

Annual Growth Survey 2011:

Advancing the EU's comprehensive
response to the crisis

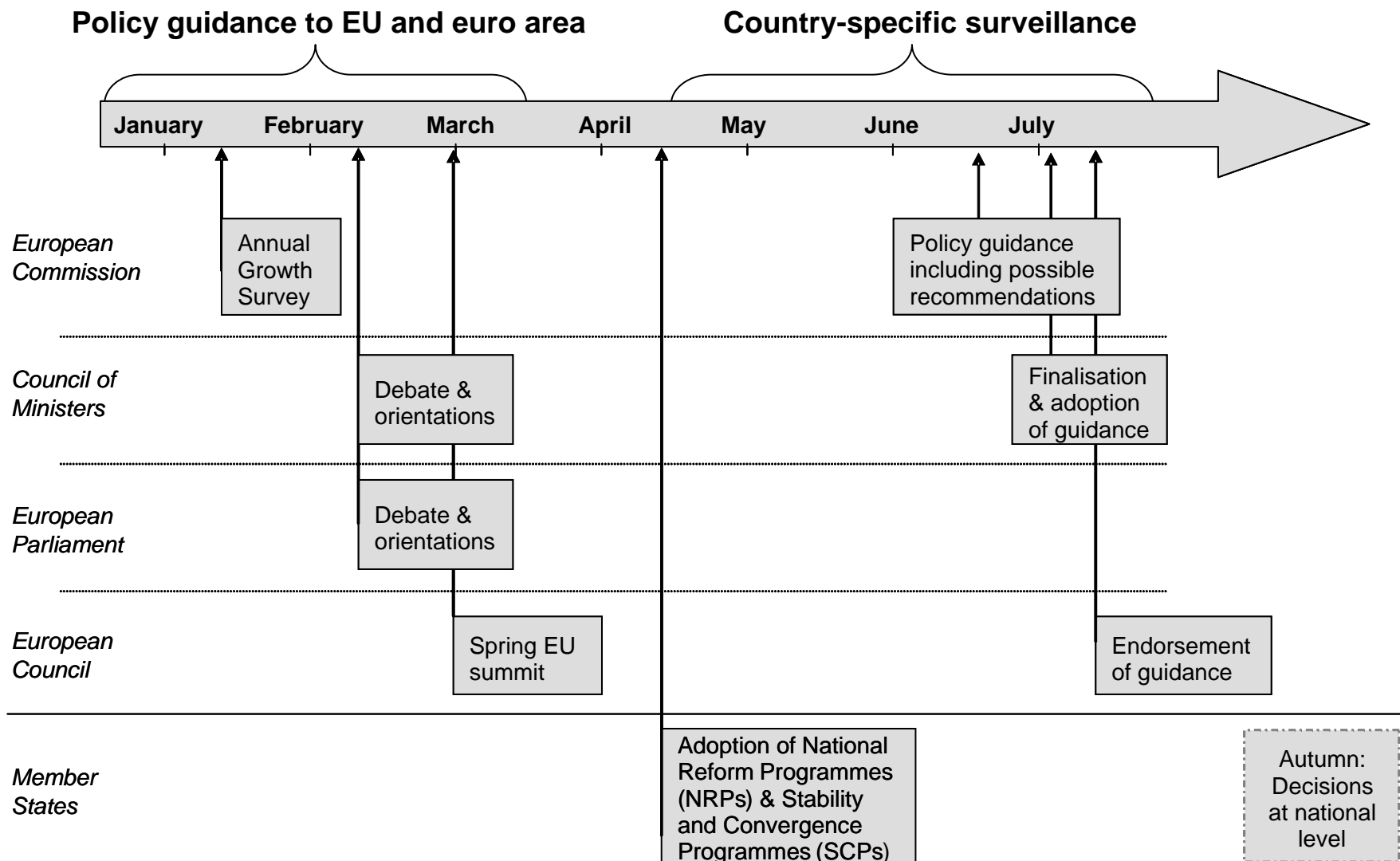
Commissioner Olli Rehn

12 January 2011

Annual Growth Survey starts the new cycle of policy coordination

- The starting point of the European Semester
- Contribution to the EU's comprehensive response to the sovereign debt crisis
- Provides the Commission's analysis of pressing policy needs at both the EU and national level
- 10 messages for urgent actions for 2011-2012

