



Update from the European Commission

*27th International Colloquium on Financial
management for National governments*

Montreal – September 2015

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The European Union (EU)



- ✓ **500** million people
- ✓ From 6 to **28 countries** (1952->**2013**)
- ✓ **24** official languages
- ✓ A single currency: **€ the Euro**; today in 19 countries (19 in 2015 with Lithuania) out of the 28 of the whole EU
- ✓ Three key institutions:
 - ✓ The **European Parliament**: Voice of the people
 - ✓ The **Council of ministers**: Voice of the Member States
 - ✓ The **European Commission**: Executive arm, promoting the common interest:
 - ✓ 28 Commissioners; More than 141 € billion annual budget





Years 2014/2015

Where does Europe stand?

(European Institutions)

European Union: Three key players

The European Parliament - voice of the people

Martin Schultz, President of
of the European Parliament (July 2014)



The council of Ministers - voice of the Member States

Donald Tusk, President of the European Council (January 2015)

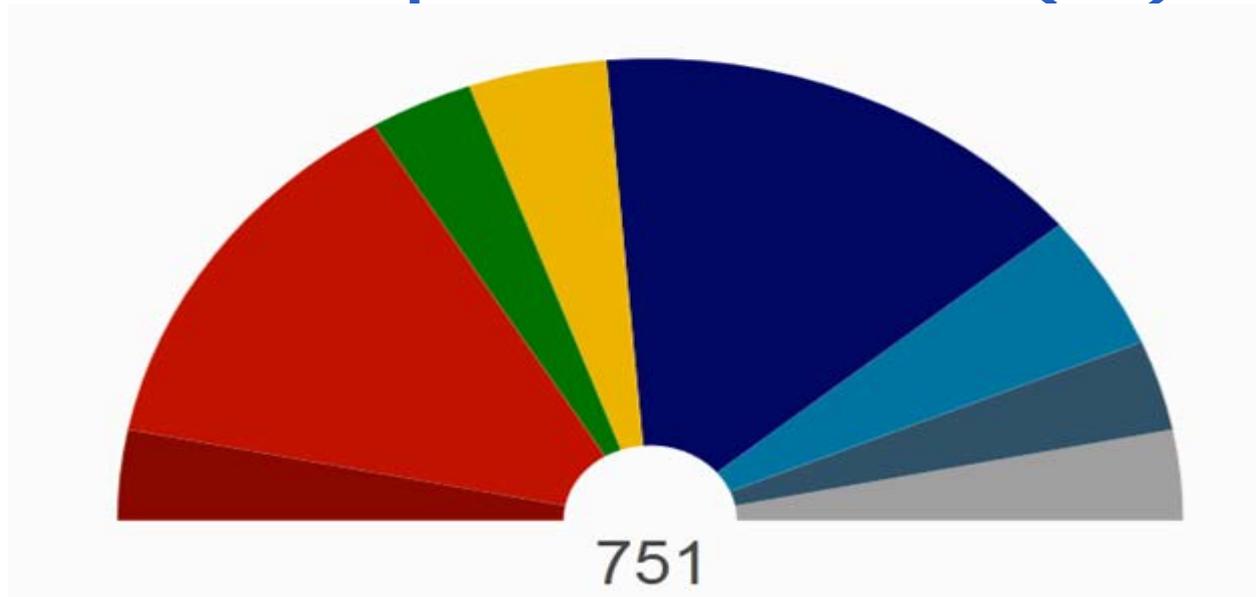


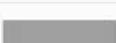
The European Commission - promoting the common interest

Jean-Claude Juncker, President
of the European Commission (November 2014)



Elections to European Parliament (EP) May 2014



		EPP Group of the European People's Party (Christian Democrats)	221  29.43 %
		S&D Group of the Progressive Alliance of Socialists and Democrats in the European Parliament	191  25.43 %
		ECR European Conservatives and Reformists	70  9.32 %
		ALDE Alliance of Liberals and Democrats for Europe	67  8.92 %
		GUE/NGL European United Left/Nordic Green Left	52  6.92 %
		Greens/EFA The Greens/European Free Alliance	50  6.66 %
		EFDD Europe of freedom and direct democracy Group	48  6.39 %
		NI Non-attached Members – Members not belonging to any political group	52  6.92 %

EP Distribution of seats (751) per country

 Germany	96	 Austria	18
 France	74	 Bulgaria	17
 Italy	73	 Denmark	13
 United Kingdom	73	 Finland	13
 Spain	54	 Slovakia	13
 Poland	51	 Ireland	11
 Romania	32	 Lithuania	11
 Netherlands	26	 Croatia	11
 Belgium	21	 Latvia	8
 Greece	21	 Slovenia	8
 Hungary	21	 Cyprus	6
 Portugal	21	 Estonia	6
 Czech Republic	21	 Luxembourg	6
 Sweden	20	 Malta	6

The European Commission – promoting the common interest

28 independent members,
one from each EU country

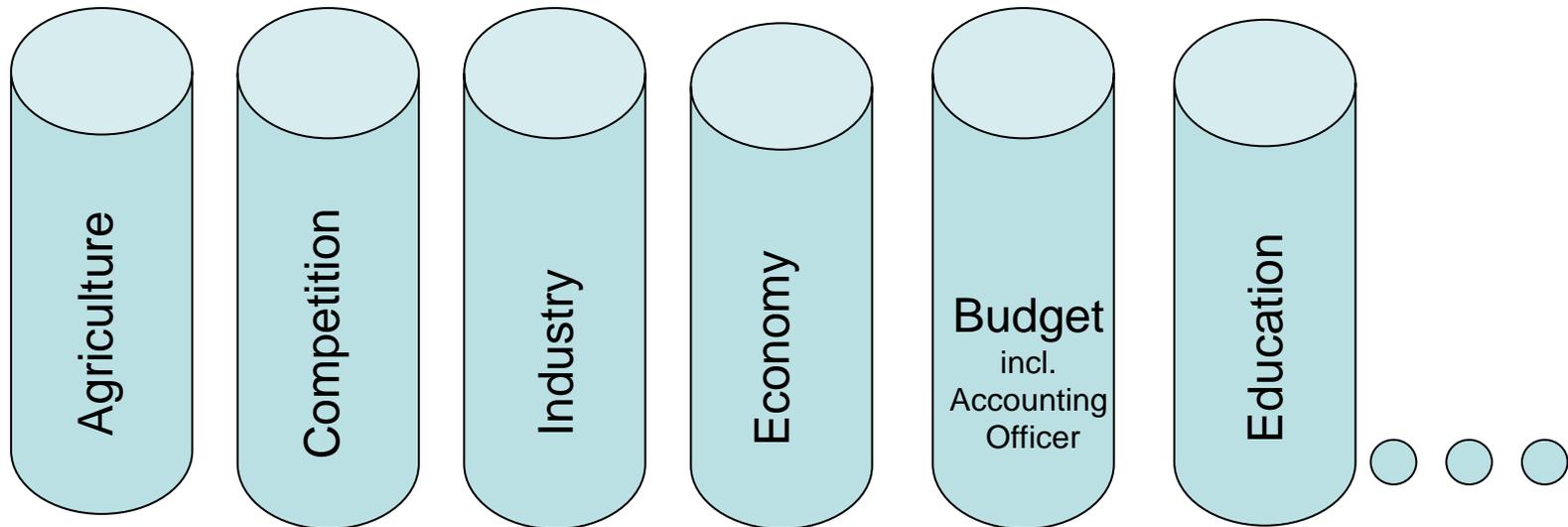
- ▶ Proposes new legislation
- ▶ Executive organ
- ▶ Guardian of the treaties
- ▶ Represents the EU on the international stage



