


**NOVEMBER 2011 ECONOMIC OUTLOOK FOR FRANCE: ANSWERS FROM MEDEF**
**MAIN FORECAST**

Annual % change	1,5	1,7
Real GDP growth	1,6	2,1
Consumer price inflation	9,4	9,2
Unemployment rate	0,2	0,8
Employment growth	0,8	0,4
government net lending (% of GDP)	9,2	9,2
gross public debt (% of GDP)	0,8	0,4
current account balance (% of GDP)	-1,8	-2,4

**Components of aggregate demand - in real terms**

Annual % change		
Private consumption	1,3	0,6
Public consumption	1,2	0,7
Investment (Gross Fixed Capital Formation)	-1,4	3,6
Private non-residential investment	2,0	5,4
Exports	9,4	4,8
Imports	8,3	6,0

**ECONOMIC SENTIMENT**

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



**ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH**

<b>Compared to 6 months ago, cost/access to finance has been...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>	Access			
<i>for larger companies (&gt;250 employees)</i>				

<b>Over the next 6 months, cost /access to finance will be...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>				
<i>for larger companies (&gt;250 employees)</i>	Access	Cost		

	<b>Consolidation of banking sector balance sheets</b>	<b>Access to capital markets</b>	<b>Encouraging equity financing through tax reforms</b>	<b>Better use of existing EU instruments (including EIB)</b>	<b>Greater potential for Public-Private-Partnerships</b>
<b>Measures to alleviate current financial difficulties for SMEs</b>	Very limited effect	Very limited effect	Important effect	Very limited effect	Very limited effect
	<b>Consolidation of banking sector balance sheets</b>	<b>Access to capital markets</b>	<b>Encouraging equity financing through tax reforms</b>	<b>Better use of existing EU instruments (including EIB)</b>	<b>Greater potential for Public-Private-Partnerships</b>
<b>Measures to alleviate current financial difficulties for midsize and large companies</b>	Important effect	Moderate effect	Very limited effect	Very limited effect	Very limited effect



**POLICY MIX**

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

Source: Institut COE-REXECODE; 15 September 2011