

BUSINESSEUROPE



The Economic Outlook

A bumpy road to recovery

*Journées d'information sur les affaires
européennes*

Conseil économique et social de Franche-Comté

BUSINESSEUROPE

Who we are



The voice of European companies





















- The Confederation of European Business
 - Represents over 20 million companies of all sizes
 - Recognised European social partner
- Achieve growth and competitiveness in Europe
- Lobby for a business-friendly environment

BUSINESSEUROPE priorities

- Implement the reforms for growth and jobs
- Integrate the European market
- Govern the EU efficiently
- Shape globalisation and fight all kinds of protectionism
- Promote a secure, competitive and climate-friendly energy system
- Reform European social systems to respond to global challenges



40 members in 34 countries

							 Confederation of Danish Industry
Austria	Belgium	Bulgaria	Croatia	Cyprus	Czech Republic	Denmark	Denmark
							
Estonia	Finland	France	Germany	Germany	Greece	Hungary	Iceland
							
Iceland	Ireland	Italy	Latvia	Lithuania	Luxembourg	Malta	Montenegro
							
Norway	Poland	Portugal	Portugal	Rep. San Marino	Romania	Slovakia	Slovenia
							
Spain	Sweden	Switzerland	Switzerland	The Netherlands	Turkey	Turkey	United Kingdom



Work process

- seven main policy committees
- experts nominated by our members
- follow-up and influence EU legislation
- find consensus view of impact on enterprises
- about 100 position papers each year
- permanent staff actively represents these views

The economic situation and policy responses



Sharp recession is drawing to a close ...

Factors supporting a rise in confidence

- Govt. and central banks stimuli working their way
- End of fast inventory depletion in industry
- Pick up in export orders, particularly from Asia

... but recovery will be subdued and fragile



The EU did respond to the crisis

- **European Investment Bank**
 - €70 billion of loans for 2009, pilot projects for risk-sharing schemes
 - Working capital: EIB steps in for SMEs
- **Central banks**
 - BoE expands quantitative easing strategy
 - ECB adopted non-conventional measures
- **European Commission**
 - State Aid rules and the crisis
 - Financial reforms
 - European Economic Recovery Plan



The European Economic Recovery Plan - EERP

- **Total amount : 200bn EUR**
 - 30bn EUR from EU funds (budget and EIB)
 - 170bn EUR from member states
- **some main areas for action in the recovery plan**
 - major European employment support initiative;
 - enhancing access to finance for business;
 - reduce administrative burdens, promote entrepreneurship;
 - investments to modernise Europe's infrastructure;
 - improve energy efficiency in buildings;
 - increase investment in R&D, innovation and education;
 - develop clean technologies for cars and construction;
 - provide access to high-speed internet



The EERP – an important step...

Fiscal stimulus measures in the EU (% of EU GDP)	2009	2010
Supporting household purchasing power	0.5	-
Labour market	0.1	-
Measures aimed at companies (excl. investment incentives)	0.2	-
Increasing/bringing forward investment	0.3	-
Total	1.1	0.7

For BUSINESSEUROPE member federations

- amounts dedicated are appropriate
 - 1.8% of GDP in Member States' discretionary measures
 - Approx. up to 5% of GDP in automatic stabilisers
- targets identified are appropriate in principle



... but with room for improvement

- Better coordinate implementation of national recovery plans at European level
 - avoid damages to the internal market
 - create real synergies
- Implement principles in the Small Business Act without delay to improve SMEs' situation
- Prioritise measures with limited impact on public finances but significant results, e.g.
 - reduce payment delays, esp. public authorities
 - make rapid progress as regards Better Regulation

