



## SPRING 2011 ECONOMIC OUTLOOK FOR FRANCE: ANSWERS FROM MEDEF

Annual's change         2010         2011           Real GDP growth         1.5         1.9           Consumer price inflation         1.6         2.4           Unemployment rate         9.3         9.0           Employment growth         -0.2         0.7           Gomment rate (moding (% of GDP)         7.6         5.9           Gross public debt (% of GDP)         83.0         86.4           Components of aggregate demand - in real terms         Annual % schange         Note (% of GDP)           Phate consumption         1.6         1.3           Public consumption         1.4         0.7           Price consumption         1.7         2.2           Trand in business clinate over the next         Industry         Services           Trand in business clinate over the next 6         Industry         Services           Trand in profitability over the next 6         Industry         Services           Investment Interface over the next 6         Industry         Services <t< th=""><th>MAIN FORECAST</th><th></th><th></th><th></th><th></th><th></th><th></th></t<>	MAIN FORECAST						
Real GP growth       1.5       1.9         Consumer price indiation       1.6       2.4         Unemployment rate       9.3       9.0         Employment rate       9.3       9.0         Gooss public dek (% of GDP)       7.6       5.9         Gooss public dek (% of GDP)       7.6       5.9         Components of aggregate demand - in real terms Annual % charge       7.7       2.1         Pricet consumption       1.6       1.3         Pricet consumption       1.4       0.7         Industry       3.9       6.1         Exports       3.9       6.1         Economic Set mate over the next 8       Industry         Services       Industry         Services       Services         Industry       Services         Industry       Services         Industry       Services         In			2010	2011			
Consumprione inflation 1.6 2.4 Jumployment rate 9,3 9,0 Employment rate 9,3 9,0 Employment rate 1,5 9,0 Employment rate 1,5 9,0 Expension rate rate 1,5 9,0 Expension rate rate 1,5 9,0 Expension rate 1,5 1,3 Public consumption 1,5 1,3 Public consumption 1,4 0,7 Preate consumpt			1,5	1,9			
Employment growth 0, 0, 2 0,7 Genement net unding (% of GDP) 7,6 5,59 Gross public det (% of GDP) 2,1 -2,4 Current account balance (% of GDP) 2,1 -2,4 Components of aggregate demand - in real terms Annual % schange Phate consumption 1,6 1,3 Public consumption 1,4 0,7 Public consumption 1,4 0,7 Public consumption 1,4 0,7 Public for Strict Capital Formation) 1,7 2,22 Phote nonsumption 1,4 0,7 Phote nonsumption 1,4 0,7 Phote nonsumption 1,4 0,7 Phote consumption 1,				2,4			
Boemment net lending (% of GDP) 7.6 5.9 Bose public delv (% of GDP) 83,0 86,4 Components of aggregate demand - in real terms Annual % changes Phate consumption 1.6 1.3 Public consumption 1.4 0.7 mestment (frosse Fixed Capital Formation) 1.7 2.2 Phate non-vesidential investment - 1.4 3.2 Exports 7.7 6.1 ECONOMIC SENTIMENT ECONOMIC SENTIMENT Frend in business climate over the next 1 months Services Increase (faster pace) (faster pace) Frend in profitability over the next 6 Industry months Services ECONOMIC Senter the next 6 Industry months Services ECONOMIC Senter the next 6 Industry months Services ECONOMIC Senter the next 6 Industry Services ECONOMIC Senter the next 6 Industry Services ECONOMIC Senter the next 7 Industry months Services ECONOMIC Senter the next 7 Industry Services ECONOMIC Senter the next 7 Industry Services ECONOMIC Senter the next 7 Industry Services ECONOMIC Senter the next 8 Industry Services ECONOMIC Senter the next 9 Industry Services ECONOMIC Senter the next 7 Industry Services ECONOMIC Senter the next 8 Industry Services ECONOMIC Senter the next 8 Industry Services ECONOMIC Senter the next 8 Industry Services ECONOMIC Services next 6 Industry Services ECONOMIC Services next 6 Industry ECONOMIC Services	Jnemployment rate						
Boemment net lending (% of GDP) 7.6 5.9 Bose public delv (% of GDP) 83,0 86,4 Components of aggregate demand - in real terms Annual % changes Phate consumption 1.6 1.3 Public consumption 1.4 0.7 mestment (frosse Fixed Capital Formation) 1.7 2.2 Phate non-vesidential investment - 1.4 3.2 Exports 7.7 6.1 ECONOMIC SENTIMENT ECONOMIC SENTIMENT Frend in business climate over the next 1 months Services Increase (faster pace) (faster pace) Frend in profitability over the next 6 Industry months Services ECONOMIC Senter the next 6 Industry months Services ECONOMIC Senter the next 6 Industry months Services ECONOMIC Senter the next 6 Industry Services ECONOMIC Senter the next 6 Industry Services ECONOMIC Senter the next 7 Industry months Services ECONOMIC Senter the next 7 Industry Services ECONOMIC Senter the next 7 Industry Services ECONOMIC Senter the next 7 Industry Services ECONOMIC Senter the next 8 Industry Services ECONOMIC Senter the next 9 Industry Services ECONOMIC Senter the next 7 Industry Services ECONOMIC Senter the next 8 Industry Services ECONOMIC Senter the next 8 Industry Services ECONOMIC Senter the next 8 Industry Services ECONOMIC Services next 6 Industry Services ECONOMIC Services next 6 Industry ECONOMIC Services	Employment growth		-0,2	0,7			
