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The global economy continues to recover, building on the progress made since the financial crisis to create an environment that fosters strong, sustainable and balanced growth. But while activity is broadly healthy, downside risks remain and the emergence of new challenges ought to encourage stronger multilateral cooperation.

I. Although growth is gradually picking up, persistent areas of risk and uncertainty are affecting the global economic situation.

1.1 The macroeconomic situation continues to improve, especially in advanced economies

The global economic outlook is positive, and we observe encouraging signs. Following a two-year slowdown, world economic activity is set to accelerate in 2017, reaching 3.6% according to the IMF and continuing at the same pace in 2018. Current forecasts indicate that growth this year will continue to increase in advanced economies, particularly the US and Japan.

The euro area is recovering apace despite Brexit-related uncertainty, with the latest IMF forecasts pointing to a 2% expansion. Private investment is expected to be brisk, underpinned by ECB monetary support and better financing conditions. Of the major euro area countries, Germany, Italy and France in particular should all see firmer growth.

The economic outlook for emerging countries is mixed. Positive developments are expected in several of the major economies: Russia and Brazil are gradually pulling out of recession and India continues to post brisk growth, although a slowdown is expected in 2018. Global growth has once again been commerce-intensive since end-2016 due to a robust China- and India-led recovery in world trade, which grew 4% in 2017.

1.2 Despite these improvements, economic risks continue to burden the global situation

The challenge now facing our economies is to successfully normalise monetary policies. Normalisation has also had an impact on emerging economies, which are structurally sensitive to capital flows and have already been weakened economically. More broadly, monetary policy divergence may have negative effects on capital flows.

Some trends entail long-term risks. They include sluggish productivity growth and weak inflation in low-unemployment economies, as well as rising inequality and unevenly distributed value-added from country to country.

Risks persist in emerging economies. Although government-led support measures have buttressed economic activity in China, a sharp slowdown looks likely in 2018. This would be caused mainly by greater domestic imbalances, due in particular to strong credit growth amid high debt levels and excess industrial capacity. In Turkey, the upturn underway since late 2016 seems short-lived. And Brazil's exit from recession is still contingent on renewed private-sector confidence and an easing of political tensions.

Further, low commodity prices have made exporting countries seriously vulnerable, especially low-income economies. Sub-Saharan Africa is experiencing major difficulties, reflected in the fact that GDP per capita shrank 1% in 2016 and has flat-lined in 2017. Some countries in the region are turning to the IMF for help with transitioning to diversified and sustainable growth models.

1.3 Non-economic factors are also fuelling uncertainty

Political and geopolitical risks continue to deepen. Tension between the US and North Korea is at an alarming peak. The situation in Venezuela is raising serious concerns because of a political deadlock and the ensuing outbreaks of violence, while the Middle East is mired in acute instability and unrelenting conflict.

Terrorism is a major scourge, threating Europe and other regions of the world. Cybersecurity is a growing source of concern, with a proliferation of cyberattacks targeted at governments and businesses. Significant flows of migrants from Africa and the Middle East are continuing. And the consequences of global warming pose a huge threat to the world order: the number of major natural disasters is increasing and geopolitical tensions in the management of natural resources are likely to mount.

Ongoing vigilance is also necessary regarding the impact of anti-terrorism sanctions or regulations on banks' decisions to withdraw from lines of business or countries deemed at risk. This situation demands intensified efforts to clarify regulatory regimes and provide greater legal certainty for the banking community.

On an entirely different note, the technological upheavals now taking place – especially the digital revolution – raise the threat of greater inequality. It is hard to gauge how these transformations will affect employment, but the social risks must not be overlooked. In many countries, anxiety about technological disruption is also reflected in the rise of populist movements advocating a retreat into protectionism.

II. It is therefore vital to consolidate the international financial system, with the IMF at the very centre of the set-up, and address worldwide challenges via multilateral system institutions.

2.1 It is important to press on with consolidation of the international financial system and coordination of macroeconomic policies.

Consolidation of the international financial architecture must continue, and the IMF should form the cornerstone of this move. The IMF 15th General Review of Quotas must allow for the emergence of a strong and adequately resourced IMF, placed at the very centre of the Global Financial Safety Net (GFSN) and with the systems required to address the new financial and macroeconomic challenges we face worldwide. It is also crucial to monitor the implementation of the G20 Operational Guidelines for Sustainable Financing and safeguard sustainable lending conditions for developing countries via the mobilisation of domestic resources and the appropriate use of public resources. At a time when we are seeing the normalisation of monetary policy across advanced economies, particular attention should also be paid to the volatility of capital flows. Lastly, discussions on the coordination between the various international financial institutions also forge ahead. One of the key challenges will be how to continue balance sheet optimisation for multilateral development banks to ensure efficient use of public funds, while at the same time promoting sustainable development goals.