The European Commission

College of 28 Commissioners

~35 Commission Services (Directorates-General)



25.000 Staff – Annual Budget ~141 Billion €

2014: New European Commission (EC) November 2014



Jean-Claude Juncker: "My number one priority **will be getting Europe growing again and getting people back to decent jobs.**"

European Commission: One President, One VP- High Representative for Foreign Affairs, 6 other VP, 20 Commissioners

2014: New European Commission (EC) - November 2014



- On 10th September: **Jean-Claude Juncker**, President elect of the European Commission; also new College of Commissioners.
- There are 7 Vice-Presidents. Of the 28 Commissioners, 15 belong to the centre and centre-right, five are liberal and 8 are socialists. Amongst the Commissioners designate, there are four former Prime Ministers and several ministers.

2014: New European Commission (EC) - November 2014

The Vice-Presidents are in charge of a number of well-defined priority projects and will steer and coordinate work across the Commission in the key areas of the Political Guidelines, such as:

- giving a new **boost for jobs, growth and investment**,
- a connected **Digital Single Market**,
- a resilient **Energy Union** and
- a deeper and fairer **Economic and Monetary Union**.



This will allow for much stronger cooperation across areas of responsibility, with several Commissioners working closely together with the Vice-Presidents.

2014: New European Commission (EC) - November 2014

New Commission Priorities as key areas of Political Guidelines; 10 well-defined priority projects:

1. A New Boost for Jobs, Growth and Investment
2. A Connected Digital Single Market
3. A Resilient Energy Union with a Forward-Looking Climate Change Policy
4. A Deeper and Fairer Internal Market with a Strengthened Industrial Base
5. A Deeper and Fairer Economic and Monetary Union
6. A Reasonable and Balanced Free Trade Agreement with the U.S.
7. An Area of Justice and Fundamental Rights Based on Mutual Trust
8. Towards a New Policy on Migration
9. A Stronger Global Actor
10. A Union of Democratic Change.



Years 2014/2015

Where does Europe stand?

(European Economic Forecast
spring 2015)

The near-term outlook for the European Economy has clearly improved (1)

- **Tailwinds pushing activity** (oil prices, weak euro, ECB)
- **EC forecast points a firm gradually economic recovery**
 - GDP growth in the EU picked up towards end of 2014. Is set to reach 1.8% in 2015 and 2.1% in 2016 (from -0.5% in 2012)
- **Governments Budget Deficits continue to fall**
 - (-2.0% in 2016 from -4.2% in 2012)
- **Investment rebounding in particular next year**
 - (4.2% in 2016 from -2.8% in 2012)

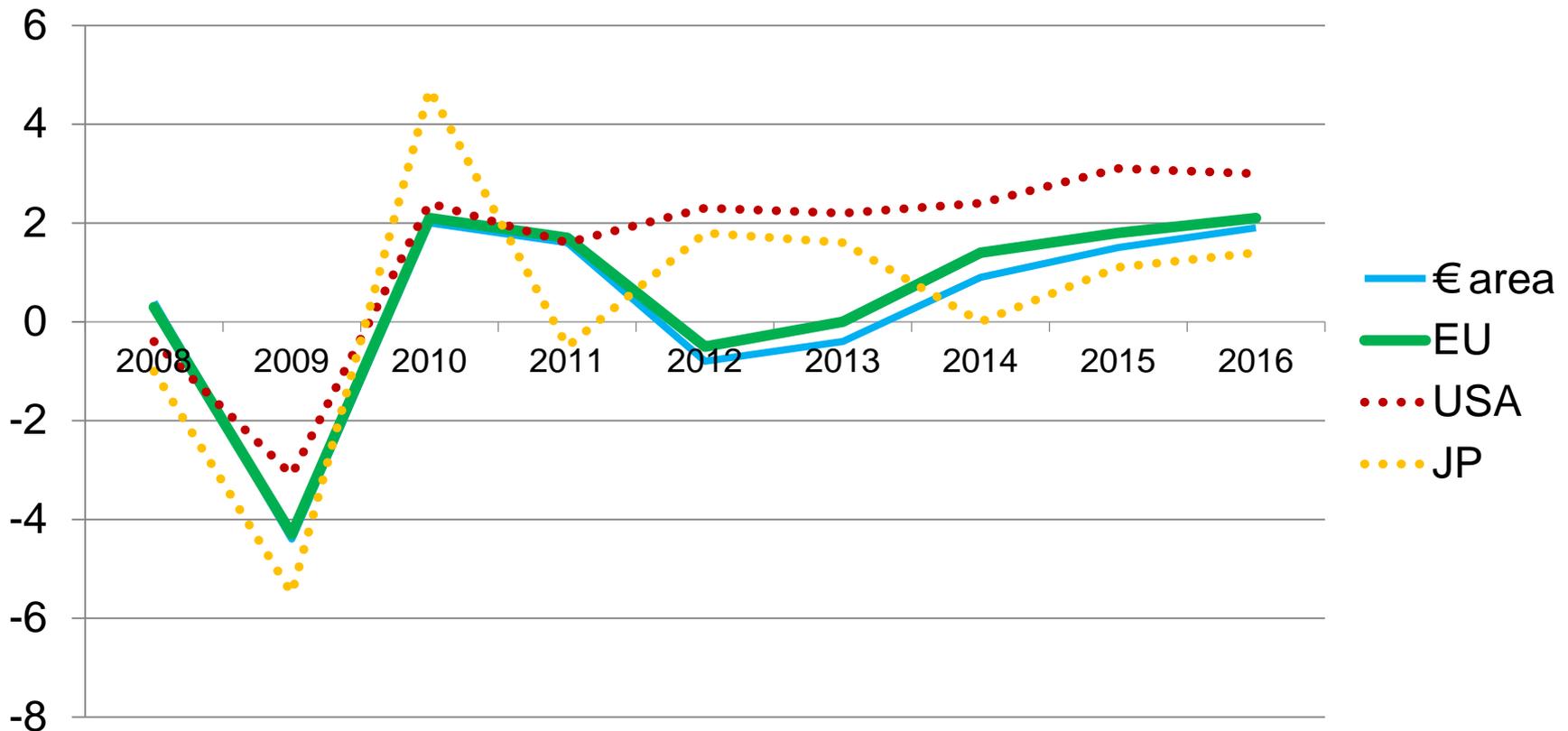
The near-term outlook for the European Economy has clearly improved (2)