Current account balance (% of GDP)       -2,1       -2,4         Components of aggregate demand - in real terms Innual % change       1,6       1,3         Minual % change       1,6       1,3         Public consumption       1,4       0,7         Public consumption       -1,1       2,2         Private non-residential investment       -1,1       3,2         Exports       9,9       6,1         mooth's       7,7       6,1         ECONOMIC SENTIMENT       Industry	Government net lending (% of GDP)		-7,6	-5,9			
Components of aggregate demand - in real terms Annual % change Pinate consumption 1.6 1.3 Public consumption 1.4 0.7 Investment (Gross Fixed Capital Formation) -1.7 2.2 Proter consedidential investment -1.4 3.2 Exports 9.9 6.1 Imports 7.7 6.1	Gross public debt (% of GDP)		83,0	86,4			
Annual % change Pinate consumption 1.6 1.3 Public consumption 1.4 0.7 Industry Services 1.9,9 6.1 Imports 7,7 6.1 ECONOMIC SENTIMENT 7,7 6.1 ECONOMIC SENTIMENT 7,7 6.1 ECONOMIC SENTIMENT 1.0 ECONOMIC SENTIMENT 7,7 6.1 ECONOMIC SENTIMENT 1.0 ECONOMIC SENTIMENT	Current account balance (% of GDP)		-2,1	-2,4			
Pinde consumption 1.6 1.3 Public consumption 1.4 0.7 Public consumption 1.4 0.7 Private non-residential investment 1.4 3.2 Exports 9,9 6.1 Imports 7,7 6.1 ECONOMIC SENTIMENT ECONOMIC SENTIMENT Frend in business climate over the next 1 Industry Services Positive Negative Unchanged Trend in profitability over the next 6 Industry Services Increase Increase Increase Increase (slower pace) (slower	Components of aggregate demand - in re	al terms					
Public consumption 1,4 0,7 Investment (Gross Fixed Capital Formation) -1,7 2,2 Private non-residential investment -1,4 3,2 Exports 9,9 6,1 Imports 7,7 6,1 Trend in business climate over the next Industry 6 months Services Positive Negative Unchanged Industry Services Positive Negative Unchanged Industry Services Increase (faster pace) (slower pace) (faster pace)	Annual % change						
Investment (Gross Fixed Capital Formation) 1-1,7 2,2 Private non-residential investment 2,9 6,1 Imports 7,7 6,1 ECONOMIC SENTIMENT ECONOMIC SENTIMENT ECONOMIC SENTIMENT ECONOMIC SENTIMENT Frend in business climate over the next b 6 months Services Trend in profitability over the next 6 months Services Increase (faster pace) (slower pace) Increase (faster pace) (slower pace) (slower pace) Increase (faster pace) (slower pace) (slower pace) (slower pace) Increase (faster pace) (slower pace) Increase (faster pace) (slower pace)	Private consumption		1,6	1,3			
Private non-residential investment Exports 9,9 6,1 7,7 6,1  Trend in business climate over the next Industry 6 months  Positive Negative Unchanged Industry Services  Positive Negative Unchanged Industry Services  Increase (faster pace) Industry Services  Increase (faster pace) (slower pace) (slower pace) (slower pace) (slower pace) Industry Services  Increase (faster pace) Industry Services  Increase (faster pace) Industry Services  Reglacement Positive neutral Positive neutral Positive positi			1,4	0,7			
Exports       9,9       6,1         Imports       7,7       6,1         ECONOMIC SENTIMENT <ul> <li>Frend in business climate over the next</li> <li>Industry</li> <li>Services</li> <li>Positive</li> <li>Negative</li> <li>Unchanged</li> <li>Industry</li> <li>Services</li> </ul> Trend in profitability over the next 6         Positive         Negative         Unchanged         Industry         Industry         Services         Industry         Industry         Services         Industry         Services         Industry         Services	Investment (Gross Fixed Capital Formation)		-1,7	2,2			