G20 member countries' ongoing coordination of macroeconomic policy should be reflected in the continuation of commitments set out in their National Growth Strategies, as approved by their leaders at their November 2014 Brisbane summit. This effort is vital in pursuing strong, sustainable, inclusive and balanced growth and must remain a priority for multilateral fora in order to tackle major macroeconomic imbalances. It will also be particularly important in addressing the new growth opportunities and fresh challenges raised by today's digital trends.

Countries embarked on a wave of financial regulation in the wake of the financial crisis and this must now be finalised to deal with emerging risks, while also supporting the economic recovery. Reforms are currently being completed in four areas in particular: making financial institutions more resilient, dealing with the challenge of institutions that are "too big to fail", creating more secure derivatives markets, and transforming shadow banking into a resilient market finance sector. Meanwhile, work is also required on cybersecurity in the financial sector and efforts must likewise be made to address the challenges raised by banks' derisking strategy, involving withdrawal of correspondent banking relationships. In short, the challenge ahead will involve linking our efforts to further enhance the stability and security of the financial system with sustainable long-term growth and support for economic activity.

2. 2 Multilateralism is the best response to global challenges.

We must further step up our efforts to promote financial integrity, which should focus first and foremost on a more extensive and broad-based fight against the financing of terrorism. Ongoing efforts to strengthen the capacity of the Financial Action Taskforce (FATF) should help raise the task force's profile and enhance its role in spearheading action with FATF-type regional bodies.

We must also continue to take action against tax havens. France commends the successful outcome of sustained pressure by G20 countries following the publication of the *Panama Papers.* As a result of this, several jurisdictions decided to comply with international regulations to avoid featuring on the list published at the G20 Hamburg summit. This case in point reflects our world leaders' ability to achieve swift and tangible results and we must now take our actions a step further and assess the actual implementation of international standards, while not ruling out the possibility of defensive measures.

Lastly, the fight against corruption can only be truly effective if multilateral cooperation is further increased. France is keen to include as many signatory countries as possible to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. It is also crucial to look into ways to better factor anticorruption measures into analysis by international financial institutions such as the IMF.

Multilateral cooperation is also fundamental in the digital sector, where we are confronted by a number of challenges, primarily taxation for the digital economy. These issues require a concerted worldwide approach. In this respect, France fully supports the OECD's work and in particular its efforts on taxation for the digital economy: the OECD's Task Force on the Digital Economy is to deliver its interim report in Spring 2018. The European institutions are also looking into the issue, with the Council of the European Union taking up the matter ahead of the presentation of its views in December during the conclusions of Estonia's presidency of the body. The European Commission also announced that it will put forward proposals in 2018 for fair taxation of digital economy heavyweights in the European Union. This European goal must dovetail with international work being carried out in this area.

On climate change, we need to sustain the momentum gained from the Paris Agreement. On an issue so vital to our planet's future, it is imperative that we maintain a multilateral approach. France welcomes the active involvement of international financial institutions, and in particular the commitment of the Financial Stability Board (FSB) to work on green finance via the Task Force on Climate-related Financial Disclosures, and greater inclusion of climate-related issues in the IMF's analyses.

Lastly, France remains committed to open trade. However, it is vital to ensure fair competition and compliance with common rules by all parties. The principle of reciprocity should therefore apply in areas of international investment and France thereby supports stronger concerted discipline and a more effective multilateral trading system with the World Trade Organization at its centre. The WTO Ministerial Conference in Buenos Aires in December 2017 will be an opportunity for France to reiterate its commitment to these principles and this goal.

Conclusion - France plays a key role in this momentum by implementing an ambitious reform programme while remaining wholeheartedly committed to multilateralism.

Since Emmanuel Macron was elected President of the French Republic, the new French government has embarked on a swift and in-depth transformation of the country's economic model. The key programmes initiated under the supervision of the Prime Minister must enable France to get back on the path to sturdier growth, step up job creation and promote the sustainability of public finances. Rather than seeking to delay reforms on the back of the current upturn in the world economic outlook, the government aims to use this window of opportunity to press on swiftly with these in-depth measures, and ordinances to reform the French Labour Code along with the 2018 budget are a testimony to this political determination.

France must of course finalise its own economic transformation, but we are also committed to transforming the euro area by taking European integration a step further. A great deal of progress has been made on the integration of the euro area, but there is still more to be done. This process must continue with the twofold aim of further improving our resilience in the face of challenges and promoting convergence within the group. The President of the French Republic highlighted the importance of this ongoing integration during his speech on Europe on 26 September 2017.

Lastly, France will remain committed to multilateralism. It will uphold its values and convictions across all fora of multilateral cooperation. France views globalisation as an opportunity, but the support process must be rules-based and it is with this in mind that France presented a proposal backed by the large majority of European States to tax digital companies based on their revenues in each country where they operate. The fight against climate change is also one of our key priorities, and nations must extend their cooperation in this domain, as France will highlight at the 12 December climate summit. Last of all, France remains fully committed to the fight against the financing of terrorism and seeks to step up this combat at the time of the summit on the issue to be hosted in Paris in early 2018 on the initiative of the President of the French Republic.