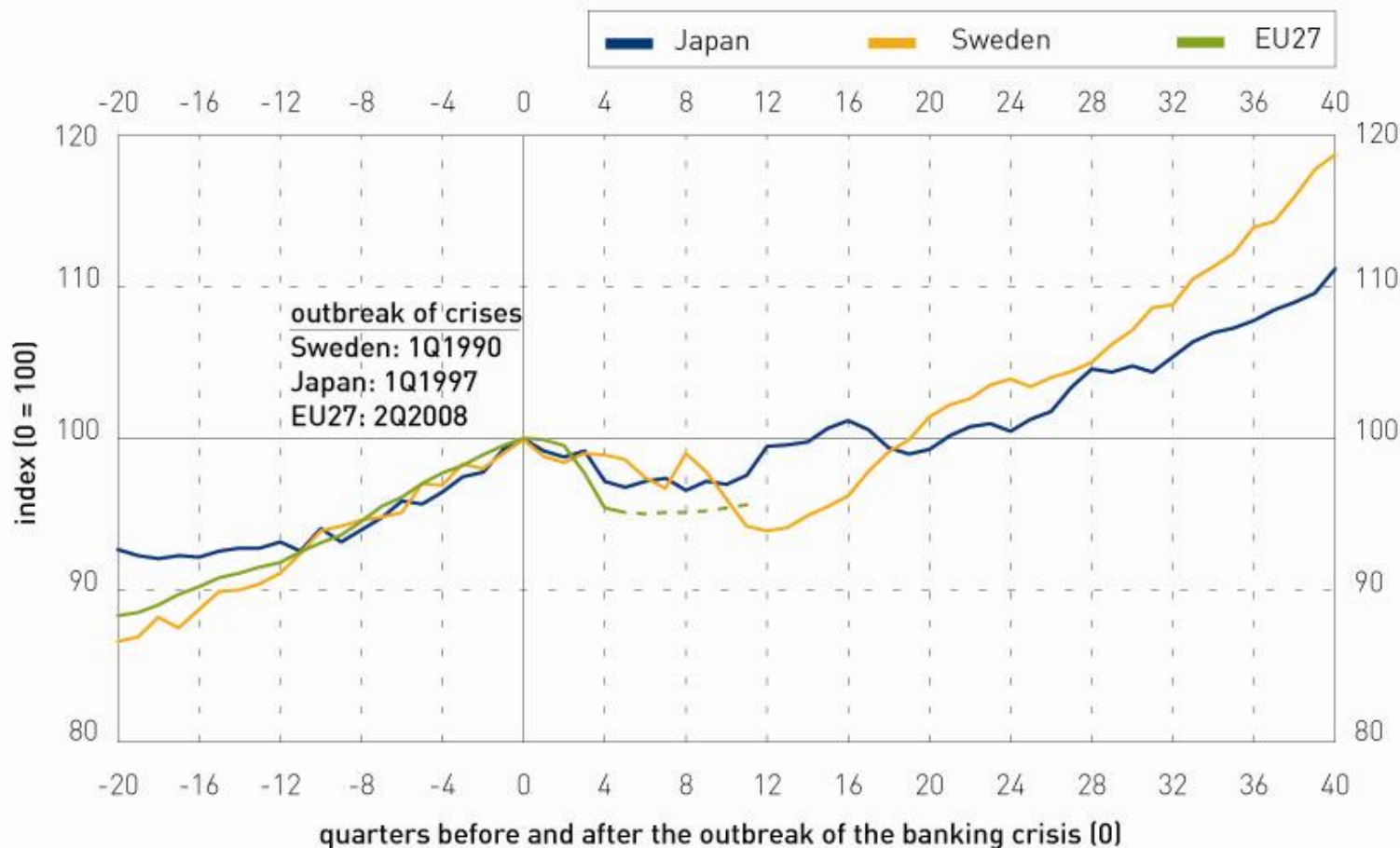


Challenges to resolve



Following Sweden's or Japan's experience?