Imports       7,7       6,1         ECONOMIC SENTIMENT       Positive       Negative       Unchanged         Trend in business climate over the next       Industry Services       Services       Services         Trend in profitability over the next 6 months       Positive       Negative       Unchanged Industry Services       Services         Increase (faster pace) industry services       Increase (faster pace) industry Services       Unchanged Increase (faster pace) industry Services       Decrease (faster pace) industry       Decrease (faster pace)       Decrease (faster pace)         Influence on companies' investment decisions       Domestic demand       Cost of finance       Availability of finance       Company Profitability       Capacity Capacity         Influence on companies' investment decisions       positive       neutral       positive       neutral       positive       neutral         Driving force behind investment decisions in the next 6 months       Replacement       Extension       Rationalisation       Innovation         Driving force behind investment decisions in the next 6 months       Industry: next 6 months       Services: past 6 months       Services: next 6 months       Services: next 6 months	Private non-residential investment		-1,4	3,2			
ECONOMIC SENTIMENT         ECONOMIC SENTIMENT         Trend in business climate over the next       Positive Industry Services       Negative Industry Services       Unchanged Industry Services         Trend in profitability over the next 6 months       Positive       Negative Industry Services       Unchanged Industry Services         Increase (faster pace) Investment intentions over the next 6 months       Increase (faster pace) Industry Services       Unchanged       Decrease (slower pace)       Decrease (faster pace)         Investment intentions over the next 6 months       Increase Services       Unchanged       Decrease (slower pace)       Decrease (faster pace)         Investment intentions over the next 6 industry       Increase Services       Unchanged       Decrease (slower pace)       Decrease (faster pace)         Influence on companies' investment decisions       positive       neutral       positive       neutral       positive         Priving force behind investment decisions in the next 6 months       Extension neutral       Replacement       Extension neutral       Rationalisation positive       Innovation         Industry: past 6 months       Industry: next 6 months       Services: past 6 months       Services: past 6 months       Services: past 6 months	Exports		9,9	6,1			
Trend in business climate over the next       Positive       Negative       Unchanged         f months       Services       Positive       Negative       Unchanged         Trend in profitability over the next 6 months       Positive       Negative       Unchanged         Investment intentions over the next 6       Increase (faster pace)       Increase (slower pace)       Unchanged       Decrease (slower pace)         Investment intentions over the next 6       Industry Services       Decrease (slower pace)       Decrease (slower pace)       Decrease (slower pace)         Investment intentions over the next 6       Industry Services       Decrease (slower pace)       Decrease (slower pace)       Decrease (slower pace)         Influence on companies' investment decisions       positive       neutral       positive       neutral       positive       neutral         Driving force behind investment decisions in the next 6 months       Positive       neutral       positive       positive       neutral       positive         Industry: past 6 months       Industry: next 6 months       Services: past 6 months       Services: past 6 months       Services: next 6 months	Imports		7,7	6,1			
Trend in business climate over the next 6 months       Industry Services         Positive       Negative       Unchanged Industry Services         Trend in profitability over the next 6 months       Increase (faster pace) Industry Services       Increase (faster pace)       Increase (slower pace)       Unchanged (slower pace)       Decrease (slower pace)       Decrease (faster pace)         Investment intentions over the next 6 months       Increase (faster pace)       Increase (slower pace)       Unchanged       Decrease (slower pace)       Decrease (faster pace)       Decrease (faster pace)         Influence on companies' investment decisions       positive       neutral       positive       neutral       positive       neutral         Driving force behind investment decisions in the next 6 months       Replacement       Extension       Rationalisation       Innovation         Industry: past 6 months       Industry: next 6 months       Services: past 6 months       Services: past 6 months       Services: next 6 months	ECONOMIC SENTIMENT						
Trend in business climate over the next       Industry Services         Frend in profitability over the next 6 months       Positive       Negative       Unchanged Industry Services         Trend in profitability over the next 6 months       Positive       Negative       Unchanged Industry Services         Investment intentions over the next 6 months       Increase (faster pace) Industry Services       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         Influence on companies' investment decisions       positive       neutral       positive       neutral       positive       neutral         Driving force behind investment decisions in the next 6 months       Replacement       Extension       Rationalisation       Innovation         Industry: past 6 months       Industry: next 6 months       Services: past 6 months       Services: next 6 months       Services: next 6 months		De eltitue	No	Unchanned			
