



BEYOND HEADLINES



EDITION 3

WORLD ECONOMIC FORUM - DAVOS'26

FINANCE AND INVESTMENT CELL
SHRI RAM COLLEGE OF COMMERCE

Focused on global economic risks, geopolitics, and policy uncertainty, highlighting fragile growth amid conflict, fragmentation, and tight financial conditions.

DAY
1

DAY
2

Examined growth revival through capital formation and investor confidence, emphasizing rule of law, predictable regulation, and stable macroeconomic policies.

WORLD ECONOMIC FORUM

DAY
3

Centered on technology and AI, covering productivity gains, workforce disruption, cybersecurity, and balancing innovation with effective regulation.

DAY
4

Addressed climate and energy transition, stressing pragmatic net-zero goals, climate finance, renewables, and energy security.

DAY
5

Focused on society and cooperation, discussing inequality, jobs, reskilling, institutional trust, and the need for inclusive global growth.

DAVOS
2026

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WEF Davos 2026 unfolded amid rising geopolitical tensions, exposing deep fractures in the global economic and political order.

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Davos 2026 reaffirmed the power of dialogue, while underscoring the growing difficulty of achieving global consensus.



INTRODUCTION

The 56th World Economic Forum, held in Davos from January 19 to 23, 2026 was convened during a period of exceptional geopolitical friction, particularly when we talk about the relationship between the United States and its traditional allies. Under the formal theme "A Spirit of Dialogue," the meeting achieved record-breaking attendance, featuring more than 65 heads of state and government alongside roughly 850 of the world's top CEOs. High-profile speakers who shaped the week's discourse included U.S. President Donald Trump, European Commission President Ursula von der Leyen, Microsoft CEO Satya Nadella, and Chinese Vice Premier He Lifeng. While the forum sought to foster cooperation, observers had noted that it functioned like a "tale of two Davoses," where official sessions on global integration contrasted with a growing reality of national insularity. Significant outcomes from the 2026 meeting included major technological and security pledges. A landmark \$500 billion investment was made in AI infrastructure and was announced by a coalition including Oracle, SoftBank, and OpenAI, which signals a massive shift toward data-driven economic foundations. In the realm of international security, the forum hosted the inaugural meeting of the "Board of Peace," a framework supported by 19 countries intended to stabilise global conflicts. Furthermore, the event facilitated intense trade dialogues, though many were defined by friction; for instance, while some leaders sought to protect the World Trade Organisation, others like Canadian Prime Minister Mark Carney advocated for a new "variable geometry" of power to safeguard middle powers from economic coercion.

TRUMP'S AMERICA FIRST AGENDA

Donald Trump's Economic and NATO Agenda

President Donald Trump dominated the third day of the forum with a special address that focused on his "America First" vision and a radical restructuring of U.S. economic and security commitments. He characterised the United States as the planet's primary "**economic engine**," claiming his administration had engineered the most dramatic turnaround in the nation's history within a single year. His economic policy details centered on a proposed **15% corporate tax rate** exclusively for companies that manufacture their products within the U.S., while conversely threatening heavy tariffs for those that do not. Regarding international security, Trump reiterated a transactional stance on **NATO**, demanding that member nations increase their defence spending to **5% of their GDP**, arguing that the U.S. has unfairly subsidised global security for too long. He also declared a national energy emergency to unlock domestic resources, aiming to make the U.S. the world capital of AI and crypto by doubling energy output to support massive data center needs.

Insights on Immigration and the Greenland Crisis

Trump's insights into territorial and domestic policy provided the forum's most polarising moments. He described the U.S. southern border as being under an "invasion," justifying a national emergency declaration to halt illegal border crossers and utilise the military for mass returns. Most controversially, Trump used the Davos platform to reiterate his administration's

interest in Greenland, labelling it a "core national security interest" and asserting it is "our territory" due to its location in North America. He famously referred to the island as "a piece of ice" that plays a vital role in world protection and warned that while he would not use force, the U.S. would "remember" the lack of cooperation from allies who rejected his ownership proposals. This rhetoric had prompted a sharp rebuke from other leaders, for eg, Mark Carney, noting that such actions represent a "rupture" where economic power is used as a cudgel to demand territory.

