



AUTUMN 2010 ECONOMIC OUTLOOK FOR FRANCE: ANSWERS FROM MEDEF

MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	1.7	1.6
Consumer price inflation	1.6	1.3
Unemployment rate	9.2	8.9
Employment growth	0.0	0.3
government net lending (% of GDP)	-7.7	-6.2
gross public debt (% of GDP)	84.1	87.6
current account balance (% of GDP)	-2.2	-2.2

Components of aggregate demand - in real terms

Annual % change		
Private consumption	1.5	1.1
Public consumption	1.5	0.4
Investment (Gross Fixed Capital Formation)	-1.9	2.0
Private non-residential investment	-1.6	3.0
Exports	8.7	5.2
Imports	7.5	5.1

ECONOMIC SENTIMENT

	Positive	Negative	Unchanged			
Trend in business climate over the next 6 months	Industry	Services				
Trend in profitability over the next 6 months			Industry	Services		
Investment intentions over the next 6 months	Increase (faster pace)	Increase (slower pace) Industry	Unchanged	Decrease (slower pace)	Decrease (faster pace)	
Influence on companies' investment decisions	Global demand	Domestic demand	Cost of finance	Availability of finance	Company Profitability	Capacity Utilisation
	neutral	neutral	neutral	neutral	neutral	negative
Driving force behind investment decisions in the next 6 months	Replacement	Extension	Rationalisation	Innovation		
	neutral	neutral	positive	positive		
Overall trend in employment	Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months		
	Down	Same	Up	Up		

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

Compared to 6 months ago, cost/access to finance has been...	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>				Cost Access
<i>for larger companies (>250 employees)</i>				Cost Access
Over the next 6 months, cost /access to finance will be...	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>			Cost Access	
<i>for larger companies (>250 employees)</i>			Cost Access	
Measures to alleviate current financial difficulties for SMEs	Measures to improve bank lending capacity	Facilitating access to capital markets (corporate bonds and stock markets)	Improving conditions for equity financing	
	Moderate effect	Very limited effect	Very limited effect	

POLICY MIX

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate yes</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
<i>Consistency between fiscal and monetary policies</i>	<i>adequate</i> yes	<i>inadequate</i>			
<i>Regarding the sustainability of public finances, government shows ...</i>	<i>excellent commitment</i>	<i>satisfactory commitment</i> yes	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Exit Strategies</i> <i>Tight fiscal rules and more effective institutions</i> <i>Greater efficiency of public administrations</i> <i>Credible cost-cutting measures</i> <i>Increased scope of public-private partnerships</i> <i>Reform of pension systems</i> <i>Improved efficiency of healthcare sector</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Entry Strategies</i> <i>More and better-targeted education and training</i> <i>More and better targeted R&D and innovation efforts</i> <i>Prioritisation of infrastructure investments</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Growth enhancing tax reforms</i>					
<i>In 2015, the government deficit will...</i>	<i>respect the 3% limit</i> yes	<i>be in balance</i> no			