- **Employment growth benefiting from economic activity**
 - (Unemployment falling from 10.5% in 2012 to 9.2% in 2016)
 - (Employment growth from -0.6% in 2012 to 1.0% in 2016)
- **Continued reform efforts by MS and EU are paying off**
 - (Labour market, fiscal consolidation, financial services governance)
- **ECB positive impact:** low interest rates of sovereign debt
- **EC Forecast keep tailwinds pushing activity** (oil prices, euro depreciation, ECB)

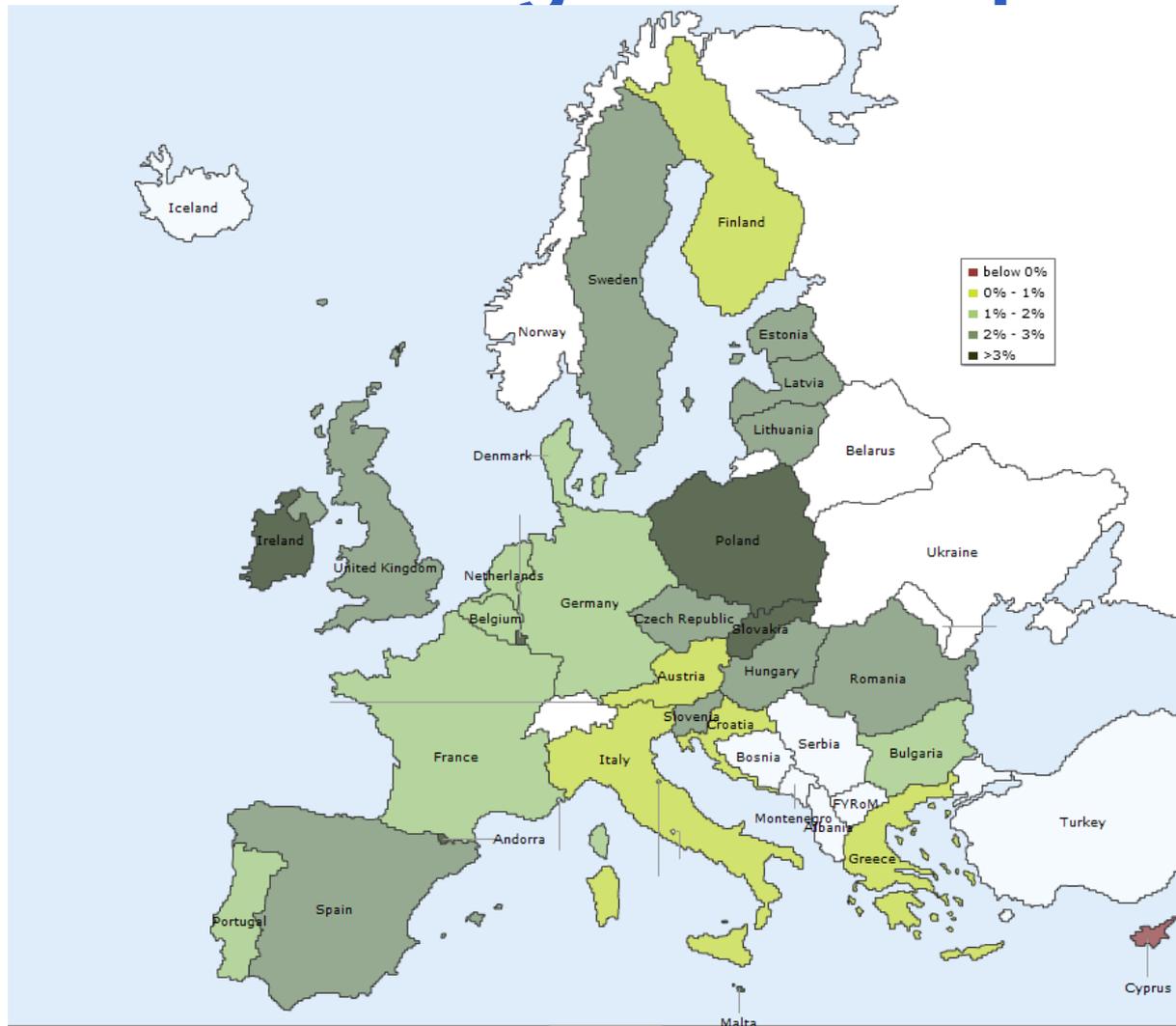
GDP at constant prices (annual % change)

(2012: -0.5% → 2015: 1.8%)

