

Achieving Sustainable Growth Paths in the EU

EU-Japan Public Forum

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Outline of the presentation

I. EU Growth Outlook - ECFIN Autumn Forecast

II. EU Growth Strategy



I. EU Growth outlook – ECFIN Autumn Forecast

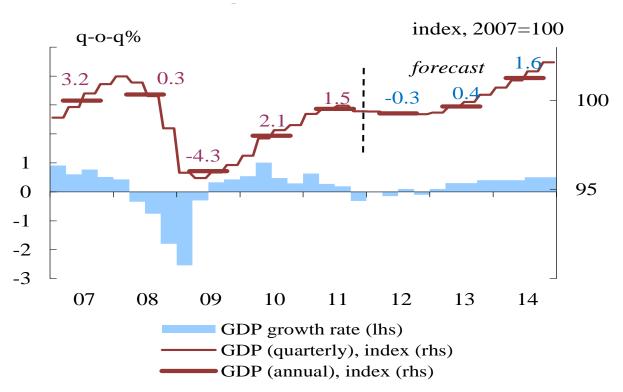


Euro Area growth: Forecast figures

Euro area: Forecast		Real GDP growth		
		2012	2013	2014
ECB	6 Sep	(-0.6;-0.2)	(-0.4;1.4)	
Consensus	8 Oct	-0.5	0.2	1.2
IMF - WEO	9 Oct	-0.4	0.2	1.2
European Commission	7 Nov	-0.4	0.1	1.4



EU growth: a gradual recovery from 2013 on



Figures above horizontal bars are annual growth rates.

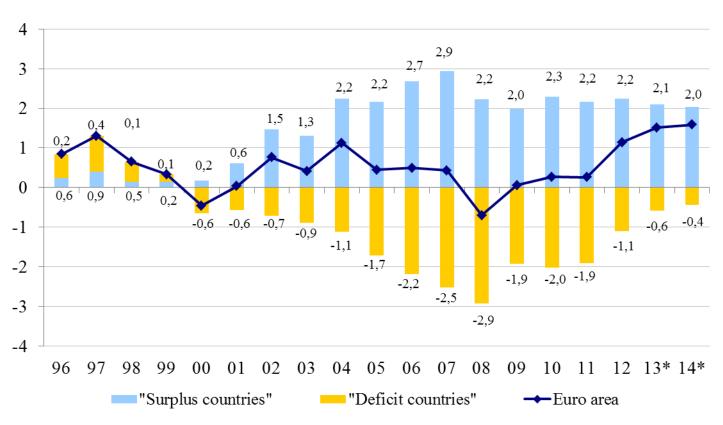


Reasons for moderate optimism going forward

- 1. Major policy decisions have significantly reduced tail risks and relieved market stress (ESM, OMT, SSM...)
- 2. Economic adjustment within the euro area is continuing



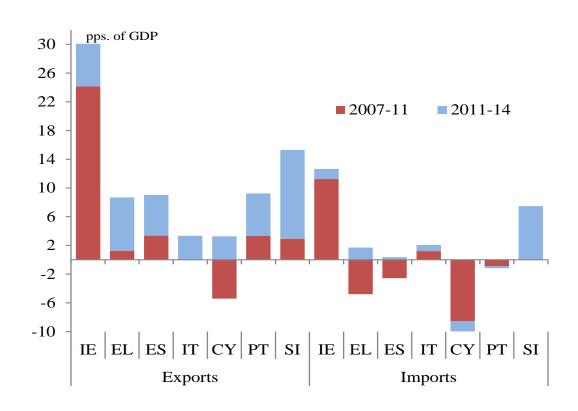
Current Account adjustment is progressing



