

EUROPEAN ECONOMIC SENATE - ECONOMIC TALKS

„Quo Vadis Europe - Using the Crisis as a Chance “

Munich

Hotel Sofitel

November 13, 2015



LEHMAN BROTHERS

Introduction

- **World economic outlook**
- **Fiscal, financial and social stability**
- **Geopolitical risk**
- **Challenges**

World Economic Outlook

Why is not global growth ?



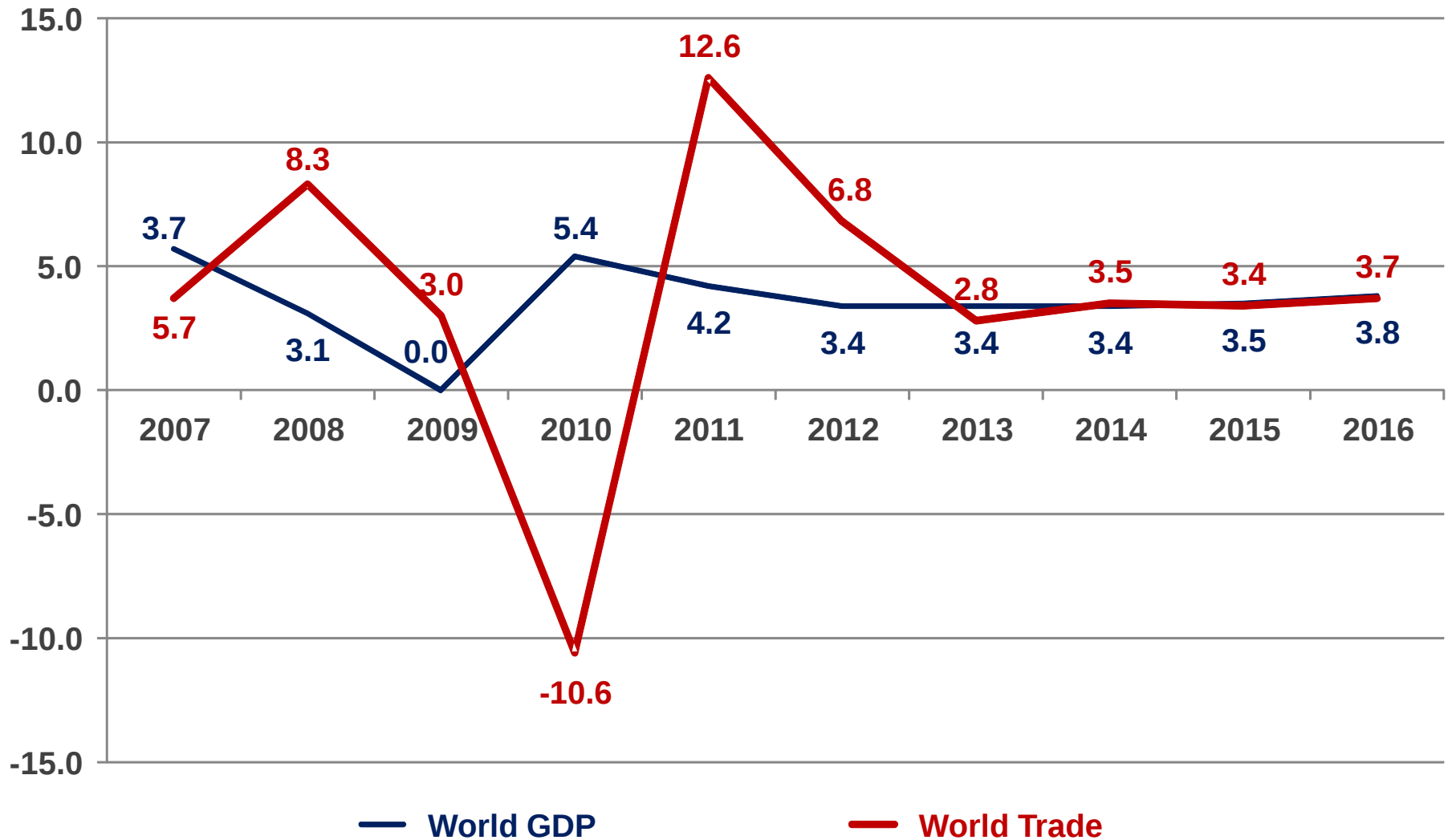
World Economic Outlook – uneven, uncertain



