

The background of the entire page is a photograph of the French flag (blue, white, and red vertical stripes) waving against a clear blue sky with some light, wispy clouds. The flag is positioned in the upper half of the frame, with the top edge of the white stripe near the top of the image. A dark teal rectangular box is overlaid on the lower half of the image, containing the text.

# FRENCH PRESIDENTIAL ELECTIONS 2022



On 24 April, sitting President Emmanuel Macron will face Marine Le Pen in a runoff election for second consecutive time, the winner will be elected president of France. Unlike their previous encounter in 2017, where Macron won with a landslide, this election is expected to be close run. Le Pen has successfully closed the gap to Macron, this is partly due to the public's contempt to Macron, but also due to Le Pen's relatively left-wing fiscal policies. The election comes at a time when France is experiencing high costs of living, something reflected in the success of left-wing candidate Jean-Luc Mélenchon in the first round.

Depending on who the successful candidate is, France, Europe, and indeed the World, might experience significant geopolitical changes, affecting rock solid allegiances, companies, and individuals. Le Pen has proposed radical policies that could effectively entail the end of the European Union as we know it today. The right-wing candidate has also proposed a strategic rapprochement to Russia once the conflict in Ukraine is over; thus, there is a risk that Le Pen and France could disrupt the Western unity that has existed so far in the conflict.

Businesses across Europe will have to consider how a Le Pen presidency could affect their operations, but also consider how a second term for Macron, albeit less unpredictable, could have an impact on businesses' daily operations. This report intends on giving an introduction as to what the two potential presidencies could entail.

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# FRENCH PRESIDENTIAL ELECTIONS

## 2022

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### THE STATE OF FRANCE

On 24 April President Emmanuel Macron will go head to head with far-right candidate Marine Le Pen for a second consecutive runoff. The winner will become France's President for the next five years.

Unlike the election in 2017, where Macron won with a landslide, the runoff on Sunday is expected to be a tight race. Le Pen has significantly closed the gap with Macron, and she has successfully rebranded the previously radical party Front National to National Rally and managed to become more mainstream and focusing on issues other than immigration.

It has become clear that France has moved away from a traditional left-right spectrum to a more globalist, pro-European, and progressive side against an anti-immigration, protectionist, and traditional side. For instance, Le Pen, who would on the traditional left-right spectrum be placed on the far-right, is regarded as left-wing when it comes to her domestic fiscal policies, such economic positioning tends to go hand in hand with other protectionist policies that right-wing parties have. On the other hand, Macron, who is regarded as a centrist, has liberal fiscal policies that go hand in hand with his globalist understanding.

Le Pen's relatively left-wing fiscal policies could prove to be decisive, cost of living has risen dramatically in France and it is expected that many will cast their votes based on which candidate has the best social welfare policies. Thus, much will depend on who can attract Jean-Luc Mélenchon's voters – a far-left candidate who received 21.9 percent in the first round. However, it is expected that many of Mélenchon's followers will vote for neither of

the two finalist candidates, as they cannot tolerate Le Pen's anti-immigration policies, yet perceive Macron's persona as smug and arrogant, and his fiscal policies as the antithesis of Mélenchon's.

*Although the cost of living is likely to be a decisive factor in the election, other issues, such as immigration, remain high on the agenda. If elected, Le Pen intends on holding a controversial referendum on immigration, proposing Priorité nationale, a scheme that will prioritise French nationals and make it harder to immigrate to France.*

Although the campaigning so far has focused on domestic issues, it is undeniable that the outcome could entail significant changes for France, and also businesses across Europe and the world. It is described as a duel between globalism (Macron) and localism (Le Pen).

