



# 2026 GLOBAL CONFERENCE

## LEADING IN A NEW ERA



# THE EUROPEAN OPPORTUNITY

**Gillian Tett** 00:02

Well, good afternoon, everybody, and welcome to a session entitled "The European Opportunity." My name's Gillian Tett. I'm both with the Financial Times, where I'm economist, and I also oversee King's College in Cambridge. And I hold both an American and a British passport. I'm married to a Dane. I have both French, Swiss, and Irish relatives, which gives me a very 3D perspective on Europe in every sense. And I'm delighted to be moderating this panel because some of you may have been earlier on in the session on global capital markets, where everyone was busy hating on Europe so strongly, or rather, the Americans were hating on Europe so strongly, that eventually, the moderator said, "Oh, poor Europe." And one of the other panelists then said, "Well, maybe it's time to invest in Europe." And that is exactly why we're here. Because sitting in America, there is a lot of negativity about Europe right now. A feeling that it's lost its way, the current administration would say politically, that it is overburdened with regulation, that it has stagnant growth or lack of growth, that it's too fragmented to do anything about it, and that it's over-regulated, and it doesn't even have a proper tech sector. That's the perception of many people sitting in America right now. However, when you talk to Europeans, the perspective is very different. Many of them look on America right now with horror and think that the continent is very unfairly maligned, and there's much more in the way of business opportunity than people realize. So we have a terrific panel of people to tell us whether that is or is not true. We have two representatives, or quasi-representatives, from the government. We've actually lost one of our—Oh, no, Okay. Well, we have Martin Blessing from the German government, who is the personal representative of the German Federal Chancellor looking at investment. He's former CEO of Commerzbank, has had a long, extensive career in the private sector—very good position. I believe we are going to be joined—by a French representative from the French government who is on his way right now and about to make a truly dramatic entrance in the way that only a Frenchman can. So please, bienvenue. We have Pascal Cagni, who is both the French Ambassador for International Investments, but he's also had a long career in the private sector, where he's still involved from an investment perspective, an investment fund. So he's really wearing two hats, both from the government and the private sector. We have Michele Giddens, who's the CEO of Bridges Fund Management in the UK, looks a lot at sustainability issues. We have Thomas Buberl, who's the CEO of AXA Group, man who needs no introduction. Hendrik Brandis, who's a co-founder and general partner of Earlybird Venture Capital. And then we also have, last but not least, Anne-Christine Champion, who's the co-head of Global Banking and Investor Solutions from Société Générale. So, a wonderful collection of both public and private sector perspectives. And I'm going to start with you, Martin, since you're sitting

next to me. Now, the German government has indicated that it's getting ready to try and reboot Germany and reboot Europe. What exactly is it doing, and is it credible? How would you convince this group here that it's time to invest in Germany and feel really optimistic about Germany?

**Martin Blessing** 04:02

Well, thanks. Thanks for the invitation, and thanks for the opportunity. And by just listening to you, I learned that I'm not as European as you are—because I don't have such a variety of anchors, right? But thanks a lot. I think what the German government, when it started roughly a year ago, realized is that we had 25 years of under-investment in our country, under-investment in our defense, under-investment in our infrastructure, and the government is fully committed to change this, and that will create significant opportunity for investors. Because we understand also that, even though we have created a lot of fiscal space to do investments in defense out of the budget and into infrastructure by creating a 500 billion additional investment facility, we know that the need of capital we have far exceeds this, and we also understand and know that combinations of public and private money will make sure that the money is deployed more efficiently. Secondly, the government is starting to do necessary social reforms. Last week in the cabinet, we had a first step in our health insurance reform that will basically make our health system more sustainable and fundable. The next steps we are discussing are tax reform. Corporate taxes will start to go down from '28 on. That is already decided. We're discussing a tax reform for individuals, one of the next steps. And then one of the big steps will be a pension reform that is basically in the making because our pay-as-you-go system in our pillar two, i.e., the state-funded pension, is not sustainable for the future given the demographics. And therefore, we know we need to strengthen pillar two, which is the employer pension system, and pillar three, the private system. And it's well understood that the only payer into the system that doesn't take anything out will be the capital market and compound interest.

**Gillian Tett** 06:45

Right.

**Martin Blessing** 06:46

And one of the things the government already has done is they started to introduce, here you would call it probably the Trump account, an account where kids basically between six and 18 get €1,500 that they can put into a special account that then—they can choose the ETFs, and they can basically get the returns tax-free if they keep it until retirement age. So these are the first steps into a funded pension system that will also open much more people to the equity market and create a different culture. And that is another reason why I believe it's a good point in time now to come and start investing because we are going to do all these changes and move forward.

