody knows. So, it means we need to be at the forefront of electrification at all level—renewable, nuke, batteries, you name it. On digital aspect, of course, let's see where the AI war is going, or if it's a bubble or not. I mean, we'll see about that. But what is sure is the AI infrastructure needs to be in Europe. So, it means fiber, it means data center. And for that, there is a huge program to come. It is only getting started, and we believe it will be a strong, strong momentum. The third aspect is, of course, a traditional infrastructure on mobility. So today we are moving to a decarbonized mobility, but also global mobility. So it's also a lot of investment. And last piece, which is probably

different, we are an aging continent, no doubt. So demographics are there, so it. Also mean that in terms of investment, education and healthcare will remain absolutely critical for us.

Petra Freddi 15:06

Excellent. Thank you for laying out the opportunity in the infrastructure space. Obviously, all these opportunities wouldn't be accessible to us if we can't defend ourselves. And the call for the importance of defense and Europe investing more in its ability to defend itself is coming to the forefront increasingly, which brings me to Pablo Casado, who has a lot of experience in the Spanish government, lastly, running for the President of Spain. But in his latest role, he's the founder of Hyperion defense, that is a fund that actually invests in defense opportunities. So, Pablo, tell us from your seat, where do you see the greatest opportunities in the defense space, specifically in the sectors, but also in the countries related to that?

Pablo Casado 15:50

Thank you. Well, where you're not sitting at the table, that means that you're on the menu. And that's something that we have to figure out. What is Europe doing in this new world? I mean, we are living up a paradigm shift, something unseen since the 80s. I think the world is even more complicated right now, because, well, now we don't have a bipolar world, but a multipolar world, and now we are not in the trend of globalizing, but we are living a protectionism that makes things tougher. So, well, for Europe, the peace dividend is over. I mean, we live in the end of the end of history in the Fukuyama terms. And I think we've been living for a too long time of cheap energy from Russia, cheap manufactured products from China, and cheap security from the United States. So, now we have to realize that we have to defend ourselves, and we have to boost the technology and the industry that sometimes, and many times come, from the defense and military innovation. We also live in the fourth industrial revolution, which is AI. AI is based on energy, data, manufacturing of GPUs and software, and now Europe is the cheese between the leadership of the United States in software and the leadership of Asia in hardware, and now a more and more importance of Middle East and Latin America on the energy resources. So, what can we do? I think we have to be positive instead of being debating if whether the glass is half full or half empty. I prefer just to drink it. So, let's start drinking that water. And I think that it is really important to figure out there is a great opportunity for Europe and on defense is one of those opportunity. I think we have to improve it several times. And I will summarize in 3x, 3s. Ukraine has shown us that the defense sector has to have more speed, more scale, more well, self sufficiency. The speed is because now it's not a matter of having a really advanced technology or equipment, but how you can adapt it to a changing controversial like it's happening, for example, in Ukraine. Scale is because nowadays, cheap equipment that can be manufactured in a really short period of time can fight efficiently and in a low cost against really developed arms and really developed equipment. And self sufficiency is that you have to adapt all the time, and you have to rely on your own technological and industrial capabilities. So, the time is now—it's a great opportunity to invest in defense. I mean, we launched last year the first European fund specialized in aerospace and defense. We're managing quarter billion. We have deployed almost half of that asset under management, and now we are launching a second one to take part of the industrial consolidation that is going to take part in Europe. In our opinion, is going to be—it's not going to be like it happens in the 90s in the United States, from 87 primes, only five survived. I think, in the European Union, in the European

countries, the consolidation is not going to be in the prime level, because main—almost all of the primes are partially owned by the states. So, the consolidation will arrive in the middle market, in the tier one, tier two level, and there, the non European investment is really interesting. And it's really interesting to funnel it through European funds to avoid the long process of allowance of the FDI process. That's why we're here in the Middle East and the Far East, you know, encouraging the sovereign funds and the non-European investors to invest in the European funds focus on defense and aerospace so that we can consolidate that industry with a big profitability, high profitability, but also a long term process, because the gap we have to fulfill is going to take decades, and the commitment of the European member state of NATO, with the United States, to achieve the 5 percent of the gross domestic product expenditure on defense is going to boost also the dual use technology. So, diversity investments will benefit the mobility, the communications, the energy sectors. You can imagine how many improvements came from the military sector, laser, infrared, GPS, internet, Bluetooth, Wi Fi, materials, batteries, nuclear and hydrogen power. So, all of that coming from the budget, but also from the private investment, will benefit our day to day life, and that's why I recommend to start drinking the water—being positive, but thinking on how we can boost technology and industry through defense, but also through the private investments.