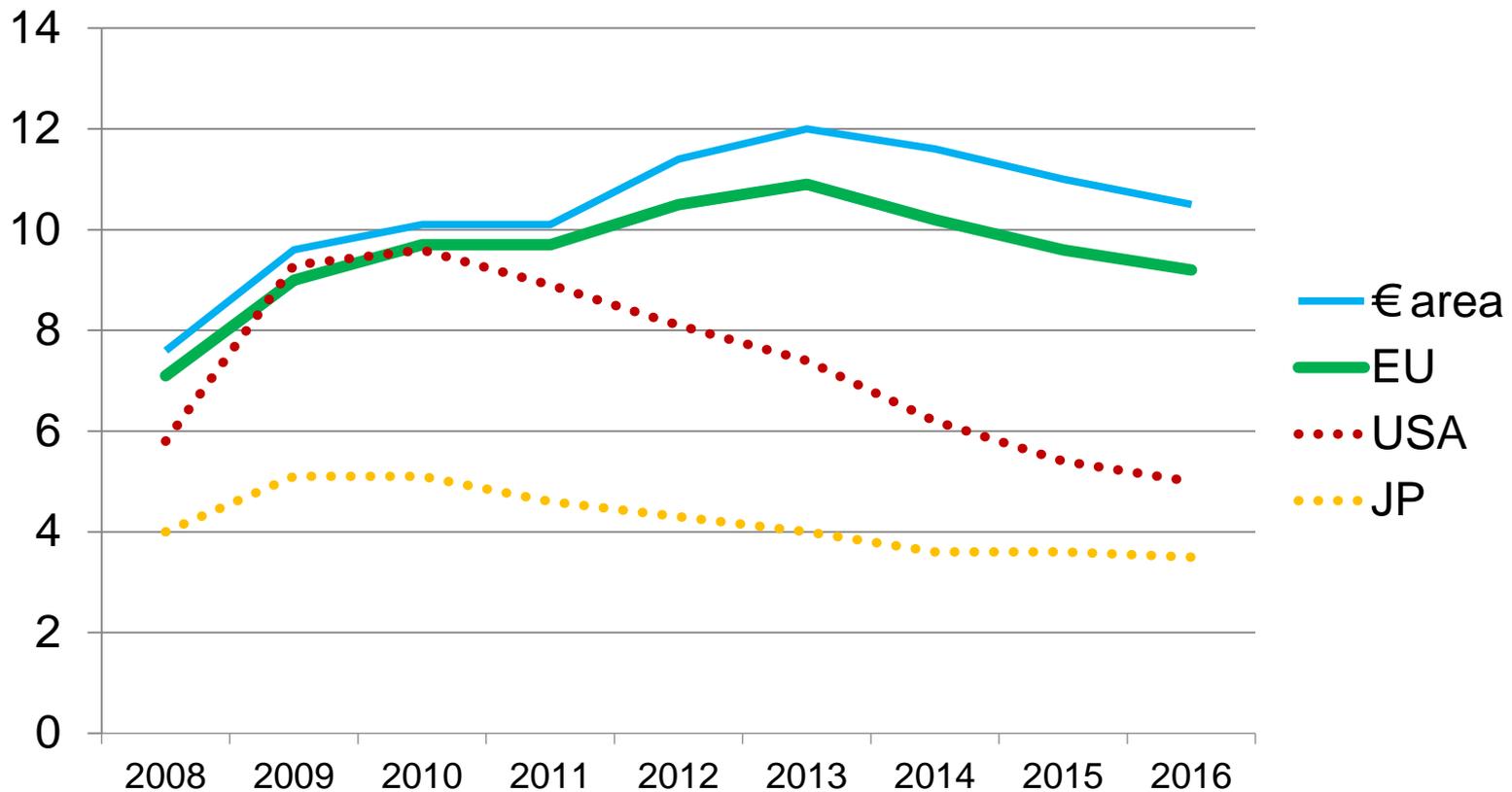
Drop in annual economic output almost recovered, and
good forecast for 2016: 2.1%



EU economic growth map 2015

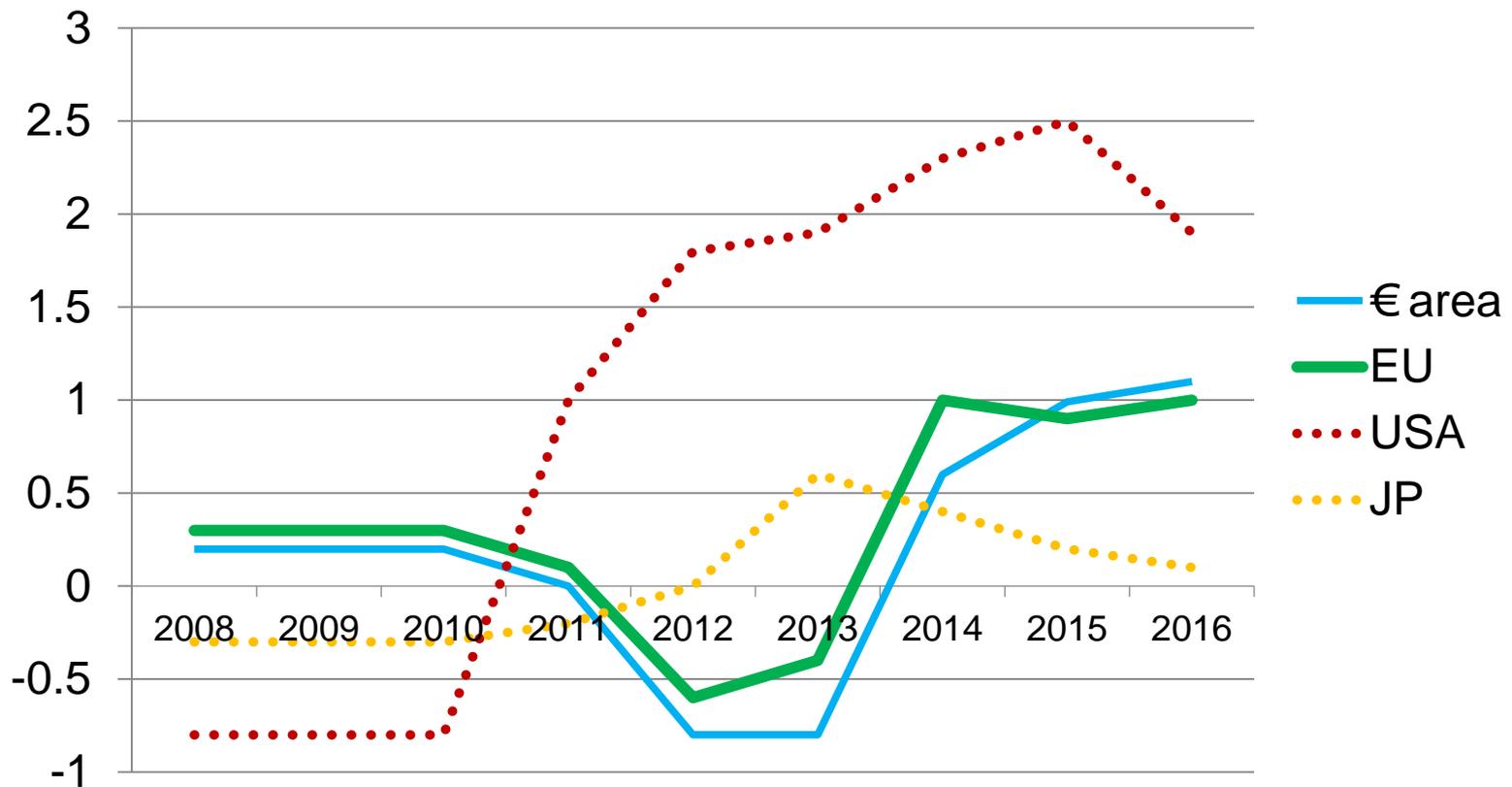


Number of unemployed (as % of labour force) (2012: 10.5% → 2016: 9.2%)