URSULA'S SECURITY AND TRANSITION AGENDS

President Ursula von der Leyen delivered an opening special address at the Forum. She stated that geopolitical shocks must serve as a "seismic change" and an opportunity for Europe to build a new form of European independence, emphasising that Europe must change permanently to remain competitive and resilient in global markets. She particularly focused on European security and Green transition in her speech, which are discussed in detail further.

Focus 1: European Security and Integrity

Von highlighted a big increase in defence spending, i.e. projected to reach around 800 billion euros by 2030, including the rise of European defence technology startups and investment in AI-powered battlefield systems. She also confirmed Europe's commitment to Ukraine's security through a 90 billion euro loan for 2026 and 2027 to strengthen their defence systems and ensure the continuation of basic services for the people. She also talked about the

growing concerns around Arctic security, proposing a European icebreaker capability and expressing full solidarity with Greenland and Denmark to protect territorial integrity, relating to the recent remarks by Donald Trump.

Focus 2: Green Transition

Von further stressed on the importance of achieving energy independence to reduce price volatility and reliance on foreign suppliers, maintaining their integrity. She talked about the EU's focus on building an Energy Union through an affordable energy action plan that focuses on local nuclear energy and renewable sources. She also referred to the EU-Mercosur Trade Agreement, which creates the world's largest free trade zone and aligns with the Paris Agreement by placing sustainability at the centre of trade relations.

Takeaways: EU-US Alignment

Overall, she emphasised that the European Union and the United States share various common objectives, particularly in Arctic security and the security of Ukraine. She warned against the imposition of additional tariffs between allies, saying that such actions would be a strategic mistake, and stressed that strong EU-US ties must be preserved to avoid strengthening adversaries and bringing instability in the region.

NADELLA'S TAKE ON AI, SKILLS AND GROWTH

Satya Nadella in his interview discussed the transition of AI from an experimental phase to a foundational platform for companies and countries. He called AI a "cognitive

amplifier” that boosts human thinking and makes computers far more powerful at analysis.

Workforce Reskilling

Satya stated that the diffusion of AI is closely linked to how well populations are skilled in using the technology and emphasised that AI should help people advance professionally in the real economy, such as enabling doctors to use AI for transcription and spend more time with patients. He added that AI will transform knowledge work by allowing people to operate at higher levels rather than replacing them.

Governance

Nadella warned that the AI industry could lose its permission to consume large amounts of energy unless it demonstrates tangible improvements in numbers in areas like healthcare, education, and public-sector efficiency that are crucial to the economy. He also introduced the concept of a firm’s sovereignty, saying that companies should retain their internal knowledge within AI systems they control. He also advised that for regions like Europe to remain competitive, the focus must shift toward global output and access to global data rather than relying solely on inward-looking protective policies, hinting at the recent data protective laws which made quite some headlines.

Business Angle: AI Growth Opportunities

Nadella described tokens as a new global commodity and linked future GDP growth to energy efficiency, measured as tokens per dollar per watt. He said that large multinational corporations (MNCs) are investing heavily in AI infrastructure, with

Microsoft alone expected to spend around \$80 billion on AI data centre construction by early 2025. He stated that the objective of AI adoption is to bend the productivity curve, creating local surplus and global economic growth, and observed that AI is spreading more evenly than previous technologies, with strong startup and software development activity.

Jamie Dimon (CEO, JPMorgan Chase):

Institutional Stability and Risk Management

The interventions made by Jamie Dimon at the World Economic Forum pointed towards a careful but careful evaluation of the global economic landscape. Although admitting that **global growth** seems robust over the short term, Dimon emphasized that there were substantial **geopolitical risks** that should not be taken casually. These risks include global conflicts, splintering of global trade links, and the eroding nature of global alliances. In addition, there are **inflationary pressures**, high interest rates, and the rapidly increasing levels of public debt.