**Gillian Tett** 07:39

Right. Well, thank you. That's very interesting to hear about. I should quickly pause for a moment before I turn to you, Pascal, and ask who in the room here, I'm going to do a straightforward show of hands, who in the room here is already invested in Europe? Okay, so you're talking to a lot of—who in the room—

**Martin Blessing** 07:56

—Well, there are a lot of people who still have a good opportunity to get started—

**Gillian Tett** 08:01

—Who is optimistic about Europe in the room? Oh, okay. And who is pessimistic? Okay, so the crowd overall is actually quite optimistic. Pascal, tell us what the French government is doing to try and convince people that they should be even more optimistic, and the people who aren't actually invested yet could jump in.

**Pascal Cagni** 08:24

No, the French government is not doing. He has been doing for 10 years. That's the reasons why for the last six, seven years, EY is telling us that we're the most attractive country in Europe. We've got, no matter what are the preconceived ideas, in excess of 1,800 projects piling up every year like a clock. And whoever is not optimistic, I'm going to give you my business card, so to convince you that you are still living a different world. The software of France changed dramatically. Fifteen years ago, you will ask the 18, 25 years' generations what they want to do, they will tell you 13 percent only, one-third, entrepreneurs. You ask the same questions today, they are 60-70 percent. I just spent three or four days in a pilgrim to San Francisco. I used to be at Apple for several years. You should see the vibrant European as well as French crowd out there. We participate in the amazing revolution at stake, and we have absolutely unique assets. Ask the guys on Anthropic how they are going to basically bear the growth they have. So they may be valued \$900 billion. They're adding \$14 billion in one month, right? See the data. But where are they going to get the energy? Where are they going to have the data centers? And France, in that respect, is uniquely positioned. We export 90 terabytes of data. Eighty of them are actually going to Germany. We do have an ability on the multiple bricks layers of the revolutions ahead of us to bring you even critical materials, right? Because President Macron went just two days ago, inaugurating a new center there. We bring you the layers also thanks to the Breton AI Chip Act, more chips. We are investor with you, Hendrik, right, in the new generation of chips. We're building brick and layers at the speed of light. \$69 billion flew in in France last year to do data centers, 29 in the US. Now, the debate is that how can we compete with China? We build one EPR a year in the years ahead. They are building 10 a year, right? How can we basically get the grid working? But when you think about what has been done, the reform, we flex up the work. We basically change the cultures and the mindsets. We're uniquely positioned. If Europeans want to do, to embrace the AI revolutions, and to extract from the fantastic industrial footprint that we have in Europe, the 3, 4, 5 percent, which will bring us back in the race, because I'm not going to back to the old

good times—Draghi reports, right? Enough of that. It's about what we do every day. And what we do also, we've got an agenda about simplifications. You ask something that you may have not heard of, right? You, which is not basically positive about that. We have the 28th regime. Today, you can create a company on the spot throughout Europe in few days' times. This is a regime which is going to be lying on top of the 27 social, tax, other regimes. So better to always complain about Europe's, we have a rule and state of law. You investors in the rooms, you are concerned about volatility. You want to basically get diversifications, and we give you all of that. Even last year, we basically get you a better return on your equity stocks. Typically, you in Société Générale, right? Then my friends at JP Morgan, you right at Société Générale, and that my friend at that. So better to constantly live in the good old little music that you hear in these type of forums about, ha ha ha, Europe is behind. There is a delta of GDP per capita, how they're going to react. There is a lack of leadership. Look at the fact, look at the young generation, look at the talent—look at where the money is going, and you will be actually changing your mind dramatically.

**Gillian Tett** 12:36

Right. Well, the data which is often cited by Americans pointing out that Europe was slightly bigger than America in terms of its economy back in 25 years ago, and now under some measures, America's 50 percent bigger. The problem with that is it doesn't look at GDP per capita and doesn't look at purchasing power parity, and it looks very different when you start to look at purchasing power rather than raw GDP numbers. But since you were just name-checked in terms of Société Générale, tell us how it looks to you. Do you believe that, in fact, Europe is now a great place to invest?

**Anne-Christine Champion** 13:13

So we do believe so, indeed. We do believe so because the awareness is now fully there in terms of what needs to be done. So it was mentioned in a number of actions which have been launched. And I think the good news is that what is lacking is a lack of scale. Lack of scale due to fragmentation, and this is under the control of number of key policymakers. So, it's not lack of talent, lack of innovation, or lack of savings either. We do have very large savings, but this is this lack of scale, which prevent firms from transforming ideas into broad-based productivity gains. And so we've seen a number of initiative already taken, which are extremely positive. Just two figures in terms of what is the cost of fragmentation in terms of the goods, it's equivalent to having 45 percent tariffs on goods internally. These barriers, administrative and regulated barriers. It's more than 100 percent for services, knowing that services in Europe is 75 percent of the GDP. So, complexity has a cost. We all know that in our own organization, and this is started to be tackled in Europe with a number of initiatives related to simplification. And we've seen this, for instance, on the capital markets initiative have been taken. The question maybe for me is now about the pace, but the willingness is there.

