



PRESIDENCIA
DEL GOBIERNO

SECRETARÍA DE ESTADO DE COMUNICACIÓN

TRANSCRIPCIÓN

**INTERVENCIÓN DEL PRESIDENTE DE GOBIERNO EN LA REUNIÓN ANUAL
DEL FORO ECONÓMICO MUNDIAL EN DAVOS-KLOSTERS**

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INTERVENCIÓN DEL PRESIDENTE DEL GOBIERNO, PEDRO SÁNCHEZ

Thank you.

Thank you, Borge, and many thanks to the World Economic Forum for this opportunity to address you today. It is both an honour and a pleasure to be back in Davos after the COVID-related hiatus.

My dear friends, I was still a teenager when the Berlin Wall fell and the Soviet Union collapsed. The decade that followed was defined by Fukuyama's thesis on the end of history: liberal democracy and market economy had prevailed, and there was no way back.

That is how my generation grew up thinking that economic growth, interconnectedness, freedom of thought and speech and human progress were just as predictable as they were inevitable.

Now, in 2022, we know well that liberal democracy does not come naturally. It requires considerable effort and nurturing and the end of history is nowhere in sight.

As I speak here with you today, Ukrainians are fighting for freedom and democracy, not just theirs, but also ours. We never thought that we would see again such horrifying images of bombings and massacres on European soil.

Names like Bucha or Mariupol have become synonymous of barbarity and war crimes that cannot go unpunished.

I can only reaffirm the admiration that - I dare say all of those facing here today - feel for the courage and the dignity of the Ukrainian men and women in the face of Putin's aggression, brutal aggression. Today they embody the true defense of our common European values.

This illegal, irrational and unjust war is causing suffering and despair in Ukraine and beyond. We are witnessing the largest human exodus since the World War Two, with over 6 million people fleeing the country and a further 8 million internally displaced people. But this is not just a local or even a European conflict. This is a major international crisis with consequences for all of us, regardless of where we come from.

And we must be fully aware of what is ahead of us. The Russian invasion of Ukraine has triggered an unprecedented global food crisis with dramatic consequences for the most vulnerable countries, individuals and families.



According to the UN, 1.7 billion people are at risk of poverty and hunger. The countries most dependent on food imports face unprecedented shortfalls while their populations are suffering the effects of record food prices.

At the same time, some countries are adopting unilateral trade measures, making it more difficult to meet global demand. Food insecurity is a catalyst, we know all of us, of social instability and often armed conflicts.

Therefore, it is, I would say, imperative that we make every effort to restore food production and trade system and achieve food security for the most vulnerable. And Spain will do its part.

I want to take, my dear friends, this opportunity to reaffirm my country's support for Ukraine and our resolve in helping ensure that Putin does not achieve his goals. Spain has, as you said before, again set an example of solidarity. Ukraine can rest assured that we will welcome Ukrainian refugees in our country, now totalling well over 100,000, for as long as it is needed.

We will also continue to back, as we have done so far, the toughest sanctions against the Putin regime and providing humanitarian aid and assistance to Ukraine.

Our support is firm and unwavering because we know what is at stake, the territorial integrity of a sovereign country, the lives, dreams and well-being of its citizens and the cause of international law, of liberal democracy and, of course, of the European Union.

Make no mistake, Putin's brutal aggression against Ukraine is also a direct attack on the European Union and all it represents. By responding with unity, as we did, and determination the European Union is not only defending the basic principles of the international order, it is preserving the very values that underpin it since its foundation.

Clearly, the last couple of years have been not easy for the European project. First, Brexit, second, COVID hit us hard. And now we have to deal with the consequences of the war in Ukraine, however, the bigger the challenge, the more resolute our reaction.

Throughout these trying times, we always went for further integration. To unite and therefore not to divide, to make our common project, the European Union, stronger. We did it with the joint purchase of vaccines, with the sure instrument for protecting jobs during the pandemic and with the next generation funds.

Now we are doing it again in our response to the war, with unprecedented actions designed to maximise long term cost to the aggressor and ensuring that Putin's vision for Russia and the world does not win from this war.

