Being where the action is: How can we develop a rounded view of global markets and play an active role in them?

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Introduction

When we say "Banque de France", we think of France, obviously, and sometimes Europe. But we rarely think of New York or Singapore. Although finance is global, how we understand it remains heavily influenced by the places we analyse it from. That is why the Banque de France has offices in New York and Singapore, as well as Paris.

Being where the action is, and how to develop a rounded view of global markets in order to play an active role in them – that is our topic for today. And to discuss, I am joined by three guests:

Sophie Pérez, you are Director of Markets at the Banque de France and, so we can place where you are in the world, you work at the Banque de France's head office in Paris.

François Haas, you are able to be with us in Paris today, but you are usually based in New York as Chief Representative for Americas.

And Stéphane Latouche, we are also fortunate to have you here in Paris as you are based in Singapore, also as a Chief Representative, but for Asia and the Pacific.

Welcome to Dialogue &co.

Part 1: The Americas and Asia as seen from New York and Singapore: adding colour to economic analysis

Lucile Rives: To begin with, François, I'd like to invite you to share your own economic perceptions of the Americas with us. From where you are in New York, what is most striking in your day-to-day life that might not be so obvious from Europe?

François Haas: Thank you, Lucile. I think that the main thing to say about the United States, of the US economy, is that it is a world economy. In other words, its size lends it a great degree of autonomy: the size of its domestic market, the scale of its resources and, also, its strong ability to attract investment. It's also a world economy by virtue of its international influence, which is particularly significant. And influence is also the power of coercion; that's the flip side of the coin. This influence and this coercion are exerted at the level of international trade and the structure of the international financial system, and the US dollar being the reference currency is the prime illustration of that power. So it's an economy with an absolutely huge capacity to influence the entire international economy: today, the United States accounts for between 25% and 28% of global GDP – almost a third of global GDP.

What we are seeing today is that the US economy is finding itself increasingly challenged on the world stage. On the one hand, this is because it is accumulating imbalances. Firstly, a fiscal imbalance as the United States has been accumulating budget deficits for several years now. It's not the only one, but the US deficits are particularly significant. Today [in May 2026], it stands at around 6% of GDP. If nothing is done, the US social security system will be insolvent in the next 10-15 years. And again, that's not unique to the United States, but what is striking is the sheer scale of this trend: its duration – as it's not a new phenomenon – and its magnitude. Another major imbalance is the trade imbalance, that is the deficit in the United States' balance of trade. It's also an economy that's accumulating significant inequalities. And that isn't new; the American model is just like that. But what is worth noting is that these inequalities are particularly pronounced, are becoming more and more pronounced, and are beginning – only beginning – to become a political issue.

One final point on the US economy: its dynamism and adaptability, its ability to constantly reinvent itself, to absorb sometimes massive shocks, and its capacity to manage imbalances over the long term and export them towards the rest of the world. It's one of the characteristics of this world economy and one of the themes of France's Presidency of the G7: global imbalances, which reflect, on the one hand, US fiscal imbalances and, on the other, an imbalance linked to Chinese over-investment and an imbalance linked to a lack of investment in Europe. These three imbalances are interlinked, but the US imbalance is one of the most significant factors in the situation we see today. A final factor that illustrates the dynamism of this economy – and we see it every day in the United States – is the role of artificial intelligence (AI) and precisely the hopes it raises for managing the imbalances in that economy, in terms of productivity, for example. Today in the United States, investment in artificial intelligence in all its forms – we talk about data centres, but also software and other aspects – accounts for more than 70% of investment in AI in the world. That is colossal. Last example: during the first few months of 2026, 50% of US GDP growth was driven by investment in AI, which is also particularly spectacular.

The question is therefore to know if the US economy is going to be able to maintain its international pre-eminence. The US administration is deploying a vast array of tools, sometimes extremely aggressively, to maintain this pre-eminence, which explains the geopolitical fragmentation we are seeing and all the debates we're hearing surrounding the role of the US dollar. The question is also to know if, conversely, the rest of the world – and Europe in particular – will be able to resist and emerge from this very unusual situation. The issue of European sovereignty has become a central concern in Europe. It is both an economic issue and a political issue.

Lucile Rives: I suggest we switch continents and head to Asia. I'd like to turn to you, Stéphane Latouche: Looking at it from Europe, the Asian economy is often described in terms of the significance of its trade flows – particularly those from China –, its long-term approach, with an economic strategy structured over time, or the growing importance of certain regional economies. When looking at Asia and the Pacific from Singapore, what are the economic issues or trends that are shaping the region?