Banking crises, recessions and possible paths for recovery



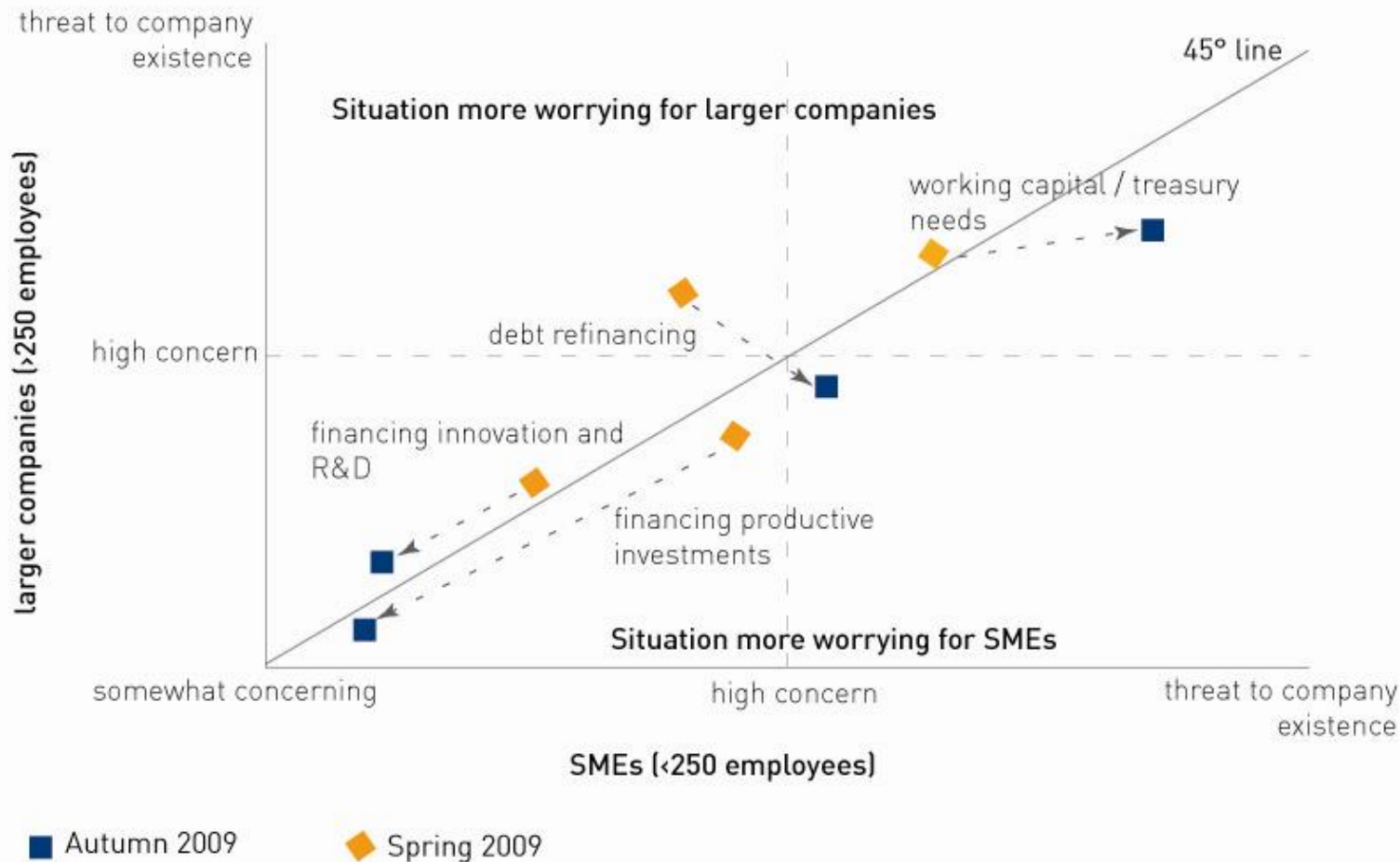
Source: BUSINESSEUROPE Economic Outlook (Autumn2009)



The unresolved challenges:

1. Access to finance

Companies' problems in access to finance



Source: BUSINESSEUROPE Economic Outlook (Autumn2009)