Petra Freddi 21:27

Thank you. We're drinking the wine since we're here. But we're talking here about Europe as if it was the United States of America, and it's not the United States of Europe and as Lucie notes actually it's made up of a lot of countries, and if we want to make Europe great again, we should also look specifically on the different countries. So, you're from Spain, but for example, Spain, it doesn't put defense on such a high priority agenda, like Poland, for example. Which countries would you go to for investments? And we, unfortunately don't have Germany on this panel, but I hope some of our European counterparts can also advocate for Germany.

Pablo Casado 22:06

Well, I think the defense sector in Europe is quite interactive. I mean, we should improve the interoperability of our capabilities. That's true, I mean, we have too many different kinds of naval, land and air systems and and that's something that we have to work, not only in the European Union, but also with our allies. And I think there's a call to action. I mean, when the United States, not only under Trump's administration, but also with Biden and with Obama since 2014 in the Cardiff Summit, they said you have to spend more in defense. And I think the approach was really honest, saying, okay, we've been paying for your defense for the last 70 years. Now, we want to have the same pension, health, free education system you already have, even the same infrastructure you already have, thanks to the generosity of the Atlantic League and we didn't do enough. But now, I think that approach has had another call to action, which is okay—the United States are going to forge alliance with other countries outside of NATO. That's the AUKUS alliance with Australia and the UK, which is a NATO member state, but also the Quad alliance with India, with Japan and with Australia. So, the European member states have realized that we have to take serious our self reliance on security and technology. And I think that's why there is not a lot of reluctance, no matter the parties, no matter the countries, on investment more in defense because investing in security is investing in freedom, and therefore in prosperity. So, I think we are in the path of doing it better

and—but again, it's not only public procurement, it's also private investment. What happened in the 90s, in the famous last dinner with the Reagan Bush and Clinton administration, telling the primes, you have to—I mean the war has been turned down. We have to compete. We have to consolidate. It was boosted by the private equity firms. It was boosted by the banks, not only by the public procurement. That's something that we have to do in Europe, but we need also—we would appreciate also, investments from our allies the Middle East, Far East, Latin America, United States, to boost that sector.

Petra Freddi 24:39

Thank you. So, staying on the country themes. Who wants to talk about which specific countries do you see the greatest opportunities in Europe? Andrea?

Andrea Rossi 24:48

Well, I mean, someone has to speak about the UK as well, because we forget sometimes the UK is part of Europe. It's not only about the EU. And I would say the UK at this time, is certainly an attractive destination for investment. There's been a lot of—the current government has focused very much on real assets, making sure their investments goes to infrastructure, AI in particular. Let's not forget the UK has great universities, a lot of start-ups on tech, biotech, FinTech, clean tech, etc., and clearly, there is a lot of opportunity there to invest. Unfortunately, most of the money has come always from the US, and obviously we're looking for more European institutions. The UK has done something very smart. They did a Mansion House Compact, where they effectively have not mandated, but they have asked pension funds to increase their allocation to real assets, to private markets and roughly 20 large pension funds in the UK have done so, committing up to 10 percent into private assets, of which 5 percent into the UK. So, UK remains, in my view, an interesting market to invest in, also because there is a much stronger cooperation between the UK and EU. I'm sure the Ambassador can say something about that as well, because I think, although Brexit was there, the relationship between EU and UK, in my view, is the best ever since Brexit. So, obviously that's another opportunity, also to see what UK can deliver. If I might say on the continental Europe side, and I'm sure my colleagues would say something. As Pablo said, it's not a question about country. We need to see countries working more together. In particular, I would like to see Germany and France working more together. We need those two countries to be stable, but also to work on common themes. I think that's the case. Then, of course, you know, between Italy and the Nordics, there are other themes. One theme, maybe, which is of interest for all Europe is private credits. If I want to take that up again, I think that's a great opportunity. Banks are retrenching their balance sheets in Europe. That's the opportunity for private credit firms to deliver that private capital, and in particular on private credit. Something which I think is important is what we call the non sponsored space. So, this is money that goes directly to the firms not to do what we call sponsored private credit, which is there to support acquisitions for PE firms. So, yes, there is a lot, in my view, that is attractive in Europe, and we just need to attract European money, Middle Eastern Asian, but also North American money.