Stéphane Latouche: Hello Lucile. The Asia-Pacific region stands out above all as a powerhouse and for its dynamism. The region, which is both vast and diverse, mainly revolves around China, but also, increasingly, around India. It is now a major global economic hub, accounting for around 60% of global growth and also home to nearly 60% of the world's population. And set against that, we are seeing a profound shift in the global balance of power. The centre of gravity of the global economy, which has historically lined up over the Euro-Atlantic axis – the United States and Europe – is now clearly shifting towards the Indo-Pacific region.

The region's growth of around 5% in 2025, and growth prospects of between 4% and 4.5%, despite certain international tensions, illustrate this dynamism. On an economic level, several defining dynamics help to characterise this trend.

The first dynamic lies in the redistribution of value chains. This phenomenon, which has been continuing for several decades now, has profoundly affected both the United States and Europe. Today, around 50% of global manufacturing production takes place in Asia, and 30% comes from China alone, compared with 16% from Europe and 15% from the United States.

The second dynamic is the boom in exports. Asia has capitalised on this reorganisation of value chains to become a major exporting power. This development has resulted in significant growth in trade. For example, exports from the Association of Southeast Asian Nations (ASEAN) – representing the eleven countries of South-East Asia – doubled in the space of ten years. Similarly, China recorded a record trade surplus of USD 1,200 billion in 2025, which is an unprecedented level. These performances directly illustrate the effects of the region's growing importance in terms of industry and trade.

A third dynamic – often less discussed – is the stepping-up of regional integration. Unlike Europe, which has prioritised the creation of a single market with complex coordination mechanisms, Asia has opted for a proliferation of free-trade agreements. This dense network of agreements now links almost all the economies in the region and actively supports their growth. As a result, ASEAN countries now export more between themselves and to the rest of Asia than to the United States, marking a major shift in trade flows.

The fourth dynamic concerns the region's strategic positioning in information and communication technologies, as well as in the semiconductor sector, driven by the rise of artificial intelligence. Asia now produces nearly 95% of the world's microchips. This leadership is not limited to the major players such as Taiwan (TSMC), South Korea (Samsung), Japan or Singapore: it also includes other countries such as Malaysia, where semiconductors account for nearly half of its exports, and Indonesia, Vietnam and, increasingly, India.

And the dynamism of the region's major emerging economies, particularly India and Indonesia, is contributing to these developments. These countries benefit from strong demographic momentum that supports domestic demand. For example, they have particularly dynamic domestic markets, enabling them to maintain sustained growth rates of around 5% – and more – thanks to exports. Like in Vietnam, where growth frequently hits 7% to 8%. This demographic momentum is expected to continue in the years to come.

In short, Asia-Pacific has now established itself as a key player in the global economy. It is at the heart of industrial value chains and is a hub for international trade. For several years running now, it has been the leading destination for foreign direct investment, at a time when FDI has tended to stabilise, and even decline, in other regions of the world. Asia, and ASEAN in particular, has demonstrated a remarkable capacity for adaptation to the restructuring of value chains in a volatile and uncertain international environment.

In short, the traditional reductive image of Asia as simply the "world's workshop", built on cheap labour, now appears outdated. Today, the region is establishing itself as a global growth hub; increasingly integrated, innovative and dynamic.

Lucile Rives: Before moving on to you, Sophie, I'd like to pick up on the concept of a demographic dividend that you've just described, particularly in India. Because, conversely, we also hear a lot of talk about weaker momentum in the Chinese domestic market. Is this a genuine source of vulnerability?

Stéphane Latouche: Thank you. So a few points of analysis regarding China. Clearly, China appears to have entered a new phase in its development, largely driven by demographic factors. Its population is declining by around two million people a year, and this trend is expected to accelerate over the coming decades: according to current projections, China's population could be halved by the end of the century, falling from 1.4 billion to around 700 million. We're also seeing similar trends in South Korea, Japan and several other Asian economies.

Given that, the slowdown in Chinese growth seems relatively logical. Having benefited from strong demographic momentum and accumulated overcapacity in a number of sectors, the Chinese economic model is reaching certain limits. One of its main weaknesses lies in the largely centralised allocation of savings and investment, which can sometimes be inefficient.