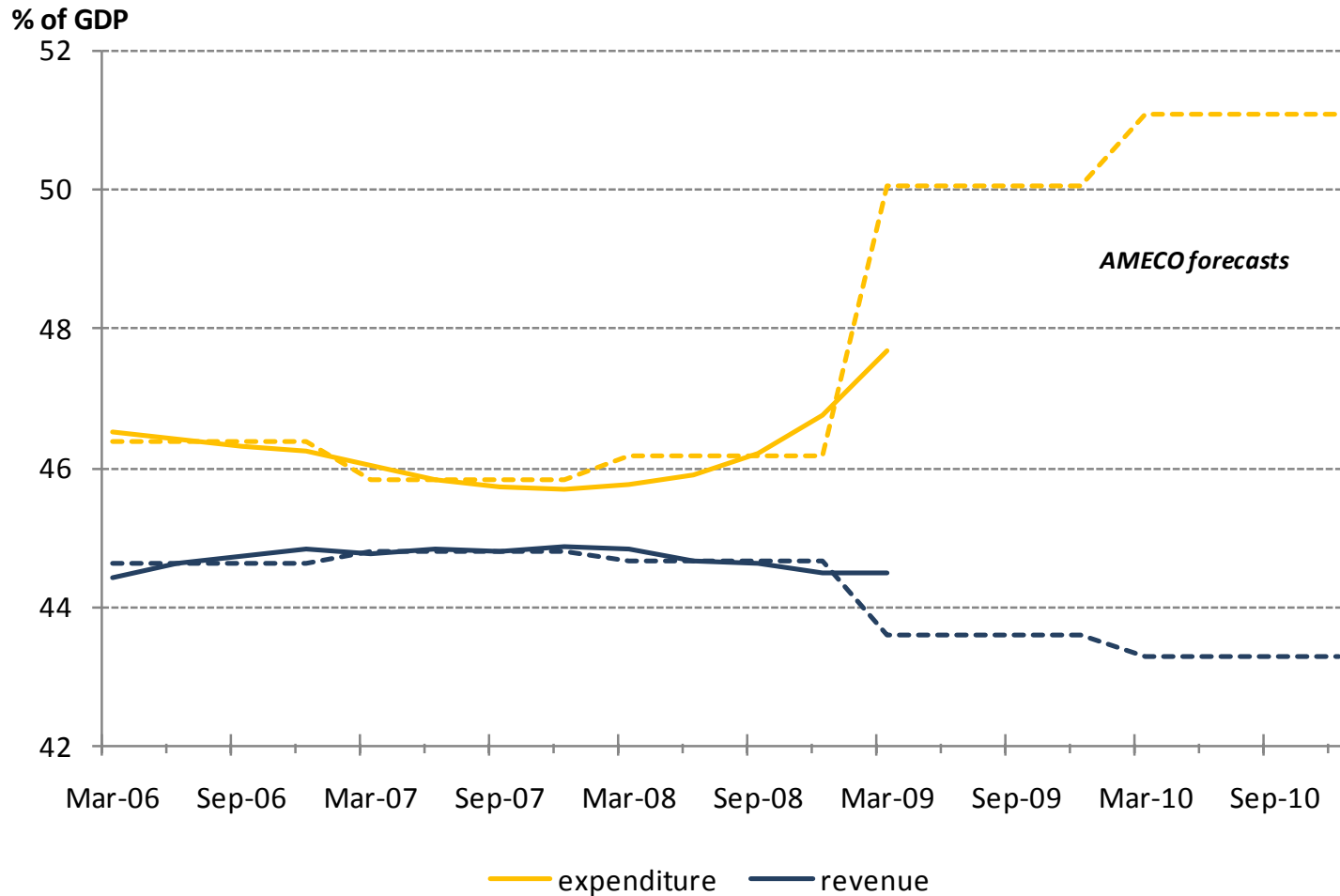
Important areas of work

- Restore functioning of financial markets
 - Assess banks' solvency by common approach
 - Reflect on possible bank restructuring
 - Role of capital markets
 - Further scope for ECB action – beyond 442bn EUR tender of funds with one-year maturity?
 - How to deal with banks' high risk-aversion?
- Provide trade finance and credit insurance
 - Member states should make better use of possibilities under temporary state aid framework
 - Need for consistent EU framework to avoid protectionism



