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# **Brussels Economic Forum**

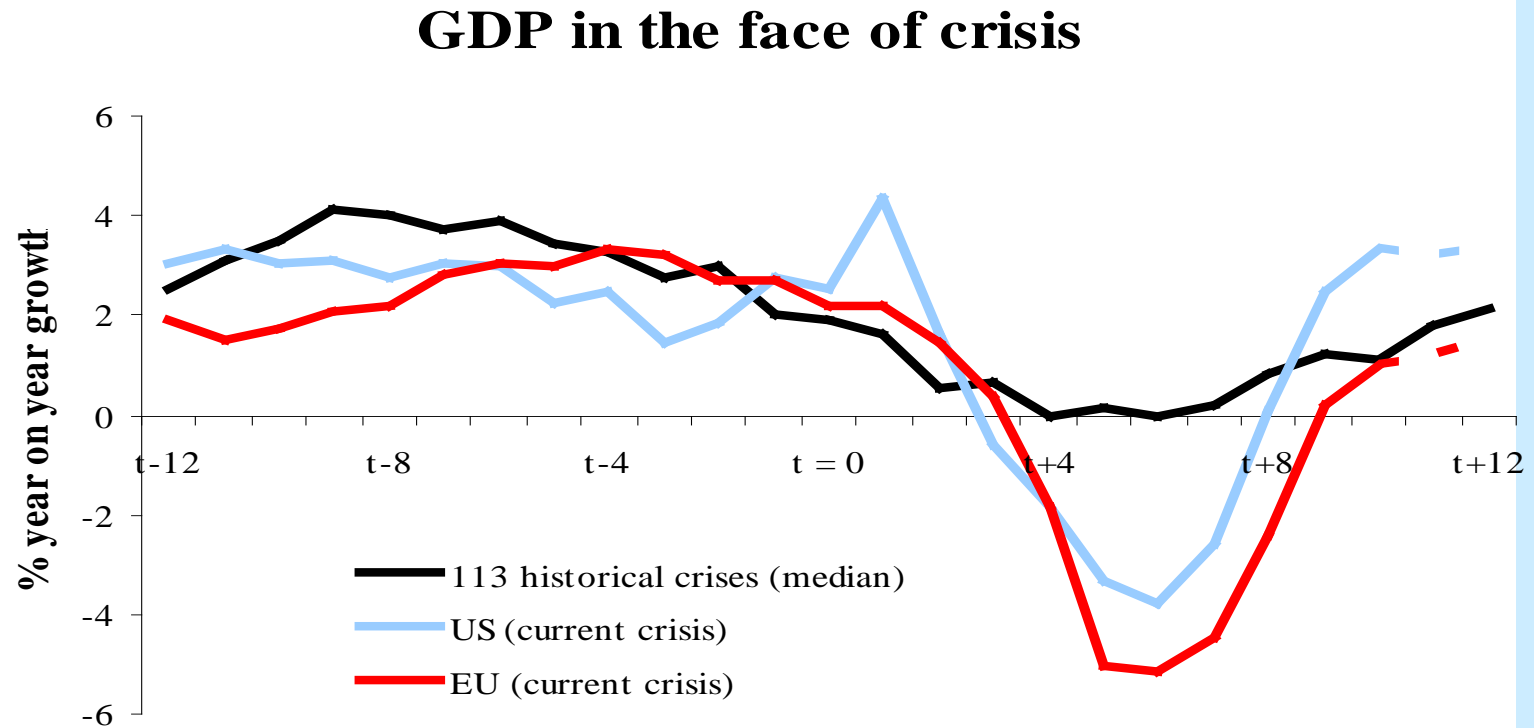
## **26 May 2010**

**Welcome Address**  
**Olli REHN**

**Commissioner for Economic and  
Monetary Affairs**



# The deepest slump since WW II has turned to a slow recovery in Europe



*Note:* y-o-y growth rates during twelve quarters before and after the beginning (0) of a financial stress episode. T = 0 corresponds to 2007Q4. Dotted lines refer to forecasts.