However, a growth rate of 5% is still particularly high. And against a backdrop of demographic decline, this means that the increase in per capita income is even higher than that, reflecting a real increase in the people's wealth. Nevertheless, the slowdown should continue: forecasts suggest growth of around 3%, or even slightly less, by the end of the 2030s. But despite that, the decline in the population will continue to underpin a significant improvement in the average standard of living.

China also has considerable structural advantages. Its manufacturing strength is widely recognised, and economic players highlight the robustness and efficiency of its industrial ecosystem, organised around major clusters, particularly in Shenzhen and other specialised metropolitan areas. On top of that is its exceptional logistical capacity, which is unrivalled in Asia. Massive infrastructure investment over recent decades has led to a particularly efficient system. Many manufacturers therefore consider China to be virtually the only country in the region capable of large-scale lean manufacturing. This combination of industrial strength and logistical efficiency is a major competitive advantage.

More recently, China has also set itself apart through very significant investments in technologies of the future, particularly artificial intelligence, new technologies and green energy.

The country's strategy builds on two major milestones. The first, by 2035, is the goal of reaching a level of GDP per capita comparable to that of developed economies. The second, in 2049, to coincide with the centenary of the founding of the People's Republic of China, is the goal of making the country the world's leading economic power, in terms of both GDP and innovation and exports. These objectives form part of a broader framework built around three priorities: stability, security and innovation. Consequently, while the slowdown in Chinese growth is very real, it does not call into question the model's fundamentals. China should continue to impose itself as a major industrial power, capable of generating wealth on a large scale. It also has considerable financial resources that enable it to absorb any economic shocks that may arise.

Lastly, it's important to emphasise that, against the backdrop of current tensions in the Middle East and particularly energy-related challenges, China appears to be one of the least exposed economies in the Asia-Pacific region. It could even derive a comparative advantage as it positions itself to be one of the main indirect beneficiaries of these developments.

Lucile Rives: Sophie, these signals that come in from New York and Singapore – how are they received in Paris? Do they confirm the analyses carried out in Paris, or do they sometimes take you by surprise?

Sophie Pérez: Hello Lucile. With regard to these analyses, it is important to emphasise the need to seek complementarity between the work carried out in Singapore, New York and Paris. This complementarity shows itself, on the one hand, through the studies specific to each geographical area. In this regard, François and Stéphane's remarks clearly illustrate the quality of the expertise developed in close proximity to local markets. On the other hand, this complementarity is also evident in our approach to common themes, such as structural changes in markets, for example the gold market. In this context, being able to compare different perspectives – American, Asian and European – is a major asset that helps us to enrich our analysis and enhance its relevance. This analytical capability relies heavily on the local presence of our teams. Our colleagues based in Singapore and New York maintain direct links with market participants and with the central banks in their respective regions. This gives them access to first-hand information – otherwise difficult to obtain – that is an invaluable source of collective insight.

Their work also plays a vital role internally within the Banque de France. It is shared with the teams responsible for financial markets, financial stability and macroeconomic analysis. However, the main recipient of their reports is still the Banque de France's governing bodies. Given the heightened volatility of the current climate – which has only worsened since the outbreak of the conflict in the Middle East – putting in place this international monitoring makes perfect sense. Every morning in Paris, the Governor receives a brief analysis – or "flash" as we say internally – prepared by the teams in Singapore, that provides an initial overview of trends in Asia. This analysis is then supplemented by the teams based in Paris, before being further rounded out by the work of the New York teams, thereby ensuring continuous coverage of market developments globally. The aim of this system is to ensure that the Banque de France's governing bodies have access to information that is both up-to-date and detailed. It serves to support sound analysis and inform the stances taken during discussions on monetary policy, as well as in debates on financial stability. Finally, all these activities also contribute to the analysis of activity on the financial markets, a third aspect which we can address later.

Part 2: Building a network of international partnerships in the most practical way possible – how and why

Lucile Rives: Adding colour to the analyses provided to the Banque de France's governing bodies and, subsequently, to its operational teams is one of the key roles of the Banque de France's representative offices and trading rooms established overseas. The Banque de France's representatives are also tasked with developing and maintaining a network of relationships with local players – both financial and non-financial institutions. Stéphane, could you explain why a central bank needs this type of network and how it is put together?