The unresolved challenges:

2. Public finances

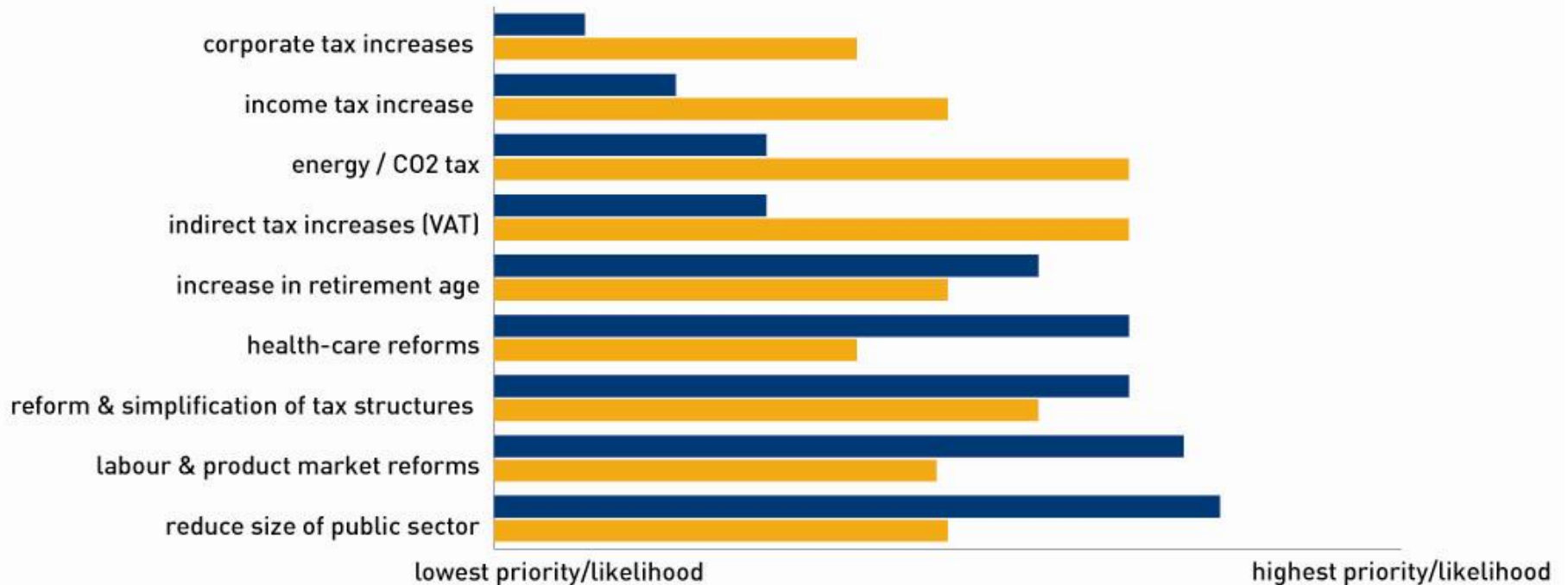


Source: BUSINESSEUROPE, AMECO, Eurostat



Diverging perceptions on how to ensure fiscal sustainability

- priority actions asked for by BUSINESSEUROPE member federations
- most likely government measures expected by BUSINESSEUROPE member federations