**Gillian Tett** 14:44

And Anne-Christine, are you optimistic that the long-discussed Capital Markets Union will actually happen anytime soon, and how much does it actually matter?

**Anne-Christine Champion** 14:44

So I'll start with the second question, which I think is, it does matter why the depth of the capital markets in Europe is much less than the US, and it makes a difference. In Europe, we have account balance surplus every year of 3 percent. This represents 500 billion savings flow, which are available to invest—300 hundred of that is going every year to the US—why is that? It's a question of productivity and a question of also how you can invest in Europe. So it has to happen. A number of decisions have been made, again, very concretely on securitization. This has been made. It has to be transcribed into each European country. But it is needed.

**Gillian Tett** 15:46

So work in progress. Yes. I mean, Thomas Buberl, you've been very outspoken in the past about the need for more reform in Europe. When you hear the words coming out of Brussels or Paris or Berlin, are you encouraged that they're going in the right direction? And what, in your view, are the top changes that need to happen now?

**Thomas Buberl** 16:10

So first of all, I'm a big believer in Europe because if you look at the fundamentals, as Anne-Christine was saying, they are good ones. We've got the talents, we've got the money, we've also even got the entrepreneurial spirit. If you go into the European unicorns, you see there's lots of stuff coming now—

**Gillian Tett** 16:27

—Well, entrepreneur—

**Thomas Buberl** 16:27

—However—

**Gillian Tett** 16:27

—Was actually a French word originally. Yeah—

**Thomas Buberl** 16:29

—However, if you look at where we are today, we talk a lot about regulation. We talk about all the stuff that is extremely difficult or almost impossible to change. And I think instead of looking at what is impossible to change, we should have a look what needs to change that is maybe easier to change. And I think when you look at Europe, the first question for me is what is Europe? Is Europe a geopolitical power, or is Europe what it used to be, a cooperative of an association of countries that are doing something together that the country could not be doing by itself? And I think it's probably the second one. The second question is, many other countries that are flourishing have a clear narrative of what's going on, have a clear project. Europe has no project. And so, when you go back into the generations, previous generation, the project of our parents was no war ever again. Our project was going through Europe without a passport and studying everywhere. When you ask our children, they say Europe is just there. So what is the project? What is the narrative? And I think third question, and that's also why the Draghi report is not being implemented. In order to invest, you need to have money. In order to have money, you need to address the biggest money drain that you have in Europe, which is your social contract. Today, with the demography we have, today with the—I would say, generosity of the social contract we have, it is impossible to produce growth. If two-thirds or more of your public budget is being consumed by social expenditure, and the social expenditure is increasing two, three times the general inflation, it's impossible to grow. And so rebalancing that social contract, I think, would be, for me, the number one priority. And then last, when you think about what is possible versus what is not possible, I think you should be inspired. I mean, I'm a French citizen now. What makes me most part of France, there's two things, the reconstruction of Notre Dame and the Olympic Games. What has happened in both cases, all traditional processes and regulations have put aside, and there was almost a military regime of getting these projects done, and they got done. And so you can say the same on the European level. You say, what are the 10 biggest projects that need to be achieved? One of them being the Capital Market Union. And instead of answering 100 questions, you focus on the two that are relevant, which is how do you redirect money, existing long-term assets into growth companies? And secondly, how do you create structures that you have big enough funds to spend a billion, for example, on a company while still being diversified? And so I think for me, rather than criticizing what's not possible, let's look at what is possible in the given framework, and I think there is a lot of stuff that is possible that we don't use today.

**Gillian Tett** 19:33

Right. That's fascinating. One of the areas that people at this event are very interested in is the question about what's going to happen to the European defense industry, and I'll come back to that in a moment about whether that's an area for potential investment and could be a real catalyst for some more joint projects or not. But before I do that, Hendrik, you're running a fund which is looking at—you're basically backing early-stage companies, as a venture capital model. It's often said by Americans, particularly in Silicon Valley, that there just isn't a proper VC ecosystem in Europe, and you can't really get startups growing and scaling up properly. Would you agree?