The European Semester in steady state

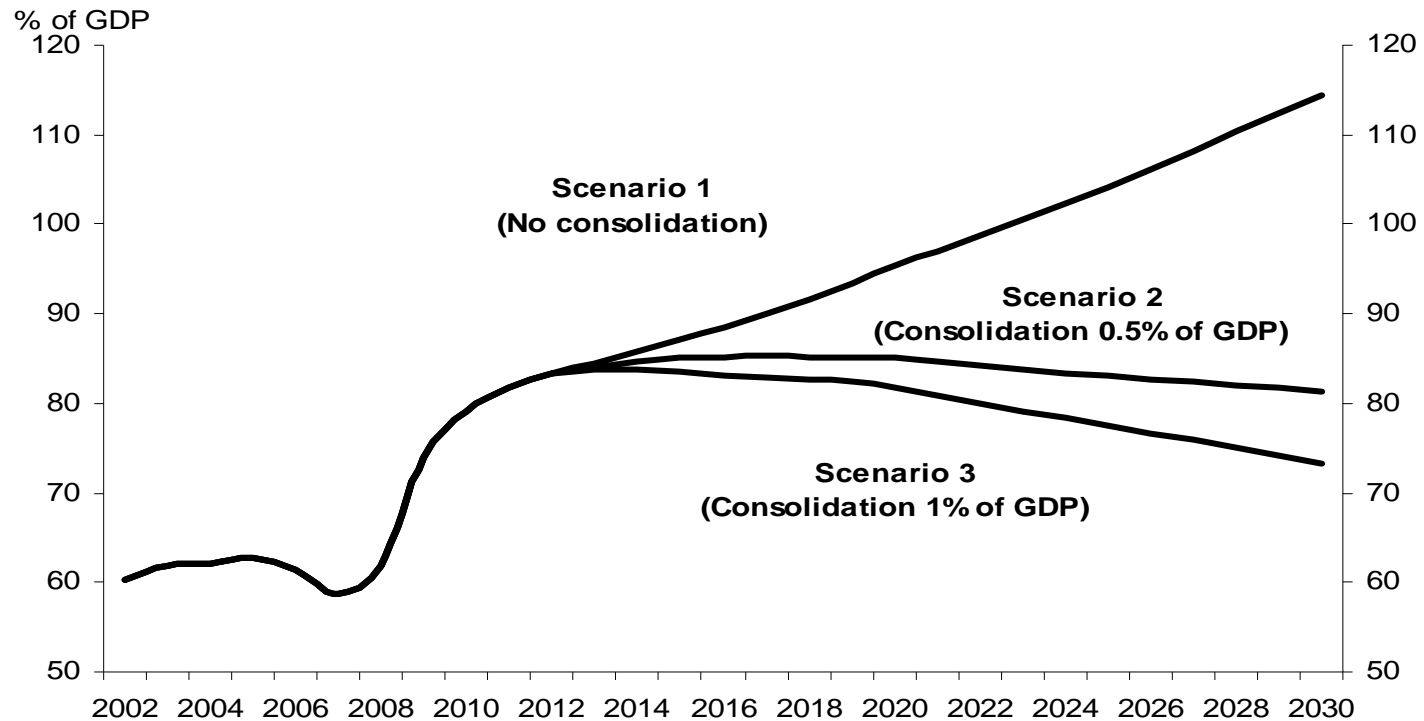


Analysis: the Dual Challenge of Consolidation and Growth

- Long-lasting weaknesses and, post-crisis, the severe legacy of unemployment and public debt
- Without reform vulnerability, stagnation
- Determined action makes a difference
- Tailor-made policies needed
- Reforms must be frontloaded