Vincent Levita 27:23

Something I would like to add, because we are talking about attractiveness. When we look at all the money we manage today. I mean, most of this money is coming from outside Europe, so let's not take the view that Europe is not attractive. We are certainly able to attract non-European money to invest in Europe, certainly in infrastructure, but in other sectors as well. For us, it's fair to say that the lack of integration, particularly on the regulation, is making scalability more complicated. But then, the beauty of that means that you can invest on energy in every country now, because every everybody understand that it is critical. Certainly France took a view on Nuke. In Germany took a stronger view on renewables. But then, at the end, it works. On industrial aspect, Germany certainly is above everyone. On financial aspect, probably London used to be—probably still is—a good place. So, every country has some strength, industry by industry. What I believe is defense, energy and digital will force everyone to be more united in the investment. But the attractiveness is already there, and I think it's important to know that.

Petra Freddi 28:44

Thank you. Well, we're 40 minutes in, and we still manage to avoid the question of AI, but it's unavoidable. It is the elephant in the room, and as Mike Milken pointed out, it's also the solution to so many of the challenges that the world is experiencing which is why I'd like to bring in Jean-Baptiste Fantun, who's a mathematician, who's esteemed bridge player, and he's the cofounder and CEO of NukkAI, which is a leading AI company in France. In the AI conversation, we often hear that the race is being played between US and China, and yet, Europe has so much talent. France has so many major, amazing engineers. Give us the case for Europe and AI, where do you see the opportunity set, and what does Europe need to do to have a seat at the table?

Jean-Baptiste Fantun 29:31

Thank you very much. And I'm like Pablo, I'm very positive and I would like to start with a positive note and if there is one area where Europe is still, I would say, leading the AI race, it's talent. We have excellent mathematicians, computer scientists in Europe, and whenever I look at research papers, large AI organizations, I'm always very proud to see Europeans at the highest level. So, if we still have this edge, why have we not been able to deliver AI companies until now that are able to compete with Chinese or American companies? We know the reasons, you know—fragmented capital market access, also fragmented and slow. But more importantly than this, I would like to speak about the narrative and the confidence in our own ability to change things. I'll give my own companies as an example, NukkAI. I co-founded in 2018 and in 2022 we held a major challenge. Petra was mentioning bridge. You're probably familiar with challenges around poker, chess, AI challenges I'm mentioning, and of course, the game of Go. And we organized a challenge in 2022 in Paris, bringing Eight World Champions from everywhere, and to confront our AI. And bridge is very different from the other games, in some ways, it's more difficult, so it was a major challenge that we met and we beat them. And what happened? The day after the challenge, we had articles all over the Chinese and the American press, articles in Fortune, podcast—my cofounder named by Forbes third woman in AI in the world, most influential. And the first email I got to congratulate NukkAI was from DARPA, and in Chinese, well, there were many articles. We had some translated. And the first one said, compare the Veronique, my cofounder, and myself, to the heavenly couple who realized Deng Xiaoping's dream of a machine who could play bridge, so it was very impressive. And we had

solicitations from both countries to have collaborations and to have strong links and to move forward together. What do you think happened in France? We had to wait, like, two weeks before having the first article and a contract with the government. Still haven't signed it. So, what I want to stress there is that we have to be—the most important thing is to have to restore this hope and this narrative, which is very important if we want to attract founders and also capital.

Petra Freddi 32:29

So, how can we restore this hope? Europeans tend to be negative. We're a panel of optimists. We're drinking the glass of water or glass of wine, but not everyone in Europe is.