3. Structural reforms

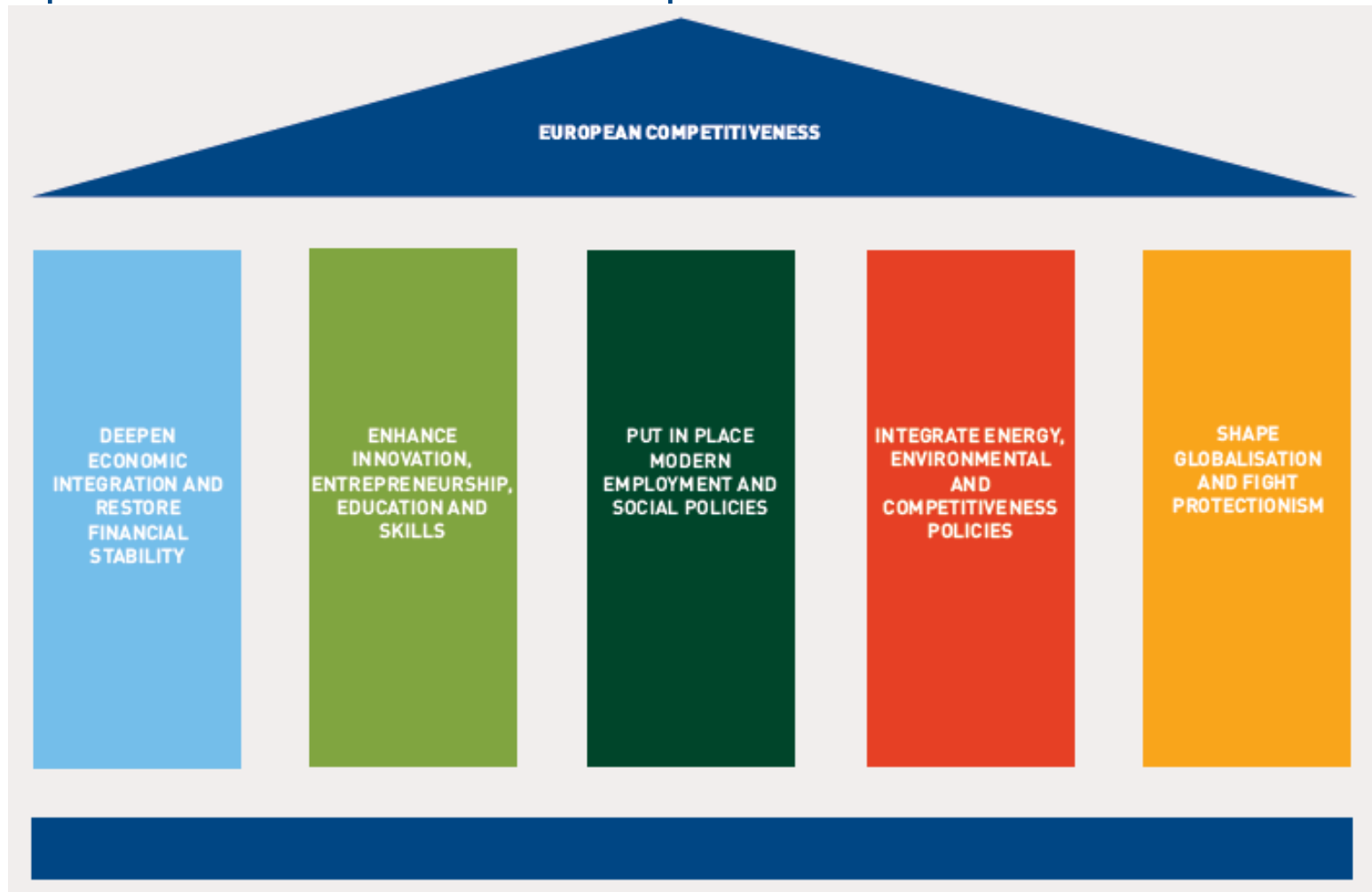
- Support business investment, entrepreneurship and innovation
- Fight unemployment boost education and skills for the recovery
- Modernise the public sector and increase sustainability of social systems

⇒ Essential aspects of a future reform strategy



BUSINESSEUROPE's priorities for the "new" Lisbon Strategy

Five pillars for the EU's future competitiveness



Further information

www.business europe.eu