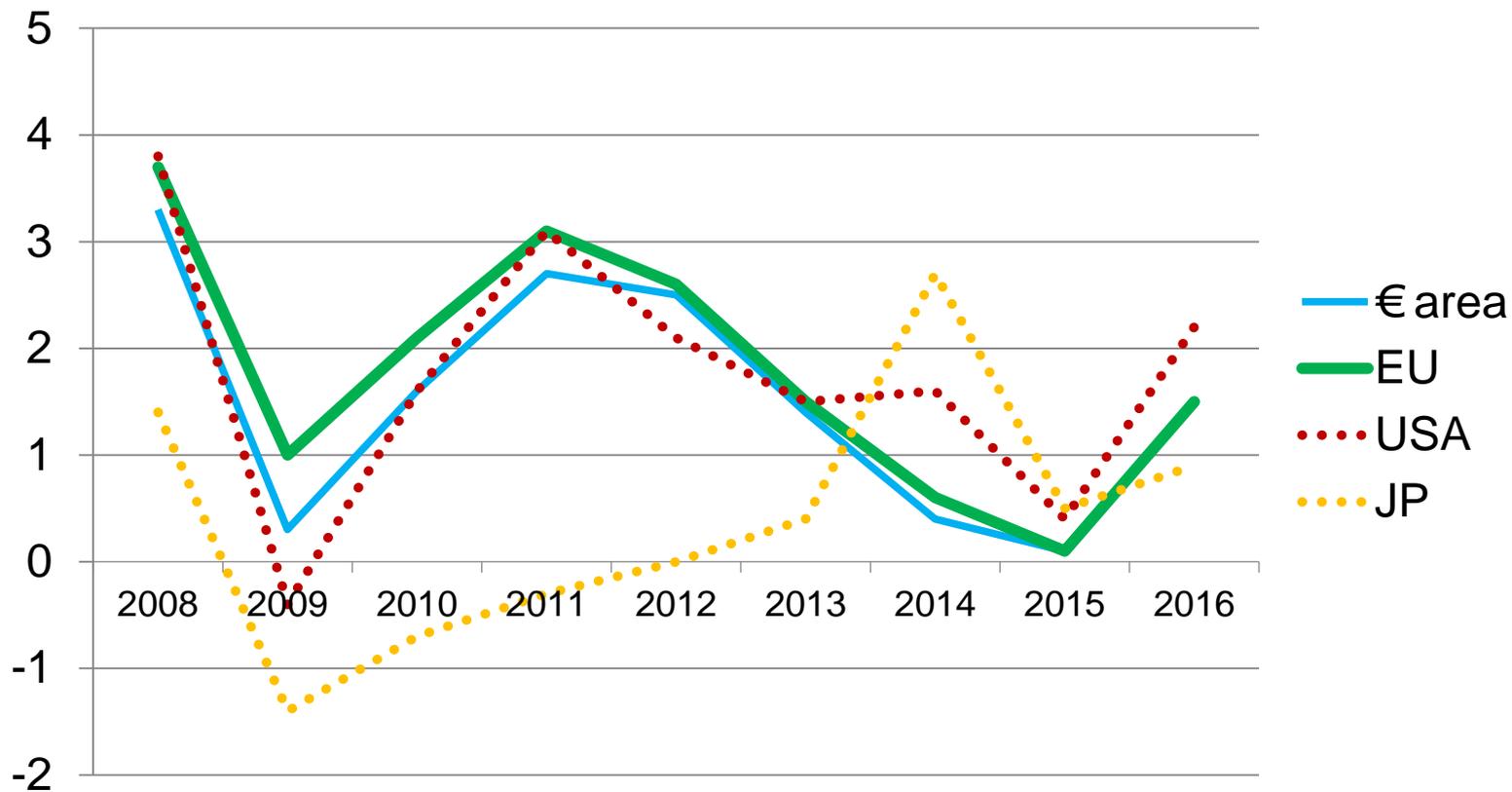
Employment growth (as %)

(2012: -0.6% → 2016: 1.0%)