Beyond helping our Ukrainian friends in their fight for freedom and democracy, we are collectively moving in the direction of a greater strategic autonomy by deepening the single market, diversifying our supply chains, reducing our dependences on energy, critical technologies, raw materials, semiconductors or health products.

We are both becoming more resilient and accelerating our transition to a new economic and geopolitical reality, that of the post-war era.

The same logic, my dear friends, guides initiatives to strengthen European defence.

We want to reduce our strategic dependencies and invest not just more but better in increasing our security and defence capabilities.

And we certainly must show the highest degree of ambition in promoting a renewed social agenda for the European Union, because combating inequality and fostering social cohesion is the only way to achieve our goals of progress, prosperity and welfare in the most efficient manner.

In short, this is a road that we must travel together, and the war in Ukraine is yet another reminder, reminder that we should do it without delay.

My dear friends, of course, Russia's aggression is altering the global economy and economic outlook.

We are coming out strong from the COVID crisis, but our economies have been severely impact from high energy prices, fueling inflation to worsening consumer sentiment and supply chain bottlenecks.

Spain is obviously not immune to this shock.

After devoting nearly €80 billion of public resources in 2020 and 2021 to combat the impact of COVID 19 on our economy, we have recently approved a package of €16 billion to mitigate the effects of the Ukraine conflict on Spain's households, SMEs and specific sectors.

Since well before the start of the war in my government, the Spanish government has been at the forefront of efforts to weather rising electricity prices across the European Union through temporary taxes cuts and subsidies.

More recently, the European Council approved a 12 month price cap for the Iberian Peninsula on gas used to produce electricity, which will soon be implemented.



This will allow us to bring down prices, shielding households and their business from the extreme volatility and potential price spikes in energy markets.

Once again, we have to fight against adversity, overcoming extreme, external, unpredictable factors that have a major impact on our lives.

Yet there are inherent strengths in the Spanish economy, which give us reasons to be optimistic.

The Spanish economy grew by 6.4% a year on year in the first quarter of 2022. And we estimate the growth will reach 4.3% for a year for the year 2022. One of the highest rates among advanced economies. Employment is up. The fiscal deficit is down. And two central sectors of our economy, the export sector and the tourism sector are recovering to pre-COVID levels and are acting as the engines of this growth.

In other words, we are containing the damage much better than other economies.

Looking, looking at the medium to long term Outlook, We believe the fundamentals of the Spanish economy are even stronger.

More importantly, the Spanish government has a clear roadmap for the modernisation of the country.

Let me highlight three key pillars of our vision.

The first one is the implementation of the next generation European Recovery Plan.

Last year, we launched an ambitious six year €70 billion recovery Transformation and Resilience Plan that is already transforming our economy based on four fundamental drivers: the green transition, the digital transformation, social and territorial cohesion and gender equality.

Now, I can proudly say that Spain is by far, by far the country most advanced in everything related to the development of deployment, sorry, of the Next Generation european funds.

We were the first country, along with Portugal, to have a recovery plan approved by the European Commission, the first to receive the disbursement linked to the achievement of milestones and targets, and again, the first to request a second disbursement.

And we are accelerating its implementation since the start of the war in Ukraine because the answer to ending our dependence on Russian gas and oil lies precisely in the decarbonization of our economy.

But speed alone is not enough. We also have to put the money where it is most needed.

With this in mind, we have created an innovative instrument to enhance public private collaboration to strategic projects or purpose, as we call them.

Purchase and burn to become a driving force for economic growth, employment and the competitiveness of the Spanish economy.

They are instruments for promoting and coordinating high priority, complex investments in strategic sectors where state intervention is needed to supplement a private initiative.

They will channel more than €30 billion in public funds, €30 billion in public funds, and should mobilise around four times as much as private funding.

We are already, we are already approved, we have already approved, sorry, tens of strategic projects in areas such as electric and connected vehicles.

This industry is very important for the Spanish economy, renewable energy and a green hydrogen water management, circular economy, health and space sectors, among others.