6 months       Services         Positive       Negative       Unchanged Industry Services         Increase (faster pace) Investment intentions over the next 6 Industry Services       Increase (faster pace) Industry Services       Unchanged       Decrease (slower pace)       Decrease (faster pace)         Investment intentions over the next 6 months       Increase (faster pace)       Increase (slower pace)       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         Influence on companies' investment decisions       positive       neutral       positive       neutral       positive       neutral         Driving force behind investment decisions in the next 6 months       Replacement       Extension       Rationalisation       Innovation         positive       neutral       positive       positive       positive       positive         Industry: past 6 months       Industry: next 6 months       Services: past 6 months       Services: next 6 months			Negative	Unchanged			
Positive       Negative       Unchanged         Industry       Services         Increase       Increase         (faster pace)       (slower pace)         Investment intentions over the next 6       Industry         Investment intentions over the next 6       Industry         Services       Global demand         Domestic demand       Cost of finance         Availability of finance       Company Profitability         Capacity       neutral         positive       positive         neutral       positive         Industry: past 6 months       Industry: next 6 months		-					
Trend in profitability over the next 6 months       Industry services         Industry services       Increase (faster pace) (slower pace)       Increase (slower pace)       Decrease (slower pace)       Decrease (faster pace)       Industry (slower pace)       Decrease (slower pace)       Decrease (slower pace)       Decrease (slower pace)       Industry (slower pace)       Decrease (slower pace)       Decrease (slower pace)       Industry (slower pace)       Industry (slower pace)       Decrease (slower pace)       Industry (slower pace)       Industry (slower pace)       Industry (slower pace)       Decrease (slower pace)       Industry (slower pace)	6 months	Services					
Inorease (faster pace)       Increase (faster pace)       Increase (slower pace)       Unchanged       Decrease (slower pace)       Decrease (faster pace)         Investment intentions over the next 6 months       Industry Services       Increase (slower pace)       Unchanged       Decrease (slower pace)       Decrease (faster pace)         Investment intentions over the next 6       Industry Services       Industry       Services       Decrease (slower pace)       Decrease (faster pace)         Global demand       Domestic demand       Cost of finance       Availability of finance       Company Profitability       Capacity         Influence on companies' investment decisions       positive       neutral       positive       neutral       positive       neutral         Driving force behind investment decisions in the next 6 months       Replacement       Extension       Rationalisation       Innovation         Industry: past 6 months       Industry: next 6 months       Services: past 6 months       Services: next 6 months       Services: next 6 months		Positive	Negative	Unchanged			
Investment intentions over the next 6 Increase (faster pace) Industry months Services Industry Services Industry Services Industry Capacity Influence on companies' investment positive neutral p	Trend in profitability over the next 6			Industry			
Investment intentions over the next 6 months       (faster pace)       (slower pace)       (faster pace)       (faster pace)         Industry Services       Industry       Services       Industry       Industry <td>months</td> <td></td> <td></td> <td>Services</td> <td></td> <td></td> <td></td>	months			Services			
(raster pace)       (slower pace)       (slower pace)       (raster pace)       (raster pace)         Investment intentions over the next 6       Industry       Services       (raster pace)       (raster pa		Increase	Increase		Decrease	Decrease	
months       Services         Global demand       Domestic demand       Cost of finance       Availability of finance       Company Profitability       Capacity         Influence on companies' investment decisions       positive       neutral		(faster pace)	(slower pace)	Unchanged	(slower pace)	(faster pace)	