^{*} ECFIN 2012 autumn forecast

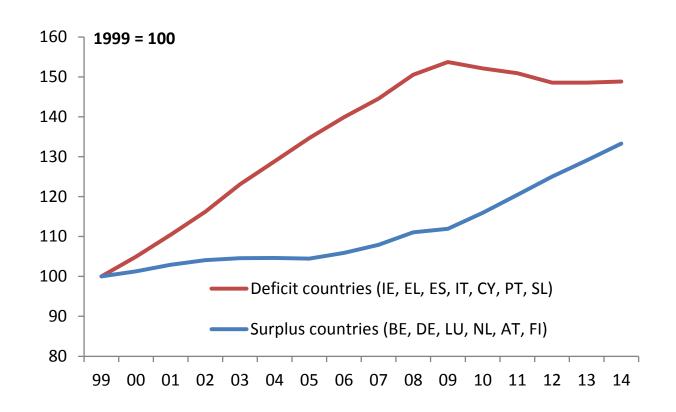


Changes in the composition of Current Account adjustment





Changes in weighted nominal compensation per employee





However, achieving sustainable growth requires sustained efforts...

II. EU Growth Strategy



Europe 2020: 5 targets for the EU in 2020

1. Employment

75% of the 20-64 year-olds to be employed

2. **R&D**

3% of the EU's GDP to be invested in R&D

3. Climate change / energy

- greenhouse gas emissions 20% (or even 30%, if the conditions are right) lower than 1990
- 20% of energy from renewables
- 20% increase in energy efficiency

4. Education

- Reducing school drop-out rates below 10%
- at least 40% of 30-34-year-olds completing third level education

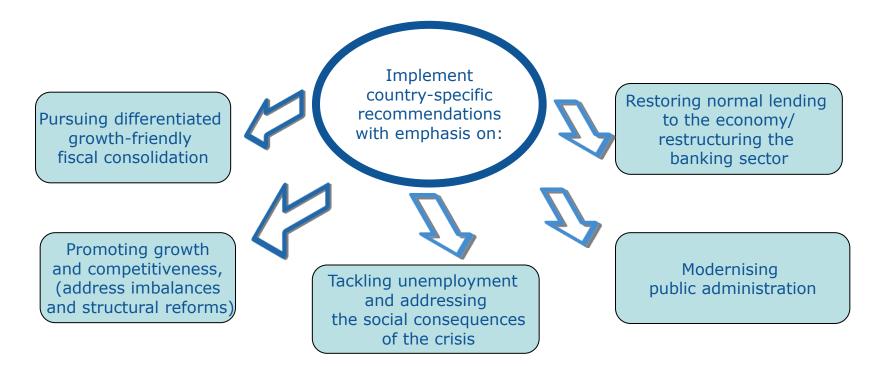
5. Poverty / social exclusion

at least 20 million fewer people in or at risk of poverty and social exclusion



The Compact for Growth and Jobs

1. Actions at the level of the Member States





The Compact for Growth and Jobs

2. Actions at the EU level

Boosting financing of the economy (EIB, Project Bonds, Structural Funds, EIV)

as catalyst for growth and jobs

Using cohesion policy for investment, growth and job creation

Deepening the Single Market

Achieving well-functioning Digital Singe Market by 2015

Promoting free, fair and open trade

Tax policy for growth
(proposals on energy taxation,
consolidated corporate tax base,
revision of the
Savings Tax Directive)

Implement country-specific recommendations with emphasis on:

Using the EU budget

Fully completing the internal energy market by 2014

Ensuring financial stability

Translating research into innovation

Reducing regulatory burden

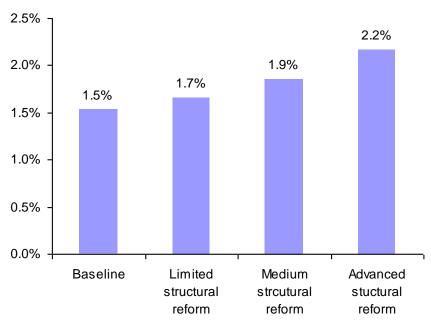
Facilitating labour mobility within the EU

Boosting employment, in particular for young people and the long-term unemployment



Ambitious reform packages can generate significant gains

Average GDP growth (2010-2020)



Note: Structural reform scenarios contain enhanced fiscal consolidation (1% of GDP annually)