And precisely today, my government is approving a new landmark strategic project on microelectronics and semiconductors. With over two billion euros of public investment, we want to become the best partner for the industry in its efforts to expand and diversify microchip production to address growing demand and supply chains disruption. Spain will not lose the race for the most advanced technologies. Our country wants to put at the forefront of industrial and technological progress, and the strategic approach on semiconductors proves it.

The second pillar is the ambitious reform agenda that my Government has put in motion to address the structural problems of our economy. It consists of over 100 structural reforms based on the European Commission's specific recommendations for Spain and linked to our recovery plan. Let me highlight three areas where we are concentrating our efforts.

First, green transition and the fight against climate change. We are challenging 30 billion euros, 40% of Spain's Next Generation Funds, for the decarbonisation of our economy. These investments are coupled with ambitious reforms to fight against climate change and boost circular economy, self-consumption and sustainable mobility by making the best possible use of our natural resources and investing heavily in the technologies of the future, from green hydrogen to energy storage and



clean vehicles. I think Spain wants to position ourselves as a global, sustainable leader or sustainability leader.

Second, the digital transformation. Our digital agenda has an all encompassing vision from digital skills to cybersecurity, from the digitalization of SMEs to a sound cloud policy, from 5G connectivity to artificial intelligence.

And third, education and talent attraction. Because we know human capital is the engine that drives economic growth. We are reforming our education system from top to bottom, from boosting preschool education to major expansion and modernisation of our vocational training system, from university reform to a new science law that will provide adequate incentives and doubled the amount of funding to research, development and innovation.

And finally, as an overarching pillar of our reform agenda, we set our sights on the provision of quality, stable employment, thanks to a labour market reform negotiated and agreed by employers and trade unions. Spain is well on track to correct the demographics of its labour market, which are precariousness and temporality. With the previous law, only one in ten new contracts were permanent. Today, there is one new permanent contract for every new temporary contract. The job creation rate is at 5% year on year. Both youth and women's unemployment rates are decreasing at a steady pace, and for the first time in history, there are over 20 million employed people in Spain. More public investments are better education, more jobs and better jobs. In short, more opportunities for everyone to thrive.

Because the best political or social policy is one that combines quality employment opportunities for society as a whole with a strong welfare state that protects those in need.

And these are not just recipes for a country like Spain. If we truly want to preserve a way of life that has been an aspiration for hundreds of millions of people, this means quality of jobs and quality jobs for everyone. This means economic opportunity for everyone. But it also means fighting against tax avoidance and unfair tax practices both at home and abroad. It means being brave enough to truly provide the opportunities that emerging economies desperately look for.

We should not be afraid to truly invest in the human development of these communities, to go beyond the financing of infrastructure projects crucial as they are. Long term engagement and inclusivity are the best possible medicine against authoritarianism and nativism, both at home, among our citizens and elsewhere.

My dear friends, what we are witnessing is not just a reminder that history did not end three decades ago. We are witnessing the end of the age of liberty. We are now

seeing how our values, those our societies are built upon, need to be defended. Putin's frontal attack reminds us that the future is a land to be conquered.

There is nothing, there is nothing inevitable about the rise of extremism and tyranny. On the contrary, there are, or there is a clear chance for the values of democracy, freedom and international law to continue to thrive. It is time to feel confident in ourselves. Let us not fear the forces that are threatening to derail the future with terror and hate.

We have the most powerful weapons, if we use them wisely. Because democracy, multilateralism, may get messy, noisy and imperfect on occasion, but we know they are the only road to peace and freedom in the long term.

George Orwell once famously, famously wrote, and I quote: "Who controls the past, controls the future, and who controls the present, controls the past" My final message for you today is that we must be brave about the present, not to control the past, but to earn the future.

The time for complacency is over. If we stay determined reason, freedom and democracy shall prevail.

Thank you.

Q.- Thank you so much, Prime Minister Sanchez, for this very important speech.

I really liked how much you also focused on values, saying that the values our societies are built on have to be defended. And make no mistake, I also said to Mr. Putin and Russia that what we are seeing unfolding now in Ukraine is a direct attack on the liberal democracies. I am so glad that we have leaders like you in Europe standing up for these values.