Jean-Baptiste Fantun 32:39

Well, I've talked about talents, but there is another element, I'm pretty sure. And there is a huge opportunity for European AI companies today. And well, it will not please everybody, maybe, but I will talk about the bubble—the AI bubble, because there is one. It's undeniable why and I can explain so. All the focus has been concentrated in recent years on generative AI and on companies that were building foundational models. So, these companies, they needed huge capital, so they raised at crazy valuations. You know, we saw companies raising at several billions after three months. I'm 52, so I can remember another era where people were planning IPOs from the rooms, and before even incorporating the company—it was when the internet bubble was there so I can see the patterns. And of course, the investors will be disappointed, because you know, when this FOMO exists, the bubble will explode—is exploding now. But why is it an opportunity for Europe? Because there are many AI companies in Europe that have built themselves in a very different model than the traditional Silicon Valley model, I would say. Because they didn't have access to capital, they have to be more resilient. They have to focus on revenue rather than valuation, and that's exactly what will happen, I think when the dust of the bubble will set up, I think. Investors will turn to maybe more traditional AI companies that have developed their model. They're maybe more slowly than others, but they have built trust, they have built technology, and I think they will be able to be very competitive at the worldwide.

Petra Freddi 34:28

Thank you. And obviously in the AI race, the role of the government, policy and regulation is so key, and we sometimes hear Europe has all the talents—it has the start-ups. But when they want to scale, they can't find the capital, and when they want to IPO, they prefer to do it in America because it's just faster to do. So, what is Europe doing to the European Union level to have a seat at the table, and what can it do more to enable more of this talent creation and company growth in this space?

Lucie Berger 34:59

So, I mean, I fully agree with you, we have talent, and I also want to say we actually have great research, but traditionally, we are not very good in commercializing the results of the research and that's not necessarily because of regulation or fragmentation. I think this is a little bit also our mindset and kind of the drive—the economic drive, because we love to innovate, but then we are not thinking kind of how to apply the innovation. And this is one of the reasons also why a lot of the research that ends up being commercialized elsewhere in the past, more in the US now, it's moving around the world, including—actually we see on AI, a lot of UAE being one of the countries that hosts our European talent. We still managed to lead in a lot of technologies as well and I have to say it again. I mean, we lead in digital governance, in e-governance. That's a huge business. And to be honest, a lot of in a way, also power in that, if you are leading in digital governance—something that is great for cooperation with strategic partners, and something that offers a lot of opportunities. Now we have become leaders in a lot of defense technologies. I think in drone interceptors, Europeans are also top notch on top of the game. So, it's not that we are not able to do that. I think one of the problems is uptake by the Europeans of the technology. There is a lot of conservative approach to new technologies, especially AI, which is not something we can easily overcome as the government. But what we do on the innovation side of things, we're actually creating the 28th regime, where we're trying to come up with a common denominator framework for regulation, where companies in a selected sectors can actually work together. In this we have 27 member states, so 28 kind of regulatory framework, to scale up and to cooperate across borders. So that's one of the initiatives we're trying to work on, and that might be coming in future. You also spoke about the investment and actually the big public debt in European Union, but at the same time, we are huge savers, so we have a lot of money. I learned that we have a 30 trillion euros in savings, and that we actually—if we work on what we're calling the Savings Union, we could actually mobilize the money that we as Europeans like to hold on to and inject it in the economy, which could be a huge game changer. And I mean, they already mentioned, but I think it's also worth highlighting our work on artificial intelligence, because this is really often the elephant in the room. More than defense. We're working on our infrastructure. We've made a couple of announcements about investments. Our invest AI initiative and fund are going to mobilize over 200 billion euros to invest in infrastructure. We're planning to build 10 AI factories and five Giga factories. I don't even know actually, what that means, to be honest, but the plans are that not only this will be used for commercial application, and actually, for, you know, the member states to work on bringing us up to speed on AI, but to plug in the research for the research facilities—the research institutions to be able to use the facilities and to continue pushing Europe forward.

Petra Freddi 38:39

So if Lucie had a magic wand and you had the opportunity to ask the European Union to make some changes to its regulation or its structure, what would be your advice to the European bodies that would make your business easier, faster, more productive? Pablo? I would like to get it here from all of you.