	World	USA	Euro Area	EMs	China	India	Russia	Brazil
2007	5.7	1.8	3.0	8.7	14.2	9.8	8.5	6.0
2008	3.1	-0.3	0.5	5.8	9.6	3.9	5.2	5.0
2009	0.0	-2.8	-4.6	3.1	9.2	8.5	-7.8	-0.2
2010	5.4	2.5	2.0	7.5	10.6	10.3	4.5	7.6
2012	3.4	2.2	-0.8	5.2	7.7	5.1	3.4	1.8
2014	3.4	2.4	0.9	4.6	7.3	7.3	0.6	0.1
2015	3.1	2.6	1.5	4.0	6.8	7.3	-3.8	-3.0
2016	3.6	2.8	1.6	4.5	6.3	7.5	-0.6	-1.0

World GDP a World trade

(Annual percent change)

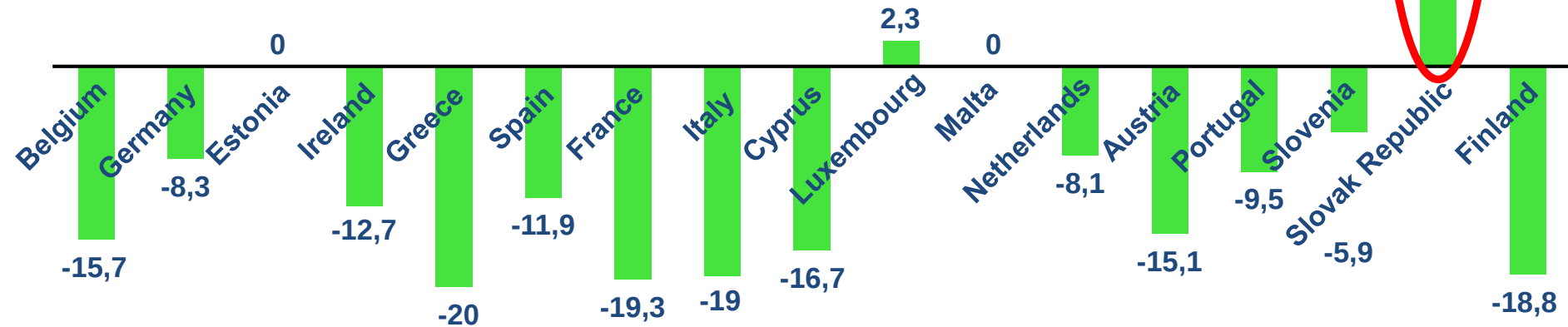


Declining export share

Export market shares (5 years % change)

Threshold: -6%

■ Export market shares (5 years % change)



Sources: Eurostat data

Foreign exchange reservesv (1)

<i>Rank</i>		<i>Country</i>	<i>Foreign exchange reserves (Millions of USD)</i>
1		China	3,514,000
2		Japan	1,248,936
3		Saudi Arabia	649,738
4		Switzerland	600,180
5		Republic of China (Taiwan)	426,398
6		Russia	371,267
7		South Korea	368,110
8		Brazil	361,370
9		India	351,550
10		Hong Kong	334,437
11		Singapore	250,410

Foreign exchange reserves (2)

<i>Rank</i>	<i>Country</i>	<i>Foreign exchange reserves (Millions of US\$)</i>
12	 Mexiko	187,163
13	 Germany	181,401
14	 Algeria	159,900
15	 Thailand	155,838
16	 United Kingdom	153,894
17	 France	141,692
18	 Italy	139,829
19	 United States	120,972
20	 Turkey	119,608

Fiscal, financial and social stability

General Government Gross Debt (% of GDP)



	Euro Area	Japan	G7	G20	USA	Slovak Republic
2007	65.1	183.0	81.1	77.4	64.0	29.8
2008	68.8	191.8	89.3	85.2	72.8	28.2
2009	78.6	210.2	104.1	99.5	86.0	36.0
2010	83.9	215.8	112.0	106.2	94.7	40.9
2012	91.0	236.6	121.3	114.5	102.5	52.1
2013	93.1	242.6	119.5	113.0	104.8	54.6
2014	94.2	246.2	118.4	112.4	104.8	53.6
2015	93.7	245.9	117.4	111.7	104.9	53.3
2020	85.2	251.7	114.1	108.4	106.2	51.0