### Latest polls

Macron: 54 percent

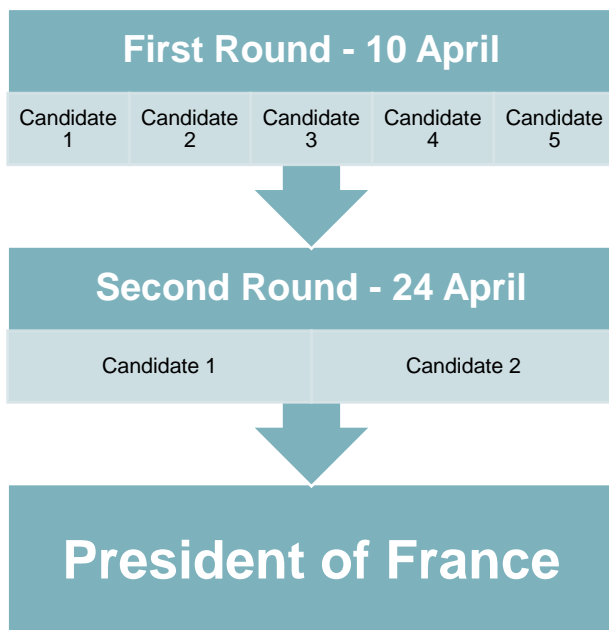
Le Pen: 46 percent

## WHY THE FRENCH ELECTION MATTERS

Since BREXIT, France has become the European Union's most important military power. It has EU's largest and most capable military, and it has EU's most established foreign service. It also the Union's only nuclear power. It has acquired the role as the EU's great power. Politically too, since the resignation of Merkle in Germany, France and Macron have become symbols for European unity and European integration. France is also the only EU country that is in the United Nations Security Council. That is why this coming election matters for the whole of Europe. Macron, a symbol of European unity, is up against a Eurosceptic who intends on changing the structure of the whole Union. If Le Pen wins the election, and if she is able to implement her policies, the dynamic of Europe, the EU as we know it today, is likely to change dramatically, affecting Europe's business landscape in many ways. It is likely that the EU will also lose its international voice. Furthermore, Le Pen still has ambitions to have closer ties with Russia and Putin. Many successful politicians, primarily in Eastern Europe, have had ambitions to change the European Union from within, but when the potential leader of France, to some extent the potential leader of the entire Union, intends on changing the dynamic of the Union, it should be taken seriously. The election could entail drastic changes to the EU's foreign, domestic, and security policies.

## FRECH ELECTORAL SYSTEM

On Sunday 10 April, the French public voted in the first round of who should become France's next president. As predicted Marine Le Pen and Emmanuel Macron were the two favourite candidates, entailing, as nobody received a simple majority (at least 50 percent of the votes), a second runoff election between Le Pen and Macron on Sunday 24 April. The successful candidate will be the president of France for the coming five years.

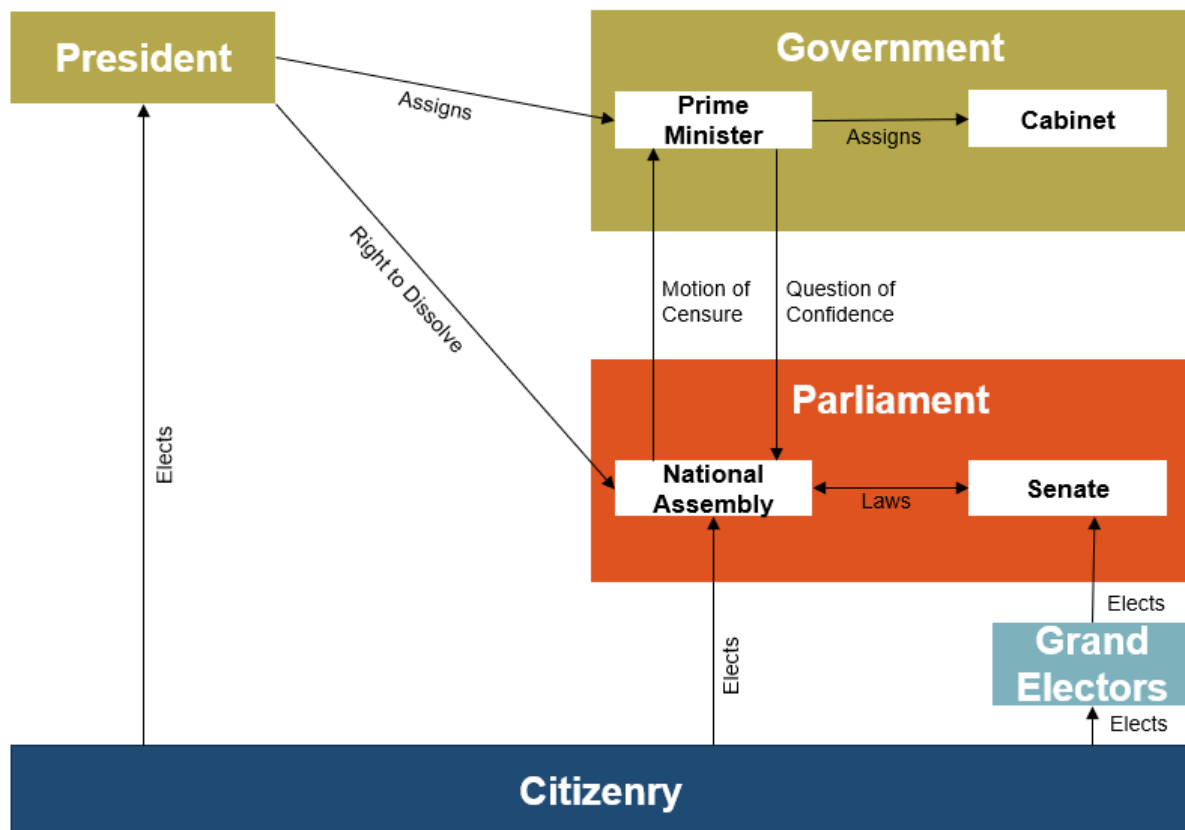


France's two-round runoff electoral system entails that successful candidates are often elected out of