Pablo Casado 39:01

Mike Milken said before, I mean, which are the technologies that are going to change the world? I would say the technologies, the sectors—I would say four. First of all, energy transition—and Europe is leading that. Still, even after the last four years, with the changes that the conflict and the war in Ukraine and

Russia has brought. Including fusion, which is going to be a completely disruption in that sector. Second, life extension, silver economy, biomedics, quantum is going to be a revolution for that sector. But Europe is also leading, you know, this kind of silver economy and health, at least public procured. Third, that will be defense and we've already spoken about that. Now, we have a trillion on the table after the Hague Summit, and is going to be a huge game changer for the future. And fourth, of course, AI. So, that's the big challenge, but it's really connected with all the others. For example, I'm chairing a publicly listed company in Tokyo of AI data centers. We are investing in Australia, Malaysia, Thailand and Japan, and now we are choosing the next step into Europe. Why? Because the best quality of data is in Europe. It is true that we are not living in the software, in the hardware manufacturing. That's California, that's Taiwan. But data is the new oil of the 21st Century and—I'm following your question. So, what should the European institutions do to improve these opportunities? Being faster. Being faster and more efficient. We cannot live in a world in which the United States are innovating, Asia is manufacturing and Europe is regulating, because it doesn't work like that. I mean, we cannot be talking about critical infrastructure and, you know, these kind of deep technologies, but treating those technologies like if we were a car park with the same timelines and with the same bills. So, that's what I think we have to change. But we're on time, and I think again that I'm really positive on Europe. And by the way, I mean many people decide to live in Europe, and many researchers and academics are being well, studying here, and now we have the opportunity to lead also the necessities.

Petra Freddi 41:42

Thank you. And since we have nine minutes left, I would like a faster and more efficient—

Vincent Levita 41:45

Can I—on what can we do better?

Petra Freddi 41:48

Yes, of course. What can the European Union facilitate for?

Vincent Levita 41:53

Well, I think for us, what is critical is regulation and regulatory framework are available, and that's probably the best part of Europe. We lack scalability and we lack agility. So, that's where we can help, typically, on financial market. I mean, the fact that we don't have a union of financial market in Europe is clearly something which is preventing us from scalability. That's an easy—an easy win that that should be done quite easily. And the second point on agility. I mean, the way we can see, typically in the US, that they use public procurement can also be an accelerator of plenty of thing in AI, on critical metals, on technology. So,

that would be my two advice to the—to keep what where we are good, which is, again, stability and reliability, and to accelerate where we are probably missing scalability and agility.

Andrea Rossi 42:50

Well, I mean, obviously I'd like to see a capital market union as well. I think that is critical. We need—we have a lot of projects. We promise a lot. Yes, speed is one thing. If you could cut red tape, that would be great, but you can't do anything unless you have money. You need capital. So, a capital market, you know, will be very fundamental for that. Then we should try to get, as the Ambassador said, we should try to get the savings of Europeans. There's 4 trillion. 4 trillion of euro in cash sitting in the banks. We should incentivize people to invest in the real economy long term for their pension.

Petra Freddi 43:23

And does that require educating them better? Is that—

Andrea Rossi 43:27

[Inaudible] It's a question of education. It's a question, also, of making sure that there is some sort of incentive today. I mean, I give a good example in the UK. Again, in the UK, you could invest 20,000 pounds in what they called isa tax free. They reduce that now, because a lot of people put it in cash, and that doesn't help the economy. You want it to be invested, either in equities or in private markets. So, I think there is a there is incentive there. And then the last point, and I come back to regulation. We have a lot of pension funds, but we have some of the largest insurance companies in the world, sitting in Europe, and they follow a framework called Solvency II. And the Solvency II framework is not that great for investing in real assets, private markets. There's significant capital charge there. There needs to be changes there, so long term capital, long term liabilities, can support private markets, infrastructure, defense, etc., moving forward. So, there needs to be also some regulatory changes. But yes, I mean, Europe has all, the everything—all the ingredients in order to do well, we just need to execute. And we need the politicians to speed up a little bit. But, you know, everybody has covered the things. I mean, we have all what it takes. We can be as good as the US, if not better, because we have stronger talent.

