



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 Frend in business climate over the next Industry Services Positive Negative Unchanged Industry Services 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	same 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	respect the 3% limit yes	be in balance no		