distrust for another candidate, the true support for the successful candidate is reflected in the number of votes sustained in the first round. For instance, in the previous election, 2017, Macron sustained 24 percent of the votes in the first round, however, in the second round he received just over 66 percent of the votes. This was because a large portion of the French society wanted to keep Marine Le Pen out of power. Nonetheless, Macron's actual support has been low during his presidency, reflected in high levels of civil unrest in France.

France is a semi-presidential republic, entailing that the executive exists of both a president, and a prime minister and a cabinet. Although the president appoints the prime minister, who in turn appoints the cabinet, the prime minister responds to the national assembly. The national assembly constitutes the French parliament, legislature, together with the senate. Furthermore, it is the French president who has the ultimate power in France and who sets the orientation of the country and the government.

The elections for the national assembly will be held during the summer, however, they usually reflect the outcome of the presidential elections. Thus, the winner of the runoff will most likely epitomise profile for the coming five years.



## THE CANDIDATES AND THEIR POLICIES

Emmanuel Macron will face Marine Le Pen for the second time running in the presidential runoff, and Macron could become the first President in over 20 years to be re-elected in France. Macron can be described as a centrist progressive pro-European candidate.

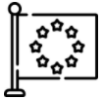

During his presidency he has worked continuously for greater European integration. His understanding is that France cannot must all the global challenges on its own, and that European cooperation is necessary in order to avoid US dependency. He has been heavily criticised for liberalising the labour market, compromising on social welfare in favour of big businesses. The Gilet Jaune have been a constant presence throughout his presidency.



In contrast to Macron, Le Pen can be described as a right-wing, nationalist, Eurosceptic candidate. Immigration has been her main concern in previous elections, however, Le Pen has also presented

herself as a candidate for social welfare in this election.

Although the candidates have, naturally, a wide range of policies, this analysis will be limited to their policies on: the European Union, Russia and NATO, and China. Although issues such as social welfare and immigration are perhaps more prevalent in the French debate, China has for instance barely featured in the campaign, it is likely that the abovementioned policy areas will have a greater impact on Swedish and European businesses. Depending on who wins the election, France could see major shifts in these policy areas, affecting Europe's security and business landscape, something business throughout Europe should prepare for.

Both have a similar stance towards France's dependency on the US, and both want to limit China's presence in France. However, their solutions look very different. Macron believes that the solution is the European Union and further globalisation, while Le Pen believes that the EU is part of the problem and calls for, as she puts it, "localism".

	<b>Macron</b>	<b>Le Pen</b>
<p><b>European Union</b></p> 	<p>Macron is an avid supporter of the European Union and supports further integration. He supports the idea of European strategic autonomy, calling for a more collective security framework; that is, European armies become more integrated and less dependent on US troops in Europe.</p>	<p>Historically Le Pen has been against the European Union and has been a supporter of Frexit. However, in a bid to soften the party's radical image, Le Pen has changed her stance on the EU. Despite being a Eurosceptic, Le Pen's new ambition is to change the EU from within, together with other likeminded governments in the Union.</p> <p>However, critics claim that her EU policies contradict the very nature of the Union. If she is elected president, she intends on imposing border checks to neighbouring EU countries; indeed, she wants to renegotiate the whole Schengen system – undermining the single market. Le Pen has also proposed a “buy French” policy, what this would actually entail for France's, Europe's, and indeed the World's business landscape is difficult to predict; but it is undoubtedly a protectionist move, most likely harming non-French businesses.</p> <p>Furthermore, Le Pen has pledged to decrease France's contributions to the EU. Le Pen is against the notion of a collective European security framework – often coined as strategic autonomy. In line with this approach, Le Pen wants to stop all military co-operation with Germany, and instead focus on rebuilding France as a great power.</p>
<p><b>Russia</b></p> 	<p>Despite condemning Russia's invasion of Ukraine, Macron has been the main Western leader to keep a line of communication open with Putin since the start of the war. This approach has been strongly criticised, primarily by Baltic and Nordic countries, as the talks have failed to achieve much – Putin has still gone ahead with his plans. However, the talks can be seen as Macron's last bid to retain cordial relations between the West and</p>	<p>Despite condemning Russia's invasion of Ukraine, Le Pen, who has previously expressed great admiration for Vladimir Putin, has not called for any tougher sanctions, for instance on the Russian energy sector. She has also questioned weapons transfers, claiming that France risks becoming a co-belligerent in the war.</p> <p>Furthermore, once the war is over and once a peace treaty has been agreed, Le</p>