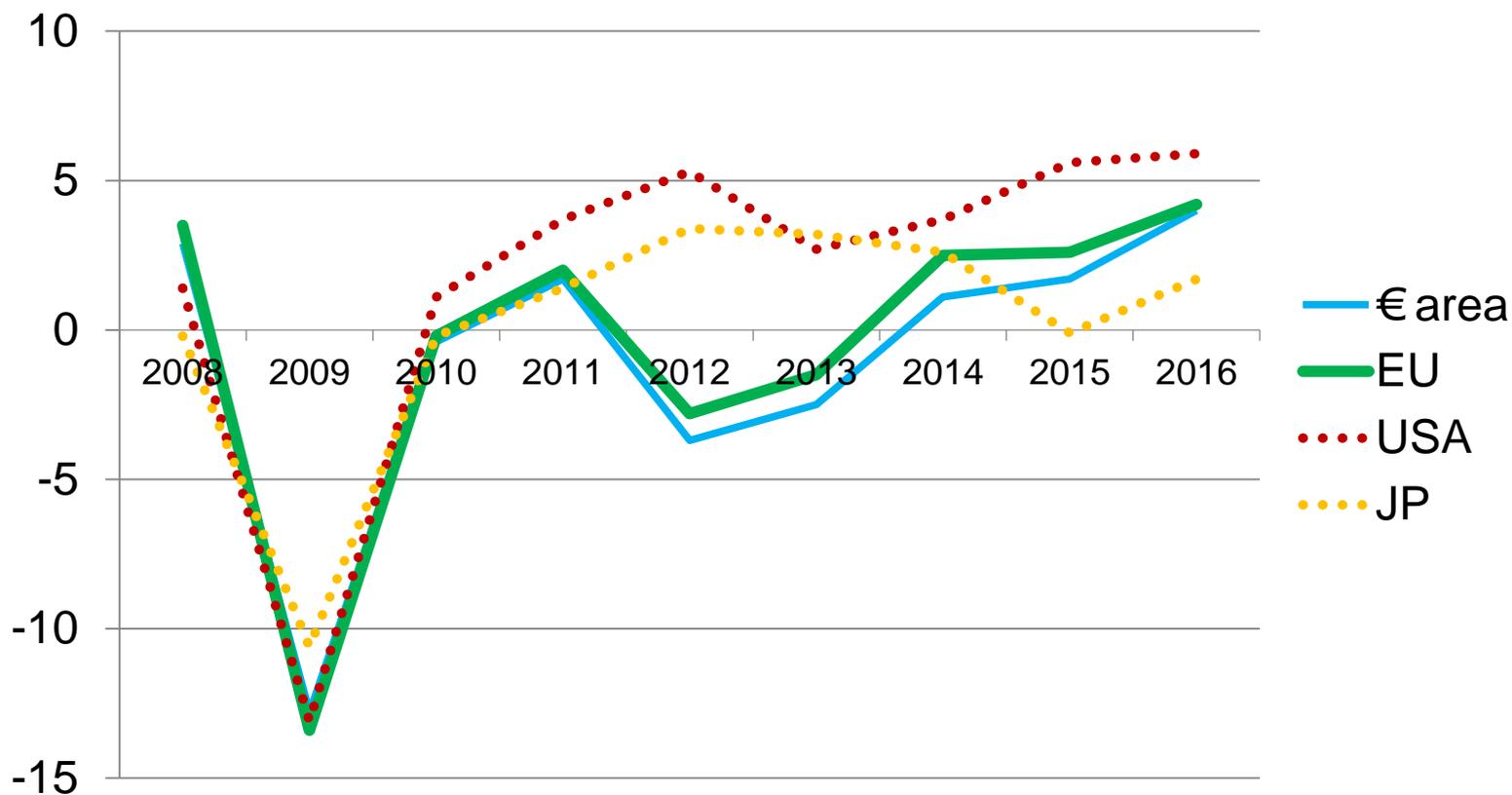
Inflation (annual % change)

(2012: 2.6% → 2016: 1.5%)



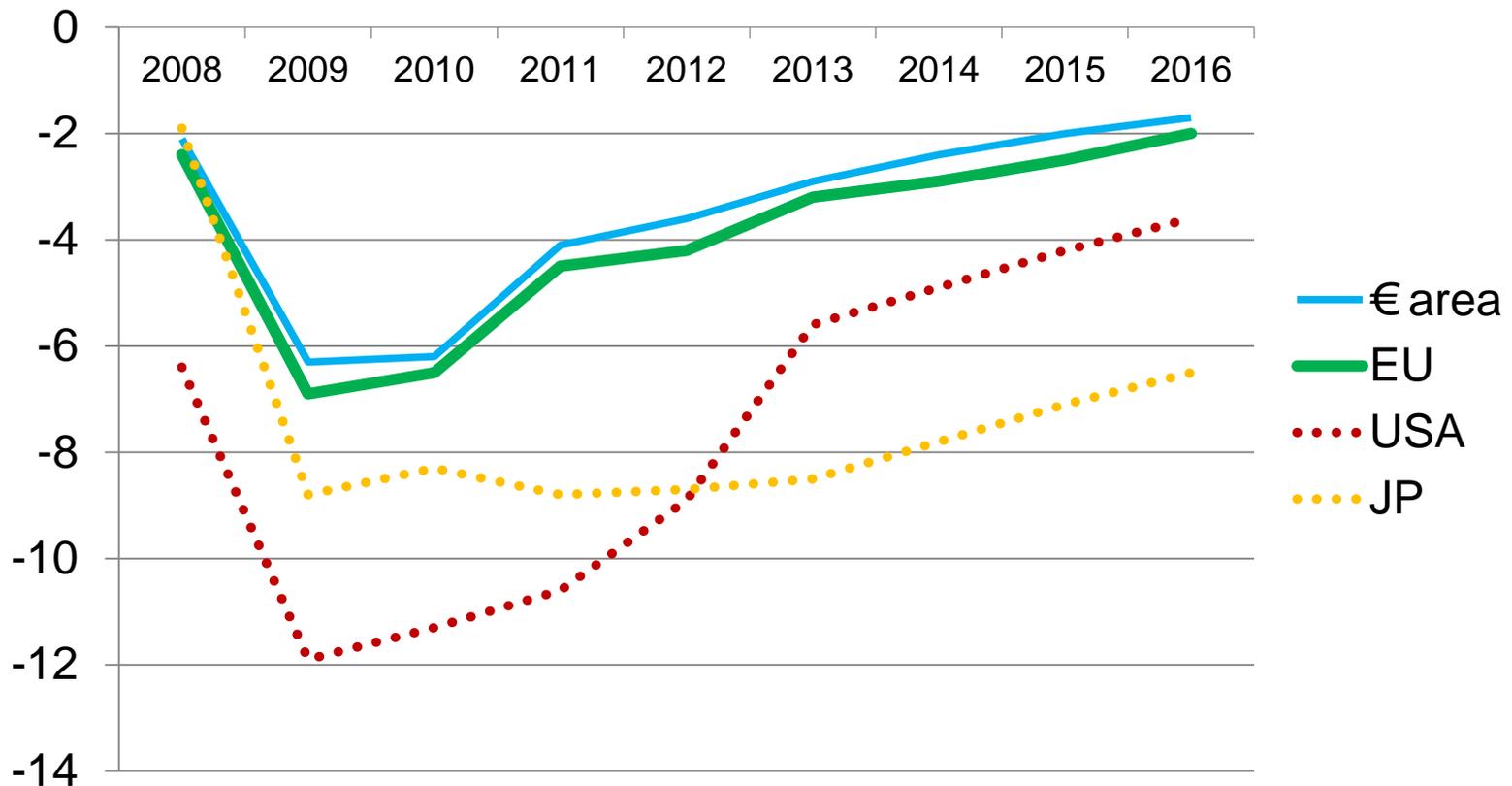
Total investment (annual % change)

(2012: -2.8% → 2016: 4.2%)