He also stressed the significance of **institutions and policymaking**. He said long-term economic growth depends on building **trust** into governments, central banks, and financial systems. When Dimon discussed artificial intelligence, far more practical ground was taken. He accepts AI holds tremendous power for productivity growth but also raises concerns about systemic risks owing to inadequate governance and data usage.

Ken Griffin (Founder & CEO, Citadel):

Markets, Policy Discipline, and Capital Confidence

Ken Griffin spoke at Davos with a very clear **market-centric** and **investor-centric** position, with the theme of his explanation centered around the necessary conditions for sustained **capital formation**. Based on Ken Griffin's arguments, the biggest danger facing economic growth is no longer technology and globalization, but rather issues of **policy uncertainty**, which encompass unpredictable regulation, fiscal indiscipline, and politics.

Government interference with the **rule of law**, which pertains specifically to contract sanctity, has also been noted by Ken Griffin as an issue that results in capital withdrawal and a subsequent slowdown of investment growth.

Griffin was most vocal on the issue of **overborrowing by governments** and the understanding of central banks taking care of misgovernance through unlimited debt creation. He emphasized the importance of **credible governments**, proper regulations, and **free markets** in maintaining investor sentiments. On innovation, Griffin discussed its ability to increase economic efficiency due to AI technology; however, overregulation of the same could reduce its economic benefits. Overall, one gets a sense of understanding the importance of free markets and proper governance in maintaining economic prosperity.

Emmanuel Macron (President of France):

Macron's speech majorly focused on the idea that the global order is becoming more unstable and less predictable these days. He said that economic competition, geopolitical tensions, and fragmented trade policies are putting pressure on democratic systems, especially in Europe.

He highlighted that rising geopolitical tensions and increasingly fragmented trade policies are exerting significant pressure on democratic systems, particularly across Europe. In this uncertain global environment, he stressed that Europe can no longer afford to remain passive. Instead, it must actively reinforce its strategic autonomy across critical sectors such as defence, technology, energy, and industrial production.

This would allow Europe to reduce excessive dependence on external powers and enhance its ability to respond to global shocks. These views closely resonate with the remarks made by Ursula von der Leyen, who has similarly emphasised Europe's need to become more self-reliant.

Another important point he made was about values. He emphasised that Europe's true strength lies in its commitment to the rule of law, multilateral cooperation, and dialogue. According to him, long-term stability will not emerge from power politics, but from shared rules and collective problem-solving. Overall, his message was a call for unity—urging Europe to stay united and protect democratic norms in an increasingly competitive global order.

Jensen Huang (CEO, Nvidia):

AI Infrastructure and the Accessible Technology Revolution

Jensen Huang spoke at Davos positioning AI as the foundation for humanity's **largest infrastructure buildout**, comparing its necessity to **essential resources** like electricity and roads. His central theme focused on the transformative economic potential of AI across all industries, structured as a **"five-layer cake"** spanning energy, chips, cloud data centers, AI models, and applications.

Huang emphasised that the application layer would deliver the **ultimate economic benefit**, transforming sectors like healthcare, manufacturing, and financial services. He directly challenged concerns about AI being in a bubble, pointing to **record-breaking** venture capital deployment exceeding \$100 billion in 2025, primarily into AI-native startups.

Most notably, Huang argued that AI represents the "easiest software to use in history," making it **inherently accessible** rather than limited to educated elites. He framed the critical question not as whether we're **over-investing in AI**, but whether global investment in necessary infrastructure is **sufficient**. Overall, Huang conveyed the imperative for nations to embrace AI development as **fundamental economic infrastructure**, with accessibility ensuring broad-based transformation rather than concentration of benefits.

Laurence Fink (CEO, Blackrock):

Inclusive AI Growth and Stakeholder Capitalism

Larry Fink spoke at Davos from the perspective of institutional investment power and **long-term capital stewardship**, with his central theme focused on ensuring **AI-driven economic growth** benefits society broadly rather than concentrating wealth among tech elites. As a proponent of stakeholder capitalism and ESG principles, Fink positioned himself as advocating for **equitable distribution** of technological transformation.