	<p>Russia, and to avoid a deeper Russo-Sino relationship. During his presidency, Macron has continuously worked to enhance Russo-European relations, and draw Russia into the European Union's orbit – offering an alternative to China. Furthermore, the French government has reiterated the importance of France's diplomatic role in the conflict, as it is the only EU country in the Security Council. Though, despite its diplomatic role, France and Macron have been eager to impose sanctions against Russia, and show its support for Ukraine – it has been at the forefront of Western unity during the conflict.</p>	<p>Pen proposes a strategic rapprochement regarding Russia. In a bid to avoid deeper Russo-Sino relations, Russia needs to be integrated into the West, according to Le Pen. The presidential candidate has also said that France and Russia have “common civilizational and strategic interests”. Finally, Le Pen still defends Russia's annexation of Crimea, stating “Crimea was never invaded... there was a referendum in Crimea”.</p>
<p><b>NATO</b></p> 	<p>Macron has previously criticised NATO, calling the organisation brain dead; however, the French president recently said that Russia's invasion of Ukraine has provided NATO with strategic clarification. However, although the current conflict has provided the organisation with renewed life, Macron still reiterates the need for a European order of security, one that is less dependent on the US.</p>	<p>Regarding NATO, Le Pen wants France to withdraw from the organisation's integrated command.</p>
<p><b>Globalisation</b></p> 	<p>Macron is viewed as a champion of globalisation, and a second term with him as president would at large be welcomed by international business, and China.</p> <p>Furthermore, during his presidency, Macron has simplified the process for foreign companies to set up their business in France, he has loosened the labour market and he has decreased the corporate tax. If he is elected for a second term, it is likely that he will continue to liberalise the labour market and continue to welcome foreign investment.</p>	<p>Le Pen has long expressed her contempt for globalisation. In a famous speech back in 2017, Le Pen said “They [the progressives] made an ideology out of it: economic globalisation, which refuses any regulation ... It sets the conditions for another form of globalisation: Islamist fundamentalism”. Many issues in France can, according to Le Pen, be blamed on globalism. If elected, she proposes a set of protectionist policies, targeting both individuals and companies – complicating emigration to France, and limiting France's dependency on international co-operations.</p>

## China



Trade with China has risen under Macron's time as president; and, in 2020 it was predicted that Chinese direct investments in France was valued at 8.5 billion Euro's – contributing to over 50,000 jobs in France. Macron was a key advocate, together with Angela Merkle, of the Comprehensive Agreement on Investment – an investment treaty between the EU and China. However, Macron's China policy can be seen as multifaceted. Although he has looked to expand these ties, Macron has at the same looked to limit China's role in French businesses. For instance, under his presidency France has imposed restrictions on Chinese state-owned telecommunications company Huawei and its 5G network. Thus, although Macron wants to reap the benefits of trading with China, he wants to see a Europe that protects itself from a growing Chinese influence.

Le Pen has no clear China policy. Her main concern is what type of allegiance China and Russia can create, wherefor her desire to integrate Russia into Europe's orbit. However, how she wishes to limit China's influence in France and Europe is rather unknown. She has expressed concern regarding China, and see's the Asian power as a threat, yet at the same time she does not think that the West should impose any sanctions on Beijing.



## THE TWO OUTCOMES

Depending on who wins, France and Europe might be a very different place in the coming five years. Businesses across the world, and especially

European businesses, must prepare for a different business and security landscape. Below are 2Secure’s predictions for how the future in Europe could look like if a given candidate wins the election.