**Hendrik Brandis** 20:14

No, I definitely disagree. We're all in agreement that the European tech market is underserved with venture capital. There's absolutely no doubt, and especially in the later stages, we have to mobilize more capital in order to scale. The predicament is that we are lacking the really big companies. Everyone is talking about—

**Gillian Tett** 20:38

—Well, the scale-up, dramatic scale-up capital—

**Hendrik Brandis** 20:40

—The unicorn and the decacorns. I'm saying multiple centacorns are making the difference. It's very interesting. If you look at the development of S&P 500 at the EURO STOXX over the last, I don't know, 30 years, they've been pretty much on par up until 2010. And since 2010, there's a gap widening up of 3X. And if you then take out the 10 biggest by market cap, the 10 biggest companies on both sides, that gap shrinks to 1.8X. And if you're taking now 50 largest companies, the gap is shrinking to zero. So, the entire growth gap is going back. It's based on the lack of scaling. And what scaling needs are, I think, three things where we can become even better. I just want to say at the end something about optimism then. But first of all, it is a lack of ambitions. And I'm actually talking about my industry itself. If we are not actually committed to build centacorns, we're not going to get them. It has many influencing factors on the decisions we take in the election, but also how we develop and fund the companies. We have to be committed. We have to be reaching out for global leaderships in certain sectors, and we can do it. So ambition is a problem. It's also actually an outcome of our small firms because we can live with decacorn outcomes perfectly and providing the returns our investors expect. But while our American counterparts are 10 times bigger, they need 10 times the outcomes. But we have to jump forward and look for the big outcomes, and it is possible. Second thing is we do have still regulatory issues. Regulations are difficult in many areas, and they strangle innovation in many dimensions, and I can give you 10 examples where, oh, my God, how can that happen? It's homemade. Last but not least, we actually have to mobilize the growth capital in a dimension to really enable hypergrowth. The money is there. I mean, the German insurance industry allocates every year €300 billion in a new way, so just redirect a fraction of that would make a huge difference.

**Gillian Tett** 23:18

Absolutely.

**Hendrik Brandis** 23:20

I just want to make last comment with respect to optimism because that was the topic at the beginning of the panel. I think if you want to be an investor, you have to look into the future. It's not about an

assessment of the situation as it is now, but it is a forecast of what it's going to be in 5 or 10 years looking forward. And public perception tends to lag behind and over-emphasizing the current situation, and not emphasizing as much what we see in terms of changes. And I'm very much with Martin. There's a huge mind shift in Europe, and there are a lot of factual changes which have either yet been initiated or are on the way to be initiated. And it reminds me a little bit of the situation we had in Germany at the beginning of the 2000s when Chancellor Schröder was at the helm. He initiated what he called the "Agenda 2010," and it was a relatively small reform agenda if I compare to what is on— it's way right now. It has changed the country. He was not reelected because the public perception and the pessimism was lagging behind the factual changes, and I predict we are seeing exactly the same thing again. The situation is going to be much more positive, but the broader public has not yet understood it because they do not look in the knees of the current situation. It is much more important to look at what is changing.

**Gillian Tett** 24:59

Right. Well, certainly the majority of the audience appears to be agreeing with you about the optimism. It's darkest before dawn and all that. But Michelle, you've created a fund together with Sir Ronald Cohen, formerly of Apax, Bridges, which is looking specifically at the issue of sustainability. And sustainability-related investing is one area where Europe really does lead the world in many ways, but partly because America's been going backwards because of the policy shift recently. From your perspective, is there a lot more opportunity and optimism in Europe than people realize?

**Michele Giddens** 25:37

Yeah, absolutely. Now look, I might be in an uncomfortable position because as far as I know, genetically, I'm completely British. So sorry about that. I have two mitigants—

**Gillian Tett** 25:46

—Oh, we just had the government say it wants closer ties with Europe—

**Michele Giddens** 25:48

I know. I have two mitigants. I was going to say, one is that my husband is Irish, therefore all my kids have access to the European Union, which I'm delighted about. And the other is that your fine newspaper has coined a recent phrase I'm also happy about. It's called Regrexit. And it's the rising number of Brits that do regret Brexit. So anyway, thank you for having me here, a Brit talking about Europe. Yes, I get to talk about an area in which I do think that Europe is one of the best places in the world to invest. So Bridges specializes in sustainable and social impact investing because we recognize that actually issues like health, issues like fuel poverty, these are inextricably linked between climate and social. And look, we've been hearing about it. Governments around the world, it's not just Europe, governments around the world are