Fink characterised AI as a major investment opportunity for **pension funds** worldwide, emphasising its potential to generate returns that benefit **everyday retirement savers**. He questioned whether AI benefits would remain limited to educated populations, ultimately agreeing with Jensen Huang that accessibility would drive **rapid adoption** across society.

Beyond AI, Fink engaged with Elon Musk on topics including institutional investment in the energy transition and **decarbonisation efforts**. He emphasised BlackRock's investment thesis around funding next-generation **technological breakthroughs** through capital markets while maintaining focus on **environmental and social governance**.

Overall, Fink discussed the responsibility of global finance to channel capital toward transformative technologies like AI.

Alex Karp (CEO, Palantir):

On AI and Jobs: Vocational technicians building batteries in America are doing roughly the same job as Japanese engineers, and they only went to high school—now they're very valuable, if not irreplaceable, because we can make them into something different very rapidly.

Of his own career, Karp remembered thinking: "I'm not sure who's going to give me my first job." If you are the kind of person that would've gone to Yale, classically high IQ with generalized knowledge but not specific skills, "you're effed."

On AI in Healthcare: Palantir powers "tons and tons of hospitals" that all have an "intake problem" and shortage of doctors and nurses—AI can help process patients 10-15 times faster than before. "It saves a lot of lives."

On Global AI Imbalance: America and China understand versions of making AI work at scale, and this is very likely to accelerate way beyond what most people believe is possible. The discount rate on what will be done and how AI will impact every aspect of society is way too high.

On Palantir's Success Without Sales: AI is a "very low-trust environment"—people have tried lots of stuff that hasn't worked. But if you've delivered stuff that does work, "why do you need a salesforce?" Palantir projects can save "80 percent of your cost and improve your top line dramatically."

Demis Hassabis (CEO, Google DeepMind):

On AGI Timeline: There's a 50% chance AGI might be achieved within the decade, though not through models built exactly like today's AI systems. "**Maybe we need one or two more breakthroughs before we'll get to AGI**"—including better long-term memory, reasoning, planning, and the ability to learn from just a few examples.

On Current AI Limitations: Current models don't do continual learning, don't have true creativity yet, and don't do long-term planning and reasoning. Different models are getting good at different things—Claude's great at code, Gemini is amazing for multimodal understanding and image generation.

On Slowdown Being Good: Shortages of critical components like high-bandwidth memory and a pullback in open research have constrained AI's ability to scale quickly. "Look, it may be a good thing that it's not as fast—there's a whole bunch of other things we need to think through with this technology."

On Google's Resurgence: Google and DeepMind's breakthrough came from efficiently organizing years of research, TPUs, and infrastructure across the company. Apple's adoption of Gemini is "a massive vote of confidence in the quality of our model" after a rigorous evaluation.

Bill Gates (Bill Gates Foundation)

On AI in Healthcare Delivery: AI is entering into the health system, but not just into the health system—it's all the way down to the level of the patient. The patient is able to talk in their local language and describe what's going on.

It's even more important that AI be used on the delivery side than discovery. That's true in rich countries but even more true in developing countries where you're never going to have enough doctors or clinicians to deal with the demand manually.

On the Horizon1000 Initiative: The Gates Foundation and OpenAI launched a \$50 million initiative called Horizon1000 to roll out AI across 1,000 primary healthcare clinics in Africa by 2028, starting with Rwanda, then expanding to Kenya, South Africa, and Nigeria.

The project could soon expand to reach India. "AI is going to be a scientific marvel no matter what, but for it to be a societal marvel, we've got to figure out ways that we use this incredible technology to improve people's lives."

On Healthcare Efficiency: The goal is to make healthcare much higher quality, and if possible, twice as efficient as it is today—taking away the paperwork that needs to be done, organizing resources so the patient knows what's available and when to come for their appointments

Friedrich Merz (German Chancellor)

On the Shifting World Order: The calm and peace up here on the "**magic mountain**" in Davos is at stark contrast to a world whose old order is unravelling at a breathtaking pace. These shifts have the most profound ramifications for our freedom, our security and our prosperity.