And you also addressed the strategic autonomy concept in Europe that has been about supply chains, has been about the single market. But I guess that this is also more about security and defence. How do you see the European Union developing on those topics, on the strategic autonomy, on defence and security? Does Europe need to step up and take more responsibility for its own defence and security and not relying also so much on external partners?

President.- Thanks for your words.

Just a quick comment: I think that it is also very important to share with our partners abroad, I mean abroad the European Union and the Western community, that this



challenge that Putin is tabling affects all the world. This is a global crisis and it is important to isolate Putin in the international community.

And this is something that we are, you know, doing with conversations that we have - in my case- with many leaders in Latin America, because I think it is very important to keep in mind that this is a global challenge. Just to remind that Russia is a permanent member of the UN Security Council and what is at stake is the international order that it is not fulfilling or respecting.

But going to your question on the strategic autonomy, I think that Spain was -together with Holland- the first country to launch a non-paper to define what are the characteristics of this new expression, strategic autonomy.

And just to give some quick ideas:

The first one is open strategic autonomy. This is not to close European Union, to implement a new protectionism for their economic policy. It is the contrary. I think is very important to open the European Union to create new ties on trade with other regions, for instance, why not with Latin America? I think this is also very important and this is a huge opportunity for the European Union.

So open strategic autonomy.

Second, I think that not only because of the war, but also because of pandemic the Europeans, we realize that we need to reduce many vulnerabilities that we have, for instance, on health products. And that is why I think it is important to reduce our vulnerabilities and to increase our resilience: health products, of course, energy, raw materials, semiconductors, microelectronics and as you mentioned before, defense.

And I would just like to add, regarding defence in this reflection on a strategic autonomy, I think is important the complementary vision between the Ucrainian and NATO. I think that one of the biggest mistakes that Putin has made is to underestimate the reaction of NATO and the European Union.

And before the war, before the invasion, there were very important actors reflecting on what to do with NATO. And I think that we realize how important is to keep this a strong alliance between our partners in the US, Canada and other parts of the world.

So, you know, we are very excited to host this very important meeting in Madrid next June and I think is going to be a very important message for the international community, especially for Putin, that the NATO and the European Union reinforce our alliance.

Q.- Thank you for so strongly underlining also the importance of the transatlantic relationship.

And you will be hosting a NATO summit, as I also said at the introduction, probably the most important NATO summit in decades. So, what do you expect as outcomes of the summit?

President.- Well, I think that the first and the main outcome of the summit will be unity, unity among allies, unity between NATO and the European Union.

For instance, we are working and preparing an informal dinner between Member States of the European Union and NATO allies, which some of them are not included in NATO, as you know.

Second, I think it is important to define our strategic concept, which is, you know, the strategy for NATO over the next years, until 2030, sorry.

And I think from us, from Spain, it will be very important to have a strong message on the southern flank.

It is important, of course, to face the challenge on the eastern flank that is already on the table. But I think it is also very important to keep in mind this 360 degrees strategy of NATO and to develop this idea with a strong message of the southern flank security concerns that we are also facing in some sub-Saharan countries.

And finally, of course, we are going to welcome two new countries in NATO. And, of course, I think this is also very important for the European Union stability and for NATO future.

Q.- So Finland and Sweden will be there in Madrid?

Presidente.- Yes, of course. Of course.

Q.- And you see, as President Biden, Do you see a clear track for them for membership?.

President.- Well, I mean I mean, I can only speak from, you know, as prime minister of Spain.

But so far, I think that the ambience and all the environment and the of course, the the political will of the allies is to welcome this two countries. And, of course, in Spain, we are going to accelerate all the parliamentary process in order to fulfil with our commitment and with these two countries are, of course, very important, not only for NATO, but also for the European Union stability.

There are big democracies, very well established and consolidated democracies. And and, of course, I think is also very important for NATO and the European Union to have them on board as NATO allies.



Q.- Well, thank you.

And I wanted to come back to also the reforms that you are undertaking in Spain.

You're not complacent when it comes to climate change and the green transformation, also the new technologies and also the labour reforms.