caught in a squeeze. They are being asked to deliver growth. They're being asked to deliver better living standards, and yet they're facing rising costs of energy as we know, insatiable need for more defense spending. And, so, they're caught in an area in which essentially, the normal fiscal tools, I would argue, are not enough. So I want to introduce an idea, an answer to that squeeze, in which I think Europe is leading the world, and that's the idea of an impact economy. And an impact economy is where government chooses to work with the private sector in a different way. It chooses to catalyze the private sector, investing into policy areas that the government needs solved. Climate, social inclusion are two key areas. So, the impact economy allows governments to catalyze private sector investment to add to their traditional fiscal tools, and Europe is taking a lead here. So, why Europe? Well, Europe does have an incredibly strong track record of driving towards more sustainable infrastructure. So, 50 percent of Europe's electricity comes from renewable sources today. As you know, lots of that comes from wind. That is the result of painstaking policy, providing grants. The UK has just stepped up, for example, under Ed Miliband, with the Warm Homes Discount. We continue to incentivize people to put solar. So, in the UK now, all new build homes will have to have solar and heat pumps. So the UK and Europe continues to incentivize the green energy, and we do it not just because we care about climate. We do it even more so since the Ukraine War and the current conflict, of course, because we have a desperate need for more energy independence. So we are continuing, and the US is in many ways not continuing to incentivize green investment. We will see rising, growing solar, growing battery storage. And actually, in terms of social impact, we're also seeing some leadership in collaboration between government and the private sector, and I'll call out specifically the idea of outcomes-based commissioning. Sounds a bit dry, but actually what that's about is the idea that governments could help to turn around the demands on their welfare spending by paying for outcomes, paying for policy outcomes instead of paying for services. My own firm has invested in 80 of these in the UK and over 100 internationally, and what we're seeing is that when governments pay for policy outcomes, so that might be a rough sleeper who now has a home. That might be better educational outcomes. That might be someone suffering from chronic illness who is able to turn back the clock, and therefore doesn't become a huge cost to health service. When government pays for outcomes, they pay later, they pay less, and lives are actually transformed. So, I'll just finish by saying the UK and Europe is embracing the impact economy. UK just created an office of—the impact economy—and without question, Europe is one of the best places to invest. And we're seeing a lot of US capital as well as international capital coming into Europe for sustainable and impact investing.

**Gillian Tett** 30:33

Right. Thomas, I'd like to ask you, given you raised the question of Social Security, are you encouraged by that kind of initiative? Do you think that governments can actually—are actually ready in Europe to seriously reform, or will it take a full-blown crisis? I can see you're shaking your head.

**Thomas Buberl** 30:49

Whether they are ready or not, if they still want to have an area to act, they have to change the system. And if you look at the system, the system today has three areas. One is the retirement system, which is the question about the retirement age and the balance between the average revenue of a retiree versus an active population. And because with our demography, we have less and less active people, and our whole

taxation system is connected to salaries, that has to be changed. The second question is the health system. And there you see that essentially the health social security is a payment system of bills, nothing else, and we should link it to outcomes, as you say. So you should say, "Look, if you don't, as a citizen, for example, go and have a checkup once a year, we will not pay everything anymore." Or, for example, in France, everything is for free. If you go into a pharmacy, you pay nothing. So whether you take a whole bag of medicine or just what you need, there is no responsibility. And I think on the health side, you need to give back more responsibility to people. And then you've got this question around how do you organize the end of life, the very intensive care. And there as well, you only have two choices. You either stay at home or you go into a very, very expensive care. And so where is an opportunity to do it in a better and cheaper way?

**Gillian Tett** 32:33

Well, maybe it's going to take a crisis to really force some serious reform, but I'm curious. I'd like to ask both Martin and Pascal, one of the areas that is of great interest to people here, as I said earlier, is defense investment and a perception that Europe is going to both spend more on defense and that will be used in potentially some innovative ways. Do you see that as something which could be a trigger for more innovative forms of investment and capital raising and pan-European action?

**Martin Blessing** 32:58

Gillian, very good question. Let me take a few seconds—

**Gillian Tett** 33:01

—Because, again, speaking from Germany, which, of course, has a very tortured history with that—

**Martin Blessing** 33:06

—On the social reforms. Thomas is right. That's why I said it's happening. We are just starting to save 20 billion annually in the health system, and we're going to start to introduce a capital-funded part of the pension system because that is what we need to change the social system, and that's what we also need to create a capital market union because we have not enough capital in Europe. Per capita, the money that Europeans have on their savings and current accounts is roughly the same as in the US. In the US, they only have about \$200,000 more in their 401Ks and in other pension assets and funds. So that's what we need to create. Now, on the defense side, Germany has basically laid out a plan. We want to create the strongest non-nuclear army in Europe. That is a difficult statement to make as a German, also as the German government, as the German Chancellor, because we know, given our history, that this is not only seen as a good thing, but this is what we think is needed, and therefore, the start of the rearmament has happened. And if you see how basically the army was underfunded over the last years and how you see

now that funding goes up and will triple within a couple of years, that is an enormous amount. And part of it, people will debate, goes into older system, but part of it will also go into very new systems and trying to increase this and really push it forward. And that will be a super opportunity, of course, for investors to partner. And it will also create a new universe of suppliers of dual use goods and basically drive innovation. So, I think this will be an important step of reinventing German growth.

**Gillian Tett** 35:19

Right. Pascal, France has tended to have a very go-it-alone strategy on defense. To what degree is it going to cooperate with the rest of Europe around a drive to reboot the defense system? And do you see this as something that will really suck in American capital or capital from elsewhere and really kickstart some of the investment that's needed?