*Sources:* IMF, OECD, European Commission.

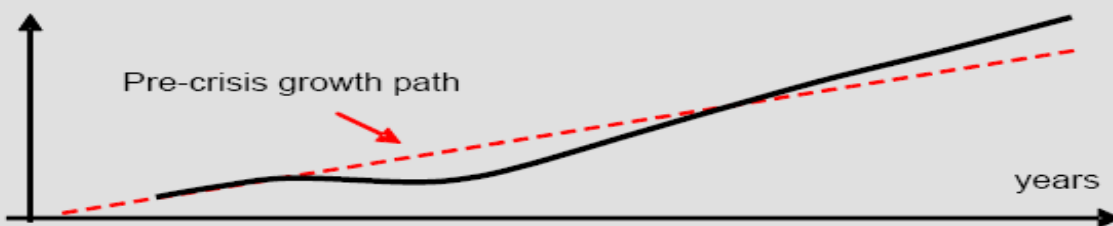


# Potential growth needs a step-change in policies

Three scenarios for Europe by 2020

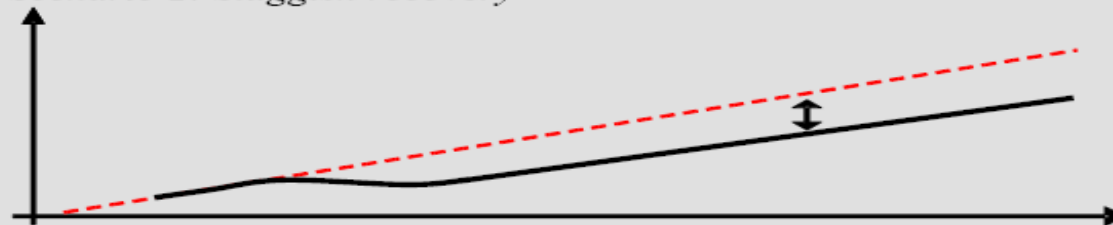
*Scenario 1: Sustainable recovery*

Output level



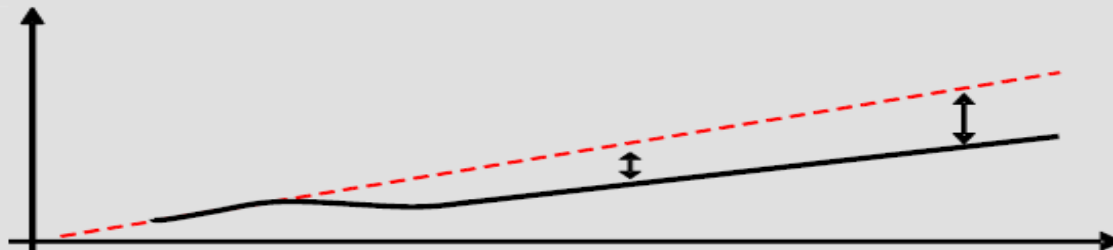
*Europe is able to make a full return to earlier growth path and raise its potential to go beyond*

*Scenario 2: Sluggish recovery*



*Europe will have suffered a permanent loss in wealth and start growing again from this eroded basis*

