



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**

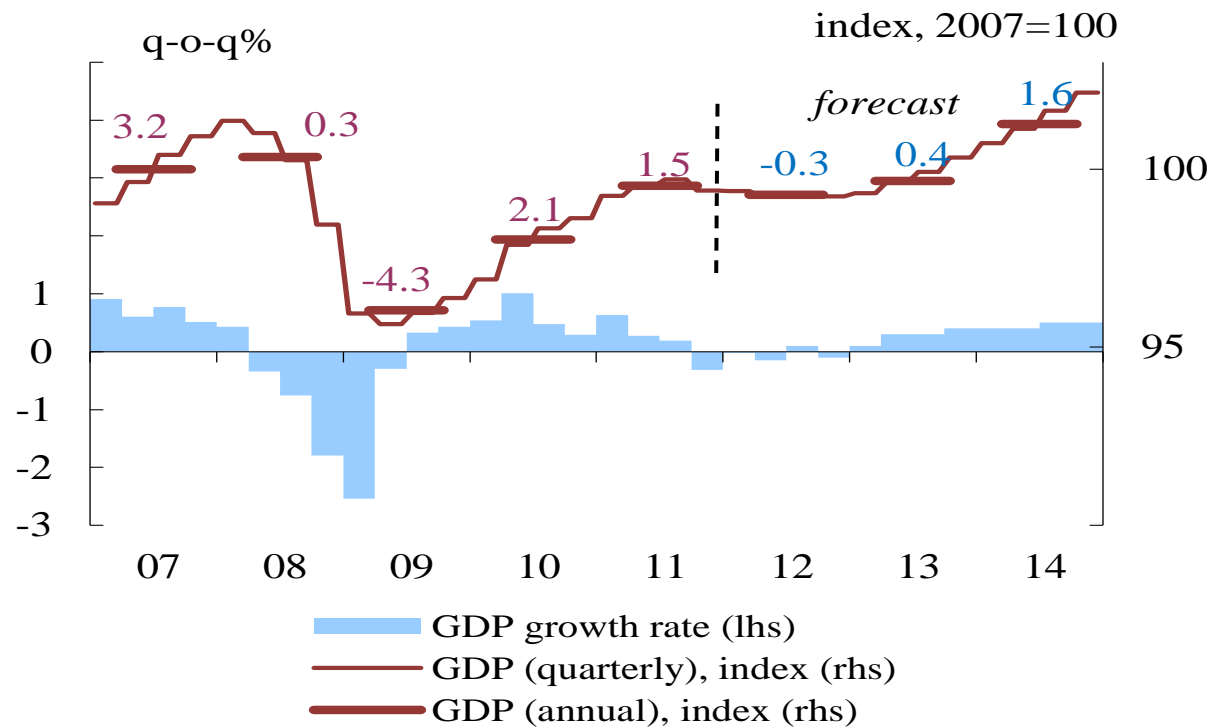
II. EU Growth Strategy

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

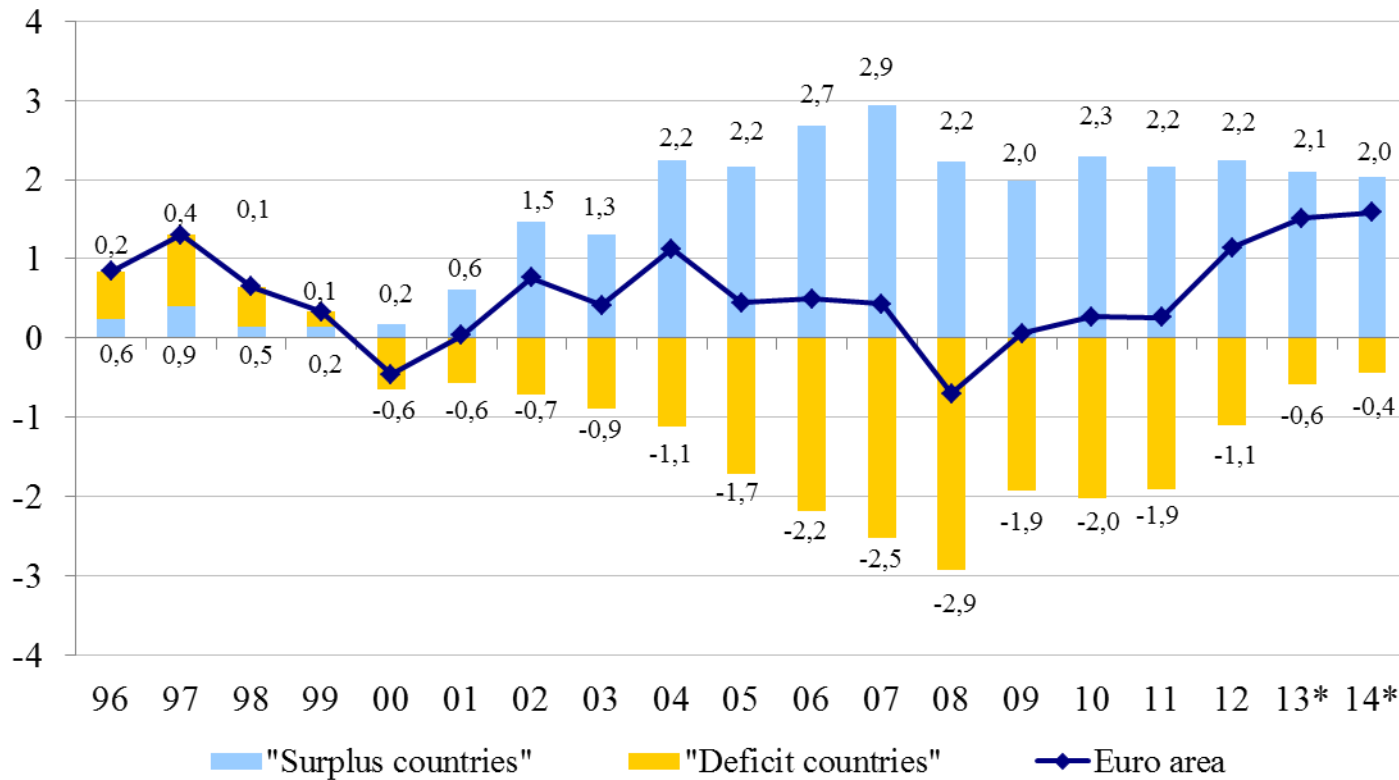


Figures above horizontal bars are annual growth rates.