Petra Freddi 44:42

Well, Jean-Baptiste, what would it—what do you need so that your startup becomes a European unicorn and doesn't move to Abu Dhabi or doesn't move to New York eventually?

Jean-Baptiste Fantun 44:54

Well, I didn't ask to—I didn't raise the hand because I would have answered the—you know, I have 82 year old mother, and I won't ask her to be very agile and very speedy and all this. You get my point. In Europe, and especially Western Europe, we have the oldest countries in the world. France, if we accept the Vatican, is the also oldest nation state in the world. We cannot—we have our large companies, some of them, many of them are 100 years old. We cannot ask them to be very quick, and it's wishful thinking. So, I don't rely on this as a startup founder, honestly. So, I think I'm looking very closely at the regulatory, of course, environment. That's something. But if we want—I speak, as an entrepreneur so I'm very happy I'm not your politician. And also, why are we coming to the UAE? It's just because here we have this access to, you know, this mentality. Fail, fail fast, learn faster. And also capital, but also, most of all, it's the ability to build, you know, on the long term, and that's exactly what the Minister of AI said yesterday.

Petra Freddi 46:07

Okay, well, we have five minutes left, though, looking at the future, 10 years from now, what would make you proud to say that Europe has succeeded? What is it that you would like to see and is there a bold move you'd recommend that it does today to get us there? You can go in order. You can raise your hands.

Lucie Berger 46:23

I'll try to be very quick. I think when we talk about competitiveness, the narrative is changing. And you know, well-being, living standards, environment is becoming part of being competitive as a country. So, what I see as a success in 10 years time is actually maintaining a lot of the values in European Union that are important for us, including, for example, the social safety network, but getting us there on the competitiveness side. Including the savings union, you know, the integration of the financial market, being on top of the game, being able to to apply our research with the talent, staying in Europe.

Pablo Casado 47:07

Well, I think that if we want to keep the prosperity that is, you know, backing and financing the welfare state. If we want to keep that freedom that well, we are so proud to have been the cradle of of that freedom, we have to rely on our security, and that's the biggest threat we are facing right now. So, what I think, is that we can count on ourselves to innovate, to produce and to expand the technologies that are going to provide that safeness, that defense, and that's why I really encourage non-European stakeholders to rely on Europe and our institutions, or industry or academia to make it possible.

Jean-Baptiste Fantun 48:09

Well, yesterday, the UAE Minister of AI said the AI race is a marathon, and marathon is 42 kilometers. It's very long. We're at the beginning. And who will win this race? Honestly, we don't know for sure that it's

not—well, it may be not those who are heading the this race, but I will be very happy and very proud when you know the survivors at the final line, well, a whole bunch of them will be European start-ups.

Vincent Levita 48:39

I think we said it, Europe has all the ingredients. We've got access to talent, access to capital. We've got economic stability, political reliability. So, for me, we need to work on our governance. So, that's scalability and agility. We need to build on education and innovation. Let me remind you that the current Nobel Prize of Economy is not only European, he is French. It proved that whenever you invest in education and innovation, that's the best return on investment you can have. And if we do that, well, we can prove that we can have in Europe at the same time, a space democratic, sustainable and strong.

Andrea Rossi 49:22

Well, 10 years from now, we talk about Renaissance. I would like us to look back and say, these were the 10 golden years for Europe. And what I mean by that, I'd like to see Europe grow again. This is an economy which has not been growing very, very much lately. And I think we have all the ingredients to do so. And we talked about it. But, I think really what we need is—we need to get more strategic capital, more primary capital to support it. That's my wish. I said we need a CMU, a Capital Market Union, as soon as possible. But we have all these positive ingredients in Europe. We need to be more positive. Need to think that we can win, not always finding ways why we're not winning, but we can win. And I'm positive in 10 years time, I'm going to say these were the golden age of Europe, rather than Renaissance. So yes, growth is a key word.

Petra Freddi 50:09

Well, I look forward to seeing you in 10 years at the Milken Institute Middle East Summit and reflecting back on this. We actually have a session at the Global Conference called "The Things That Will Blow Your Mind." We've been hosting for 30 years, and we sometimes look back at both the things we have predicted, whether they've happened. So, let's plan to meet here in 2035 for a recap. Thank you so much, and thank you for joining us.

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