Europe: le continent perdu?

Philippe Maystadt
President
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Partie 1: des raisons de s’inquiéter

Partie 2: des raisons d’espérer

Partie 3: la stratégie à mener
Regional shares of world GDP at purchasing power parity (PPP)

Source: IMF

2005

2015
EU-15 GDP per capita

At purchasing power parity, USA=100

Source: European Commission
GDP, productivity, and hours worked per capita (US=100)

Source: European Commission (AMECO) and Groningen Growth and Development Centre and the Conference Board
Employment rates

Employment rates (2008)

The employment rate went up from 62% in 2000 to 66% prior to the crisis, but it remains too low, especially for female (59% as opposed to 73% for men) and older workers (46%).

Source: Background Information for the Informal European Council, 11 February 2010
GDP, productivity, and hours worked per capita (US=100)

Source: European Commission (AMECO) and Groningen Growth and Development Centre and the Conference Board
European labour productivity growth fell significantly.

Contribution to average annual labour productivity growth, 1990-2003

Source: Crafts and Tonioli (2008)
European R&D expenditure lag behind Japan and USA, while China is catching up rapidly.

R&D expenditure, percent of GDP

- **Japan**
- **USA**
- **EU**
- **China**

Legend:
- **Other**
- **Business**
Fundraising per Year as % of GDP – All Private Equity < USD500m

Source: RMM, based on data from Thomson One Venture Xpert and IMF
Europe has too many low-skilled and too few high skilled workers compared to the USA

Skill composition of working-age population %, 2005

Source: European Commission, Employment in Europe 2006
Today in the EU, less than one person in three aged 25-34 has completed a university degree, compared to more than 50% in Japan and 40% in the US.

Source: Background Information for the Informal European Council, 11 February 2010
By 2020, 16 million more jobs will need high qualifications and 4 million more jobs will need medium qualifications, while 12 million less jobs will require low qualifications.

Source: Background Information for the Informal European Council, 11 February 2010
Aging Europe

Source: Eurostat, EUROPOP2008 convergence scenario
Age-related government expenditures

Increase 2007-2060, percentage points of GDP

- Education
- Unemployment benefits
- Long-term care
- Health care
- Pensions
- Total

Source: European Commission and Economic Policy Committee (2009)
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Intra-EU and extra-EU exports of goods

Intra-EU and extra-EU exports of goods in bn euro

- Intra-EU exports of goods in bn euro
- Extra-EU exports of goods in bn euro

1999:
- Intra-EU exports: 683
- Extra-EU exports: 1528

2008:
- Intra-EU exports: 1307
- Extra-EU exports: 2706

Intra-EU trade has been high and growing over the last decade. For every 1000 € of wealth created in a Member State, it is estimated that about 200 € end up benefiting other EU Member States through trade.

Source: Background Information for the Informal European Council, 11 February 2010
Still a large potential in services

Effects of Services directive

The full implementation of the Services Directive could increase trade in commercial services by 45% and Foreign Direct Investment (FDI) by 25%. It can bring 0.5 to 1.5% increase in GDP.

Source: Background Information for the Informal European Council, 11 February 2010
Connecting our energy internal market

- Southern gas corridor
- LNG terminals
- Baltic Interconnection Plan
- Mediterranean energy ring
- North south electricity & gas interconnections in central-south Europe
- North sea offshore grid

Completing the internal energy market will reduce prices for firms and consumers and may add 0.6%-0.8% to GDP. It will also help reduce energy dependency and diversify imports for all Member States.

Source: Background Information for the Informal European Council, 11 February 2010
Science results of 10 EU countries are above OECD average, while US results are below OECD average.

Science results of 15-year old students in 2006

Source: OECD PISA 2006
Mathematics results of 8 EU countries are above OECD average, while US results are below OECD average.

Mathematics results of 15-year old students in 2006

Source: OECD PISA 2006
Investing in our students and universities

Total spending on tertiary education in the EU (as a % of GDP) is less than half the US level, mainly as a result of lower private spending in Europe.

Source: Background Information for the Informal European Council, 11 February 2010
Europe is a world leader in many environmental technologies, and this has boosted our export performance. This market is forecast to triple by 2030 and Europe must strengthen its competitive edge.

Source: Background Information for the Informal European Council, 11 February 2010
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Acting together at EU level pays off

Medium-term impact (2020) on EU GDP of specific EU level reform measures – model simulations

- Venture capital removal of cross-order regulatory and tax barriers: 94 Euro bn
- 25% reduction in Administrative (EU contribution) Corresponding to 35% of the overall burden: 75 Euro bn
- Unbundling electricity market: 50 Euro bn

Source: Background Information for the Informal European Council, 11 February 2010
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