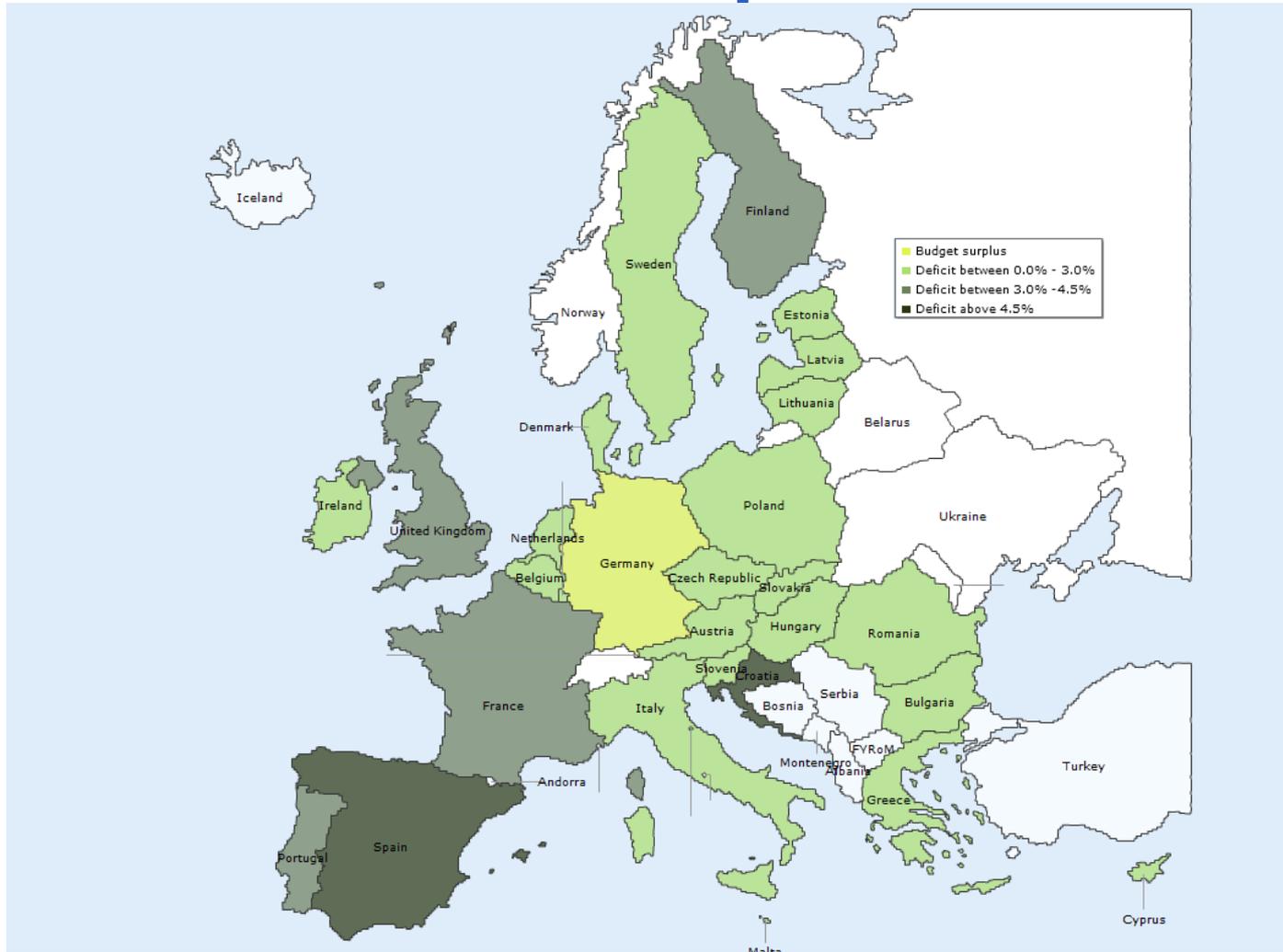


General government balance (deficit) (as a % GDP)

(2012: -4.2% → 2016: -2.0%)