This new world of great powers is being **built on power, on strength and when it comes to it, on force.** It is not a cozy place. We do not have to accept this new reality as fate. We are not at the mercy of this new world order. We do have a choice. We can shape the future.

On European Power: "Our power today rests on three pillars: **our security, our competitiveness, and our unity.**" First, we must invest massively in our ability to defend ourselves. Second, we must rapidly make our economies competitive. Third, we must stand closer together among Europeans and among like-minded partners.

Germany decided right at the start of Merz's tenure to **increase defense spending up to 5% of GDP**—a huge increase.

On Germany's 20th Century Lessons: A world where only power counts is a dangerous place—first for small states, then for the middle powers, and ultimately for the great ones. "In the 20th century, my country, Germany, went down this road to its bitter end. It pulled the world into a black abyss."

He Lifeng (Vice Premier, China)

The Chinese economic perspective at the 56th World Economic Forum was represented by Vice Premier He Lifeng, who placed a strong focus on the resilience of trade and macroeconomic stability in the face of growing global fragmentation. His speech was set against the backdrop of rising protectionism, supply-chain re-shoring, and geopolitical tensions, especially from the advanced Western economies.

He Lifeng reiterated that China is a strong supporter of multilateral trade systems and that it is playing a stabilizing role in the global trading architecture. He reiterated his support for the World Trade Organisation (WTO) and stated that economic decoupling is neither possible nor desirable for global economic growth. He Lifeng stated that China's economic policy is undergoing a paradigm shift from export-oriented dependence to consumption-driven growth, advanced manufacturing, and technology self-reliance, which enables the country to better withstand external shocks.

He also pointed out the growing Chinese investments in renewable energy, electric vehicles, semiconductors, and AI-driven manufacturing, which he presented as drivers of productivity growth rather than instruments of geopolitics. In response to worries about capital controls and regulatory uncertainty, He Lifeng sought to reassure investors that China is enhancing market transparency and legal safeguards for foreign businesses, particularly in high-tech and green industries.

Taken together, his speech aimed to present China as a trustworthy economic partner in a rapidly volatile world, refuting perceptions of isolation by emphasizing its resilience, scale, and policy continuity.

Geopolitics Panel: Isaac Herzog (President of Israel)

A geopolitics panel with leaders from **Israel, Greece, and Indonesia** provided a regional outlook on global instability and how middle powers cope with security challenges, energy transitions, and great-power politics .

Isaac Herzog (President of Israel) spoke about the security challenges in the Middle East, stating that economic growth and stability cannot be decoupled. He emphasized that Israel is both a security and technology leader, and that innovation in defence, cybersecurity, and artificial intelligence has positive spillover effects across the broader economy. Herzog also stressed the importance of preserving Western alliances in a multipolar world where regional powers are increasingly responsible for their own security.

Kyriakos Mitsotakis (Greece)

Kyriakos Mitsotakis (Prime Minister of Greece) positioned Greece as a strategic bridge between Europe, the Middle East, and the Eastern Mediterranean.

He highlighted Greece's expanding role in energy security, particularly in LNG infrastructure and renewable energy, which he described as essential for European resilience after years of energy shocks. Mitsotakis also addressed migration pressures, emphasising that border security, humanitarian responsibility, and EU-wide cooperation are not mutually exclusive.

Prabowo Subianto (President of Indonesia)

Prabowo Subianto (President of Indonesia) **represented the Global South perspective**, with a strong focus on strategic non-alignment. He emphasised Indonesia's policy of neutrality amid US-China rivalry, stating that developing nations should not be forced to choose sides.

Prabowo also highlighted Indonesia's emphasis on food security, defence self-reliance, and downstream industrialisation of natural resources, particularly nickel and critical minerals, as tools to strengthen national sovereignty.

Overall, the panel reflected the growing influence of middle and regional powers in shaping global geopolitics, driven by pragmatism, strategic autonomy, and regional resilience.