GIIPS - General Government Gross Debt *(% of GDP)*



Germany

Iceland

Greece

Ireland

Italy

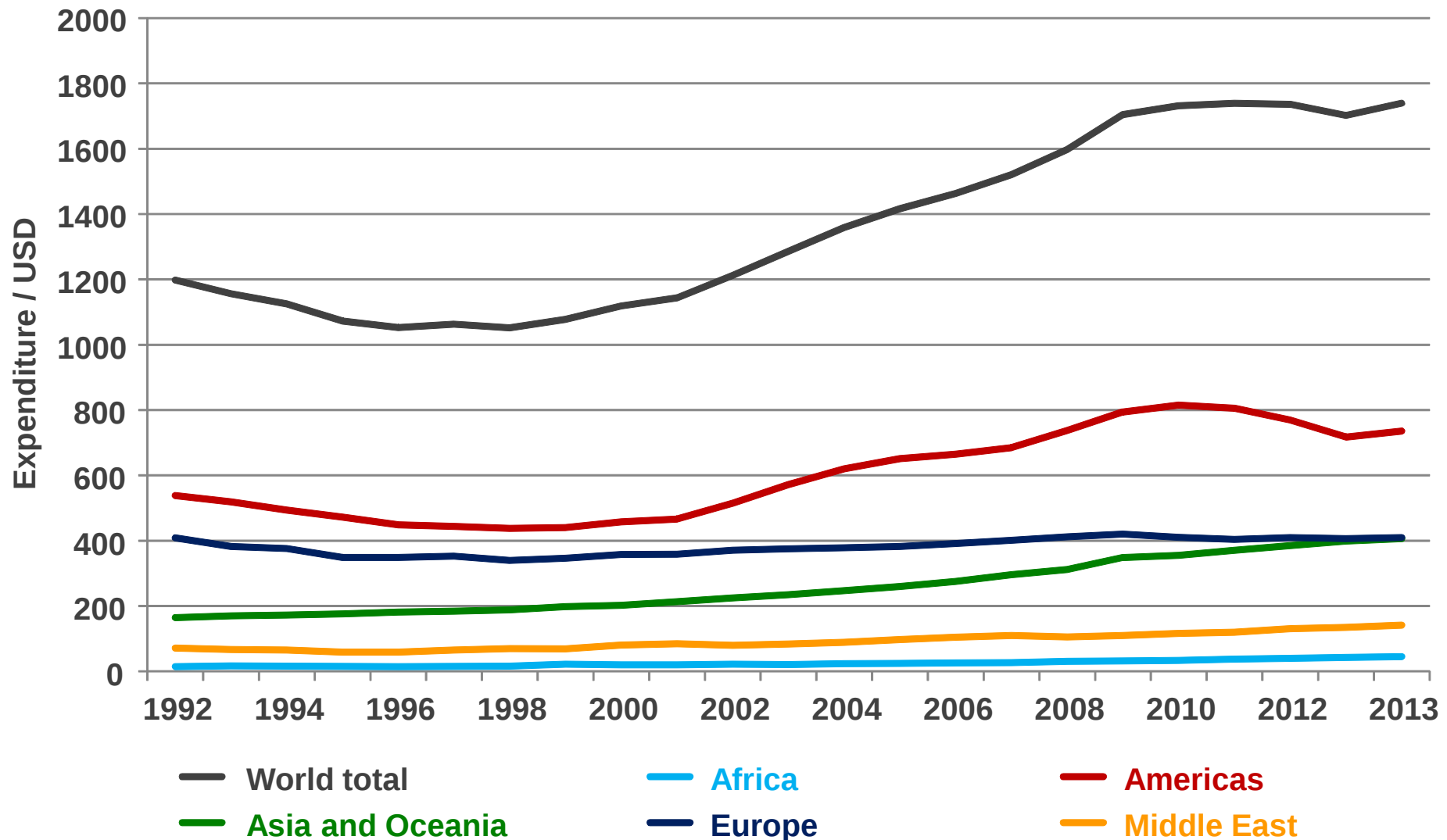
Portugal

Spain

2007	63.8	27.3	102.8	23.9	99.7	68.4	35.5
2008	65.2	67.6	108.8	42.4	102.3	71.7	39.4
2009	72.7	82.9	126.2	61.8	112.5	83.6	52.7
2010	80.6	88.3	145.7	86.8	115.3	96.2	60.1
2012	79.3	92.7	156.5	120.2	123.1	125.8	84.4
2013	77.0	85.3	175.0	120.0	128.5	129.7	92.1
2014	74.6	82.5	177.1	107.6	132.1	130.0	97.7
2015	70.7	75.2	196.9	100.6	133.1	127.8	98.6
2020	57.9	54.9	182.5	82.9	123.0	189.9	94.2