Reasons for moderate optimism going forward

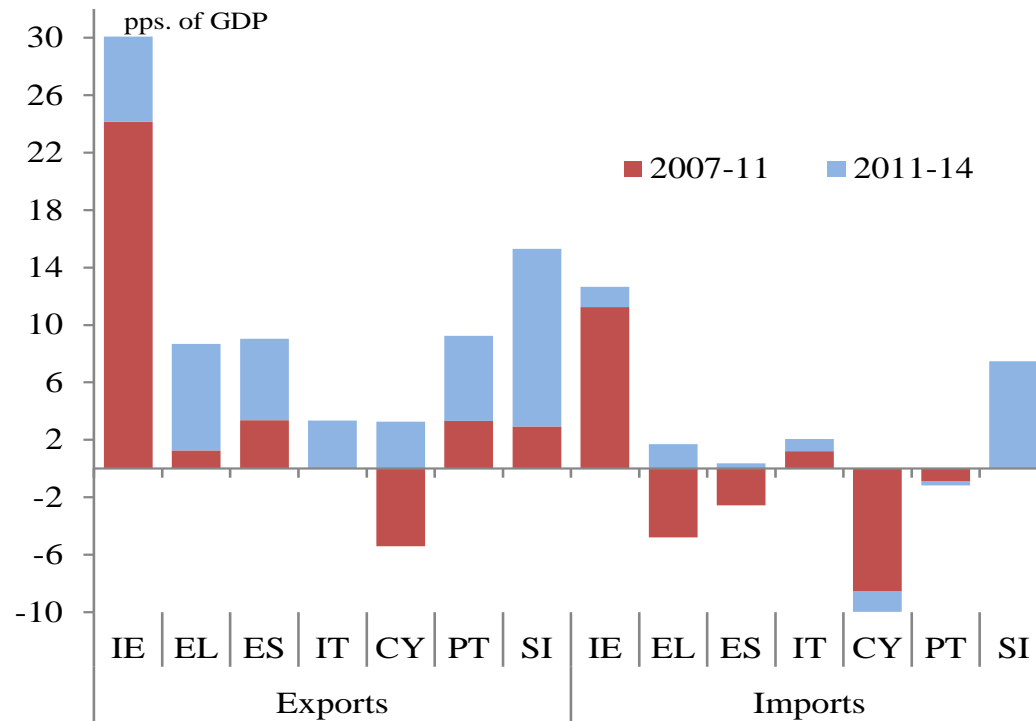
1. Major policy decisions have significantly reduced tail risks and relieved market stress (ESM, OMT, SSM...)
2. Economic adjustment within the euro area is continuing