Christine Lagarde (President of ECB):

Christine Lagarde, the President of the European Central Bank was also a part of the meeting on the Global Economic Outlook. She was on a panel with the heads of the International Monetary Fund and the World Trade Organization.

Christine Lagarde talked about the problems and good things that can come from AI. She also talked about ensuring global stability and fair distribution of wealth in society.

Lagarde, previously skeptical of AI, argued that failing to embrace the technology could jeopardize Europe's future. However, she provided several warnings regarding its trajectory, such as the AI bubble and the broader impact of AI on the economy.

She voiced her opinions on how governments and central banks should manage modern economic challenges. She explicitly told the Davos panel that nations should not count on central banks to buy public debt. She sounded an alarm regarding wealth inequality, stating that the world is heading for "real trouble" if it does not address the "disparity that is getting deeper and bigger".

Kristalina Georgieva (Economist)

Kristalina Georgieva, the Managing Director of the International Monetary Fund (IMF), participated in the Global Economic Outlook panel and shared insights on the state of the world economy, the impact of artificial intelligence, and the necessity of fiscal discipline.

Georgieva issued a warning regarding on, which she called a "sport popular everywhere". artificial intelligence, describing it as a "tsunami hitting the labour market". She noted that roughly one in 10 jobs in advanced economies has already been "enhanced" leading to higher pay and increased local spending.

A major portion of Georgieva's discussion focused on the risks posed by high public debt and the need for governments to build "buffers". She warned that many advanced and developing economies now have debt-to-GDP ratios exceeding 100%, which she considers dangerously high in an era of elevated interest rates.

She cited Argentina and Latvia as examples where aggressive or tough fiscal actions were necessary and ultimately supported by the public. Georgieva advocated for a minimum 15% tax-to-GDP ratio for developing countries and emphasized the need to eliminate tax evasion.

Conclusion

The 56th World Economic Forum 2026 underscored a decisive transition in the global order, marked by the convergence of geopolitical tension, technological acceleration, and economic realignment. Despite its unifying theme of “A Spirit of Dialogue,” the forum revealed a world increasingly shaped by strategic competition, national interest, and fragmented alliances rather than broad-based global consensus.

Across sessions, a central takeaway was the **redefinition of power**, no longer anchored solely in military or financial dominance, but increasingly in control over technology, energy, data, and resilient supply chains. Artificial intelligence emerged as the defining force of this transition. While business leaders framed AI as the foundation of future productivity and growth, policymakers and multilateral institutions highlighted the urgent risks it poses to labour markets, inequality, and governance if left unmanaged. The consensus was clear: AI adoption is inevitable, but its outcomes will depend on policy choices made today around reskilling, regulation, and inclusion.

Geopolitically, Davos reflected a **loosening of the post Cold War** order. The United States increasingly transactional approach to trade and security, particularly under President Trump’s rhetoric, has accelerated uncertainty among allies and contributed to the rise of “variable geometry” alliances. In response, Europe articulated a stronger push toward strategic autonomy, while middle and regional powers, from Israel and Greece to Indonesia signalled a preference

for pragmatic, interest-based engagement over rigid bloc alignment. China, for its part, sought to position itself as a stabilising economic force, advocating multilateralism while pursuing technological and industrial self-reliance.

Economically, the forum pointed to **structural shifts in global finance and trade**. Concerns over high public debt, weakening trust in institutions, and the gradual erosion of dollar dominance suggest a move toward a more fragmented, multi-aligned economic system. Institutions like the IMF and ECB warned that without fiscal discipline, regulatory reform, and equitable wealth distribution, economic resilience may prove short-lived despite near-term growth optimism.

In sum, Davos 2026 highlighted a world entering a **shock-prone, multipolar era**, where growth, security, and trust are deeply intertwined. The forum did not resolve these tensions, but it clarified the stakes: the coming decade will be shaped by how effectively nations balance innovation with inclusion, sovereignty with cooperation, and power with responsibility.

INTRODUCTION

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