Military expenditure by region

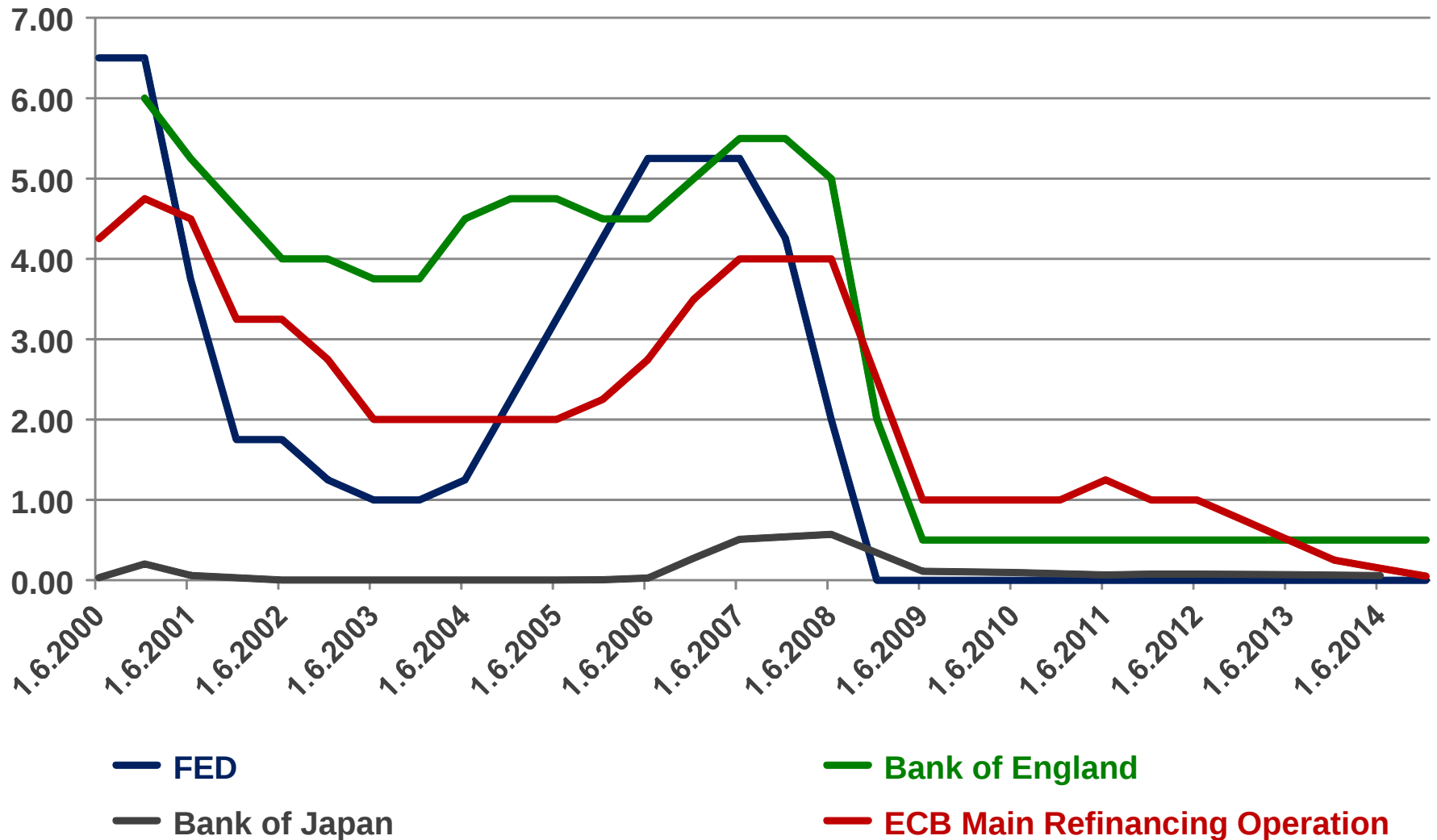
(1992-2013, in trillion of USD)