months       Services         Global demand       Domestic demand       Cost of finance       Availability of finance       Company Profitability       Capacity         Influence on companies' investment decisions       positive       neutral	Investment intentions over the next 6	,					
Global demand       Domestic demand       Cost of finance       Availability of finance       Company Profitability       Capacity         Influence on companies' investment decisions       positive       neutral       positi	months						
Influence on companies' investment decisions Driving force behind investment decisions in the next 6 months Industry: past 6 months Industry: next 6 months Services: past 6 months Services: next 6 months		00111003					
decisions     positive     neutral     positive     neutral       Driving force behind investment decisions in the next 6 months     Replacement     Extension     Rationalisation     Innovation       Driving force behind investment decisions in the next 6 months     positive     neutral     positive     positive       Industry: past 6 months     Industry: next 6 months     Services: past 6 months     Services: next 6 months     Services: next 6 months		Global demand	Domestic demand	Cost of finance	Availability of finance	Company Profitability	Capacity Utilisation
Driving force behind investment decisions in the next 6 months       positive       neutral       positive       positive         Industry: past 6 months       Industry: next 6 months       Services: past 6 months       Services: next 6 months		positive	neutral	positive	neutral	positive	neutral
decisions in the next 6 months positive neutral positive positive positive positive positive for the next 6 months industry: past 6 months industry: next 6 months Services: past 6 months Services: next 6 months for the next 6 months industry indu		Replacement	Extension	Rationalisation	Innovation		
	-	-	neutral	positive	positive		
		Industry: past 6 months	s Industry: next 6 months	Services: past 6 month	hs Services: next 6 months		
			-	-			
Overall trend in employment Down Down Up Up	Overall trend in employment	Down	Down	Up	Up		





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

Compared to 6 months ago,					
cost/access to finance has been for SMEs	sharply up / restrained	up / more difficult	<b>same</b> Cost Access	down / easier	
for larger companies (>250 employees)		Cost	Access		
Over the next 6 months, cost /access to finance will be for SMEs	sharply up / restrained	up / more difficult Cost	same Access	down / easier	
for larger companies (>250 employees)		Cost	Access		
	Consolidation of banking sector balance sheets	Access to capital markets	Engcouraging equity financing through tax reforms	Better use of existing EU instruments (including EIB)	Greater potential for Public-Private- Partnerships
	Very limited effect	Very limited effect	Very limited effect	Very limited effect	Very limited effect
Measures to alleviate current financial difficulties for SMEs	Very limited effect Consolidation of banking sector balance sheets	Very limited effect Access to capital markets	Very limited effect Engcouraging equity financing through tax reforms	Very limited effect Better use of existing EU instruments (including EIB)	Very limited effect Greater potential for Public-Private- Partnerships

## BUSINESSEUROPE

POLICY MIX



## Tight, appropriate for Loose, appropriate for the euro area Tight Appropriate Loose the euro area Monetary policy is ... yes adequate inadequate Consistency between fiscal and yes monetary policies no clear committment neither satisfactory nor satisfactory unsatisfactory unsatisfactory creating an extremely excellent committment committment committment committment worrying situation Regarding the sustainability of public yes finances, government shows ... neither satisfactory nor sufficient focus unsufficient focus excessive focus so far ignored unsufficient focus Exit Strategies Tight fiscal rules and more effective institutions yes Greater efficiency of public administrations yes Credible cost-cutting measures yes Increased scope of public-private partnerships yes Reform of pension systems yes Improved efficiency of healthcare sector yes neither satisfactory nor excessive focus sufficient focus unsufficient focus so far ignored unsufficient focus Entry Strategies More and better-targeted education and training yes More and better targeted R&D and innovation efforts yes Prioritisation of infrastructure investments yes

Growth enhancing tax reforms		yes		
In 2015, the government deficit will	<b>respect the 3% limit</b> yes	<b>be in balance</b> no		