Current Account adjustment is progressing

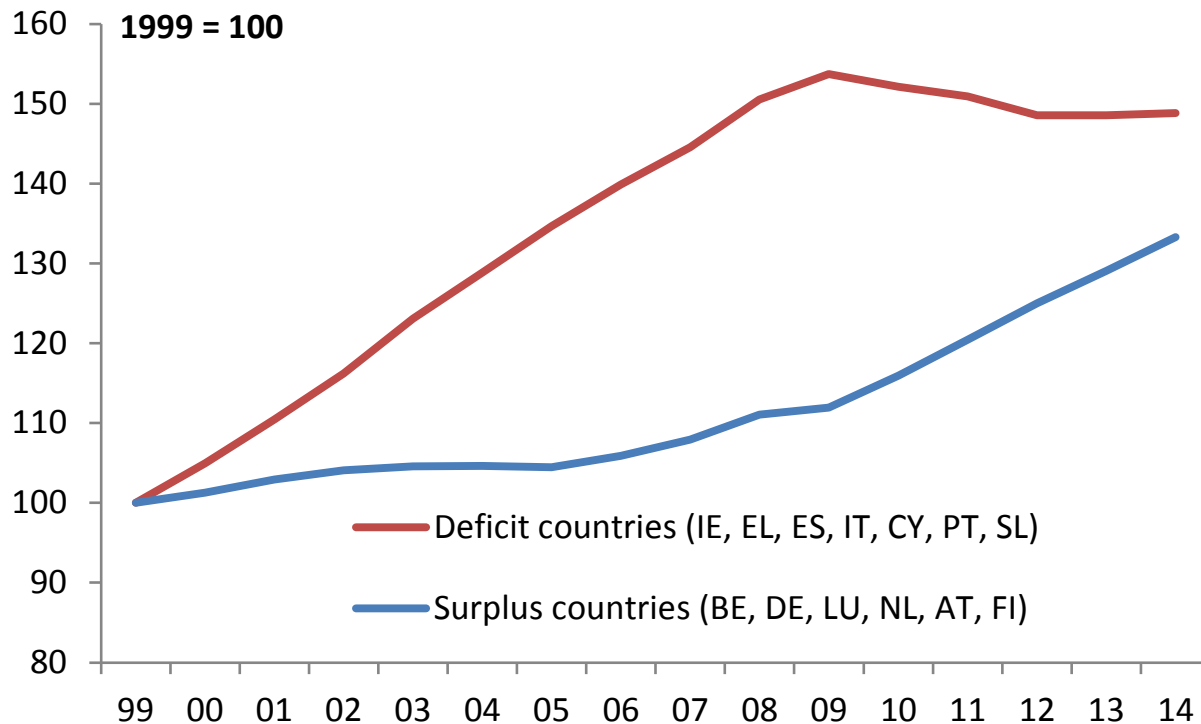


* ECFIN 2012 autumn forecast

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

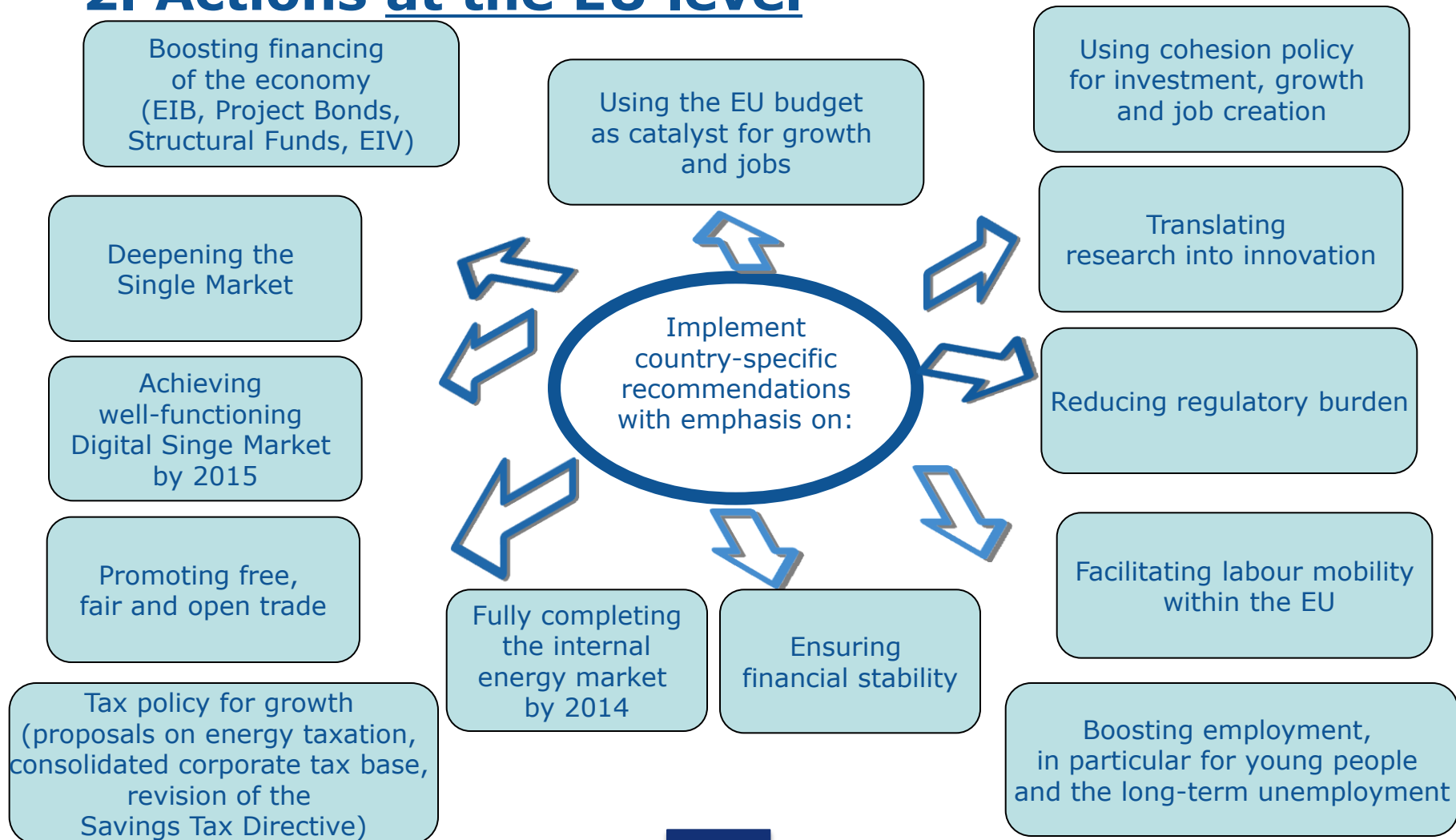
The Compact for Growth and Jobs

1. Actions at the level of the Member States