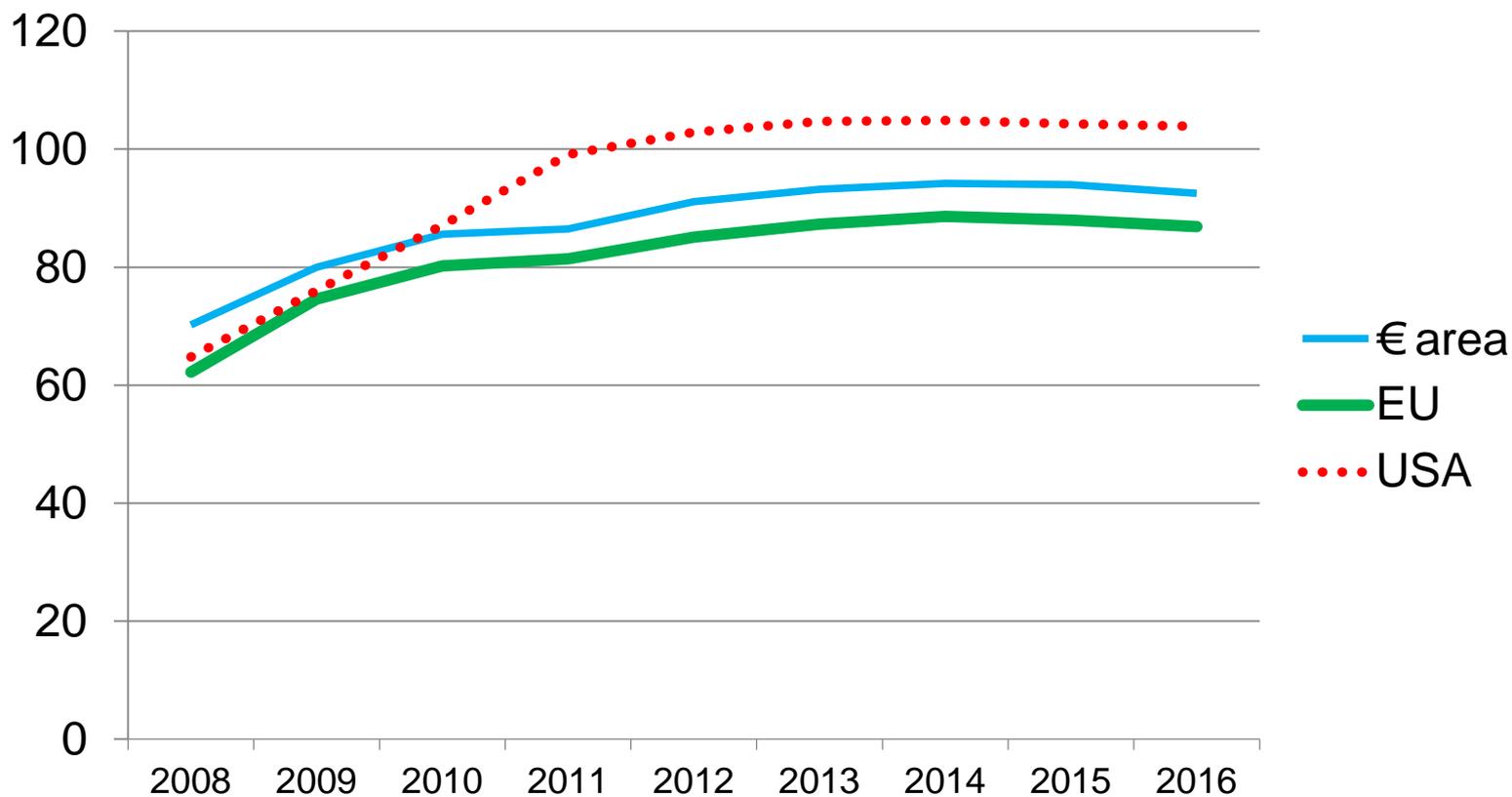


EU deficit map for 2015



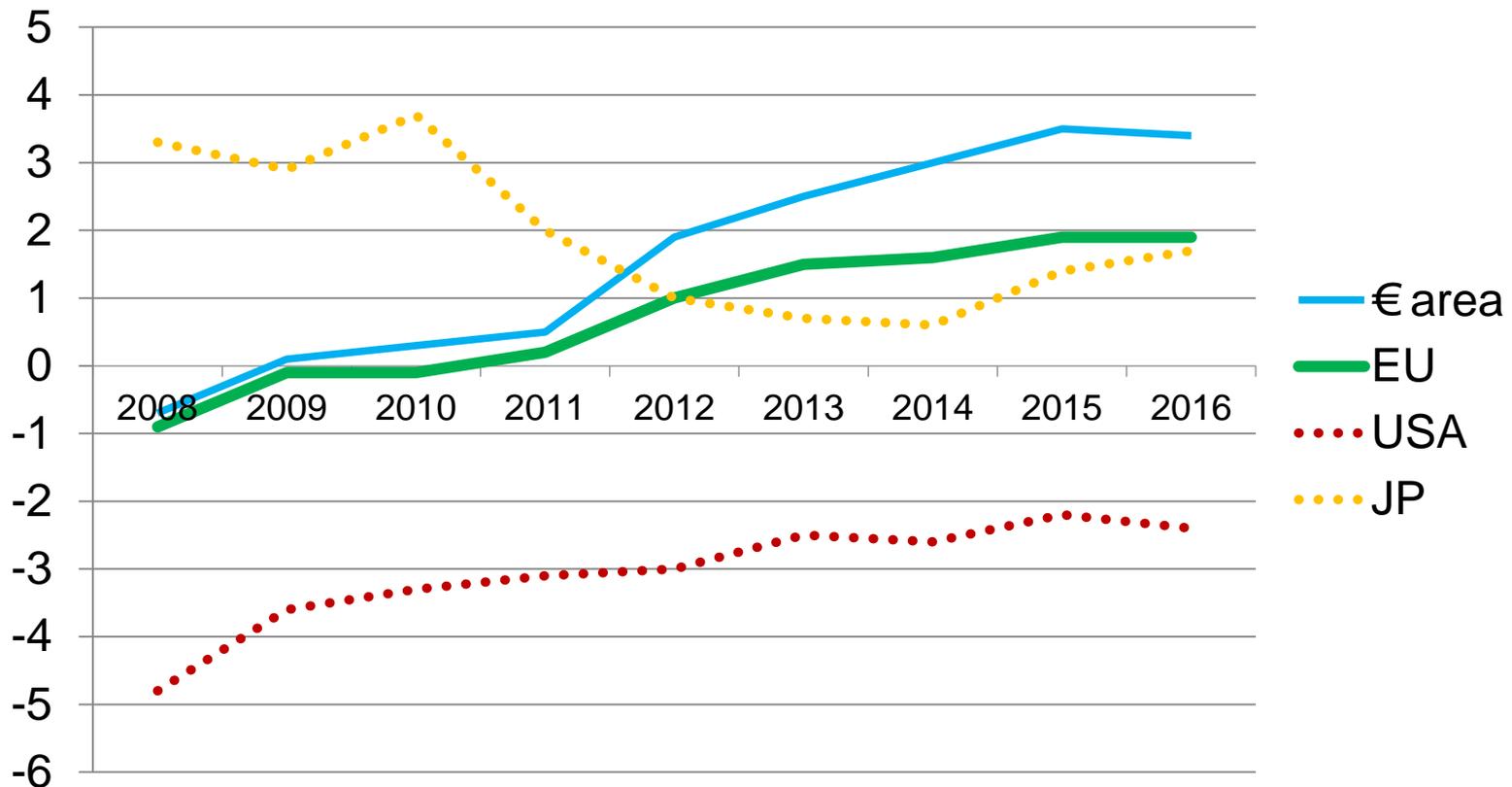
General government gross debt (as a % GDP)

(2012: 85.1% → 2016: 86.9%)



Current account balance (as a % GDP)

(2012: 1.0% → 2016: 1.9%)



Economic Outlook conclusions (1)

- **Cyclical upswing favoured by several temporary tailwinds enhancing GDP growth forecast...**
 - (oil prices, weaker euro €, impact ECB policies...)
- **...while structural and crisis related weaknesses still affect medium term outlook...**
 - (labour market, private consumption, investment needs...)

Economic Outlook conclusions (2)

- **Worldwide global growth to accelerate only moderately...**
 - (monetary policies, exchange rate movements, weaker growth in several emerging and key markets)
- **... but supporting some push on EU export markets.**
- Forecasted **tailwinds pushing growth** will also broadly **support domestic demand, help exporters** to restore their profit margins, and is helping **normalise inflation**.

Economic Outlook conclusions (3)

- **Uncertainty remains high but risk are balanced:**
 - Oil-price stimulus in the EU should keep intact,
 - Positive impact of the ECB policies,
 - Weak Euro,
 - Inflation normalisation,
 - Positive impact of investment growth.

 - *Geopolitical tensions (Ukraine, Middle East, N. Africa)*
 - *Financial market volatility (monetary policies, Greece uncertainties, exchange rates movements)*
 - *Delay on implementing structural reforms (i.e. labour market with very high unemployment rates, fiscal consolidation responsibility...)*



thanks for your attention !

<http://ec.europa.eu>