Macron	Le Pen
<p>If Macron wins a second term, it is likely that he will continue to liberalise France’s economy and embrace globalism. It is likely that he will continue to welcome foreign businesses that foster growth to the French economy. During his first term he has facilitated for foreign investment, this is likely to continue if he is re-elected. This is likely to be especially the case for European businesses as Macron is eager to deepen European co-operation and limit the US’s and China’s influence in France and Europe. However, it is also likely that Macron will continue to welcome Chinese trade through the Comprehensive Agreement on Investment; thus, keeping China at an arm’s length. A factor that must be considered here, however, is China’s position in the ongoing conflict in Ukraine. It is likely that Sino-EU ties will deteriorate if China continues to tacitly support Russia’s operations in Ukraine, and it is likely that Macron will be in the forefront, leading EU’s stance on China. How this would actually look like is difficult to predict, but Macron could be leading a trade war against China. This would undoubtedly affect businesses that depend on Chinese trade, be it directly or indirectly. Businesses should assess how a potential EU-China trade war could affect their supply chains, and set up mitigations accordingly. Businesses should also establish key risk indicators suggesting a potential trade war.</p> <p>It is likely that Macron would try to deepen European security co-operation if he is re-elected; however, at the same time, it is unlikely that he would do anything drastic and anything that could jeopardise Western unity – France’s position in NATO will most likely remain unchanged. This will offer a relatively stable security landscape in Europe, allowing businesses to continue to operate.</p>	<p>There is a lot of uncertainty of what will happen if Le Pen is elected president of France, what role she will acquire in the EU, how she will position France in the EU, and if Western unity regarding the conflict in Ukraine can be sustained.</p> <p>It is unlikely that France will leave the European Union under Le Pen, however, it is likely that Le Pen will aim to lead a far-right movement within the EU. Furthermore, it is not unlikely that Le Pen will impose border controls to neighbouring EU countries – threatening freedom of movement within the EU. This could have devastating effects for companies trading with France, or indeed the Iberian Peninsula.</p> <p>Furthermore, it is likely Le Pen would impose protectionist policies, affecting both individuals and companies around the world. It is likely that emigrating to France will become more complicated, and it is likely that Le Pen will aim to impede imports to France. Businesses across Europe, whose operations are dependent on French trade, should consider contingency plans if Le Pen imposes “buy French” policies.</p> <p>It is likely that Le Pen would increase taxes on foreign companies operating in France.</p> <p>Some critics believe that Le Pen’s policies will lead to massive unemployment in France, causing a financial crisis throughout Europe. Businesses should prepare for such consequences.</p> <p>It is unclear how Le Pen will act in the Ukraine and what consequences her Ukraine policy will have. However, it is likely that she will have a more pro-Russian approach than Macron, potentially disturbing the Western unity. This could lead to a deteriorating security situation in Europe, causing instability and potentially allowing Russia to carry on with its campaigns in Eastern</p>

It is likely that Macron will continue to hold talks with Putin, however, it is also likely that Macron will continue to push for further sanctions, and punishing Russia for its actions in Ukraine. This is likely to have a negative impact on businesses across Europe as inflation is expected to increase as a result of the sanctions, and possible countermeasures by Russia.

Europe. Furthermore, it is possible that the EU will lose a military and security authority if Le Pen chooses to distance France from the EU's collective security framework. Businesses should consider how a deteriorating security situation in Europe could affect their operations. However, the risk of further EU sanctions on Russia will decrease if Le Pen is elected – having positive short- and mid-term effects on the economy.





PHOTO: UNSPLASH/ LUKE STACKPOLE

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2SECURE

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RECOMMENDS

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1.

If Macron wins, businesses should monitor how further European integration could affect their operations outside as well as inside the EU. It is likely that Macron will develop protectionist EU policies in order to limit the influence of great powers outside the EU influencing member states. For most European companies this will entail opportunities, however, businesses dependent on non-EU trade, should consider how this could affect their operations. Furthermore, businesses should consider what further EU sanctions vis-à-vis Russia would entail; if Macron is elected, there is a higher chance that the EU imposes sanctions on the Russian energy sector. There is also a possibility that the EU will impose sanctions on China for its tacit support for Russia.

2.

If Le Pen wins, businesses should monitor how a protectionist France could affect their operations. There is a considerable possibility that Le Pen will impose border checks to neighbouring EU countries, although it is unlikely that trade with France will be inhibited (at first), there is a high risk that supply chains will be affected. In the long-term, however, companies should consider how Le Pen's "buy French" policies would affect trade with French companies. Companies should also consider the knock-on effect, it is likely that other like-minded governments will impose similar policies – undermining the nature of the EU and its free movement. In addition to a weak EU, businesses should consider the unstable geopolitical environment that a Le Pen presidency risks constituting, as her pro-Russian approach risks undermining Western unity during times of concern. However, Le Pen's pro-Russian approach could have positive effects for businesses, as further EU sanctions against Russia would be unlikely under her presidency.

3.

As this election has again highlighted, businesses must be conducting ongoing risk and environmental analysis to consider possible impacts to their business operations, as well as to their supply chains, and consumers. Businesses should have a comprehensive mechanism in place to continually monitor the geopolitical environment for risks and opportunities for their business.



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