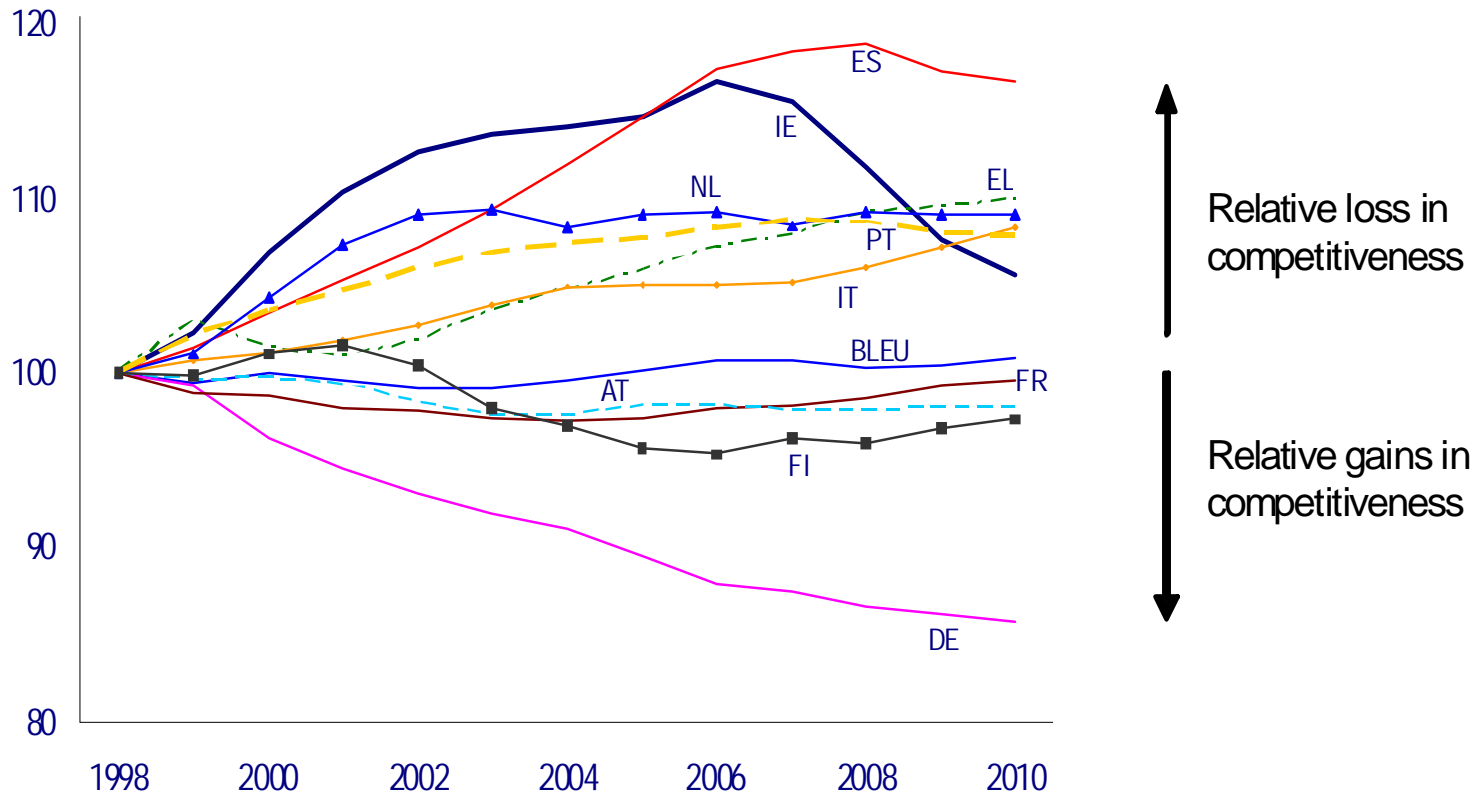
Fiscal consolidation

Debt path depends very much on the degree of consolidation



Macroeconomic imbalances

Trends during the past decade in price and cost competitiveness among the euro area member states show strong divergences





Financial repair

Complete the financial repair, to ensure the provision of credit to the real economy and the path to recovery

- Restructuring of banks to be accelerated
- Implementation the new EU architecture for financial regulation and supervision
- Strengthening of the banks' capital base
- Permanent mechanism for sovereign debt crises



Priority policy measures for growth and jobs at the **national** level

- Help the unemployed getting back to work
- Pension reform to improve sustainability of public finances and to increase labour supply
- Full implementation of the Services Directive
- Ambitious and frontloaded National Reform Programmes

Priority policy measures for growth and jobs at the **EU** level

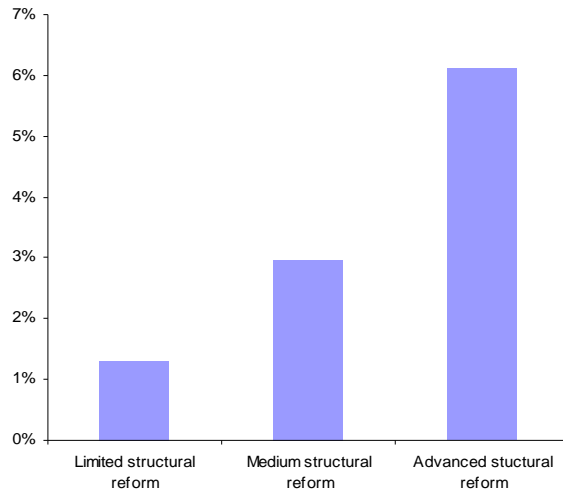
- Tapping the potential of the single market
- Attracting private capital to finance growth
- Initiatives to improve transport, energy and telecommunication infrastructure
- Example: Develop EU-wide standards for energy efficient products – the “next gsm std”



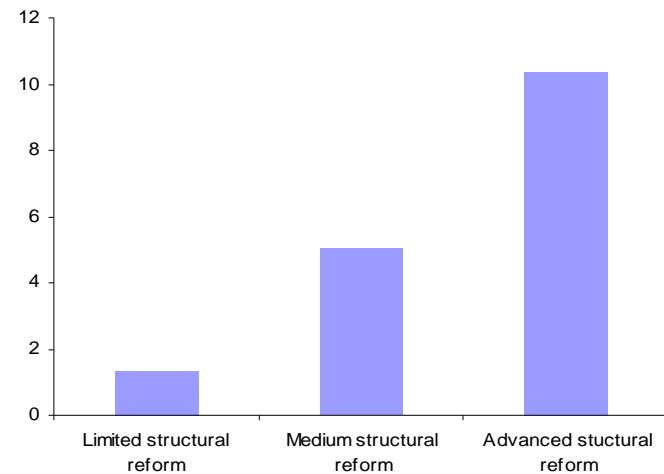
Structural reforms can make a difference, if they are ambitious

Comprehensive and advanced structural reforms could result in up to 6 % higher GDP and 10 million more jobs by 2020

GDP effect, %



Employment effect, millions



Europe's Year 2011: From Crisis to Reform