Stéphane Latouche: Whether this type of arrangement is essential for all central banks is not certain. For example, the Banque de France is currently the only Eurosystem central bank to have a representative office in Asia. Nevertheless, the comparative advantage offered by such an arrangement seems very clear. As Sophie has just pointed out, having an analysis of the Asian markets at head office at the very start of the day is a considerable asset.

I would also remind you that the Banque de France's presence in Asia is not limited to its representative office. Three Banque de France experts are also seconded to the Treasury departments at France's embassies in Tokyo, Beijing and New Delhi, and we all work closely together to enhance the analyses sent to head office.

As for the representative office, we have three core tasks. The first is to convey the messaging of the Banque de France and the Eurosystem. Given the backdrop of geopolitical turmoil, messaging from Europe is now eagerly anticipated. I would even like it to be more prominent at times. In Asia, there is a growing realisation of the need to rebalance its historically very close relations with the United States.

Our second task is to develop strong partnerships with financial institutions – and there are a lot in Singapore's financial centre – and with the central banks in the region.

And the third task is to analyse economic and financial dynamics, in relation to market activities – but I'd prefer to let Sophie discuss that.

Furthermore, through its Banknote Manufacturing Directorate, the Banque de France has production capabilities that could be put to valuable use internationally. So one of my responsibilities is to establish initial contacts with foreign central banks in order to promote the institution's expertise in banknote manufacturing. Several Asian central banks have expressed an interest, either because of insufficient domestic production capacity or to benefit from technological assistance, as the Banknote Manufacturing Directorate is a recognised leader in its field. Discussions are currently underway with several institutions, although the details cannot be disclosed at this stage.

Lucile Rives: François, turning to the network in the United States, it isn't structured in exactly the same way as in Asia. And when we were preparing for this interview, you also spoke to me about the importance of this network in discussions and negotiations on international regulation. Could you tell us more about that?

François Haas: Broadly speaking, what Stéphane said applies. Nevertheless, the relationships we maintain are more a matter of ad hoc cooperation than fully structured partnerships, because the dominance of the US economy has no equivalent in Asia.

As a result, a significant proportion of our activity is centred on the United States. This is particularly true at the moment, given the particularities of the current US administration, which is forcing us to quite extensively overhaul our network within the administration itself, as the key figures within the US government have changed significantly and continue to change.

Nevertheless, we continue to actively cooperate with several institutions: one of our experts is seconded to the Federal Reserve Bank of New York, and we work with the Fed, particularly in the field of payment systems. We have also developed an extensive dialogue with the Bank of Canada, particularly on issues relating to the regulation of crypto-assets. On this subject, as in many areas, Europe is ahead of the game, even if this is not necessarily widely appreciated. Regulatory frameworks such as MiCA and DORA are proving valuable in other parts of the world, where they draw on our best practices in regulation and supervision to develop their own regulatory frameworks. Regular exchanges in this area benefit both the Banque de France and the ACPR, France's Prudential Supervision and Resolution Authority.

It is also worth highlighting the central role of financial regulation in the current context in the United States. Although the international regulatory framework is tending towards a form of harmonisation, the United States continues, de facto, to provide the impetus in financial matters.

In this regard, the way in which the US authorities implement the Basel III Accords is of particular importance for the balance and consistency of the international regulatory system. This issue is therefore being closely monitored.

In the same vein, recent US initiatives on stablecoin regulation, notably through the so-called "GENIUS" Act, represent a major development. Even though Europe already has a regulatory framework in place with MiCA, the US guidelines will have a decisive impact, both for Europe and for global financial stability.

So, compared with the model that was described earlier for Asia, the New York office – and the Americas office more generally – is now more closely focused on the United States. This focus reflects both the structural weight of the US economy and the intensity of the political and regulatory changes that are currently taking place.

Lucile Rives: Sophie, how is this type of network useful to the Banque de France's market activities?

Sophie Pérez: These factors are of particular importance, insofar as market activities help to nurture and structure this network of relationships.

By "market activities", we are particularly referring to the management of reserves, which will be discussed in more detail later. At this stage, it is worth focusing on one specific, essential activity that enables the Banque de France to develop partnerships worldwide. By "partnerships", we are mainly referring to central banks and international organisations, to which the Banque de France offers a wide range of services dedicated to the management of their foreign exchange reserves.

This is, in fact, a genuine customer-centred activity, through which the Banque de France provides its partners with tools and solutions that enable them to manage their assets under optimal conditions. These services include, in particular, time deposits denominated in euro – consistent with the Banque de France's membership of the Eurosystem – but also time deposits denominated in other currencies.