**Pascal Cagni** 35:45

No. Maybe you don't realize, but France is the second largest exporter of defense, which I'm not always proud about. But given the current context, that's the position we start from. We've got some of the most relevant players with the Safran, Thales—and obviously, Dassault—of this world. But again, I go back to what we were talking earlier on, is that you've got a new generations of arms, which doesn't stop just at defense. It's called the new space. And here again, out of Toulouse, we've got a handful numbers of unbelievable companies which are basically either trying to challenge ex space on the propulsion or working on the satellite. I'm going tomorrow to go to see up [Inaudible] out there, two or three companies, Impulse Space and ZAC. And why I'm going to do this, because actually, many of the key suppliers, the key components, come from that ecosystem that we have around Toulouse. So, the duty is clear, right? We have been investing in defense for the last, what? From '45, it was anything between 1.5 percent to 2 percent of the G[D]P, which is kind of a toll which has been taken, which transforms it in a positive because we're exporting a lot thanks to that. We absolutely need to go at a European level. And yes, you will debate endlessly, and I don't want even to talk about the next generations of plane. That's not where he boils down. Where he boils down is how you're going to basically create our own constellation of satellite. How are we going to have key ownerships in the supply chain of each and any of the components? How are we going effectively to have an alternative to the Starlinks of this world? So, that's where really is the focus. And actually, like always in France, since we couldn't basically unlock enough capital at a European level, the French state has been putting money. But clearly, if we just stay here, we'll never make it. So to answer the questions, I think it's a core focus. When you think about France today, you think about energy, you think about AI, and you think about defense. That's the three areas which obviously we've got something very unique to offer to any investors in the room.

**Gillian Tett** 38:10

Right. Anne-Christine, from your perspective, when you hear about these ambitious projects, "*les grands projets*," do you think there is enough capital in the system right now to fund these big projects? And are the capital markets deep enough to actually provide the support?

**Anne-Christine Champion** 38:28

So short answer is yes. On these projects, one key feature to have in mind is that these are usually long-term projects where you need the stable rule of law, and we have that in Europe. The fact that you can invest with long-term vision in terms of these non-recourse cash flows that you will get from projects is absolutely essential. And if you look at the appetite from investors, obviously European investors, but also international investors, have huge appetite for these projects, and whether it is equity, debt, public, private markets. So, yes, there is the capacity and also in terms of the banking capacity very strong capacity in Europe in terms of structuring these projects and raising the money.

**Gillian Tett** 39:21

Right.

**Anne-Christine Champion** 39:21

So, yes.

**Gillian Tett** 39:23

Well, I never thought I'd be in America listening to a European saying their great advantage globally today is having the rule of law. It certainly shows the changing fortunes at the moment. But, Hendrik, from your perspective, as you say rightly, there is a very vibrant ecosystem of small companies. I know that because sitting in Cambridge, there's a huge ecosystem of startups around Cambridge, but the common complaint is they can't get scale-up capital. And people like Hermann Hauser, one of the great entrepreneurs in the UK, is trying desperately to get a big scale-up fund through the European Union now. But what will it take to actually get that real scale-up capital to be ambitious? Because at the moment, what's happening is you get startups, they grow, they become successful, and then they get bought very cheaply by Americans.

**Hendrik Brandis** 40:16

Yeah, 100 percent agree. As a reference, I think the largest funding round agreed on for an OpenAI is \$122 billion, right? The total collective growth funding in Germany last year was €8.4 billion.

**Gillian Tett** 40:34

So 8.4 versus 122.

**Hendrik Brandis** 40:36

For the entire economy, which is 20 percent of US economy versus one funding round of one company, gives us a sense of how big the gap is here, what we need to mobilize. On the other hand side, I was giving the example that there's 300 billion newly allocated from the German insurance industry every year, predominantly in government bonds. And that is to a large extent driven by the regulatory environment. Not only, but also. There are another 300 billion from private savings, basically resting there at no interest and damaging the investors. So, I think the secret must be that we have to structurally think about redirecting. I'm just talking now about Germany, and then you can multiply everything by, I don't know, four in order to reach to a European level. By redirecting the 600 billion, at least partially, to growth investment. And it is possible. I have made a couple of proposals how that can be done. I don't want to dig too much into depth into the individual proposals. But if we agree that this is the purpose and we have to change the regulatory environment in order to facilitate a reallocation, at least of a significant part of the capital which is privately allocated anyhow every year—

**Gillian Tett** 42:10

—Yes—

**Hendrik Brandis** 42:10

Then the problem is solvable. And it can be done relatively quickly because these allocation decisions are taken newly every year. It's a question of the commitment to just introduce the necessary regulatory changes.

**Gillian Tett** 42:29

Right. I'm going to go to the audience for questions in just a moment, but one quick question for you is, to what degree does being in the UK as an investment fund hamper your efforts to develop in the European Union? Are you acting as if Europe and the UK is already effectively one bloc, or are you finding a lot of barriers in that respect?

**Michele Giddens** 42:54

Yeah.

