MINISTER OF FINANCE
JOHAN VAN OVERTVELDT

HISTORIC MOMENTS FOR THE EURO AREA
Moving forward in a turbulent world

Belgian Financial Forum | 3 July 2015
### Annual real GDP growth (in %)

<table>
<thead>
<tr>
<th>Region</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>3,4</td>
<td>3,4</td>
<td>3,5</td>
<td>3,8</td>
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<tr>
<td>Advanced Economies</td>
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<td>1,8</td>
<td>2,4</td>
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<tr>
<td>USA</td>
<td>2,2</td>
<td>2,4</td>
<td>3,1</td>
<td>3,1</td>
</tr>
<tr>
<td>Euro Area</td>
<td>-0,5</td>
<td>0,9</td>
<td>1,5</td>
<td>1,6</td>
</tr>
<tr>
<td>China</td>
<td>7,8</td>
<td>7,4</td>
<td>6,8</td>
<td>6,3</td>
</tr>
<tr>
<td>India</td>
<td>6,9</td>
<td>7,2</td>
<td>7,5</td>
<td>7,5</td>
</tr>
</tbody>
</table>

*Source: IMF*
Euro Area versus USA

Development of real GDP (2008Q1=100)

Source: EC
Growth enhancers in the Euro Area

GROWTH

- Oil price
- Exchange rate
- Interest rates
Following four years of broad stability at around 105 $/b, oil prices have declined sharply since June 2014 and have been trading in the 50 to 70 $/b range since early 2015.
Interest rates remain ultra low

Long-term yield of reference loans 10Y (in %)

Source: NBB
Growth Enhancers

Exchange rate

Depreciation of the Euro

EUR/USD

Source: NBB
A DISAPPOINTING GROWTH PERFORMANCE
But Why?

UNCERTAINTY!
Uncertainty

- Europe
- Geopolitics
- Debt
- Central Banks
Uncertainty

Geopolitics

Russia

IS / Middle East

South China Sea
Uncertainty

Debt

Debt has increased worldwide

Source: ICMB, CEPR
Uncertainty

Debt

Euro area is no exception

Total debt in the euro area* (as % of GDP)

150 160 170 180 190 200 210 220 230 240


Note: * euro area excl. EE, IE, LT, LU, LV, MT, SI

Source: EC
Uncertainty

Debt

Both public and private debt

public debt in the euro area* (as % of GDP)

private debt in the euro area* (as % of GDP)

Note: * euro area excl. EE, IE, LT, LU, LV, MT, SI

Source: EC
Uncertainty

Central Banks

Total central bank assets (Jan 2007 = 100)

Source: FED, ECB, BoJ
HISTORIC MOMENTS FOR THE EURO AREA
Historic Moments for the Euro Area

CONFIGURATION OF POSITIVE FORCES
Historic Moments for the Euro Area

POSITIVE FORCES

ECB QE

Juncker Plan

New Momentum for Monetary Union
Historic Moments for the Euro Area

**But:** Pressure to scale back on

- Fiscal Consolidation
- Structural Reforms
THANK YOU FOR YOUR ATTENTION