The services also cover a range of market operations, including foreign exchange transactions, gold transactions, investments in bonds, and custody services for securities.

If these institutions choose to use the Banque de France's services, one of the main reasons for doing so is the robust guarantees it offers in terms of security and confidentiality. These two aspects are indeed crucial in the management of foreign exchange reserves and are an essential point of trust.

As regards the scope of its network, the Banque de France currently has around 90 partners spread across every continent, which demonstrates the importance of this activity. And within this framework, the Singapore trading room plays a central role in fostering and developing relations with our Asian partners.

Part 3: Analyses and networks supporting the Banque de France's market activities, particularly its foreign exchange reserve management

Lucile Rives: Another of the Banque de France's operational activities is the management of France's foreign exchange reserves. They are mainly managed from Paris, but also from the trading rooms in New York and Singapore. Before we discuss the importance of having three sites to manage these reserves, Sophie, could you remind us what foreign exchange reserves are?

Sophie Pérez: Foreign exchange reserves refer to holdings of foreign currency and gold kept by central banks or, more broadly, by states.

In France, the legal framework governing these reserves is set out in the French Monetary and Financial Code. This stipulates that "the Banque de France shall hold and manage the State's gold and currency reserves and shall enter them on the asset side of its balance sheet". This provision applies to reserves held at national level.

Furthermore, a distinction must be made with regard to reserves belonging to the Eurosystem, in particular those of the European Central Bank (ECB). Part of these reserves is managed on a decentralised basis by certain national central banks, including the Banque de France. The Banque de France thus acts on behalf of both the French state and the ECB.

Beyond this institutional definition, foreign exchange reserves fulfil several key functions. Their use depends, in particular, on the exchange rate regime in place – floating or fixed – as well as on the macroeconomic situation of the country concerned.

Broadly speaking, they constitute an economic policy instrument that can be used to influence the exchange rate. In the event of a depreciation of the national currency that is deemed excessive or too rapid, the authorities may intervene by mobilising their reserves; by selling foreign currency on the markets in order to support the domestic currency, thereby helping to stabilise its value.

Lucile Rives: Is this something that can be done within the euro area? I thought foreign exchange reserves were used to prop up currencies when they came under attack on the foreign exchange market. But can they also be used to do this under a floating exchange rate regime?

Sophie Pérez: Interventions by the Eurosystem remain relatively rare. However, we can cite certain unilateral interventions carried out in the early 2000s, as well as the G7's last concerted intervention in Japanese currency in 2011.

More recently, around ten days ago [beginning of May 2026], the Bank of Japan probably intervened in the foreign exchange market to bring the yen back to a level deemed more appropriate.

These examples illustrate one of the functions of foreign exchange reserves, namely the ability to intervene in currency markets. Another function is to address a potential balance of payments deficit. Finally, in extreme situations, these reserves can also be mobilised to provide liquidity to the market.

Lucile Rives: What assets are these reserves invested in? As regards foreign currencies, given that there are trading rooms in New York and Singapore, we can assume that part of the reserves is denominated in North American currencies – notably US and Canadian dollars – and in Asian currencies. Sophie, could you provide us with further details on the breakdown of these reserves, both in terms of currencies and the securities in which they are invested?

Sophie Pérez: As disclosed in the latest Banque de France Annual Report (for 2025), total reserves amount to EUR 30.5 billion.

A process of diversification has been underway for many years and as a result, at the end of 2025, nearly 50% of foreign exchange reserves were invested in US dollars. Other currencies also play a part in this diversification, notably the Australian dollar, pound sterling, the Canadian dollar and the South Korean won. Other currencies, to a smaller extent, round out the portfolio and account for around 3% of the reserves.

In terms of their allocation, the reserves are invested in various forms: at-call deposits, time deposits, and both fixed-income or index-linked bonds. This is all in relation to foreign exchange reserves excluding gold.

As for gold specifically, it plays a particularly important role at the Banque de France, which is one of the main central banks in terms of gold holdings. The reserves amount to 2,437 tonnes, and are held in a highly secure underground vault, *La Souterraine*, located beneath the institution's head office.

Lucile Rives: Are criteria defined in advance for the investment of France's foreign exchange reserves? We might notably consider liquidity requirements, security criteria and, to a certain extent, required return on investment.