**Gillian Tett** 42:54

I think many people share, the vast majority of people now in the UK do either regret having left at all because they never wanted to leave, or they've now changed their minds.

**Michele Giddens** 43:03

Yeah.

**Gillian Tett** 43:03

So, Regrexit.

**Michele Giddens** 43:04

Yeah—so I am in denial—I do think that the UK is part of Europe, and certainly for us economically, we look at Europe as a whole. And I just maybe build on an example of an investment, just building on what Hendrik was saying. So we've been looking at where is the gap for growth capital that is specifically about climate mitigation adaptation. And we've chosen to go Europe and US with that strategy. And what we're looking at there is essentially how you put intelligence into the infrastructure of the green economy to make it go faster. And there, our focus is looking at best in class rather than best in sector, looking at Europe and the US. So Europe, for any European, it's divided, as we've heard, into lots of different places and lots of different policies. I don't think that's different for a UK-focused investor. So, we're based in London, but we do invest across the whole of Europe. And in fact, we also invest a little bit in the US.

**Gillian Tett** 44:19

Right. Well, any questions? We've got about 10 minutes left, so curious whether anyone's got any questions they want to raise for the panel. Yes. And it'll be courteous, but not compulsory. Just briefly identify yourself. We don't have microphones, but we're a small space, so shout.

**Giancarlo Bruno** 44:36

Hi, I'm Giancarlo Bruno, with the Milken Institute. Many of you, and Thomas in particular, made reference to a change in the social contract.

**Gillian Tett** 44:44

Oh, we actually have got a microphone coming, so I spoke too soon.

**Giancarlo Bruno** 44:49

Thank you. I was making reference to the social contract changes that might be necessary to remove some of the framework obstacles to growth. In a context where AI is transforming a lot of the future of work, and this is particularly felt in Europe, what would be the right way of framing this in a way that could bring the public opinion behind it? Thank you.

**Gillian Tett** 45:23

So how do you get the public to back radical change? And I'll add onto that and say, could the AI shock be one way to get radical change? Could an energy shock, Pascal?

**Pascal Cagni** 45:35

No. We have right now, when you look at what's happening with tech, several good example of company which is basically challenging the 20, 30 years old established way of doing things. I'm thinking about into the insurance at Alan in France, which is become, where they're extracting dramatic productivity out of it. And at the opposite of maybe what Thomas said, I'm kind of hopeless about the idea that we'll change the systems. I believe that the—And maybe I come from a technology background, so I'm embracing too much this, but our real chance is to take our talent, facing the debt that we have, the challenges, and embrace totally the AI revolutions. If we just extract 2 or 3 percent of our industrial footprint, where we in France, we're only at 10 percent of the GDP on industry, Germany will be at 25, Italy will be at 18, 20, 18, 19, we can dramatically change this productivity. So, better to hope forever giving a well-balanced political systems, which is not extreme, where we don't yet have a civil war, kind of what you have here in the US. I believe that we should essentially be very adamant about changing the systems by playing, betting on the AI revolutions. We've got the talent, we've got the energy, we're getting more sovereignty on it. And, yes, we should leverage the huge platform. But for 10 years, I was using the metaphor of the NATUs and the GAFAMs, and I was trying to explain that who are the NATUs? They are Netflix, Airbnb, Tesla, Uber. What do they have in common? They basically all challenge old business, the taxi business, the empty spaces that you got in real estate, the purchase and buying and renting of video tapes, and they don't have much R&D. They piggyback and leverage totally on the platform that the GAFAMs gave them. And thanks to that, they became one of the top 20 or 50 capitalization in the world. So, taking that metaphor, we should say, let's look at what we have and don't have. Let's try to go against the wind forever. It's a useless race. But let's make sure that we basically leverage what is at best out there available, because at the end, what is the assets of Europe? It's forged with 50 millions inhabitants which do have a proper purchase power, and that's really what remains, and also a state of law, we say it also. And at the end, a pretty well-balanced type of quality of life where we care about planet Earth more than anywhere else in the world. So, that's basically the philosophy that we can apply.

**Gillian Tett** 48:38

Right. Hendrik, what about you, and Thomas? I can see everyone wants to jump in now and work out what's going to be the spark to really get change.

**Hendrik Brandis** 48:44

Yeah, I think—

**Gillian Tett** 48:44

—You have two minutes and then, or one—

**Hendrik Brandis** 48:44

—Okay. So I think I'm—

**Gillian Tett** 48:47

—And then Thomas.