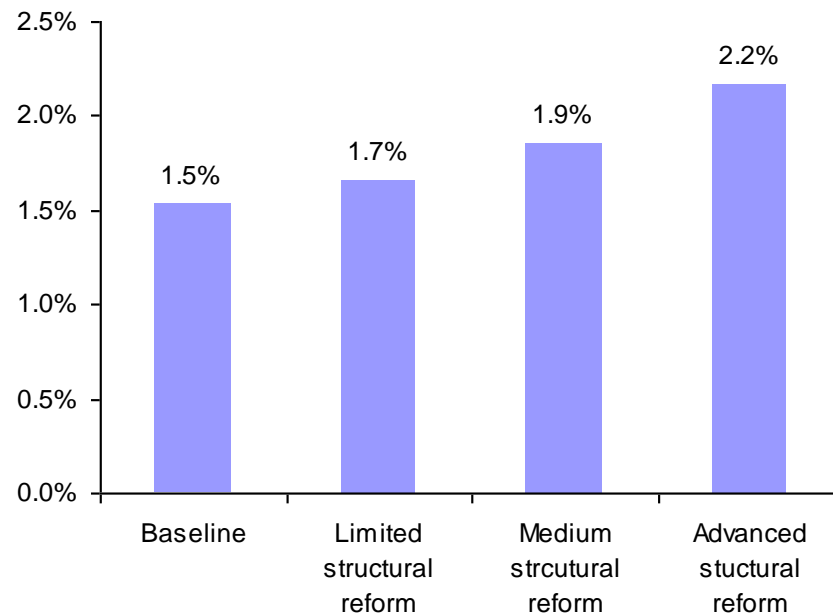
The Compact for Growth and Jobs

2. Actions at the EU level



Ambitious reform packages can generate significant gains

Average GDP growth (2010-2020)



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