Sophie Pérez: Absolutely. These reserves are managed within a structured framework overseen by the Asset-Liability Committee. A specific governance framework organises them into three parts.

The first is a liquidity tranche, intended to be immediately available in case of need, particularly for rapid interventions.

The second, often referred to as the working capital tranche or asset tranche, is intended to cover the Banque de France's operating costs. This objective falls within a broader approach of preserving financial independence, which is essential for the institution.

Finally, the third tranche corresponds to an investment component, through which additional income is sought, particularly by diversifying on different markets.

Lucile Rives: Having three sites – and therefore three trading rooms – appears to be fully justified. Does it help to open up specific investment opportunities? And, above all, how does the coordination between these different entities work for the management and investment of foreign exchange reserves?

Sophie Pérez: As mentioned earlier, the management of foreign exchange reserves relies on a structured governance framework. The Asset-Liability Committee sets out the broad strategic guidelines, while the Financial Markets Directorate is responsible for its operational implementation.

And the operational implementation depends on three main sites – Paris, New York and Singapore –, which work in close coordination. The teams in Singapore are notably responsible for portfolios denominated in Asian currencies, while the New York teams manage portfolios denominated in currencies from the American continents.

As for customer-related market activities, we also ensure close coordination as they are divided between Paris and Singapore. A common commercial policy is defined for all partners, in consultation between these two sites and then this guideline is implemented consistently across both platforms.

Part 4: A global vision of changes in the composition of foreign exchange reserves

Lucile Rives: I suggest that we conclude with a topical issue that concerns you all and which has come up several times during this discussion: the changing composition of global foreign exchange reserves. While the US dollar continues to have a central role in international reserves, US debt, along with uncertainties surrounding certain recent decisions by the US administration, are reopening questions about its status as a reserve asset. The debate is not new, but it has gained renewed relevance today. So, are we seeing a decline in the US dollar's share of global foreign exchange reserves and, if so, what currencies are replacing it? François, why don't we start with you?

François Haas: The short answer is yes. If we take the data published by the International Monetary Fund, which, while admittedly incomplete, is the most reliable available, the US dollar accounted for around 70% of foreign exchange reserves at the beginning of the 2000s. At the end of last year, this share stood at around 57%, and that's a significant change.

At the same time, the euro accounted for around 20% of foreign exchange reserves. If gold is included, the overall breakdown is slightly different: the US dollar accounts for nearly 56%, gold for around 19% – reflecting both steady purchases and the rise in its price – and the euro accounts for around 16%.

These figures point to a long-term trend towards gradual diversification away from the US dollar, and the trend has become more accentuated over recent years, particularly in favour of gold. In fact, central banks have recently been among the main buyers of gold.

The question remains, however, as to whether this trend reflects simple diversification or a form of suspicion or lack of trust in the US dollar. Last year, some observers spoke of a possible "sell America" movement, which didn't really materialise. Instead, we are seeing portfolio diversification and greater management of US dollar exposure, without any massive divestment of assets denominated in the currency.

And this observation doesn't just concern central banks. The performance of US stock markets, particularly in the technology sector, continues to push investors to maintain significant exposure to the United States.

So, the diversification currently taking place is part of a long-term trend and at this stage doesn't reflect widespread mistrust. Nevertheless, certain factors – geopolitical fragmentation, widening international imbalances, and doubts about the reliability of the United States as a trading and political partner – could, over time, nurture a form of mistrust and lead to a more pronounced decline in the US dollar.

This leaves the key question as to what the alternatives are. And at the moment, they're still limited. The Chinese renminbi, despite its growing importance, still faces constraints that prevent it from establishing itself as a genuine reserve currency on a large scale.

The euro, on the other hand, represents a potential alternative. This possibility is closely linked to issues of European sovereignty and integration. Projects such as the Capital Markets Union could, in the long term, strengthen the single currency's international role. Furthermore, the creation of a European safe asset – currently at the heart of debates – would be an additional lever in this regard.

However, these are medium-term developments. If a credible alternative to the US dollar is to emerge, it would necessarily be long term.

Sophie Pérez: I fully agree with François' analysis. With regard to the euro's international role, we can also mention the initiative announced in February 2026 by Christine Lagarde, aimed at expanding an existing mechanism enabling the European Central Bank to provide central banks outside the Eurosystem with access to liquidity in euro, irrespective of the circumstances.