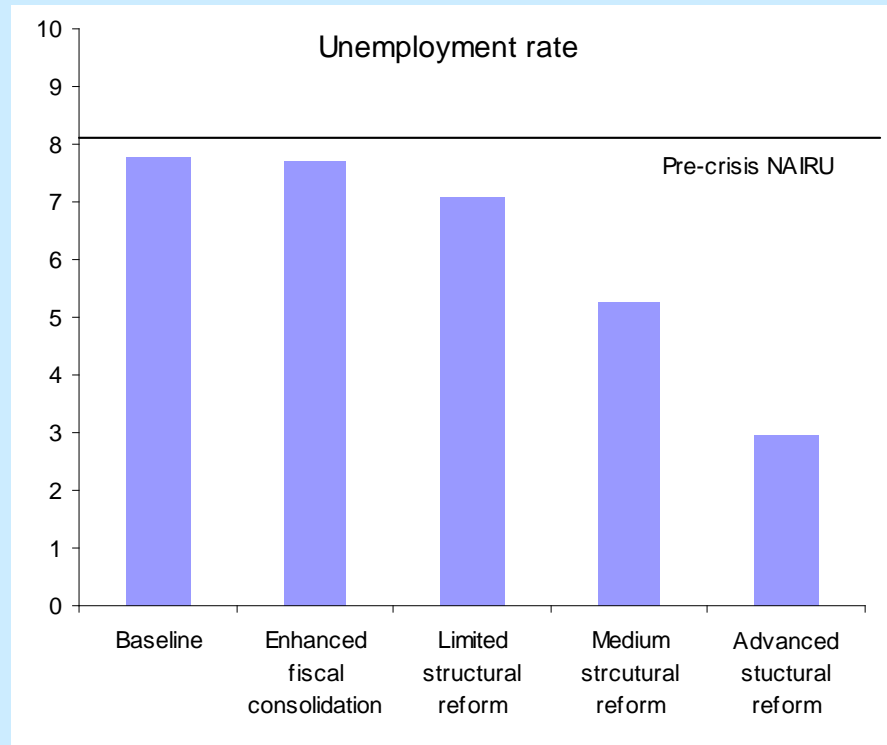
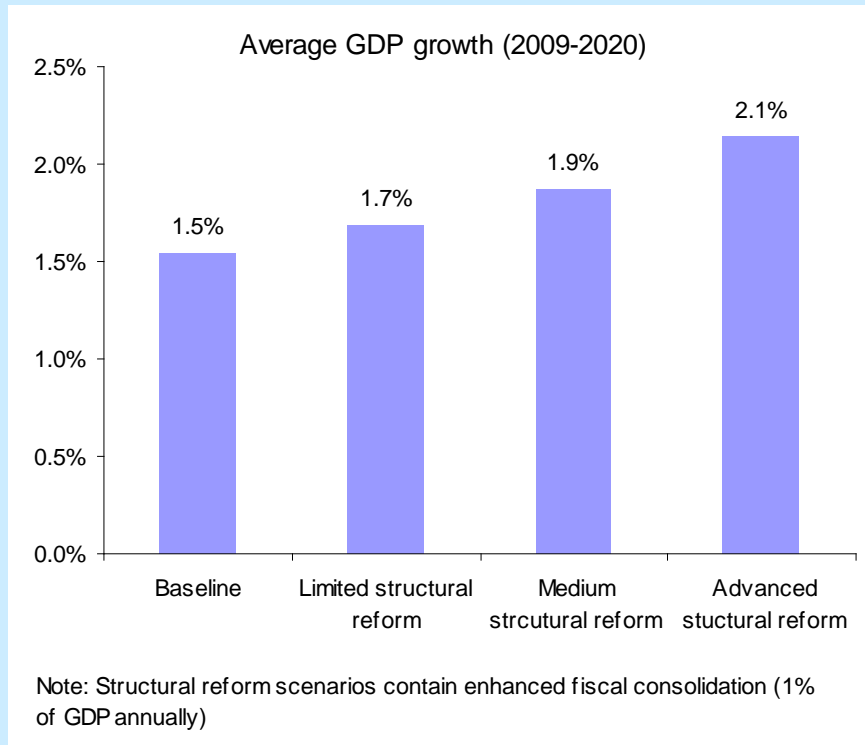
*Scenario 3: Lost decade*



*Europe will have suffered a permanent loss in wealth and potential for future growth*



# Sustainable growth through structural reforms



- Increased productivity growth key for GDP
- Increased employment ratio key for inclusiveness and sustainability