So what is the success recipe behind the rebooting of the Spanish economy? Because unemployment is going down, you also see more investments. Growth is back. And you have also been able to do this with marching new reforms.

Many economists say it is not possible to start with those labour reforms and pension reforms and then create growth.

First, you have to do the growth but you have combined.

Can other countries learn from your example?

President.- Well, we are happy to share our experience with the rest of the countries.

But I would say that, first of all, the economic response from the European Union during the pandemic was outstanding because there was actually an alignment between the monetary policy and the fiscal policy.

And this is something that we have to keep in mind when we regard and we face these the terrible consequences of the war for Europe.

Second I think that it is important the political message that we sent with the mutualisation of the debt at the European scale, because that provides countries like Spain and others the means, the instruments to transform and modernize our economy.

For instance, on rent taxation as you mentioned before, and, of course, digital transformation of our economy, our enterprises and, of course, citizens.

And this is something that we are, we are profiting on investment and also on reforming our educational system, as I mentioned before, our energy system or of course. I would say the public administration reform and of course, labor reform and pension reform.

Labor reform. I think that the outcome and the figures that we are now witnessing on the Spanish economy are very impressive and very positive. And it also gives

reasons to those of us that really defend that there is not a trade off between job creation and quality of jobs.

At the end of the day, one of the major challenges that my economy, my country, Spain, has is to increase productivity. And productivity is related, of course, to precariousness and temporality. And this is something that we are facing with this new labour reform, which, by the way, was agreed with the employers and trade unions. And I am always thankful for the commitment with our country in very difficult moments as the ones as we faced with the pandemic and now with the war.

Q.- I think it is also a question of the legitimacy of a social market economy that also wealth trickles down, because we have seen growth, but the legitimacy is also based on inclusion. But coming back to...

President.- And I think it's also very important to keep in mind that sometimes politics is overestimated. It is very important to have the private sector on board. I think one of the major lessons that we learned from the pandemic, and nowadays with war, is the need to create this public-private partnership. This is what we are doing when we are, you know, creating this strategic project, the PERTEs, because indeed, at the end of the day, the private sectors also need a commitment from the public administration. And this is something that I am very thankful to the private sector, many of the companies that are here in Davos. And I think that, you know, we have good fundamentals, very strong fundamentals, sorry. And this is also thanks to the participation of our employers and the big companies of our economy.

Q.- Thank you for that. As a prime minister, I think you are preaching to the choir, but you also walking the talk because we have seen the power of public private cooperation on climate change. We are seeing companies now pledging to go net zero. Companies also taking the ESGs very central. I think more and more companies also see if you want to attract talent, you have to be in the forefront of these very important values.

President.- And I think it's also very important to reaffirm this commitment today, because perhaps for some leaders, this war could be used as an excuse not to fulfil with their commitments on climate. And this is also something that we have to keep in mind. And definitely Spain is committed with these climate goals, with the Agenda 2030 and of course, with the mitigation and adaptation to this global threat, which is climate change, we shall not forget that for climate change we don't have a vaccine. And for that we need to strengthen multilateralism. And, of course, not to forget the biggest threat that we have ahead of us.



Q.- Thank you so much for underlining that, you know, no vaccine against climate change, that's going to be hard work and decoupling and also introducing the freedom fuels.

President.- Absolutely.

Q.- And I think you're doing well on the freedom fuels

President.- Yes, actually, well, I think that since..., I mean, we started four years ago together with the enterprises, with the private sector, to draw and to imagine an energy transition in Spain. I think that we are, you know, we have the fundamentals, we have the means, and the only thing that we didn't have four years ago was the political commitment to face this green transition. Now, this last year, 57% of our installed capacity is renewable. So I think it's, you know, it also shows the commitment of Spain, its society and, of course, the Spanish Government.

Q.- Well, thank you so much, Prime Minister, for your commitment to the values for liberal democracy, also for your reforms. Thank you for coming back. Thank you for also being a leader in the green field. It is always a pleasure to have you. Muchas gracias.

President.- Muchas gracias.

Q.- Thank you. Welcome back.

*(Transcripción editada por la Secretaría de Estado de Comunicación)
(Intervención original en inglés)*