**Hendrik Brandis** 48:47

I'm skeptical in globally changing the social contract. I think that will eat us up, and it will need time, and I do not see the consensus coming up. I think we should choose our battles, and I would recommend to focus on just two changes in the first place. And one is actually the pension system. This is eating up, in Germany, 25 percent of the public federal budget. 25 percent. It is just huge, and it is, at the end of the day, relatively easy to be fixed because—you basically have to shift retirement age. And that creates a new balance, and you have to build up the pillar two and three. And the second thing is we have to fight regulation, which I think is a way underestimated problem we have. That doesn't cost anything. It will only release growth potential and forces—which are not yet seen. And maybe the easiest thing is to just drive down the number of publicly employed, the employees, yeah. Just drive down capacity.

**Gillian Tett** 50:06

So, you need a kind of European-style DOGE.

**Hendrik Brandis** 50:08

Yes.

**Gillian Tett** 50:10

Or, a nice DOGE.

**Hendrik Brandis** 50:10

I hated to—

**Gillian Tett** 50:11

—Maybe, but smarter—

**Hendrik Brandis** 50:12

—Slightly differently. But cutting down the regulation capacity of the state, I think—would make a huge difference.

**Gillian Tett** 50:23

Thomas, do you want to see a European-style DOGE?

**Thomas Buberl** 50:23

No, I agree with you. It's difficult to reform the social contract, and I'm not saying, I mean, you need to make adjustments. I think where the explosion will come from is from the fact that there will be, at some point, a very big generational conflict. Because what has happened only in Argentina so far is, and it happens more and more in Europe, that people say, "Hey, listen, why are you spending our money, young people's money, on all these old people? There's nothing left for us." And I think this will create the explosion. I think on AI, I think it's good news for the social system because instead of taxing real human beings, you tax agents tomorrow. AI will solve our demography issue because we have a real issue of getting qualified migration. And then the third thing is, if you look, AI and the adoption of AI is very much driven by people. It's quite fascinating to see that all of our employees use AI all the time in the private space, yet when they come to work, they don't use it. And there's a reason for it. And they will be controlling how quickly AI will be adapted or not. So, I think we are all fine.

**Gillian Tett** 51:43

Anne-Christine, do your employees all use AI at work, or do you have AI in the bank?

**Anne-Christine Champion** 51:48

It's ongoing. Ongoing work.

**Gillian Tett** 51:50

Ongoing. Yes.

**Anne-Christine Champion** 51:43

But maybe on the social contract, one what I wanted to add is also that if we look at the young generation, they are changing. If we look at digital banking, they do have access today at investment horizon or universe, which was not the case 20 years ago. And reminding on what Thomas was saying earlier, because we have this social distribution, healthcare, education, everything is being provided. So, our generation is overall not so much into finance, much less than in the US, and this is changing. There are a lot of influencers, for instance, about how to invest. And, so, I think the young generation hear that. They also hear at school and others about the social contract and what is in it for them in terms of their retirement. So this may also bring the social contract change.

**Gillian Tett** 52:46

And of course, one of the other things that is also changing is that as America, in some ways, becomes harder for Europeans to just hop over to and build careers in, as the walls go up more widely, and as a number of European governments get nervous about using or relying on American tech, there's going to be more of an incentive and need for people to actually invest and use homegrown solutions going forward, I suspect. Certainly. Sorry, Martin, I can see that you disagree, or were you—

**Martin Blessing** 53:18

—No, but let me come back to the AI challenge. I think Europe will not win the game of building the next large language model better than the US. But I think at a certain point in time, to increase the quality of life by using AI, you must move into the physical world. And Europe has a much higher percentage of industrial production capacity still than the US. So, at a certain point in time, you must use industrial data—

**Gillian Tett** 53:50

Yes.

**Martin Blessing 53:50**

From sensors and so on, and then you must basically use machineries, and you need to do them in a scaled production to basically do something. So if we want to take care of elderly people with robots, you have to build them, you have to manufacture them, and you have to move them and bring them out to the ones that want to use them. And I think that is where Europe will come in and where we have a lot of strengths and where the next, how we would call, round of the game will be played, and I think adapting that in Europe will be a huge opportunity for investors and for companies in Europe.

**Gillian Tett 54:31**

Right. Thank you. Well, I see that we are sadly, very sadly out of time. But it's been a really interesting conversation. Thank you for all coming along. Thank you for so many of you being optimistic about Europe. I hope this has reinforced your optimism. We've heard a lot about the challenges around the social contract and the difficulty of reforming that and the question of whether it needs to be or not. But a very strong conviction that the new generation is rising up, that has a different vision, that there is a need to both act on the defense side, but also to act on other areas like energy and AI. And a realization when it comes to AI applications, if not the actual original building of large language models and the big tech companies, then there's still a lot to play for in Europe. And at the end of the day, perhaps we can all comfort ourselves by the fact that entrepreneur was originally a French word. For many years, France forgot about that. But if Pascal is correct, we are now back. So, *vive l'entrepreneur!* So thank you very much indeed.

*Disclaimer: This transcript was reviewed by individuals for accuracy and serves as a reference. However, it may still contain errors or omissions. Please verify any critical information independently.*