Source: SIPRI Military Expenditure Database 2012, <http://milexdata.sipri.org>

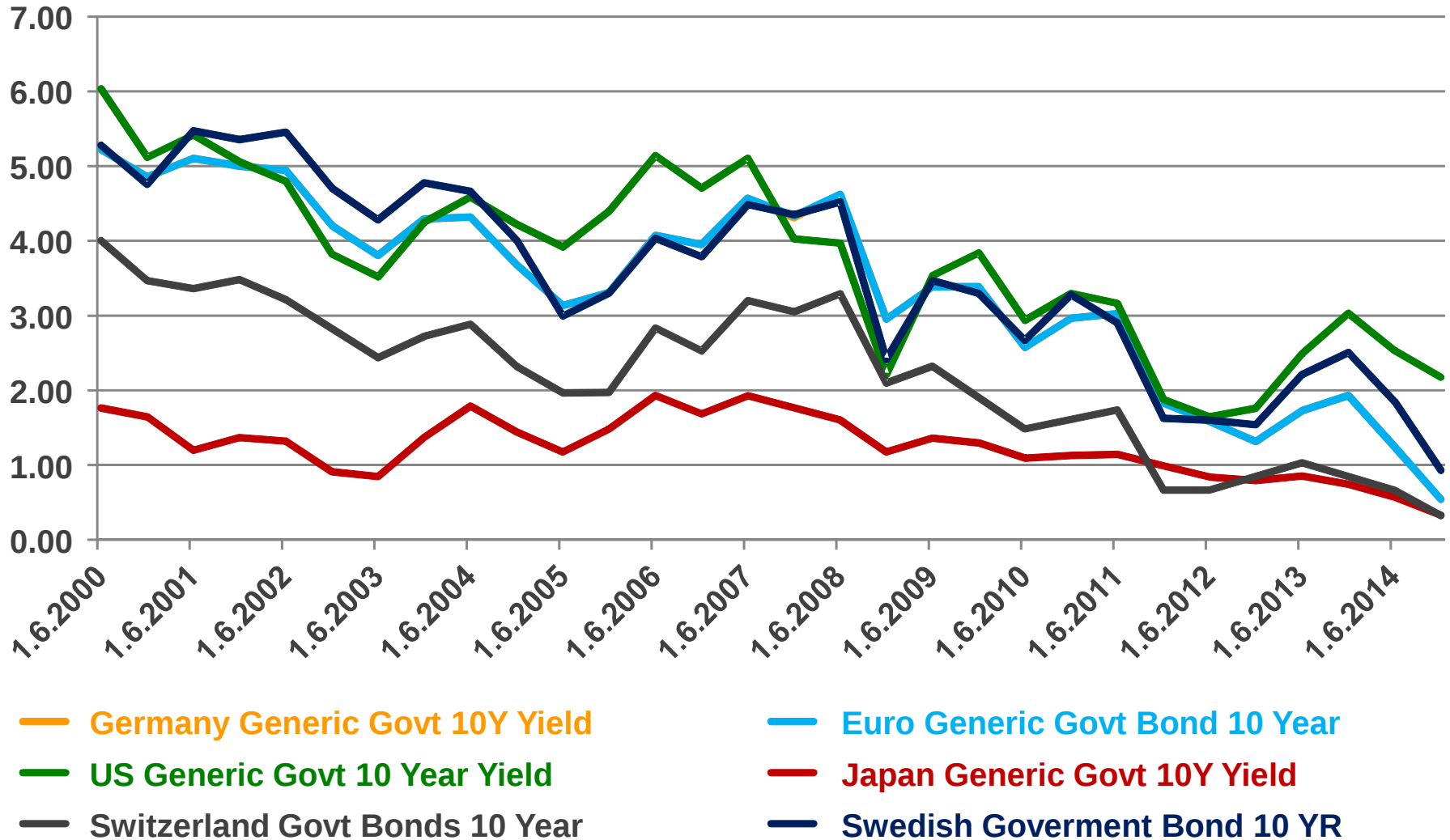
**Fiscal, financial and social
stability**

Central banks' interest rate (percentage changes)



Government's bond yields

(percentage changes)



**Fiscal, financial and social
stability**

Thomas Piketty

Capital in the 21st Century



Angus Deaton wins the Nobel prize for bringing economics back to the real world



Income inequality



Unacceptable level of unemployment



Geopolitical risks







Challenges

Are we prepared for the future ?