In an environment of significant fragmentation, high uncertainty and considerable volatility, the ability to act as a lender of last resort for central banks is a major asset. This role contributes directly to strengthening the euro's international dimension.

Stéphane Latouche: To expand on these points, it appears clear that, over the past few months – and more specifically since the arrival of the new US administration and the uncertainties it has created – there has been a growing realisation, particularly amongst Asian central banks, that they are excessively exposed to the US dollar and US assets in the management of their reserves.

The need for diversification is now widely recognised. The initial response observed was a shift towards gold, which contributed to the sharp rise in its price. Subsequently, reserve managers have made it clear that the aim is not to replace US assets entirely, but rather to diversify portfolios in a gradual and balanced manner. Today, most central banks are actively implementing this strategy. In practical terms, this means seeking out new investment opportunities when reinvesting capital that reaches maturity.

When it comes to the euro area, one observation becomes clear during discussions with the central banks: knowledge of European markets is relatively lacking. Attention continues to be very much focused on the United States, to the detriment of Europe. Some perceptions can be surprising; it is not uncommon, for example, to hear that French OAT Treasury bonds are difficult to access, which is far from the truth.

More generally, central banks, as investors, continue to prioritise three key criteria: liquidity, security and, increasingly, return on investment. This last factor is becoming increasingly important given that US Treasury securities offer relatively high levels of return. From this perspective, investors primarily look for AAA-rated assets, particularly European supranational instruments. However, the supply available in this segment remains limited in relation to the volumes demanded. Calls for an increase in the supply of high-quality European assets are therefore recurrent.

As regards the renminbi, the limitations mentioned above remain. China is pursuing a strategy to internationalise its currency, driven in particular by geopolitical considerations. However, this process comes up against continued strict capital controls. These controls are partly due to the characteristics of the Chinese economy, which has high levels of savings and, at the same time, a supply of domestic financial assets that is insufficient and offers low returns. This situation encourages Chinese investors to turn to foreign investments, leading the authorities to maintain a tight control over capital flows.

Against this backdrop, capital account liberalisation remains gradual, controlled and limited. Investment in renminbi may therefore be of interest, but it still raises questions, particularly regarding liquidity and the ability to withdraw funds in times of stress.

Lastly, we shouldn't underestimate the United States' ability to adapt to these movements of diversification. One of the key strategies currently being promoted involves supporting the development of US dollar-backed stablecoins. These instruments are underpinned by reserves that consist of US sovereign assets, in particular short-term Treasury bills. By way of illustration, the two main issuers of dollar-pegged stablecoins currently hold between USD 250 billion and USD 270 billion in these securities.

In a context where reducing the budget deficit is not an immediate priority, the question of financing the US debt and broadening its investor base becomes strategic. In this respect, stablecoins appear to offer a potential response.

Conclusion

Lucile Rives: To finish on a very personal note, are there any things that you've learnt about France and Europe from being so far away?

Sophie Pérez: Well, I'm based in Paris, but even so, I find that it's always very useful to remember that the map of the world doesn't necessarily have the Atlantic and Europe at its centre. It makes me think of one of my first lectures at Sciences Po, where the lecturer showed us a map with the Pacific and Asia in the centre, which completely changes your perspective.

Stéphane Latouche: Seen from Asia, Europe appears, above all, to be a geographically distant ensemble. The Asian region sees itself as particularly dynamic and innovative. Against that, Europe is often associated with a kind of stability – a quality that is widely recognised, even if recently that image has tended to erode somewhat.

This can be explained by several factors: the complexity of its political organisation, which can sometimes be difficult to grasp from the outside, as well as a noticeable economic slowdown. And so there's a kind of paradox. On the one hand, we see from Asia a genuine desire to diversify, rebalance investments and develop new partnerships. On the other hand, the United States continues to offer investment opportunities that are considered more attractive and, as such, retains significant advantages.

Nevertheless, there is a renewed interest in Europe, and the challenge will be to see if Europe will be able to respond quickly and appropriately.

François Haas: I fully agree with what Stéphane has just said. From the United States, Europe is a long way away. When talking about Europe, lots of people in the United States immediately think of the United Kingdom. At the same time, there really is a renewed expectation. We can thank President Trump for that. And there is a hope, a demand for Europe. It remains to be seen whether that hope will be fulfilled.

Lucile Rives: A warm thank you to all three of you for joining me on "Dialogue &co".