Huge Exodus



Reuters

How many ?



How far with refugees ?



China - two kids family



Greek's debt is unsustainable



How many bail outs ?



Yes, that sinking again,,,



AFP/Reuters/Shutterstock

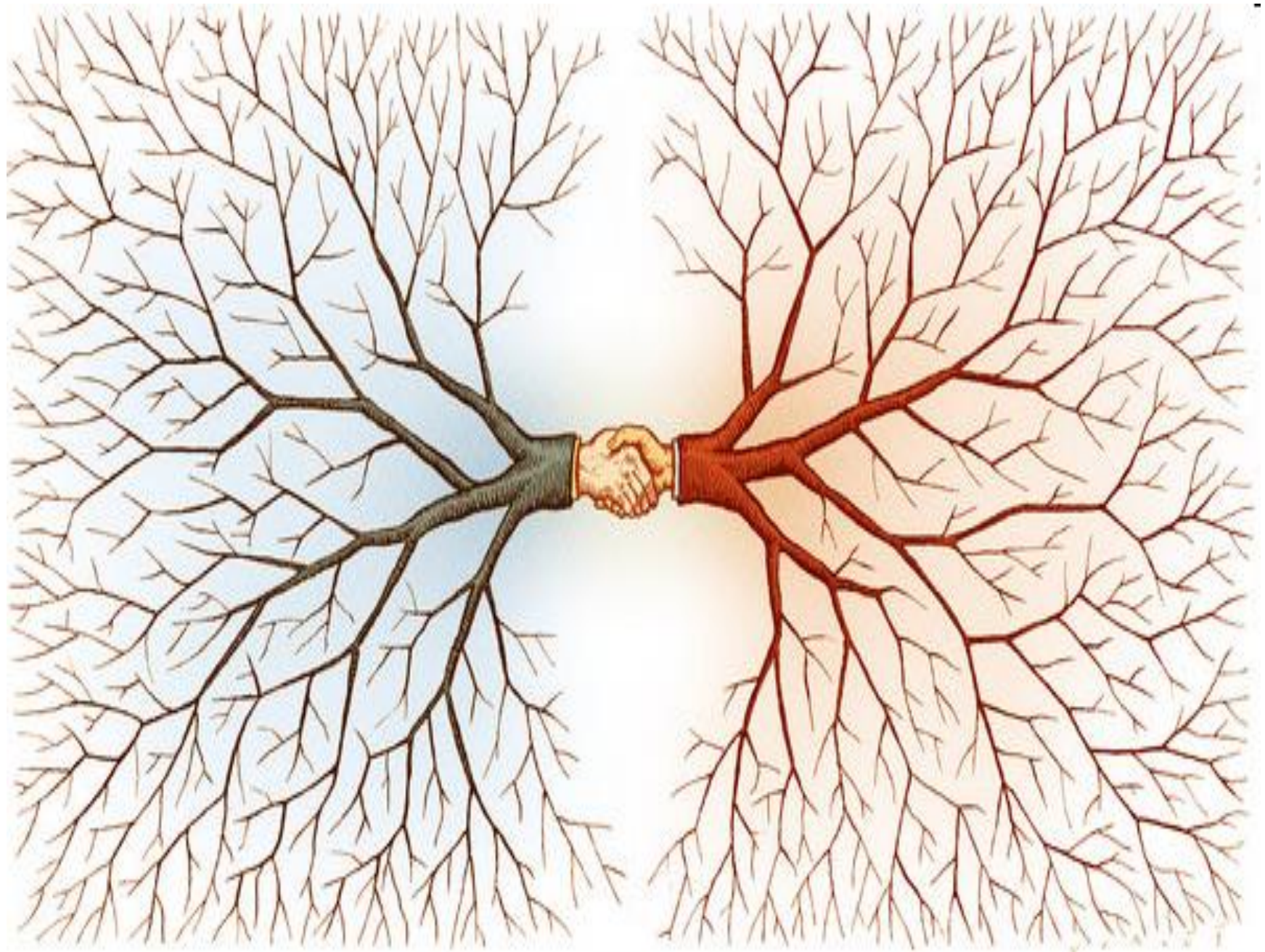
Brexit



**The
Chinese
Dream**

**The
American
Dream**





With a disciplined mind and sheer determination, he navigated Germany through challenging times and helped make Germany what it is today:
a modern country with a strong economy, firmly rooted in the European community



Thank you for your attention



